

PROJECT DESCRIPTION

CORIMI Rice Production

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

Coopérative d'Agriculteurs du Riz de MIRENGE (CORIMI) is a registered rice growers cooperative located in Gafunzo village, Sake Sector, Ngoma District, Eastern Province of Rwanda. Currently, CORIMI has only been selling its members' paddy; however, it now intends to capture the value added premium of selling milled long-grain rice. CORIMI does not have all of the capital required to make this transition from selling only paddy to selling milled rice.

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 8 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. CORIMI Contribution

CORIMI will contribute the time, skills and labor of its staff and members. The Cooperative will continue to pay for operational costs not covered by ADF including, but not limited to, rent, office space, wages for its part-time unskilled workers, some storage costs, electricity, and water. Additionally, CORIMI will contribute half the salary for the coordinator and agronomist and the accountant for six months, and full salaries thereafter. CORIMI members will establish water trenches on surrounding slopes of the marshland, rehabilitate 3,000 meters of canals, and establish new canals as necessary.

IV. Project Goal

The goal of this Project is to improve the standard of living and economic welfare of rice farmers in Eastern Province of Rwanda.

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V. Project Purpose

The purpose of this Project is to increase the incomes of CORIMI members and its employees as evidenced by the following.

- A. Increase CORIMI's net income (before taxes and depreciation) from the baseline in 2008 of RWF 1,521,679 and a loss of RWF (2,181,225) in Year 1 to:
 - 1. RWF 10,000,000 in Year 2; and
 - 2. RWF 20,000,000 in Year 3.

- B. Increase salaries paid to workers from RWF 1,317,994 in 2008 to:
 - 1. RWF 5,000,000 in Year 1;
 - 2. RWF 11,000,000 in Year 2; and
 - 3. RWF 12,000,000 in Year 3.

- C. Increase the value of paddy and milled rice supplied by cooperative members from a baseline of RWF 116,000,000 (paddy) to:
 - 1. RWF 140,000,000 (paddy) in Year 1;
 - 2. RWF 216,000,000 (milled rice) in Year 2; and
 - 3. RWF 296,000,000 (milled rice) in Year 3.

VI. Project Outputs

By the end of the Project, the capacity of CORIMI and its members to grow, process, and sell rice will increase, as evidenced by the following.

- A. Increased sales revenue (check off fee) from RWF 5,177,880 in 2008 to:
 - 1. RWF 6,000,000 in Year 1;
 - 2. RWF 38,500,000 in Year 2; and
 - 3. RWF 52,500,000 in Year 3.

- B. Increased paddy production from 518 metric tons in 2008 to:
 - 1. 626 metric tons in Year 1;
 - 2. 790 metric tons in Year 2; and
 - 3. 1,000 metric tons in Year 3.

- C. Increased quantity of milled rice sold on behalf of members from zero in 2008 and Year 1 to:
 - 1. 515 metric tons in Year 2; and
 - 2. 650 metric tons in Year 3.

- D. Improved business systems as evidenced by automated financial management and accounting systems that routinely produce records and reports for the Board of Directors' and management team's use in decision making.
- E. Improved services as evidenced by greater access by members to training, agricultural inputs, and extension services.
- F. Increased hectares under rice production from 180 hectares to 230 hectares by Year 3.

VII. Project Activities

CORIMI will ensure, with the assistance of consultants as necessary, the following major activities are implemented.

- A. Improve management operations by:
 - 1. hiring a coordinator/agronomist to provide extension services and training to members and provide coordination of all activities of the Cooperative; and
 - 2. providing corporate governance training to the Board of Directors and management.
- B. Strengthen financial management by:
 - 1. hiring an accountant to manage and report on CORIMI's finances;
 - 2. procuring accounting software and training for an automated accounting system; and
 - 3. developing and implementing an accounting policies and procedures manual.
- C. Improve its technical capacity by providing training to farmers in:
 - 1. good agricultural practices; and
 - 2. safe chemical use, storage, and disposal.
- D. Increase its capacity for threshing, storage, and drying of paddy by buying small scale mechanical threshers; and constructing storage and drying facilities.
- E. Begin rice milling by January 2010.

VIII. Roles and Responsibilities

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

IX. Monitoring and Evaluation

ADF's Partner in Rwanda will closely monitor the activities of CORIMI 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 CORIMI's quarterly reports and will submit comments and observations to the management of CORIMI as part of the on-going performance assessment.

X. Other Implementation Issues

During Project implementation, CORIMI will continue to use a bidding system as it does not have the capacity to do direct distribution. However, during the last year of this Project, CORIMI should investigate changing its mode of operation from simply facilitating sales of milled rice to a direct distribution and marketing model to capture a larger percentage of profit for its members.