

PROJECT DESCRIPTION

COPRORIZ 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

COPRORIZ-Ntende (Coopérative de Promotion des Riziculteurs de Ntende) is a registered rice production cooperative located in Rugarama Sector, Gatsibo District, Eastern Province of Rwanda. Currently, there is an unmet demand for rice in Rwanda. However, COPRORIZ-Ntende cannot meet this demand without improving its management capacity and the services it provides its members.

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. COPRORIZ-Ntende Contribution

COPRORIZ-Ntende 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; these costs include, but are not limited to: rent; office space; wages for its part-time unskilled workers; some storage costs; electricity; and water. The Cooperative will also cover half of the salaries for the manager, accountant and agronomist for six months of the second year of the project and full salaries thereafter.

IV. Project Goal

The goal of this Project is to promote the development of small scale agricultural enterprises that improve the standard of living of smallholder farmers in Rwanda.

V. Project Purpose

The purpose of this Project is to improve COPRORIZ-Ntende's prospects for sustained expansion as evidenced by the development of a five-year business plan that ADF deems suitable for funding by a donor or other financial institution.

VI. Project Outputs

- A. 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.
- B. Improved production as evidenced by increasing milled rice sales from RWF 38,736,093 in 2008 to:
 1. RWF 55,000,000 in Year 1; and
 2. RWF 143,000,000 in Year 2.
- C. Improved delivery of services as evidenced by greater access by members to training, agricultural inputs, and extension services.
- D. Improved supply chain management as evidenced by increasing value of raw materials supplied by farmers to COPRORIZ-Ntende from RWF 35,961,607 to:
 1. RWF 51,000,000 in Year 1; and
 2. RWF 132,000,000 in Year 2.

VII. Project Activities

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

- A. Improve COPRORIZ-Ntende's expansion by developing a five-year business plan that includes the following:
 1. analyzes current rice production and options for increasing production and quality;
 2. reviews production costs and makes recommendations for their reduction; and
 3. integrates the entire supply chain to cover production, logistics, and marketing, and recommend required investments.
- B. Improve management operations by:
 1. hiring a full time manager to coordinate all activities; and
 2. providing corporate governance training to the Board of Directors and management.

C. Strengthen financial management by:

1. hiring an accountant to manage and report on COPRORIZ-Ntende's finances;
2. procuring accounting software and training for an automated accounting system;
3. developing and implementing an administrative and financial procedures manual.

D. Improve technical capacity by:

1. hiring an agronomist to train farmers in improved rice growing, post-harvest techniques and good agricultural practices;
2. providing training in safe chemical use, storage and disposal; and
3. undertaking a tour to Mobuki Rice Irrigation Scheme in Uganda.

VIII. Roles and Responsibilities

The Cooperative will work with the Rural Sector Support Project (RSSP) to rehabilitate an additional 336 hectares of the marshland for rice production.

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

IX. Monitoring and Evaluation

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

X. Other Implementation Issues

At the next Annual General Meeting, COPRORIZ-Ntende management will present a detailed cost analysis of the operations of the rice mill and recommend a sufficient processing fee that will cover all operational costs.