

PROJECT DESCRIPTION**COAPTKA Potato Production Improvement****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 des Agriculteurs de la Culture de Pomme de Terre de Karago – COAPTKA ABAJYINAMA is a registered cooperative located in the Western Province of Rwanda. Currently, there is an unmet demand for potatoes in Rwanda. However, COAPTKA cannot meet this demand without improving its services to members, and strengthening its production and management capacity.

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. COAPTKA Contribution

COAPTKA 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.

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 COAPTKA prospects for expansion, as demonstrated by the cooperative's development of a business plan that ADF deems suitable for funding by a 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 agricultural skills in COAPTKA's members as evidenced by an increase in average yields from 10 mt/ha to 15 mt/ha, and total members production increased from 806 mt to 1,210 mt by 2010.
- C. Improved services as evidenced by greater access by members to training, agricultural inputs and extension services.

VII. Project Activities

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

- A. Improve COAPTKA's prospects of expansion by developing a five year business plan that includes the following:
 - 1. analyzes current potato 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 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.
- C. Strengthen financial management by:
 - 1. hiring an accountant to manage and report on COAPTKA's finances;
 - 2. procuring accounting software and training for an automated accounting system; and
 - 3. developing and implementing an accounting policies and procedures manual.
- D. Improve technical capacity by providing training to farmers in:
 - 1. good agricultural practices; and
 - 2. safe chemical use, storage and disposal.

- E. Increase its storage capacity and shelf life of potatoes by constructing a facility that meets technical specifications for Irish potatoes storage as recommended by the Rwanda Agricultural Development Authority (RADA).

VIII. Roles and Responsibilities

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

IX. Monitoring and Evaluation

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