

**APPENDIX A:  
PROJECT DESCRIPTION**  
**LACCU (Lubulima Agricultural Commercial and Cooperatives Union) Project –  
Zambia**

**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**

The Lubulima Agricultural Commercial and Cooperative Union (LACCU), an organization of six cooperatives and one women's club, produces fresh vegetables and sells them to an exporter for the market in the United Kingdom. The market for fresh vegetables is growing in Europe. In addition, the expansion of supermarkets in Zambia is increasing local demand for fresh produce. LACCU would like to pursue a growth expansion strategy to capture more of the export and local market for fresh vegetables. However, the company must first strengthen its planning, management, and marketing capacity.

**III. Funding**

**A. ADF Contribution**

The financial plan for ADF's contribution is set forth in Appendix A-1 to 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 3, Section 3.1 of the Agreement.

**B. Grantee Contribution**

LACCU will contribute its assets, which include a vehicle and membership dues collected during the life of the project.

**C. Other**

LACCU's members will contribute the use of their land for the crop cultivation.

**IV. Project Goal**

The goal of the Project is to reduce poverty among LACCU's members.

## V. Project Purpose

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

## VI. Outputs

A. Strengthened strategic planning capabilities as demonstrated by a comprehensive five-year business expansion plan that:

- assesses the market potential for LACCU's products;
- identifies and compares effective sales and distribution strategies;
- assess LACCU members' production capacity and presents an investment plan for responding to market demand.

B. Improved financial management and operational capacity as demonstrated by the following:

- installation of a new accounting system that is certified as fully compliant with ADF's reporting requirements;
- development of a workable field operations production system;
- implementation of an extension program; and
- establishment of a revolving input fund.

## VII. Activities

A. Output 1: To strengthen LACCU's strategic planning capabilities

LACCU will engage a competent technical assistance team. This team will work closely with the management team to develop a comprehensive business plan that will guide growth of LACCU in the short, medium, and long term.

B. *Output 2: To improve operational and management capacity*

Production management. LACCU will engage a technical assistant (TA) to work closely with the business manager to develop a field operations production system. The system will highlight modalities for mobilizing and organizing farmers to produce for the secured markets. Such modalities include production contracts between LACCU and cooperatives and contracts between the cooperatives and the farmers. In addition, the TA will develop an extension program for LACCU that includes scheduled monthly activities. The field operations production system will also include preparation of a manual on the modalities of the input revolving fund.

Financial management. LACCU will engage a TA to work closely with the business manager to establish basic business administrative policies, quality

control standards, and management procedures. LACCU will recruit a qualified accountant to establish accounting procedures, policies, and financial systems using the ADF financial assessment as a guide.

Member services. LACCU will develop the procedures for and implement a production input revolving fund to meet its members' needs. In addition to facilitating provision of inputs to the members, LACCU will use the fund to test and adapt modalities for a larger input revolving fund.

LACCU will provide extension services to its members. In addition, LACCU will engage technical experts to provide training to members in food standards and specifications and health and safety practices (including agro-chemical use and management) to assure LACCU's members to meet minimum food safety requirements and personal safety standards.

Management oversight. LACCU will recruit and engage a qualified management team to carry out the day-to-day responsibilities of the organization. The management team will include a business manager, an accountant, and two extension officers. To support the operations of the management team LACCU will rent suitable office space and provide the management team with the necessary equipment and other office needs.

Training. ZATAC, ADF's partner in Zambia, will train LACCU's board and staff in ADF financial procedures and reporting, including loan management. A technical assistant will train the board and management in enterprise development and marketing. LACCU will conduct a marketing tour of at least two countries in the region to identify possible market opportunities.

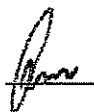

### **VIII. Roles and Responsibilities of the Parties**

The staff and elected leadership of LACCU are responsible for the management and the proper implementation of the Project.

ZATAC, ADF's partner in Zambia, will provide training in the areas of management, ADF reporting, corporate and cooperative governance, and business planning. ZATAC will also provide technical assistance to the members and the cooperative's leadership in those areas.

### **IX. Monitoring and Evaluation**

Within sixty days of the effective date of this Agreement, the Grantee will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will develop a Project monitoring plan. 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.

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