

APPENDIX A : PROJECT DESCRIPTION

CHABURAL ENTERPRISE – MANUFACTURING AND MARKETING OF FURNITURE LIBERIA

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 furniture industry in Liberia has experienced significant declines over the past two decades primarily in the mid to high end markets. The general economic decline has also led to a drop in imported furniture which has been compensated by an increase in inferior quality domestically produced wood products for the low and middle income consumers. Recent quality improvements however have ignited intense competition and a devastating price war among the small operators. It is within this niche that Chabural Enterprise, Inc. (CEI) thrives.

Over the last three years, construction demand in Liberia has soared as the country rebuilds. The surge in demand is primarily in infrastructure development, office reconstruction and road building. The demand for infrastructure and commercial construction in the country has risen sharply with a concomitant increase in construction activity. This environment creates opportunities for companies such as CEI, whose wood product manufacturing and strong furniture finishing skills place the company at a competitive advantage over its peers. However, without a strong Board of Directors, strong management and operational efficiency, CEI is limited in taking advantage of the growth and opportunity that present level of demand presents.

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. CEI Contribution

CEI will contribute the time and labor of its management team and employees to the investment.

ADF



CEI



IV. Investment Goal

The goal of the program to which this investment contributes is to supply high quality but affordable furniture on the Liberian market in support of the Government of Liberia's reconstruction mandate.



V. Investment Purpose

The purpose of the investment is to improve CEI's prospects for sustained growth and expansion through capacity development and the development and execution of a comprehensive five-year strategic plan that ADF deems suitable for funding by a donor or other financial institution.

VI. Investment Outputs

The investment will have five key outputs. Those outputs and their performance indicators are as follows.

- A. An established governance structure and a strengthened board of directors that:
 - comprises influential individuals of stature and integrity;
 - makes key strategic decisions in the interest of CEI; and
 - formulates policies in the interest of CEI.
- B. A comprehensive strategic plan to guide CEI through five years of growth and expansion that establishes:
 - priority furniture markets and environmentally sound timber resources;
 - required key financial resources; and
 - a comprehensive marketing strategy to achieve the growth targets.
- C. Improved operational and management capabilities as demonstrated by:
 - an experienced administrator synchronizing core functional areas;
 - a trained management team implementing best practices, and monitoring and reporting; and
 - trained staff on environmental and safety regulations and practices.
- D. A fully functional financial management system certified as compliant with ADF and investor management reporting requirements as indicated by:
 - a fully trained accountant competent in financial controls and able to prepare required reports and statements according to accounting requirements; and
 - regular financial reports and audited yearly account reports with recommendations.
- E. A market penetration strategy supported by:
 - a comprehensive market analysis that evaluates the market potential in terms of Liberia's furniture industry;
 - an assessment of the strengths and weaknesses of the company, and identification of opportunities to facilitate growth; and

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- a brochure printed and disseminated, and a sign board used for promotion and marketing.

VII. Major Activities to be Financed Under the Agreement

CEI will undertake the following activities to generate the investment's expected outputs.

A. Governance System Development

A consultancy firm will assist CEI in creating and implementing structures and operational procedures to ensure accountability, transparency, and responsiveness to the company's growth needs. Such activities include revising existing governance and operating procedures, and set-up and training a working board.

B. Management Development

An accountant, master craftsman, and marketing manager/business development officer will be hired.

C. Training

The Cooperative will receive training in the following:

1. Board functions and governance;
2. ADF training in bookkeeping and monitoring and evaluation;
3. Business planning and operational management training in the following areas--
 - analyzing business opportunities and developing strategic business plans
 - administrative processes, leadership skills, group dynamics, business communications, negotiation skills, and reporting
 - strategic and operational planning
 - business development and market assessment
 - environmental and safety training
4. Information and Communication Technology (ICT) Training in the basic use of computers including but not exclusive of Internet, Excel, Word, and Power Point.

D. Market Survey

A local firm will conduct a market survey on the Liberian furniture industry to identify opportunities for expanding sales.

E. Promotion

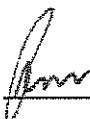

CEI will develop a brochure and a signboard for promotion.

• Environmental Activities

The Environmental Protection Agency (EPA) of the Liberian Government will conduct an environmental impact assessment (EIA) of the operation. In addition, CIE personnel will receive training in the following: (a) waste management and occupational health; and (b) the development of an environment management plan.

VIII. Roles and Responsibilities of the Parties

The staff and elected leadership of CEI are responsible for the management and the proper implementation of the investment.

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IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, CEI will form a monitoring and assessment committee composed of a representative cross-section of CEI's organization. The committee will develop an Investment monitoring plan. In addition, during implementation, the committee will have responsibility for ensuring that the Investment follows the implementation plan, and that problems identified through monitoring and evaluation are properly addressed in a timely manner.