

**APPENDIX A**  
**INVESTMENT DESCRIPTION**  
**Venture Building Materials and Construction Investment**

**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**

Venture Industrial and Construction Company (VIC) is a medium sized Liberian-owned construction firm engaged in construction (general, industrial, road, and bridge), construction management, design, demolition, and the production of laterite or earth bricks. VIC works with a range of domestic and international clients and has a strong reputation for professionalism and timely service. In addition to 39 full time employees and 4 seasonal staff, VIC hires between 65-100 temporary workers at a time depending on project demand.

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 residential real estate market is also starting to take off as banks start to provide limited mortgage and construction finance. There is a concomitant rise in the demand for infrastructure and commercial construction activity. This environment creates construction opportunities for companies such as VIC, which have lower cost sandcrete brick manufacturing technology, strong engineering skills, and reputation for professional, timely and cost-efficient project completion. However, without a Board of Directors, strong management and operational efficiency, VIC is limited in taking advantage of the growth and opportunity that present level of construction 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 make ADF's contribution to exceed the obligated amount specified in Article 3, section 3.1 of the Agreement.

ADF  VIC 

## B. VIC Contribution

VIC will contribute the time and labor of its management team and employees to the project.

## IV. Project Goal

VIC seeks to provide employment for hundreds of construction-related workers, as well as to provide housing for many low-income earners, including Liberians in the diaspora who are beginning to return home.

## V. Project Purpose

The purpose of the project is to improve the VIC's prospects for sustained growth and expansion, as demonstrated by the development of a five-year comprehensive business plan that ADF deems suitable for funding by donor or other financier.

## VI. Project Outputs

### A. Development of a strategic plan including:

- a comprehensive analysis of the construction marketplace (general, industrial, low cost housing etc.), assessing both supply and demand, including demand from domestic and international developers;
- an assessment of the marketplace for laterite bricks and other locally produced construction inputs;
- an overall assessment of VIC's strengths and weaknesses, identifying opportunities for sustainable growth and differentiation; and
- a targeted business plan presented to the Board for adoption focused on short-term priorities and decisions.

### B. Improved operational and management capabilities as demonstrated by:

- a trained management team implementing best practices in operations, monitoring and reporting;
- an experienced administrator synchronizing core functional areas; and
- newly created operations and administration manuals for implementation.

### C. A fully functional financial management system certified as compliant with ADF and investor management reporting requirements as indicated by:

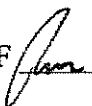

- a fully trained business manager, accountant and marketing manager competent in financial controls and able to prepare reports and statements according to accounting requirements;
- the creation of accounting and sales/marketing departments; and

ADF  VIC 

- accounts, operations, and finance procedures manual utilized by management team
- D. Technical capabilities improved, as evidenced by:
- the evaluation of relevant building code requirements and compliance with these requirements;
  - identification of strategies to address the impact of mining holes created during laterite mining; and
  - implementation of safety policies and practices.
- E. A functional and scalable Information Communication Technology system as evidenced by:
- newly installed computers, Local Area Network and accessories;
  - staff trained to operate computers and equipment;
  - new accounting software is operational; and
  - accountants using the new software.
- F. Improved governance structure and a strengthened board of directors by:
- new independent directors in place; and
  - board meets regularly and exercises oversight of VIC management and operations.
- G. Two prototype low-cost housing units constructed.

## **VII. Major Activities to be financed under the Agreement**

- A. Market Evaluation and Strategic Business Planning  
VIC will hire a local management consulting firm to:
- conduct a thorough analysis of construction market segments;
  - assess the marketplace for local brick making; and
  - develop strategic business plans (near term and 5 year).
- B. Financial Procedures and Systems  
VIC will strengthen its financial management rigor by:
- instituting ADF-compliant financial processes and procedures;
  - installing new computers and a new accounting system; and
  - training all staff in use of accounting processes and systems
- C. Management Capacity Building  
VIC will strengthen its management capabilities through the hiring and training of:
- a business manager;
  - a marketing manager;
  - an administrative manager;

ADF  VIC 

- accounting staff; and by
- conducting a business operations and management seminar for senior and key support staff.

D. Technical Assistance

VIC will engage specialized consultants in order to:

- provide technical training and code compliance procedures;
- assess and address environmental issues associated with laterite mining; and
- provide training on engineering systems and safety.

E. Governance

VIC will strengthen its board governance through:

- providing specialized training to their current directors; and
- screening and hiring new capable, independent directors.

F. Pilot Activities

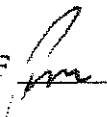

VIC will test the marketability of low-cost housing units. It will construct and offer for sale two model homes using laterite bricks on the company's ELWA Road/ Robertsfield project site.

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

The staff and elected leadership of Venture Industrial and Construction Company, Inc. are responsible for the management and the proper implementation of the Project.

**IX. Monitoring and Evaluation**

Within sixty days of the effective date of this Agreement, the Company will form a monitoring and assessment committee composed of a representative cross-section of the Company'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.

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