

APPENDIX A

PROJECT DESCRIPTION:  
OAG for  
GBANDI FARMERS COOPERATIVE SOCIETY  
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 Gbandi Farmers Cooperative Society ("GFCS") is a community based organization engaged in the coordination and marketing of cocoa and coffee for its farming members in Kolahun District, Lofa, Liberia. GFCS was a very large producer of cocoa and coffee with over three thousand members before the war. Working from its current base of one hundred twenty-three cocoa and coffee farmers, GFCS seeks to regain its pre-war production capacity.

The world market demand for cocoa and coffee has almost doubled in the past five years and prices have also risen sharply due in large part to the drop in supply caused by conflicts in Cote d'Ivoire. GFCS would like to pursue a growth strategy designed to exploit the current high commodity prices and relatively low-cost production environment existing in Liberia. However, GFCS must first strengthen its management, technical and marketing infrastructure and capability.

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.

B. Grantee Contribution

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

ADF

Grantee

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*[Signature]* 12/11/06  
*Bendu Kamah* 12/11/06

#### IV. Project Goal

The goal of the program to which this project contributes is to improve living conditions for the low-income people in Lofa County, Liberia.

#### V. Project Purpose

The purpose of the project is to improve the Grantee'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. Project Outputs

The project will have the following key outputs:

- A. An established governance structure and a strengthened board of directors that:
  1. is composed of effective individuals with integrity;
  2. makes key strategic decisions in the interest of the Grantee; and
  3. formulates policies in the interest of GFCS.
- B. A comprehensive strategic plan to guide the Grantee through five years of growth and expansion that establishes:
  1. priority farming areas and resources;
  2. key financial resources that would be required; and
  3. a comprehensive marketing strategy to achieve the growth targets.
- C. A strong and competent management team and an internal operational structure established with:
  1. a standardized operating procedure manual that outlines and institutionalizes areas of responsibility for each department; and
  2. revised and updated by-laws and constitution of GFCS to conform to local law and modern operating practices and standards.
- D. An implemented comprehensive financial management and control system that:
  1. effectively fulfills the accounting function with the appropriate software package installed; and
  2. enables GFCS to document critical cost centers and identify key revenue drivers in order to maximize its operations.
- E. A well-funded and functioning technical operations infrastructure that includes:
  1. extension services for farmers to improve output and yield; and
  2. an automated payment system to farmers for produce and other key logistical inputs.

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*Bendu Rannek 12/11/06*

## VII. Major Activities to be Financed Under the Agreement

The Grantee will undertake the following activities generate the Project's expected outputs.

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### A. Governance system development and Management Capacity Training

The Grantee will hire a local management consulting firm to:

- conduct training of board members to become responsive to the growth needs of the business;
- assist the Grantee to develop and publish a new administrative and financial management policy and procedures manual; and
- assist the Grantee to revise its by-laws and articles to reflect local legal requirements and modern operating practices and standards.

### B. Operational

- GFCS will engage a construction firm to rehabilitate the basic infrastructure such as the building owned by GFCS and its warehouse that is utilized for produce storage.
- GFCS will undertake internet, communication and technology (ITC) training and acquire computers and network connectivity.
- GFCS will acquire through competitive bidding a used truck to enhance its haulage of coffee and cocoa produce as well as other materials from Lofa County for sale in Monrovia or export via Freeport or Monrovia.
- GFCS will establish an automated payment system to purchase farmers' produce and key farming inputs, which will ease the working capital constraints that members encounter during production.

### C. Technical and Working Assistance

- GFCS will hire a financial firm to establish its financial accounting systems, install a robust accounting software package, and train its staff in identifying cost centers and revenue drivers.

### D. Operational Strategy

- GFCS will hire a consultant to provide the enterprise and farmers with a strategic business plan and training in what would be required to achieve GFCS's 5-year strategic objectives.

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*Bendu Kanneh 12/11/06*

- GFCS will hire on a contract basis agricultural experts who will provide farmers with the necessary extension services and conduct research to develop an approach to best practices for commercial cocoa and coffee farming methods.
- GFCS will hire a business manager, an administrator and an accountant, who are competent in their respective fields.
- The Grantee will receive training in the following:
  - board functions and governance;
  - strategic and operational planning, including budgeting;
  - financial and managerial accounting and basic bookkeeping, including establishing an automated accounting system and procedure manuals;
  - business development and market assessment;
  - communications and service delivery utilizing technology; and
  - equipment and technology operation.

### VIII. Roles and Responsibilities of the Parties

GFCS is responsible for ensuring the proper management and implementation of the Project. The ADF in-country partner (ADF's technical assistant, CENFOD), together with the Evaluation Officer from INPRODEC (ADF's Ghana partner), will provide GFCS with the necessary standard ADF training in bookkeeping, monitoring and assessment and technical and management assistance during project implementation.

### IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Grantee – GFCS, working with CENFOD, will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will provide the Partner input for the development of the project Monitoring plan, which will include the establishment of annual targets for the performance indicators.

CENFOD will closely monitor the activities of GFCS to ensure proper reporting, adherence to the project implementation plan by the Grantee and movement towards the achievement of project objectives. CENFOD will continuously assess the project risk and take remedial actions as needed. Monitoring will be an important aspect of the ongoing mentoring and advisory service. CENFOD will conduct quarterly reviews of GFCS's reports and will provide comments and observations to management of the Grantee as part of the periodic project evaluation. The two parties will jointly design the evaluation process and the Grantee will incorporate the findings of the evaluation into their annual report. This effort will be complemented by the monthly monitoring oversight from the ADF Accra Regional Office and the ADF Representative's Office.

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ADF  Grantee \_\_\_\_\_