

## APPENDIX-A

### PROJECT DESCRIPTION: INTEGRATED TAMALE FRUITS COMPANY ORGANIC MANGO OUTGROWERS NUMBER 1: KUMBUNGU PROJECT

#### 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

According to official estimates, eighty percent of residents in the Kumbungu community in the Tolon-Kumbungu District of Ghana's Northern Region live at or below the poverty line. The community is characterized by high illiteracy rate, high rate of child mortality, and short life expectancy. The economy is agricultural based, dominated by peasant subsistence farming with some cash cropping. The annual income of the average peasant farmer ranges from the equivalent of US\$ 200-500.

Organic mango farming represents a good opportunity for peasant farmers to increase their income and generate spillover into the community. First, the Integrated Tamale Fruits Company (ITFC), a pioneer in large-scale commercial organic mango cultivation and export in northern Ghana, has undertaken to assist the farmers acquire the requisite technology, skills, knowledge, and market access. ITFC has assisted and engaged more than 700 farmers as outgrowers. It is now confronted with the problem of financing the large number of poor farmers seeking to participate as outgrowers.

#### 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

ITFC's total contribution to the project is estimated at 399,000,000 cedis to cover the costs of the following:

ADF



Grantee



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- salaries for the Project's full-time technical officer and field assistants; and
- rehabilitation of accommodations for the Project's technical officer and field assistants at Kumbungu.

It will be ITFC's responsibility to pay for these items regardless of the actual final cost.

#### IV. Project Goal

The goal of the Project is to improve the living standards of poor rural farmers in northern Ghana.

#### V. Project Purpose

The purpose of the Project is to increase incomes from organic mango farming for participating rural peasant farmers and their families, as indicated by the following:

- Total operating profit for the participating 100 out-growers will grow from zero in 2005 to -96,105,000 cedis in Year 1; to -96,877,000 cedis in Year 2; to 94,748,000 cedis in Year 3; to 1,301,277,000 cedis in Year 4; and to 3,541,574,000 cedis in Year 5.

#### VI. Project Outputs

A. Farmers' capacity to produce organic mangoes to certification standards will improve, as indicated by an increase in the total sales revenue for mangoes from 0 in Years 1 and 2; to 805,695,000 cedis in Year 3; to 2,996,872,000 in Year 4; and to 5,356,009,000 cedis in Year 5.

B. The outgrowers group's management capacity will improve as indicated by the establishment of a formal association with project management capabilities by the end of the Project.

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

##### A. Farm Development

ITFC will perform all customary rights required for land acquisition, and will register the land at the Lands Title Registry to ensure the participating farmers formally gain the right to use the 100 acres of land the Chief and Elders of Kumbungu allocated to the Project. The company will install fifty 4500-litre

water reservoirs mounted on concrete platforms on the farm. The company will procure and supply the necessary farming tools to the out-growers and guide them in land preparation activities.

#### B. Planting and Maintenance

ITFC will procure and distribute organic fertilizers to the farmers and teach the farmers how to apply the fertilizers. ITFC will also supply 10,000 seedlings to the 100 out-grower to be planted on a 100-acre of land and supply an additional 1,500 for possible replacements in case of death of some of the seedlings. It will supply water twice a week to the farmers to be used to water the mango plants during the dry periods.

#### C. Farm Management

ITFC will service the out-growers with back-up project accounting and general administration as well as transportation to facilitate farming operations. ITFC will also facilitate practical hands-on training of all the 100 out-growers in organic farming practices. In addition, ITFC will advise the farmers on obtaining and renewing their organic license.

#### D. Management Training

ITFC will undertake a programme to train the leadership of the out-growers in basic learning and arithmetic skills, records keeping, and basics of organic mango export marketing. It will coach the leadership in the establishment of a formal association.

### VIII. Roles and Responsibilities of Parties

ADF's Partner, INPRODEC, will provide the necessary standard ADF training in bookkeeping and monitoring and assessment.

ITFC is responsible, on behalf of the out-grower farmers, for ensuring the proper management and implementation of the Project. The Board of Directors and the management team of ITFC will fulfill this assigned role. The ADF Partner in Ghana will provide ITFC technical and management assistance during the implementation of the Project.

While this grant agreement is between ITFC and ADF, it is meant to cover inputs and technical assistance for the group of 100 outgrowers. ITFC has a standard agreement with the outgrower group for the provision of inputs and technical assistance and collection of payments for those inputs and technical assistance. ITFC will fulfill its obligations under this grant agreement to make CRG contributions through the collection of payments from the outgrowers under its standard agreement. Furthermore, in the case where the

ADF



Grantee



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collection of payments from the outgrowers is less than the CRG contribution, ITFC agrees to meet its obligations to make CRG contributions out of its own funds.

#### IX. Monitoring and Evaluation

INPRODEC will closely monitor the activities of the Project in order to ensure high quality assurance of the reporting as well as ensure the project implementation plan is followed. Besides tracking general progress of the project, it will also continuously assess the identified project risks so that remedial actions could be taken on time in order to forestall significant adverse impact on the realization of the project objectives. Monitoring by INPRODEC will be an important aspect of the ongoing coaching and advisory service. INPRODEC will review all the Project's quarterly reports prepared and submitted on its behalf by ITFC and will submit comments and observations to the management of ITFC as part of the annual project evaluation. The two organizations will jointly design the evaluation process and ITFC will incorporate the findings of the evaluation into their annual report.

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