

**APPENDIX A  
PROJECT DESCRIPTION  
GAHAYA LINKS, LIMITED**

**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**

Gahaya Links, Limited (GLL) helps local basket weavers meet international quality and production standards and exports the weavers' baskets. GLL works with more than 3,306 women and men artisans in over 21 cooperatives and associations from all provinces of Rwanda.

The United States is a major market for GLL's exports. Macy's of New York is GLL's largest customer. Demand from Macy's and other international buyers is increasing. In addition, the establishment of basket weaving centers throughout the country by Government of Rwanda is expected to yield a significant increase in the supply and quality of baskets.

Thus, conditions are ripe for GLL to expand its business. However, the company must first build a management foundation and business model that can support sustained growth in international markets.

**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. Gahaya Link Contribution

Gahaya Link will contribute the time and labor of its employees.

**IV. Project Goal**

The goal of the project is to promote employment growth and income enhancement for the poor in Rwanda.

**V. Project Purpose**

The purpose of the project is to improve GLL'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 financial institution.

## VI. Project Outputs

The final deliverables are:

- A. A strategic business plan with the following features:
  - financial analysis of the current business;
  - analysis of customer demand and potential demand and markets;
  - alternative sources of sisal (the key raw material), costs, and sourcing strategies; and
  - integration of the weavers' associations interests and aspirations into the business plan.
  
- B. Professionalized management of the company and fully functioning financial management systems, as indicated by:
  - a plan to establish an active board of directors with prescribed powers and duties;
  - management processes that leverage the abilities of junior managers and free up top management for strategic issues;
  - a finance and administrative manager to oversee financial control and reporting processes;
  - regular periodic reporting and review by top management to communicate the financial status of the company; and
  - forward planning of material and capital requirements, including raw material requirements, basket purchases, working capital needs, and design processes, to ensure ability to deliver on contracts.
  
- C. Increased production capacity, as indicated by timely delivery of existing orders.
  - Gahaya Links will produce over 30,000 baskets during the time period of the OAG.

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

### A. Development of Business Plan

GLL will hire a consultant who will work with its owners and management team to develop a business plan. The plan will take into account costs and capacities of the weavers, identify customer segments and distribution channels, estimate marketing and expansion costs, and deliver an actionable plan identifying expected investments and returns. In addition, the plan will address the following:

- strategies to evaluate and respond to market feedback, such as need for outside technical assistance in product design and collection development; address labeling compliance issues;
- the design position within the company and options such as the role master weavers could play;
- cost models that include all production and export costs, the financing of any working capital requirements, and fair benefits to the local producers and the group leaders;
- performance indicators that track benefits to the local producer level;
- financial models that support the new management positions acquired during the project period; and
- environmental considerations associated with larger-scale grass harvesting and chemical dye processes and waste disposal as the business expands.

**B. Development of professionalized management and fully functional financial management systems**

Gahaya Links will augment its staff by hiring and training a finance manager, storekeeper, and a stocking clerk. It will implement new management systems, including an accounting and communication system to enhance financial controls, planning, and inventory management. GLL will procure computers, a portable trade booth, a digital video camera, a mobile internet connection, and appropriate accounting and photo software and obtain training in the operation of the new systems.

Gahaya Links will procure and supply each member association president with a mobile phone and provide transport allowances to them for 18 months.

**C. Expansion of production capacity**

GLL will supply sufficient quantities of dye and sisal to the weavers' associations for the production of baskets. In addition, GLL will pay the weavers 40 percent of their total labor costs for up to 4,500 baskets before payment for the orders has been received from its customers.

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

ADF's country partner will ensure that GLL receives the necessary standard ADF training in bookkeeping, monitoring and assessment.

GLL is responsible for ensuring the proper management and implementation of the Project. The ADF Partner in Rwanda (or a designated alternate) will provide GLL with technical and management assistance during the implementation of the project.

**IX. Monitoring and Evaluation**

ADF's country partner will closely monitor the activities of the GLL to ensure proper reporting, adherence to the project implementation plan by the Grantee and movement towards the achievement of project objectives. The partner will continuously assess the project risk and take remedial actions as needed. Monitoring by the partner will be an important aspect of the ongoing coaching and advisory service. The partner will review GLL's quarterly reports and will submit comments and observations to the management of GLL as a part of the annual project evaluation. GLL and the partner will jointly design the evaluation process and GLL will incorporate the findings of the evaluation into their annual report.