

APPENDIX A

PROJECT DESCRIPTION: OAG for MONROVIA FISHING CORPORATION 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 Monrovia Fishing Corporation ("MFC") is a Liberian-owned seafood harvesting and processing company based in Monrovia, Liberia. Prior to the civil war, MFC was focused on the processing and sales of lobsters, shrimps and various kinds of fish. At their peak, they staffed nine vessels and shipped a minimum of one 20-foot container every month. MFC wants to achieve seafood catch levels that rival its pre-war level and re-establish the corporation as the pre-eminent Liberian supplier of high quality seafood to the local and international markets.

Over the past two decades (1981-2000), exports of fish and fishery products have grown steadily, both in terms of volume and value. The European Union is the largest importer of Sub-Saharan African (SSA) fish and fishery products, accounting for 75-85 percent by volume. The size of the EU market and the export growth opportunity, notwithstanding, many SSA countries can not readily take advantage of the potential because the EU market is restricted. MFC intends to rebuild scale and address regulatory requirements in order to focus their business on high-value exports to the EU marketplace. However, in order to do so, they must first strengthen their management, operations, financial and regulatory processes and competencies.

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. MFC Contribution

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

IV. Investment Goal

The goal of the program to which this investment contributes is to provide employment and income to low-income people in Monrovia, Liberia.

V. Investment Purpose

The purpose of the investment is to improve the MFC'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 the following key outputs:

- A. An established governance structure and a new board of directors that:
 - is composed of effective individuals with integrity;
 - makes key strategic decisions in the interest of MFC; and
 - formulates policies in the interest of MFC.

- B. A comprehensive strategic plan to guide MFC through five years of growth and expansion that establishes:
 - a thorough analysis of products, markets and distribution options
 - a marketing and export strategy tailored to MFC's position in the marketplace; and
 - a growth plan that outlines long term capital requirements.

- C. A competent management team and an internal operational structure established by:
 - a trained management team implementing best practices in operations, monitoring and reporting; and
 - a standardized operating procedure manual.

- D. Fully functional, comprehensive financial management and accounting functions that includes:
 - an administrative and financial policy and procedure manual for MFC; and
 - a fully trained accounting staff competent in financial controls and able to prepare reports and statements according to accounting requirements.

- E. Improved production infrastructure:
 - MFC's main fishing vessel operational;
 - Enhancing MFC's feeder supply system with new Fanti canoes;
 - MFC operations meet EU standards; and
 - internet access operational in order to facilitate communication and access to market information.

VII. Major Activities to be Financed Under the Agreement

MFC will undertake the following activities to generate the Investment's expected outputs.

A. Governance System Development and Management Capacity Training

MFC will hire a local management consulting firm to:

- identify and train its board of directors to provide oversight and guidance;
- provide training to the senior management team;
- assist MFC to revise its by-laws and articles to reflect local legal requirements and modern operating practices and standards; and
- hire and train a business manager and accountant.

B. Operational Strategy

- MFC will hire a consultant to perform a detailed review of the seafood marketplace, including product analysis, markets, pricing, and distribution costs.
- MFC will hire a consultant to develop a comprehensive strategic five year plan.

C. Operational / Capital Investment

- MFC will renovate its office, procure furniture, desktop computers, printers and other accessories and install a local area network with internet connection for terminals and cash registers to ensure online updating of sales and inventory records and to monitor/process seafood orders.
- MFC will hire a qualified accountant. MFC will hire a consultant to provide training to the chief executive officer (CEO), business manager, accountant and cashier in IT-based accounting and financial management during and after the installation of the computerized accounting system and specialized software. Funds will be used to provide salaries for the accountant and business manager for up to eighteen months.
- MFC will engage a firm to finish repair of its main boat and procure two outboard (fanti) canoes. Funds will be used to defray a portion of the office and fishing operating expenses for up to eighteen months.
- MFC will contract to design and produce brochures and install three billboards to advertise and promote the fishing company.

D. Technical and Working Assistance

- MFC will hire a Hazard Analysis and Critical Control Point (HACCP) consultant to develop the plan for regulatory compliance with EU marketplace requirements. The consultant will conduct an assessment and identify safety upgrades and provide training in safety methods. Training will focus on sanitation and developing a safety policy that is consistent with EU standards.
- MFC will hire an environmental consultant to assess the options for addressing the problem of standing water in the vicinity of the company's new operating site.

VIII. Roles and Responsibilities of the Parties

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

IX. Monitoring and Evaluation

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

The partner team will monitor closely the activities of MFC to ensure proper reporting, adherence to MFC's implementation plan and the progress towards the achievement of project objectives. The partner team 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. The partner team will conduct quarterly reviews of MFC's reports and will provide comments and observations to MFC's management. This effort will be complemented by the monthly monitoring oversight from the ADF Representative's Office.