

PROJECT DESCRIPTION**Zoekarkiah Swampland Rice Revitalization Project****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 rising price of imported rice and collapse of local rice production following Liberia's civil war have led to a chronic shortage of this staple food in Nimba County. Despite the cost advantage of locally produced rice, farmers in the county have not yet begun producing rice in sufficient quantities to meet the demand for it. During the war, the Zoekarkiah Farmers' Cooperative Society lost its equipment and vehicles, rice paddies and buildings were destroyed or fell into disrepair, and many of its members abandoned modern rice production methods and reverted to subsistence farming. These losses have prevented Zoekarkiah from providing the technical assistance and produce marketing services that its members need to scale up production of rice to meet local demand.

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 8 of the Agreement and do not cause ADF's contribution to exceed the obligated amount specified in Article 4, Section 4.1 of the Agreement.

B. Grantee Contribution

Zoekarkiah members will contribute labor and locally available materials valued at approximately US\$ 25,123 to the Project for land clearing, swampland rehabilitation, and office and warehouse renovation.

IV. Project Goal

The goal of the Project is to improve the standard of living of poor farmers in the Saclepea-Mah District of Nimba County, Liberia.

V. Project Purpose

The purpose of the Project is to increase the incomes of Zoekarkiah member farmers from rice sales through the cooperative. This will be demonstrated by an increase in the Cooperative's farmgate payments for rice from zero to:

- A. US\$ 15,000 in Project Year 1;
- B. US\$ 50,000 in Project Year 2; and
- C. US\$ 100,000 in Project Year 3.

VI. Outputs

The Project will strengthen the capacity of the Zoekarkiah and its members to produce and market rice as indicated by the following.

- A. At least 123 acres of rice paddies will be rehabilitated by Year 3 of the project.
- B. Paddy rice produced and sold through Zoekarkiah will increase from a baseline of zero to:
 - 1. 1,500 bags in Project Year 1;
 - 2. 5,000 bags in Project Year 2; and
 - 3. 10,000 bags in Project Year 3.
- C. Zoekarkiah's total annual revenues from rice sales will increase from zero to:
 - 1. US\$ 37,500 in Project Year 1
 - 2. US\$ 120,000 in Project Year 2; and
 - 3. US\$ 253,440 in Project Year 3.
- D. Zoekarkiah will cover all of its operating costs by the end of Project Year 3.
- E. Improved financial management and reporting systems in Year 1 as demonstrated by:
 - 1. an accounting system is installed, quarterly financial reports and statements produced and used by management in its decision making; and
 - 2. a fully functional financial management system is certified as compliant with ADF requirements.

VII. Activities

- A. Training and Technical Assistance

The ADF Partner organization will assist Zoekarkiah to vet and/or recruit new qualified personnel to hold key management functions in the cooperative to prepare it for future growth. ADF will provide salary support for 18 months for the management

team's business manager, financial manager, marketing manager, and farm manager. Zoekarkiah will recruit the marketing manager after the cooperative has received full financial certification. To ensure ongoing compliance with reporting requirements, the ADF Partner will make certain that mandated training activities are conducted for key senior managers.

1. Zoekarkiah will hire contractors to formalize its business structures and systems. This will include:
 - a. governance training for the Board and Executive Committee members;
 - b. financial and accounting training for the management team to strengthen their capacity to manage the assets and general business transactions of the cooperative; and
 - c. development and testing of a financial policies and operational procedures manual to guide day to day operations that will be reviewed and adopted by the Cooperative's General Assembly.
2. Zoekarkiah will also procure a generator, computer equipment and accounting and financial management software and hire contractors to provide staff training in the use of the new equipment and software to enable its staff members to prepare accurate and timely financial reports and projections as the business expands.
3. Upon completion of these key financial and management capacity building activities, ADF will conduct a financial assessment to determine that Zoekarkiah fully meets financial certification requirements.
4. Zoekarkiah will hire qualified contractors to conduct training of its farm manager and cooperative members in modern lowland rice farming methods, integrated pest management, pesticide application and safety, and quality control.
5. A local firm will assist Zoekarkiah to develop a business plan to inform the Cooperative's direction and growth, and training for the management team in the analysis of business opportunities and execution of business plans.

B. Infrastructure Rehabilitation

The ADF Partner organization will assist Zoekarkiah to hire qualified technical providers to work with the cooperative members to rehabilitate 123 acres of rice paddies, water management infrastructure, and paddy access roads. Cooperative members will provide farm family labor through the traditional "coup" system to enable them to obtain individual plot allocations. Zoekarkiah will procure and distribute agricultural tools and supplies to its members to support the farm rehabilitation activities.

Zoekarkiah will also renovate its existing office and warehouse at the coop's headquarters.

C. Produce Buying and Marketing

1. Zoekarkiah will set up a revolving fund to purchase rice from farmers and market directly to end buyers to improve the prices obtained by members and other local farmers for their produce. An account will be established at the nearest available bank location to facilitate transactions and management.
2. Zoekarkiah will purchase a truck to facilitate the transport of tools, equipment, fertilizer, and seed rice to its members and milled rice and other agricultural produce that is collected from members during rotating market days in the area for packing and transport to its warehouse. Zoekarkiah will also use the truck to transport produce to end buyers in Monrovia and, if possible, neighboring Guinea and Ivory Coast. ADF will provide start-up funds for fuel and operating expenses for approximately four months for this activity.

VIII. Roles and Responsibilities of the Parties

Zoekarkiah has primary responsibility for ensuring that the Project's activities are properly implemented. Within the organization, the Board of Directors will be the highest decision making body, subject to review by the General Assembly. Day-to-day management of project activities will be carried out by the Management Committee. ADF's Partner in Liberia will provide technical support and guidance.

IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Grantee, working with the ADF Liberia Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Grantee organization. The committee will provide the Partner with input for the Project monitoring plan. In addition, during implementation the committee will be responsible for ensuring that the Project follows the implementation plan and that problems identified through monitoring and evaluation are adequately addressed in a timely manner.