

PROJECT DESCRIPTION

GFP Organic Herbs and Spices Project

Tanzania

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

Golden Food Products Limited (GFP) is a Tanzanian-owned enterprise that processes, packages and sells retail branded organic products. The northeastern Muheza District of the Tanga region of Tanzania, where GFP is located, has a climate that is well suited to producing high yielding, top quality organic herbs and spices. GFP has to date helped over 500 herb and spice farmers in the impoverished, primarily Muslim area of the Muheza District to become certified organic farmers. However, GFP faces constraints in its ability to meet regional and global market demand for Tanzanian-grown organic products. One constraint is GFP's limited capability in the areas of organizational management and food processing and marketing. In addition, the smallholder farmers who grow the herbs and spices are not organized into larger producer associations and some 500 additional farmers in this district need assistance to become certified organic growers of herbs and spices.

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 cause ADF's contribution to exceed the obligated amount specified in Article 4, section 4.1 of the Agreement.

B. Client Contribution

GFP will contribute staff, vehicles, staff salaries, business networks, cash, a quality control storage warehouse in Muheza District, and other assets in the implementation of this Project.

IV. Project Goal

The goal of the Project is to improve the standard of living of organic herb and spice farmers, their families and communities in the Tanga and Arusha regions of Tanzania.

V. Project Purpose

The purpose of the Project is to improve GPF's prospects for sustained expansion as indicated by the development of a business plan that ADF deems suitable for funding by a donor or other financial institution.

VI. Outputs

- A. Improved organizational and production capacity of GFP, as indicated by the following:
 1. a fully functional financial management system certified as compliant with ADF and investor management reporting requirements that produces regular financial reports and statements according to generally accepted accounting standards, audited annual reports and an accounting and financial procedures manual and includes a cost accounting system segregated by product line; and
 2. a reliable organic farming supply chain.
- B. Improved organizational and production capacity of smallholder organic farmers, as indicated by the following:
 1. the number of farmers in the Muheza District certified as organic herb and spice producers increases from the current baseline of 540 farmers to over 1000 farmers;
 2. establishment and formal registration of an outgrowers' association of the Muheza smallholder farmers certified as organic producers; and
 3. the average acreage of herbs and spices cultivated per participant increases from 0.5 to 2.0 during the life of the Project.

VII. Activities

A. Enhanced Organizational and Management Capability of GFP

To improve GFP's operational and financial management capability, the company will recruit a manager for the Muheza office, a full-time accountant for Arusha, and an export marketing professional. By the end of the Project period, it will have established fully staffed and functional offices in both Arusha and Tanga. GFP will develop an accounting manual that will enable the enterprise to manage its financial resources efficiently and effectively. It will also develop and put into place management accounting systems that report the relative profitability among GFP's various products. GFP will install computers, IT systems and accounting software to enable the management to handle the business more effectively.

B. Improved Processing and Marketing Capabilities of GFP

To prepare GFP to meet increased market demand for its products, GFP will take steps to improve its current processing technology and market its products more strategically by developing methods to improve its collection centers, quality control systems and the drying and packaging of the organic spices and herbs, and by developing and implementing new marketing strategies that focus on direct exports.

C. Building Organizational and Technical Capability of Smallholder Farmers

To assist the smallholder farmers producing herbs and spices in the Muheza District to form an outgrowers' association, GFP will form mobilization teams consisting of the GFP Managing Director, the District Cooperative or Agricultural Officer, and various village leaders and farmers. By the end of the Project period, the farmers' association will be formally registered. GFP and the farmers will receive assistance in meeting all the legal requirements for ownership of the land and facilities used to produce the products marketed by GFP. GFP will also assist an additional 500 smallholder farmers in Muheza District to become certified producers of organic herbs and spices.

D. Training and Capacity Building of GFP Management and Farmers' Association

GFP will provide training to its field officers, processing operators, key management staff and board members in the best practices of organic farming, processing, storage and marketing. It will also train the farmers in the areas of record keeping, good cultivation practices, erosion control measures, weed and pest control, pruning, fertilization, and crop rotation. Smallholder farmers will also receive assistance in establishing spice nurseries for growing seedlings so that they can expand the number of acres planted.

E. Development of Corporate Strategic Business Plan for GFP

With the help of a technical assistant, GFP will develop a market strategy for the future growth of the company and will begin implementation of the business plan.

VIII. Roles and Responsibilities of the Parties

The Owners, Managing Director, Technical Officers and Accountant of GFP hold primary responsibility for implementation of the Project activities as planned. The ADF Partner in Tanzania will play a lead role in holding GFP accountable for meeting production and training milestones. In addition, the ADF Partner will provide GFP with technical and management assistance during implementation.

IX. Monitoring and Evaluation

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