

## PROJECT DESCRIPTION

### Glahkon Bamboo Furniture Capacity Building 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 Glahkon Bamboo Furniture Company (“Glahkon” or “GBF”), a subsidiary of Gaia Enterprises, Ltd., was established to promote bamboo, willow, and rattan as substitutes for hardwood for furniture-making. These materials are affordable and help conserve Liberia’s forests while contributing to poverty alleviation. Bamboo, willow, and rattan are widely available, underexploited, renewable materials in Liberia. Glahkon produces high quality bamboo, rattan, and wicker furniture and provides interior design services using these natural materials. The current market for high quality furniture of this type is currently met by imports from other countries in the subregion and from Asia. Glahkon has the technical capabilities to produce price-competitive, high quality products and create substantial employment opportunities for rural youth in the Hartford Ward area of Grand Bassa County. However, due to disruption of its activities during the wars and loss of its production facility due to a fire, Glahkon has been unable to firmly establish its operations and meet its production and sales goals.

#### 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

GBF will contribute its assets, including vehicles, factory building, and tools to the Project.

**IV. Project Goal**

The goal of this Project is to improve the standard of living of low-income youth in Grand Bassa County of Liberia.

**V. Project Purpose**

The purpose of the Project is to improve GBF's prospects for sustained growth and expansion through the development of a comprehensive five-year business plan that ADF deems suitable for funding by a donor or other financial institution.

**VI. Outputs**

- A. Improved financial management capacity as evidenced by the following:
1. GBF produces financial reports from financial and accounting systems that include monthly profit and loss statements, cash flow statements, balance sheets consolidated quarterly and annual statements, as well as adequate financial controls, accounting procedures, policies, and systems that will be capable of being audited by an independent accounting or audit firm; and
  2. GBF's management team routinely utilizes financial documents produced during the Project, such as financial statements, quarterly bank reconciliations, budget expenditures, and unit production cost analyses in making financial and management decisions for the Cooperative.
- B. Improved management capacity as evidenced by a functioning and active management committee that meets weekly to assess Project implementation progress and addresses implementation constraints as necessary to move the organization forward.
- C. Improved technical and marketing capacity as evidenced by increased sales of bamboo, wicker, and rattan products from \$8,000 in 2009 to \$12,400 in 2010 and \$24,800 in 2011.
- D. Increase in the number of employees from current levels of three permanent employees and five seasonal employees to twelve permanent employees and twenty-five seasonal employees in 2011.

**VII. Activities****A. Production and Marketing Improvement Activities**

1. Glahkon will hire local laborers to renovate its production facility in St. John's City. GBF will also procure a 5 KVA generator and assorted power tools to increase its production capacity and efficiency. The construction will be completed by month nine of Project year one. Once construction is completed, GBF will reinitiate production activities at its St. John's City location, where it will hire local youth and trained craftsmen to harvest and process raw bamboo, wicker and rattan and carry out the initial production processes. Unfinished furniture will then be shipped to the finishing facility in Monrovia for final finishing and quality control. Glahkon will rent a showroom in central Monrovia to increase the visibility of its product and conduct a publicity campaign to relaunch its product line once the production facility is in operation.
2. Glahkon will hire a master craftsman to work with its production team for a period of twelve months to upgrade their skills in advanced craft and design methods. The master craftsman will be hired by month six of Project year one.
3. Glahkon will hire an environmental and safety consultant to provide training to the management and production teams on workplace safety and environmentally friendly harvesting and production techniques. Glahkon will provide all workers with adequate safety clothing and equipment and ensure that its production facility has been inspected and certified by local labor authorities. The safety training will be initiated by month ten of Project year one.

**B. Management and Accounting Improvement Activities**

1. GBF will hire a management consultant to work with the company's Board of Directors and management team to develop a comprehensive five-year business plan detailing opportunities for further expansion and sustained profitability of the company. The consultant will be hired by month six of Project year one and the business plan will be developed by month three of Project year two. The business plan will:
  - a. document lessons learned from Project year one, particularly in the implementation of improved production and processing techniques;
  - b. determine the most cost-effective ways of producing and marketing the company's products and services;
  - c. identify specific local market opportunities;

- d. explore options and requirements to begin export sales of the company's products;
  - e. review current marketing practices, market trends and associated risks, and update the company's strategy for marketing the its products; and
  - f. develop indicators that track benefits to employees and the community.
2. GBF will hire an accounting consultant to work closely with the company's Board of Directors and management team to develop and operate appropriate financial accounting procedures, policies and systems. The accounting consultant will update GBF's financial systems manual, including a comprehensive set of organizational policies, procedures, and internal controls. The accounting consultant will be hired by month three of Project year one.
  3. GBF will hire a technical assistance provider(s) to train the management team and the Board of Directors in business principles, monitoring and evaluation techniques, group dynamics, organizational development, and business entrepreneurship. The technical assistance provider(s) will be hired by month six of Project year one.

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

The members and management of GBF are responsible for the management and the proper implementation of the Project. ADF's Partner in Liberia will provide training in the areas of standard ADF bookkeeping, monitoring, and assessment. The Partner will also provide technical assistance and management assistance during implementation.

### **IX. Monitoring and Evaluation**

ADF's Partner in Liberia will closely monitor the activities of GBF to ensure proper reporting, adherence to the Project implementation plan by the company and progress towards the achievement of Project objectives. The Partner will continuously assess risks and take remedial actions as needed. Monitoring by the Partner will be an important aspect of the on-going coaching and advisory service. The Partner will review the company's quarterly reports to ADF and will submit comments and observations to the management of GBF as part of the on-going performance assessment.