

**PROJECT DESCRIPTION****Gando Farmers Association Capacity Building****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**

Gando Farmers Association (GAFA) is an association of 3,000 farmers based in Pemba, Tanzania that produces and sells organic spices. GAFA would like to take advantage of increased local and international demand for organic spices; however, insufficient training in farming practices, weak internal management capability, inadequate financial management systems, lack of working capital to procure inputs, and low marketing capability prevent the company from capitalizing on the market 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**

GAFA will contribute land and labor.

**IV. Project Goal**

The goal of the GAFA grant is to improve the standard of living of farmers in Pemba, Tanzania.

**V. Project Purpose**

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

**VI. Project Outputs**

By the end of the Project period, GAFA will achieve the following.

- A. Improved technical capacities as demonstrated by the increase in value of raw materials the cooperative purchases from the farmers from TZS 0 in the Project's base year to:
  - 1. TZS 4,000,000 in Year 1; and
  - 2. TZS 4,480,000 in Year 2.
  
- B. Improved management and operating systems capacity as demonstrated by:
  - 1. improved business systems and accounting systems are implemented and GAFA is certified as compliant with ADF financial and reporting requirements; and
  - 2. management uses financial and accounting reports and audited yearly account reports in its decision making.

**VII. Project Activities**

GAFA will ensure the following major activities are implemented.

- A. Improve the management and institutional capability of GAFA by:
  - 1. training GAFA leaders and board members on internal control systems in accordance with organic standards requirements, good governance and organization capability;
  - 2. preparing a comprehensive business plan that will address the environmental impact of spice packaging and processing, including the disposal of waste materials;
  - 3. developing a marketing strategy;
  - 4. acquiring office space and additional office equipment that will increase the organization's accessibility to the farmers and potential buyers; and
  - 5. establishing a more professional leadership core by recruiting and paying association staff.

- B. Institute improved financial and operating procedures by:
1. hiring and training a bookkeeper to manage the financial accounting system and handle the finances of the association; and
  2. developing accounting processes and roles specifically tailored to the operations of GAFA and documenting them in a financial manual.
- C. Improve production systems by:
1. purchasing two motorcycles for organic inspections, organic training, and agricultural extension support;
  2. installing an essential oils extraction plant and piloting new products;
  3. reinstating a crop purchase fund to expand direct purchases from farmers for organic essential oil inputs;
  4. improving product quality through internal inspection;
  5. improving product quality through external inspection conducted by TanCert;
  6. improving product quality by obtaining organic certification;
  7. training twenty field workers to conduct internal inspections; and
  8. training farmers in organic farming principles and practices.

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

ADF's Partner in Tanzania will provide the standard ADF training in bookkeeping, monitoring and assessment. GAFA is responsible for ensuring the proper management and implementation of the grant. The ADF Partner in Tanzania will provide GAFA with technical and management assistance during implementation.

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

Within sixty days of the effective date of this Agreement, the Grantee, working with the ADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Grantee'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.