PROJECT DESCRIPTION

HomeVeg 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

HomeVeg Tanzania Ltd. (HomeVeg) is a limited liability company based in Northern Tanzania that exports fresh vegetables to Europe under a GLOBALGAP certification. HomeVeg would like to take advantage of increased European demand for fresh vegetables; however, lack of agricultural inputs for suppliers, a dearth of GLOBALGAP-certified farmers, insufficient cold storage and processing facilities, and weak management capacity have prevented the organization from fully realizing its potential.

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

HomeVeg will contribute land, labor, and its GLOBALGAP certification.

IV. Project Goal

The goal of the HomeVeg Project is to improve the standard of living of farmers in Northern Tanzania.

V. Project Purpose

The purpose of the Project is to improve HomeVeg'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, HomeVeg will achieve the following.

A. Improved technical capacities as demonstrated by the value of raw material purchases from farmers increasing from TZS 351,366,894 in the Project's base year to TZS 500,000,000 in Year 1.

B. Improved operating systems capacity as demonstrated by:

1. HomeVeg produces financial statements and reports that include monthly income, balance sheet and cash flow statements, and consolidated quarterly and annual statements, and it establishes adequate financial controls, accounting procedures, policies, and systems that meet international audit standards; and
2. the management team routinely utilizes the management and financial reports produced, such as performance reports, budget expenditures, profit and loss statements, cash flow statements, and balance sheets in tracing financial transactions and making financial and management decisions for the Association.

VII. Project Activities

HomeVeg will ensure the following major activities are implemented.

A. Improve the management and institutional capability of HomeVeg by:

1. preparing a comprehensive business plan. At a minimum, this business plan should include a marketing analysis, a technology analysis, a production plan, a worker safety analysis, an environmental analysis, and a financial analysis;
2. purchasing and implementing a computer-based accounting system;
3. acquiring additional office equipment that will increase the organization's ability to manage business operations and communicate with buyers; and
4. ensuring the development of policy and procedural manuals for basic operational practices, such as the management of staff and financial systems.

B. Improve production systems by:

1. purchasing a refrigerated container for storage of fresh vegetables;
2. renting a pack house for the handling and packaging of vegetables;
3. training at least 800 vegetable farmers in GLOBALGAP-compliant agricultural practices;
4. training at least 90 laborers in GLOBALGAP-compliant vegetable handling and packaging practices; and
5. providing financial support to up to 800 farmers to purchase inputs in the form of a revolving loan fund.

VIII. Roles and Responsibilities of the Parties

ADF's Partners in Tanzania will provide the standard ADF training in bookkeeping, monitoring and assessment. HomeVeg is responsible for ensuring the proper management and implementation of the Grant. The ADF Partners in Tanzania will provide HomeVeg 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 Partners 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.