PROJECT DESCRIPTION

Kokoyah 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

Kokoyah Multipurpose Cooperative and Development Society ("KMCDS," or "the Cooperative") consists of over four hundred low-income farmers from Kokoyah District in Bong County. KMCDS is now reorganizing to re-establish its rice production and marketing systems that were destroyed during the civil war. This former rice exporting area currently does not meet local demand for rice because of the destruction of previously developed lowland rice fields and reduced cultivation due to displacement of local residents. With the return of residents to their communities, cooperative members see the national reduction of rice production coupled with rapidly rising prices for this staple commodity as a serious potential threat to security, as well as an excellent opportunity to reestablish their rice production and marketing capabilities. KMCDS would like to take advantage of these market opportunities, but is constrained by weak management and governance capacity and inadequate logistical capacity and capital to buy, mill, and deliver to market rice produced in the district.

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

KMCDS will contribute the labor of its members, a rice mill, and warehouse to the Project.

IV. Project Goal

The goal of this Project is to improve the standard of living of low-income rice producers in the Kokoyah District of Bong County of Liberia.

V. Project Purpose

The purpose of the Project is to improve KMCDS' prospects for sustained growth and expansion through the development of a comprehensive three-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. KMCDS produces financial reports from financial and accounting systems that include monthly income and expense statements, 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. KMCDS's management team routinely utilizes financial documents produced during the Project, such as quarterly bank reconciliations, budget expenditures, cash flow statements, and profit and loss statements, in making financial and management decisions for the Cooperative.

B. Improved management capacity as evidenced by a functioning and active management committee that meets at least monthly to assess management implementation progress, addresses implementation constraints necessary to move the organization forward, and convenes the Annual General Meeting to update members on KMCDS's on-going activities.

C. Improved technical and marketing capacity as evidenced by an increase in income derived from rice processing and transport fees from zero to US$48,945 in Year 1 and US$54,325 in Year 2.

VII. Activities

A. Production and Marketing Improvement Activities

1. The Cooperative will hire a consultant to conduct training and provide follow-up monitoring on basic rice post harvest activities (methods of drying, parboiling, soaking, destoning, etc), packaging, and warehouse and inventory management. The consultant will be hired by month four of Project year one.
2. KMCDS will hire a consultant to provide training in sales promotion techniques and assist the Cooperative's manager to contact market agents, negotiate sales, and establish contracts with wholesale purchasers in central markets. The Cooperative will also establish a process that will provide feedback to the members on the general trend of the market regarding supply, demand, quality, preferences, pricing, and scheduling to inform its own production planning.

B. Management and Accounting Improvement Activities

1. KMCDS will take all necessary actions to complete the formal recertification process during Project year one.

2. KMCDS will hire a management consultant to work with the Cooperative's Board of Directors and management team to develop a comprehensive three-year business plan detailing opportunities for further expansion and sustained profitability of the Cooperative. The consultant will be hired by month nine 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 Cooperative's products and services;

   c. explore options for additional income generation activities for the Cooperative;

   d. explore options for expanding Cooperative membership and/or providing benefits to non-members;

   e. review current marketing practices, market trends and associated risks, and update the Cooperative's strategy for marketing its products; and

   f. develop indicators that track benefits to members and the community.

3. KMCDS will hire an accounting consultant to work closely with the Cooperative's Board of Directors and management team to develop and operate appropriate financial accounting procedures, policies, and systems. The accounting consultant will document these in a financial systems manual, including a comprehensive set of organizational policies, procedures, and internal controls. The consultant will mentor and provide training to the secretary, the management team, and the Board of Directors to develop their financial skills and provide training in financial principles. The accounting consultant will be hired by month three of Project year one.
4. KMCDS will hire a technical assistance provider(s) to train KMCDS members, 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 KMCDS 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 KMCDS to ensure proper reporting, adherence to the Project implementation plan by the Cooperative 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 Cooperative's quarterly reports to ADF and will submit comments and observations to the management of KMCDS as part of the on-going performance assessment.