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**MANAGING A LOCAL CURRENCY
ENDOWMENT: A HISTORICAL GUIDE FOR
TITLE II OPERATORS**

**COMMUNITY ENTERPRISE DEVELOPMENT
AND INVESTMENT (CEDI) TRUST**

JULY 1993

**ATTACHMENT TO INSTITUTIONAL SUPPORT GRANT
NO. PDC-0801-A-00-1083-00 FINAL REPORT:**

**UTILIZING THE CHARITABLE TRUST AS A VEHICLE
FOR FOOD AID MONETIZATION IN GHANA**

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TechnoServe is a non-profit organization founded in 1968.

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MANAGING A LOCAL CURRENCY ENDOWMENT: A HISTORICAL GUIDE FOR TITLE II OPERATORS

I. INTRODUCTION

TechnoServe, headquartered in Norwalk, Connecticut, has been promoting the development of rural community-based agricultural enterprises in developing countries of Africa and Latin America for twenty-five years. Its program in Ghana, now twenty years old, assisted in 1992 twenty projects grouped in two broad categories: agricultural processing enterprises (palm oil processing) and farmer service cooperatives (cereal storage and marketing services).

In 1991, USAID approved the shipment of 15,000 metric tons of wheat under Title II to TechnoServe/Ghana to be monetized into the local currency, cedis. In 1993, USAID approved additional shipments of 22,000 tons beyond the 15,000 tons first approved. The grain is to be delivered in five shipments ending in the year 1996.

A. GOALS AND OBJECTIVES OF THE USAID MONETIZATION

The overall goal of this USAID Monetization Program is to enhance and strengthen the ability of TechnoServe/Ghana to support the Ghana Government's Economic Recovery Program through the creation and strengthening of viable, rural agricultural enterprises.

The program attempts to achieve its goal by establishing a local currency fund that serves as capital for the Community Enterprise Development and Investment (CEDI) Trust and to use the CEDI Trust as a resource to complement ongoing and projected grants which finance TechnoServe's program in Ghana.

Proceeds from the monetization are used for several activities in addition to capitalization--program operating expenses, staff and beneficiary training, capital equipment purchases, venture capital and certain trust management costs. AID did not mandate a specific amount of the proceeds to be designated as endowment principal, nor did it mandate a specific time duration for the endowment principal to last.

Endowments created by AID funds under Title II are a relatively new phenomenon as they were seen to be prohibited by U.S. law until November 28, 1990, when the Agricultural Trade Development and Assistance Act of 1954 was amended. Title II of this Act provides for support of private voluntary organizations and Section 203 authorizes this support through the local sale or barter of commodities in the recipient country. Section 203(d) of the amended Act states that foreign currencies generated by sale of commodities may:

"be invested and any interest earned on such investment may be used for the purposes for which the assistance was provided to that organization, without further appropriation by Congress."

AID Regulation 11, published May 7, 1992, in Section 211.5 (k) 1.iii allows cooperating sponsors (i.e., approved private voluntary organizations) to "make investments, with the approval of AID." In an explanatory comment in the same Regulation, it is made clear that this section refers to endowments: "Nongovernmental cooperating sponsors may invest monetized proceeds and program income, with the approval of AID and use the income for Title II purposes. AID approval is reserved because endowments are a new authority provided by Congress. AID believes it is appropriate to review the terms of these investments and uses until the Agency and cooperating sponsors gain experience with this mechanism so general guidelines could be issued."

Before Title II was changed in 1990, a number of endowments had been created with AID funding in the mid-1980s. Most of the endowments were created in Latin America and the Caribbean through collaboration between host governments and AID missions. Funding came primarily from Development Assistance and Economic Assistance Funds. Some of the endowments were created through special legislative acts of the U.S. Congress. Projects funded included the creation of agricultural universities and wildland management organizations. Some of the endowments had fixed life spans, others are meant to be permanent. Most of the endowments are held in the currency of the host country, but there are examples of funds being held in U.S. dollars.

AID has yet to publish any general guidelines concerning endowments. TechnoServe's endowment is one of the first created under Title II, and one of the first in Africa. One of the main purposes of this guide is to describe TechnoServe's experience, and in particular the financial issues related to preserving and investing the principal of the endowment. TechnoServe's experience may provide lessons to AID and other voluntary organizations on the operation of these types of funds.

B. TECHNOSERVE CHARITABLE TRUSTS

At the time of the approval of the USAID grain contribution, a TechnoServe charitable trust was already in existence in Ghana, one of two in Africa (the other being in Kenya.) The charitable trusts were an enterprise financing mechanism created in response to two major constraints to enterprise development:

1. Lack of local banking sector interest in providing financing to rural ventures--for reasons of perceived risk and opportunity costs.
2. High enterprise start-up failure rates.

The trust mechanisms were used to permit TechnoServe to assume a direct equity position in rural enterprises. The trusts also provided loan guarantees and/or bridging loans to enterprises. Guarantees were provided by the Ghana Trust with the support of organizations, such as the Ecumenical Development Cooperative Society of the Netherlands.

The trusts are legally registered local entities. Their trustees are primarily host country nationals, drawn from the local staffs of TechnoServe's country program offices. The trusts maintain separate books from the TechnoServe country programs and are audited regularly.

The trusts were capitalized by various donors. In Ghana, the original capitalization was the equivalent of US \$20,000 and its objectives were:

- To serve and assist low-income people in Ghana, particularly those resident in rural areas through the process of enterprise education and development with the view to relieving their poverty and distress and uplifting their welfare and standard of living.
- To build a strong team of development experts and field assistants to provide business management and financial skill for the promotion of agricultural, industrial and commercial enterprises in Ghana in general and rural areas in particular.
- To make donations and/or subscription and give loans to any society, institution trust organization or individuals or any group of individuals.
- To do all such things as may to the Trustees' unfettered discretion appear to be incidental or conducive to the attainment of the objectives aforesaid or any of them.

The Ghana Trust was active on a small scale and made loans to several agricultural enterprises.

The existence of TechnoServe Ghana Charitable Trust was key to TechnoServe's ability to receive the funds of the monetization proceeds. Although modest in scale, the TechnoServe Ghana Charitable Trust was a Trust in infancy and one that could be a receptacle for the major injection of capital that would come from the monetization of the USAID grain contribution. The organization of the TechnoServe Ghana Charitable Trust, however, was seen immediately as being inadequate to the new task of receiving the much larger amount of moneys coming from the monetization of wheat proceeds. Although the grain shipments were to come in separate loads, approximately one year apart, each shipment when monetized would realize in excess of \$750,000 equivalent of the local currency, Ghanaian cedis. In addition, an entirely new task was being added to the Trust, the management of a large local currency portfolio.

In view of the substantial change in the size and objectives of the Trust, it was decided to rename the Trust. It is now called the Community Enterprise Development and Investment (CEDI) Trust.

II. MANAGEMENT OF THE TRUST FUND

A. DURATION OF THE TRUST FUND

As noted above, there is no AID requirement that the endowment portion of the Trust last a specific length of time. The flexibility allowed TechnoServe is a mixed blessing. There is, of course, no rigid target to meet which may turn out to be unrealistic in the real world environment of Ghana. The absence of a specific duration for the endowment may, however, tempt TechnoServe to use up the principal quickly for current purposes. It was decided, therefore, to set up a self-imposed target to provide a financial discipline that will assist in fulfilling USAID's goal in providing extended assistance for agricultural enterprises through this endowment mechanism.

The desired duration of the endowment principal has to be related to the nature of the program being funded. Endowments have gained attention because they can sustain programs over many years that would be successful only if they are supported for a multi-year period. It is arguable, therefore, that the minimum length of the endowment should match the minimum length of an identifiable program. In some cases, this period could be very long. An environmental project that attempts to preserve a specific environment in perpetuity should seek a permanent endowment. In the case of TechnoServe, the enterprises that we assist in Africa are expected to employ our active help for three or four years. Occasionally, the process takes five years. For TechnoServe, therefore, the minimum desired period of a sustained trust fund would be five or six years as this time frame would give us some assurance that we could carry projects through to their end.

An underlying assumption of an endowment is that moneys spent in future years will bring benefits at least as valuable as if the moneys were spent in the current year. This implies that the purchasing power of money will stay constant over time. This condition cannot be assumed to exist anywhere in the world and may appear particularly dubious in some countries. If a nation appears to have a particularly unstable political and economic future, the chances that the purchasing power of its currency would remain stable over many years would be slim. Such conditions would argue against creation of local currency endowments with very long lives, as one could guess that the moneys in it would be more usefully spent today than spent twenty years from now. It would be unwise to create a permanent local currency endowment in a patently unstable nation.

TechnoServe has set out for itself the objective of preserving endowment principal for a period of ten to twenty years after the last shipment under the USAID monetization program. The

minimum ten-year life chosen by TechnoServe appears to us to be a fair objective, given the constraint that the endowment be held primarily in cedis. It will be a challenge to maintain the purchasing power of the principal for such a long period in the Ghanaian environment and require good management and strong financial discipline on the part of the TechnoServe managers. The term also gives TechnoServe significant cash support for two or three cycles of its projects.

It would nevertheless have been preferable for TechnoServe and USAID to have agreed beforehand on the minimum expected duration of the endowment. This would have given us both an agreed on standard to judge one of the most important aspects of the endowment concept.

B. DEFINITION OF ENDOWMENT PRINCIPAL

A primary objective of USAID in approving the delivery of wheat to TechnoServe for monetization was to create a fund that could help support TechnoServe's operations for a significant period of time. USAID made, however, no attempt to define for TechnoServe what percentage of the monetization proceeds should be seen as "endowment" principal to be invested for the future, and the maximum annual amount the principal could be reduced. TechnoServe essentially had the discretion of deciding these important aspects of management.

C. WHAT IS THE AMOUNT OF THE PRINCIPAL?

The definition of this amount is an important exercise. The principal is the amount which can be invested with the long run in mind and can be invested in less liquid instruments.

The definition of this amount for TechnoServe is complicated by the fact that the monetization proceeds come in separate tranches, approximately a year apart. The cash value of the tranches cannot be accurately predicted in advance as they vary according to the price of the wheat. It has also been difficult in the first full year of CEDI Trust's operation to predict accurately what the interest earnings on the portfolio will be, as well as the pattern of expense outflows. With cash inflows and outflows highly uncertain in 1993, it has proven difficult to identify a specific number as principal. As CEDI Trust goes into a second full year of operation, its cash flow projections are expected to improve and the principal amount for 1994 will be determined by making the following calculation:

Beginning balance of USAID account 12/31/93	
+	Cash inflows from expected USAID shipment in 1994
+	Predicted interest income from portfolio in 1994
-	1994 expenses approved by USAID
=	Ending balance.

Principal represents the maximum amount available for investment taking into consideration short-term cash considerations.

The method of calculating the principal has been devised by TechnoServe. It would have been better if the method of calculation had been jointly agreed on by TechnoServe and AID before shipments began.

D. SHOULD THERE BE AN ANNUAL LIMIT PLACED ON USE OF PRINCIPAL?

Some endowments are structured so that the principal is inviolate and meant to be perpetual. Other endowments, although designed to decline to zero within a finite period of time, have restrictions on the amount of the principal that can be used for current purposes in any given year. As AID had not specified any strict guidelines on the endowment itself, TechnoServe could choose its own course of action.

One possibility would be to preserve the principal by limiting withdrawals from the principal to e.g. 10 percent in any given year. For example, if the principal is \$1 million and the desired term of the endowment is ten years, the maximum amount that could be withdrawn for operating purposes each year would be \$100,000 plus whatever interest income was thrown off by the portfolio. The endowment principal would decline at the maximum rate of \$100,000 a year.

This option has the advantage of spending the nominal principal amount in a regular, predictable way. It also precludes the possibility of the bulk of the principal being used early in the ten-year period. If TechnoServe operating expenses in any given year were higher than expected, its draw from the principal for current expenses would still be limited, and it would be forced to seek revenues from other sources.

The objection to this option is that TechnoServe cannot foresee what the purchasing power of the nominal principal amount will be a few years into the future. If the inflation rate in Ghana is very high and the portfolio cannot match the inflation rate, the purchasing power of the principal might deteriorate very rapidly. Preserving the nominal principal amount by placing artificial limits on the amount that can be withdrawn any given year could be a serious mistake in these circumstances. In some economic situations, spending cash quickly is a much wiser option than attempting to preserve it for the future.

TechnoServe has chosen at this time not to impose limits on the draw from the principal amount in any given year. Instead, TechnoServe has drawn up the investment guidelines to provide that no draw on the principal can be made without the express permission of the Board of Trustees. This prevents the managers from invading principal at their discretion while providing them the flexibility to ask the Board of Trustees to determine to what extent the principal can be invaded to pay for current expenses. This matter is one that the Board of Trustees expects to revisit, in light of actual experience.

E. INVESTMENT POLICY AND GUIDELINES

The text of the investment policy and guidelines is contained in Appendix 1, "Investment Plan." The policy statement articulates the dual objective of the Trust--to fund operating programs of

TechnoServe/ Ghana and to preserve the principal for a period of at least ten years after the last shipment under the USAID program. The guidelines are intended to help the fund managers strike the proper balance between these two objectives, and a point-by-point discussion of the guidelines follows:

Return. The portfolio's performance in relation to the domestic rate of inflation in Ghana is seen to be the most important indicator of return. As the fund is expected to last many years, it is important that its return should not consistently fall below the rate of inflation. Consistent performance below Ghana's inflation rate would mean that the purchasing power of the funds is being eroded over time; such a situation would throw into serious doubt the desirability of maintaining a trust fund at all. A return above the rate of inflation would mean that the purchasing power of the principal would be increasing over time, a development that would support the value of maintaining an endowment. TechnoServe chose a target rate of 5 percent above inflation because it felt that in the context of the Ghanaian market that this would be both an ambitious and feasible target without requiring the managers to take inordinate risk.

Invasion of principal. Once an amount has been defined as principal, the principal cannot be invaded without specific authorization by the Board of Trustees. This guideline is intended to control the rate of diminution of principal, by limiting the discretion of the managers to transfer principal to use for current operations.

Flexibility. The guideline stipulates that 25 percent of the portfolio must be held in investments that can be liquidated in six months. This provision prevents the portfolio from being entirely locked up in longer-term investments. By doing this, yield may be given up but flexibility is gained.

Maximum tenor of financial instruments. A maximum limit of five years has been placed on the maturity of financial instruments. This guideline plus the one on flexibility set the parameters for the maturity profile of the financial instruments in the portfolio. The managers have wide discretion within these parameters to operate and are currently investing in a portfolio with a very short average maturity until greater experience is accumulated.

Risk. There is no credit service in Ghana like those in the U.S.A. that assess the credit risk of financial instruments and give them ratings. The difficult task of credit risk evaluation is the responsibility of the Trust Manager, who screens investments before presentation to the Investment Committee. The guidelines enjoin the manager to compare the risk of any investments they contemplate to the risk of the Government of Ghana and of high-quality banks. These institutions are held out as an informal benchmark of high quality, and the managers should not invest principal in instruments that fall short of the perceived quality of the benchmark. Currently the portfolio's investments are exclusively in banks or Government of Ghana risk.

Diversification. The guidelines encourage a diverse portfolio to spread the risk and to invest in a wider spectrum of the economy. Achieving this diversity may be a difficult task as the risk

of investments outside the banking industry and government sector are perceived by many to be much higher. The Investment Committee faces a tough challenge in finding appropriate investments. The guidelines, however, in principle allow the Investment Committee to examine non-financial investments, such as real property or investments outside Ghana. All investments, of course, have to be approved not only by the Investment Committee but also by USAID if monetization proceeds are being used.

The possibility of investing in real estate has already been raised internally. At present all investments are financial and it is being argued that some of the investments should be non-financial in nature. One of the more obvious of such investments is real property, and appropriate real estate investments are being considered. It is arguable that prime real estate is one of the best investments available in Ghana and more likely to protect against inflation and devaluation than financial instruments. There is no clause in AID Regulation 11 that specifically speaks to the purchase of real estate as an investment; conversely there is nothing that prohibits it, as long as it is approved by AID. The possibility of purchasing real estate has been raised with USAID and there is no objection in principle although a specific investment would be scrutinized carefully.

Another possibility discussed is to diversify the portfolio by investing a portion of it in foreign currencies, or in foreign-currency linked instruments. This appears to be a prudent way of managing a portfolio. Investment portfolios in the USA commonly have significant percentages of their assets invested outside the USA. Spreading the risk of an investment portfolio across several countries is considered a prudent practice rather than an aggressive one. AID rules do not prohibit conversion of local currencies to foreign currencies, although again specific authorization would have to be asked for and received.

Link to U.S. dollar. The monetization proceeds that provide the bulk of the Trust come originally from the USA. Accounting records are being kept in two currencies, cedis and U.S. dollars. Since the funds will all be spent in Ghana, their purchasing power in Ghana is the key consideration but their value in U.S. dollars remains a concern. There is the possibility that USAID may recall the funds, which is their right under certain circumstances. AID may reclaim the proceeds if TechnoServe is seen to have violated the provisions of AID Regulation 11 or of the approved operational plan. In addition, TechnoServe/USA has the Trust Fund assets on its U.S. balance sheet. Sharp fluctuations of the U.S. dollar value of the Ghanaian principal can cause big changes in the TechnoServe/USA statement which it would be preferable to avoid. The managers are, therefore, asked to attempt to maintain the value of the investment portfolio vis-a-vis the U.S. dollars. On the face of it, this will be a difficult objective as the cedi is expected to devalue over time against the U.S. dollar. It is, however, very possible for the return on the Ghanaian portfolio to exceed the rate at which the Ghanaian currency devalues against the U.S. dollar; such a situation would be very desirable. In theory, the easiest way, of course, to maintain a dollar linkage would be to keep some of the assets directly in dollars or dollar-linked assets. Ideally, there will be Ghanaian instruments whose return is index-linked to the U.S. dollar or sterling, but currently there are none available. Direct investment in foreign currency assets of a part of the portfolio is desirable, but any substantial move in this direction would

require the formal concurrence of USAID and also the informal one of the Bank of Ghana, as it would involve a sale of cedis for dollars.

F. REVISIONS OF GUIDELINES

The guidelines will be reviewed in light of the experience gained in managing the funds. Some of them are more likely to be changed than others. For example, limits set on the maximum tenor of financial instruments will probably change as our experience in the Ghana markets grows. Others, such as the injunction to diversify the portfolio, are unlikely to change although it may be difficult to implement the guideline.

G. IMPLEMENTATION OF THE INVESTMENT GUIDELINES

The Investment Committee in Ghana is still very much in the beginning stages of building an investment portfolio. The initial implementation phase is a very difficult one. Every potential investment has to be evaluated for its creditworthiness and its return. Potential investments have to be compared with each other. Their respective maturities have to be compared with the desired maturity spectrum of the portfolio and its desired yield. Then approval has to be asked for from the Board of Trustees and USAID in Accra. Without a prior record of investments, every single review of an investment is a new one which places considerable strain on a small staff.

The credit review of potential investments began virtually immediately as TechnoServe was forced to consider the creditworthiness of the banks it was using for the amounts that were now being contemplated as deposits. Before the monetization began, TechnoServe's deposits with a bank were not likely to exceed the equivalent of \$50,000. After the shipments began, bank deposits might exceed the equivalent of \$500,000, or conceivably \$1 million. As Ghana has no insurance for bank deposits, any deposit with any commercial bank was fully exposed to commercial risk.

Ghana's banks are not large by international standards. The larger ones have shareholder funds which are the equivalent of about U.S. \$12 million and total assets that are the equivalent of about \$120 million. The CEDI Trust has the potential of becoming a large depositor in the Ghanaian context. TechnoServe's first task in managing the proceeds of the shipment was to decide on the bank to receive the funds. This choice was made quickly--Barclays Bank of Ghana, which is a subsidiary of a United Kingdom bank and of the Government of Ghana. Even so, it was felt that the risk should be spread and a second bank account is being opened with another bank. Perhaps the most important consideration in reviewing the standing of banks was the strength of the shareholders and their reputation in the market and with the regulatory authorities.

After making decisions on bank depositories, the TechnoServe financial staff began a study of all financial instruments that might be suitable. Seven types of instruments were chosen for study:

- Treasury bills
- Fixed deposits
- Interest-bearing bank accounts
- Equities
- Unit trusts/Mutual funds
- Ghana Stock Exchange Commemorative Stock
- Databank Instruments - Giants and Hynas

Treasury bills are the risk of the Government of Ghana and are issued for maturities of between thirty days and five years.

Fixed deposits are instruments issued by various banks for maturities ranging from ninety days to one year.

Interest-bearing bank accounts are bank accounts that bear interest and are payable to the depositor on demand.

Equities are relatively new in Ghana. The Ghana Stock Exchange was formed in 1990 and twelve companies are currently listed.

There is one unit trust (mutual fund) that operates in Ghana. Its pool of investments consists of money market instruments, shares and bonds. The fund is operated by Home Finance Company Ltd. whose main business is housing finance. The shareholders of Home Finance include the Government of Ghana.

The Ghana Stock Exchange Commemorative Stock is a five-year bond issued in 1990 when the Stock Exchange was opened. The risk is that of the Government of Ghana.

Databank Instruments, a local financial services organization, has issued two special instruments, Giants and Hynas:

- Giants (Guaranteed Investment in Asset Backed Notes) are instruments collateralized by consumer leases.
- Hynas (High Yield Negotiated Asset Backed Securities) are instruments backed by assets in distressed companies.

Three instruments were chosen to form the investment portfolio in its first year of operation--treasury bills, fixed deposits and interest-bearing accounts. As of July 1993, funds have been invested only in treasury bills and interest-bearing bank accounts.

The strong preference for liquidity of the investment managers eliminated consideration of the Ghana Stock Exchange Commemorative Stock. A desire to have low risk eliminated consideration of the mutual fund, equities and the specialized instruments issued by DataBank

Instruments. It should be noted that this initial review applies only to the initial investment portfolio which is extremely conservative in its stance. (See Appendix 1, "Investment Plan," for a more detailed discussion of the alternative instruments studied.)

The portfolio, which stood on July 21, 1993 at 661,515,760 cedis (about U.S.\$1,041,747) is currently invested in interest-bearing bank accounts and in treasury bills ranging in maturity from thirty days to six months. The profile of the portfolio is very conservative and well within the investment guidelines which would allow a portfolio invested in longer-maturity investments and a more diverse set of investments. Yields range from 20% per annum in the bank accounts to 32% per annum for the ninety-one day Treasury bills. (See page 13 of Appendix 1, "Investment Plan" for a detailed breakdown of the portfolio.) The combined portfolio's return is exceeding 28%. With projected inflation rates for Ghana in 1993 ranging from 8.5% to 20%, it appears that the portfolio will meet its target return of 5% over inflation.

As experience is gained, some of the instruments not chosen in the first year will no doubt be reconsidered along with investment options not considered at all in the first analysis.

III. OTHER ORGANIZATIONAL ISSUES

A. REORGANIZATION OF THE TECHNOSERVE GHANA CHARITABLE TRUST

In the first quarter of 1992, TechnoServe began a comprehensive review of the TechnoServe/Ghana Charitable Trust to take into account the new tasks facing it as well as the new scale of operations. The objectives of the review were to:

- Establish a formal agreement between the Trust and TechnoServe/Ghana in order to allow for transfer of funds to support TechnoServe activities in Ghana. In U.S. government nomenclature, TechnoServe/Ghana would be a "Cooperating Sponsor" and the Charitable Trust a "Recipient Agency."
- Restructure the Trust to ensure maximum control and accountability. Price Waterhouse/Ghana was asked to make recommendations in this regard.
- Review procedures to bring them into conformity with U.S. P.L. 480 financial management and reporting guidelines, notably AID Regulation 11.
- Design investment guidelines for the Trust principal.
- Design loan, loan guarantee, and equity investment procedures.

B. AGREEMENT BETWEEN COOPERATING SPONSOR AND RECIPIENT AGENCY

A formal agreement was signed between TechnoServe/Ghana (USAID Cooperating Sponsor) and the Charitable Trust (Recipient Agency) pertaining to the monetization proceeds. (See Appendix 2, "Cooperating Sponsor - Recipient Agency Agreement.") This agreement essentially binds the recipient, the Charitable Trust:

- To maintain a separate account for proceeds of the USAID monetization.
- To attempt to maximize returns in conjunction with prudence. Investments cannot be made without the approval in writing of the USAID mission to Ghana.
- To keep proper books and make regular reports to the sponsor. The recipient also is prepared to be audited by the cooperating sponsor or U.S. Government representatives.
- To operate in conformity with AID Regulation 11.
- The use of monetized proceeds is restricted to the purposes contained in the Cooperating Sponsor's Monetization proposal that was approved by AID. Violation of the purpose clause would require return of the funds.

C. ADMINISTRATIVE RULES & REGULATIONS, FINANCIAL POLICIES & PROCEDURES

With the advice of Price Waterhouse/Ghana, internal administrative rules and financial procedures were articulated. The existing Trust had relatively simple procedures; the new guidelines, with much larger sums now under the Trust's control, were much more detailed and articulated and made some important changes. (See Appendix 3, "Administrative Rules & Regulations and Financial Policies & Procedures.")

1. Established a New Organization Chart (Section 3.02)

Composition of Board--The original Board of Trustees had three members, all employees of TechnoServe resident in Ghana. The Country Director of Ghana was the Chairman. He was a U.S. citizen. A new Trustee, the head of TechnoServe's Africa Division based in the USA, was added quickly as an interim measure to improve head office control of the Trust. A discussion began as to what the proper composition of a new Board of Trustees should be.

Before the USAID grant, the Ghanaian-resident employees controlled the Trust. With the new large infusion of cash, head office staff wished to have control of the Trust. Consideration was given to having a majority of the Board being made up of U.S. based-employees, but this was quickly discarded as Ghanaian law required that the company have a majority of Ghanaian

Trustees. Head office staff did not give up on their desire to have very significant control on important policy issues. In the configuration decided, the Trust has seven Trustees. Five are Ghanaian resident employees including the Chairman. Two are U.S.-based employees, the Vice President of the Africa Division and the Director of Finance and Administration. On key issues, however, decisions of the Board have to be unanimous, allowing any one member of the Board to veto decisions on key issues. This in effect gives U.S.-based employees the right to veto decisions made by a majority of Ghanaian based directors. TechnoServe head office felt that the size of the Ghana endowment, the fact that it had largely been provided by USAID and that head office remained responsible to USAID to account for the moneys, demanded that head office have a veto power on important matters.

The structure of the Board of Trustees remains, however, open to review. The auditors of the Trust have suggested that at least one of the directors be an outsider, i.e., not a TechnoServe employee. The intention of this would be to add an independent voice to the operation of the Trust and separate slightly the management of the Trust from the management of TechnoServe. Addition of an outside director would be important if TechnoServe was concerned to project an independent image of the Trust to outside observers.

Currently, the management of the Trust Fund is responsible to two institutions--TechnoServe and USAID. TechnoServe management feels at the present time the Fund is not large enough to warrant treating it as a fund that has to be responsible to any one other than TechnoServe and USAID. Should the Trust Fund become large enough so that its operations become a matter of significance in the Ghanaian market, TechnoServe may well review the composition of the Board of Trustees to include a wider spectrum of directors.

The Board of Trustees has strong authority over the activities of the Trust. The Trustees approve the yearly budget and all investments, loans, guarantees and training expenditures. A unanimous vote of the Trustees is required for the following actions:

- Amendment of the Trust deed
- Amendment of Trust by-laws
- Amendment of Trust Administrative Rules and Regulations, Financial Policies and Procedures
- Approval of the Trust's annual financial and operational budgets
- Opening of any Trust banking accounts
- Changes in banking account signatories

2. Established Support Service Committees (Section 3.03)

Three support committees were set up to address important issues--Investment Evaluation and Review, Loans and Guarantees, and Training. Each committee consists of three members; one Trustee and two others invited to serve by the Trustees. The intention is that Ghanaians--not employees of TechnoServe--serve as the two outside members to bring their expertise and independent opinions.

The committees are an important part of the management structure as the committees are responsible for bringing recommendations on their respective areas of responsibility to the Board of Trustees. The Board of Trustees cannot act on crucial areas of policy without having the recommendation of these committees. Non-TechnoServe employees have, therefore, an important voice on three important areas of operations. It is hoped that experienced outsiders will be attracted to these committees by the importance of these responsibilities.

3. Established New Procurement Policies and Procedures (Section 4.0)

Procurement policies were revised to bring them in conformity with U.S. Government procurement guidelines. Specifically, staff members involved in procurement must make formal declarations of no conflict of interest in purchasing.

A minimum of three open bids must be received for purchases of items costing more than \$10,000.

4. Established a Procedure for Dealing with Investment Acquisitions or Disinvestments (Section 11.02)

The Finance Manager is responsible for preparing an analysis of the investment options available. The Trust Manager prepares a preliminary recommendation for the investment portfolio which is submitted to the Investment Committee and the Board of Trustees. The Investment Committee must submit its views before the Board of Trustees can act on the recommendations.

5. Established Policies and Procedures for Extending Loans or Guarantees (Section 12)

A maximum limit of the equivalent of U.S. \$10,000 has been set for any credit extension to a single beneficiary. A minimum worth requirement has been set--net worth has to be at least 30 percent of the credit extension. All loans are short-term, not to exceed one year on first approval. Loans may be renewed for up to a total of five years.

A detailed procedure for the loan review process is provided for in this section. The Administrative Officer prepares a summary of all loan/guarantee applications. The Trust Manager prepares an initial recommendation. The recommendation is sent to the Board of Trustees and the Loans and Guarantees Evaluation & Review Committee. The review committee has to submit its recommendation before the Board of Trustees makes its decisions.

6. Established Disbursement Policies and Procedures (Section 13)

In view of the large sums that may be held in the Trust Fund, strict controls are placed on disbursement. Two signatures are required for all disbursements; those between the equivalent of \$5,000 and \$35,000 require the signature of the Chairman of the Trustees; those above \$35,000 require the approval of the Vice President, Africa Division.

7. Responsibilities of TechnoServe under AID Regulation 11 (Section 15)

TechnoServe/Ghana is a designated cooperating sponsor of AID. TechnoServe's obligations as a cooperating sponsor are set out in detail in this section that is based on AID Regulation 11. These obligations include:

a. Periodic Audits

TechnoServe/Ghana has to arrange for periodic audits to be conducted in accordance with OMB circular A-133. It is unclear how long TechnoServe will remain subject to audits by AID. The Trust Fund is projected to be in existence for at least ten years after the last shipment of grain to be monetized. Regulation 11 does not address this issue directly. There is no obligation imposed on the cooperating sponsor to be subjected to these audits indefinitely, and there is apparently little precedent for auditing of a trust fund that may exist for decades. As TechnoServe is still receiving shipments of grain, the issue is not yet relevant as there is no doubt that the audit requirements apply currently. Once the last shipment of grain is received, TechnoServe will probably argue that AID's audit rights should be terminated after a "reasonable" period, that does not include the entire life of the trust fund. One possible line of argument may be that, since financial records have to be retained for three years (211.10), audit rights of AID should also terminate after three years.

b. Liability for Losses

AID Regulation 11 (211.9.d) holds TechnoServe responsible for losses incurred in Ghana if a commodity, monetized proceeds or program income are used for a purpose not permitted under the Operational Plan or if loss is caused through an act of omission or failure to provide proper storage, care and handling. The penalty is for TechnoServe to repay the United States the value lost unless AID determines that the loss could not have been prevented by proper exercise of the cooperating sponsor's responsibility. Regulation 11 does not directly address the issue of loss of principal of an endowment fund, but since the principal is made up of the monetized proceeds, there can be little doubt that 211.9.d may be used against TechnoServe if losses are incurred due to an act of omission or failure to provide proper "handling."

Losses may arise in two separate areas. The largest losses are likely to occur with the investment of the principal amount. Much smaller losses may be incurred when the Trust makes loans to various parties.

Principal. In the area of principal investment, the possibility of being held liable for losses of potentially large sums is unlikely as all major investment decisions

are specifically approved by the U.S. AID Mission in Ghana. With this shared responsibility, TechnoServe does not believe that we would be asked by AID to reimburse the United States for any losses incurred.

Loans. Loan losses are an inevitable component of lending, although their magnitude is likely to be small in comparison with the main body of the principal. The extension of loans is a part of the program activity of TechnoServe/Ghana and investment principal is never used for such activity. As lending is an activity approved by the AID mission, TechnoServe does not expect to be held liable for loan losses as long as the lending activity is conducted prudently, with proper provision for losses. The very nature of small-loan activity precludes USAID from pre-approving every loan, but the loan approval and loan reserve process can be demonstrated to be sound and prudent, and in consonance with the proper exercise of our responsibility.

Once monetization shipments cease, it is unclear how long AID will continue to monitor the use of the funds. There is no suggestion that AID regards the endowment as funds of the United States indefinitely. There will at the end of the shipment periods be a negotiated agreement as to how long after the last shipment the Trust will be responsible to AID for management of the moneys.

IV. CONCLUSION

The operation of the endowment fund in the CEDI Trust is very much in its infancy. Basic administrative and investment policy guidelines have been formulated and an initial portfolio has been created. There is every reason to expect that this portfolio will change considerably in its profile as greater experience is acquired. The present portfolio is low-risk and no principal losses are expected; yield on the portfolio is relatively low as a consequence of the low risk taken. One of the management issues that will appear in the future is the tension between aiming for a higher yield and taking a higher risk. We are planning a further progress report on the endowment in one year. We hope that much more insight can be gained into the management of the endowment at that time. Any conclusions that can be drawn from our short experience must be tentative, but we do advance some recommendations, primarily focused on establishing the ground rules of the endowment:

- The formula to determine the principal amounts to be allocated to endowment should be identified by AID and the cooperating sponsor before proceeds are disbursed.
- The target duration of the endowment should be specified at the proposal stage.

- If the endowment is a permanent one, the principal cannot be invaded. If the endowment is not permanent, there should be early agreement as to how the decline of the principal will be controlled, e.g., by limiting annual invasion of the principal or by some other procedure.
- Conversion of local proceeds to foreign currencies for investment in foreign currencies should be permitted. It may be very difficult to maintain the purchasing power of principal over a long period of time in many countries; this task would be made easier by maintaining an investment portfolio in hard currencies. As all proceeds ultimately come back to the recipient country, superior investment results benefit the recipient and outweigh any short-term impact on foreign exchange rates caused by switching of recipient country currencies to foreign ones. In many countries, persuading the host country to allow this will probably be more difficult than persuading the USAID mission.

ATL:sb
July 29, 1993



A working solution to world hunger.

**COMMUNITY ENTERPRISE DEVELOPMENT
AND INVESTMENT (CEDI) TRUST**

INVESTMENT PLAN--APPENDIX 1

JULY 1993

49 Day Street • Norwalk, Connecticut 06854 • USA
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TechnoServe is a non-profit organization founded in 1968.

CEDI Trust Investment Plan

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THE COMMUNITY ENTERPRISE DEVELOPMENT AND INVESTMENT (CEDI) TRUST

I. CEDI TRUST

The Community Enterprise Development and Investment (CEDI) Trust is an irrevocable public charitable trust set up under the laws of Ghana in 1990 to assist rural men and women to establish viable and sustainable agriculturally based community enterprises.

A. OBJECTIVES

The main objectives of the Trust are:

1. To serve and assist low-income people in Ghana --especially the rural population -- through enterprise education and development in order to improve their quality of life.
2. To develop a strong pool of development experts and field assistants in providing effective and efficient business management and financial skills for the promotion of rural agricultural, industrial and commercial enterprises.
3. To make donations or subscriptions and provide loans to any society, institution, trust, organization or individuals or group of individuals.
4. Engage in other activities that in the judgement of the Trustees would be determined as imperative or conducive to the attainment of the objectives outlined.

B. TRUST MANAGEMENT

The Trust is managed by a Board of Trustees consisting of seven members as follows:

Country Director - TechnoServe/Ghana
Vice President/Africa or designate - TechnoServe/US
Director, Finance and Administration or designate - TechnoServe/US
Four staff members - TechnoServe/Ghana

The Country Director, TechnoServe/Ghana, serves as Chairman of the Board of Trustees.

The Trust has three support service/technical committees:

- Investment Evaluation and Review Committee
- Loans/Guarantees Evaluation and Review Committee
- Staff and Beneficiary Training Committee

The Trust Manager, who is to be the chief Administrative Officer of the Trust, is the Controller, TechnoServe/Ghana.

The Trustees are to manage the Trust in accordance with the Trust Deed. Thus, the duties of the Trustees, among others, include the assessment, review and approval on a case-by-case basis of all investments, loans, guarantees, and training expenditures recommended to it by any of its Technical Committees.

The Trustees also have the sole authority for the appropriation of Trust funds for general investments, extending loans and financing training for TechnoServe staff and beneficiaries.

Trustees meet at least once every quarter to review the operations of the Trust.

II. USAID MONETIZATION

In late 1991, USAID approved a multi-year program for TechnoServe under Title II of PL-480 in which shipments of grain would be 100% monetized into cedis. Shipments under this program began in the spring of 1992. The cedis were placed in the CEDI Trust with the following goal and objectives:

A. GOAL

To enhance and strengthen the ability of TechnoServe/Ghana to support the Ghana Government's Economic Recovery Program through the creation and strengthening of viable, rural agricultural enterprises.

B. OBJECTIVES

1. To establish a fund which will serve as capital for the CEDI Trust.
2. To use the CEDI Trust as a resource to complement ongoing and projected grants which finance TechnoServe's program in Ghana.

Proceeds from the USAID monetization are earmarked for the following general categories:

- CEDI Trust capitalization
- Venture capital (equity investments, loans, loan guarantees)
- Professional staff and beneficiary training
- Capital equipment purchases
- Program operating support

III. CEDI TRUST INVESTMENT POLICY

The objectives of the USAID monetization set the framework for the investment policy of the CEDI Trust.

The funds from USAID are intended to support Ghana's economic growth by funding a significant portion of TechnoServe Ghana's country program for an extended period of time. Some of the monies received may be spent in the year of receipt; it is intended, however, that a substantial portion be set aside as a principal amount that provides income for future years' operations. The principal is to be invested in low-risk investments. Investments of principal do not have to be directly related to the support of agricultural enterprises but should be consonant with the broader objective of assisting Ghana's economic recovery.

The principal may itself be utilized over time. It is, however, a primary objective of the Trust that the principal be managed so that it can contribute to TechnoServe Ghana's operating programs for a reasonable period of time (ie, ten to twenty years) after the last shipment under the USAID program.

Guidelines for management of the funds are set forth below. The guidelines are intended to help the fund managers strike a proper balance between the dual objectives of the Trust -- providing current income and preservation of the principal. These guidelines may be modified from time to time by the Board of Trustees based on accumulated experience.

IV. INVESTMENT GUIDELINES

A. Return

The target return on investment is 5% above the rate of inflation in Ghana.

B. Invasion of Principal

Any use of the principal for any purpose other than portfolio investment must be specifically authorized by the Board of Trustees.

C. Flexibility

Twenty-five percent (25%) of the portfolio must be kept in instruments that can be liquidated in less than six months.

D. Maximum Tenor of Financial Instruments

No financial instrument can be held with a maturity longer than five years.

E. Risk

Only assets of good quality should be invested in. The risk of the Government of Ghana and high-quality banks should be seen as a benchmark of quality.

F. Diversification

Within the guideline of good quality, it is preferable to have a diverse portfolio to spread the risk and to invest in a wider spectrum of the economy.

G. Link to U.S. Dollar

The Trust managers should attempt to preserve the dollar value of the principal amounts that were contributed originally by USAID. Selected investments in dollar-linked assets should be examined.

V. ANALYSIS OF INVESTMENT OPTIONS

The following financial instruments are currently available on the local financial market:

- Treasury Bills
- Fixed Deposits
- Interest-Bearing Bank Accounts
- Equities
- Unit Trusts/Mutual Funds
- Ghana Stock Exchange Commemorative Stock (Bond) (GSE-CS)
- Databank Instruments - Giant and Hyenas

A brief summary of each instrument is as follows:

A. TREASURY BILLS (TBs)

1. BRIEF DESCRIPTION

TBs are debt instruments issued by the Bank of Ghana on its own account, on behalf of the Government or other specialized borrowing agencies (e.g., Cocoa Marketing Board-Cocoa Bills). These are fiscal and monetary policy instruments.

TB interest rates are determined by:

- a) An auction system where bids are presented on behalf of investors by financial institutions to the central bidding authority--Bank of Ghana. Allotments are then made to the respective investors.
- b) During the intervening period between two auctions, TBs can be obtained at discount or interest rate lower than that at the preceding auction.

TBs are issued for maturities ranging from thirty days to five years. Instruments with maturities less than one year are traded or purchased at a discount, while instruments with maturities of one or more years are computed with the simple interest method.

2. RISK

TBs have low default risk. Risk is dependent on the Government of Ghana, the source of financial backing. Records available at the bank of Ghana indicate that retirement of TBs has always been on schedule.

3. TRANSACTION DETAIL/PROFILE

The transaction process involves either:

- a) Direct Purchase: On application to the Bank of Ghana, the Trust can deal directly by submitting bids to the Bank. The Trust will earn a brokerage fee of one-eighth of 1% of the value of instruments purchased.

- b) Indirect Purchase (i.e., through any bank of the Trust's choice): This involves specific instructions to a bank as to type and volume to be acquired.

TBs can be liquidated before their maturity. This means that for any reason (for instance, to cater for immediate liquidity needs), if an instrument cannot be held to maturity, it can be sold on the secondary market. The banks and the discount houses offer a rapidly developing secondary market.

4. APPROPRIATENESS FOR CEDI TRUST

Given the Trust's policy regarding risk, TBs are appropriate. They offer the flexibility and liquidity that underline the investment objectives of the Trust.

B. FIXED DEPOSITS (FDs)

1. BRIEF DESCRIPTION

Fixed deposits are short-term instruments for which funds are lodged with an issuing bank for a specified period of time at a specified rate of interest. Unlike TBs, FDs do not have a ready secondary market (i.e., FDs cannot be off-loaded before maturity). The terms of FDs are stringently enforced for the specified duration. The rigid enforcement of terms are compensated for by higher interest rates than that of TBs. Fixed deposits are issued for maturities ranging from ninety days to one year.

2. RISK

The risk associated with FDs depends on the viability of the issuing bank. The Bank of Ghana supervises the issue of FDs in order to ensure that the issuing financial institutions discharge their obligations to investors. Thus, the default rate, like TBs, is very low.

3. TRANSACTION DETAIL/PROCESS

Investment in FDs can be arranged directly with the banks. The arrangement involves direct and specific instructions to any financial institution. At maturity, an option to roll-over can be exercised.

4. APPROPRIATENESS FOR CEDI TRUST

Given the Trust's policy regarding risk, FDs are appropriate. They offer the flexibility and liquidity that underline the investment objectives of the Trust.

C. INTEREST-BEARING ACCOUNTS

1. BRIEF DESCRIPTION

Regular bank accounts are necessary for maintenance of monthly transactions. A minimum balance should be maintained since alternative investment instruments yield a greater return. Returns are computed via the simple interest method. However, interest rates differ from bank to bank and depend on the type of account as well as the bank involved.

2. RISK

The risk of these interest-bearing accounts differ, depending on the institution. Individual investors are not insured for deposits made to financial institutions, like the Federal Deposit Insurance Corporation (FDIC) in the United States, so there is an inherent risk at all banks. The banks differ in size, capitalization and ownership. The Government of Ghana holds substantial equity positions in some banks, as do some major international banks.

3. TRANSACTION DETAIL/PROCESS

In Ghana, an application to any bank for a savings facility is all that is required.

4. APPROPRIATENESS FOR CEDI TRUST

Currently the CEDI Trust is maintained in a Barclays Bank savings account earning 20% interest. The interest-bearing bank account is appropriate for the CEDI Trust in order to operate daily transactions.

D. EQUITIES (STOCKS)

1. BRIEF DESCRIPTION

The Ghana Stock Exchange (GSE) was established two years ago to ensure the development of a capital market in Ghana. About twelve companies are currently listed on the exchange. Prior to the establishment of the GSE, transactions involving equities (shares/stock) were conducted through the over-the-counter (OTC) market.

The market is not very active. This stems from the fact that most shareholders (who acquired the shares through the OTC market) do not actively trade their shares. By far, the greatest influence on the market is the rather large shares held by the Government in most of the listed companies.

The 1993 budget statement explicitly outlined the government's policy and procedures to divest its shares in the listed companies. A law giving legal backing to the quick conversion of state-owned enterprises to limited liability companies has been passed. This should lead in the future to a larger stock market with more issues traded and greater volume and liquidity. However, at present the market is very limited. Returns on equities are not as predictable as with other investments (e.g., TBs, FDs).

2. RISK

The equities market is a high-risk area.

3. TRANSACTION DETAILS/PROCESS

Currently, five brokerage firms deal on the equities market. A prospective investor must deal through any of the brokers. An initial relationship with a broker results in recommendations upon which an investor may instruct the broker to acquire shares of any listed company.

4. APPROPRIATENESS FOR CEDI TRUST

The Trust's decided stand on risks renders investment in equities inappropriate for at least the first year of its investment activities.

E. UNIT TRUSTS/MUTUAL FUNDS

1. BRIEF DESCRIPTION

Unit Trusts (Mutual Funds) are generally a form of collective investment scheme that offer both small and large investors opportunity to invest in a pool of investment instruments.

Home Finance Company Limited (HFC) currently operates the only Unit Trust in Ghana. The Trust's pool of investments is composed of money market instruments, shares and bonds. HFC is a non-bank financial institution. It was incorporated in Ghana in 1990 under the Companies Code (Act 179) as a private limited liability company. The first three shareholders are: Government of Ghana, the Social Security and National Insurance Trust (SSNIT) and Merchant Bank (Ghana) limited. Home Finance Company undertakes housing finance, operates and manages funds for home mortgage financing. These funds are provided by the International Development Association (IDA) and SSNIT. Home Finance Company also issues and deals in bonds and other financial instruments. Like equities, returns from the Unit Trust are reflected by the appreciation in the value of the units acquired.

2. RISK

The level of risk associated with investment in the Unit Trust depends on the viability of the collective investment portfolio. Returns are not guaranteed at a specific rate, unlike other investment instruments.

3. TRANSACTION DETAIL/PROCESS

To acquire units, the investor applies directly to the Manager of the HFC Unit Trust. Appropriate forms are completed and payments effected mostly by cheque. A temporary certificate is issued immediately while a permanent certificate is issued three months thereafter. To realize the underlying value of unit holding, the investor must sell back the units to the Manager after completing the required documents.

4. APPROPRIATENESS FOR CEDI TRUST

The Unit Trust investment offers liquidity based on the buy back of units by the Manager of the investment portfolio. Since this reduces the liquidity of the investment, it is not deemed appropriate for the CEDI Trust.

F. GHANA STOCK EXCHANGE COMMEMORATIVE STOCK (GSE-CS)

1. BRIEF DESCRIPTION

This instrument (a bond) was introduced at the inception of the Ghana Stock Exchange (GSE) in 1990 and is to mature in 1995. Its main features include:

- a) Interest is paid twice a year (in June and December).
- b) Interest rate is pegged at 3% above the 91-day TB rate. Thus, with a 91-day rate at 32% per annum (p.a.), GSE Stock is now realizing 35% p.a.
- c) A secondary market exists, on the GSE for this instrument. It is traded at the GSE.
- d) Interest rates are reviewed once a year (in November).
- e) Interest earning is calculated by the simple interest method. Interest is payable in June and December.

2. RISK

Being a government stock, the risk of default in the payment of interest and retirement of principal is low. The pegging of the interest rate to the 90-day bill exposes any investment in it to loss of interest income. However, investors are secured by a safety clause by which interest is not allowed to fall below a pre-determined minimum of 26% p.a.

3. TRANSACTION DETAIL/PROCESS

The GSE-CS can be acquired or sold through a broker or directly at the GSE.

4. APPROPRIATENESS FOR CEDI TRUST

Since the maturity of the bonds is 1995, this investment unit is not deemed liquid. Though a secondary market exists, the bond holder must locate a buyer for liquidation pre-1995. Therefore, this is not recommended for the Trust.

G. DATABANK INSTRUMENTS

1. BRIEF DESCRIPTION

Databank Ghana Limited is a local information and investment banking services organization. To date, it has launched two financial instruments namely Giants (Guaranteed Investment in Asset Backed Notes) and Hyenas (High Yield Negotiable NPART Asset Backed Securities.)

- a) "Giants" was designed for the National Savings and Credit Bank - Consumer Credit Limited (CCL). The CCL provides hire purchase facilities for individuals. Essentially, the instrument involves the securitization of the receivables--being monthly payments from beneficiaries of the hire purchase facilities.
- b) The "Hyenas" was developed in collaboration with the Non-Performing Asset Recovery Trust (NPART). This Trust was established to recover all loans granted by the state banks, the retrieval of which had become intractable. This instrument is basically to assist in providing working capital for selected businesses.

The "Giants" were issued with interest rate of 22.5% p.a. payable twice a year (February and August) with the final interest and principal due in August 1994. Interest is calculated by the simple interest method.

The "Hyenas" are bearer bonds with an interest rate of 27% p.a. due in January 1995. Interest will be adjusted upwards in the event interest rates moving up. Interest will be paid annually in January 1994 and January 1995 at which time the bond will mature.

2. RISK

These instruments are new on the local investment market and their performances have not been proven yet in Ghana. The Hyenas especially poses a serious risk as the targeted distressed companies have no proven and reliable performance record.

3. TRANSACTION DETAIL/PROCESS

The instruments can be acquired from the underwriter, Databank Ghana Limited, or directly from NSCB-CCL and NPART for the Giants and the Hyenas respectively.

4. APPROPRIATENESS FOR CEDI TRUST

Sub-section (2) above shows that the instrument to be a high-risk venture. This runs counter to the investment stance of the Trust. Hence, it is not considered safe and appropriate for the Trust.

H. OTHER INVESTMENT OPTIONS

Two other investment options available to the Trust are: real estate and foreign exchange.

1. REAL ESTATE

Investment in real estate holds the potential attraction of maintaining portfolio value in an inflationary environment while also meeting TechnoServe/Ghana's acute office difficulties. The downside of this investment, however, is low liquidity as well as the considerable cost involved in assessing and making such a large-scale investment decision.

2. FOREIGN EXCHANGE

Investment in foreign exchange holds the attraction of maintaining portfolio value in a period of prolonged and acute cedi devaluation. It is, however, unclear how the GOG would react to large-scale movements of cedi-denominated PL-480 Trust funds into foreign exchange.

Both of these options require additional study.

Based on the information and analysis of investment opportunities available in Ghana, the following are suggested to form the core of the Trust's portfolio in the near-term:

- **Treasury Bills**
- **Fixed Deposits**
- **Interest-Bearing Accounts**

VII. INVESTMENT DECISION

Based on a presentation of the above facts by the Trust Investment Committee, on April 1, 1993, the Trustees decided that, in the short-run, (a) Treasury Bills and (b) an interest-bearing savings account seem to be the most appropriate investment options for the CEDI Trust. These instruments offer a reasonable return with preservation of principal, low risk, high liquidity, and marketability.

Consideration was indeed given to diversification of the portfolio via additional investment in Fixed Deposit instruments. This option, however, was rejected on the grounds that such investment would, in fact, lower returns while representing a "false diversification". After all, the Trustees reasoned, if the Government were to default on its Treasury Bill issues, this would, in all likelihood, represent a collapse of the country's internal financial system, rendering Fixed Deposits equally valueless.

Consideration was also given to investment in real estate and foreign exchange. It was suggested that the Committee conduct further studies into these options, to be reviewed in late 1993.

As at July 21, 1993, CEDI Trust investments, totalling 661,515,670 cedis, are as follow:

170,329,670 cedis in 180-day TBills, discounted by 30% and due for maturity November 2, 1993 with a value of 200,000,000 cedis.

276,000,000 cedis in 91-day TBills, discounted by 32% and due for maturity August 2, 1993 with a value of 300,000,000 cedis.

53,636,000 cedis (balance resulting from mis-investment in May by Barclays Bank; see notes) in 91-day TBills, discounted by 32% and due for maturity September 6, 1993 with a value of 58,300,000 cedis.

76,050,000 cedis (amount set aside for imminent 2 year advance rental payment for new offices) in 30-day TBills, discounted by 30% and due for maturity August 15, 1993 with a value of 78,000,000 cedis.

85,500,000 cedis in a CEDI Trust savings account yielding 20%.

In addition, the Trust is holding 8,300 US dollars in a CEDI Trust Foreign Exchange account yielding 2%.

The above investment allocations are based on projected TechnoServe/Ghana program and capital cash flow needs, with the goal being to maximize returns/minimize risk on unneeded cash while ensuring near-term liquidity.

To minimize loss of interest:

Cash not needed in the next 90 days is maintained in 91 and 180 day TBills;

Cash required in the next 90 days is split between 30 day TBills and an interest-bearing CEDI Trust savings account;

Transfers from the CEDI Trust savings account to the TechnoServe/Ghana current account are effected twice per month, once in Week 1 and again in Week 4.

VIII. FUTURE PLANS

A third USAID Title II PL-480 shipment of wheat is due in Ghana in December 1993. At that point, the CEDI Trust will undergo a full investment review.

At that time, also, additional investment options, including real estate and foreign exchange, will be reviewed.

Notes:

Experience to-date with commercial bank-assisted TBill investment has been less than positive, including long delays in execution of orders, improper execution of orders, and poor reporting on the results of investment bids. As a result, TechnoServe is exploring other channels of TBill investment -- and overall Trust investment management -- ie. via DataBank.

DataBank is also investigating a "regular [monthly] purchase scheme" for foreign exchange on CEDI's behalf.

TechnoServe

A working solution to world hunger.

COMMUNITY ENTERPRISE DEVELOPMENT AND INVESTMENT (CEDI) TRUST

COOPERATING SPONSOR - RECIPIENT AGENCY AGREEMENT

APPENDIX 2

JULY 1993

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TechnoServe is a non-profit organization founded in 1968.

AGREEMENT
BETWEEN

TECHNOSERVE/GHANA

AND

RON D. GILLESPIE, J. ALBERTO ESPINOSA,
PETER A. REILING, MARGARETTA BOATENG, ESTHER ADJETEY,
ANTHONY K. COBBAH AND GRACE BEKWEH

(ALL BEING THE TRUSTEES OF THE
TECHNOSERVE GHANA CHARITABLE TRUST)

GOVERNING THE USE
OF THE
MONETIZED PROCEEDS
AND
ANY RELATED PROGRAM INCOME
DERIVED FROM
THE
FISCAL YEAR 1992 THROUGH 1994
AID PL-480 TITLE II PROGRAM

WHEREAS TechnoServe/Ghana ("the Cooperating Sponsor") has transferred, in its entirety, the proceeds from the monetization of its U.S. Government Fiscal Year (FY) 1992 consignment of U.S. Agency for International Development (A.I.D.) Public Law-480 Title II wheat to the TechnoServe Ghana Charitable Trust ("the Recipient Agency"), and

WHEREAS the Cooperating Sponsor plans to do the same in U.S. Government FY 1993 and FY 1994,

BE IT RESOLVED THAT the signatories to this Agreement do hereby agree:

(1) That the Recipient Agency shall immediately deposit the proceeds into a separate, interest-bearing local bank account. Access to this account shall be strictly governed by the existing policies and procedures of the Recipient Agency as defined in the Trust Administrative Rules and Regulations and Financial Policies and Procedures manual ("Recipient Agency Rules and Regulations") and/or as stipulated in subsequent amendments thereto.

(2) That the Recipient Agency shall undertake to responsibly invest these proceeds in a manner which will maximize returns thereupon while minimizing the risk thereto, and in accordance with the provisions of Clause 4.3 and 4.4 of the TechnoServe Ghana Charitable Trust Deed. No investments will be made without the prior approval -- in writing -- of the Recipient Agency's Board of Trustees and the U.S.A.I.D. Mission to Ghana.

(3) That the use of these proceeds and any related program income by the Recipient Agency will be restricted to the following uses, as approved by AID in the Cooperating Sponsor's Monetization Proposal and Multi-Year Operational Plan ("MYOP") of April 1991:

(a) Equity Financing, Loans and/or Loan Guarantees for Community-Based Agricultural Enterprises

Funds will be used to provide equity financing, loans and/or loan guarantees to viable rural agricultural enterprises. Decisions regarding such uses of the Recipient Agency's funds shall be strictly governed by the existing policies and procedures of the Recipient Agency as defined in the Recipient Agency Rules and Regulations and/or as stipulated in subsequent amendments thereto.

(b) Support for Local Currency Costs of Cooperating Sponsor Program Operations:

Funds will be used to finance a significant percentage (up to 100%) of the local currency portion of the Cooperating Sponsor's ongoing national program of rural agricultural enterprise development. Philosophically, the purpose of said program is to improve the economic and social well-being of the rural inhabitants of Ghana by assisting them to start and/or better manage community-based enterprises which, among other benefits, increase rural productivity, incomes and employment opportunities. Operationally, this program entails the provision of on-site technical and business management training and support to community-owned and operated agricultural enterprises throughout Ghana.

Transfer of funds from the Recipient Agency to the Cooperating Sponsor for this purpose will be made on a monthly basis in line with the policies and procedures of the Recipient Agency as defined in the Recipient Agency Rules and Regulations and/or as stipulated in subsequent amendments thereto.

(c) Cooperating Sponsor Vehicle and Equipment Purchases:

Funds will be used to purchase vehicles as well as computers and assorted other office equipment and furnishings appropriate to the needs of the Cooperating Sponsor's program. Procurements shall be made in accordance with the Procurement Policies and Procedures as contained in the Recipient Agency's Rules and Regulations and/or as stipulated in subsequent amendments thereto.

(d) Beneficiary and Cooperating Sponsor Professional Staff Training:

Funds will be used to upgrade the literacy, mathematic, technical and managerial skills of beneficiary community enterprise owners and management teams. Such training will be administered either by Cooperating Sponsor or via a contracted third party.

Funds will also be used to improve Recipient Agency and/or Cooperating Sponsor professional staff skills in a wide range of areas appropriate to the needs of the Cooperating Sponsor's program.

(4) That the Recipient Agency shall pay the Cooperating Sponsor the value of any monetized proceeds and/or program income derived therefrom if, through any wilful act or omission or fraudulent act by the Trustees, said funds are used for purposes not permitted in this agreement.

(5) That the Recipient Agency shall keep or cause to be kept proper books of account with respect to the proceeds in a manner which accurately reflects all transactions pertaining to the disbursement and/or receipt of any monetized proceeds and/or program income derived therefrom. Such books of accounts shall be maintained for a minimum period of three (3) years from the close of the US fiscal year to which they pertain, or longer, upon request by the Cooperating Sponsor or A.I.D. for cause.

(6) That the Recipient Agency shall provide the Cooperating Sponsor with a detailed monthly report of all transactions pertaining to the receipt and/or disbursement of any monetized proceeds and/or program income derived therefrom. This report shall be delivered to the Cooperating Sponsor no later than thirty days after the end of the reporting period.

(7) That the Recipient Agency shall cooperate with and give reasonable assistance to Cooperating Sponsor and/or U.S. Government representatives to enable them at any reasonable time:

(a) To inspect and audit books and records, including financial books and records and reports pertaining to the deposit, investment and/or use of any monetized proceeds or program income.

(b) To examine or audit the procedures and methods used in carrying out the requirements of this agreement.

(8) That all other undertakings by the Recipient Agency shall, inter alia, be in accordance with the provisions of AID Regulation 11 on the Transfer of Food Commodities for Use in Disaster Relief, Economic Development and Other Assistance.

(9) That this agreement shall be deemed to come into force on the first day of March 1992, hereinafter referred to as the effective date of this agreement.

(10) That this agreement shall remain in effect as long as there remain with the Recipient Agency any proceeds or related program income from the monetization of AID PL-480 wheat delivered in U.S. Government Fiscal Years 1992, 1993 and 1994.

(11) That this agreement may be terminated by the Sponsoring Agency in the event of any wilful act or omission or fraudulent act by the Trustees

(12) That should such termination take effect, Clause 4 above shall take effect.

The signatories to this agreement represent that they are fully authorized and empowered to sign this agreement on behalf of their respective organizations.

SIGNED AND APPROVED on the ____ day of _____ 1992.

Representing the Cooperating Sponsor:

Edward P. Bullard
President
TechnoServe Inc.



Representing the Recipient Agency:

Peter A. Reiling
Chairman, Board of Trustees
TechnoServe Ghana Charitable Trust

Ron D. Gillespie
Member, Board of Trustees
TechnoServe Ghana Charitable Trust



J. Alberto Espinosa
Member, Board of Trustees
TechnoServe Ghana Charitable Trust



Margaretta Boateng
Member, Board of Trustees
TechnoServe Ghana Charitable Trust

Esther Adjetey
Member, Board of Trustees
TechnoServe Ghana Charitable Trust

Anthony K. Cobbah
Member, Board of Trustees
TechnoServe Ghana Charitable Trust

Grace Bekweh
Member, Board of Trustees
TechnoServe Ghana Charitable Trust

TechnoServe

A working solution to world hunger.

COMMUNITY ENTERPRISE DEVELOPMENT AND INVESTMENT (CEDI) TRUST

ADMINISTRATIVE RULES & REGULATIONS AND FINANCIAL POLICIES & PROCEDURES

APPENDIX 3

JULY 1993

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TechnoServe is a non-profit organization founded in 1968.

COMMUNITY ENTERPRISE DEVELOPMENT AND INVESTMENT TRUST
ADMINISTRATIVE RULES & REGULATIONS AND FINANCIAL
POLICIES & PROCEDURES

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SECTION I - INTRODUCTION

1.01 THE TRUST

Community Enterprise Development and Investment (CEDI) Trust is an irrevocable public charitable trust established under a trust deed No. LVD 108/10 of March 7, 1990 (as amended).

THE OBJECTIVES OF THE TRUST ARE:

- To serve and assist low income people in Ghana, particularly those resident in rural areas, through the process of enterprise education and development with the view to relieving their poverty and distress and uplifting their welfare and standard of living.
- To build a strong team of development experts and field assistants to provide business management and financial skills for the promotion of agricultural, industrial and commercial enterprise in general and particularly in the rural areas.
- Making donations and/or subscription and giving loans to any society, institution, trust, organization or individuals or any group of individuals.
- Doing all such things as may to the Trustees unfettered discretion appear to be incidental or conducive to the attainment of the objectives aforesaid or any of them.

1.02 THE PURPOSE OF THIS DOCUMENT

In accordance with the requirements/provisions of section 4.10 and 4.11 of the Trust Deed, this document has been prepared to:

- Define a management structure for the Trust and establish lines of authority, responsibility and reporting, concerning the administration of the Trust.
- Establish administrative rules & regulations and financial policies & procedures covering the functional areas of the Trust administration, finance and accounting.
- Define appropriate internal control policies and procedures to safeguard the conduct and utilization of the Trust's funds and assets.

- To ensure that USAID regulation 11 on procedures for transfer of commodities for monetization is complied with (A separate section has been included for this purpose).

GENDER REFERENCE

The use of 'his' in this document refers to either of the male or the female sexes and should be interpreted as such. Its use is without prejudice to any of the gender groups.

SECTION II - THE TRUST DEED

2.01 CONDUCT AND OPERATION OF THE TRUST

The Trust Deed (appendix 1) is the primary legal document governing the conduct and operations of the Trust.

2.02 AMENDMENTS TO THE TRUST DEED

In accordance with the provisions of section 12.1 of the Trust Deed, the Trustees together with Technoserve may vary, alter or amend any provisions provided that such action would not affect the primary objectives of the Trust or permit the return of any part of the Trust's funds to Technoserve.

Before any amendment, variation or alteration is made to the Trust Deed, a simple majority of the Trustees must furnish the Board of Trustees in writing a detailed proposition, covering the intended amendment, variation or alteration therefrom.

The BOT shall deliberate on the various issues raised by the proposed amendment, variation or alteration at their annual meeting or at an extra - ordinary meeting convened for the purpose and on completion of its deliberation state the agreed positions in writing.

Approval of the agreed amendments, variation or alteration shall be approved by a unanimous vote from the full membership of the BOT.

The Trustees may proceed to effect the approved change by submitting the same to the Commissioner of Internal Revenue for his approval.

- When the approval of the Commissioner is obtained, the Board of Trustees will cause the draft amendment(s), variation(s) or alteration(s) to be registered. Once the registration is completed, it shall have the effect of amending, varying or altering the existing Trust Deed.

2.03 CONFLICT OF INTEREST SITUATIONS

- Notwithstanding any provisions of the Trust Deed, a Trustee and/or member of any of the Technical Committee, shall not, without the unanimous consent of the BOT, place himself or herself in a position in which his/her duty to the Trust conflicts or may conflict with his/her personal interests or his/her duties to other persons or entities. Specifically, a trustee and/or member of any of the Technical Committees, shall not, without the consent of the BOT:
 - a. Use for his/her advantage; any monies or property of the Trust or any confidential information or special knowledge obtained by him/her or any authority vested in him/her in his/her capacity as a trustee and/or member of any of the Technical Committees.
 - b. Be personally interested, directly or indirectly, in any contract or other transaction entered into by the Trust.

- Where a trustee and/or a member of any of the Technical Committees becomes aware that the potential for the occurrence of a conflict of interest within the context of the provisions of the preceding paragraph sub (a) and/or (b) exists, he/she shall make a full disclosure of the nature and extent of his/her interest immediately in writing to each member of the Technical Committee of which he/she is a member and to each member of the BOT.

- Where the BOT confirms the existence of a conflict of interest situation as outlined in the first paragraph sub (a) and/or (b) above, the trustee or Technical Committee member concerned shall not vote on any decisions concerning the subject matter in which he has interest.

ADMINISTRATIVE RULES AND REGULATIONS

SECTION III - STRUCTURE OF THE TRUST

3.01 GENERAL

The organizational chart of the Trust has been designed to provide adequate internal controls and to ensure:

- That safeguards against unauthorized uses and/or misapplication of funds are in place;
- That safeguards against potential conflict of interest situations are in place;
- The smooth conduct and operation of the Trust.

3.02 Description of duties and responsibilities of functional line levels.

THE ORGANIZATION CHART

See details on page 6

The Organization Chart

BRIEF DESCRIPTION

Sanction changes in deed, review and advise on trust operations. Assess and, if satisfied, approve investment/loan/guarantee or training activities recommended by the Technical Committees

Implementation of BOT Policies and instructions, and reporting on trust operations

FUNCTIONAL AREA

The Board of Trustees

The Trust Manager (TM)

Finance & Accounts

Adminis-
tration

- Investments
- Loans & Guarantees
- Inventories
- Property, Plant & Equipment
- General Accounting

STAFF AREA

- Legal Counsel
- VARIOUS COMMITTEES
- Investments Evaluation & Review
- Loans & Guarantees Evaluation & Review
- Training

Secretary

Procurement

- THE BOARD OF TRUSTEES (BOT)

The Board of Trustees shall consist of seven (7) members.

The members shall be as follows:

Country Director,	Technoserve/Ghana
Vice President/Africa,	Technoserve/Inc. (or designate)
Vice President/Finance and Administration,	Technoserve, Inc. (or designate)
Four Staff members,	Technoserve/Ghana (to be appointed by Technoserve, Inc.)

- o The Country Director, Technoserve/Ghana shall be Chairman of the Trust, with the power to delegate such Chairmanship, in writing, as necessary.
- o The BOT shall manage the Trust in accordance with the Trust Deed.
- o The BOT shall, in accordance with provision 7.3 of the Trust Deed hold regular meetings which should be at least once every quarter or any additional meetings if these are deemed necessary for the smooth operation of the Trust.

In addition to the details of the provision referred to above:

- o The BOT shall have the responsibility of approving the yearly financial and operational budgets submitted to them.
- o The BOT shall have the sole authority to approve the yearly financial and operational budgets submitted to it by the Trust Manager (TM). The financial and operational budgets should cover, among others, appropriation of Trust Funds for the following:
 - General investment;
 - Extending of loans and/or guarantees to qualifying beneficiaries;
 - Financing training for Technoserve staff and qualifying beneficiaries;
- o The BOT shall have the responsibility to assess, review, and approve on a case by case basis all investments, loans, guarantees, and training expenditures recommended to it by any of the technical committees. No such investment, loan, guarantee or training expenditure shall be approved by the BOT unless it shall have been reviewed and recommended by an appropriate technical committee.

- o The BOT shall review regularly (i.e. quarterly), the administrative efficiency of the Trust's operations and the Trust Manager's adherence to the budgetary provisions/allocations approved by them.
- o The BOT shall be responsible for the preparation and presentation a yearly performance report on the Trust's operations (financial and otherwise).
- o A unanimous vote of all the BOT membership is required for the following actions:
 - Variation, alteration or amendment of the Trust Deed
 - Amendment of Trust By-Laws
 - Amendment of the Trust Administrative Rules and Regulations and Financial Policies and Procedures
 - Approval of the Trust's Annual Financial and Operational Budgets
 - Opening of any Trust banking accounts
 - Any changes in Trust banking account signatories

All other actions shall be decided by a simple majority of the BOT. Votes cast in arriving at such decisions must include that of the Chairman or his official designate.

THE TRUST MANAGER (TM)

The TM shall be the Chief Administrative Officer of the Trust and shall perform his functions on behalf of the BOT.

In addition, he shall serve as the primary link between Technoserve and Technoserve beneficiary organizations. Without prejudice to the above, his specific duties and responsibilities shall include:

- o Execution of all policies, specific and other directives or instructions received from the BOT.
- o Disbursing Trust funds for operational purposes in accordance with the Administrative budget approved by the BOT. All expenditures in excess of the approved budget shall have to be specifically referred to and approved by the BOT prior to their disbursement.
- o Supervising the duties and functions of the Finance Officer as well as the Administrative Officer.

- o Reviewing the periodic reports submitted to him by the Finance and Administrative Officers and report to the BOT any salient issues requiring their attention.
- o Preparing and submitting operational reports (including interim accounts) to the BOT quarterly. The last report for the year should include a yearly performance/status report on the Trust operations.
- o Preparing and submitting yearly staff appraisal reports to the BOT.

FINANCE & ACCOUNTS OFFICER (F&A)

- o The Finance & Accounts Officer shall be directly responsible to the TM. His primary responsibility shall be to maintain the Trust's finance and accounting systems.
- o He shall execute his functions in line with the Finance and Administrative policies and regulations outlined in sections IV to XIII of this document.
- o He shall carry out other duties as shall from time to time be prescribed by the Trust Manager.
- o He shall directly supervise the work of the finance department staff.

He shall be responsible for assigning their routine functions to them and delegate certain duties as and when required.

- o He shall evaluate their performance biannually and shall submit formal staff appraisal to the TM.

ADMINISTRATIVE OFFICER (AO)

The Administrative Officer shall be directly responsible to the TM. His responsibilities shall include, among others, duties to be assigned by the TM, the execution of the following in accordance with the relevant administrative rules and regulations governing their operation:

- o The procurement functions as outlined in section IV of this document.
- o The property, plant & equipment as outlined in section V and recruitment & training of staff as outlined in sections VI and VII respectively.

SUPPORT SERVICE COMMITTEES - THEIR DUTIES & RESPONSIBILITIES

INVESTMENT EVALUATION AND REVIEW COMMITTEE (IERC)

The IERC shall consist of three (3) members; one (1) member of the BOT and two (2) others (preferably with investment appraisal and management experience), who shall be invited to serve on the Committee by the BOT. The Committee's responsibilities shall be:

- o To evaluate and recommend appropriate investments, based on investment options submitted to them by Technoserve, or other suitable investment opportunities identified by them, in accordance with the provisions of section IX and to inform the BOT, in writing.
- o To review and assess periodically the suitability of previous investment decisions.

The Committee shall carry out its work with the following criteria in mind:

- o The Trust needs to maximize its return but minimize its investment risk exposure on all idle funds (liquid resources);
- o The Trust's need to maintain adequate but not excessive liquidity throughout the year to meet its operational loans/guarantees and training/project expenditure requirements;

LOANS & GUARANTEES EVALUATION AND REVIEW COMMITTEE (LGERC)

The LGERC shall consist of three (3) members; one (1) member of the BOT and two (2) others (preferably with loans/guarantee evaluation experience) who shall be invited to serve on the Committee by the BOT.

The Committee's responsibilities shall be:

- o To evaluate and recommend to the BOT suitable qualifying loans/guarantee proposals referred to it by Technoserve Ghana or directly by the BOT.

- o To review periodically and assess the servicing performance of the various loans granted (based on reports submitted by the TM to the BOT). They are also to determine, in accordance with the provisions of section X of this document, those loans whose recovery have become doubtful or bad and need to be considered for write off and to report their finding in writing to the BOT.

The Committee shall carry out its evaluation bearing in mind the following criteria:

- o The commercial soundness and viability of the financing proposal and the related probability that the loan will be adequately serviced/repaid.
- o The ability of the debtor organization to implement proposed project effectively and efficiently (where Technoserve Ghana has no involvement).

TRAINING COMMITTEE (TC)

The TC shall consist of three members; one (1) member of the BOT and two (2) others preferably with personnel training and development experience who shall be invited to serve on the Committee by the BOT.

The Committee's responsibilities shall be to:

- o evaluate staff training/development proposals submitted to the Trust and to recommend to the BOT, those that, in his opinion, deserve financing;
- o periodically review the success and impact of prior training projects;

The Committee shall carry out its evaluation bearing in mind the following criteria:

- o the degree to which the identified training needs are genuine
- o the degree to which the proposed training addresses the identified training needs;
- o the likely impact of the training program on the beneficiary organization's operations.

THE LEGAL ADVISOR

The Legal Advisor shall be required to assess the legal implications of matters referred to him and to advise the BOT and/or any of the Technical Committees, as and when required.

SECTION IV - PROCUREMENT POLICIES AND PROCEDURES

4.01 GENERAL POLICY

THE POLICY OF THE TRUST WITH REGARD TO PURCHASING is as set out below in paragraphs (a) to (f):

- a. Purchases and commitments to make purchases, on behalf of the Trust may be made only by persons duly authorized to do so, and in compliance with the approved procedures of the Trust;
- b. Purchases should not be made in excess of the Trust's requirements and budgets for
 - their in house use; or
 - extension to beneficiary organization as loans

Good value must be obtained for all purchase expenditure and excessive prices must not be paid to suppliers;

- c. Staff members authorized to make purchases on the Trust's behalf must maintain independence of the vendors & suppliers and must disclose any financial and/or other interests in any particular vendor(s) or supplier(s) doing business with the Trust. The Conflict of Interest provisions as spelt out in Section 2.03 shall apply to staff members involved in purchasing as though they were members of the BOT or Technical Committees;
- d. Under no circumstance should purchases for in-house use be made in bulk for stocking. Where these are deemed economically prudent, a detailed analysis of the benefits of such purchases, in writing, should be forwarded to the BOT and prior approval of the BOT shall be obtained in writing before proceeding with the purchases.
- e. Purchase contracts and commitments entered into by unauthorized persons are not binding on the Trust. The Trust reserves the right to hold staff members involved in unauthorized purchase arrangements personally liable for any loss arising from such arrangements.

- f. All purchases should follow the procedure spelt out in section 4.02 of this document. Where this is not followed, the TM shall bring the matter to the notice of the BOT immediately, stating reasons for the departure, for them to rectify their action or take appropriate action in accordance with provision (e) above.

4.02 PURCHASE PROCEDURES

All procurement of materials, supplies and equipment shall be based on approved anticipated requirements and budgets.

1. The Administrative Officer shall, among others, have the primary responsibility for obtaining:
 - a. Proforma invoices from various suppliers for intended bulk purchases (for stocking or direct distribution) earmarked for use as loan packages or portions thereof to a beneficiary for loans.
 - b. There should be a minimum of three (3) and maximum of five (5) proforma invoices. Where the minimum number of proformas cannot be obtained, he should provide in writing reasons for his/her inability to obtain the minimum number (eg. sole supplier situation) to the TM.

LIMITATION

Where bulk purchases exceed \$10,000, provision (2) below shall apply.

2. a. Tender bids are required (through invitation to the general public in the press or otherwise as shall be instructed by the BOT/TM) for the procurement of the following:
 - i. Construction and renovation and improvements of building structures and civil works involving expenditure in excess of US\$10,000.00.
 - ii. Purchase of furniture and fixtures and equipment in excess of \$10,000.00

Preparing a written summary of comparative analysis of invoices and/or tender bids received; together with a brief background information about the competing suppliers. He/she shall forward the summary and his/her comments to the TM.

- b. The TM upon receipt of the summary from the AO shall review the list and where necessary make appropriate comments (including choice of supplier, facilities for handling & storage, direct distribution option as opposed to stocking and the financial implication for the Trust, pricing, and terms of payment etc.) for the consideration of the BOT.
- c. The BOT shall, upon receipt of the summary and comments from the TM, call a meeting of the BOT to deliberate on the intended purchase. They will also consider the facts as presented to them, i.e:
 - o the pricing options presented
 - o the volume of purchases and facilities available for handling & storage;
 - o the financial burden of stocking items and the possibility of delivering directly to the specific beneficiary organizations;
- d. The BOT, When satisfied, shall authorize the TM in writing to purchase from the supplier(s) selected to supply the items required. Also, they shall indicate the distribution option(s) approved for his/her action.
- e. When the TM receives the authority to purchase from the BOT, he/she shall instruct:
 - o the AO to issue appropriate Local Purchase Orders (LPO's), which shall be reviewed and signed for and on behalf of the Trust by him/her prior to its being forwarded to the supplier(s);
 - o the F&A to initiate with its bankers appropriate letter of credit (L/C) in favour of the supplier(s) (where the purchase involves a foreign supplier);

All purchases for in-house day to day operations of the Trust, shall follow the above procedures as appropriate, except that:

- o The TM shall have the final authority to countersign the local purchase orders, for in house items, as evidence of approval without prior reference to the BOT.

- o The TM shall include the details of such transactions in his/her regular reporting to the BOT.

EMERGENCY BUYING CLAUSE

Where, for reasons beyond the control of the Trust's management, the above laid down procedures are not followed in procuring an item or a group of items, the TM shall cause the AO to prepare a detailed report stating clearly the reasons and circumstance leading to the purchase. He shall forward this report within seven (7) days to the members of the BOT for ratification or otherwise at the next regular meeting.

4.03 INVENTORY PROCEDURES

All bulk purchase of goods, equipment and supplies, both local and overseas, shall be received into stores. Stores receiving procedures shall include:

- a. Inspection of goods for damage;
- b. Checks for quality, quantity and description against purchase order and/or tender bid documentation specifications;
- c. Issue of goods received notes detailing supplier, description, quantity and condition of goods received, and appropriate purchase order reference if applicable;
- d. Checks of delivery documentation for completeness and compliance with specifications of purchase orders;
- e. Signing suppliers' waybills to acknowledge receipt where applicable;
- f. Recording delivery detail in stores records;
- g. Preparing analysis of issues indicating the distribution pattern;

Non-inventory items shall be reissued to user departments and/or Technoserve on receipt.

ISSUES

All request for issues from stores shall be made on stores/purchase requisition notes, which should be approved by the TM or his/her designate. Such approval shall have reference to the BOT notification to the TM approving the granting of the loan to the particular beneficiary organization;

CUSTODY

Responsibility for custody of materials, supplies and equipment in the stores shall rest with the storekeeper, who shall take steps to ensure that such supplies, materials, and equipment are stored in a manner to avoid loss from damage, pilferage, theft or deterioration in quality.

STORES DOCUMENTATION/RECORDS

Adequate records shall be maintained for all store items and these shall reflect all receipts and issues properly referenced to appropriate suppliers/purchase order, or issue/requisition records.

INVENTORY LEVELS

In general, the Trust would keep inventory to the barest minimum to avoid locking up funds (in inventory) that could otherwise be invested in short-term securities to improve the liquidity of the Trust.

- The storekeeper shall be responsible for the maintenance or regular monitoring of items in the store and shall forward reports to the TM regarding inventory levels and their condition (e.g. deterioration etc.).
- The TM shall determine if additional inventory should be purchased bearing in mind the Trust's requirements on commodity loans.

INVENTORY COUNTS

The storekeeper shall institute a system of regular inventory counts to be carried out by administration and stores personnel designed to cover all items in the stores twice a year. At least once a year a complete inventory count of stores items shall be carried out and supervised by staff independent of the stores and procurement functions.

INVENTORY DIFFERENCES

All inventory differences noted during physical counts shall be reported to the TM who shall, at his discretion, direct an investigation of such differences by the F&A or his designate.

INVENTORY ADJUSTMENT

All adjustments to inventory records arising out of shortages & damaged items and their related write offs, etc. shall be made only after written approval has been given by the TM.

Losses arising from negligence may be surcharged to the individual staff member.

SECTION V - PROPERTY, PLANT & EQUIPMENT (PPE)

5.01 GENERAL

Property, plant & equipment of the Trust are primarily investments and secondly they are intended for use by staff in the conduct of the Trust's official business and activities. These procedures do not cover PPE which are considered as investments of the Trust.

The Trust shall take precautions to ensure that equipment is kept on premises, and are sufficiently secured to reduce risk of loss from burglary and pilferage.

PROPERTY, PLANT & EQUIPMENT REGISTER AND VERIFICATION

Proper registers of all property, plant & equipment shall be maintained by the F&A. At least once in every year a physical inventory and inspection shall be carried out of all PPE.

A report shall be prepared covering the state and condition of PEE, including among others, details of missing and damaged items, following each physical inspection and necessary action.

RESPONSIBILITY FOR CUSTODY/TRANSFER

PPE assigned to various departments of the Trust shall be the responsibility of the department heads.

- PPE of value in excess of US\$1,000.00 shall not be temporarily removed or transferred from their assigned locations without the express approval of department heads.
- Permanent transfer of PPE from a department to another, or between different locations shall be covered by written memoranda under advice to the F&A to facilitate record keeping.

Individual staff members shall be responsible for equipment in their custody which is not on the official premises of the Trust.

All other PPE, not specifically assigned, and is located outside the official premises of the Trust, shall be the responsibility of the AO.

UNAUTHORIZED USE OF PPE

The unauthorized use of PPE for other business and activities other than that of the Trust especially such use by individual staff members for monetary compensation is prohibited.

5.02

RETIREMENTS AND DISPOSALS

PPE which have been retired by the Trust, shall be disposed of in accordance with the procedures outlined in this sub-section.

- PPE including furniture and fixtures, vehicles and other equipment and machinery shall be retired under the following conditions:
 - a. That PPE are surplus to the Trust's present and anticipated future requirements;
 - b. That PPE are damaged beyond repairs;
 - c. That PPE whose utility is impaired due to physical condition or for reasons of obsolescence;
 - d. That PPE are faulty, or whose continued use is not cost effective;
 - e. That PPE have been replaced for some other reason.
- PPE shall be retired upon the recommendation of the head of department to which the PPE is assigned and regularly employed.
- A head of department responsible for the PPE shall recommend such retirement in writing to the TM and shall assign reasons for the retirement or scrapping of each item.
- The TM shall at his/her discretion approve the retirement. He/she may request and have carried out an inspection by technically competent persons, to support his/he decision. (This shall apply where the original amount involved exceeds (US\$500.00)).

- Where the PPE items involved exceed the amount stated above, the TM shall have prepared a complete listing of all items recommended for retirement/disposal together with the opinion of technically competent persons employed to carry out detailed inspection. He/she shall have the documentation forwarded to the BOT for their approval (the BOT may seek a second opinion prior to their approval, if they deem it necessary).
- PPE retired shall be disposed off in the following manner:

By public sale

"As is where is" through public sales conducted by the Trust at the location of the Trust's facilities. Items may be sold individually or by lots. The Trust may prescribe reserve prices.

By bids

The Trust shall invite bids from the general public through public notices. Bidders shall be provided opportunities to inspect items to be disposed off. Notices inviting bids shall,

- A. Specify that the Trust is not bound to accept the highest of any bid.
- B. Specify closing date and time for the acceptance of bids.
 - o No bids shall be opened prior to the closing date and time specified. All bids shall be evaluated.
 - o Sale shall be to the highest bidder who at the discretion of the Trust will comply with condition if as specified including payment of customs duty to which the Trust is exempt as well as payment for the item.

Usage of official vehicles

Official vehicles are primarily to ensure mobility of the Trust's staff on official duties.

Private use by the Trust's staff is not permissible except under the following circumstances and conditions:

- A. Newly arrived international guest/recruited staff may be permitted private use of official vehicles for periods of up to three months following their first arrival at a duty station, subject to the availability of vehicles. For the purposes of this provision, commuting between residence and place of work is not deemed as private use.
- B. Other circumstances as decided by the BOT.

The Trust shall establish a schedule of charges to be paid to the Trust by staff members using vehicles for private purposes based on time, actual usage, and size and nature of vehicle.

The staff shall be responsible for any damage to the vehicle not covered by insurance during the period a vehicle is assigned to him for private use.

SECTION VI - RECRUITMENT POLICIES AND PROCEDURES

6.01 Recruitment policies

The policy of the Trust is to recruit and retain qualified personnel, competent to perform the duties attached to the various positions established within the Trust.

Recruitment shall be opened to individuals of all nationalities regardless of race, sex, or religion, but subject to any restrictions imposed on employment of non-nationals by regulations of laws in the country and those restrictions imposed by agreements and protocols between the Trust and the Government of Ghana.

- The Trust shall accordingly take steps to ensure that vacancies are appropriately publicized and that sufficient time is allowed to process and review applications made and received within reasonable time of publication of the vacancy. The TM shall at his/her discretion and with the approval of the BOT shall either restrict the publication of vacancies or use private placing to reach selected target group.
- All recruitment shall be to an establish post. However the Trust may recruit personnel for temporary positions as shall be required by any special projects or programs, with appropriate ranking.
- The Trust shall acknowledge applications received, and may request additional details of education, training, and prior work experience from those persons whose applications are worthy of further consideration.
- To ensure adequacy and uniformity of information provided by applicants, and to facilitate comparability and review of applications, the Trust may request applicants who are worthy of further consideration to complete standardized personal history forms. Completed personal history forms received by the Trust shall be registered by the AO. The forms, written applications and a data summary of the various applications and a data summary of the various applicants short listed (with comments) shall be forwarded to the TM.

- The TM shall arrange to have the short listed applicants interviewed. Such interview may be conducted by appropriate staff of the Trust, by professional firms, or other agency appointed for the purpose. The results of the interview and together with relevant documentation shall be forwarded to the TM who shall intend forward the documentation to the BOT for their final review, concurrence and approval. The TM shall cause the successful applicant to be informed in writing of his/her appointment and the terms of his/her employment with the Trust and the commencement date.

SECTION VII - INSURANCE

7.01 General

The Trust shall maintain insurance cover against risks to which staff members are exposed in the normal course of conducting official business. The Trust shall also maintain cover against liability to third parties that could arise from the Trust's operations.

- o Responsibility for the administration of insurance activities, including selecting risks to be covered and insurers, authorisation of renewals, filling claims, and liaison with the insurers shall be the responsibility of the AO. He/she shall submit details of intended selections of risks to be covered together with selected insurer (s) to the TM for his/her approval prior to the incurring the expense.
- o Minimum cover to be maintained shall include:
 - Group medical schemes
To cover disability caused by accident outside of work or by disease, including cover for related medical expenses;
 - Occupational injury and workmen's compensation
To cover injury and incapacitation caused by accident at work, including death, permanent and temporary incapacitation;
 - Third party liability
To cover damages and claims for compensation payable to the general public for losses related to the Trust's operations.
 - Vehicle insurance
To cover loss arising from motor vehicle accidents.
- o Staff members shall be required to provide particulars of next-of-kin or beneficiaries to whom compensation shall be payable in the event of death.
- o Staff members may, at their own expense, carry additional insurance to cover any risks. The insurance of personal effects and owned household contents at post shall be the responsibility of the staff member.

SECTION VIII - TRAINING

8.01 General

- a. As a general policy, the Trust shall provide training to the following recommended categories:
 - i The Trust's own staff members;
 - ii The staff members of Technoserve Ghana;
 - iii Beneficiary organizations (third party) recommended by Technoserve;

Types of Training

Training provided to staff of the Trust, Technoserve Ghana and Beneficiary organizations shall consist primarily of the following:

- Computer training;
 - Management training;
 - Accountancy training;
 - Any other training identified and approved from time to time;
- b. The specific details of the training needs of the various trainees shall be identified by the Trust and Technoserve Ghana for all trainees (beneficiary trainee needs shall be identified in consultation with the beneficiary organization by the technical team of Technoserve).
 - o Timing shall take the form of:
 - Attendance at seminars, workshops and symposia including those run by the Trust and/or Technoserve Ghana;
 - Participation in meetings and training programs of professional associations where topics are related to both the Trust, Technoserve Ghana, beneficiary organizations and their staff members.
 - Any other form of training courses as shall from time to time be recommended by the BOT, upon the advice of the COA.
 - c. The Trust shall not sponsor any trainee for formal degree courses at undergraduate or post graduate levels.

- d. All training propositions together with estimated costs should be forwarded to and received by the Trust by the end of the third quarter in the current year to enable them to be included in the annual budgets for the subsequent year, for the review and approval of the BOT.

Selection and eligibility

- o In the case of (i) - the Trust's own staff, the TM in consultation with the appropriate departmental head(s) and Technoserve Ghana, shall determine those who qualify for training in any particular year.

They shall also determine the training needs of the selected staffs, select appropriate training options and facilities, and related cost.

- o In the case of (ii & iii) - upon the recommendation of Technoserve Ghana which has the responsibility to identify the trainees and their needs (for its staff as well as beneficiary organizations).

Review and approval of selected trainees and related costs

- o In the review and approval of training programs and related costs for selected trainees, BOT shall through its relevant technical committee, and having due regard to the following considerations:

- i. Likelihood that participation will improve qualifying staff members (from qualifying target groups) abilities in the position in which they serve their organizations.
- ii. Qualifying staff member's suitability and potential to benefit from participation in the program for which he/she is nominated;
- iii. The BOT through its relevant technical committee, may at its discretion request proof of candidates ability and qualification, including those concerning technical and educational background;
- iv. Limitations on availability of funding for such training (e.g. where funding available for training is limited by conditions set by the donor agency); and
- v. Any other factors considered relevant;

May approve in whole or part of the training proposition and related costs submitted to them for their consideration.

SECTION IX - RETENTION OF RECORDS

9.01 General

The Trust shall maintain orderly storage and retention of its records according to the following retention plan:

Records requiring permanent retention

- a. records of historical and legal nature including protocols and other executed agreements with donor organizations;
- b. records of meetings of the BOT and the Technical Committees;
- c. staff records (current employees), including those relating to individual's employment history;
- d. correspondence files;
- e. staff and administrative circulars of significance involving fundamental changes of policy, interpretation of policy and/or procedures (e.g. one that affects/changes portion of this document);

Records that should be kept for at least ten (10) years

Accounting ledgers, including general ledgers, related computer print outs (where and when applicable), detailed accounting schedules i.e. investments, loans/guarantees etc;

Records that should be kept for at least seven (7) years

Internal memorandum not involving fundamental changes of policy or interpretation of policy or procedures;

Supporting documentation for accounting records, including bank and cash vouchers, payrolls, paid invoices, suppliers, bank statements, inventory and purchase records (also documentation on donor funds involving receipt of food/goods), separated staff records etc.;

Records that should be kept for at least three (3) years

Miscellaneous records, such as routine daily/monthly financial reports;

9.02 Responsibility for safe custody of records

The overall responsibility for the safe custody of records shall be that of the TM. He/she may maintain specific sensitive records in his/her office.

In general he/she shall delegate/assign responsibility for custody of records according to the following:

- o AO's department

Historical, legal, staff records, minutes of meetings, administrative circulares, correspondence files.

- o F & A's department

Accounting records and supporting documentation, including vouchers, statements etc.

All records shall be properly indexed and stored in a manner to facilitate ease of retrieval.

SECTION X - FUNDING SOURCES

10.01 - GENERAL

As a general policy,

- a. The Trust shall identify distinctly the various sources of funding;
- b. All sources of funding identified shall be grouped under appropriate categories;
- c. The Trust may receive grants/funds either in the form of cash, goods or services. Where goods are received, the Trust may either
 - i. receive directly, stock in warehouses with adequate security and protection from pilferage and damages; and distribute as part of a lending package as means of demonetizing or
 - ii. sell or arrange sale of goods to be received directly to bulk buyers or end users who would receive the commodity [ies] when they arrive.

The two main category groupings referred to in [b] above are:

- . Unrestricted funding
These are funds [including grants received from donors and/or Technoserve] with no specific restrictions once used in the furtherance of the objectives of the Trust.
- . Restricted funding
These are funds [including grants received from donors and/or Technoserve] with specific restrictions as regards their use in the furtherance of the objectives of the Trust, for example a donor may fund the Trust
 - . specifically in the area of lending to beneficiary organizations for expansion of their business and no other activity; or
 - . to build its own offices etc.

10.02 - Procedures for handling grants and/or funds received in the form of food aid:

- a. In the case of 10.01c [i] above, the Trust, through its AO shall take appropriate steps to ensure that:

- i. the commodities receiving records prepared [at the port of entry, if items are imported, e.g. independent discharge survey report etc.] are compared with expected quantities donated. Any variations noted shall be reported to the TM who in consultation with the BOT shall inform the donor [s] regularly of utilization and the status of the commodities received;
- ii. the status report should provide information relating to:
 - . any variations from quantities consigned and also all the documentation covering receipt e.g. independent discharge survey reports etc.;
 - . damages and pilferage that occurred prior to the delivery as well as those occurring after taking delivery and stocking and/or sales
 - . losses due to the
 - inability of beneficiary organizations to repay their loans [where the commodities are supplied to the third parties as part of a loan package],
 - misuse of the commodities and/or their proceeds etc action has been taken to pursue claims against such third parties;

Note

It may not be necessary to file a claim if a loss is less than US\$100 [or its Cedi equivalent]; or between US\$100 and US\$300 [or its Cedi equivalent range] and the cost of pursuing the claim would exceed the amount recovered].

- . As far as possible, the paragraph regarding losses, damages or misuse of commodities or monetized process, shall be tabulated; and details regarding losses of less than US\$500 [or its Cedi equivalent] need not be provided. However, all losses must be reported irrespective of their value.
- . These ranges may be changed by the BOT

- b. In the case of 10.01c [ii], the above, shall apply except that the Trust shall not be stocking the commodities; the Trust, through its TM in consultation with the BOT shall take appropriate steps to ensure that arrangements [including the quality of the commodities to be supplied, sale agreements, timing of deliveries, price and terms of payment etc.] have been made prior to the receipt of the commodities directly by the purchaser.

SECTION XI - INVESTMENT POLICIES AND PROCEDURES

11.01 - GENERAL

- a. The BOT shall invest the surplus funds of the Trust in consultation with the investment committee in appropriate investment portfolios. These portfolios would ordinarily include the broad range of available Government stocks, treasury bills, bonds & obligations, as well as commercial savings accounts and other securities currently available on the local money capital markets.

. Investments should be made bearing in mind:

- The need for the project to remain liquid enough at all times to meet its operational and project-related expenditures.
- Prudence Ratio
The need for the project to ensure fair capital growth of the Trust's fund and/or a return on the investment [income] adequate to cover recurrent operating & project expenditures and expected losses of the Trust from lending/guaranteeing activities.

Criteria for selecting investments

The following criteria shall serve as guidelines when considering which classes of investments the Trust should commit its funds to:

- The timing of the cash flow needs of the Trust;
 - The relative ease with which the investment can be marketed;
 - The comparative yield of the investment's available alternatives;
 - The investment mix required to achieve the desired prudence ratio;
- b. The BOT shall cause to be maintained a separate investment portfolio ledger account for each type/class of investment held by the Trust; [this shall be the direct responsibility of the F&A who must submit reports on regular basis [eg monthly, quarterly etc.] to the TM for his/her quarterly review report to the BOT, commentary on the performance of the various investments and the investment climate as a whole.]

- c. Regular report on the status of all investments shall be submitted as described in [b] above;
- d. No investment portfolios shall be implemented or disinvested without the prior approval of the BOT. The BOT should seek the advice of the Investment Committee.
- e. Investment of monetization proceeds should have prior approval of USAID.
- f. In cases of disinvestment, the BOT shall act promptly to ensure that any mitigating losses that may arise on the disinvestment are kept to the minimum. To this end they shall seek the best obtainable offer on the market by dealing through the investment committee to determine the best selling price and buyer.

11.02 - Procedures for dealing with investment acquisition and disinvestment.

The F&A shall prepare a report to the TM covering the various available investment options open to the Trust. This report shall list among others, the following:

- The nature of the various investment options e.g. marketable securities - treasury bills, government stocks, bonds & obligations etc. [long term and short-term], equities [quoted and unquoted];
- The respective yields percentages of the various investments options together with expected earnings in absolute terms;
- the related risk exposure[s] of the various investment options;
- the minimum capital investment requirements of the various options;
- the various investment periods covered by the various options;

The F&A in preparing his/her survey report on investment options shall have reference to, among others, the following institutions:

- The commercial banks;
- The Bank of Ghana [the central bank];
- The Ghana Stock Exchange;
- The Merchant Banks; and
- The Brokerage Houses.

- . The TM upon receipt of the investment options report shall carry out a preliminary review of the options and develop an investment mix matrix to meet the anticipated prudence ratio approved for the year under consideration [this may include disinvestment options]. The TM shall then forward to the BOT recommendations investment implementation for the review and approval;
- . The BOT shall also forward copies of the documentation received to the investment committee for:
 - their review in accordance with laid down policies [a] to [e], in addition to having regard to approved anticipated requirements and budgets to determine the amount available for investments;
 - professional advise on the investment options recommended [the investment committee may vary the investment mix and should provide in writing reasons and facts supporting their variations].
- . The BOT shall not approve any investment proposal unless it shall have received the report of the investment committee [policy reference 11.01[d]
- . Once the above procedures have been met, the BOT shall approve the acceptable investment mix options and shall authorize the TM in writing of the investment options to be implemented/disinvested;
- . The TM shall upon receipt of the written authority from The BOT regarding investment implementation and/or disinvestment options, instruct the F&A to prepare appropriate disbursement documentation [see section XIII for details] to invest the Trust's funds accordingly; in the case of disinvestment options approved, the TIM shall in accordance with appropriate policy provisions [11.01] relating to disinvesting of the Trust's funds arrange the disinvestment of the affected investments;
- . Where in the cause of implementing the BOT's approved investment/disinvestment proposals, the TM encounters unexpected problems, he/she shall bring the matter to the attention of the BOT without delay, in writing, and they shall follow laid down procedures to approve any changes considered necessary in the circumstances for the TM's action.
- . The TM shall submit a report on the investment implementation and disinvestment options and shall advise on any variations that were made during the process;

- . The F&A shall update the investment registers with the details of changes affecting the investment portfolio as a whole.

SECTION XII - LOANS AND GUARANTEES POLICIES AND PROCEDURES

12.01 - GENERAL

The loans' policies spelt out in this document are intended as a guide to those who will be involved in loan review/appraisal and approval, loan disbursement and recovery, and accounting & reporting functions. The following general policies shall apply to the Trust's loans guarantees operations:

- a. The Trust shall grant loans and/or issue guarantees to beneficiary organizations recommended to it by Technoserve Ghana. All requests for accommodation not submitted by Technoserve Ghana should be referred to them for their initial review and consideration;
- b. The Trust shall, in respect of total applications received from one beneficiary organization in any particular year, consider for granting of loans and/or the issue of guarantees for loans in relation to the net worth of these organisations as follows:
 - i. A loan not exceeding US\$1,000 [or its Cedi equivalent], shall be granted where the beneficiary organization's net worth [i.e. shareholders equity] is at least up to US\$300 [or its Cedi equivalent]
 - ii. A loan not exceeding US\$10,000 [or its Cedi equivalent], shall be granted where the beneficiary organization's net worth [i.e. shareholders equity] is at least up to US\$3000 [or its Cedi equivalent]
- c. The Trust shall, in respect of onlending facilities from Commercial Banks ensure that:
 - . the proceeds from the commercial banks are paid to the beneficiary organization
 - . the Trust shall be paid an amount being an agreed percentage of the loan granted.
- d. No loans and/or guarantees shall be approved and implemented by the BOT without their prior evaluation and review by the Loans and Guarantees Evaluation Committee;

Criteria for evaluating/appraising and selecting of loans and guarantees applicants:

The committee responsible for evaluating/appraising and recommending selected loans and/or guarantees applications shall consider the criteria below in the performance of their work:

e. Documentation required

Each loan and/or guarantee application shall include, properly completed application forms issued by the Trust and a report from Technoserve Ghana categorically confirming that the intended beneficiary organization has met the following requirements:

- i. [a] The applicant is a member of the target groups working with Technoserve for a least six [6] months to a year;
- [b] Where the application is in respect of a new enterprise being promoted and therefore the time limitation in [i [a]] above is not applicable, that appropriate project feasibility studies [including market potentials] and projections report have been prepared with the assistance of Technoserve Ghana [copies of the relevant documentation of the proposed project should accompany the completed application forms sent to the Trust]
- ii. The applicant is involved in a rural agricultural enterprise such as the production and/or processing of local food stuffs and cash crops;
- iii. Its operation[s] is/are located in one or more selected working areas of Technoserve Ghana;
- iv. Detailed plans for the utilization of the amount requested have been prepared [copies of the plans should be submitted with completed application forms];
- v. A full and objective assessment of the organization's management structure has been provided, including strengths, weaknesses and proposed training plans to mitigate the said weaknesses.

f. Review and Assessment

Every loan/guarantee application shall be reviewed along the following lines.

- i. Financial viability of each applicant shall be reviewed by examining these [where applicable]:
 - . financial position statements;
 - . profit and loss statements;
 - . cash flow statements;
 - . budgets and profit forecasts and projections for current and subsequent years [this should cover the expected loan recovery period.];
 - . any existing collaterals and liens on the assets of the intended beneficiary enterprise;
 - . any other significant agreements entered into which may affect the performance of the enterprise positively or otherwise; to determine enterprise's ability to generate sufficient income to pay operating expenses, cost of borrowing, principal and any dividends declared.
- ii. Market potential of the enterprises by examining copies of market survey reports prepared with the assistance of Technoserve; ensuring that adequate consideration has been giving to:
 - . the degree of competition and the potential share of the target market; and
 - . any other factors likely to ensure sustained and enhance potential market position;
- iii. Effect of technological changes to proposed equipment needs and availability of trained manpower to handle and maintain equipment effectively and efficiently;
- iv. Management strengths & weaknesses, and training needs as reported by Technoserve and the extent of Technoserve's involvement in management;
- v. Development impact of the project on the environment and life of the people involved in the project within the project area.

vi. Credit worthiness of the beneficiary organizations:

in the light of information gathered in [f] [i] & [ii] above and analyzing past performances with regard to loans and basic money management.

g. Applicable chargeable interest & computation and service charges in respect of guarantees

- i. The Trust shall charge interest on all loans granted at average commercial interest rates [ACIR] applied by the commercial banks to the agricultural sector [for the time being in force];
- ii. It shall notify the beneficiary organization promptly of any changes in the ACIR and shall apply same to all outstanding balances;
- iii. Interest shall be calculated on the outstanding balance at the beginning of every month and shall be due for payment during the month in which it is calculated;
- iv. Service charge shall be applied to loans granted directly by the Trust. However the Trust shall levy a service charge of two [2] per centum of the guaranteed sum.

h. Collateral

The Trust shall secure a general lien and where considered necessary a specific lien on the present and future assets of the beneficiary organizations for loans and guarantees issued on their behalf.

i. Repayment period, rules and strategy

The loans are short-term and for the purpose of providing working capital and in very limited cases for capital equipment acquisition. The repayment period will, initially be for one year for all activities to be supported by the project. This will be reviewed and amended to periods of up to 5 year in special cases as approved by the loans' committee. A repayment schedule shall be drawn up for each loan granted. A summary schedule of monthly repayments shall be prepared together with a report of the previous months recovery rate performance. The following strategies are to be used to ensure a very high recovery rate performance.

- development and implementation of a system of regular monitoring and follow-up, on the part of the TM to ensure that loan proceeds are being used for the intended purposes; that repayments are being made.
- develop the provision of repayment incentives in the form of:
 - continuous credit facility
 - shortening of loan approval process for subsequent loans.
 - aggressive loan recovery visits based on a review of the ageing analysis prepared by the F&A, every quarter;
 - loans rescheduling in consultation with the BOT for justifiable reasons identified. Where this is done the ageing analysis of the particular beneficiary organization shall be recomputed reflecting the new terms agreed upon.
- j. The BOT shall maintain separate loans and guarantees portfolio ledger accounts for each type/class of loans, guarantees issued by the Trust; [this shall be the direct responsibility of the F&A who must submit reports on regular basis [eg monthly, quarterly etc.] to the TM for his/her review; the TM shall include in his/her quarterly review report to the BOT, commentary on the performance of the various loans and guarantees].
- k. Regular reports on the status of all loans & advances and guarantees shall be submitted as described in C above;
- l. Circumstances under which loans shall be considered as bad and/or doubtful

Loan for which repayments are not made shall be classified, based on the duration on non-payment, as follows:

			<u>Classification</u>
Overdue	for	3 months	Delinquent
"	"	6 months	Doubtful
"	"	12 months	Bad

These classifications will be valid where no fixed pattern of repayment has been established.

Where such balances are considered doubtful of recovery, the TM shall discuss with the appropriate personnel of Technoserve Ghana, the implications of this delinquency to the Trust, and shall find out what problems are affecting the capability of the beneficiary organization to meet its obligations under the terms of the loan. On the strength of his/her findings the TM shall recommend to the BOT, in writing for their consideration and approval, specific doubtful debts provision to be made in the accounts. In accordance with laid down policies losses shall be written off at the end of the second year; after the initial provision has been established to provide a sufficiently long period of time for the debts to be pursued through legal and other appropriate channels.

Note - It may not be necessary to file a claim if a loss is less than US\$100 [or its Cedi equivalent]; or between US\$100 and US\$300 [or its Cedi equivalent range] and the cost of pursuing the claim would exceed the amount recovered].

- . As far as possible, the paragraph regarding losses shall be tabulated; and details regarding losses of less than US\$500 [or its Cedi equivalent] need not be provided. However, all losses must be reported irrespective of their value.
- . The F&A shall prepare a report on the status of beneficiary organizations declared doubtful. This report shall provide among others details of payments received since the classification of the debt as doubtful and any formal representations received during follow up visits by the AO and Technoserve Ghana personnel. He/she shall forward his/her report to the TM.
- . The TM shall review and advise the BOT on further cause of action to be taken; also he/she shall carry out further follow-ups [through the AO and Technoserve Ghana personnel] to determine any new developments since the last follow-up was made.
- . Where a loan has been classified as doubtful and after a default of between two and three installments and no regular pattern of repayments has been established, recovery is pursued through the legal system or by crystallizing their lien over the assets of the beneficiary organizations to offset the amounts outstanding or portions thereof.

Procedures for processing applications for loans and guarantees received by the Trust:

- a. The AO shall prepare a summary, in a tabular form, of all applications for loans and/or guarantees received from Technoserve Ghana; he/she shall forward the summary together with relevant documentation to the TM for his/her review;
- b. The TM on receipt of the summary and documentation shall:
 - . perform an initial review; where incomplete documentation is identified, the TM shall return the specific applications to the AO who shall follow up to obtain the additional information required.
 - . forward the reviewed summaries together with supporting documentation to the BOT for their review and approval.
- c. The BOT shall:
 - forward the documentation received from the TM to the loans and guarantees evaluation and review committee for their evaluation and review in accordance with laid down policies as spelt out in this document;
 - receive the loans committee's report and
 - . deliberate on their recommendations and findings;
 - . approve loans and guarantees considered to be satisfactory; and
 - . communicate their decision to the TM;
- d. The TM shall:
 - . communicate the BOT's decision together with instruction to the AO, who shall ensure that all the appropriate legal and administrative documentation covering the granting of the respective loans and guarantees to be issued are prepared [and returned to the TM].
 - . forward the documentations prepared to the F&A who shall:

- . have all the applications analyzed; such analyses shall include among others the following information:
 - the region in which the beneficiary organization is located;
 - the type of facility required i.e. loans guarantee;
 - the initial interest rate applicable and any special concessions granted;
 - the term of the facility including principal and its repayment amounts;
 - the funding source to be utilized in meeting the loan application amount i.e. the specific donor account involved; and the type of funding i.e. unrestricted or restricted;
 - assigned appropriate ledger coding for the loan per appendix 4 [loan documentation];
- . prepare relevant disbursement documentations together with written cheques and forward them to the TM for signature in accordance with laid down procedures for disbursements [section XIII] of this document;
- . pass on signed cheques together with documentation to the AO for registration and dispatch; the AO shall also maintain adequate records of all activities relating to individual applications processed.
 - the F&A shall maintain adequate accounting records of all loans and guarantees and shall prepare regular reports covering the operation of the loans and guarantee facilities in accordance with laid down accounting policies and procedures.

SECTION XIII - DISBURSEMENT POLICIES AND PROCEDURES

13.01 - GENERAL

- a. The Trust's disbursement is restricted to the objects to achieve the aims under which it was established. Disbursements are categorized as follows:
- . cheque payments;
 - . bank transfers;
 - . standing orders;
 - . cash payments;
 - . issues of bulk stores items as part of loans packages [see section on procurement];
- b. i. Notwithstanding section 4 provision 4.4 of the Trust deed document which empowers the Trustee to open and maintain in their joint names or in the names of any of them, banking account or banking accounts, and
- ii. in order to enhance the control function of the BOT, they may appoint a minimum of 4 of their members to be signatories to these bank accounts;

Limitations

Where [b [ii]] is implemented the following payment authorization limits shall apply:

All cheques prepared shall be restrictively endorsed [crossed account payee only]. On no account should cheques be made payable to cash or directly to the beneficiary without crossing, except with the express approval of the BOT.

13.02 - Cheque payment voucher processing and payments

- a. The F&A shall:
- review on receipt of complete documentation of request for payment [documentation shall include those relating to investments, loans and project & operating expenditure], to ensure that they have been approved by the appropriate authorizing officials of the Trust;

- raise cheque payment vouchers [PV - specimen included in section XIV], providing sequential numbers to each voucher, to cover those payment requests found to be in order.
 - prepare the relevant cheques [including bank transfer orders] in accordance with laid down procedures making reference to cheque numbers on related PV s and forward them to the TM for appropriate signature [s]
 - received payment vouchers and cheque counterfoil from the TM duly endorsed as evidence of signature and shall on the strength of that update all affected accounting records.
- o All disbursements shall require two signatories to the bank accounts. The levels of authorization and signatories are as follows:

<u>LEVEL OF AUTHORIZATION</u>	<u>SIGNATORY/AUTHORITY</u>
(US dollar or cedi equivalent)	
o - \$5000	Any 2 signatories
5001 - 35,000	Chairman of BOT or his designate and any one other signatory.
35,00 and above	- Unanimous approval by BOT of payment/disbursement. - Chairman of BOT or his designate and any one other signatory.

On no account should a payment voucher for a single transaction be split-up as a matter of convenience to circumvent the laid down cheque signatory limitations;

- a. The AO shall initiate disbursements within the Trust. The documentations approved for payment processing are to be forwarded to the F&A for payment vouchers [PV] and related cheques to be prepared in the name of qualifying beneficiary organizations.

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- b. In the case of cheque requests for replenishment of cash disbursements through the petty cash, the request shall be accompanied with a reconciliation statement of how the imprest has been utilized. This statement shall be approved by the TM prior to its being processed as in [a] above.
- c. Where a staff member is given a cash advance to expend on behalf of the Trust, such amounts shall be charged against the particular staff member's personal account until proper account of the spending is made to the F&A within a reasonable time; The F&A shall keep a record of all such advances and monitor submission of expenditure claims to cover their utilization.

13.03 - Cash and petty cash payment voucher processing and payments

a. Cash

The Trust shall not make cash payment for amounts exceeding Cedi 10,000 without recourse to cheque payment procedures;

b. Petty cash

- . The Trust shall maintain petty cash funds, on imprest basis, for the purposes of making payments for the day to day running of the Trust. The imprest limit shall be set by the TM on the advice of the BOT bearing in mind the level of the Trust's operations;
- . All petty cash disbursements shall be approved either by F&A or the AO or in their absence the TM; loans to staff members from petty cash are strictly prohibited and advance to meet specific expenditures shall be accounted for within 30 days of the advance being made;
- . The custodian of the petty cash fund shall be responsible for ensuring that reimbursement requests are submitted regularly within 30 days in order to enhance the smooth running of the administrative operations of the Trust;
- . The F&A shall carry out surprise cash counts of the imprest funds. Any exceptions noted shall be reported to the TM for necessary action.

SECTION XIV - ACCOUNTS AND REPORTS

14.01 - GENERAL

The accounting procedures have been prepared to provide guidance on the accounting policies of the Trust, as well as a brief description of the accounting procedures and routines required to ensure the maintenance of an accounting system that affords sufficient controls and generates reliable, and timely financial information. The procedures described in this part of the manual are partly based on the administrative rules and regulations set out in the earlier part of this manual [sections III to IX], and are designed to enhance the achievement of the objectives of those rules and regulations.

14.02 - Accounting policies

The Trust shall follow generally accepted accounting principles [GAAP] applicable to not-for-profit organizations. The basic policies are also based on the following guidelines:

Fundamental principles

The fundamental accounting principle adopted by the Trust are as follows:

o Historical cost

The basis of assigning value to transactions is the exchange price at the date of the transaction;

o Accrual basis

Revenues and expenses are reported in the period during which they are earned or incurred, regardless of whether related cash is received or disbursed;

o Consistency

Accounting policies applied are consistent from one reporting period to another;

o Going concern

The Trust is viewed as continuing in operation for the foreseeable future, and there is no intention to cease or curtail materially its operations.

o Currency and exchange translations

- The reporting currency of the Trust is Ghana Cedis [¢].
- The accounting records are maintained in the reporting currency.
- All transactions in other currencies are converted at the exchange rates ruling at the time of the transaction. Assets and liabilities denominated in currencies other than the reporting currency are translated at period-end rate ruling at that date.
- Exchange gains or losses are reported as income or current expense in the period in which they arise.

o Revenues

Unrestricted funding

These are funds [including grants received from donors and/or Technoserve] with no specific restrictions once used in the furtherance of the objectives of the Trust. Income from such grants and donation shall be recognized in the period of the receipt of the funds.

Restricted funding

These are funds [including grants received from donors and/or Technoserve] with specific restrictions as regards their use in the furtherance of the objectives of The Trust, for example a donor may fund the Trust:

- specifically in the area of lending to beneficiary organizations for expansion of their business and no other activity; or
- to build its own offices etc.

Income from such grants and donation shall be recognized in the period of the receipt of the funds.

o Expenditures

Operating expenditures, accruals and provisions

All operating expenses are accounted for in the period they are incurred. Accruals and provisions are made for expenses incurred but unpaid at each period end.

Capital expenditure/property, plant and equipment. The acquisition costs of tangible items of lasting value and use which is material, such as buildings, furniture, equipment or vehicles acquired through capital grant [restricted or unrestricted] for the Trust's own use represent capital expenditure. The cost of property, plant and equipment includes all charges to bring it to its location and condition. Lasting value is defined as more than three years and materiality threshold for the purpose of capitalization on an item is defined as more than US\$500 [or its Cedi equivalent] in value.

14.03 - Accounting procedures

Receipts

All receipts including funds transfers received from donors and sponsors are to be acknowledge with official receipt.

All amounts received are to be deposited into a bank promptly and intact, within one working day of receipt. Individuals in charge of cash collections are to submit each day's cash collections together with official receipt books/slips to the F&A for his review and checking not later than the next working day.

Inventory of receipt books are to be kept in a safe and secure custody and controlled by a register and issued to the cashier in proper numerical sequence against his/her signature.

General journal

General journal vouchers [GJV's] are to be used to allocate and post all transactions irrespective of how they arise e.g. payroll transactions, cash/cheque payments receipts etc.;

The GJV's are also to be used to post non recurring and unusual items such as:

- write-offs/matching of advance payments for which goods and services have subsequently been received;
- adjustments and corrections for posting and other errors.

All journal vouchers are prepared and coded, independently checked, and approved by separate individuals who are to indicate their performance by initialing appropriate columns of the voucher. All journal vouchers, excluding payroll journals are to be numbered and filed in proper sequence order. Payroll journals are to be indexed and filed separately in date order.

All GJV's must include a full description of the transactions and documentation supporting each GJV to be attached.

Other accounting procedures

The results in the form of data, account balances and financial statements, produced by the bookkeeping process are to be regularly reviewed to ascertain that they are reasonable in relation to known operations of the Trust, they contain no obvious errors, and may be depended upon as reliable information for decision making purposes. Any non-compliance with rules and regulations disclosed must also be followed up. The overall and detailed reviews are to be carried out by the TM and the BOT.

Regular reviews are to be carried out of unprocessed documentation such as unmatched goods receiving notes, suppliers invoices and local purchase orders outstanding for unduly long periods. Bank statements, suppliers statements are to be reconciled to the accounting records within reasonable time of receipt. Statements of indebtedness to the Trust are to be sent to beneficiary organizations and the staff at least once each quarter. Differences between books and suppliers statements and any amounts not agreed to by debtors must be promptly investigated.

Payroll

The AO shall prepare the Trust's monthly payroll. This shall state among others:

- the rank and number of the staff member;
- the basic annual and monthly salary
- employees' and employer's contribution to the social security pension scheme;
- individual employee SSPS number;
- deduction in respect of PAYE;

- any deduction in respect of staff advances
- net payable salaries

The Trust shall effect payment of salary by advising her bankers to effect transfers to the accounts of the respective employee bankers.

Such advice should be sent to the bank not earlier than the 20th and not later than the 25th of the month of payment. This is to allow time for transfers.

If for some reason an employee cannot be paid from the payroll, a supplementary payroll should be prepared and sent to the F&A for a cheque to be issued in accordance with disbursement procedures. The AO shall prepare a contribution list in respect of SSNIT and PAYE deductions to be paid to the respective organisations not later than the 15th of the following month of payment of salaries to avoid the imposition of penalties.

Budgets

The F&A shall be responsible for the preparation of budgets of the Trust in consultation with the TM [who should ensure that the budget is prepared in accordance with directives of the BOT] and AO for submission to the BOT for their review and approval.

The objectives of this exercise is:

- a. To ensure that budgets of the Trust are prepared on a realistic basis and accurately reflect the projected activities, income and expenditures of the Trust;
- b. To ensure that resources of the Trust are allocated and utilized in an efficient and effective manner;
- c. To provide the BOT and with a criterion with which to measure the Trust's performance.

The policy of the Trust with regard to budget preparation:

- . Budgets for the next financial year should be finalized and ready for approval by the end of the third quarter of the Trust's current year of operation. The AO shall assist the F&A in gathering relevant data with respect to schedules under his direct supervision and control;

- . The F&A shall prepare regularly [e.e. monthly or quarterly], a budget expenditure variance report with reasons identified as being responsible for the variances.

14.04 - Accounts Codes

The accounts code structure employs numerals to provide for a classification of accounts into segments in accordance with and complementary to the financial statement presentation.

Before a transaction is properly classified into a segment, the following issues have to be addressed:

- . Is the transaction a general transaction of the Trust? e.g. is it an expense in respect of a beneficiary organization, technoserve Ghana, or the Trust;
- . In which region of the country is the beneficiary organization located?;
- . Which donor fund[s] is to be utilized to finance the expenditure and is it categorized as restricted or unrestricted?
- . What type of transaction is being processed? e.g.
Investments loans and guarantees, project and Technoserve staff training expenditure or general administrative expenditure [e.g. purchase of property plant and equipment for the Trust;
- . What account classifications are appropriate to the transaction; e.g. balance sheet - assets/liabilities or revenue and expenditure - income/expenditure.

The following shows, how the account codes have been developed:

Balance sheet

In respect of the balance sheet, assets, liabilities and reserve accounts are coded using numerals as follows:

MAJOR CODE	DESCRIPTION	MINOR CODE
0100 - 0500	. ASSETS	
	. Cash, Banks and imprest funds	100 - 140
	. Receivables [donors]	200 - 230
	. Loans	240 - 350
	. Other receivables & prepayments	400 - 420
	. Property, Plant & equipment	440 - 460
	. Inventories	470 - 500
	. Investments	510 - 530
	. Suspense a/cs, & miscellaneous advances	540 - 560
0600 - 0999	. LIABILITIES	
	. Accruals & provisions	600 - 650
	. Project fund balances	700 - 750
	. General fund balances	800 - 850

Revenue and expenditure

Revenue and expenditure codes employ a seven digit code. The following is an explanation of the digits that make up each code.

- . The first digit represents - The source of funding, say, Technoserve, USAID, Sasakawa Global 2000 etc
- . The second digit represents - The type of funding e.g. Restricted [1] or Unrestricted [2]
- . The third digit represents - The cost centre code
i.e. - Beneficiary
Organizations [1]
- Technoserve [2]
- The Trust [3]
- Others etc.
- . The fourth & fifth digits represent - The regional location of the cost centre benefiting
e.g. 00 TRUST HOLDING
01 GT. ACCRA REGION
02 EASTERN REGION
ETC.
- . The sixth digit - The expenditure category
e.g. Loan Expenditure [1]
Training Expenditure [2]
General Administration [3]
- . The seventh & eighth digits - The account code represents reference. This split into two

PART A - Revenue

- 01 - 20 Represent various types of income.
e.g. 01 - Grants/Donor Income
02 - Investment Income
03 - Loan Interest Receivable
04 - Sale of Assets

PART B - Expenditure

- 30 - 99 Represent various types of expenditure.
e.g. 30 - Local travel and transportation
31 - Stationery & Office supplies
32 - Salaries & wages
33 - Bank charges
34 - Bank interest charged
35 - Audit fees
36 - Consultancy fees
37 - Publications
38 - Board of Trustees
39 - Postage, telephones, telex fax & courier
40 - Electricity & Water
41 - Insurance
42 - Recruitment
43 - Equipment maintenance
44 - Vehicle repairs & maintenance
45 - Building repairs & maintenance
46 - Medical costs
47 - Air tickets etc.

A matrix of the revenue & expenditure codes as explained above will work out as follows:

[1]	[2]	[3]	[4]	[5]	
<u>Source of funding</u>	<u>Type of funding</u>	<u>Cost centre</u>	<u>Regional location</u>	<u>Accounts code</u>	
A. 1	2	1	00	01 =	1 2 1 0 2 0 1 p r e s e n t s Technoserve G h a n a Unrestricted funds for beneficiary organization Trust grant income
B. 2	1	1	02 46	=	2 1 1 0 2 4 6 represents - USAID Restricted funds for beneficiary organization located in the Eastern region for training costs.

SAMPLE REPORTS & FORMATS

COMMUNITY ENTERPRISE DEVELOPMENT AND INVESTMENT TRUST
BALANCE SHEET

AS AT:

(EXPRESSED IN GHANAIAN CEDIS)

	<u>NOTE</u>	<u>CURRENT YEAR</u>	<u>PREVIOUS YEAR</u>
CURRENT ASSETS			
CASH AND BANK BALANCES			
ACCOUNT RECEIVABLE - DONORS			
ACCOUNTS RECEIVABLE - LOANS			
ACCOUNTS RECEIVABLE - OTHER RECEIVABLE & PREPAYMENTS			
INVESTMENTS			
SUSPENSE ACCOUNTS AND OTHER MISCELLANEOUS ADVANCES			
INVENTORIES		-----	-----
TOTAL CURRENT ASSETS		=====	=====
CURRENT LIABILITIES			
BANK OVERDRAFT			
ACCOUNTS PAYABLE - STAFF			
ACCOUNTS PAYABLE - VENDORS			
PROVISIONS AND ACCRUALS			
CONTRIBUTIONS IN ADVANCE			
PROJECT FUND BALANCES		-----	-----
TOTAL CURRENT LIABILITIES		-----	-----
NET CURRENT ASSETS/(LIABILITIES)			
PROPERTY, PLANT & EQUIPMENT		-----	-----
NET ASSETS		=====	=====
REPRESENTED BY:			
CAPITAL EXPENDITURE FUND			
TRAINING FUND			
LOAN FUND			
OPERATING FUND		-----	-----
FUND BALANCES		=====	=====

COMMUNITY ENTERPRISE DEV. AND INVESTMENT TRUST
 STATEMENT OF INCOME AND EXPENDITURE BY FUNDING
 CUMULATIVE TO MONTH ENDING:
 (EXPRESSED IN GHANAIAIAN CEDIS)

	<u>NOTE</u>	<u>CORE UNRESTRICTED</u>	<u>CORE RESTRICTED</u>	<u>OTHERS</u>	<u>TOTAL</u>
INCOME					
GRANTS/DONOR INCOME					
INVESTMENTS INCOME					
LOAN INTEREST RECEIVABLE		-----	-----	-----	-----
TOTAL INCOME		-----	-----	-----	-----
OPERATING EXPENDITURE					
LOAN EXPENDITURE					
TRAINING EXPENDITURE					
GENERAL ADMINISTRATION		-----	-----	-----	-----
TOTAL OPERATING EXPENDITURE		-----	-----	-----	-----
EXCESS OF OPERATING EXPENDITURE OVER INCOME BEFORE EXCHANGE GAINS/ LOSSES AND PRIOR YEAR ADJUSTMENTS					
EXCHANGE GAINS/(LOSSES)		-----	-----	-----	-----
EXCESS OF EXPENDITURE OVER INCOME OPERATING		=====	=====	=====	=====

COMMUNITY ENTERPRISE DEVELOPMENT AND INVESTMENT TRUST
 EXPENDITURE VARIANCE ANALYSIS
 FOR THE MONTH ENDED
 (EXPRESSED IN GHANAIAN CEDIS)

E X P E N D I T U R E

ACCOUNT #	ACCOUNT DESCRIPTION	ANNUAL BUDGET	CUMULATIVE PREV. PERIOD	CURRENT PERIOD	YEAR TO DATE	UNUTILIZED BUDGET	% UTILIZED
	TOTALS						

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COMMUNITY ENTERPRISE DEVELOPMENT INVESTMENT TRUST
 ACCRA, GHANA
 PAYEE: _____

BANK PAYMENT VOUCHER NO: _____
 DATE: _____

CHEQUE NO: _____

DETAILS OF PAYMENT				AMOUNT	
				c	p
AMOUNT IN WORDS				TOTAL c	
ACCOUNTS CHARGED	CODE	c	p	I/We acknowledge receipt of the above amount _____ PREPARED BY: _____ APPROVED BY: _____	
TOTAL					

COMMUNITY ENTERPRISE DEV. AND INVESTMENT TRUST
 P.O. Box....,
 Accra.

OFFICIAL RECEIPT

NO:.....

CASH	BO	MO	PO	CHEQ	DRAFT

Received from.....

Address.....

The sum of..... cedis

and..... pesewas. being payment for

c	:	P
---	---	---

	c	P	Code
Grants			
Principal			
Interest			
Investment			
Service			
Others			

Date.....

.....

Trust Manager

• BO - Bank Order MO - Money Order PO - Payment Order

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REPORTING SCHEDULE

Reports	<u>DUE PERIODS & PROCESSING OF REPORTS</u>			<u>FLOW OF REPORTS</u>		
	Monthly	Quarterly	Annually			
Balance Sheets	F & A		F & A	---->	TM	---> BOT
Income Statements	F & A		F & A	---->	TM	---> BOT
Loan Activity Report		TM	TM	---->	BOT	
Investments Status Report		F & A	F & A	---->	TM	---> BOT
Review Reports on Investments		F & A	F & A	---->	TM	---> BOT
Age Analysis of Loan		TM	TM	---->	BOT	
Expenditure Variance Analysis		F & A	F & A	---->	TM	---> BOT
Loan Performance Report		TM	TM	---->	BOT	
Financial Operational Budgets			TM	---->	BOT	

Legend F & A - Finance & Accounts
 TM - Trust Manager
 BOT - Board of Trustees
 A - Administration
 L - Loans
 I - Investments

USAID REGULATION 11
PROCEDURES FOR TRANSFER OF COMMODITIES
FOR MONETIZATION (TECHNOSERVE)

USAID REGULATION 11
PROCEDURES FOR TRANSFER OF COMMODITIES
FOR MONETIZATION (TECHNOSERVE)
(SOURCE: A.I.D. REGULATION 11,
55 FED. REG. 23638 - 23656, JUNE 11, 1990)

211.3 Cooperating sponsor agreements: Program procedure.

(a) Technoserve Ghana is eligible to be a cooperating sponsor for regular programs after it has submitted to Agency for International Development (A.I.D) an operational plan or multiyear operational plan describing the program proposed.

(b) Host Country Food for Peace Agreement.

Technoserve Ghana shall in addition to the Food for Peace Program Agreement enter into a separate Host Country Food for Peace Agreement with the Government of Ghana for Title II Commodities transferred to Technoserve (Ghana). This agreement will establish the terms and conditions needed by Technoserve Ghana to conduct a Title II program in Ghana. USAID shall be provided a copy of the executed Host Country Food for Peace Agreement.

(c) Recipient Agency Agreement:

Before goods are transferred; Technoserve (Ghana) will execute agreement which:

- (1) Describes the approved uses of commodities, monetized proceeds or program income in a manner consistent with approved operational plan or Transfer Authorization, (TA).
- (2) Requires reimbursement for commodities not used in accordance with regulations;
- (3) Incorporate by reference or otherwise the terms conditions of Regulation 11.

(d) Program Procedure: 1. Requests for programs.

(1) Programs may be requested by Technoserve including Private Voluntary Organizations, Cooperatives, foreign government (for emergencies) international organizations.

(2) Approval of Programs:

Two basic patterns of decision typically employed in approving a request for Title II assistance

(i) Regular Programs

A multi year Operation plan, an operational plan is submitted to A.I.D. An Annual Estimate of Requirements (AER) will be submitted to A.I.D estimating the quantities of Commodities required for each program proposed. A.I.D's approval completes this process.

211.4 Availability and Shipment of Commodities

(a) Shipment, distribution & use of commodities

Commodities shall be available for shipment and distribution and use in accordance with provisions of the approved operational plan, Annual Estimate of Requirements, Transfer Authorization and Regulation 11.

(b) Transfer of Title & Delivery

For Technoserve Ghana, title shall pass at the point in the US at which its agents or Ocean carrier takes possession of the cargo.

Except otherwise agreed in writing with A.I.D., Technoserve shall retain title to commodities, monetized proceeds and program income transferred to a recipient agency for distribution or use per specifications in the operational plan.

Technoserve, Ghana is responsible for commodities at the point of availability specified by the Commodity Credit Corporation. (CCC).

(c) Processing, handling, transportation & other Costs

(1) Unless otherwise stated in the operational plan, the US will pay processing, handling, transportation and other incidental costs incurred in making commodities available to cooperating sponsors at US ports or US inland destinations to the point where the ocean carrier takes possession of the cargo.

(2) Technoserve will pay for costs incurred in excess of what is required by the standards set by the US for transportation.

(3) Unless otherwise specified, the US will pay for all costs incurred prior to the transfer of title to Technoserve and may reimburse the following additional costs:

(1) Ocean transportation costs from US ports to the designated ports of entry in Ghana.

(d) Payment or Reimbursement of Ocean Freight Costs

Technoserve booking its own vessels will be reimbursed only up to 2 1/4 percent commission paid to their freight forwarders as a result of booking Public Law 480 Title II Cargo. Proof of payment of commissions must be submitted with requests for reimbursement.

(e) Shipments booked by Technoserve

Requests for shipment of Commodities shall be cleared by USAID before transmittal to Technoserve's headquarters for approval & issuance.

Reasons for delays or disapproval will be communicated within seven (7) days of receipt of request. Headquarters who book their own shipments shall provide their representatives and USAID (Ghana) with the names of vessels, ETAS and other relevant information on shipments. At the time of exportation of commodities, the booking agent shall send applicable ocean bills of lading by the fastest means available to USAID controller and the representative for Technoserve.

Tolerances

The US will not be under any obligation for failure by an ocean carrier to complete delivery to the port of discharge from the point of transfer of title.

A provisional tolerance of 5 percent is made at the point of transfer of title (2 percent in the case of quantities over 10,000 metric tons) plus or minus of the quantity ordered for shipment to ascertain completion of delivery.

211.5 Obligations of Technoserve

(a) Technoserve (Ghana) shall submit a description of the programs being sponsored or programs it proposes to sponsor to USAID (Ghana) for approval.

This operational plan will include program purposes and goals; criteria for measuring program effectiveness, a description of the activities for which commodities, monetized proceeds, or program income will be provided or used and other specific provisions in addition to those already specified.

(b) Program Supervision

1. Technoserve shall make provision for adequate supervisory personnel for planning, organization, implementation, control and evaluation of programs involving distribution of commodities or use of monetized proceeds and program income.
2. Technoserve will make provision for warehouse inspections, physical inventories and end-use checks of food or funds.
3. Provision should be made for review of books and records maintained by recipient agencies.

Technoserve shall be represented on the supervision team.

(c) Audits

Technoserve Ghana shall arrange for periodic audits to be conducted in accordance with OMB Circular A - 133.

Determination of Eligibility of Recipients

Technoserve shall be responsible for determining that the recipients or agencies are eligible in accordance with the operational plan.

No Discrimination

Technoserve will distribute commodities to eligible recipients without regard to political affiliation, geographic location, ethnic, tribal or religious identity.

Containers: Markings

Unless otherwise stated in the operational plan, packaged Commodities for shipment from the US shall be marked with the CCC contract number or other identification, the A.I.D emblem and the name of the commodity.

Monetized proceeds and program income may be used by Technoserve Ghana for purposes specified in the operational plan or otherwise approved by USAID in writing, and only for such costs as would be allowable. Under OMB Circular A-122 (Cost Principles of Non-Profit Organization)

TNS may not use program funds or monetized proceeds to finance abortions as a form of family planning.

Except USAID agrees in writing, monetized proceeds may not be used to finance the production for export of agricultural commodities or products which would compete in the world market with similar products produced in the U.S.

Technoserve Ghana shall follow preset procedures regarding investments and financing of projects except when such construction or improvements exceed \$100,000 will USAID Mission in Ghana be consulted.

Title to real and personal property shall be vested in TNS except as provided in the operational plan.

Monetized proceeds and program income cannot be used by Technoserve Ghana to finance any sectarian activities.

Report on Funds

Technoserve Ghana shall provide USAID Ghana with a report on the receipt and disbursement of all monetized proceeds and program income.

This report shall include the source of the funds and the use of funds.

The report should be submitted annually by December 31 of each calendar year for the fiscal year ending September 30 of that calendar year.

Disposal of Excessive Stock of Commodities:

Technoserve Ghana should inform USAID, Ghana Mission of commodities on hand which cannot be utilized in accordance with the approved operational plan or the TA, USAID Mission will determine the most appropriate use of the excess stock and will issue instructions for disposal.

Technoserve shall bear the cost of transporting commodities from one program to another within Ghana.

211.6 Processing, repackaging, and labelling commodities.

(a) Commercial Processing and repackaging:

Technoserve Ghana may arrange for processing commodities into different end products and for packaging or repackaging commodities prior to distribution. Monetized proceeds or program income may be used to offset such costs if provided for in the operational plan or approved by USAID Mission to Ghana.

211.7 Arrangements for entry and handling in Ghana.

Costs at Discharge Ports

Except otherwise agreed upon by AID/W and provided in the applicable shipping contract, Technoserve Ghana will be responsible for all costs, other than those assessed by the delivering carrier either in accordance with its applicable tariff for delivery to the discharge port or the applicable charter or booking contract.

Technoserve Ghana will be responsible for all costs for:

- 1) Distributing the commodity as provided in the approved operational plan.
- 2) For demurrage, detention, and overtime, and
- 3) For independent survey report.

Technoserve will be responsible for wharfage, taxes, dues and port charge.

Storage Facilities and transportation in Ghana.

Technoserve Ghana will provide assurance to USAID Mission in Ghana that all necessary arrangements for receiving the commodities have been made. Technoserve Ghana shall be responsible for storage and maintenance of the commodities.

Authorization for reimbursement of costs

Technoserve shall be reimbursed for repackaging of damaged packaged goods - up to \$500. by the Commodity Credit Corporation. If costs of repackaging exceed the \$500 limit the USAID Mission in Ghana should be consulted for approval. For losses incurred while commodities were in transit, the limit of \$500 is applicable. For amounts in excess of the stipulated limit of \$500, documentation establishing the costs of repackaging and proof of prior approval of USAID would be required.

211.8

Disposition of Commodities unfit for Authorized use

- (a) Prior to delivery to Technoserve Ghana, if the commodities are damaged, Technoserve Ghana shall arrange for a health inspection:
- (b) Disposal of unfit commodities shall be done as follows:
 - i) Sale for the most appropriate use ie: animal feed, fertilizer or industrial use. All US Government markings on goods under such sale shall be removed.
 - ii) Transfer to an approved Food for Peace Program for use as livestock feed.
 - iii) Donations to a Governmental or charitable organization for use as animal feed or for other non food use.
 - iv) Upon the determination that the commodities are unfit for any of the above uses, Technoserve shall inform the USAID Mission of steps taken towards destruction of the commodities including method of destruction, dates, witnesses and provision of reasonable opportunity to enable an official of the USAID Mission to be present.
- (c) Expenses related to the handling and disposal of damaged commodities will be paid by Technoserve Ghana unless the USAID Mission determines that Technoserve exercised the proper controls in its attempt to safe guard the commodities.

In monetization programs as in Technoserve, net proceeds from commodities shall be deposited in a special account used for the approved program.

Subsequent to the disposal of damaged commodities, Technoserve shall furnish USAID Mission with a certified written report on the commodities.

211.9 Liability for loss, damage or improper distribution of commodities.

- a) Technoserve and USAID (Ghana) shall agree on a schedule for shipping commodities. Where the cargo booked for ocean transportation does not arrive at the port of export, in the US, Technoserve should immediately advise the US Department of Agriculture (USDA).

Additional expenses incurred by CCC where Technoserve or its agents fail to meet agreed shipping schedules, or accept commodities at the points of delivery through the latter's fault or negligence shall be reimbursed to the former.

Technoserve should notify CCC if there is a loss of or damage to commodities prior to loading of commodities in the vessels caused by fault of third parties.

Technoserve shall assign claims it has against third parties resulting from the loss (above) to CCC and submit all relevant documentation to the latter.

- c) Technoserve, on arrival of the commodities at Takoradi/Tema Harbour, shall arrange an independent cargo surveyor to be present and he shall submit a report on quantity delivered, condition of the commodities, stating causes of damage, time and place of examination, except USAID (Ghana) agrees that the examination was not feasible.

The cargo surveyor and the consignee shall jointly conduct the examination of the commodities. All documents from third parties connected with discharge of the commodities shall be adjoined and attached to the cargo surveyors report.

Technoserve shall promptly obtain a public health certification on condition of damaged commodities and a certificate of disposition where the commodity is declared unfit for its intended use.

To assist in the adjudication of ocean transport claims, Technoserve shall submit a narrative chronology or relevant commentary as follows:-

- where the loss is in excess of \$5,000;
- all documentation shall be in English.

Technoserve may engage an independent surveyor to supervise clearance and delivery of the cargo from customs or port areas and issue delivery survey reports.

Where the cargo is lost or damaged, Technoserve shall provide the names and addresses of individual who were present at the time of discharge and during the survey, who can verify the quantity lost or damaged.

Where bulk grain shipments are made, Technoserve shall obtain the services of an independent surveyor to carry out the following duties:-

- Observe discharge of the cargo;
- Report on discharging method;
- Furnish information as to whether cargo was discharged in accordance with port customs;
- Provide actual or estimated loss quantity of cargo lost during discharge and specify how such losses occurred;
- Obtain copies of port and/or ship records including scale weights, where applicable to show quantity discharged;
- Verify that upon conclusion of discharge, cargo holds are empty;
- Provide to US Department of Agriculture information as to quantity, type and cause of lost or damaged cargo;
- Furnish daily tally totals and any other pertinent information about the bagging of the bulk cargo when cargo is bagged or stacked by vessel interests;

- Notify Technoserve immediately if additional services are necessary to protect cargo interest or if surveyor has reason to believe that the correct quantity was not discharged.

Technoserve shall in case of damage to bulk grain shipments, obtain and provide the same documentation regarding the quality of cargo as stated under 211.8 (a) and (c).

Where shipments arrive in container vans Technoserve shall require the independent surveyor to list the container van numbers and seal numbers shown on the container vans, and indicate whether the seals were intact at the time the container vans were opened and whether the container vans were in anyway damaged. The independent surveyor should observe discharge of container vans from the vessel to ascertain whether any damage to the container van occurred and arrange for surveying the contents of any damaged container vans as they are opened.

Technoserve shall send to US Department of Agriculture copies of all reports and documents pertaining to the discharge of commodities. For surveys arranged by CCC, Technoserve may obtain a copy of the report from the USAID (Ghana) Food for Peace Officer.

CCC will reimburse Technoserve for the cost incurred in it obtaining the services of an independent surveyor to conduct examinations of the cargo and vendor reports. Reimbursement by CCC will be made upon receipt of the survey report and the surveyor's invoice or other documents that establish the survey cost. CCC will not reimburse Technoserve for the costs of only delivery survey, in absence of a discharge survey or for any other survey not taken contemporaneously with the discharge of the vessel, unless such deviation from documentation is justified to CCC.

Claims Against Ocean Carrier

Whether or not title to commodities has transferred from CCC to Technoserve, if AID contracted for Ocean transportation, CCC shall have the right to initiate, prosecute and retain the proceeds of all claims against ocean carriers for cargo loss or damage arising out of shipments of commodities transferred or delivered by CCC hereunder.

Unless otherwise provided in the operational plan or TA, Technoserve shall file notice of any cargo loss or damage with the ocean carrier immediately upon discovery of any such loss or damage; promptly initiate claims against the ocean carrier for cargo costs or damage, take all necessary action to obtain restitution for losses within any applicable periods of limitations and transmit to CCC copies of all such claims.

Technoserve need not file a claim when the cargo loss is not in excess of \$100, or is up to \$300 where Technoserve believes the cost of filing and collecting the claim will exceed the amount of the claim.

Technoserve shall transmit to CCC copies of all claims filed with the ocean carriers for cargo loss or damage, as well as information and/or documentation on shipments when no claim is to be filed. When General Average (proportional of a loss) has been declared, no action will be taken by Technoserve to file or collect claims for loss or damage to commodities.

Value of commodities misused, lost or damaged shall be determined on the basis of the domestic market price at the time of misuse, loss or damage. Where it is not feasible to obtain such price/value the Free on Board (F.OB) or Free Alongside Ship (F.A.S. commercial export price of the commodity at the time and place of export, plus ocean freight charges and other costs incurred by the US Government in making delivery to Technoserve shall be used.

When value is determined on a cost basis, Technoserve may add to the value any provable costs they have incurred prior to the delivery by the ocean carrier. In preparing the claim statement, the costs shall be clearly segregated from costs incurred by the US Government.

With claims other than ocean carrier loss or damage claims, at the request of Technoserve or upon recommendation of USAID (Ghana) A.I.D/Washington may determine that such value may be determined on some other justifiable basis.

When replacement is made the value of commodities misused, lost or damaged shall be their value at the time and place the misuse, loss, or damage occurred and the value of the replacement commodities shall be their value at the time and place the replacement is made.

Amounts collected by Technoserve on claims against ocean carriers not in excess of \$200 shall be retained by it.

On claims in excess of \$200 Technoserve retains the larger of:

- the \$200 plus 10% of the difference between \$200 and the total amount of collected claim, up to \$500.00.
- actual administrative expenses incurred in collection of the claim if approved by CCC.

Collection costs shall not include attorneys fees, fees to agents and the like. In no event will collection costs in excess of the amount collected on the claim be paid by CCC.

- Technoserve may retain from claims recoveries remaining after allowable deductions for administrative expenses of collection, the amount of any special charges, such as handling, packing and insurance costs, which Technoserve has incurred on the cost or damaged commodity and which are included in the claims and paid by the liable party.

Technoserve may redetermine claims on the basis of additional documentation or information, not considered when the claims were originally filed when such documentation or information clearly changes the ocean carrier's liability. Copies of redetermined claims and supporting documentation or information shall be furnished to CCC.

Technoserve may negotiate compromise settlements of claims regardless of the amount hereof, except that proposed compromise claims having value in excess of \$5,000 shall not be accepted until such action has been approved in writing by CCC. When the claim is compromised, Technoserve may retain from the amount collected amounts authorized in paragraph above. When the claim is not in excess of \$600 Technoserve may terminate collection activity on the claim according to standards set forth in Federal claims collection standards 4 C.F.R. 1043. Technoserve shall notify CCC when collection activity is terminated.

All amounts collected in excess of the amounts authorized (in this document) shall be remitted to CCC. For the purposes of the amount to be retained by Technoserve from proceeds of claims filed against ocean carriers, the word "claim" shall refer to the loss and damage to commodities which are shipped on the same voyage of the same vessel to the same port of destination, ineffective of the kinds of commodities shipped or the number of different bills of lading issued by the carrier. If Technoserve is unable to collect a claim or negotiate an acceptable compromise settlement within the applicable period of limitation or any extension thereof granted in writing by the liable party or parties, the rights of Technoserve to the claim shall be assigned to CCC in sufficient time to permit the filing of legal action prior to the expiration of the period of limitation or any extension thereof. Technoserve shall assign its claim rights to CCC upon request.

In the event CCC collects or settles the claim after the rights of Technoserve to the claim have been assigned to CCC, they shall except as shown below, pay to Technoserve the amount the agency or organization would have been entitled to retain had they collected the same amount. However the additional 10% on amounts collected in excess of \$200 will be payable only if CCC determine that reasonable. Efforts were made to collect the claim prior to the assignment, or if payment is deemed to be commensurate with the extra efforts exerted in further documenting claims. In addition, if CCC determines that the documentation requirements above, have not been fulfilled and the lack of such documentation has not been justified to CCC, it reserves the right to deny payment of all allowances to Technoserve.

When Technoserve fails to file claims, or permit claims to become time-basis, or fail to provide for the right of CCC to assert such claims as provided in this section and it is determined by CCC that such failure was due to the fault or negligence of Technoserve, the agency or organization shall be liable to USAID for the cost and freight value of the commodities cost to the program.

If a cargo loss has been incurred on a Technoserve shipment, and general average has been declared, Technoserve shall furnish to CCC with a duplicate to A.I.D/Washington the following:

- a) Copies of booking confirmations and the applicable on-board bill(s) of lading;
- b) The related outturn or survey report(s);
- c) Evidence showing the amount of ocean transportation charges paid to the carrier(s) and
- d) An assignment to CCC of Technoserve's right to the claim(s) for such loss.

CCC assumes responsibility for general average and marine salvage.

Fault of Technoserve in Ghana

If a commodity, monetized proceeds or program income is used for a purpose not permitted under the operational plan or TA or, this regulation, or if Technoserve causes loss or damage to a commodity or monetized proceeds or program income through any act or omission or failure to provide proper storage, care and handling, Technoserve shall pay to the United States the value of commodities, monetized proceeds or program income, lost, damaged, or missed, unless A.I.D determines that such improper distribution or use, or such loss or damage, could not have been prevented by proper exercise of the co-operating sponsor's responsibility under the operational plan or TA and this regulation.

In determining whether there was a proper exercise of Technoserve's responsibility, A.I.D shall consider normal commercial practices in Ghana and the problems associated in Ghana and the problems associated with carrying out programs in developing countries.

Payment by Technoserve shall be made in accordance with paragraph of this section, except USAID (Ghana) may agree to permit Technoserve to replace commodities lost, damaged, or misused with similar commodities of equal value.

Reporting losses to USAID (Ghana)

Technoserve shall provide USAID (Ghana) a quarterly report regarding loss, damage misuse of commodities, monetized proceeds or program income.

The report must be provided within 30 days after the close of the calendar quarter and shall contain the following information (for losses in excess of \$500).

- Who had possession of the commodities;
- Monetized proceeds or program income;
- Who, if anyone, might be responsible for the loss, damage or misuse;
- The kind and quantity of commodities;
- The size and type of containers;
- The time and place of loss, damage or misuse.
- The current location of commodities;
- The program number;
- CCC contract number, if known; if unknown any other identifying numbers printed on the commodity containers;
- Action taken by Technoserve with respect to recovery or disposal; and
- Estimated value of loss, damage or misuse.

Where any of the above information is not available, Technoserve would provide the necessary explanation.

For commodities valued up to \$500 the report shall identify separately the commodity and indicate value of the commodity lost or damaged or misused and the action taken by Technoserve with respect to recovery or disposal, except that Technoserve shall inform USAID (Ghana) if it has reason to believe there is a pattern or trend in the loss, damage or misuse of such commodities and provide information described above for loss of \$500 or more together with such other information available to it.

USAID (Ghana) may require additional information about any commodities lost, damaged or misused.

Information in the quarterly report may be provided in tabular form the extent possible, and the report shall enclose a copy of any claim made by the co-operating sponsor during the reporting period.

If any commodity monetized proceeds or program income is lost or misused under circumstances which give Technoserve reason to believe the loss or misuse has occurred as result of criminal activity, Technoserve shall promptly report these circumstances to the A.I.D Inspector General through USAID (Ghana).

Technoserve shall co-operate fully with any subsequent investigations by the Inspector General.

Handling Claims Proceeds

Claims against ocean carriers shall be collected in US dollars (or in the currency in which freight is paid, or a pro-rate share of each) and shall be remitted (less amounts authorized to be retained) by Technoserve to CCC.

With respect to commodities, claims against Technoserve shall be paid to CCC or A.I.D/Washington in US dollars.

211.10

Records and Reporting Requirements Records

Technoserve and recipient agencies shall maintain records and documents of operations of the program and all transactions on receipt storage, distribution, sale inspection and use of commodities, and to receipt and disbursement of any monetized proceeds and program income.

Records shall be retained for a period of 3 years close of the US fiscal year to which they pertain or longer, upon request by A.I.D for cause, such as in the case of litigation of claim or an audit concerning such records.

Technoserve shall transfer to A.I.D any records or copies thereof, requested by A.I.D.

Reports

Technoserve shall submit copies of audits performed in accordance with section 211.5 (C). In addition it shall submit reports to USAID (Ghana) and to Aid/Washington at least once annually. The reports are:

- a) Periodic summary reports showing receipt, distribution and inventory of commodities and prepared schedule of shipments or calls forward.

- b) Reports relating to generation of monetized proceeds and program income and use of such funds for purposes specified in the operational plan or TA.
- c) Reports relating to progress and problems in the implementation of the program.

Reports shall be submitted in sufficient detail to enable USAID (Ghana) to assess and to make recommendations as to the ability of the Technoserve to effectively plan, manage, control and evaluate the food for peace programs under their administration.

Inspection and audit

Technoserve and recipient agencies shall co-operate with and give reasonable assistance to US Government representatives to enable them at any reasonable time do the following:

- a) examine activities and records of Technoserve, recipient agencies etc. pertaining to receipt, storage, distribution, processing, repackaging, sale and use of commodities by recipients;
- b) inspect commodities in storage, or the facilities used in the handling or storage of commodities;
- c) inspect and audit books and records, including financial books and records and reports pertaining to storage, transportation, processing, repackaging, distribution, sale and use of commodities and pertaining to the deposit and use of any monetized proceeds and program income.
- d) review the overall effectiveness of the program as it relates to the objectives set forth in the operational plan or TA and
- e) examine or audit the procedure and method used in carrying out requirements of regulation.

Termination or Suspension by AID

All or any part of the assistance provided under the program, including commodities in transit, may be terminated or suspended by A.I.D at its discretion if A.I.D/Washington determines that Technoserve has failed to comply with the provisions of the approved operational plan or TA or of this regulation, or that the continuation of such assistance is no longer necessary or desirable.

If A.I.D/Washington believes that circumstances permit, it will provide Technoserve written notice of A.I.D's intention to terminate or suspend Technoserve's program, together with explanation of the reason(s) for A.I.D's action at least 30 days prior to the date indicated in the notice that the program will be terminated or suspended.

Comments provided by Technoserve prior to effective date of the termination or suspension shall be considered by A.I.D/Washington in determining whether to rescind notice.

When a program is terminated or suspended, title to commodities which have been transferred to Technoserve, or monetized proceeds, program income and real or personal property procured with monetized proceeds or program income shall, at written request of USAID (Ghana) be transferred to the US Government by Technoserve. Any excess commodities on hand at the time the program is terminated shall be disposed of in accordance with Section 211.5 or as otherwise instructed by USAID (Ghana).

Where it is determined that any commodity authorized to be supplied under the operational plan or TA is no longer available for food for peace programs, such authorization shall terminate with respect to any commodities which, as of the date of such determination have not been delivered F.O.B. or F.A.S vessel, provides that every effort will be made to give a defined advance notice to prevent Technoserve against unnecessarily booking vessels.

Expiration of programs

When approved programs expire under circumstances other than above, Technoserve shall deposit with the US Disbursing Officer, American Embassy, with instructions to deposit to CCC account also. 20F T 401, any, remaining monetized proceeds or program income, or Technoserve shall obtain A.I.D.'s approval for the use of such monetized proceeds or program income, or real or personal property procured with such proceeds or income for the purposes consistent with those authorized for support from A.I.D.

The Assistant Administrator for food for peace and voluntary assistance, A.I.D. may waive, withdraw or amend, at any time any or all of the provisions of this regulation II if such provision is not statutory and it is determined to be in the best interest of the US Government to do so.

Technoserve on failure to comply with provisions of this regulation or any instructions or procedures issued in connection herewith or any agreements entered pursuant hereto may at the discretion of A.I.D. be suspended or disqualified for further participation in any distribution program.

Reinstatement may be made at the option of A.I.D.

SAMPLE REPORTS & FORMATS

APPENDICES

APPENDIX I

THE TRUST DEED DOCUMENT

TechnoServe Ghana
PL 480, Title II Project
1992-1994 Multi-Year Operational Plan
ATTACHMENT 2

COMMUNITY ENTERPRISE DEVELOPMENT AND INVESTMENT TRUST
(DATED 7TH MARCH 1990)

TRUST DEED AMENDMENT
(DATED 23RD AUGUST 1990)

AMENDING DEED
(DATED 24TH FEBRUARY 1993)

This Indenture TRUST DEED

is made the *7th* day of *March* 1990 BETWEEN TECHNOSERVE INC.

a Corporation incorporated under the laws of the State of New York as a non-profit Corporation having the same status as a Company Limited by Guarantee as defined under the companies code 1963 (Act 179) and duly registered in the Republic of Ghana as an External Company with its office in Ghana situate in the City of Accra (hereinafter referred to as "Technoserve" which expression where the context so admits shall include its successors) and acting by its Country Programme Director of the one part and Country Director PAUL WARMKA of Technoserve, Inc., Accra, Ghana, Administrative Assistant GRACE BEKWEH of Technoserve, Inc., Accra, Ghana, and Programme Accountant ADOLF ERIANDT of Technoserve, Inc., Accra Ghana (all hereinafter collectively referred to as "the Trustees" which expression where the context so admits shall include each and every one of their respective survivors or other of the Trustees for the time being hereunder whether originally appointed hereunder or substituted) of the other part

W H E R E A S:-

1. Technoserve is an International Voluntary Agency incorporated under the laws of the State of New York, United States of America and is defined under the Not-for-Profit Corporation Law as a Corporation not "formed for pecuniary profit or financial gain, and no part of its assets income or profit of the Corporation is distributable to, or inures to the benefit of, its members, directors or officers except to the extent permitted under the Not-for-Profit Corporation Law"
2. Technoserve desires to build a strong team of development experts to provide business management and financial technical skill for the promotion of agricultural industrial and commercial enterprises in Ghana, particularly in its rural areas
3. Technoserve's overall objective is to secure and assist low income people through the process of enterprise education and development with the view to relieving poverty among such people and uplifting their standard of living
4. Technoserve has or is expected to have property and assets including money which may hereinafter be donated devised

bequeathed to the Trustees by Technoserve or other persons
Corporations or Organisations to be held and administered by the
Trustees upon the charitable trusts to be declared and established
hereunder

5. Technoserve wishes to establish in the Republic of Ghana an
irrevocable public trust for the promotion of the above desires
and objective

NOW THIS DEED WITNESSETH and it is hereby agreed and declared as
follows:

- | | | |
|---------------------------|-------|--|
| | 1. | The Trustees agree to act as Trustees of the
Trust |
| ESTABLISHMENT
OF TRUST | 2. | Technoserve hereby establishes an irrevocable
public charitable Trust to be known as
Technoserve Ghana Charitable Trust and constitutes
the Trustees as trustees of the said trust
(hereinafter referred to as "the Trust") |
| | 2.1. | The objects of the Trust are: |
| | 2.1.1 | To serve and assist low income people in Ghana,
particularly those resident in rural areas through
the process of enterprise education and development
with the view to relieving their poverty and
distress and uplifting their welfare and standard
of living |
| | 2.1.2 | To build a strong team of development experts and
field assistants to provide business management
and financial skill for the promotion of
agricultural, industrial and commercial enterprises
in Ghana in general and rural areas in Ghana in
particular |
| | 2.1.3 | Making donations and/or subscription and giving
loans to any society, institution trust organisation
or individuals or any group of individuals |
| | 2.1.4 | Doing all such things as may to the Trustees
unfettered discretion appear to be incidental or
conducive to the attainment of the objectives
aforesaid or any of them |
| TRUST FUND | 3. | Upon the execution of this Deed or as soon as
practicable thereafter Technoserve shall transfer
to the Trustees the sum of 2100,000.00 which shall |

together with the income thereof and other assets hereinafter received by them constitute the Trust Fund

3.1. The Trustees shall have power to accept or decline any property assets or any trust from Technoserve or other persons corporations organisations or institutions for the support or otherwise for the benefit or purpose by way of donation, annual or other subscription or legacy

3.2. It shall be lawful for the Trustees to pay or transfer for the general purposes of the Trust to any person or corporation and organisation which shall undertake to apply the same towards any of the purposes of the Trust as may be determined by the Trustees who shall reasonably ensure its proper use but without the Trustees being responsible or liable for any loss or misapplication thereof

POWER OF
THE TRUSTEES

4. Where any property or assets are vested in the Trustees, they may:

APPLICATION
OF
TRUST FUND

4.1. Apply the whole or any part thereof whether capital, or income

4.1.1 in or towards payment of expenses of the trust;

4.1.2 for or towards all or any of the purposes or objects of the trust aforesaid

4.2. Sell the same or any part thereof and concur in making partition or exchange thereof or any part thereof

INVESTMENT

4.3. Invest any money out of the Trust Fund in any manner whatsoever according to the law for the time being in force; and may from time to time vary such investment

4.4. Invest or lay out the Trust Fund in the purchase at interest of any security or such stocks funds shares or such other investments or property of whatsoever nature and wheresoever situate in Ghana whether involving

liability or not and whether producing income or not or upon such personal credit with or without security as the Trustees shall in their absolute discretion think fit to the intent that the Trustees shall have the same full and unrestricted powers of investing and transposing investments and laying out moneys in all respects as if they were absolutely entitled thereto beneficially

TRUST FOR SALE 4.5.

The Trustees shall hold any real or immovable property comprised in the Trust Fund upon trust to sell the same with power to postpone the sale thereof or of any part thereof for such period as they shall in their discretion think fit and shall hold all other investments comprised in the Trust Fund upon trust in their absolute discretion either to permit the same to remain as invested or sell or convert into money all or any of such investments and upon trust as to money with like discretion to invest the same in their names or under their control in any of the investments hereinafter authorized with power at the like discretion from time to time to vary or transpose any such investments for others of a nature hereby authorized

ACCUMULATION OF INCOME

4.6.

Accumulate any unemployd income by investing the same and the resultory income thereof, but so that such accumulation may at any time be applied for any of the purposes applicable thereto

4.7.

To purchase hire or otherwise acquire any chattels required or likely to be required for the purposes of or in connection with any charitable works for the time being carried on by the Trustees and authorized hereby and to sell or otherwise deal with any such chattels

4.8.

To allow any part of the Trust Fund to be or

remain vested in or to stand or remain standing in the name or names of any nominee or nominees whether or not including the Trustees or any of them without being accountable for any default on the part of any such nominee or nominees

BANK ACCOUNTS

4.9.

From time to time to open and maintain in their joint names or in the names of any of them a banking account or banking accounts at such bank or banks in Ghana as they shall from time to time decide and to place any moneys forming part of the Trust Fund to the credit of such account or accounts or place the same on deposit with any banker or bankers or with any building or investment society or company in Ghana

RULES AND REGULATIONS

4.10.

At any time and from time to time to make such arrangements draw up such schemes and make and frame such bye-laws and rules as they shall in their uncontrolled discretion think fit for the administration of the charitable trusts declared herein and for the management of the Trust Fund or any part thereof and at any time or times to amend alter or repeal any of the said arrangements schemes bye-laws and rules as they shall think fit

EMPLOYMENT OF SECRETARY ETC.

4.11.

From time to time to appoint or employ a secretary and such other officers and employees and such members of a board of advisors as they shall from time to time think fit and to fix the remuneration or wages of such secretary officers and employees and advisors respectively and pay such remuneration and wages from the Trust Fund

4.12.

To promote and procure the incorporation or registration of any company or companies

with or without limitation of the liability of the members thereof to facilitate the carrying out of the charitable trust purposes declared hereunder

4.13. To insure against any loss or damage from any peril any property for the time being forming part of the Trust Fund for any amount and to pay the premium payable in respect thereof out of the Trust Fund or the income thereof

ENGAGEMENT OF AGENTS AND CONSULTANTS

4.14. Instead of acting personally to employ and pay at the expense of the income or capital of the Trust Fund any agent in any part of the world whether attorneys advocates barristers solicitors accountants brokers banks trusts companies or other agents without being responsible for the default of any agent if employed in good faith to transact business or do any act required to be transacted or done in the execution of the trusts hereof including the receipt and payment of moneys and the execution of documents

4.15. To carry on or manage such business or commercial enterprises whether for profit or otherwise as the Trustees determine should be carried on or managed in connection with the trusts hereinbefore declared

POWER TO DELEGATE 5.

The Trustees may from time to time and either expressly or by implication delegate such powers of management as they may think fit over any specified property to managers or other persons in such manner and for such period as the Trustees may think fit Provided that the Trustees shall not be responsible or liable for the acts or omissions of such delegates

ENLARGEMENT OF
TRUSTEES POWERS

6. If in the course of the management or administration of the Trust Fund the Trustees shall consider that any transaction is expedient but the same cannot be effected by reason of the absence of any power for that purpose vested in the Trustees by this Trust Deed or by law the Trustees may by any deed or deeds confer upon themselves or on their nominees either generally or in any particular instance the necessary power for that purpose without the necessity of obtaining an order of the Court provided always that no amendment under this clause shall be made to the Trusts declared in Clause 2 hereof

PROCEEDINGS OF
TRUSTEES

7. The Trustees shall have power to make vary and revoke rules regulating meetings of the Trustees and procedure to be observed at such meetings
- 7.1. The number of the Trustees shall not be more than five nor less than three
- 7.2. No business shall be transacted at any meeting of the Trustees unless a quorum of the Trustees is present
- 7.2.1 Two Trustees shall constitute a quorum
- 7.2.2 Any question submitted to the Trustees shall be decided by a majority of the votes of the Trustees present at such meeting the Chairman shall have a second or casting vote in the event of equality of votes and action or decision of such majority shall be as valid and effectual as if done or made by all the Trustees for the time being
- 7.3. The Trustees shall hold such number of meetings in each year as the Trustees may determine

7.4. The Trustees shall cause minutes of their proceedings to be entered in a book to be kept for the purpose

7.5. The Trustees shall have power to appoint Secretary of the Trust, until such appointment the Financial Manager or Controller of Technoserve shall serve as Secretary of the Trust

ACCOUNTS AND
AUDIT OF
ACCOUNTS

8. The Trustees shall cause proper book of accounts to be kept and shall submit such accounts to annual or more frequent audits by the Technoserve's Auditors or such other Auditors as Technoserve and or the Trustees may appoint

8.1. The cost of the audit and examination shall be paid out of the income of the Trust Fund

8.2. They may if they shall so desire appoint a bank or other financial institution or organisation including Technoserve to invest and administer the moneys held in the Fund according to such written guidelines as shall be stipulated by the Trustees

APPOINTMENT AND
REMOVAL OF
TRUSTEES

9.1. A Trustee ceasing to hold office in or be employed by Technoserve shall cease to be a Trustee and Technoserve may from time to time remove any Trustee from the office of Trustee of the Trust

9.2. The power of appointing new Trustees shall vest in Technoserve which shall have the power of appointing new Trustees in consultation with the Trustees for the time being

TRUSTEES NOT
LIABLE FOR LOSSES

10.1. The Trustees in the exercise of powers conferred upon them hereunder or by law shall not be liable for any loss or damage to the Trust Fund arising by reason of any improper investment made by them in good faith unless such loss or damage shall be caused by any wilful acts or omission or by fraudulent act of the Trustees

10.2. The Trustees shall respectively be indemnified against all liabilities properly incurred by them in the execution of the Trust hereof and shall have a lien on the Trust Fund for such indemnity

REGISTRATION OF TRUST DEED

11.1 Technoserve and the Trustees shall use the best endeavours to register the Trust hereunder under the provisions of the Trustees (Incorporation) Act, 1962 (Act 106)

11.2. The Trustees shall use their best endeavours from time to time to comply with all conditions required by the said Act and make and submit all returns required thereunder

11.3. The Trustees shall provide for the safe custody of the seal of the Trust and the seal shall only be used by the authority of the Trustees and every instrument or document to which the seal shall be affixed shall be signed by a Trustee and countersigned by the Secretary or a second Trustee or some other person appointed by the Trustees for the purpose

AMENDMENT OF TRUST DEED

12.1 It shall be lawful for Technoserve and the Trustees to vary alter or amend any provisions of this Trust Deed Provided that no resolution for the variation alteration or amendment of the Trust Deed shall have the effect of changing the main objects or purposes of the Trust and no such variation, alteration or amendment shall allow return to Technoserve any part of the Trust Fund

12.2 All resolution for the variation, alteration or amendment of the Trust Deed shall be submitted to the Commissioner of

Internal Revenue for his approval

- PROPER LAW 13.1 This Trust Deed shall be construed according to the laws of the Republic of Ghana
- INTERPRETATION 13.2 The power of interpretation and construction and application of any provisions and any rules made by the Trustees under Clause 7 hereof shall be vested in the Trustees and their interpretation and construction shall be final and conclusive

IN WITNESS WHEREOF the parties hereto have caused their respective SEALS to be hereunto affixed the day and year first above written

SIGNED SEALED AND DELIVERED for and on behalf of TECHNOSERVE by PAUL WARMKA in the presence of:-

Jack Meehan

} *Paul Warmka*
Jack Meehan



SIGNED SEALED AND DELIVERED by the said PAUL WARMKA in the presence of:-

Jack Meehan

} *Paul Warmka*
Jack Meehan



SIGNED SEALED AND DELIVERED by the said GRACE BEEWEH in the presence of:-

Egby Dohu

} ~~*Paul Warmka*~~
Egby Dohu



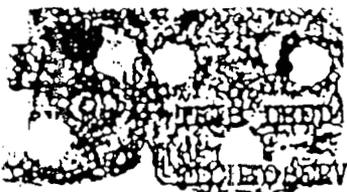
SIGNED SEALED AND DELIVERED by the said

ADOLF BRILANDT in the presence of:-

} *E. J. P. ...*



JOHN WOKLA KWASI HELOO *E. J. P. ...*



WID 0027/98

made the 23rd day of August- 1990 BETWEEN

TECHNOSERVE INC., (hereinafter referred to as "Technoserve")

acting by its Country Programme Director of the one part And PAUL WARMKA Country Programme Director, GRACE E. KWEE, Administrative Assistant, ADOLF BRIANDT, Programme Accountant all of Technoserve Inc., Accra Ghana (all hereinafter collectively referred to as "The Trustees") of the other part

1. SUPPLEMENTAL to the Trust Deed dated the 7th day of March 1990 (hereinafter referred to as "The Trust Deed") wherein Technoserve established an irrevocable Public Charitable Trust W H E R E A S Technoserve and the Trustees by virtue of the Power vested in them by Clause 12 of the Trust Deed are desirous of altering and amending certain provisions of the Trust Deed

NOW THIS DEED WITNESSETH that Technoserve and the Trustees hereby declare that the provisions set out in the Trust Deed are hereby amended by the addition of a Clause 4.16 in the manner following that is to say:-

4.16. "The Trustees shall have power to borrow money from any Bank or Financial Institution for the purpose of the Fund with or without security and to secure the payment thereof by Mortgage or charge over the property or assets of the Fund".

2. S A V E as hereinbefore set out the Trust Deed shall remain in full force and effect as originally drawn up.

IN WITNESS WHEREOF the parties have caused their respective seals to be hereunto affixed the day and year first above written.

SIGNED SEALED and DELIVERED for and on behalf of TECHNOSERVE by PAUL WARMKA in the presence of:-

Augustus Chimbua
P. O. Box 135
Accra.

Paul Warmka
At Chimbua

SIGNED SEALED and DELIVERED by)
the said PAUL WARMKA in the)
presence of:-)

Augustus Chimbuan
P. O. Box 135
Accra

Paul Warmka
Augustus Chimbuan

SIGNED SEALED and DELIVERED by)
the said GRACE BEKWEH in the)
presence of:- GIFTY Doku)

P. O. Box 135
Accra

~~Grace Bekweh~~
Giftu

SIGNED SEALED and DELIVERED by)
the said ADOLF BRIANDT in the)
presence of:- MARY WIREBU)

P. O. Box 135
Accra

Adolf Briandt
Mary Wirebu

1612 442

1612 442

1612 442

A M E N D I N G D E E D

THIS AMENDING DEED made the 24th day of February 1993 BETWEEN
TECHNOSERVE INC. (hereinafter referred to as "Technoserve")
acting by PETER A. REILING its Country Director of the one part
And PETER A. REILING, Country Director, GRACE BEKWEH,
Administrative Officer who was at the time of the execution of
the Principal Deed Administrative Assistant but is now
Administrative Officer, ADOLPH BRIANDT, Project Accounts Advisor
who was at the time of the execution of the Principal Deed
Programme Accountant but is now Project Accounts Advisor all of
Technoserve Inc., Accra Ghana (all hereinafter collectively
referred to as "Trustees") of the other part

SUPPLEMENTAL to the Trust Deed dated the 7th day of March 1990
(hereinafter referred to as "The Trust Deed") under which
Technoserve established an irrevocable Public Charitable Trust
W H E R E A S Technoserve and the Trustees by virtue of and
under the power vested in them by Clause 12.1 of the Trust Deed
are desirous of altering and amending certain provisions of the
Trust Deed

NOW THIS DEED WITNESSETH and it is hereby declared and agreed as
follows:-

1. That the name of the Trust as stated in Clause 2 be and
is hereby changed to "Community Enterprise Development and
Investment (CEDI) Trust"
2. That the Trust Deed be and is hereby amended as follows:-
 - a) By the addition of the following as Clause 1.1 and
1.2
 - 1.1 The Trustees are:-

../2..

i) Those persons who are occupying the following positions in Technoserve:-

Vice President/Africa, Vice President/Finance and Administration, Country Director/Ghana

ii) Four (4) other persons, all Ghanaian citizens drawn from the staff of Technoserve in Ghana to be appointed by the Country Director of Technoserve in Ghana; namely Margaretta Boateng, Director/R. & D., Esther Adjetey, Project Monitoring and Evaluation Advisor, Anthony A. Cobbah, Project Financial Systems Design Advisor and Grace Bekweh Administrative Officer

The appointment of the Trustees under Clause 1.1 (ii) above shall be based on merit rather than by virtue of the position or office held within Technoserve

1.2 Where any Trustee ceases to be a Trustee under Clause 1(i) and 1(ii) above and a new person is appointed or becomes Trustee in his or her place, the trust property shall vest in such new Trustee together with the remaining Trustees

b) By the deletion from Clause 7.1 the word "five" and the substitution therefor the word "seven"

c)(i) By the deletion from Clause 7.2.1 the word "two" and the substitution therefor the word "four" and

(ii) By the addition of the following new sentence "Of the four one of them shall be the Chairman or the person

authorized by the Chairman in writing to act as Chairman"

- d) By the deletion of Clause 7.2.2 and the substitution therefor with the following new Clause 7.2.2

7.2.2 "Any question submitted to the Trustees shall be decided by a majority of the votes of the Trustees present at such meeting. The Chairman shall have a second or casting vote in event of equality of votes, and actions or decision of such majority shall be as valid and effectual as if done or made by all the Trustees for the time being save and except that in respect of the matters set out hereunder, that is to say:-

- i) The variation, alteration or amendment of the Trust Deed under Clause 12.1
- ii) Resolutions for the amendment of any by-laws or rules and regulations made under Clause 4.10
- iii) Resolutions for the amendment of financial policies, arrangements and schemes made under Clause 4.10
- iv) Resolutions for the approval of the Trust's Annual Financial Plan and Operational Budget
- v) Resolutions for the opening of any Trust banking accounts under Clause 4.9
- vi) Resolutions for the approval of any changes in the Trust banking accounts' signatories,

../4..

the decision of the Trustees shall be by unanimous votes of all the Trustees"

e) By the addition of the following new Clause as Clause 7.3.1

7.3.1 "At all meetings the Country Director of Technoserve shall act as Chairman or in his absence such person designated by the Chairman in writing to act as Chairman

3. SAVE as hereinbefore set out the Trust Deed shall remain in full force and effect as originally drawn up

IN WITNESS WHEREOF the parties have caused their respective Seals to be hereunto affixed the day and year first above written

SIGNED SEALED AND DELIVERED for and)
on behalf of TECHNOSERVE by PETER A.)
REILING in the presence of:-)

SIGNED SEALED AND DELIVERED by the)
said PETER A. REILING in the presence)
of:-)

SIGNED SEALED AD DELIVERED by the said)
GRACE BEKWEH in the presence of:-)

ESTHER ADJEYI

SIGNED SEALED AND DELIVERED by the said)
ADOLPH BRIANDT in the presence of:-)

THOMAS AMETRI

NS/2577

DATED _____ 1993

AMENDING DEED

LYNES QUASHIE-IDUN & CO.,
SOLICITORS
KOJO THOMPSON ROAD
ADABRAKA-ACCRA

COMMUNITY ENTERPRISE DEVELOPMENT AND INVESTMENT TRUST

LOAN APPLICATION FORM

(A)

REGIONAL CENTRE:

App #:

DATE:

1. Name of Beneficiary Organisation
2. # of Persons in Bo:
3. Date of Formation:
4. Location and Address:
5. Type of Business:
6. Amount of Loan Requested:
7. Purpose:

(B)

CLIENT APPRAISAL

1. TECHNOLOGY AND INPUTS REQUIRED
2. SUPPLIES

(C)

CLIENT APPRAISAL

FINANCE

1. What is the estimated cost of the project?
2. Means of financing?
3. Is means of financing considered adequate?

MARKET

1. Describe the competition and its effect on the business
2. How is the business to be promoted?

MANAGEMENT

1. Has the group been trained in simple business management, money handling, record keeping, etc.?
2. If yes, which members of the group have been involved?

CREDIT WORTHINESS

1. Has the group benefitted from the projects
loan before? Yes/No

2. If yes, give the following particulars:

Loan granted: Purpose:

Date: Duration:

Repayment Performance:

3. If no, what sources have been used in the past or is
proposed for funding the project?

4. Name and Address of Bankers (if any):

5. What unencumbered asset has the applicant for use on the
project?

6. Is the group enjoying any facility from any Bank/Money
Lender?

7. If yes, give the following particulars:

Amount:

Repayment Pattern:

Name of Bank/Money Lender:

8. Has any action been taken against any member of the group for the recovery of Debt?

Yes/No

9. If yes, give particulars:

10. If no, has the applicant a track record of loan repayment?

COMMUNITY ENTERPRISE DEVELOPMENT AND INVESTMENT TRUST

LOAN AGREEMENT

This Agreement is made this _____ day of _____ between Community Enterprise Development and Investment Trust (hereinafter referred to as the "Lender") and _____ (hereinafter referred to as the "Borrower").

WHEREAS the Borrower (beneficiary organization (s)) operate(s) a business (es) or intends to operate a business (es) as

AND WHEREAS the Borrower has applied to the Lender's Revolving Loan Fund assistance in financing their business; AND WHEREAS the Lender has agreed to provide such assistance to the Borrower on the terms and conditions contained herein, NOW THEREFORE, the parties hereto covenant and agree as follows:

- (1) The Lender agrees to lend to the Borrower and the Borrower agrees to borrow from the Lender, the sum of _____ (hereinafter known as the Loan);

- (2) The Borrower shall apply the proceeds of the loan exclusively for the purpose for which the loan was requested;
- (3) The Borrower shall pay interest at the rate of percent (...%) per annum on the Principal amount of the loan advanced and such interest shall be paid monthly on the principal.
- (4) The Borrower shall repay the principal amount of the loan and the interest payable thereon to the Lender at their office located onstreet, Cantonments, Accra by monthly instalments commencing on _____ and ending on _____ as per the attached repayment schedule.
- (5) That if the borrower defaults in the repayment of the total sum of the loan including interest for three (3) months or more as per the repayment schedules, the Lender shall have the power to:
 - (a) crystalize the lien on the assets of the Borrower and in addition;

- (2) The Guarantee shall apply the proceeds of the loan guaranteed exclusively for the purpose for which the Guarantee was requested.
- (3) The Borrower shall pay a service charge of ten per cent (10%) per annum on the guaranteed amount.
- (4) The Guarantee shall pay the service charge payable thereon to the Guarantor at their offices located onstreet, Cantonments, Accra.
- (5) That if the Guarantee default(s) in the repayment of the sum of the loan including interest guaranteed, the Guarantor shall settle the outstanding amount due. The Guarantor shall have the power to:
 - (a) crystalize the lien on the assets of the Guarantee and in addition,
 - (b) bring legal proceedings against the Guarantee for the recovery of the amount so paid.
- (6) This Agreement shall continue in force until all monies payable hereunder shall have been fully paid in accordance with the terms thereof.

COMMUNITY ENTERPRISE DEVELOPMENT AND INVESTMENT TRUST

GUARANTEE AGREEMENT

This Agreement is made this ____ day of ____ between Community Enterprise Development and Investment Trust (hereinafter referred to as the "GUARANTOR")

and _____ (hereinafter referred to as the "GUARANTEE").

WHEREAS the Guarantee (beneficiary organization (s)) operate(s) a business(es) or intends to operate a business(es) as _____

AND WHEREAS the GUARANTEE has applied to the GUARANTOR assistance in financing their business;

AND WHEREAS the Guarantor has agree to provide such assistance to the Guarantee on the terms and conditions contained herein,

NOW THEREFORE, the parties hereto covenant and agree as follows:

(1) The Guarantor agrees to guarantee a Loan of the Guarantee, the sum of _____ (hereinafter known as the Guarantee)

LOAN DOCUMENTATION

Each loan approved would be assigned a loan account number. This account number contains a series of components enabling the organisation of final reports to be varied.

The components to be used are:

	<u>Component</u>	<u>Digit Range</u>
1.	Region	01 - 10
2.	Beneficiary Organisation	100 - 999

The detailed element of the components are:

Region

Greater Accra	01	Ashanti Region	06
Eastern Region	02	Northern Region	07
Western Region	03	Upper East Region	08
Central Region	04	Volta Region	09
Brong Ahafo Region	05	Upper West Region	10

To use a loan account code as an example, account code 01 -105 would indicate that the loan was:

1. Taken out in Greater Accra Region 01
2. Given to Beneficiary Organisation number 105
(a name may be assigned in additions the number).

The loan code is provided after the loan has been approved.

NAME _____

BO _____

2ND

NAME _____

(Signed/Thumb-printed and marked by within-named

after the contents hereof have first been read and interpreted and explained to Borrower in the _____ language by _____ when they seemed perfectly to have understood same before making their thumb-prints and mark hereto in the presence of _____
_____ 19 ____).

This portion is to be completed only when the borrower cannot understand the language in the which the agreement is written.

(b) bring legal proceedings against the Borrower for the recovery of the amount outstanding due to the Lender.

(6) This Agreement shall continue in force until all monies payable hereunder shall have been fully paid in accordance with the terms thereof.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their names and delivered in

_____ as of the day and year first above written.

(TRUSTEE)

(TRUSTEE)

(TRUST MANAGER)

WITNESS:

BO _____

1ST

IN WITNESS WHEREOF, the parties hereto, acting through their
duly authorized representatives, have caused this Agreement
to be signed in their names and delivered in _____
_____ as of the day and year first above
written.

(TRUSTEE)

(TRUSTEE)

(TRUST MANAGER)

WITNESS:

BO _____

1ST

NAME _____

BO _____

2ND

NAME _____

(Signed/Thumb-printed and marked by within-named _____

after the contents hereof had first been read and interpreted and

explained to Borrower in the _____ language by _____

when they seemed perfectly to have understood same before making their thumb-prints and mark hereto in the presence of

_____ 19_____) .

This portion is to be completed only when the borrower cannot understand the language in which the agreement is written.