

**MINUTES OF THE SECOND ANNUAL GENERAL MEETING OF THE
EASTERN AFRICAN FINE COFFEES ASSOCIATION (EAFCA) HELD
ON FRIDAY 30TH AUGUST, 2002, AT THE KENYA COFFEE
COLLEGE (KCC) LECTURE HALL RIURU, KENYA AT 3:00PM**

Present

See Appendix 1

Agenda

1. Adoption of Agenda
2. Communication from the Chair
3. Review of Previous Minutes & Matters Arising
4. Report From the Secretariat.
5. Audited Accounts
6. Fixing of Next Annual General Meeting
7. Any Other Business

Min. 2002/01: Communication from the Chair

The Chairman called the meeting to order at 3:45 pm and welcomed members to the second Annual General meeting especially those that had come from outside of Kenya.

He informed members that the EAFCA Board of Directors had held their fourth meeting on 28th & 29th August in Riuru, Kenya, ahead of the conference, and AGM and considered several issues including amendment of the Association's Memorandum and Articles of Association, Chapter constitution and EAFCA 5 year Strategic Plan among others. USAID through ACIDI/VOCA was supporting the operation base of the Association and was also supporting the position of a Chief Technical Advisor at the Secretariat. He informed the members about the arrangement that EAFCA had entered into with USAID to implement the Regional Agricultural Trade Expansion Support (RATES) program of the coffee component.

He thanked the Kenyan government and its bodies especially the Coffee Research Foundation and the Coffee Board of Kenya, for the support they gave to make the meeting a success. He also thanked the Executive Director and the Secretariat staff for having kept the "fire burning" despite the challenging situations the Association went through. With the above remarks the Chairman requested the Association's counsel to present the Board's recommended amendments to the Association's Memorandum and Articles of Association and the recommended chapter constitution to the members.

The counsel presented both documents as amended and recommended by the Board for the members' consideration and adoption. After her presentation, the Chairman requested for comments and reactions from members on the two documents. After 5 minutes without any objections or comments the members unanimously adopted the documents. See Appendix 2 and 3 for the two documents.

He then presented the agenda, which was adopted as above.

Min. 2002/02: Review of Previous Minutes & Matters Arising

? Review of Previous Minutes:

The minutes were taken as read.

? Matters Arising:

Min. 2001/04 – Communication of chapter committees to the Secretariat; It was reported that the Chapters communicated their committees as had been agreed;

Min. 2001/05 – EAFCA Membership Development; It was reported that not much membership drive had been done because no activities were on ground due to delayed funding.

Min. 2002/03: Report from the Secretariat

The Executive Director presented a report of activities for period October, 2001 to August, 2002 and the recommended EAFCA's 5 – year strategic plan (2002-2007) by the Board. Both reports were received with thanks and after some discussion were adopted by the members. Full reports are attached as appendix 4 and 5 respectively

Min. 2002/04: Audited Accounts

The Finance and Projects Manager presented the Audited Accounts for period 1st July, 2000 to 30th September, 2001 which had been approved by the Board. The members thanked the Secretariat and the Board for having the Association books of accounts audited and requested them to keep up the good work.

The audit report was unanimously adopted by the meeting. – Full Report Attached in appendix 6.

Min. 2002/05: Fixing of Next Annual General Meeting

The Chairman informed members that the Board had proposed 27th March, 2003 in Addis Ababa, Ethiopia as the date and venue respectively of the 3rd EAFCA AGM. He then invited members' views on the Board proposal. There being no dissenting voice, the date and venue were adopted by the meeting as recommended by the Board.

Min. 2002/06: Any Other Business

a) Presentation by the Private Sector Corporate Governance Trust

The Chief Executive of the Private Sector Corporate Governance Trust made a presentation about corporate governance. The presentation spelt out the latent obligations that managers and policy makers of corporations are supposed to execute, as well as the responsibilities and implications that managers and policy makers of corporations would face if things went wrong in their organisations. He also highlighted the training required to be undertaken by managers and policy makers of corporations to build the required capacities to be able to handle the new challenges of corporate governance.

The members were appreciative of the content in the presentation and promised to enlist Private Sector Corporate Governance Trust services for their organisations in the future. The Chairman thanked the presenter for a very good presentation and Mr. Onchere for recommending the presenter to the EAFCA Board and persuading the Private Sector Corporate Governance Trust to come and make the presentation.

b) Presentation by USAID/REDSO

Mr. Eric Johnson of USAID/REDSO made a presentation on the Global Development Alliance (GDA) support program to EAFCA. He informed members that resources had been secured and arrangements were being made on how the program would do be run, but he added that EAFCA would be deeply involved in the implementation of the coffee activities in the region under the program. He informed members that the GDA funding required to be matched with stakeholders' funding as a condition and he appealed to members to look into the requirement.

The Chairman thanked the presenter for the good news and noted that EAFCA looked forward to working with USAID/REDSO in implementing activities under the GDA support.

There being no other business, the meeting was closed at 4:15pm.

Chairman

Secretary

Appendix 1: SECOUND EAFCA REGIONAL MEETING KENYA COFFEE COLLEGE, RIURU, KENYA FRIDAY - 30TH AUGUST 2002

LIST OF EAFCA MEMBERS

	NAME	DESIGNATION	INSTITUTION	ADDRESS	COUNTRY	TELEPHONE	EMAIL
1	Dann Griffiths	Regional Representative	ACDI/VOCA - EAFCA	Box 7554, Kampala	Uganda	077-470818	voca@imul.com
2	Simeon Onchere	Managing Director	Coffee Board of Kenya	Box 30566, Nairobi	Kenya		
3	Paul Mugambwa	Chairman	EAFCA	Box 1807, Kampala	Uganda	077-700905	pcmugambwa@yahoo.co.uk
4	Fred Kawuma	Executive Director	EAFCA	Box 27405, Kampala	Uganda	256-41-345872	fkawuma@EAFCA .org
5	Arega Worku	Senior Advisor, Ethiopia Coffee & Tea	EAFCA	Box 1006, Addis Ababa	Ethiopia	615608	ethiocoffee@telecom.net
6	James Kibera	Grower	Fairview Estate	Box 13720, Nairobi	Kenya	02-4442481	james@mzima.co.ke
7	T Gitau	Director	Lion Coffee	Box 44450, Nairobi	Kenya	02-246808	titus@alphanet.co.ke
8	Stephen Njukia		Lion Coffee	Box 13941110, Nairobi	Kenya		StephenNjukia@africoline.com
9	Hailu Benti	Copper	OCFCU	Ethiopia A.A.	Ethiopia	506115	cofunion@tel.com.et.net
10	Emmanuel Nkenguruts	Economic Manager	OCIBU	Box 450, Bujumbura	Burundi	0257-223193	ocibude@cbinf.com
11	Ephrem Niyonsaba	Head, Production Dept.	OCIR - CAFE	Box 104, Kigali	Rwanda	574642	niyephrem@yahoo.fr
12	Herment A Mrema	Secretary, EAFCA Tanzania Chapter	Rural Wealth Creator	Box 12365, Arusha	Tanzania	0744-301494	ruweca@tz2000.com
13	Nkenguburundi C	General Manager	SOGESTAL Kayanza	Box 66, Kayanza	Burundi	257-305516, 257256	
14	Francois Nkurunziza	Managing Director	SOGESTAL Kirundo	Box 08, Kirundo	Burundi	257-923317	
15	Laurent Nkurikiye	General Manager	SOGESTAL Mumirwa	B P 1172, Buyo	Burundi	257-217953	sogermu@cni
16	Kagwenubuga E	General Manager	SOGESTAL NGOZI	Box 140, Ngozi	Burundi	257-302218, 302095	
17	Niyungeko T	Copper	SONICOFF	Box 1314, Bujumbura	Burundi	257-225700, 955805	thancirreniyungeko@yahoo.fr
18	Leslie D Omari	Director General	Tanzania Coffee Board	Box 732, Moshi	Tanzania	255-027-27-52324	leslie@kilinet.co.tz
19	Desderi Mboya	Liquorer	Tanzania Coffee Board	Box 732, Moshi	Tanzania	27-51435	
20	J M Nyagah	Assistant Director	Thika Coffee Mills	Box 28035, Nairobi	Kenya	02-224392	
21	S M Kimani		TWC Ltd	Box 49525, Nairobi	Kenya	02-715051	sammy@kenyacoffee.co.ke
22	Uringi O Nathan	Coffee Liquorer	Uganda Coffee Dev. Authority	Box 7267, Kampala	Uganda	0056-41-222173	ucdaqrm@africaonline.co.ug

LIST OF EAFCA MEMBERS

	NAME	DESIGNATION	INSTITUTION	ADDRESS	COUNTRY	TELEPHONE	EMAIL
23	Patrick	Reporter	Associated Press	Box 47590, Nairobi	Kenya	02-723143	
24	Sam Mburu	Liquorer	C Dorman	Box 30147, Nairobi	Kenya	02-720660	mburu@dorman.co.ke
25	Kenneth Atunga	Ag SEO	Coffee Board of Kenya	Box 30566, Nairobi	Kenya	0722-710403	k_atunga@yahoo.com
26	D G Njenga	AGR	Coffee Board of Kenya	Box 612, Kiambu	Kenya	0154-22692	
27	P M Waema	Area Coffee Inspector	Coffee Board of Kenya	Box 50, Kericho	Kenya	0361-20974	

28	Benson Apuoyo	Area Coffee Inspector	Coffee Board of Kenya	Box 14, Muranga	Kenya	0722-321845	Apuoche@yahoo.com.ke
29	Nyamweya C O	Area Coffee Inspector	Coffee Board of Kenya	Box 2036, Meru	Kenya	0164-20741	
30	Kowanga P	Area Coffee Inspector	Coffee Board of Kenya	Box 1114, Kerugoya	Kenya	0722-332573,0163-21299	
31	G M Njagi	Area Coffee Inspector	Coffee Board of Kenya	Box 1911, Nakuru	Kenya	037-212039	
32	Eyahuma Duncan	Area Coffee Inspector	Coffee Board of Kenya	Box 47, Bungoma	Kenya	0337-30381	
33	Kenneth M Guongo	Area Coffee Inspector	Coffee Board of Kenya	Box 881, Machakos	Kenya	0145-21320	
34	George Rimbere	Area Coffee Inspector	Coffee Board of Kenya	Box 341, Chuka	Kenya	0166-30293	
35	Elijah K Tarus	Area Coffee Inspector	Coffee Board of Kenya	Box 896, Kapsabet	Kenya	0326-2395, 2092	
36	Pharice Idewa	Area Coffee Inspector	Coffee Board of Kenya	Box 30566, Nairobi	Kenya	02-332896/7	
37	E T Kabugi	Area Coffee Inspector	Coffee Board of Kenya	Box 283, Maua	Kenya	0164-20741	
38	Cyprian Ipomai	Area Manager	Coffee Board of Kenya	Box 2036, Meru	Kenya	20741 Meru	
39	William O Epaye	Area Manager	Coffee Board of Kenya	Box 3339, Kisii	Kenya	31707	
40	Kandagor D C	Area Manager	Coffee Board of Kenya	Box 4, Kabarnet	Kenya	0328-22088	
41	J K Mutuma	Area Manager	Coffee Board of Kenya	Box 1654, Kakamega	Kenya	0733-585689, 0331-30183	
42	F G Chabari	Board Member	Coffee Board of Kenya	Box 58762, Nairobi	Kenya	0722-663193	
43	Joseph Nguo	Board Member	Coffee Board of Kenya	Box 195, KanjukuThika	Kenya	0722-683271	
44	Simon Mokuua	Board member	Coffee Board of Kenya	Box 2895, Kisii	Kenya	0722-868764, 0733820170	
45	P Kinyua	Board Member	Coffee Board of Kenya	Box 30566, Nairobi	Kenya	02-210206/270	peter@kenyacoffee.com
46	Stephen R Munyi	Board Member	Coffee Board of Kenya	Box 644, Kerugoya	Kenya	0722-332480	
47	D W Mwago	Chairman	Coffee Board of Kenya	Box 30566, Nairobi	Kenya		
48	Enosh Akuma	CBK Hqs	Coffee Board of Kenya	Box 30566, Nairobi	Kenya	02-215891	
49	Esther A Opile	CBK Hqs	Coffee Board of Kenya	Box 30566, Nairobi	Kenya	02-218911	
50	Michael Mungai	CBK Hqs	Coffee Board of Kenya	Box 30566, Nairobi	Kenya	02-218911	
51	Christopher Chege	CBK Hqs	Coffee Board of Kenya	Box 30566, Nairobi	Kenya	02-218911	cmchege@yahoo.com
52	Samuel Muriithi	CBK Thika	Coffee Board of Kenya	Box 3965, Thika	Kenya	0151-21478	
53	Catherine Mulela	Financial Controller	Coffee Board of Kenya	Box 30566, Nairobi	Kenya	0722-715850	cathy@alphanet.co.ke
54	Richard Wahome	Field Officer	Coffee Board of Kenya	Box 1705, Embu	Kenya	0161-30998	
55	Humphrey Kaaria	Liquorer	Coffee Board of Kenya	Box 30566, Nairobi	Kenya	02-332896	hkaaria@yahoo.com
56	E M Makau	P O	Coffee Board of Kenya	Box 30566, Nairobi	Kenya	02-332749	
57	M W Mwangi	PAM	Coffee Board of Kenya	Box 30566, Nairobi	Kenya	0722-521849	
58	B N Gichovi	Publicity	Coffee Board of Kenya	Box 30566, Nairobi	Kenya	02-332896	
59	J K Mbatia	SSO	Coffee Board of Kenya	Box 30566, Nairobi	Kenya	0722-718421	
60	M W Kagiri	Supplies Officer	Coffee Board of Kenya	Box 30566, Nairobi	Kenya	02-332896	
61	Michael Otieno		Coffee Board of Kenya	Box 30566, Nairobi	Kenya	02-332896	
62	George O Adhanja		Coffee Board of Kenya	Box 30566, Nairobi	Kenya	02-332896	
63	E Oduor Agaso	Coffee Liquorer	Coffee Board of Kenya	Box 30566, Nairobi	Kenya	02-218911	eagasso@yahoo.com

64	S K Karumba	Field Services Manager	Coffee Board of Kenya	Box 30566, Nairobi	Kenya	02-332896	
65	Sialah C K	Ag Area Manager, Nakuru	Coffee Board of Kenya (CBK)	Box 1911, Nakuru	Kenya	037-212039	
66	Kiongo Njuguna	Chairman	Coffee Research Foundation	Box 165, Ruiru	Kenya	0722-731213	
67	Kimemia Joseph K	Agronomy Section	Coffee Research Foundation	Box 4, Ruiru	Kenya	0151-55631, 54631	crf@kenyaweb.com
68	Dr M P H Gathaara	Director of Research	Coffee Research Foundation	Box 4, Ruiru	Kenya	0151-54239,55631	crf@kenyaweb.com
69	Wamatu J N	Head, Breeding	Coffee Research Foundation	Box 4, Ruiru	Kenya	0151-54631,55631	Wamatujn@yahoo.com
70	J N Mburu	Head, Chemistry	Coffee Research Foundation	Box 4, Ruiru	Kenya	0151-54631,55631	mburujn2001@yahoo.com
71	K T K Gitonga	Head, Economics	Coffee Research Foundation	Box 4, Ruiru	Kenya	0151-54631,55631	ktkgitonga@avu.org
72	H M Mugo	Head, Entomology	Coffee Research Foundation	Box 4, Ruiru	Kenya	0151-54631,55631	mugohmu@yahoo.com
73	Dr G M Kairu	Head, Pathology	Coffee Research Foundation	Box 4, Ruiru	Kenya	0151-54631,55631	crf@kenyaweb.com
74	Kahia W J	Head, Physiology	Coffee Research Foundation	Box 4, Ruiru	Kenya	0151-54631,55631	Jakahi@yahoo.co.uk
75	L W Njeru (Mrs)	Head, Research Liaison	Coffee Research Foundatbn	Box 4, Ruiru	Kenya	0151-54631,55631	njerulouise@yahoo.com
76	M K Nyaga	Principal, Kenya Coffee College	Coffee Research Foundation	Box 4, Ruiru	Kenya	0151-55281, 54631, 55631	crf@kenyaweb.com
77	Beth Muchiri	Secretary/Typesetter	Coffee Research Foundatbn	Box 4, Ruiru	Kenya	0151-55281, 54631, 55631	bethmuchiri@avu.org
78	Njeru N D	Training Manager	Coffee Research Foundation	Box 4, Ruiru	Kenya	0151-55281	
79	Chianda Z K	Chief Manager, Coops	Cooperative Bank of Kenya	Box 48231, Nairobi	Kenya	02-251290	Zchianda@co-opbank.co.ke
80	David Luzige	BPA	EAFCA	Box 27405, Kampala	Uganda	256-41-345872	dluzige@eafca.org
81	R W Nsibirwa	Fin & RI/C Manager	EAFCA	Box 27405, Kampala	Uganda	345872	rwnsibirwa@EAFCA.org
82	Irene Makumbi	Advocate	EAFCA	Box 6497, Kampala	Uganda	077-405613	mak_un@yahoo.com
83	John C Irungu	Director	Emaphil Coffee	Box 50372, Nairobi	Kenya	0722-410341	jcheker6@email.com
84		Chairman	Gakundu FCS	Box 189, Manyatta	Kenya	0161-53039	
85	M H Ngutu	Chief Executive Officer	Growth-Tech Ltd	Box 28833, Nairobi	Kenya	0722-888072, 0722-828025/6	growth62@hotmail.com
86	Kasujaa	Journalist	HANA	Box 7420-00100, Nairobi	Kenya	0722-834914	konyonyi@yahoo.com
87	Elizabeth Kahiga	Information Specialist	KARI	Box 57811, Nairobi	Kenya	02-583301-20	Elizabethk@kari.org
88	J N Karuru	Liquorer	Kenya Planters Coop Union	Box 72309, Nairobi	Kenya	02-210288	JNkaruru@yahoo.ca
89	Bernard Mwaniki	Chairman	Kibugu FCS	Box 2004, Embu	Kenya	0161-20432	
90	J J Gichuki	Deputy Director	Ministry of Agriculture	Box 30028, Nairobi	Kenya	02-718870	
91	H M Mwangi	Deputy Registrar	Ministry of Agriculture	Box 30547, Nairobi	Kenya	02-244664	
92	B M Mbilu	DAL&EO	Ministry of Agriculture	Box 32, Embu	Kenya	0161-20270	daleoebu@salphaco.ke
93	Hon J D M Lotodo	Assistant Minister	Ministry of Agriculture	Box 30028, Nairobi	Kenya	02-718870	
94	Chris Mburu	Business Writer	Nation Media Group	Box 38654, Nairobi	Kenya	02-32088414, 0733641244	cmburu@nation.co.ke
95	Bahizi Jean	Copper	OCIR - CAFE	Box 104, Kigali	Rwanda	250-575398	OCIRCAFE@Rwandacom.
96	Stephen Mbogo	Journalist	Panapress.com All African News Agency	Box 1897-00200, Nairobi	Kenya	0733-517677	stevembogo@hotmail.com
97	Francis Ochieng	Journalist	People Daily	Box 10296-00100, Nairobi	Kenya	0722-359493	ochieng_francis@yahoo.com

98	A M Mwangi	Coffee Dealer	Raki Investments	Box 51120, Nairobi	Kenya	02-767678	
99	Lamtech A Mbogo	Treasurer	Rianjagi FCS	Box 214, Embu	Kenya	0161-20555	
100	Alan Finney		Rwanda Coffee Processors	B.P. 1748, Kigali	Rwanda		
101	Mbabazi Charlotte	General Manager	Seven Lakes Trading Coffee Factory	Box 4773, Kigali	Rwanda	250-571798	seven_lakes@hotmail.com
102	J N Kanampiu	Chief Liquorer	SOCFINAF	Box 10, Ruiru	Kenya	0151-54433	JKNgochi@yahoo.com
103	Muriuki Ndwiga	Chairman	Thambana FCS	Box 1401	Kenya	53443	
104	Eric Johnson	Economist	USAID		Kenya	02-862600	crjohnson@usaid.gov

THE COMPANIES ACT (CAP .85)

**COMPANY LIMITED BY GUARANTEE AND
WITHOUT A SHARE CAPITAL**

AMENDED

MEMORANDUM AND ARTICLES OF ASSOCIATION

OF

EASTERN AFRICAN FINE COFFEES ASSOCIATION (EAFCA)

THE COMPANIES ACT (CAP .85)

COMPANY LIMITED BY GUARANTEE AND WITHOUT A SHARE CAPITAL

**MEMORANDUM OF ASSOCIATION
OF
EASTERN AFRICAN FINE COFFEES ASSOCIATION (EAFCA)**

1. The name of the Company is **EASTERN AFRICAN FINE COFFEES ASSOCIATION (EAFCA)**
2. The Registered office of the Association will be situated in the Republic of Uganda.
"We, the coffee growers, millers, scientists, agents, brokers, auctioneers, exporters, importers, roasters, retailers, professionals and other affiliated organizations and trade associations have joined together to form an Association aimed at achieving the objects listed below".

OBJECTS

3. The purpose of the Association is to establish and promote a network amongst those participating and having an interest in quality coffee production, processing, and marketing in the Eastern Africa coffee growing regions, and to undertake by all lawful means the following:-
 - 3.1 To assist small holders and smallholder producer organisations to increase the quality and value of their coffee production.
 - 3.2 To engage in promoting the production, processing, consumption and export of the finest quality coffee in Eastern Africa.
 - 3.3 To promote sustainable production systems involving coffee and other tree crops in Eastern Africa.
 - 3.4 To develop a network for exchanging information through education and training for professional and other participants of the coffee industry in Eastern Africa, and beyond, who share commitment to the production, processing, exporting and consumption of fine quality coffee.
 - 3.5 To develop a strong, needs driven and market oriented regional organisation with activities organised, where possible, through coffee zones or national chapters.
 - 3.6 To encourage the spirit of regional co-operation in the coffee industry and enhance the unified and unique character of the Eastern African coffee industry.
 - 3.7 To open membership of the Association to the private sector associations, state regulatory bodies, growers association, individuals and organisations, who share common interests, in fine coffee qualities and excellence, in the wide coffee world.
 - 3.8 To liaise with any organisations on matters relating to the promotion of the fine coffee industry, to inform all members of all such development, and to facilitate joint activities where considered appropriate.
 - 3.9 To liaise with other coffee organisations and associations in the wider coffee world and improve linkages within the global coffee market.
 - 3.10 To encourage sound business and professional practice, consciousness to the environment, and social and socio-economic issues related to the industry.
 - 3.11 To provide arbitration services designed to provide expert and expedient settlement of coffee related disputes amongst the members and persons involved in coffee trading in the region.
 - 3.12 To provide technical advise, consultation services, advice or any other services, as may be incidental in furthering the principal objects of the Association.
 - 3.13 To manage or co-ordinate any projects or programmes aimed at the development or promotion of coffee and other tree crops in the Eastern African region.
 - 3.14 Borrow or raise money to carry out the objectives of the Association, which shall be applied for that purpose. The Association shall not borrow amounts that exceed the total funds at hand, and, the Board shall determine any borrowing transactions.
 - 3.15 To obtain affiliation to regional and international bodies and institutions and to enter into memoranda of understanding, agreements or any other kind of activities aimed at achieving the objects of the Association.
 - 3.16 To set up trusts, endowments and companies aimed at promoting the objectives of the Association.
 - 3.17 To enter into partnership or any other arrangements for sharing profits, union of interest, cooperation, reception in concerns or otherwise with any person or person firm or firms or Association or cooperation carrying on or engaged in any business or transactions which the Association may deem

capable of being conveniently carried on in connection with the above or calculated directly or indirectly or enhance the value of or render profitable any or the Association's property and/or whereby the Association would be benefited.

- 3.18 To invest the moneys of the Association not immediately required for its purpose in such investments or property as may be thought fit.
- 3.19 To carry out additional activities as may be deemed incidental or conducive to the attainment of the above objects or any of them.

Provided that: -

The Association is a non-profit organisation and it shall not engage in any activity, which is inconsistent with the public interest or with any laws enacted by the Government of Uganda.

4. The income of the association shall be applied solely towards the promotion of the objects of the Association as set forth in this memorandum of Association.

5. THE LIABILITY OF THE MEMBERS IS LIMITED

Every member of the Association undertakes to contribute to the assets of the Association in the event of the same to be wound up while the person is still a member, for payment of the debts and liabilities of the Association contracted before he/it ceases to be a member such amounts as may be required but not exceeding:-

- i) In the case of individual members Ugshs. 1,000/=
- ii) In the case of Organisations Ugshs. 2,000/=

We, the several persons whose, names, addresses and descriptions are hereunto subscribed are desirous of being formed into an Association in pursuance of this Memorandum of Association.

NOS	NAME, POSTAL ADDRESS OF SUBSCRIBERS	SIGNATURES OF SUBSCRIBERS
1		
2		
3		

DATED AT KAMPALA, THIS day of July 2000

WITNESS TO THE ABOVE SIGNATURES:

SIGNATURE:.....

NAME IN FULL: IRENE MAKUMBI
OCCUPATION: ADVOCATE
ADDRESS: P.O.BOX 6497 KAMPALA, UGANDA

THE COMPANIES ACT (CAP. 85)

.....
COMPANY LIMITED BY GUARANTEE AND WITHOUT A SHARE CAPITAL
.....

ARTICLES OF ASSOCIATION
OF
EASTERN AFRICAN FINE COFFEES ASSOCIATION (EAFCA)

1. APPLICATION OF TABLE "C"

The regulations in Table "C" in the First Schedule to the Companies Act Cap. 85 shall apply to the Association in so far as the same are not varied by or reproduced in these articles.

2. INTERPRETATION

In these articles if not inconsistent with the subject or objects the words standing in the first column of the following Table shall bear the meanings set opposite them respectively in the second column thereof.

<u>WORDS:</u>	<u>MEANINGS:</u>
The Act	... The Companies Act Cap. 85.
The Association	... Eastern African Fine Coffees Association (EAFCA)
These Articles	... These Articles of Association as originally framed or as from time to time altered by special resolution.
The office	... The registered office of the Association.
The Seal	... The Common Seal of the Association.

Save as aforesaid any words or expressions defined in the statutes shall bear the same meaning in the articles. The words importing the singular shall include the plural, words importing the masculine gender shall include females, and words importing persons shall include bodies corporate.

3. **Office [Headquarters]: -**

The Association shall establish and maintain a permanent address in Uganda, Kampala which, shall be the headquarters of the Association.

EAFCA may also open offices in foreign countries, for operational efficiency.

4. **Membership: -**

4.1 Membership shall be open to all organisations, individuals, sole proprietors, business firms, trade associations, growers associations, coffee boards, coffee authorities, coffee research centres, roasters, roaster – retailers, consumer groups, and regulatory bodies involved in coffee matters within Eastern Africa and the sub regions in Africa.

4.2 There shall be two categories of membership:

- Corporate membership
- Individual membership

EAFCA may introduce different categories of membership, if it so desires.

5. **Restrictions against Commitments: -**

Notwithstanding any general or specific powers granted to EAFCA by its charter, bylaws, Certificate of Incorporation, or the general Corporation Laws of Uganda, EAFCA shall not incur obligation or assume commitment, which involve the incurring of monetary liability or charges, to an amount exceeding the total of funds on hand, plus accrued receivables, and dues payable during that coffee year, at the rate then in effect.

6. **Auctions and other Market Improvements: -**

EAFCA will promote and engage in the development, establishment and implementation of modern, regional marketing infrastructure, in order to, amongst other things: -

- Increase the purchasing power of coffee growers
- Increase accessibility of the fine coffees from the region by buyers
- Promote the rewarding of coffee quality with premium prices
- Improve accountability, transparency and professionalism

7. **Restriction against profit and activities inconsistent with public interest**

7.1 EAFCA is a non-profit and non-political organisation. Moreover, no activity of the Association shall be conducted for the political, monetary or financial profit or gain of any of its members.

7.2 EAFCA shall not engage in any activity that is inconsistent with the public interest or with any laws of any participating country.

8. **Use of the Association's name and LOGO or SEAL**

There shall be a common seal bearing the name "Eastern African Fine Coffees Association".

The use of EAFCA's name and LOGO by a member is by permission only. The Board of Directors of EAFCA reserves the rights to amend withhold or withdraw permission as it sees fit.

9. Eligible voting members

- 9.1. All members who have paid in full, their dues for the current fiscal year, and who have no arrears, shall be deemed to be eligible voting members of EAFCA.
- 9.2. Each fully paid up member, regardless of category, will be entitled to only one vote.
- 9.3. Voting through a proxy is permitted.
- 9.3.1 The appointment of a proxy should be in writing and a copy should be sent to the Secretariat.
- 9.4. Any members may resign from EAFCA by giving written notice to the Board of Directors.
- 9.5. Any member, who has not paid his/her dues within six months of the due date, will be deemed to have resigned.
- 9.6. These bylaws constitute a binding legal agreement between EAFCA and its members. It may be supplemented by amendments or additions approved by the majority of the membership, on recommendation of the Board of Directors.
- 9.7. Each member of EAFCA agrees to be bound by these bylaws and any amendments thereto, and by the lawful action of the Board of Directors, or voting members of the Association.
- 9.7. Members absent during a meeting that requires a decision by vote, may provide their decision through electronic communication and/or through ordinary mail prior to the date of the meeting.

10. Meetings of the membership

- 10.1. EAFCA will hold an Annual General Meeting at a time and place chosen by the Board of Directors.
- 10.2. All general meetings other than Annual General meetings shall be called Extra-Ordinary General meetings. Such meetings may be called at the request of one-third of the membership or whenever the Board of Directors directs.
- 10.3. A Chapter and other committee groups are encouraged to meet at their convenience, throughout the year, at any place of their choice.
- 10.4. Quorum at member meetings.
One quarter of voting members shall constitute a quorum for transaction of the business at the General meetings.

11. ORDER AND PROCEDURE

The order and procedure of conducting the business of the Association shall be determined by the membership.

12. Annual dues

- 12.1. The Board of Directors, working through a special finance committee, may, from time to time, determine the annual dues payable, in USA dollars, to EAFCA by its members. The Board of Directors may designate the dues as payable on a coffee year or any other basis.
- 12.2. The Board of Directors may propose for approval by the eligible-voting members, a special assignment in excess of the annual dues, if needed to fund special purpose or projects.

13. Board of Directors

- 13.1. There will be a maximum of nine [9] directors elected every two years, by name, who shall represent all categories of membership, and a reasonable number coffee zones of Eastern Africa. The number of Directors may be increased at the discretion of the Board.
- 13.2. Director can stand for re-election.
- 13.3. The directors will elect from amongst themselves a chairman, vice chairman, and treasurer, except that the vice chairman automatically succeeds to the Chairmanship, unless he or she fails to get re-elected the Board, in which case, the incoming Board will elect a new chairman. The term of all these positions is two years. The Executive Director shall serve as the Board Secretary.. The term of all these positions is two years.
- 13.4. No director may serve more than two successive terms in any of the above named positions.

13.5 Any vacancies on the Board of Directors occurring between the elections shall be filled by appointment made by a majority vote of the Board of Directors. Any such elections shall expire at the next elections.

13.6 In the event any Director is unable to attend a Board meeting, the Director shall appoint an alternate director to represent him/her at the Board meeting.

14. Removal/disqualification of Directors

A Director shall be removed or disqualified on the following grounds:

a) Engages in activities, which are outside the objects of the Association.

b) becomes of unsound mind; or

c) resigns his office by notice in writing to the Association,

d) is voted out by a two third majority for misconduct or other reason that does not promote the activities of the Association.

e) On failure to attend two consecutive Board Meetings.

15. FISCAL YEAR

15.1 EAFCA shall have a fiscal year, which is the same as a coffee year.

15.2 A coffee year starts on 1st of October and ends on 30th of September

15.3 The USA dollar shall be the official unit of account.

16. AUDIT

A full financial audit of the operations of the Association shall be conducted on an annual basis by an independent accounting firm recommended by the Board and approved by the members at a general meeting.

16.1 The Board of Directors shall appoint a competent audit firm on an annual basis.

17. THE SECRETARIAT

17.1 The Board of Directors shall appoint an Executive Director, herein also referred to as the ED, to serve as the Chief Executive Officer of the Association and as the Secretary to the Board.

17.2 The ED shall serve for a period of four years, with a possibility of renewing the same, for a further one term only.

17.3 No ED shall serve the EAFCA for a contiguous period in excess of eight years.

17.4 The ED shall be the Chief Executive officer of the Association. He or she shall appoint senior staff in accordance with regulations prevailing in the host country, and / or established by the EAFCA Board..

17.5 A mandatory retirement age of sixty years shall be taken into consideration in hiring staff of all categories.

17.6 In the performance of their duties, the ED and the staff shall not seek or receive instructions from any member, members or any authority external to the Association. They shall also refrain from any action, which might reflect badly on their position as officials responsible only to the Association.

18. INDEMNIFICATION

18.1 To the fullest extent permitted by the Laws of the host country , EAFCA shall indemnify and hold harmless, all agents, against claims arising out of any alleged or actual action taken in good faith, in the performance of their duties. Agents, for this purpose shall include directors, officers, committee members and employees.

18.1 EAFCA shall have the right to purchase and maintain insurance to the fullest extent permitted by Law, on behalf of its agents, against any liability asserted or incurred by the agent, in such capacity, arising out of the agent's status as such.

18.2 In any event, the personal liability of members of the Association, for any debts or obligations of EAFCA shall be limited to amount set out in the Memorandum of association.

19. COMMITTEES

The Board shall appoint committees to carry out such tasks as may be agreed upon by the Board and shall report to the General meeting on the performance of such committees.

Each Committee shall agree on its terms of reference, which shall be approved by the Board.

20. ARBITRATION

Any dispute between or involving any members of the Association shall be referred to an independent arbitrator(s) agreed upon by the parties. The parties may appeal against the arbitrator’s decision in a court of law.

21. AMENDMENT OF MEMORANDUM AND ARTICLE S OF ASSOCIATION

The memorandum and articles of association may be amended in whole or in part by the vote of at least one half of the members entitled to vote thereon.

We, the several persons whose names and addresses are subscribed are desirous of being formed into an Association in pursuance of these Articles of Association.

NOS	NAME, POSTAL ADDRESS OF SUBSCRIBERS	SIGNATURES OF SUBSCRIBERS
1		
2		

DATED AT KAMPALA, THIS day of July 2000

WITNESS TO THE ABOVE SIGNATURES:

SIGNATURE:.....

NAME IN FULL: IRENE MAKUMBI

OCCUPATION: ADVOCATE

ADDRESS: P.O.BOX 6497 KAMPALA, UGANDA

THE CONSTITUTION

OF

.....COUNTRY CHAPTER OF EAFCA

CHAPTER ONE

ESTABLISHMENT

1. There is hereby established an organisation to be known as EAFCA Chapter.
2. (a) The organisation is a country chapter of the Eastern African Fine Coffees Association (EAFCA) and shall be registered in accordance to the laws of the country.
 - (b) The organisation shall be the link between its members, EAFCA and the other country chapters of EAFCA in the region.
 - (c) The organisation may be affiliated to such bodies, governmental and non-governmental, national and international, with similar objectives.
 - (d) The Organisation shall be a non profit body.
 - (e) The Organisation shall be non-partisan and shall keep within its mandate in accordance with the provisions of this Constitution and the memorandum and Articles of Association of EAFCA.
 - (f) The Organisation shall be governed by this Constitution and such other rules and regulations made hereunder.

CHAPTER TWO

REGISTERED OFFICE

- (a) The registered office of the Organisation will be situated in

CHAPTER THREE

OBJECTIVES

3. The objectives of the organisation shall be as follows:
 - (a) To establish and promote a network amongst those participating and having an interest in quality coffee production, processing, and marketing in high quality African coffee growing sub regions, and to undertake by all lawful means the following:-
 - (b) To engage in promoting the production, processing, consumption and export of the finest quality coffee in Eastern Africa and the sub regions in Africa.
 - (c) To promote sustainable production systems involving coffee and other tree crops in Eastern Africa and the sub regions in Africa.
 - (d) To develop a network for exchanging information through education and training for professional and other participants of the coffee industry in Eastern Africa, and beyond, who share commitment to the production, processing, exporting and consumption of fine quality coffee.
 - (e) To develop a strong, needs driven and market oriented regional organisation with activities organised, where possible, through coffee zones or national chapters.
 - (f) To encourage the spirit of regional co-operation in the coffee industry and enhance the unified and unique character of the Eastern African coffee industry.
 - (g) To open membership of the Association to the private sector associations, state regulatory bodies, growers association, individuals and organisations, who share common interests, in fine coffee qualities and excellence, in the wide coffee world.
 - (h) To liase with any organisations on matters relating to the promotion of the fine coffee industry, to inform all members of all such development, and to facilitate joint activities where considered appropriate.
 - (i) To liase with other coffee organisations and associations in the wider coffee world and improve linkages within the global coffee market.
 - (j) To encourage sound business and professional practice, consciousness to the environment, and social and socio-economic issues related to the industry.

- (k) To provide arbitration services designed to provide expert and expedient settlement of coffee related disputes amongst the members and persons involved in coffee trading in the region.
- (l) To provide technical advise, consultation services, advice or any other services as may be incidental in furthering the principal objects of the Association.
- (n) To manage or co-ordinate any projects or programmes aimed at the development or promotion of coffee and other tree crops in the Eastern African regions.
- (m) To carry out additional activities or engage in such projects, as may be deemed necessary and expedient for the promotion and advancement of the objectives of the Organisation.

CHAPTER FOUR

MEMBERSHIP

- 4. Membership to every EAFCA Country Chapter shall be open only to individuals and corporate institutions that are members of EAFCA.
Any EAFCA member in the region shall automatically become a member of any EAFCA Country Chapter of their country of residence.
- 5. Members of the Country Chapter promote EAFCA activities in that country and promote the recruitment of members. Membership recruitment shall be carried out by the EAFCA, and members of country chapters may recommend such recruitment.

Categories of membership

- 6. The organisation shall have two categories of membership namely:
 - a) Corporate membership
 - b) Individual membership

Membership fees

- (a) Membership fees shall be payable every year to the EAFCA Secretariat.
- (a) On the payment of fees to the EAFCA Secretariat, members of the Country Chapter shall not be subjected to any further payment of such fees under this Constitution.

Obligations and Duties of members

- (a) To ensure the co-ordination and the implementation of EAFCA Secretariat activities at country level
 - (b) To identify projects and potential areas of cooperation with the various stakeholders within the country and solicit for support from EAFCA Secretariat.
 - (c) To facilitate the implementation and monitoring of approved EAFCA Secretariat/Board activities at the country level.
 - (d) To disseminate information on the sustainable tree crops program and activities.
 - (e) To seek for support from the local and foreign sources of funding for the country programmes.
 - (f) To review annual reports on activities within the country produced by the Chapter's activity coordinator(s).
 - (g) It shall be the duty of every member to uphold and promote the objectives of the Organisation.
 - (h) Every member shall comply with the provisions of the Constitution.
 - (i) Every member shall meet all financial obligations as shall from time to time be determined by the EAFCA Secretariat.
 - (j) Every member shall endeavor to participate in the activities of the Organisation, which they may be eligible to participate in.
- 7. Suspension and termination of a member shall be conducted in accordance to the memorandum and articles of association of EAFCA.

CHAPTER FIVE

ORGANS OF THE ORGANISATION

8. The organisation will be composed of the following organs:
 - a) The General Assembly
 - b) Executive Committee
 - c) The Secretariat

9.
 - a) The Organisation shall have an Executive Committee which shall comprise of not less than seven members.

 - b) The composition of the Executive Committee shall include:
 - i) the Chairperson
 - ii) the Vice Chairperson
 - iii) the Treasurer
 - iv) Secretary
 - v) Regional representatives.

The head of the Secretariat shall be an ex-officio on the committee.

- c) The General Assembly will elect their representatives to the Executive Committee.
- d) Each Committee shall agree on its terms of reference that shall be approved by the Board.

Tenure of office

10. The members are eligible to serve on the Executive Committee for two years provided that they shall be eligible for re-election.

Functions of the Executive Committee

11. The Organisation shall be governed by an Executive Committee, which shall exercise all such powers and do all such things as may be necessary for the effective running of the Organisation.

12. The Executive Committee shall perform the following roles:
 - a) shall initiate and cause to be executed the policies, programmes, rules and regulations of the Organisation and where appropriate through committees as shall be designed for the performance of the objectives of the Organisation.
 - b) Shall recommend the appointment of a coordinator.
 - c) Shall give overall guidance to and supervise the administration of the Chapter activities and programmes.
 - d) Shall prepare and present annual programmatic and financial reports for presentation to the General Assembly
 - e) Ensure the coordination of the coffee sector activities with the programmes of the members and member organizations.
 - f) Shall recommend to the General Assembly the Auditors of the Organization.

13. The Executive committee shall meet at least once every quarter.

Coordination of Chapter Activities

14. The Executive Committee shall in consultation with the General Assembly designate one of the member organisations of EAFCA (hereinafter referred to as the Host Institution) to provide secretariat services to the Country Chapter.

15. The Executive committee shall on behalf of the General Assembly enter into an agreement (Host Institution agreement) with the designated Host institution.

16. The Organisation shall have a General Assembly, which shall be the supreme governing body of the Organisation.

Meetings

17. The General Assembly meetings shall comprise of the following:

a) Annual meetings.

- ✍ An annual meeting shall be held once a year at such time and place as may be determined by the Executive Committee.
- ✍ A written notice of not less than thirty (30) days shall be circulated in advance in respect of the meeting and shall specify the agenda.
- ✍ For all purposes, the quorum at all Annual meeting shall be one half of eligible members.

b) Extra- Ordinary meetings

- ✍ The Executive Committee may on its own motion or upon receiving a written demand by one- third of the members of the organisation, summon an Extra Ordinary meeting for purposes of discussing urgent matters relating to the affairs of the organisation.
- ✍ A written notice of not less than 21 (twenty-one) days shall be circulated in advance in respect of Extra Ordinary meetings.
- ✍ The quorum at such meetings shall be one-third of members.

CHAPTER SIX

FINANCES

18. The finances of the organisation shall consist of the following:

- a) Grants from the EAFCA Secretariat.
- b) Any financial contribution from members
- c) Donations or grants from donors, government agencies and other institutions.
- d) Monies realised through fundraising drives.

20. Any such funds raised shall be held on behalf of the Country Chapter by the Host institution in accordance with the Host Institution Agreement and such other guidance as may be provided from time to time by the Executive committee.

21. The Organisation shall keep in a proper manner and shall periodically update its books and records.

22. A financial audit of the operations of the Organisation shall be conducted on an annual basis by an independent accounting firm.

CHAPTER SEVEN

SETTLEMENT OF DISPUTES

23. Any dispute that arises within the organisation shall be addressed by the relevant structures established within the organisation.

24. Where the organisation fails to settle the dispute, it shall be resolved through arbitration in accordance to the national laws. The parties shall chose one or more arbitrators.

CHAPTER EIGHT

RULES AND REGULATIONS

- 25. The Executive Committee shall make such rules and regulations which are consistent with the provisions of the Constitution and the memorandum and articles of Association of EAFCA.
- 26. Such rules and regulations shall be subject to the approval of the General Assembly.

CHAPTER NINE

AMENDMENT

- 27. This Constitution or any part thereof may be amended by the General Assembly upon passing a special resolution to that effect supported by one-half of the members present and voting.

CHAPTER TEN

MISCELLANEOUS

- 26. All matters, which are not specifically provided for in this Constitution, shall be dealt with in accordance with the powers vested in the Executive Committee and General Assembly.

No.	NAME	SIGNATURE

REPORT FROM THE EAFCA SECRETARIAT (FOR PERIOD OCT 2001- AUG 2002).

This report from the EAFCA secretariat covers the period from October 2001 to August 2002. It contains a summary of activities over the 11-month period, and is categorized under five headings.

Strengthening of the EAFCA Secretariat & Institutional Development

1. The Executive Director was invited to participate in a USAID Consultative Workshop titled “Future Opportunities for Rural Africa” on 26-27 November 2001, in Washington, DC. The Executive Director (ED) was invited to make a presentation on EAFCA, which was well received. The workshop went into details of examining the past failures in the area of agricultural policy in Africa and what donor interventions might help to supplement the efforts of Governments in Africa. A presentation was made by Mr. Jeff Hill made a statement on the US Government policy and future investment of resources to support agriculture -- “USAID Agricultural Initiative to cut Hunger in Africa”, which was substantive and had a particular focus on Kenya, Uganda and Tanzania in the Eastern African region.
2. The Executive Director was invited to participate in the World Bank meeting on Commodity Risk Management held at the ICO, London, 29-30 October 2001, and the follow up workshop held in Ivory Coast in June 2002. The ED was invited to make a presentation on the lessons from the liberalization experience in Uganda.
3. The secretariat staff (ED and FPM – *Finance & Projects Manager*) have participated in the development of the Price Insurance scheme of the World Bank and the FPM has actively followed the progress of the ITF work in Uganda and support to the first transaction in Uganda concluded by UNEX. This experience has helped to build capacity at the secretariat, and EAFCA is in a position to serve as a partner with the World Bank in the replication of the Commodity Risk Management initiative in all the other EAFCA countries.
4. Under the support from USAID’s Sustainable Financing Initiative to EAFCA, a consultant was hired to advise on institutional issues including the legal status of EAFCA, legal status for EAFCA chapters and accreditation to international bodies. The secretariat worked with the consultant on the above issues and drafts were prepared and reviewed by the secretariat and then finalized for board discussion.
5. A draft of EAFCA’s Finance and Accounting Manual was prepared with the help of local consultants and it is expected to help in improving EAFCA’s financial systems and makes it more credible to partners and donors. The draft is to be considered by the board after review by the Finance Committee.
6. The EAFCA secretariat worked with a consultant from the REDSO Mission in Nairobi to prepare a proposal for funding under GDA (Global Development Alliance), which was approved, and a sum of US\$1.8m was allocated to REDSO to provide support to the EAFCA and the STCP activities in the region. The board will receive details at the August 2002 meeting through a presentation from REDSO.
7. The SCOPE (Specialty Coffee Promotion in Eastern Africa) Project was approved by USAID and an agreement was entered into between USAID and ACDI-VOCA, with EAFCA as a sub-grantee. The funds released were to cover mainly operational costs of the secretariat (for 2002/3) and program funding is still anticipated through REDSO and the World Bank.

Research and Technology Transfer

1. The Executive Director was invited by the World Bank to participate in the African Agricultural Research Conference in Maputo Mozambique, 17-22 March 2002. Jeff Hill introduced the ED to the various research scientists and the ED was able to establish some networking with this group. Jeff also introduced the ED to the key Cashews people in Mozambique. There was a presentation of NEPAD (New Partnership for African Development), which stated that economic advancement in agriculture (read *coffee*) was possible if the African countries succeeded in:
 - ? Setting up appropriate institutional structures (e.g., *EAFCA*),
 - ? Establishing efficient processes for production increase (e.g., *EAFCA’s Grower and Business Support Services Development*) and,
 - ? Organising market access ensuring commercial profitability for producers (e.g., *EAFCA’s Markets & Information Systems Development* initiative), while preserving the natural resource base.

The NEPAD presentation was found to be relevant to EAFCA’s mission and goals. Agricultural research was seen as an essential part of NEPAD and is expected to contribute to three key areas,

namely: natural resources management, market expansion & competitiveness, and biotechnology. It became evident that as NEPAD takes off and is accepted by all the African leaders, EAFCA could easily carve out for itself a role (within NEPAD) in the area of market expansion and competitiveness, in as far as coffee is concerned.

2. With advice from Mr. Jeff Hill, a study was commissioned for Bio-Hybrids International (UK) to advise EAFCA on the implementation of projects on Cashews under the STCP, and to establish how EAFCA could embark on critical activities so as to make an impact, using the limited resources available. The areas to be covered by the study include appropriate technology transfer in the small-scale processing of cashews (awaits the release of funds from the World Bank earmarked under SPAAR).

Grower & Business Support Services

1. A regional planning workshop was held in Kampala, 17-18 January 2002, for Appellation development. Representatives from all the EAFCA chapters participated and agreed on a way forward for appellation development in the region. The workshop was jointly hosted with the COMPETE Project (USAID funded) in Uganda.
2. The secretariat participated as resource people in a local workshop organized by the World Bank on 27th March 2002, in Kampala, to educate farmers and traders in Uganda on the modus operandi of the Price Insurance developed by the International Task Force on Commodity Risk Management (ITF).
3. A mission was conducted covering Ethiopia, Rwanda and Uganda as a follow up to the Appellation Workshop in January. The mission was based on expressions of interest by the respective country chapters and the ability and willingness to cost-share in the hosting of the experts from USGS (United States Geological Survey). Progress was made in the defining of the areas for coffee appellation and commitment was also obtained from the USAID Missions in these countries to commit resources to support the program.

Markets and Information Systems Development

1. The first regional cupping competition was held in Kampala on 15th March 2002. There were 26 samples entered into the competition representing lots from four of the six countries. Two panels of judges cupped the coffee – a regional panel and an international panel. The regional panel cupped in Kampala, while the international panel received samples shipped by courier, cupped the coffee and sent the results via Internet. From the lots represented by the samples presented for the competition, the judges selected Kenya coffee as the best.
2. The ED attended the 14th Annual SCAA Conference & Exhibition held in Anaheim, California, 3-6 May 2002. EAFCA exhibited in a booth and the Burundi chapter supplied the contents of the booth, as no other countries used the space, with Kenya, Uganda and Rwanda totally absent at the show (due to financial constraints). Tanzania was represented by KNCU (Kilimanjaro Native Cooperative Union) under the Fair Trade Pavilion, while Ethiopian had two separate booths. There were mixed reactions to the EAFCA cupping competition and Internet auction, but very useful feedback was obtained on these events, which will be useful in the organization of future events. The International Relations Committee of the SCAA recommended that EAFCA needed to give itself more time to prepare for the “Portrait of a Country/Region” and target for taking on this profile at the 2004 SCAA conference.
3. The secretariat continued on its promotion of coffee through the SHOPRITE outlet in Kampala. The SHOPRITE management in S. Africa has become very interested in the prospect of EAFCA providing coffee that could be distributed throughout its chain of stores in Africa. This will become a breakthrough for EAFCA in penetrating the regional market and opening doors for members’ coffee.

Policy Change and Implementation.

1. EAFCA secretariat prepared a policy concept, which was presented at the ICO during the meeting of the Private Sector Consultative Board, calling for the setting up of an international alliance for coffee sustainability. The concept was accepted by the ICO and it was agreed that a more detailed proposition would be made and presented at one of the future sessions of the ICO council.
2. The ED was invited to participate in a World Bank workshop on the new Strategy for Rural Development in the Eastern and Southern Africa region, held in Addis Ababa, Ethiopia 7-9 August. Some policy makers including the Ugandan Minister of Agriculture and Ethiopian Deputy Minister of Agriculture and other high level Ethiopian government officials participated.

3. The EAFCA secretariat has interacted with officials from OXFAM who are working on a global campaign to improve the well being of coffee producers. The campaign has several policy implications and is meant to impact on donors and governments, as well as the big coffee companies (particularly the roasters). The global campaign is to be launched in September 2002, and the event (launch) for the Eastern Africa region will be held in Kampala on 18th September and EAFCA has been invited to play an important role.
4. The secretariat has made visits to various country chapters and staff has been in constant touch with members in the chapters. EAFCA members in the chapters, with input from the secretariat, have played key roles in influencing policy in their respective countries and these include:
 - ? Kenya – EAFCA members have played a key role in directing the reforms in the coffee sector.
 - ? Rwanda – EAFCA members have had significant influence in the direction of reforms, which include the adoption of a national strategy on coffee quality improvement as well as international promotion and marketing.
 - ? Uganda – EAFCA members have actively participated in the forums on development of a national coffee strategy (under the COMPETE Project), and the EAFCA secretariat has been invited to make various contributions in the consultative process.
 - ? Burundi – the government is seeking options in improvement of the marketing of coffee, and EAFCA members are making useful contributions in that process. EAFCA has been asked to provide support in this process, particularly in improving the performance of the coffee auction system.
 - ? Ethiopia – EAFCA members have played a key role in influencing the direction of policy on coffee appellation in the country. While the Cooperatives Commission already had plans to set up coffee appellations, EAFCA’s involvement and technical support have provided a useful intervention and a positive relationship is being built between EAFCA and the authorities in Ethiopia.
 - ? Tanzania – the government has embarked on reforms in the coffee industry and the contribution of EAFCA members in challenging the authorities to focus on specialty coffee development and coffee appellations is making an impact. The coffee auction is also under review to improve it so as to bring about real competition in the tendering and bidding process.
5. POLICY FORUM -- The secretariat had announced plans, early in the year (2002); of holding a regional policy workshop (in Addis Ababa, Ethiopia) but due to funding limitations the forum was postponed and new arrangements will be announced in the future. The workshop will be preceded by a review and analysis of the policy environment in each of the EAFCA countries, and the impact of the policies on coffee and the tree crops identified under the STCP. The report from this analysis will be completed ahead of the workshop and will be the primary focus of the discussions. The Chairman and the Guest of Honor for the event will be respectable dignitaries, and high-level policy makers from each of the countries will be invited to participate in a special forum at the workshop and will review the recommendations from EAFCA. USAID Missions in the different countries will be requested to support this process, especially in providing logistical support in getting delegations to the workshop (the Tanzania Mission has already expressed optimism on this matter). It is hoped that this will make a significant impact on the policy agenda in the region.

*23rd August 2002,
EAFCA Secretariat*

Appendix –5-

Eastern African Fine Coffees Association

(EAFCA)

**BOARD OF DIRECTORS
STRATEGIC PLAN**

Coffee Years 2002 – 2005

August 2002

EXECUTIVE SUMMARY

In 2001, faced with the need to establish an Operational Plan, the Board assumed the responsibility for determining the direction of the EAFCA. The process was begun at a board meeting in Kampala, Uganda, June 2001, and continued at the next board meeting held in Nairobi, Kenya in October 2001. With input from consultants from Abt Associates, Inc., the Board explored a broad spectrum of the potential that EAFCA has, and catalogued a volume of potential tactics that were relevant to the Association's future. The results of the June 2001 Board meeting were to further the Board's consensus on the status of the industry and the challenges and potential for the Association. The Board meeting of October 2001 delved further into strategic planning. Consequently the secretariat was directed to carry out a SWOT analysis, make suggested revisions and produce a 5-year draft plan that would be reviewed and approved by the Board. The results of all these discussions are homologued into the EAFCA Strategic Directions and Objectives for the coffee years 2002-2007.

The Vision of EAFCA

The Vision of EAFCA is to enhance the quality, competitiveness and profitability of the Eastern African coffees in global markets, thereby improving the well-being of the producers and ensuring consumer satisfaction.

The Mission Statement

The Mission of EAFCA is to establish and promote partnerships and networks amongst those participating and having an interest in quality coffee production, processing, and marketing in the Eastern Africa coffee-growing region. The Staff recommend no changes in the association's current vision and mission statement.

After significant review of available data, and reflection of the conditions of the specialty coffee market and the EAFCA's relationship with its members, the Secretariat prepared an inventory of the perceived strengths, weaknesses, opportunities and threats of the industry and the EAFCA. During the planning stages of making arrangements for the implementation of the Sustainable Tree Crops Program (STCP), certain priorities were set in order to make an impact in achieving both the vision and mission of EAFCA. In using the same analysis, the staff and the Board concluded that best way to prioritize them was to first group them in terms of their functionality and then identify areas of focus for the three year plan. After the review of the market conditions, future challenges, and projected potential growth for the Association, the board finalized the Strategic plan during its meeting on 28-29th August 2002, and focused on eight strategic objectives, given below:

- ? Improving the financial stability and productivity of the Association.
- ? Working to ensure the supply of sustainable fine coffee from our region and Increasing the export of fine coffee from our region.
- ? Facilitating the provision of coffee education and skills training relevant to our membership, and provide marketing education and business operational skills training relevant to our producers and processors and vital to the relationships with importers of our coffee.
- ? Retaining and attract members to the Association.
- ? Setting the standard for fine coffees in Africa.
- ? Broadening the relationships with colleague organizations.
- ? Organizing and enhancing common forums for the exchange of information and ideas.

The EAFCA Strategic Plan: Coffee Years 2002 – 2007

The presentation that follows is the result of the EAFCA Board of Director's formulation of the EAFCA's strategic directions and objectives for the next five coffee years.

DEVELOPING EAFCA STRATEGIC PLAN

Introduction

The EAFCA Board of Directors met on two occasions in 2001, to formalize the EAFCA 3-year plan for the Association and to establish the goals and objectives for Coffee Years 2001 through 2004. As a

process, the Board first refined the Association's mission statement to bring it in line with the challenges faced by the coffee industry in the Eastern Africa region. It also became apparent that the plan needed to cover five years rather than three.

In 2001 the Board met to evaluate the strategic plan prepared by consultants from Abt Associates. Consequently, the secretariat identified the threats to the industry and key strengths of the association, which are to be reviewed by the board. At the October 2001 meeting of the Board, it was concluded that quality improvement and promotion of the regional coffees was the first priority of the association. In up-dating the three-year plan, the current Board felt there was no need to significantly revise the outline provided by the consultants, but to focus on the areas that are considered vital in achieving the vision and mission of EAFCA. Consequently the secretariat was directed to carry out a SWOT analysis, make suggested revisions and produce a 5-year draft plan that would be reviewed and approved by the Board.

The Board at its meeting on 28-29 August 2002, determined the strategic directions of the organization. These were defined by the strengths, weaknesses, opportunities and threats of the industry. The Board set the objectives to satisfy the strategic directions, and assigned a prioritization and schedule for meeting those objectives.

Operating Philosophies

The effectiveness of EAFCA will be influenced by the quality of the interactions between the Board, the country chapters, professional Staff and the standing committees. In order to foster a productive working relationship, all the participants must strive to maintain a professional respect with their colleagues. To support this basic tenet, the EAFCA Board, chapters and secretariat staff shall pledge to fulfill the following operating philosophies:

- ? In all their working relationships EAFCA members will demonstrate mutual respect for all colleagues in the chapters and the region at large, and be willing to share any lessons on successes and failures.
- ? In the allocation and application of resources EAFCA will need to be dedicated to the fulfillment of the mission.
- ? In creating success EAFCA's most effective method toward satisfying its goals will be to work as a team, and all chapters will have to consciously work toward strengthening the effectiveness and cohesiveness of the association.
- ? Operational efficiencies and conservation of limited resources to demonstrate private sector orientation.

The Process of Strategic Planning

In 2001, faced with the need to establish an operational plan, the Board assumed the responsibility for determining the direction of the EAFCA. The process was begun at a board meeting in Kampala, Uganda, June 2001, and continued at the next board meeting held in Nairobi, Kenya in October 2001. With input from consultants from Abt Associates, Inc., the Board explored a broad spectrum of the potential that EAFCA has, and catalogued a volume of potential tactics that were relevant to the Association's future.

The results of the June 2001 Board meeting were to further the Board's consensus on the status of the industry and the challenges and potential for the Association. The Board meeting of October 2001, in Nairobi, delved further into strategic planning. The results of all these discussions were homologued into the EAFCA Strategic Directions and Objectives for the coffee years 2002-2007, and were reviewed at the meeting in August 2002, and the Strategic Plan was adopted by the Board as given herein.

The Mission

The Mission of EAFCA is to establish and promote partnerships and networks amongst those participating and having an interest in quality coffee production, processing, and marketing in the Eastern Africa coffee-growing region.

The EAFCA Goal

"Putting More Money into the Pockets of the Coffee Producers"

Strategic Issues

After significant review of available data, and reflection of the conditions of the specialty coffee market and the EAFCA's relationship with its members, the Secretariat prepared an inventory of the perceived strengths, weaknesses, opportunities and threats of the industry and the EAFCA. With this description of the market conditions, future challenges, and projected potential growth for the Association, it was proposed that a few strategic directions be identified to focus on in the five-year plan for the coffee years 2002-2007. The following were identified:

- ? *EAFCA will improve the financial stability through commercial undertakings that at least earn operating costs of the Association Secretariat.*
- ? *EAFCA will increase the export of fine coffee from our region and work to ensure the sustainable supply of fine coffee from the region.*
- ? *EAFCA will facilitate the provision of coffee education and skills training relevant to our membership, and provide marketing education and business operational skills training relevant to our producers and processors, and vital to the relationships with importers of our coffee.*
- ? *EAFCA will retain and attract members to the Association.*
- ? *EAFCA will promote local consumption of coffee in the region and be the standard setter for fine coffees in Africa.*
- ? *EAFCA organize and enhance common forums for the exchange of information and ideas.*
- ? *EAFCA will broaden the relationships with colleague organizations.*

Strategic Priorities

During the planning stages of making arrangements for the implementation of the Sustainable Tree Crops Program (STCP), certain priorities were set in order to make an impact in achieving both the vision and mission of EAFCA. In using the same analysis for EAFCA's initial 3-year plan, the board decided that the best way to prioritize them was to first group them in terms of their functionality and then identify areas of focus for the five year plan:

Industry

- Increased Exports of Fine Coffees to the Specialty markets
- Sustainable Production, Processing and Marketing
- Developing Regional Certification Body

Organizationally

- Financial Stability
- Membership Growth
- Basic Coffee Skills

Activities (own funds + donor funding)

- Establishing annual or bi-annual African Coffee convention
- Improving farmer business, husbandry and technical Skills
- Establish appellations in at least three countries
- Demonstrate fully-washed coffee viability for producers and investors
- Establishment of Specialty Coffee Auction in the region
- Promotion of EAFCA brands and developing regional markets
- Developing Common Forums through chapters
- Building relationships with other coffee organizations

The above can be viewed in terms of the strategic question -- *where to concentrate?* The areas of focus also need to be viewed in terms of the strategic question -- *how to win?* It was felt that the following areas are where EAFCA should concentrate most of its efforts during the next five years:

Financial Stability – efforts to build the cash reserves of the association (independent of donors) over the next five-year period in order to ensure the association can fulfil its mission in serving as the voice of the African specialty coffee industry. Special brands will be developed and EAFCA will obtain some royalties or commissions from these brands, and the sale of coffee under special labels.

Appellations, Cupping Training and Sustainable Fine Coffee Exports –

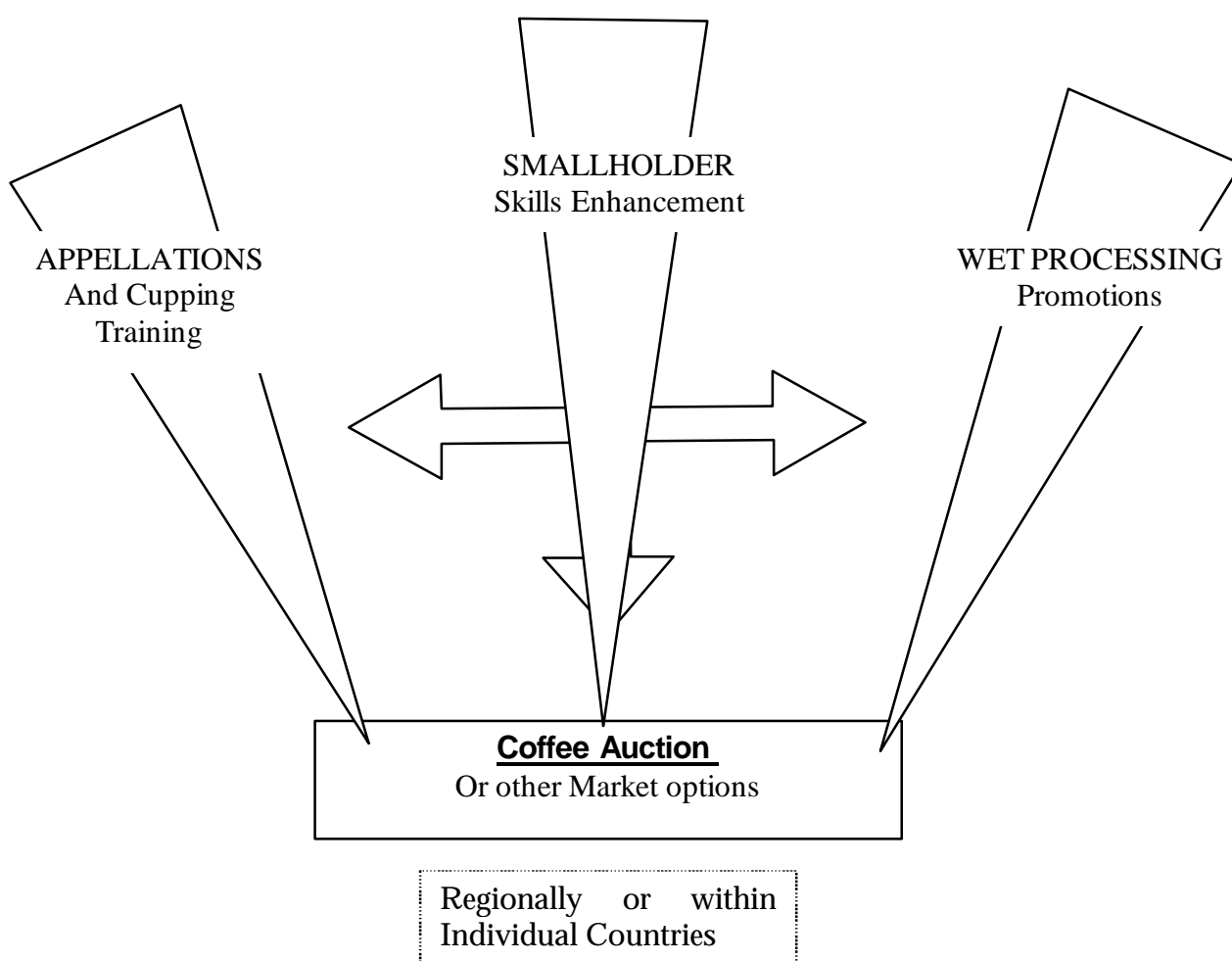
Efforts will be made towards a comprehensive quality improvement program, aimed at enhancing the economic viability of African specialty coffee growers. In order to create incentives to maintain the quality, EAFCA shall support appellation development in the different sub-regions, support the improvement of marketing arrangements -- including specialized auctions and to coordinate joint promotional efforts.

Wet Processing Demonstrations for Farmers and Investors – Secure funding that will support the demonstration of the value-addition benefits of wet or semi-wet processing (possibly portable or mobile) for farmers, while demonstrating the viability of the business model for private-sector investors.

Smallholder Business, Husbandry and Technical Skills – smallholders will be equipped (at the level of cooperative or producer association), as well as traders and exporters, in the effort to increase the marketing and business skills that will strengthen their direct connection to specialty coffee importers.

The EAFCA strategic plan envisions projects at the level of country chapters in all the above areas, and these will be completed using the resources obtained at the country level, as well as those that EAFCA will generate or obtain from donor sources. A grants management unit will be set up and established over the next five years, to help in the management of donor funds/grants to support these efforts.

The diagram below illustrates the three-legged stool concept in EAFCA strategy in addressing the issue of quality improvement through an integrated approach to smallholder business and technical skills development, as well as improved husbandry, all of which would lead to enhancement of a successful marketing strategy.



Identified Key Strengths of EAFCA

1. EAFCA's regional nature aggregates opportunities and is attractive to donors and private investors
2. Regional cupping competition and Internet Auction help to increase the visibility of our fine coffees
3. High Quality Coffee Grown in the Region augmented by appellation development as a big incentive for quality improvement and should increase the competitiveness of our fine coffees
4. Sustainable organizational structure, Credible Leadership & Management - Good leadership, interpersonal communication and teamwork.
5. Spirit of Eastern African Cooperation (EAC), COMESA, IGAD, SADC & AU/NEPAD.

6. Well-defined budget, good financial accountability & ability to handle the paperwork and bureaucracy in dealing with funding sources.

Identified Key Weaknesses of EAFCA

1. Lack of a certification system for the different types of niche coffees that could be marketed from the region, as well as the absence of a system to discourage the export of poor quality coffee.
2. Weak private sector institutions to support EAFCA's drive for an effective public-private partnership in the coffee industry
3. Slow initial membership growth.
4. Lack of full recognition of EAFCA by all the governments in the region and the lack of support by the political authorities for joint promotional campaigns
5. Resource limitations (lack of financial sustainability) and heavy reliance on foreign funding in the initial stages of EAFCA's development.

Identified Key Opportunities of EAFCA

1. Versatility of World Specialty/Gourmet Coffee movement and the growing market for differentiated coffees
2. The region is the origin of both Arabica and Robusta and this could help very much in the joint promotional campaigns
 - ? The region has a good reputation for high quality coffee
 - ? In promotion, EAFCA can piggyback on the image of Kenya coffee – Kenya being one of the leading specialty coffee nations in the world.
3. Farmers' Economic Interest in the Specialty Coffee Sector
4. The trend of Economic Cooperation in the region presents opportunities for support for joint projects or programs by interested donors.
 - ? National, regional and international Government interest in sustainability issues and the eradication of poverty
 - ? Opportunities for regional projects and support from donors
5. Virgin market in the region can allow for brand testing & development
 - ? Indications from leading retail outlets that they want to sell EAFCA coffees in their markets.
 - ? Opportunities for growth e.g. make EAFCA coffee available in more shopping outlets.
6. International exposure and recognition through the STCP, SCAA, SCAE, SCAJ, CFC, ICO, IACO, etc.
7. Much research work has done in different regional institutions, which could be shared to improve the performance of the industry.
8. Growing interest of the donor community and NGOs in coffee programs in some of the EAFCA countries.
9. Possibility for EAFCA to build credibility and good reputation through effective program implementation.

Identified Key Threats to EAFCA

1. Persistent low global coffee prices, Global Recession in the coffee industry and problems of Business Cycles
2. Weak specialty coffee institutions in the region
3. Unpredictable weather and low investment in irrigation technologies
4. Insufficient involvement of private sector players, due to the syndrome of laggards and slow adopters.
5. Slow pace of economic liberalisation in some of the EAFCA countries.
6. Prevalence of coffee diseases that have no cure (e.g. Coffee wilt disease, etc.)
7. The lack of sustainable financing and dependency on donor support for interventions make a weak financial base in the short term.

THE STRATEGY

The strategy that is being developed will follow the directions that are conceptualized as below:

Strategic Directions

We will increase the value and volume in the chain of specialty coffee exports from the Eastern Africa region, while also promoting increased domestic consumption.

Strategic Objective 1

We will strive towards obtaining operational self-sufficiency of the EAFCA Secretariat, so that there are enough funds generated to meet the secretariat's operational costs.

- ? EAFCA will strengthen its brand promotion activities and generate enough commissions from coffee sales through SHOPRITE and other retailers with Africa-wide networks.
- ? EAFCA will develop several fee-based services through which funds will be generated to support the secretariat's operations.
- ? The secretariat will explore new possibilities of income generation that will ensure revenue streams to support operational expenditure.
- ? A Grants Management Unit will be set up to manage any funds generated and those from donors to support EAFCA's mission.

Strategic Objective 2

We will engage in promoting the welfare of the smallholder producers, and support programmes that enhance high quality through improved production technologies and processing.

- ? Better husbandry will be promoted as one way of improving quality.
- ? Better business skills will be promoted among the smallholder producers, and specifically, a curriculum will be developed to move them along from a subsistence to a commercial orientation – *Coffee Farming as a Business*
- ? Better post-harvest technologies will enhance both the quality and competitiveness of the African fine coffees.

Strategic Objective 3

We will work to develop an educational and training programme for all players in the African specialty coffee industry.

- ? EAFCA will work in liaison with SCAA to develop relevant training programmes that suit the interests of members and other interested participants.
- ? EAFCA will develop regular training events.
- ? An annual Africa Specialty Coffee Convention will be developed and implemented.

Strategic Objective 4

We will work with and directly support the establishment and implementation of modern coffee auctions and specialised regional marketing infrastructure, in order to, amongst other things:

- ? *Increase availability and accessibility* of the fine coffees from the region
- ? Promote the *rewarding of coffee quality* with premium prices
- ? Improve *accountability, transparency* and *professionalism*
- ? *Increase* the incomes of coffee producers

To achieve this objective:

- ? Establish registered appellations in member countries
- ? Promote wet processing to farmers and private sector investors

Strategic Objective 5

We will work within the established structures for regional cooperation and enhance the unified and unique character of the African specialty coffee industry.

- ? EAFCA will work closely with the COMESA Secretariat, and other regional economic institutions in promoting projects and activities that promote African specialty coffees.
- ? EAFCA will work with donor agencies and any other development organisations with an interest in improving the quality of the African fine coffees.

Strategic Objective 6

We will work in liaison with other organisations and institutions on matters relating to the promotion of the African fine coffee industry and to facilitate joint activities in our coffee sub-regions.

- ? EAFCA will develop a strategy for the promotion of African fine coffees, and seek to maximise the efficiencies through joint efforts.
- ? EAFCA will develop the framework for hosting a regular African Fine Coffees Exhibition so as to attract attention to the African specialty coffees and offer opportunities for partnerships and development of this industry.

Strategic Objective 7

We will work towards establishment of an African-based certification body, and work with others to develop a globally acceptable certification program for African coffee producers particularly conscious of the needs of smallholder producers in Africa.

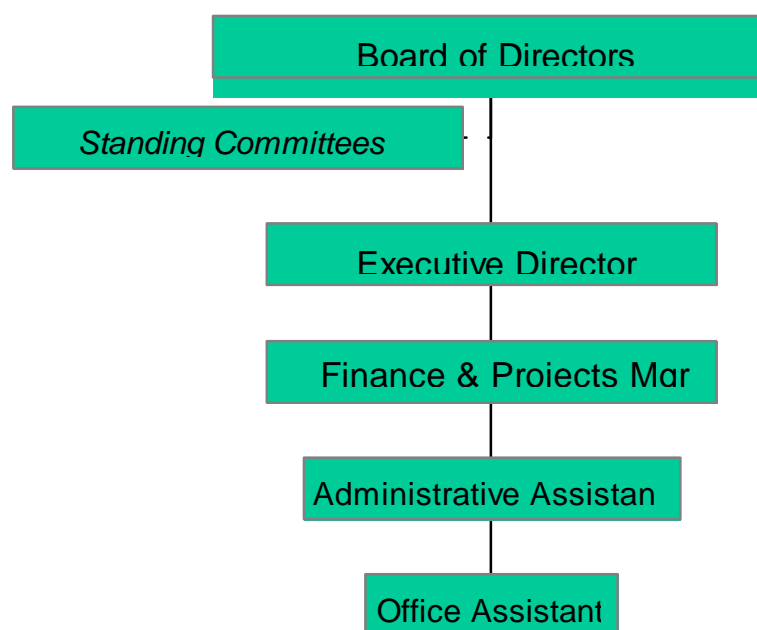
- ? EAFCA will establish relationships with international development agencies that will be willing to support environmental programs among coffee producers.
- ? EAFCA will work with the regional research organisations in establishing an African certification program
- ? International recognition will be sought so that the certificates issues will be acceptable to EU and US markets.

Strategic Objective 8

We will promote domestic consumption of coffee in the region and develop the regional markets for such coffee.

- ? EAFCA will promote the sale of high quality coffee under special labels in several African cities so as to promote the image of African fine coffees among African coffee drinkers.
- ? Special training programmes will be put in place for coffee retailers, hoteliers and restaurant operators
- ? EAFCA will work with local roasters and coffee retailers in coordinating special coffee promotional events in targeted cities.

ORGANIZATIONAL STRUCTURE



EASTERN AFRICAN FINE COFFEES ASSOCIATION [EAFCA]**AUDITED ACCOUNTS
FOR THE PERIOD JULY 1ST, 2000
THROUGH TO SEPTEMBER 30TH, 2001****TABLE OF CONTENTS**

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EASTERN AFRICAN FINE COFFEES ASSOCIATION [EAFCA]
FOR THE PERIOD JULY 1ST, 2000
THROUGH TO SEPTEMBER 30TH, 2001

GLOSSARY OF ABBREVIATIONS

EAFCA	-	Eastern African Fine Coffees Association
UCTF	-	Uganda Coffee Trade Federation
STCP	-	Sustainable Tree Crops Program
USAID	-	United States Agency for International Development
IITA	-	International Institute of Tropical Agriculture
USD	-	United States Dollars
USHS	-	Uganda shillings
MOU	-	Memorandum of Understanding
ACDI/VOCA	-	Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance.
NGO	-	Non-Governmental Organisation
SPAAR -		Special Program for African Agricultural Research

EASTERN AFRICAN FINE COFFEES ASSOCIATION [EAFCA]
FOR THE PERIOD JULY 1ST, 2000 THROUGH TO SEPTEMBER 30TH, 2001

1.0. INTRODUCTION:

1.1. Background:

Eastern African Fine Coffees Association [EAFCA] was established in July 2000 as a private sector regional framework to support the development of a strategy to improve and promote high quality coffee production, processing and marketing in the Eastern African region. EAFCA was incorporated under the Ugandan Law in July 2000 as a Non-profit and non-political organisation. The goal of the EAFCA under the Sustainable Tree Crops Program [STCP] is to improve the well-being of small holder farmers through the development of Sustainable Tree Crops Systems that increase productivity, generate income, conserve biodiversity, sustainably use natural resources and offer stable development prospects and long term economic incentives. The EAFCA also aims to promote public and private Sector partnerships in order to provide stakeholders with an organisational framework and policy environment required to:-

- ? Maintain over the long term increased productivity of high quality tree crops products, with emphasis on farm rehabilitation and reclamation of degraded land;
- ? Improve efficiency in the marketing chain, so that it delivers fair prices to farmers and quality products to end users;
- ? Make African tree crops products competitive in international markets;
- ? Improve socio-economic situation of farmers, and
- ? Conserve the natural resource base and biodiversity.
- ? The EAFCA Secretariat was set up under the Uganda Coffee Trade Federation in Kampala, Uganda, but it is expected that after a period when the Association is properly facilitated it will set up an independent office to house the EAFCA Secretariat.

1.1.1. Objectives of the Association:

- ? To engage in promoting the production, processing, consumption and export of the finest quality coffee in Eastern Africa.
- ? To develop a network for exchanging information through education and training for professional and other participants of the coffee industry in Eastern Africa and beyond, who share commitment to the production, processing, export and consumption of fine quality coffee.
- ? To develop a strong needs driven and market oriented regional organisation with activities organised, where possible, through coffee zones or national chapters.
- ? To encourage the spirit of regional co-operation in the coffee industry and enhance the unified and unique character of the Eastern African Coffee Industry.

EASTERN AFRICAN FINE COFFEES ASSOCIATION [EAFCA]
FOR THE PERIOD JULY 1ST, 2000
THROUGH TO SEPTEMBER 30TH, 2001

1.2. Audit Objectives, Scope and Procedures Performed.

M/S LAWRIE PROPHET & CO., Certified Public Accountants, were appointed by EAFCA to perform the audit of the EAFCA (both USD and local currency) accounts for the period from July 1st, 2000 to September 30th, 2001.

1.2.1 The Objectives of the engagement were to:

- a] Audit the Financial Statements of EAFCA and express an opinion as to whether the Financial Statements present fairly in all material respects, revenue received and costs incurred for the period July 1st, 2000 to September 30th, 2001, in conformity with generally accepted accounting principles or other comprehensive basis of accounting described in this report.
- b] Evaluate and obtain a sufficient understanding of the auditee's internal control structure related to the Association, assess control risk and identify reportable conditions including material internal control structure weaknesses.
 - c] Test the auditee's compliance with the terms of the agreement if any, as part of obtaining reasonable assurance about whether the Financial Statements are free of material misstatement and report on any identified material instance of non-compliance.
 - d] Perform a review of EAFCA's general purpose financial statements, if applicable, for the period audited to determine whether or not any material modifications should be made to financial statements in order for them to be in conformity with generally accepted accounting principles.
 - e] Determine if EAFCA has taken adequate corrective action on prior audit report recommendations, if any.

EASTERN AFRICAN FINE COFFEES ASSOCIATION [EAFCA]
FOR THE PERIOD JULY 1ST, 2000
THROUGH TO SEPTEMBER 30TH, 2001

1.2.2. Audit Scope:

To ensure that the audit objectives were met we adopted the following scope which required us to:

- ? Make a review of the Financial Statements covering the period July 1st, 2000 to September 30th, 2001 as well as the yearly grantee's budget and expenditure reports and to express a written opinion thereon.
- ? Review, assess and report on compliance with agreement terms and applicable laws, regulations and recommendations contained in budgets and financial or program evaluation and correspondence.
- ? Review and make an evaluation of the auditee's internal control structure and capability thereof to properly identify and account for relevant expenditure in accordance with SAS 55, assess and report on whether or not the accounting system is adequate and effective.
- ? Carry out a review of agreements, hand books and other pertinent laws and regulations which if not observed could have material effects on the Financial Statements.
- ? Review the chart of accounts used, grantee's organization chart and previous audit reports, if any.
- ? Ensure that audit steps and procedures are carried out to provide assurance of detecting errors, irregularities and illegal acts that could have a material effect on the Financial Statements.
- ? Carry out audit responsibility by obtaining written management representation.

1.2.3. Audit Scope Limitations:

We were availed all the documents and information we required for the purpose of our audit, hence we have nothing to report about.

1.2.4. Audit procedures performed:

The audit steps and procedures we performed within the audit scope were as follows:-

a] Revenue:

- ? Obtained a schedule of all funds received by the Association and reconciled them to the cash books and bank statements.

EASTERN AFRICAN FINE COFFEES ASSOCIATION [EAFCA]
FOR THE PERIOD JULY 1ST, 2000
THROUGH TO SEPTEMBER 30TH, 2001

- ? Examined other relevant documents, namely banking slips and bank statements to check and confirm that the income received by the Association was banked on an interest bearing bank account.

- ? Carried out tests to find out whether revenue was posted to ledger accounts.

b] Expenditure:

- ? Vouched payments to supporting documentations to determine whether or not the payments were approved and authorised, allocable, allowable and properly analysed.

- ? Carried out tests to ensure that expenses were posted to the cash book and respective ledger accounts in the ledger.

c] Bank and Cash Balances:

Tested bank reconciliations for the USD and USHS accounts to ensure that they were properly cast and that reconciliation outstandings were followed up, **if any**.

Examined the system of cheque signing, handling cash and unused cheque books and banking procedures to ensure safeguard of the Association funds.

d] Compliance:

- ? Studied any agreements and regulations between EAFCA and third parties to identify significant provisions to be complied with.

e] Staff:

- ? Examined staff personal files for methods of recruitment, appointment, promotion, transfers, dismissal etc.

f] Budgets:

- ? Reviewed budgets vis-a-vis actual expenditure.

EASTERN AFRICAN FINE COFFEES ASSOCIATION [EAFCA]
FOR THE PERIOD JULY 1ST, 2000
THROUGH TO SEPTEMBER 30TH, 2001

1.3. SUMMARY OF AUDIT FINDINGS:

1.3.1. Financial Statements.

- ? The total costs for the period under review amounted to USD 218,144.56, whereas revenue/income received amounted to USD 326,611.80.

- ? All tested expenditure were adequately supported and were eligible.

? Accountabilities for funds advanced which we sampled for program activities were promptly executed.

1.3.2. Internal Control Structure.

? Internal Control was generally suitable for the management of the Association

1.3.3. Compliance with Laws and Regulations:

? The Association complied with the applicable laws and regulations.

1.3.4. Other Findings:

? No indirect cost rates were charged, we therefore have nothing to report on this issue

1.4. Prior Audit Findings and Recommendations.

? There were no prior audit findings and recommendations, hence we have nothing to report on corrections on prior audit recommendations.

1.5. Management Representation.

? As part of our audit responsibilities, we requested for and received a written representation from EAFCA management.

**EASTERN AFRICAN FINE COFFEES ASSOCIATION [EAFCA]
FOR THE PERIOD JULY 1ST, 2000 THROUGH TO SEPTEMBER 30TH, 2001**

2.0. Financial Statements:

2.1. Independent Auditors' Report on the Financial Statements:

**The Executive Director,
Eastern African Fine Coffees Association,
P.O. Box 27405,
Kampala.**

We have audited the Financial Statements set out on pages 7 to 13 of the above Association for the period July 1st 2000 to September 30th, 2001. The Financial Statements are the responsibility of the Management of EAFCA. Our responsibility is to express an opinion on the Financial Statements based on our audit.

We conducted our audit of the Financial Statements in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatements. An audit includes examining, on a test basis, disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. We did not have an external quality control review by an unaffiliated audit organisation since no such program is offered by professional organisations in Uganda.

We believe that the effect of this departure does not have a material effect on the basis of our opinion.

As discussed in Note 1{b} the Financial Statements were prepared on an accrual basis.

We requested for and received a written representation from the management of EAFCA in accordance with generally accepted auditing standards.

In our opinion, the Financial Statements on pages 7 to 13 of the Association present fairly, in all material respects, the Association revenue and costs incurred for the period July 1st, 2000 through to September 30th

2001, in accordance with the terms of the grant agreement and in conformity with the basis of accounting described in Note 1 {a}.

This report is intended for the information of EAFCA, USAID/IITA and World Bank/SPAAR. However, upon acceptance by the EAFCA Management this report is a matter of public record and its distribution is/may not be limited.

LAWRIE PROPHET & CO.

CERTIFIED PUBLIC ACCOUNTANTS

DATE:

EASTERN AFRICAN FINE COFFEES
ASSOCIATION [EAFCA]

Balance Sheet as at 30th September, 2001

	<u>Note</u>	<u>30.09.2001</u> <u>US\$</u>
<u>Assets:</u>		
<u>Non-Current Assets:</u>		
		NIL
<u>Current Assets:</u>		
Membership debtors	2	336.93
Deposits and prepayments	3	13,134.00
Other debtors	4	1,832.00
Cash and bank balances	5	104,844.31
<u>Total current assets</u>		<u>120,147.24</u>
<u>Less - Current Liabilities:</u>		
Accrued charges	6	1,000.00
Subscriptions in advance	6{a}	10,680.00
<u>Total</u>		<u>11,680.00</u>
<u>Net Current Assets</u>		<u>108,467.24</u>
<u>Represented by:</u>		
Surplus for the period - page 8		108,467.24
<u>Total</u>		<u>108,467.24</u>

**These accounts were approved by the Board of Directors
on and signed on their behalf by:**

..... } **CHAIRMAN**

..... } **EXECUTIVE DIRECTOR**

- NB:** - The Auditors' Reports are on pages 6, 14 and 17
- The notes on pages 10 to 13 form an integral part of these accounts.
- This is the Association's first period of operations, hence the absence of comparative figures in these accounts.

EASTERN AFRICAN FINE COFFEES

ASSOCIATION [EAFCA]

Income and Expenditure Statement for the period

July 1st, 2000 through to September 30th, 2001

		<u>Actuals</u>	<u>Questioned Costs</u>	
	<u>Note</u>	<u>30.09.2001</u>	<u>Unsupported</u>	<u>Ineligible</u>
		<u>US\$</u>	<u>Costs</u>	<u>Costs</u>
<u>Income:</u>		<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
SPAAR Grant	7	100,000.00	-	-
USAID Grant	8	200,000.00	-	-
Founder Membership fees	9	24,715.58	-	-
Interest income	10	1,896.22	-	-
<u>Total income</u>		<u>326,611.80</u>	-	-
<u>Expenditure:</u>				
UCTF Admin/Comm/Supplies	11	62,840.50	-	-
EAFCA Jan 01, planning workshop costs	12	20,105.92	-	-
Workshop groups costs	13	14,432.24	-	-
Regional and international co-ordination expenses	14	20,114.99	-	-
Country Chapter costs - Kenya	15	3,000.00	-	-
June 01, Regional conference costs	16	75,290.99	-	-
July/August 2000 Admin and Operational costs	17	1,922.55	-	-
EAFCA Brand promotion	18	1,951.88	-	-
Direct secretariat costs	19	1,142.61	-	-
Salaries and employment costs	20	13,917.66	-	-
Occupancy	21	355.60	-	-
Fringe benefits-medical expenses to Executive Director	22	880.00	-	-
Bank charges		1,189.62	-	-
Audit fees		1,000.00	-	-
<u>Total expenditure</u>		<u>218,144.56</u>	-	-
<u>Surplus for the period</u>		<u>108,467.24</u>		

EASTERN AFRICAN FINE COFFEES
ASSOCIATION [EAFCA]

Cashflow Statement for the period
ended 30th September, 2001

	<u>Note</u>	<u>30.09.2001</u> <u>US\$</u>
<u>Reconciliation of the operating surplus to the net cash inflow/{outflow} from operations:</u>		
Surplus for the period {page 8}		108,467.24
{Increase} in membership debtors		(336.93)
{Increase} in deposits and prepayments		(13,134.00)
{Increase} in other debtors		(1,832.00)
Increase in accrued charges and subscriptions in advance		<u>11,680.00</u>
<u>Net cash inflow</u>		<u>104,844.31</u>
Represented by bank balances as at 30.09.2001	5	<u>104,844.31</u>

EASTERN AFRICAN FINE COFFEES
ASSOCIATION [EAFCA]

Notes to the Accounts - 30th September, 2001

1. Significant Accounting Policies:

a) Basis of Accounting:

The financial statements have been prepared on the historical cost basis of accounting except where noted otherwise.

b) Revenue and expense recognition:

All revenue earned and expenses incurred during the period are accrued in the accounts.

c) Taxation:

EAFCA is not subject to tax on its excess of income over expenditure.

d) Currency:

The financial statements have been prepared and presented in US dollars. An average exchange rate of 1738.5833 Ush to US\$ has been used in these accounts.

e) Contingent liabilities:

During the period under review the Association was not involved in any legal dispute{s} or suit{s} with any party{ies}, hence has no contingent liability for us to report upon.

f) Incorporation:

The Association was incorporated and registered in Uganda on 17th July, 2000.

2. Membership debtors comprised of:

	<u>US\$</u>
a) Mr. Ishak Lukenge	186.93
b) Mr. Kananura Edmund	150.00
<u>Per balance sheet - 30.09.2001</u>	<u><u>336.93</u></u>

3. Deposits and prepayments comprised of:

a) Office rent to M/s TRANSROAD [U] Ltd. for 1 year {01.10.2001 - 30.09.2002}	11,934.00
b) Website maintenance to SAWASAWA Com. Ltd. NAIROBI for 1 year {1.10.01 - 30.09.02}	1,200.00
<u>Per balance sheet - 30.09.2001</u>	<u><u>13,134.00</u></u>

4. Other debtors comprised of:

a) Express Travel Group - British airways ticket No.1253170332128	915.00
b) Express Travel Group - British airways ticket No.1253163209473/4	917.00
<u>Per balance sheet - 30.09.2001</u>	<u><u>1,832.00</u></u>

5. Bank balances comprised of:

a) CITIBANK [U] Ltd. - A/c # 100071029	2,144.85
b) CITIBANK [U] Ltd. - A/c # 100071002	2,668.68
c) CITIBANK [U] Ltd. - A/c # 100071037	100,030.78
<u>Per balance sheet - 30.09.2001</u>	<u><u>104,844.31</u></u>

6. Accrued charges:

M/s Lawrie Prophet & Co. - Audit fees {2000/2001}

1,000.00

Per balance sheet - 30.09.2001

1,000.00

EASTERN AFRICAN FINE COFFEES

ASSOCIATION [EAFCA]

Notes to the Accounts - 30th September, 2001

[Continued]

6{a}. Subscriptions in advance comprised of:	US\$
i] Founder Members	8,540.00
ii] Annual Membership fees	2,140.00
<u>Per balance sheet - 30.09.2001</u>	<u>10,680.00</u>

7. SPAAR Grant - US\$.100,000.00:

Received on 14.09.2001, from International Bank for Reconstruction and Development [IBRD], Account in New York and credited on US\$ A/c No.100071037 on 14.09.2001 in the names of Eastern African Fine Coffees Association at CITIBANK [U] Limited Kampala.

8. USAID Grant - US\$.200,000.00:

Received on 27.12.2000, from CITIBANK, New York and credited on US\$ A/c No.100071029 in the names of Eastern African Fine Coffees Association at CITIBANK [U] Limited Kampala.

	<u>Amount paid as at 30.09.01</u>	<u>Amount out- standing as at 30.09.01</u>	<u>Total 30.09.01</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
9. Founder Membership fees:			
Simeon Onchere	500.00	-	500.00
Van Hilten	500.00	-	500.00
Celsius Lodder	500.00	-	500.00
Moledina Mohammed	520.00	-	520.00
Frederick Kawuma	500.00	-	500.00
Leslie Omari	500.00	-	500.00
Trygve Klingenberg	520.00	-	520.00
Jeremy Lefroy	500.00	-	500.00
David Mbugua	520.00	-	520.00
Ted Lingle	520.00	-	520.00
Surendra Kotecha	500.00	-	500.00
Yanni P. Georgalis	500.00	-	500.00
Carlos Brando	304.00	-	304.00
Ishak Lukenge	345.11	186.93	532.04
H. Karuhanga	500.00	-	500.00
Paul Mugambwa	532.04	-	532.04
C. Yengayenge	520.00	-	520.00
F. Nkurunziza	1,520.00	-	1,520.00
Henry Ngabirano	500.00	-	500.00
Francois Sihimbiro	1,520.00	-	1,520.00
Ephrem Sebatigita	1,520.00	-	1,520.00

Kamwenubusa	1,520.00	-	1,520.00
C. Nkenguburundi	1,520.00	-	1,520.00
OCIR Café	1,500.00	-	1,500.00
Carried forward.....	17,881.15	186.93	18,068.08

EASTERN AFRICAN FINE COFFEES

ASSOCIATION [EAFCA]

Notes to the Accounts - 30th September, 2001

[Continued]

	<u>Amount paid</u> <u>as at 30.09.01</u>	<u>Amount out-</u> <u>standing</u> <u>as at 30.09.01</u> <u>30.09.01</u> <u>US\$</u>	<u>Total</u> <u>30.09.01</u>
9. <u>Founder Membership fees [Cont.]:</u>			
Brought forward.....	17,881.15	186.93	18,068.08
Coffee Board of Kenya	1,520.00	-	1,520.00
Uganda Coffee Development Authority	1,587.50	-	1,587.50
James Kibera	520.00	-	520.00
Edmund Kananura	350.00	150.00	500.00
Uganda Coffee Trade Federation	1,500.00	-	1,500.00
Titus Gitau	500.00	-	500.00
Jerry Baldwin	520.00	-	520.00
<u>Per income and expenditure account</u>	<u>24,378.65</u>	<u>336.93</u>	<u>24,715.58</u>

10. Interest income:

This is accumulated interest received between 01.07.00 and 30.09.01 on the following bank

accounts held in CITIBANK [U] Ltd.,
Kampala

a] A/c No.100071 002	28.87
b] A/c No.100071 029	1,817.36
c] A/c No.100071 037	49.99
<u>Per income and expenditure account</u>	<u>1,896.22</u>

11. UCTF - Admin/Comm/Supplies expenses:

- Staff time	49,174.00
- Comm/office supplies/machine use	13,666.50
<u>Per income and expenditure account</u>	<u>62,840.50</u>

12. EAFCA Jan 01, planning workshop costs:

- Accommodation	5,449.36
- Air tickets	7,129.00
- Direct workshop costs	7,527.56
<u>Per income and expenditure account</u>	<u>20,105.92</u>

13. Working groups costs:

- Grower and Business Supplies	
Services	4,070.36
- Marketing and Information Systems	
Development	4,637.00
- Policy Change and Implementation	724.88
- Mango, Macadamia and Cashew	5,000.00
<u>Per income and expenditure account</u>	<u>14,432.24</u>

EASTERN AFRICAN FINE COFFEES ASSOCIATION [EAFCA]

Notes to the Accounts - 30th September, 2001 [Continued]

14. <u>Regional and International</u>	<u>30.09.01</u>
<u>Co-ordination expenses:</u>	<u>US\$</u>
- Air tickets	3,202.16
- Accommodation	10,726.83
- Co-ordination/liaison services	6,186.00
<u>Per income and expenditure account</u>	<u>20,114.99</u>
15. <u>Country Chapter costs:</u>	
Kenya	3,000.00
<u>Per income and expenditure account</u>	<u>3,000.00</u>
16. <u>June 01 Regional conference costs:</u>	
- Accommodation	24,959.66
- Air tickets	27,702.00
- Direct conference costs	22,629.33
<u>Per income and expenditure account</u>	<u>75,290.99</u>
17. <u>July/Aug, 2000 Administration and Operational expenses:</u>	
- Legal fees	422.55
- Communication/office supplies	500.00
- Staff time	1,000.00
<u>Per income and expenditure account</u>	<u>1,922.55</u>
18. <u>EAFCA brand promotion:</u>	
- Cost of coffee	172.56
- Packing, roasting, etc.	1,254.18
- Handling and commissions	525.14
<u>Per income and expenditure account</u>	<u>1,951.88</u>
19. <u>Direct Secretariat costs:</u>	
- Professional fees	46.01
- Internal travel expenses	89.15
- Protocols and instruments	1,007.45
<u>Per income and expenditure account</u>	<u>1,142.61</u>
20. <u>Salaries and employment costs:</u>	

- Executive Director	13,917.66
<u>Per income and expenditure account</u>	<u>13,917.66</u>

21. Occupancy:

Office utilities	355.60
<u>Per income and expenditure account</u>	<u>355.60</u>

22. Fringe benefits:

Medical expenses to Executive Director	880.00
<u>Per income and expenditure account</u>	<u>880.00</u>

EASTERN AFRICAN FINE COFFEES ASSOCIATION [EAFCA]
FOR THE PERIOD JULY 1ST, 2000 THROUGH TO SEPTEMBER 30TH, 2001

3.0. Report on the Internal Control Structure:

3.1. Independent Auditors' Report on the Internal Control Structure:

The Executive Director,
Eastern African Fine Coffees Association,
P.O. Box 27405,
Kampala.

We have audited the Financial Statements set out on pages 7 to 13 of EAFCA for the period July 1st 2000, through to September, 30th 2001, and have issued our report thereon dated 15th October, 2001.

We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement.

The management of EAFCA is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure, policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorised use or disposition, transactions are executed in accordance with management's authorisation and in accordance with the terms of the agreements, and transactions are recorded properly to permit the preparation of the Financial Statements in conformity with the basis of accounting described in Notes 1 {a – f} to the Financial Statements. Because of inherent limitations in any internal control structure, errors and irregularities may nevertheless occur and not be detected. Also projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the Financial Statements of the above Association for the period July 1st, 2000 through to September, 30th 2001, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the Financial Statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under the International Standards on Auditing. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in

amounts that would be material in relation to the Financial Statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of EAFCA, USAID/IITA and World Bank/SPAAR. However, upon acceptance by EAFCA Management, this report may become a matter of public record and its distribution is not/may not be limited.

LAWRIE PROPHET & CO.

CERTIFIED PUBLIC ACCOUNTANTS

DATE:

EASTERN AFRICAN FINE COFFEES ASSOCIATION [EAFCA]
FOR THE PERIOD JULY 1ST, 2000
THROUGH TO SEPTEMBER 30TH, 2001

3.2. Work Performed:

We reviewed the internal control structure of EAFCA and obtained an understanding of the design of relevant procedures and assessed control risk. Our review considered the significant internal control structure policies and procedures categorised as follows:-

- ✍ Organisation and personnel:
 - ? Segregation of duties
 - ? Authorisation of transactions
 - ? Written down procedures
 - ? Schedule of duties
- ✍ Planning and budgetary control:
- ✍ Control environment and accounting records:
 - ? Financial management capabilities
 - ? General record keeping

3.3. Audit findings and recommendations designed to improve the system of internal control procedures:

✍ Audit findings:

We noted that paid payment vouchers and their supporting documentations namely receipts, invoices, etc. are not cancelled “PAID” with a “PAID” stamp.

Implication:

This could raise the risk of inadvertent or fraudulent double payment.

Recommendation:

Management of the Association is advised to ensure that paid payment vouchers and their supporting documentation are cancelled using a “PAID” stamp to avoid the implication mentioned above.

3.3.1 Organisation and Personnel:

EAFCA is managed/headed by the Executive Director. The Association’s organisation is clearly defined through an organisation chart and staff have been given letters detailing their main duties and responsibilities.

EASTERN AFRICAN FINE COFFEES ASSOCIATION [EAFCA]
FOR THE PERIOD JULY 1ST, 2000 THROUGH TO SEPTEMBER 30TH, 2001

4.0. Compliance with Applicable Laws and Regulations:

4.1. Independent Auditors' Report.

The Executive Director,
Eastern African Fine Coffees Association,
P.O. Box 27405,
Kampala.

We have audited the Financial Statements of the above Association set out on pages 7 to 13 for the period July 1st, 2000 to September 30th, 2001 and have issued our report thereon dated 15th October, 2001. Except for not conducting an external quality review by an unaffiliated audit organisation (as described in our report on the Financial Statement) we conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial statement is free of material misstatement.

Compliance with applicable laws and regulations by EAFCA is the responsibility of EAFCA Management. As part of obtaining reasonable assurance about whether the Financial Statements are free of misstatements, we performed tests of EAFCA compliance with applicable laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that with respect to the terms tested, EAFCA complied in all material respects with the provisions referred to in the preceding paragraph. With respect to the items not tested nothing material came to our attention that caused us to believe that EAFCA had not complied in all material respects with those provisions.

This report is intended for the information of EAFCA, USAID/IITA and World Bank/SPAAR. However, upon acceptance by the EAFCA Management this report is a matter of public record and its distribution is not limited.

LAWRIE PROPHET & CO.
CERTIFIED PUBLIC ACCOUNTANTS.

Date

EASTERN AFRICAN FINE COFFEES ASSOCIATION [EAFCA]
FOR THE PERIOD JULY 1ST, 2000
THROUGH TO SEPTEMBER 30TH, 2001

4.2. Work Performed on compliance with Applicable Laws and Regulations:

Our audit of the above Association included obtaining assurance that EAFCA complied with applicable laws and regulations. The procedures that were performed to test such compliance included specific procedures in paragraph 1.2.4. and in addition, we reviewed related regulations to identify those provisions which could have a material effect on the Financial Statements. Our audit procedures included detailed testing to confirm EAFCA compliance with the provisions and regulations.

5.0. Previous year's Audit Findings and Recommendations:

This is the Association's first period of audit, hence there are no prior years' audit findings and recommendations to report about.

6.0. General Purpose Financial Statements:

There were no general-purpose financial statements for us to report about.