

**APPENDIX A:
PROJECT DESCRIPTION
AFRIQUE LINK LIMITED PROJECT**

I. Introduction

This appendix describes the activities to be undertaken and the results to be achieved with the funds obligated under this Agreement. Nothing in this Appendix A shall be construed as amending any of the definitions, conditions, or terms of the Agreement.

II. Background

June to September is the peak production season for tomatoes in Ghana. Post-harvest losses for tomatoes during this period are estimated at 55 percent of production. The primary reason for this wastage is the absence of a processing facility that has the capacity to capitalize on the opportunity presented by the abundant supply of tomatoes.

In response to this business opportunity, Afrique Link Limited (“ALL”) purchased a government-owned vegetable processing factory that it is converting to a tomato processing facility. ALL has rehabilitated the factory and installed about 95 percent of the required equipment. In addition, ALL has established upstream (Unilever, GTZ, MOFA) and downstream (financing and technical training for farmers, established ownership interest for employees and farmers) linkages. However, ALL is currently constrained by the lack of sufficient funds to complete its equipment and working capital requirements.

III. Funding

A. ADF Contribution

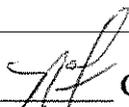
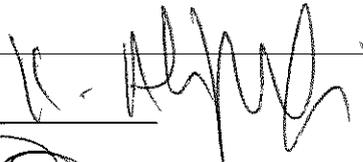
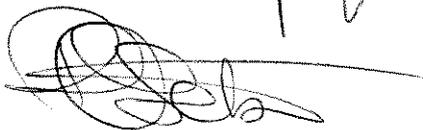
The financial plan for ADF’s contribution is set forth in Appendix A-1 to this Agreement. The Parties may make changes to the financial plan without formal amendment, if such changes are made in accordance with Article 7 of the Agreement and do not cause ADF’s contribution to exceed the obligated amount specified in Article 3, Section 3.1 of the Agreement.

B. Grantee Contribution

There is to be no Grantee contribution.

IV. Project Goal

The goal of the Project is to improve the socio-economic conditions of the poor, especially farmers and grassroots private sector workers, in the Ashanti and Brong Ahafo regions.

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V. Project Purpos

The purpose of the Project is to increase income for staff and owners of ALL and their families, through the establishment of a profitable and self-sustaining business:

- ALL annual net income increased from ₱178,503,000 in year 1 to ₱1,424,453,000 in year 2, ₱2,606,787,000 in year 3, ₱3,084,507,000 in year 4, and ₱2,198,426,000 in year 5;
- employees annual income increased from ₱2,110,968,000 in year 1 to ₱2,536,153,000 in year 2, ₱3,025,116,000 in year 3, ₱3,587,424,000 in year 4, and ₱4,234,007,000 in year 5; and
- employee average dividend income over the life of the project is ₱23,405,000 in year 1; ₱0 in year 2; ₱75,614,000 in year 3; ₱133,640,000 in year 4; ₱17,458,000 in year 5.

VI. Project Outputs

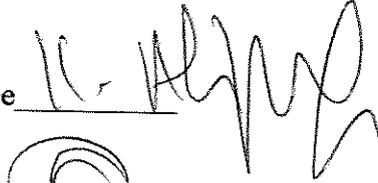
The Project will generate the following major outputs in order to attain the Project's purpose.

A. Increased production capacity, as measured by:

1. ALL's co-pack and private label production increases from 1,142 tons in year 1 to 1,257 tons in year 2 to 1,382 tons in year 3 to 1,521 tons in year 4 and to 1,673 tons in year 5.
2. ALL's retail market production increases from 5,950,000 cans in year 1 to 6,545,000 cans in year 2 to 7,199,500 cans in year 3 to 7,919,450 cans in year 4 and to 8,711,395 cans in year 5.
3. ALL's commercial market production increases from 127,500 bags in year 1 to 140,250 bags in year 2 to 154,275 bags in year 3 to 169,703 bags in year 4 and to 186,673 bags in year 5.

B. Increases in sales, as measured by:

ALL's total sales revenue increases from ₱38,354,762,000 in year 1 to ₱44,299,750,000 in year 2 to ₱51,166,211,000 in year 3 to ₱57,689,903,000 in year 4 and to ₱63,458,894,000 in year 5.

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VII. Description of the Activities to be Financed under the Grant

A. Tomato Processing

ALL will begin processing fresh tomatoes into tomato products. It will also package the products. ADF will fund two (2) months of start-up operating costs during the first year of the project. ALL will procure the additional equipment it needs to initiate the processing and packaging operations.

B. Technical Assistance and Training

ALL will hire a technical expert to train selected members of its staff in environmental impact assessment. This training will take place not later than six (6) months after ALL has begun full operations of the tomato processing and packaging. This training will enable the Grantee to determine interrelation between waste production and waste management resulting from the factory operations and tomato farming.

During the first year of the project, ALL will contract with experts to train selected staff in accounting, business and financial management, and group management training and technical assistance. ADF will provide participatory monitoring and evaluation training to ensure that the Grantee establishes appropriate systems to monitor its progress toward project objectives.

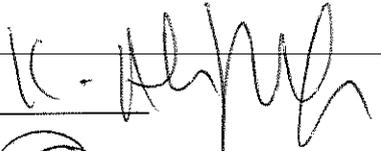
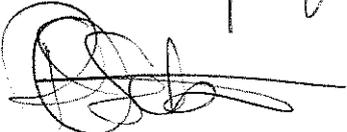
VIII. Roles and Responsibilities of the Parties

ALL is responsible for ensuring the proper management and implementation of the Project. ALL will hire additional management personnel including: marketing manager, accounts manager and human resources manager as a part of its expansion. The ADF Partner in Ghana, INPRODEC, will provide ALL technical and management assistance during the implementation of the Project.

IX. Monitoring and Evaluation

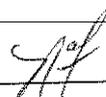
Within sixty days of the effective date of this Agreement, the Grantee, working with the ADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will work with the Partner to develop a project monitoring plan. In addition, during implementation, the committee will ensure that the Project follows the implementation plan, and that problems identified are properly addressed in a timely manner.

During the first year of project implementation, the ADF Partner will be required to conduct site visits on a bi-monthly basis. Therefore, a minimum of six site visits are required to be conducted by the ADF Partner over the twelve-month period directly following the effective date of this Agreement.

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X. Other Implementation Issues

ALL will operate two bank accounts: (a) an account to receive ADF funds; and (b) the ALL current account.

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