

APPENDIX A
PROJECT DESCRIPTION
EDENTREE – PROCESSING AND MARKETING OF LOCAL PRODUCE

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

Eden Tree Limited (Eden Tree) is a small to medium-sized enterprise headquartered at Baatsona, Accra, Ghana that grows horticultural products using organic manure and herbicides. The company also buys additional vegetables and fruits from selected farmers whom it has contracted to cultivate some of the mainstream produce. Eden Tree markets the fresh herbs, vegetables and fruits in the Accra region. By growing specialty items, adding value by cleaning and trimming, and packaging them in attractive, branded packages, Eden Tree has built a successful, profitable business.

Eden Tree is the market leader in fresh packaged produce in the local Accra market place and faces strong demand from hotels, restaurants, supermarkets, and walk-in consumers in the Accra metropolis. Eden Tree can take advantage of its first mover advantage to grow the local market and expand into other urban markets, thus increasing employment for its own workforce and income for its supplier farmers.

In order to do so, the company must strengthen its management, planning and basic business processes.

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 make ADF's contribution to exceed the obligated amount specified in Article 3, section 3.1 of the Agreement.

B. Grantee Contribution

The Grantee will contribute the time and labor of its management team and employees to the project.

IV. Project Goal

The goal of the project is to promote employment growth and income enhancement for the poor in Ghana.

ADF  Grantee CKE

V. Project Purpose

The purpose of the OAG is to improve the Grantee's prospects for sustained expansion as indicated by the development of a comprehensive five-year business plan that ADF deems suitable for funding by a donor or other financial institution.

VI. Project Outputs

The final deliverables are:

- A. Implementation of a fully functional financial management system certified as compliant with ADF and investor management reporting requirements as indicated by:
- A fully trained Accountant competent in financial controls and Eden Tree's accounting requirements;
 - Ability of Eden Tree to produce regular financial reports and audited yearly accounts;
 - Accounts procedures manual utilized by management team.
- B. A successful market penetration strategy supported by:
- A comprehensive market analysis that evaluates the market potential in terms of local consumer segments and purchasing behavior;
 - A branding/promotions and distribution strategy that allows Eden Tree to reach consumers in a cost effective way;
 - A tactical sales plan developed and in the first stages of implementation by the Marketing & Sales Manager;
 - A fully tested alternate distribution channel.
- C. An established presence of operational and management capabilities as demonstrated by:
- An experienced administrator synchronizing core functional areas;
 - An efficient production process that complements Eden Tree's market strategy;
 - Implementation of quality assurance systems;
 - A management team implementing best practices in production management (quality, health and safety, inventory)
 - Documentation of critical administrative and operational procedures;
 - A functioning Board of Directors;
 - A detailed plan for expanding share ownership and/or employee profit-sharing.
- D. A scalable raw material sourcing approach as demonstrated by:
- A clear decision on strategy between: company-owned farmland, out grower system or a hybrid scheme;
 - Initial implementation of strategy through deployment of working capital and operating guidelines for approach;
 - Improved cash receivable cycle.
- E. A detailed financial plan for investment and growth that is presentable to external investors based on all OAG outputs.

VII. Major Activities to be financed under the Agreement

A. Financial Management Systems

Eden Tree will install accounting software, develop accounting and financial procedures and train accounting staff.

B. Market Plan Development

Eden Tree will conduct market research, develop and purchase new promotional and packaging materials and market test a retail outlet concept.

C. Management and Operational Capacity

Eden Tree will hire a marketing and sales manager and administrator. Eden Tree will implement a HAACP protocol and train management staff in production quality, health & safety, general management and inventory management.

D. Raw material Sourcing Approach

Eden Tree will assess alternative raw material approach and deploy working capital for inputs and packaging based on recommended approach.

E. Financial Model

Eden Tree will develop a detailed financial model, including investment required and financial projections.

VIII. Roles and Responsibilities of the Parties

ADF's Partner, INPRODEC will provide the necessary Standard ADF training in bookkeeping, monitoring and assessment

Eden Tree is responsible for ensuring the proper management and implementation of the Project. The ADF Partner in Ghana, INPRODEC will provide Eden Tree with technical and management assistance during the implementation of the project.

IX. Monitoring and Evaluation

INPRODEC will closely monitor the activities of Eden Tree to ensure proper reporting, adherence to the project implementation plan by the Grantee and movement towards the achievement of project objectives. INPRODEC will continuously assess the project risk and take remedial actions as needed. Monitoring by INPRODEC will be an important aspect of the ongoing coaching and advisory service. INPRODEC will review Legend's quarterly reports and will submit comments and observations to the management of Eden Tree as a part of the annual project evaluation. The two organizations will jointly design the evaluation process and Eden Tree will incorporate the findings of the evaluation into their annual report.

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- A clear decision on strategy between: company-owned farmland, out grower system or a hybrid scheme;
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- Improved cash receivable cycle.

E. A detailed financial plan for investment and growth that is presentable to external investors based on all OAG outputs.

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