APPENDIX A PROJECT DESCRIPTION: SLID PRODUCTION AND MARKETING OF HAIR PRODUCTS AND SOAPS

1. 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.

11. Background

SLID Industries Limited (SLID) is a hair care and personal products processing and marketing company in Ghana. The Company set is its products in Ghana and exports to the United States, United Kingdom, Ethiopia, Nigeria and other regional African markets.

The Ghanaian hair care and personal products market was estimated at 2,321,444 metric tons in 2003. Of this 2,264,772 metric tons were imported; the remaining 56,672 metric tons were produced locally. Analysis indicates that the market is expected to grow over the years the population increases and personal tastes favor SLID's variety of products. Future local, regional and international market growth, and current unmet demand, provide SLID with an opportunity to increase its market share and income for its shareholders, employees, and the hairdressing community.

To take advantage of the opportunity, SLID must improve its organizational capacity and upgrade its production facility in order to build its business and increase production. The Company must expand its production facility to increase output and improve product packaging and labeling quality. Further SLID recognizes it must also develop its management systems, environmental controls, and provide training and demonstrations to it clients in order to increase sale and product recognition.

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.

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B. Grantee Contribution

The Grantee, SLID, is expected to contribute its existing assets, estimated at 691,875,000 Cedis. These funds will be applied towards the following items or tasks:

- 1. Production SLID will pay part of the costs for the hair care demonstration centre to enhance the training of hairdressers and also provide part of the working capital; and
- 2. Market Development SLID will pay part of the cost of packaging materials and the cost involved in training hairdressers to enhance their skills.

Furthermore, SLID will match any employee contributions up to five (5) percent of employees' wages to a Provident Fund. It will establish a hairdressers' development fund, the proceeds of which will be used to offer start-up equipment and tools at subsidized cost to graduating apprentice hairdressers who come from poor families who cannot afford the cost of purchasing such equipment to begin their careers.

Project Goal

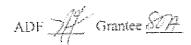
The goal of the Project is to improve living standards of private sector workers and hairdressers in Ghana.

Project Purpose

The purpose of this project is to increase the incomes of SLID's owners, employees, and participating hairdressers.

Two indicators will be used to assess the achievement of the Project's purpose:

- A. SLID's operating profit or earnings before interest, taxes, depreciation and amortization (EBITDA) from business activities grows from 601,575,000 Cedis in 2005 to:
 - 1,390,937,000 Cedis in Year 1;
 - 1.512.343.000 Cedis in Year 2;
 - 1,638,420,000 Cedis in Year 3;
 - 1,767,769,000 Cedis in Year 4; and
 - 1,898,446,000 Cedis in Year 5.
- B. SLID employees: annual total income from payroll will increase from 350,000,000 Cedis in 2005 to:
 - '454.800,000 Cedis in Year 1;
 - 545,760,000 Cedis in Year 2;
 - 654.912.000 Codis in Year 3;
 - 785.894.000 Cedis in Year 4; and
 - 943.073.000 Cedis in Year 5.



VI Project Outputs

In order to achieve the Project's purpose, SLID will realize the following outputs:

- A. SLID will increase its production capacity.
 - SLID will increase production (in metric tons) by the following amounts:
 - 551 metric tons in Year 1:
 - 578 metric tons in Year 2;
 - 607 metric tons in Year 3;
 - 637 metric tons in Year 4; and
 - 669 metric tons in Year 5.
 - The number of SLID employees will increase from the current Year 1 baseline of 50 to:
 - 55 in Year 2;
 - 60 in Year 3;
 - 65 in Year 4; and
 - 75 in Year 5.
- B. SLID will increase its marketing capacity.
 - Total sales for 2005 are projected to be 5,587,338,000 Cedis.
 From this baseline, the Company's sales will grow to:
 - 5,962,685,000 Cedis in Year 1;
 - 6,573,860,000 Cedis in Year 2;
 - 7,247,681,000 Cedis in Year 3;
 - 7,990,368,000 Cedis in Year 4; and
 - 8,809,601,000 Cedis in Year 5;
 - Total number of hairdressers trained by the end of Year 5 will be 1,000.

VII. Major Activities to be financed Under the Agreement

- A. Production: SLID will increase the amount of raw materials it purchases and processes, enhance the production floor, and complete the construction of the hair care demonstration center. SLID will install additional equipment to ensure an uninterrupted supply of quality products to its customers.
- B. Market Development and Promotion: SLID will implement a comprehensive market development and expansion program. This will be done through the provision of free training to hairdressers both in urban and rural areas in product handling, product information and hair care sanitation.

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The Company will adhere to its market development and business plan to ensure growth of its market share.

- C. Internal Systems Improvement: SLID will implement comprehensive environmental management procedures to meet regulatory requirements and occupational health guidelines. The company will also improve its information processing systems to ensure proper costing, inventory management, and record keeping.
- D. Training: Through training and systems upgrades, SLID will build its management capacity.

VIII. Roles and Responsibilities of the Parties

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

SLID is responsible for ensuring the proper management and implementation of the Project. In addition, salary increases and the extensive training of personnel will help accommodate the expanded operations, increase performance, and effectively support and oversee the implementation process. The ADF Partner in Ghana, INPRODEC will provide SLID with technical and management assistance during the implementation of the project.

IX. Monitoring and Evaluation

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



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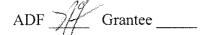
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