

APPENDIX A
PROJECT DESCRIPTION
E. K. AGYEI PEPPER PROCESSING ENTERPRISE OAG 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

E.K. Agyei's Pepper Processing Enterprise (Agyei) is a small, consistently profitable agro-processing business that specializes in the production of dry pepper powder. Over the last 5 years of operations, the company has succeeded in establishing itself as a small local producer of dried pepper for the local food market.

Demographic and economic changes are driving the demand for processed pepper in Ghana. In addition, global demand for organic foods creates new opportunities for the export of dried pepper. Agyei would like to pursue a growth expansion strategy to capture more of the lucrative market for dry pepper powder. However, the company must first strengthen its planning, management, and marketing capacity.

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 EKA

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V. Project Purpose

The purpose of the OAG is to improve the Grantee's prospects for sustained expansion as indicated by strengthening its management and operational capacity and 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 expected outputs from the project are:

- A. A fully developed business and growth plan that:
 - evaluates market potential both locally and for export, including pricing;
 - identifies the most effective sales and distribution strategies; and
 - assesses production capacity and present an investment plan for meeting market demand.

- B. Acquired and implemented a functioning financial management systems:
 - installation of a new financial accounting systems certified as fully compliant with ADF and investor management reporting requirements; and
 - fully trained accounting officer to utilize the new system in due time.

- C. Operational capabilities that meets company's market demand as demonstrated by:
 - a production process assessment and validation of equipment investment options that complement E. K. Agyei Pepper Processing Inc. sales and marketing initiatives;
 - documentation of critical operations procedures outlining all procedures and training.

- D. An established presence of sales and management capabilities as demonstrated by:
 - highly competent sales and marketing officer capable of devising and implementing a successful marketing and sales plan; and
 - the managing director displays a solid understanding of better business practices.

VII. Major Activities to be financed under the Agreement

A. Management Development System and Training

With the support of an outside accounting consultant, Agyei will hire an accounting officer to keep proper ledgers and records, and maintain accounting systems and controls.

B. Operational Systems Improvement

The company will evaluate its production system and implement a Solar Dryer for the pre-drying of the fresh pepper.

C. Sales and Marketing Initiatives

The company will develop a market plan and hire a sales and marketing officer to promote the products, search for market linkages both domestic and international and maintain existing clientele. Agyei will test its market plan with a limited production activity.

VIII. Roles and Responsibilities of the Parties

E.K. Agyei Pepper is responsible for ensuring the proper management and implementation of the Project. The ADF Partner in Ghana, INPRODEC, will provide E. K. Agyei Pepper the necessary standard ADF training in bookkeeping, monitoring and assessment training, and technical and management assistance during the implementation of the project.

IX. Monitoring and Evaluation

INPRODEC will closely monitor the activities of E. K. Agyei Pepper 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 E. K. Agyei Pepper's quarterly reports and will submit comments and observations to the management of E. K. Agyei Pepper as a part of the annual project evaluation. The two organizations will jointly design the evaluation process and E.K. Agyei Pepper will incorporate the findings of the evaluation into their annual report.

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