APPENDIX A PROJECT DESCRIPTION: ELSSYKESS PROCESSING AND MARKETING OF AFRICAN ETHNIC FOODS

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.

Background 1

A few small enterprises have been exporting processed, traditional Ghanaian foods to various countries in Western Europe, and to the United States. Elssykess Company Limited is one such firm and would like to increase its exports in order to take full advantage of preferential trade schemes such as African Growth Opportunity Act (AGOA).

West African communities in the United States and Europe constitute a potentially large niche market for ethnic Ghanaian and West African foods. To take advantage of this potential market. Elssykess needs to expand its processing capability by increasing its raw materials sourcing, improve the packaging of its products improve its production area, enhance its transportation means and other logistics, and improve its quality systems and internal management capacity to elevate the business to new levels.

Funding 111.

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

Grantee Contribution B

Production

Elssykess will pay for all costs requirements in excess of 70,000,000 Cedis for floor enhancement and the costs for refurbishment of the warehouse in excess of the 100,000,000 Cedis ADF grant allocation. The company will also be responsible for the incremental costs in purchasing printed poly bags and boxes, labels and other packaging material under the working capital requirements.

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Elssykess's total estimated contribution to the project is estimated at 619,100,000 Cedis. It will be Elssykess's responsibility to pay for these items regardless of the actual final cost.

Project Goal IV.

The goal of the project is to improve living standards of Ghanaian private sector workers and farmers in the Greater Accra and Volta regions.

Project Purpose ¥.

The purpose of this project is to increase incomes for the Elssykess business, employees, and farmers who supply the business raw materials.

Three indicators will be used to track the attainment of the project purpose:

- Elssykess' earnings before interest, taxes, depreciation and amortization (EBTDA) will grow from 420,394,500 Cedis in 2006, to 440,253,543 Cedis in Year I, to 728,493,808 Cedis in Year II, to 842,333,744 Cedis in Year III, to 998,069,803 Cedis in Year IV and finally 1,188,889,898 Cedis in Year V;
- total employees' annual payroll income will increase from 177,000,000 Cedis in 2006, to 227,490,000 Cedis in Year I, 387,550,000 Cedis in Year II. 361,760,000 Cedis in Year III, to 406,070,000 Cedis in Year IV, to finally 482,820,000 Cedis in Year V; and
- total purchases from farmers will increase from 826,930,000 Cedis in 2006, to 860,117,000 Cedis in Year I, 1,221,950,000 Cedis in Year II, 1,426,580,000 Cedis in Year III, to 1,662,580,000 Cedis in Year IV, and finally 1,940,720,000 Cedis in Year V.

Project Outputs VI.

In order to attain the project's purpose, Etssykess will achieve the outputs noted below.

- Sales for 2006 is projected to be 2,263,332,500,000 Cedis. The company's sales will grow from 2,353,809,000 Cedis in Year I, to 3,344,762,589,000 Cedis in Year II, to 3,904,174,132,000 Cedis in Year III, to 4,550,533,077,000 Cedis in Year IV, to 5,311,609,734,000 Cedis in Year V.
- The current total number of jobs held at Elssykess is 30. The number of direct jobs created is expected to increase from 30 in Year 1, to 35 in Year 11, to 40 in Year III, to 45 in Year IV, and maintained at 50 in the final year of the project.

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VII. Major Activities to be Financed Under the Agreement

A. Production

Elssykess will increase purchasing of raw materials, provide farm and distribution transportation, enhance production floor, improve the warehousing facility, provide basic factory equipment and improved packaging to ensure uninterrupted supply of quality products to its customers.

B. Food Safety and Market Development

Elssykess will complete the implementation of the HACCP and GMP protocols to ensure that its products continue to meet local and United States export regulatory requirements. The company will also implement sound environmental management systems and continue to deepen its market scope.

C. Internal Systems Improvement

Elssykess will implement comprehensive administrative procedures to enhance effective product processing, knowledge sharing, and human resource management. The company will also continue to implement standard accounting practices and procedures to ensure proper costing and inventory management and record keeping.

D. Training

Elssykess will embark on an intensive management capacity building through training, and systems upgrade:

VIII. Roles and Responsibilities of the Parties

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

Elssykess is responsible for ensuring the proper management and implementation of the Project. The current two member Board of Directors will be expanded to a minimum of five to enable it to fulfill its assigned role. In addition, the necessary expansion of the current management staff, salary improvement, and the extensive training of personnel will help accommodate the expanded operation, increase performance and effectively support and oversee the implementation process. The ADF Partner in Ghana, support and oversee the implementation process. The ADF Partner in Ghana, improved the project.

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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 aspect of the ongoing coaching and will submit comments and observations to the Elssykess's quarterly reports and will submit comments and observation. The two management of Elssykess, as a part of the annual project evaluation. The two organizations will jointly design the evaluation process and Elssykess will incorporate the findings of the evaluation into their annual report.

X. Other Implementation Issues

- A. The Grantee will create a provident fund for its employees with up to a five (5) percent matching contribution.
- B. The Grantee will provide financial support to an education and skills upgrade program in the surrounding community.

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IV. Project Goal

The goal of the project is to improve living standards of Ghanaian private sector workers and farmers in the Greater Accra and Volta regions.

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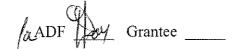
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