

APPENDIX A
PROJECT DESCRIPTION
Agro-Genetic Technologies Limited

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

Agro-Genetic Technologies Limited (AGT) develops new types of tissue cultures (TC) that produce high yielding and good quality agricultural products that are pest and disease resistant. AGT must make improvements in its management and financial systems if it is to realize its potential. The current management has critical weaknesses in its operations that include over reliance on the Managing Director and weak financial and human resource systems and policies.

III. Funding

A. USADF Contribution

The financial plan for USADF'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 USADF's contribution to exceed the obligated amount specified in Article 4, section 4.1 of the Agreement.

B. AGT Contribution

AGT is contributing financial resources to the project and the skills and time of its employees to the implementation of the project. Specifically, AGT will purchase two laminar flow hoods, continue paying salaries and wages of its current staff, and continue to meet all administrative and production costs (including insurance and banking, communication expenses, printing and stationery, motor vehicle running expenses) other than those project inputs financed by USADF as specified in Appendix A-1 to this Agreement.

IV. Project Goal

The goal of the Project is to foster sustainable social-economic and agricultural development in Uganda through efficient utilization of tissue culture biotechnology techniques.

USADF  AGT _____

V. Project Purpose

The purpose of the project is to improve AGT'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

A. Business Plan and Market Development

The business plan will include the following elements:

- a comprehensive market analysis that evaluates the market potential in terms of customer segments and purchasing behavior;
- a selling and distribution strategy that enables AGT to expand and reach both their existing and new customers;
- projected financial results that support the proposed investment in terms of returns on investment; and
- a laboratory/design and organizational structure that demonstrate operating costs and capacities which support the growth plan.

B. Fully functional financial management system that is compliant with USADF and investor management's reporting requirements as demonstrated by:

- a well structured internal control and accounting system;
- a comprehensive accounting procedures manual;
- regular periodic reporting of financial results;
- revised chart of accounts that take into account the operational systems and activities as per this industry;
- enhanced automated accounting/financial systems;
- reports and reporting formats in consonance with the company's desired Management Information System (MIS) highlighting budgeting cycle (development, management and review);
- revised credit policy in line with industry standards;
- established cost structure for each of the products and their profitability levels;
- management team versed in the use of the installed financial/accounting systems; and
- periodic financial reports that inform decision-making

VII. Activities

AGT will ensure the following major activities are implemented with the assistance of selected consultants where needed. AGT will also ensure that all terms of reference for consultants are developed in collaboration with USADF.

A. Management

1. Financial Management

- a) Review the company's existing systems and work with staff to establish proper accounting and financial systems, including the installation and training on appropriate software.
- b) Develop an accounting manual.

2. Information System

Install a new automated information technology system that includes the following:

- modern machines with a recent versions of Microsoft Windows software;
- an integrated LAN system;
- technical support and backup for at least 1 year; and
- basic in-house training for the users.

3. Human Resources Management

Review the company's personnel management system and produce the following:

- up-to-date personnel policies and procedures;
- well-structured organizational chart;
- training policies;
- audit report on the existing personnel skill set with recommendations for recruitment of key qualified management and operational staff where necessary;
- report with recommendations on organization structure, tasks and job descriptions;
- report on current staff remuneration terms and conditions of employment with recommendations to ensure they are in line with industry standards and comply with local labor laws;
- training needs assessment report with recommendations on required training; and
- health and safety assessment of the company with appropriate recommendations

4. Governance

- a) Determine if the existing governance status of the company meets statutory requirements and make recommendations where necessary.
- b) Review and propose a re-structuring, as necessary, of the current management team in line with a recommended organizational chart.

- c) Propose the composition and role of the board of directors and the management team.
- d) Train the board of directors and management team on their respective roles and responsibilities.

B. Production

1. Conduct an audit of the current equipment and machinery, which includes assessing mechanical conditions, efficiency, installed capacity and utilization, lifespan before write-off, and other relevant factors.
2. Assess processing technology and methods and recommend alternatives that would increase efficiency and the quality and quantity of the company's output.
3. Propose a suitable research and development function for the company.
4. Expand the current production capacities by establishing a mother garden.
5. Train production staff in quality control methods.
6. Prepare a production manual.

C. Marketing

1. Establish a product pricing policy that is competitive.
2. Develop a marketing plan with clear marketing strategies.
3. Recommend appropriate job qualifications for the position of a marketing and account manager.

VIII. Roles and Responsibilities of the Parties

USADF's Partner in Uganda will provide the standard USADF training in bookkeeping, monitoring and assessment. AGT is responsible for ensuring the proper management and implementation of the project. The USADF Partner in Uganda will provide AGT with technical and management assistance during the implementation of the project.

IX. Monitoring and Evaluation

USADF's Partner in Uganda will monitor project activities to ensure proper reporting, adherence to the project implementation plan by AGT and movement towards the achievement of project objectives. The Partner will continuously assess the risks to the project and take remedial actions as needed. Monitoring by the Partner will be an important aspect of the ongoing coaching and advisory service. The Partner will review AGT's quarterly reports and will submit comments and observations to the management of AGT as a part of the ongoing performance assessment.