

Espace Propreté Aboul Abass Laundry Service

APPENDIX A: PROJECT DESCRIPTION

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

Espace Propreté Aboul Abass (Espace) operates a laundry service in Saint Louis, the fourth largest city in Senegal. Recently, Espace has not been able to satisfy demand from all of its customers. Two factors underlie this dilemma: (1) the acceleration in the demand from its main customer – Saint Louis University (CROUS); and (2) the surge in tourism in Saint Louis, resulting in increased demand from institutional customers such as hotels.

Espace is under contract with CROUS to provide laundry services for student sheets and blankets. Since the university's opening in 1999, the student population has grown from approximately 595 to approximately 3,100. Espace has made a business decision to place priority on satisfying the needs of the CROUS contract. The consequence of this decision is a loss of other business, particularly that of households. For example, the estimated value of demand from households in during the first quarter of 2004 exceeded CFA 10 million. Espace was able to meet only 15 percent of this demand.


In addition, there is an increase in the demand for dry cleaning service, fueled particularly by an increase in tourism in Saint Louis. Espace has provided this services on a limited basis, but without sufficient materials or know how.

III. Funding

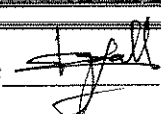
A. ADF Contribution

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

ADF



Grantee



B. Grantee Contribution

Espace will contribute its existing assets valued at CFA 15,012,210 and including : (1) the 2,395 square meters land plot in the village of Bango with the existing building to be renovated; and (2) laundry equipment valued at 4, 637, 500 FCFA and a desk computer with printer and a fax machine valued at 1, 138, 700 FCFA.

IV. Project Goal

The Project's goal is to contribute to poverty reduction in Saint Louis.

V. Project Purpose

The purpose of the Project is to increase Espace's income and that of its employees, and measured by the following.

- A. The enterprise's net revenues will increase from 2,341,373 CFA to 19,570,777 CFA in year 1; 20,741,251 CFA in year 2; 29,262,022 CFA in year 3; 44,225,859 CFA in year 4; and 72,646,025 CFA in year 5.
- B. The total wages Espace pays to its employees will increase from 2,340,000 CFA to 14,100,000 CFA in year 1; 16,113,769 CFA in year 2; 17,386,747 CFA in year 3; 20,723 539 CFA in year 4; 22,875,916 CFA in year.

VI. Project Outputs

The Project will generate the following major outputs in order to attain the its purpose.

A. Strengthened Service Delivery and Marketing Capacity

The annual current service provision level will increase from 29,872 units to 191,494 units in year 1; 220,218 units in year 2; 253,251 units in year 3; 316,564 units in year 4 and 419,447 units in year 5.

B. Increased Management Capacity

1. The number of full-time employees will be consolidated and increased from its current level of 20 (including 5 permanent and 15 part-time jobs) to 35 jobs (including 25 permanent and 10 part-time jobs) by end of the Project).
2. The financial management system will produce monthly profit and loss statements in Year I and thereafter.

3. A project performance monitoring plan will be developed in Year I; data will be collected, analyzed, and reported every three months on critical Project indicators thereafter.

VII. Activities

A. Production Unit

Over the life of the Project, Espace will double its output of services and diversify its operation to include dry cleaning, in addition to laundering service. This Grant will enable Espace to renovate a building as a laundry service facility, add office space (for the accountant and secretary), partition off the main production area reserved for soiled items from the area reserved to clean items, acquire efficient laundry and dry cleaning equipment, purchase a delivery vehicle, and access working capital for purchase of production inputs.

B. Marketing

Espace will market its services aggressively. It will retain an expert to assist in the design and launch of a marketing plan.

C. Training and Technical Assistance

The Project's training activities will focus on the following areas: (1) business and financial management; (2) ADF management and accounting procedures; and (3) care and maintenance of cleaning equipment.

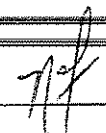
VIII. Roles and Responsibilities of the Parties

Espace Propreté Aboul Abass is responsible for ensuring the proper management and implementation of the Project. Espace Propreté Aboul Abass **will** hire a business manager to oversee the day-to-day activities of the Project. The ADF Partner in Senegal, (FAIB), will provide Espace Propreté Aboul Abass **technical** and management assistance during Project implementation.

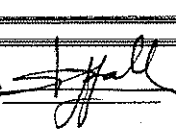
IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Grantee, working with the ADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will provide the Partner input for the Project monitoring plan. In addition, during implementation, the committee will have responsibility for ensuring that the Project follows the implementation plan, and that problems identified through monitoring and evaluation are properly addressed in a timely

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Grantee



manner. The Grantee and the Partner will specifically monitor production costs, market conditions, and product pricing to ensure that the product price is appropriate to cover production and overhead costs.

X. Other Implementation Issues

Espace Propreté Aboul Abass will establish three interest-bearing bank accounts in addition to the account to receive ADF funds: (a) one account will receive all income generated by the project before funds are allocated for various expenses. (b) a second account will receive regular monthly or quarterly deposits for equipment replacement. (c) a third account will receive regular quarterly deposits for the community reinvestment grant proceeds.

