

The purpose of the Project is to the increase Gabastri's income and that of its employees as measured by the following:

- A. Gabastri's net income (after taxes) will increase from its current level of 40,173,688 FCFA to 25,357,787 CFA francs in year 1 , 34,362,106 CFA francs in year 2, 48,452,259 CFA francs in year 3, 63,679,223 CFA francs in year 4, and 72,661,372 CFA francs year 5; and
- B. Gabastri's total wage payment to its employees will increase from current level of 26, 800, to 452 FCFA to in year 1, 38,533,000FCFA in year 2, 48,255,900 FCFA in year 3, 53,061,855FCFA in year 4, and 55,714,948 FCFA in year 5.

VI. Project Outputs

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

- A. Increase Production and Marketing Capacity
 - 1. The annual output of plates for door hinges will increase from the current level of 135,951 to 163,500 units at the end of the¹ year 1; to 196,200 units in year 2; 225,630 units in year 3; 248,193 units in year 4; and 260,603 units in year 5.
 - 2. Annual sales will increase from the current FCFA 223,269,000 to FCFA 259,890,000 in year 1 ; F CFA 318,105,360 in year 2 ; FCFA 373,137,587 in year 3 ; FCFA 418,660,373 in year 4 ; and FCFA 448,385,259 in year 5.
 - 3. Annual export sales will increase from the current FCFA 44,653,800 to FCFA 51,978,000 in year 1 ; FCFA 62,373,600 in year 2 ; FCFA 71,729,640 in year 3 ; FCFA 78,902,604 in year 4 ; and FCFA 82,847,734 in year 5.
- B. Management Capacity Strengthened
 - 1. The number of full-time employees will increase from its current level of 13 to 23 in Year 1 and Year2, 28 in Year3, and 30 in Year 4 and Year 5.
 - 2. The financial management system will produce monthly profit and loss statements in Year I and thereafter.
 - 3. The Grantee will establish a business plan in Year I and update it at least annually, thereafter.

VII. Activities

ADF  Grantee 

A. Manufacturing

Gabastrri will use proceeds of this Grant to manufacture plates for door hinges. The Grant will enable Gabastrri to expand output and diversify its door hinge designs in response to the market's demand. To this end, Gabastrri will: (1) rehabilitate its production facility to include a separate storage area; (2) add a fully furnished and equipped office for administrative activities; (3) acquire imported casts to expand the range of door hinge designs it manufactures; (4) purchase a delivery vehicle; and (5) purchase production inputs. Gabastrri will enhance its technical and managerial capacity by hiring approximately 17 new production employees, an accountant, and an administrative officer.

B. Marketing

Gabastrri will market its products aggressively. It will recruit a business manager and retain consultants to assist in the preparation and implementation of its marketing strategies.

C. Training and Technical Assistance

Gabastrri will strengthen its production staff's technical capacities and improve the quality of its management. During the Project, Gabastrri will procure training for its employees in several areas, including production techniques, quality control, equipment maintenance, marketing, and business and financial management.

VIII. Roles and Responsibilities of the Parties

Gabastrri is responsible for ensuring the proper management and implementation of the Project. Gabastrri will assign a Project manager to oversee the day-to-day activities. The ADF Partner in Senegal, FAIB, will provide Gabastrri technical and management assistance during the 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 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.

ADF  Grantee 

X. Other Implementation Issues

Gabastri 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; and (c) a third account will receive regular quarterly deposits for the Community Reinvestment Grant.

Audit: The Foundation will provide 2,000,000 CFA to cover audit costs during and after the Project.

ADF *[Signature]* Grantee *[Signature]*