

PROJECT DESCRIPTION**S2AN Blind Craftsmen Capacity Building Project****Senegal****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 Appendix A shall be construed as amending any of the definitions, conditions, or terms of the Agreement.

II. Background

The Alione NGOM Craft Company (S2AN) is a limited liability company created and owned by the Cooperative of Blind Graduated Craftsmen. Currently, S2AN employs 18 blind craftsmen and two non-disabled workers in the production of five types of craft and cleaning products (e.g., brooms and cloth floor wipes). Large institutions and charities constitute S2AN's primary customer base, but S2AN aims at establishing a larger share of the growing private household market. Though S2AN's blind workers have been trained in craft production and create high quality products, they lack the managerial and marketing skills to sustain a profitable business. Without non-disabled staff, S2AN struggles with accounting, marketing, and business planning. S2AN must build its managerial capacity in order to turn its workers' craftsmanship into an income generating activity.

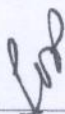
III. Funding**A. ADF Contribution**

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 4, section 4.1 of the Agreement.

B. S2AN's Contribution

S2AN's contribution to the Project is valued at 28,752,000 FCFA and consists of salaries and benefits for a welfare worker, domestic help, security guard, driver, weavers, and brush-makers.

ADF



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IV. Project Goal

The goal of the Project is to improve the standard of living of Senegal's blind population.

V. Project Purpose

The purpose of the Project is to improve S2AN's prospects for sustained expansion as indicated by the development of a five-year business plan that ADF deems suitable for funding by a donor or other financial institution.

VI. Project Outputs

- A. Improved production and technical capacities as evidenced by the following.
 - 1. Increase in floor cloth production from a baseline 7,440 to:
 - a. 9,720 units in Year 1; and
 - b. 9,720 units in Year 2.
 - 2. Increase in broom production from a baseline of 7,716 to:
 - a. 12,582 brooms in Year 1; and
 - b. 12,582 brooms in Year 2.
- B. Improved financial management and systems as evidenced by the following:
 - 1. a computerized accounting system is in place that complies with ADF's requirements and generates reliable financial and reports in a timely fashion; and
 - 2. quarterly and annual financial statements are routinely produced and used by management to trace financial transactions and guide it in its general decision making.
- C. Improved marketing as evidenced by higher sales revenues. S2AN's sales revenue changes from a baseline of 0 to:
 - 1. 49,500,000 FCFA in Project Year 1; and
 - 2. 49,500,000 FCFA in Project Year 2.



VII. Project Activities**A. Production**

S2AN will increase its production in order to stock clothes and brooms to sell during its managerial and marketing improvement phase. During the first three months of the Project, S2AN will procure two manual weaving looms and associated workshop supplies (e.g. saw, hammers). It will also establish contracts to acquire fibers and wood for its brooms and cotton for its cloths. A technical officer, hired during the Project, will train workers on the use of the manual looms and other production equipment.

B. Management Capacity Building

A consultant will train S2AN's members in entrepreneurship, organizational development, and negotiation and lobbying. Another consultant will develop a business plan to guide S2AN's next five years and help it transition from donor-dependency to profitability by teaching business skills. These business skills will include short-term and medium term planning and strategies for expansion. The business plan will also examine the feasibility of S2AN's goals and methods, study its long-term profitability, and evaluate technical capacity. S2AN will recruit a project coordinator with a higher education certificate to direct project activities and manage S2AN alongside its current co-managers.

S2AN will improve its internal systems by hiring an accountant to oversee its financial activities and hiring a consultant to prepare a manual of procedures that describes the rules and procedures for accounting activities within the Association. S2AN will establish automated accounting and financial management systems with the new computer and accessories that it purchases for the project.

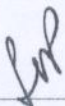
C. Marketing

S2AN will enhance its marketing capabilities by developing a marketing strategy, researching the potential to trademark its products, and improving customer service. It will hire a consultant to research price structures and identify potential buyers. A performance survey will examine trademark statutes and recommend the best way to register S2AN products at the Intellectual Property and Technology Service. S2AN will improve customer relations by hiring a commercial officer to manage sales and marketing. S2AN will provide him/her with a motorcycle to visit customers and potential clients. To ensure prompt product deliveries, S2AN will repair its van by soliciting estimates from three mechanics and contracting a local garage to repair the vehicle.

VIII. Roles and Responsibilities of the Parties

S2AN has ultimate responsibility for ensuring the proper implementation of this Project.

ADF



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IX. Monitoring and Evaluation

ADF's partner in Senegal will closely monitor the activities of S2AN to ensure proper reporting, adherence to the project implementation plan, and progress toward the achievement of Project objectives. The Partner will continuously assess the Project's risks 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 ADF's quarterly reports and will submit comments and observations to the management of S2AN as a part of the on-going performance assessment.