

APPENDIX A:
PROJECT DESCRIPTION
MARTIN'S DEN FISHERIES (PTY) LTD: NAMIBIA

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

Martin's Den Fishing (Pty) Limited's main business activity is harvesting rock lobster. The founders of Martin's Den are all women who lived in Luderitz, Namibia. Most of the women are breadwinners in their families and look to Martin's Den as a key source of income for their families.

The company has experienced difficulties in catching the entire rock lobster quota allotted to it by the Ministry of Fisheries and Marine Resources. Although bad weather conditions played a role in the company's poor performance, the main problem is the high cost of operating the company's antiquated and inefficient fishing vessel, which breaks down frequently. The company only managed to catch about 6.5 tons of its 12-ton allotment last season. The company's management deficiencies also pose obstacles to improving its operations.

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.

B. Grantee Contribution

Martin's Den's total contribution to the Project is N\$130,000 towards the VAT on the vessel's purchase price. Martin's Den will also cover all salary, administrative, marketing, and management costs not specifically provided for in the ADF contribution.

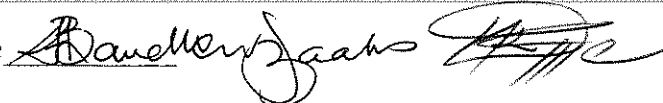
IV. Project Goal

The goal of the Project is to promote the growth and development of indigenous SMEs.

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V. Project Purpose

The purpose of the Project is to enable a business owned by 10 indigenous Namibians to increase the profitability and sustainability of its rock lobster fishing enterprise and increase the incomes of its employees as measured by the following.

Net income after tax and interest payments will increase from (N\$ 169,565) to:

Y1 N\$ 199,895
Y2 N\$ 134,737
Y3 N\$ 207,510
Y4 N\$ 231,471
Y5 N\$ 277,364

Wages paid to employees will increase from N\$ 250,878 to:

Y1 - N\$ 268,911
Y2 - N\$ 312,536
Y3 - N\$ 362,926
Y4 - N\$ 420,532
Y5 - N\$ 487,120

VI. Output

A. Martin's Den's capacity to produce rock lobster for the market will increase as measured by the following.

- Total revenues from lobster will increase from N\$ 996,171 to:
Y1 - N\$ 1,439,116
Y2 - N\$ 1,578,872
Y3 - N\$ 1,794,949
Y4 - N\$ 1,932,693
Y5 - N\$ 2,130,120
- Revenues from whole processed lobster will increase from N\$926,439 to:
Y1 - N\$ 1,384,992
Y2 - N\$ 1,571,724
Y3 - N\$ 1,402,764
Y4 - N\$ 1,386,261
Y5 - N\$ 1,273,627
- Revenues of live lobster will increase from 0:
Y1 - N\$0
Y2 - N\$0
Y3 - N\$384,679

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Y4 – N\$538,550

Y5 – N\$848,218

- The value of Martin's Den's catch in terms of kilograms (kg) of live lobsters sold through Pomona will improve:

Y1 – 0

Y2 – 0

Y3 – 1,782

Y4 – 2,376

Y5 – 3,564

B. Martin's Den capacity to govern and manage operations will improve as measured by the following.

- By the end of Project year 1, the company will have instituted financial management policies and procedures that are consistent with industry "best practices".
- Beginning in Project year 1 and continuing through the life of the Project, the Grantee will retain an accounting firm to conduct an annual independent audit.
- The Grantee will maintain written minutes of its board meetings which, among other things, will document the frequency of the meetings and level of participation in decision making by individual board members.

C. The number of persons employed by Martin's Den will increase from 12 to 14 in Year 1.

VII. ACTIVITIES

Martin's Den will undertake the following activities to generate the Project's expected outputs.

A. Production of Rock Lobster

The Grant will enable the Grantee to significantly increase its production of rock lobster. To this end, the Grant will fund a new fishing vessel and fishing equipment.

Martin's Den will contract with a shipbuilding company based in Luderitz, Namibia, to construct a new 13.75 m fiberglass vessel. The boat will be outfitted with a tank of approximately 6.5 cubic meters with a capacity of 400-500 live lobsters. The tanks will be equipped with pumps capable of circulating 3 cubic meters of water per hour. Martin's Den will purchase approximately 20 new fishing traps for use by the fishing crew.

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Martin's Den will produce lobster to supply three product lines: whole frozen lobster, live lobster, and lobster tails. The production process consists of catching, weighing and inspecting, cleaning and cooling, and packing the lobster. Martin's Den fishing crew will use trapping and ring methods to catch lobsters. They will sort the catch and return pregnant female lobsters to the sea. Government officials will inspect the catch to ensure compliance with regulations. The Grant provides funds for seawater holding tanks for storage of the catch it is processed and packaged. To minimize the risk of accidents at sea, Martin's Den will maintain full compliance with the Namibia's Department of Marine Affairs' safety regulations.

Pamona Factory (Pty) limited (Pamona) will have responsibility for ensuring the lobster products meet established quality standards, in collaboration with the Government of Namibia's fisheries inspectors, the South African Bureau of Standards, and the European Union. Pamona will follow the Hazard Critical Control Point or other internationally recognized quality assurance system.

B. Provision of Board and Management Training

Martin's Den will obtain training for its board and management personnel in key areas such as roles and responsibilities, governance, budgeting, and strategic planning.

C. Marketing

All lobster products produced by Martin's Den will carry the Pamona label and will be marketed through the Namibian Rock Lobster Packers (Namrock), Pamona's marketing agent. Namrock's services include price negotiations, product specifications, advertising, and distribution.

VIII. Roles and Responsibilities of the Parties

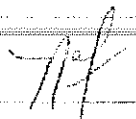
Martin's Den has primary responsibility for ensuring that Project activities are properly implemented. Within Martin's Den, the board of directors has the overall responsibility for supervising and coordinating implementation. The Management, consisting of the Managing Director and Operations Manager, will assist the Board.

Pursuant to Article 10 of the Agreement, the ADF Partner in Namibia will provide Martin's Den technical assistance and advice during the implementation of this project.

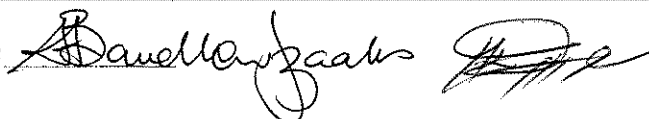
IX. Monitoring and Evaluation

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 with input for the Project monitoring plan. The monitoring plan will include

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quarterly reporting on the Grantee's contributions for community development activities, including any contributions made to a Community Reinvestment Grant (CRG) fund. It will also include reporting on the amount of any distributions of dividends or profits to shareholders and employees, as well as any reinvestment of profits into the business. 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.

X. Other Implementation Issues

Martin's Den will open a separate bank account non-interest bearing for receiving ADF funds in addition to its present operational bank account.

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