

APPENDIX A
PROJECT DESCRIPTION:
Yehans International - Building Construction Service Provider

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

Yehans International Company Limited is a building and construction services company engaged in the manufacturing and installation of aluminum doors, windows, burglar proofing grills, and automated garage doors and gates for the local real estate industry. Currently, the home-building sector in Ghana is the fastest growing area within the construction industry. Small artisans dominate this sector. However, because of their limited technical know-how, these artisans generally deliver poor results, especially in terms of their finishing work, which affects their ability to earn decent income.

Yehans has an opportunity to expand its presence in this fast growing home-building sector by supporting the formation of a network of artisans. By equipping the artisans with the necessary skill set and resources to enhance their service and product delivery, Yehans can achieve a double objective of increasing its sales and increasing the income of the artisans. Yehans needs support to undertake this 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 make ADF's contribution to exceed the obligated amount specified in Article 3, section 3.1 of the Agreement.

B. Client Contribution

Yehans' total contribution to the project is estimated at 3,680,000,000 Cedis to cover the construction costs of the new administrative and showroom building.

IV. Investment Goal

The goal of the investment is to improve the living standards of Ghanaian private sector workers and construction sector artisans.

ADF  Grantee 

V. Investment Purpose

The purpose of this investment is to increase incomes for the Yehans business, employees, and approximately 350 artisans and their families.

Three indicators will be used to track the attainment of the investment purpose:

- A. Yehans' earnings before interest, taxes, depreciation and amortization (EBTDA) will decrease from 3,406,518,272 Cedis in 2006, to 3,198,646,460 Cedis in Year I for the initial implementation of the project, and then increase to 3,678,443,429 Cedis in Year II, to 4,481,537,887 Cedis in Year III, to 5,206,152,414 Cedis in Year IV and finally 5,726,767,656 Cedis in Year V.
- B. Total employees' annual payroll income increases from 599,852,930 Cedis in 2006, to 703,148,123 Cedis in Year I, to 808,620,341 Cedis in Year II, 929,913,393 Cedis in Year III, to 1,022,904,732 Cedis in Year IV, to finally 1,125,195,205 Cedis in Year V.
- C. Artisans' income increases from 1,380,000,000 Cedis in Year I, to 3,036,000,000 Cedis in Year II, to 4,174,500,000 Cedis in Year III, to 5,510,340,000 Cedis in Year IV, and finally 7,071,603,000 Cedis in Year V.

VI. Investment Outputs

In order to attain the investment's purpose, Yehans will achieve the following outputs:

- A. Sales for 2006 is projected to be 16,494,689,200 Cedis. The company's sales will grow from 19,004,003,322 Cedis in Year I, to 21,854,603,820 Cedis in Year II, to 25,132,794,393 Cedis in Year III, to 27,646,073,833 Cedis in Year IV, to 30,410,681,216 Cedis in Year V.
- B. The total number of employees at Yehans is expected to increase from 51 in 2006 to 101 by 2011.
- C. The total number of artisans will increase from 100 in 2007 to 350 by 2011.

VII. Major Activities to be financed Under the Agreement

Yehans will ensure the following activities are implemented over the life of the project.

- A. Artisan Network Development and Training
Support the formation of a network of artisans through: training in modern production and installation techniques; training in customer care practices, pricing, and costing; and working capital to finance pre-installation window and door products.

B. Work Place Health and Safety Training

Train the company's staff and artisans on health and safety management in a production environment. Assess and implement sound environmental management and safety systems.

C. Internal Systems Improvement

Re-organize the management team, streamline operations and enhance financial management and administrative processes, especially implementation of an effective inventory management system.

D. Management Training

Train appropriate staff of the company in key management and operational skills including leadership, time management, team building, and inventory management.

E. Environmental Assessment and Management Plan

Conduct an environmental assessment and develop a plan to manage the environmental risks associated with the project.

F. Promotion and Advertisement

Aggressively promote the company's products and services through a variety of venues, including radio, television, and printed materials.

VIII. Roles and Responsibilities of the Parties

The ADF Partner in Ghana will provide the necessary standard ADF training in bookkeeping and monitoring and assessment. The Partner will also provide business advice for the successful implementation of the project.

Yehans' management is responsible for ensuring the proper management and implementation of the Investment. The ADF Partner in Ghana will provide Yehans with technical and management assistance during the implementation of the Investment.

IX. Monitoring and Evaluation

INPRODEC will closely monitor the activities of the company to ensure proper reporting, adherence to the Project implementation plan by the Grantee, and movement towards Investment objectives. INPRODEC will continuously assess the Project risk and undertake remedial actions as needed. Monitoring by INPRODEC will be an important aspect of the ongoing coaching and advisory service. INPRODEC will review Yehans' quarterly reports and will submit comments and observations to the management of Yehans, as a part of the annual project evaluation. The two organizations will jointly

ADF  Grantee 

design the evaluation process and Yehans will incorporate the findings of the evaluation into their annual report.

X. Other Implementation Issues

During the life of the project, Yehans will establish a formal board of directors that will hold regular meetings.

ADP  Grantee 

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