

APPENDIX A

PROJECT DESCRIPTION

Multichem Mango Packaging and Export

1. 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.

2. Background

There is a growing demand for mangoes at the national, sub-regional and international level. There are also various initiatives such as the African Growth and Opportunity Act which provide additional business incentives and opportunities for mango production and export.

Multichem – SARL (“Multichem” or “Grantee”) has exported mangoes to the European Union for approximately 10 years. Even with the experience and expertise it has developed over this period, Multichem has recognized the need for it to improve the quality and quantity of its mango production processes. One of the main bottlenecks to Multichem’s mango business is that it must use another company’s processing plant before exporting its mangoes. If this processing plant is in use by another company, Multichem’s products are inhibited from getting to market. Multichem seeks to resolve this problem.

3. 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

Multichem Sarl will contribute land valued at seventy (70) million CFA and a truck valued at twelve (12) million CFA.

4. Project Goal

The goal of the project is to improve the living standards of people in the Baguinéda and Sikasso regions of Mali.

ADF  Grantee _____

5. Project Purpose

The purpose of the project is increase the incomes of Multichem and its employees, mango producers, and mango collectors as indicated by the following:

- Increase Multichem's net income before income taxes and depreciation in Year 1 to CFA 22,750,160; in Year 2 to CFA 30,179,193; in Year 3 to CFA 80,694,356; in Year 4 to CFA 91,392,651; and in Year 5 to CFA 129,170,676;
- Increase the income of Multichem's employees by increasing Multichem's total payroll in Year 1 to CFA 7,740,000; in Year 2 to CFA 8,028,120; in Year 3 to CFA 8,339,417; in Year 4 to CFA 8,656,314; and in Year 5 to CFA 8,985,254; and
- Increase the incomes of mango producers and collectors as measured by increasing the value of mango purchases from producers in Year 1 to CFA 23,375,000; in Year 2 to CFA 39,703,500; in Year 3 to CFA 45,790,400; in Year 4 to CFA 59,412,500; in Year 5 to CFA 74,003,700.

6. Project Outputs

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

A. Improved production capacity as demonstrated by the following:

- Sales revenues increased in Year 1 to CFA 180,394,500; in Year 2 to CFA 252,786,813; in Year 3 to CFA 327,916,612; in Year 4 to CFA 397,172,327; in Year 5 to CFA 494,513,803;
- Total number of owners and full-time workers at Multichem from 18 at present to 35 for years 1-5;
- Number of farm households regularly supplying mangoes increased from 60 at present; in Year 2 to 100; in Year 3 to 145; in Year 4 to 200; and in Year 5 to 250;
- Number of mango purchasing agents increased from 15 at present; in Year 2 to 25; in Year 3 to 35; in Year 4 to 45; and in Year 5 to 60;
- Multichem's business operations will include new packaging and cooling operations.

B. Strengthened management capacity as demonstrated by the following:

- A new marketing plan developed and implemented which will include identifying new customers and outlets;
- An operations manual developed and implemented;
- A planning and budgeting system developed and implemented;

- A financial management system developed and implemented in Year 1 producing monthly profit and loss statements;
- A performance monitoring plan developed and implemented in Year 1; and
- Data on critical program indicators collected, analyzed, and reported every three months.

7. Activities

A. Production

- Multichem will purchase, process and package mangoes for the international market.
- Multichem will improve its physical production plant by constructing a packaging station consisting of processing rooms and stores, a cooling system (one compressor unit, one condenser, two evaporators, and extra fans), and an electrical main board. This construction will be in compliance with Mali safety and building codes.
- Multichem will upgrade its equipment and facilities.

B. Training and Technical Assistance:

- Production quality management: Multichem will improve its production efficacy by hiring an expert to train its relevant employees in production techniques which conform to international norms and standards.
- Equipment use and servicing: Multichem will arrange for the training of relevant personnel on how to use and maintain its new equipment and facilities. The trainers will devote particular attention to safety issues.
- Business management: Multichem will hire an expert to train the relevant employees on how to improve Multichem's internal accounting, administrative organization, marketing techniques and managerial skills.
- Multichem will hire a quality control officer to provide follow-up quality control assistance to ensure that the company develops quality export products.

8. Roles and Responsibilities of the Parties

Multichem is responsible for ensuring the proper management and implementation of the Project. Multichem will hire high-quality staff to oversee the day-to-day activities of the Project. The ADF Partner will provide Multichem with technical and management assistance during the implementation of the Project.

9. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Grantee, working with ADF Partner will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will work with the ADF Partner to develop a 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.

10. Other Implementation Issues

The Multichem Company will establish a bank account to receive ADF funds.