

**APPENDIX A:  
PROJECT DESCRIPTION**

**AGRICONCEPT—Production and Export of Green String Beans Project**

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

AGRICONCEPT is a registered, limited liability company. The Company was legally established as a Societe' a Responsibilite' Limite' (S.A.RL) in Dakar in 2002. AGRICONCEPT processes, packages, and exports green string beans to the European market. Fruit and vegetables hold an important place among the African products demanded on the international market, particularly in the European Union. There is a steady and high demand for products such as pineapple, mango, and string beans. However maintaining quality and freshness, and ensuring a reliable supply, pose major challenges for most African businesses interested in exploring opportunities on the international market.

AGRICONCEPT has developed a process that preserves green beans in a fresh state for twenty-one days. However, AGRICONCEPT lacks capital to commercialize the process.

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

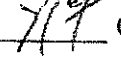
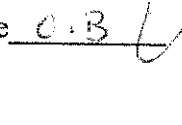
AGRICONCEPT will contribute the existing assets of the Company, currently estimated at a total of CFA 308,000,000 which includes:

- packaging equipment estimated at CFA 80,870,000;
- management and accounting software valued at CFA 11,768,000;
- the license for packaging under modified atmosphere valued at CFA 100,000,000;
- refrigeration truck valued at CFA 8,000,000; and
- used car valued at CFA 2,000,000;
- computer equipment to be purchased in Year 3 of the Project will be purchased with funds generated from the Project.

IV. Project Goal

The Project goal is to reduce poverty and improve the living conditions of AGRICONCEPT's production staff and the farming families from whom they purchase produce.

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ADF  Grantee 

V. Project Purpose

The purpose of the Project is to increase the income of AGRICONCEPT, its staff, and participating farmers as measured by the following.

- A. Total income distributed to the Grantee's employees will increase by 5 percent annually from its current level of CFA 20.5 million to:
- CFA 25.5 million in Year 1;
  - CFA 33.3 million in Year 2; and
  - CFA 48.1 million in Year 3.
- B. Total income distributed to the Project's participating farmers will increase to:
- CFA 14,884,530 in Year 1;
  - CFA 32,745,966 in Year 2; and
  - CFA 35,722,872 in Year 3.
- C. AGRICONCEPT's income after taxes will change from its current level of CFA 9.1 million to:
- CFA 3.6 million in Year 1;
  - CFA 106.9 millions in Year 2; and
  - CFA 115.2 million in Year 3.

VI. Project Outputs

The Project will generate the following outputs in order to achieve its purpose.

- A. Participating farmers' capacity to produce will increase.

Annual production of green string beans will increase from the current baseline level of 40 tons per year to:

- 100 tons in Year 1;
- 220 tons in Year 2; and
- 240 tons in Year 3.

- B. AGRICONCEPT's capacity to process and market green beans will expand.

1. The Company's annual sales will increase from its current baseline of CFA 54.7 million to:
  - CFA 154.8 million in Year 1;
  - CFA 340.5 million in Year 2; and
  - CFA 371.5 million in Year 3.
2. The volume of exported green beans will increase from a baseline of 80 tons to:
  - 90 tons in 2006;
  - 198 tons in 2007; and
  - 216 tons in 2008.

3. The Company's number of full-time employees will increase from its current level of 12 fulltime positions to:
- 18 in Year 1;
  - 23 in Year 2; and
  - 25 in Year 3.

#### VII. Major Activities to be Undertaken.

The following Project specific activities will be undertaken:

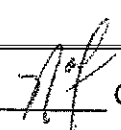
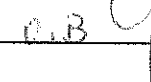
- establish an efficient partnership with vegetable growers through the value added AGRICONCEPT's technology;
- create, consolidate and maintain more than 100 to 150 seasonal jobs;
- enable producers to secure their revenues from definite purchase orders;
- purchase and install as necessary all equipment for increasing production and transportation capacity; (namely a refrigeration truck and a mechanical slicer/cutter);
- increase the amount of working capital for purchasing appropriate inputs for production and the needed supplies for the packaging;
- increase the quality of the product by training quality controllers and provide them with technical assistance;
- seasonally employ 100-150 employees (mostly women);
- pay rent to and move processing activities to the FELTIPLEX;
- train key staff in administrative, accounting and financial procedures;
- the financial management system will produce monthly P/L statements in Year 1 and thereafter; and
- develop a project performance monitoring plan in Year 1 (data will be collected, analyzed, and reported every three months, and on critical project indicators thereafter.

#### VIII. Roles and Responsibilities of the Parties

AGRICONCEPT is responsible for ensuring the proper management and implementation of the Project. AGRICONCEPT will hire all full time and seasonal employees needed to achieve its production goals and to run the day-to-day activities of the Project. The ADF Partner in Senegal will provide AGRICONCEPT 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 be responsible 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.

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X. Other Implementation Issues

AGRICONCEPT 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 scheduled investments; and
- c) a third account will receive regular quarterly deposits for the Community Reinvestment Grant (CRG).

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