APPENDIX A:
PROJECT DESCRIPTION
Maria Fruit Juices Production and Marketing 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

MARIA DISTRIBUTION (the Grantee) is an economic interest group formed by ten (10) women and mobilized by Mrs. Mariama Diouf, who invested 300,000 CFA in 1997 to finance the group's production and sale of fruit juices. Since then, the group has reinvested its earnings in equipment that enabled it to significantly increase production. However, the group's inability to pasteurize its products greatly reduces the shelf-life of their juices. This, combined with its limited production capacity, hinders the marketability of its juices.

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

The Grantee will contribute existing assets of the Company currently estimated at CFA 24,492,500 and which include:

- cooking equipment estimated at CFA 4,492,500;
- a 600 square meter plot of land valued at CFA 20,000,000; and
- members' technical and business management expertise.

IV. Project Goal

The goal of the Project is to increase the standard of living of Maria Distribution's owners, employees and their families, as well as the local population who will benefit from an increase in the availability of locally produced foods.

V. Project Purpose

The purpose of the Project is to increase the incomes of the Grantee and its employees as follows:

A. Net Income of the enterprise before taxes will increase from its current level of CFA 14,682,808 to:

- CFA 1,607,798 in Year 1;
- CFA 4,892,608 in Year 2;
- CFA 29,989,149 in Year 3
- CFA 51,024,095 in Year 4; and
- CFA 69,907,454 in Year 5.

B. Total payments made to the Grantee's employees will increase from its current level of CFA 9,564,000 to:

- CFA 11,530,000 in Year 1;
- CFA 23,128,650 in Year 2;
- CFA 23,822,510 in Year 3:
- CFA 24,537,185 in Year 4; and
- CFA 25,273,300 in Year 5.

VI. Project Outputs

A. Maria Distribution will increase its production capacity.

1. The production of juices and nectars will increase from the current baseline of 36,414 liters to:
   - 57,755 liters in Year 1;
   - 98,183 liters in Year 2;
   - 142,366 liters in Year 3;
   - 185,076 liters in Year 4; and
   - 222,091 liters in Year 5.

2. The number of the Grantee's full-time employees will increase from the current level of (11) fulltime jobs to (16) by end of the Project.

3. Purchases of raw materials from retailers of fruit (raw inputs) to process juice and nectar increases to:
   - CFA 19,364,289 in Year 1;
   - CFA 33,676,436 in Year 2;
   - CFA 49,953,941 in Year 3;
   - CFA 66,433,746 in Year 4; and
   - CFA 81,554,066 in Year 5;

B. Maria Distribution will improve its marketing and management capacity.

1. Annual sales will increase from the current baseline of CFA 34,120,721 to:
    - CFA 52,999,999 in Year 1;
    - CFA 90,099,998 in Year 2;
    - CFA 130,644,997 in Year 3;
    - CFA 169,838,496 in Year 4; and
    - CFA 203,806,195 in Year 5.

2. A computerized financial management system will generate accurate monthly profit and loss statements by Year 1 and thereafter.

VII. Activities

The specific activities the Project will undertake are:

- create and promote a "*made in Senegal*" quality label early in the first year of the Project;
- construct a production facility complying with hygiene, security and quality standards required in the sector;
- purchase and install new production and processing equipment;
- improve the quality of products by implementing the pasteurization process;
- establish an *operations fund* with the working capital in order to secure regular supplies of raw materials;
- train key staff in production techniques, equipment maintenance, management and quality assurance;
- train key staff in ADF administrative and accounting procedures;
- train key production staff in maintaining the production facility and equipment;
- train managerial staff systems, auditing, budget design and financials;
- train key staff in monitoring and quality management of produce;
- develop a project performance monitoring plan in Year 1;
- collect, analyze, and report on production and financial data every three months; and
- achieve key production goals and critical Project indicators.

VIII. Roles and Responsibilities of the Parties

The Grantee is responsible for ensuring the proper management and implementation of the Project. The ADF Partner in Senegal will provide the Grantee with technical and management assistance during 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 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. 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.

X. Other Implementation Issues

The Grantee will establish three interest-bearing bank accounts in addition to the account to receive ADF funds. The accounts are: a) an account to receive all income generated by the project before funds are allocated for various expenses; b) an account to receive regular monthly or quarterly deposits for equipment replacement; and c) an account to receive regular quarterly deposits for the Community Reinvestment Grant.