

PROJECT DESCRIPTION:
Yedent Agro Processing Ventures Ltd.
Maize Processing Expansion

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

Yedent Agro Processing Ventures Limited is a privately owned cereal processing company located in Sunyani in the Brong Ahafo region. The company produces processed maize cereal and fortified maize products for institutions, industries and households in the Ghanaian domestic market. The company adds value to maize by blending it with fortificants, soya and other nutrients to produce a nutritious maize cereal, primarily for local consumption. The company also produces for the local brewery industry. The company sources maize from local farmers in the Brong Ahafo region.

In recent years, Yedent has become a preferred supplier of fortified maize cereal to the United Nations World Food Program (WFP) for its five-year program aimed at feeding school children in Ghana. As WFP expands its program in Ghana, Yedent has an opportunity to maintain its position as the preferred supplier in Ghana and to capture additional WFP contracts in the region. Yedent also has an opportunity to build its own brand of nutritious fortified cereal for the local retail market on the strength of its reputation with WFP. In order to capture these opportunities, Yedent needs resources to purchase, dry and store enough high quality maize to meet WFP demand.

III. Funding

A. USADF Contribution

The financial plan for USADF'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 USADF's contribution to exceed the obligated amount specified in Article 4, section 4.1 of the Agreement. Half of USADF's investment was funded through contributions by the Government of Ghana.

B. Client Contribution

Yedent is contributing the time and labor of its employees to the project, as well as \$20,000 in working capital investment.

USADF

Yedent

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IV. Investment Goal

The goal of the investment is to improve the living standards of Ghanaian private sector workers, especially in the maize sector.

V. Investment Purpose

The purpose of the investment is to reduce poverty by creating employment and increased incomes for Yedent, its employees, and local maize farmers

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

- A. Yedent's earnings before interest, taxes, depreciation and amortization (EBITDA) will be as follows during the implementation period: \$188,865 in Year I; \$277,314 in Year II; \$451,080 in Year III; \$701,762 in Year IV; and \$727,040 in Year V.
- B. Individual employee income will increase as follows: \$697 in Year I; \$816 in Year II; \$838 in Year III; \$849 in Year IV; and \$840 in Year V.
- C. Maize farmer revenue will increase as follows: \$482,938 in Year I; \$698,733 in Year II; \$879,015 in Year III; \$952,828 in Year IV; and \$1,189,661 in Year V.

VI. Investment Outputs

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

- A. Yedent's total revenues will grow as follows: \$992,458 in Year I; \$1,449,438 in Year II; \$1,933,682 in Year III; \$2,362,296 in Year IV; and \$2,747,873 in Year V.
- B. Yedent's direct employment will grow as follows: 48 in Year I; 52 in Year II; 55 in Year III; 60 in Year IV; and 70 in Year V.
- C. The number of maize farmers working with Yedent will be as follows: 150 in Year I; 175 in Year II; 200 in Year III; 225 in Year IV; and 250 in Year V.
- D. Yedent will improve its fiscal and social responsibility as demonstrated by its compliance with the Re-Investment Commitment Schedule set forth in Appendix A-2 to this Agreement.

VII. Major Activities to be Financed Under the Agreement

Yedent will ensure the following activities are implemented over the life of the project:

A. Investment in Raw Material and Packaging

Yedent will put in place a revolving working capital pool to allow for a one-month cushion of maize, soya, and fortificants inputs and packaging materials. Yedent will also put in place policies and procedures to manage the working capital investment effectively through close coordination of demand and payment with its core client WFP.

B. Accounting and Inventory Management

Yedent will implement new accounting and inventory management software and purchase computers to upgrade its information technology (IT) capabilities.

C. Factory Enhancement

Yedent will address a number of constraints in its current factory operations including installing a bulk gas tank and borehole to ensure steady supply of energy and water to the plant. Yedent will enhance the flooring and fence the factory premise to ensure enhanced quality control in production and security for the plant. Yedent will also purchase basic furniture to improve the office environment.

VIII. Roles and Responsibilities of the Parties

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

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

IX. Monitoring and Evaluation

The USADF Partner will closely monitor the activities of the company to ensure proper reporting, adherence to the Project implementation plan by the Client, and movement towards Investment objectives. The USADF Partner will continuously assess the Project risk and undertake remedial actions as needed. Monitoring by the USADF Partner will be an important aspect of the ongoing coaching and advisory service. The USADF Partner will review Yedent's quarterly reports and will submit comments and observations to the management of Yedent, on a quarterly basis. The two organizations will jointly design the evaluation process and Yedent will incorporate the findings of the evaluation into their annual report.