

APPENDIX A

PROJECT DESCRIPTION

ACPAM COLD FOOD STORAGE 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

Mali has a vibrant agricultural sector that is primarily based on agricultural produce, cattle breeding and grazing. However, lack of adequate storage and preservation result in significant losses of foodstuffs.

ACPAM specializes in storage, preservation and conservation of perishable foodstuffs. ACPAM's current ability to meet demand for its services is limited by a lack of space to store foodstuffs.

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

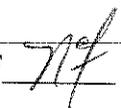
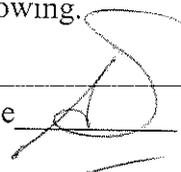
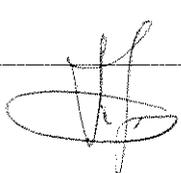
ACPAM will provide small tools, such as basins and protection kits, valued at 245,000 FCFA and office furniture valued at approximately 90,000 CFA.

IV. Project Goal

The Project's goal is to improve ACPAM-sarl members' standard of living by increasing their capacities to offer quality services in the fields of storing and preservation of perishable foodstuffs".

V. Project Purpose

The purpose of the Project is to increase ACPAM's net income and its employees' incomes, as measured by the following.

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- A. ACPAM's net income after taxes will increase from current level of 5,846,411 FCFA to 14,329,471 FCFA in year 1 ; 14,034,182 FCFA in year 2 ; 21,454,372 FCFA in year 3 ; 32,113,588 FCFA in year 4 and 43,432,411 FCFA in year 5 of the Project.
- B. Employees' total wage payments will increase from the current level of 3,360,000 FCFA to 9,540,000 FCFA in year I; 9,730,800FCFA in year II; 11,305,680 FCFA in year III; 11,531,794 FCFA in year IV; and 14,511,807 FCFA in year V.

VI. Project Outputs

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

- A. Cold foodstuffs storage services delivering increased, as measured by:
 - 1. annual sales will increase from current level of 16,651,500 FCFA to 44,957,700 FCFA in Year I and; 56,197,125 CFA in Year II; 70,246,406 in Year III; 87,808,008 in Year IV and 109,760,010 CFA in Year V of the project.
- B. Technical and management capacity strengthened, as measured by:
 - 1. the number of employees will increase from current level of 11 fulltime jobs to 14 in Year I and to 20 fulltime jobs by the end of the project, ; 14 fulltime jobs in year 2 ; 16 fulltime jobs in year 3 ; 16 fulltime jobs in year 4 and 20 fulltime jobs in year 5.
 - 2. the Grantee performance monitoring plan will be developed in Year I; data will be collected, analyzed, and reported every four months on critical project indicators, thereafter.
 - 3. the Grantee will establish a business plan in Year I and update it at least annually, thereafter.

VII. Activities

A. Production unit

The Project will allow ACPAM to acquire a warehouse or refrigerator tunnel of a capacity of 90 m3 per day, a generator with accessories, and operating capital. The improvements will enable ACPAM to produce at full capacity, ensure healthy working conditions for its employees, and meet all hygiene standards for production of quality products.

ACPAM will use ADF funds to lease a commercial building, that will house the cold store. This building will need repairs: including the wall, floor, connection to electricity and water, telephone, fax, cold room, parking. The building will have: One storage room, one office, one secretariat, one waiting room, two toilets, one other room to welcome clients and products, one cold room. Funds will also be provided for blueprint development and construction supervision and inspection.

ACPAM will use ADF funds to procure and install equipment including: one cold store, composed of a positive isothermal cold room with three compartments built in modular panels of a 10 centimeters

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thick industrial type with a ceiling and floor equipped each with ZHENDRE bib loc type refrigerator or similar; other tools composed of individual packaging racks (5 000 units), small materials (boots, gloves, trolley, ladders, mufflers, scales, etc.) and the purchase of a multimedia composed of a computer, printer and UPS. The entire installations will be secured by a 20 KVA generator with auto start.

The acquisition will be done according to the required procedures and will respect the following arrangements: preparation of the bid, reception of the pro-forma, pre-selection of the three pro-forma, selection and identification of the vendors, order, reception, installations and test of the equipment, final payment.

ADF will provide funds for working capital to cover the cost of electricity and water bills, rent and guarantee, advertising fees on radio and television, maintenance and repairs during the life of the Project and to cover refrigerator installations insurance, internet fees, installation, connection and bank charges for the life of the Project.

The Project will enable ACPAM to improve the storage capacity and quality of the foodstuffs of its clients. The Project will also enable ACPAM's clients to increase their purchasing and sales capacities.

B. Training and Technical Assistance

The Project will provide the Grantee with appropriate business management training, including personnel management, financial management and accounting, administration, and marketing training. Training will also include technical production issues and equipment maintenance and storage and preservation techniques and food hygiene. Follow-up technical assistance will be provided on-site, particularly for marketing and financial management to ensure that ACPAM adopts and masters appropriate management systems.

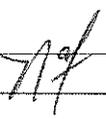
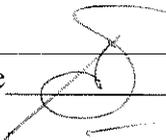
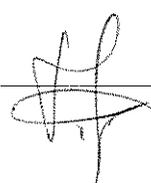
Partner in Mali, AED-Sahel, will assist the Grantee to establish a performance monitoring system to provide management with critical information for decision-making and monitoring. A specialized organization will provide HIV/AIDS prevention training to all group members and employees. An external audit will be conducted during the project.

The ADF Partner will assist the Grantee in the hiring of a financial manager during the first quarter of the Project to provide. The financial manager will provide the Grantee full-time assistance to meet ADF reporting, financial management, and procurement requirements.

VIII. Roles and Responsibilities of the Parties

ACPAM is responsible for ensuring the proper management and implementation of the Project. ACPAM will hire a Project financial manager to oversee the day-to-day activities of the Project. The ADF Partner will provide ACPAM technical and management assistance during the implementation of the Project.

IX. Monitoring and Evaluation

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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 work with the 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.

X. Other Implementation Issues

ACPAM will establish three bank accounts: (a) an account to manage reinvestment funds; (b) an account to receive ADF funds; and (c) a current account. ACPAM will use the reinvestment account to receive regular deposits for equipment replacement and reserves to acquire additional equipment, construct a headquarters, or undertake other activities. It will make deposits to the account on a quarterly basis (at a minimum), beginning as soon as the member groups receive their new equipment or start managing the new facilities, whichever comes earlier.

ACPAM will provide ADF with a profit-sharing plan before the Project begins construction of the new production facility. This plan will describe how benefits will be shared with non-member employees, once the enterprise generates sufficient net income to distribute dividends to its members.

As a measure to prevent the creation of excess storage capacity that the Grantee cannot absorb, ADF will phase funding for expansion. ADF will make funds available to purchase one cold storage unit in the first year of the Project. Availability of funding for the remaining two cold storage units will be subject to a review of actual capacity use and market potential beyond Lafiabougou. The ADF Partner will conduct such review after Year I of the Project.

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