

APPENDIX A
PROJECT DESCRIPTION
KIKAM COLDSTORES LIMITED EEG 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

Kikam Coldstore Limited (KCL) is a cold store operator in the western region of Ghana. As the only standard cold store in the West and East Nzema districts, KCL has developed a strong business presence in the fishing industry in those districts. Its business model is premised on developing a robust distribution network based on strong relationships across the value chain. The demand for specialty and quality fish is huge and continues to grow. Having exceeded the capacity of the small cold store at Kikam, the company has already begun constructing a new site at Tikobo fishing community in order to meet the growing demand for fish. However, the company needs to equip the new facility, strengthen its management, and acquire adequate working capital.

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 make ADF's contribution to exceed the obligated amount specified in Article 3, section 3.1 of the Agreement.

B. KCL Contribution

KCL will contribute its new facility at Tikobo and the labor of its employees.

IV. Project Goal

The goal of the project is to improve living standards of Ghanaian private sector workers and fishermen in the Western region.

ADF



Grantee



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V. Project Purpose

The purpose of the project is to increase incomes for the KCL business, employees, local fishermen and distributors.

Four indicators will be used to track the attainment of the project purpose.

- A. KCL's earnings before interest, taxes, depreciation and amortization (EBITDA) will grow from 557,721,113 Cedis in 2006; to 1,004,020,680 Cedis in Year I to 1,706,835,156 Cedis in Year II; 1,911,655,375 Cedis in Year III; 2,141,054,020 Cedis in Year IV, and 2,397,980,502 Cedis in Year V.
- B. Total employees' annual payroll income will increase from 95,000,000 Cedis in 2006 to 112,286,615 Cedis in Year I; 200,863,353 Cedis in Year II; 210,766,956 Cedis in Year III; 239,448,961 Cedis in Year IV; and 268,182,836 Cedis in Year V.
- C. Distributors' annual income will increase from 450,000,000 Cedis in 2006 to 506,522,280 Cedis in Year I; 1,076,391,720 Cedis in Year II; 1,446,670,472 Cedis in Year III; 1,890,316,083 Cedis in Year IV; and 2,419,604,586 Cedis in Year V, and
- D. Fishermen's annual income will increase from 280,000,000 Cedis in 2006 to 368,505,871 Cedis in Year I; 939,689,972 Cedis in Year II; 1,103,270,357 Cedis in Year III; 2,857,494,201 Cedis in Year IV; and 4,400,655,841 Cedis in Year V.

VI. Project Outputs

In order to attain the project's purpose, KCL will achieve the following outputs

- A. Sales for 2006 is projected to be 3,517,190,200 Cedis. The company's sales will grow from 6,531,716,000 Cedis in Year I to 10,763,917,200 Cedis in Year II; 12,055,587,264 Cedis in Year III; 13,502,257,736 Cedis in Year IV; and 15,122,528,664 Cedis in Year V.
- B. The current total number of jobs held at KCL is 73¹. The number of jobs created is expected to increase from 100 in Year I to 144 in Year II; 156 in Year III; 245 in Year IV; and 292 in the final year of the project.

VII. Major Activities to be Financed under the Agreement

- A. Production:
 - Acquisition and installation of refrigeration equipment and spare parts
 - Procurement of refrigeration truck
 - ♦ Acquisition and installation of a 100 KVA auto switch standby generator

¹ These include employees, distributors and fishermen

- Completion of Tikobo facility
- B. Market development:
- Improve market development processes through packaging, branding and market data analysis
 - Acquire mini freezers to sustain and improve distribution network
- C. Internal systems improvement:
- Acquire and install computers for total internal processes improvement in the accounting system and inventory management
 - Improve administrative procedures
- D. Training activities areas:
- Cold room management and techniques
 - Health and safety management
 - General management
 - Information technology

VIII. Roles and Responsibilities of the Parties

ADF's Partner, INPRODEC will provide the necessary standard ADF training in bookkeeping, monitoring and assessment

KCL is responsible for ensuring the proper management and implementation of the Project. The ADF Partner in Ghana, INPRODEC will provide KCL with technical and management assistance during the implementation of the project.

IX. Monitoring and Evaluation

INPRODEC will closely monitor the activities of KCL, to ensure proper reporting, adherence to the project implementation plan by the Grantee and movement towards the achievement of project objectives. INPRODEC will continuously assess the project risk and take remedial actions as needed. Monitoring by INPRODEC will be an important aspect of the ongoing coaching and advisory service. INPRODEC will review KCL's quarterly reports and will submit comments and observations to the management of KCL as a part of the annual project evaluation. The two organizations will jointly design the evaluation process and KCL will incorporate the findings of the evaluation into their annual report.

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