

**APPENDIX A:  
PROJECT DESCRIPTION**

**Top Aviservices Poultry Processing and Marketing - Senegal**

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

The Groupement d' Affaires Top Aviservices Dakar (TASDAK) is an economic interest membership group that specializes in the production and marketing of "ready to cook" poultry meat. Its target market -- Dakar, Senegal and surrounding areas -- continues to experience high and increasing population growth, which places pressure on food supplies.

Recently, TASDAK has not been able to satisfy the demand for its products. TASDAK met 67 percent of its customers' demand in 2001, 4.5 percent in 2002, and 10 percent in 2003. Based on orders received to date for 2004, TASDAK needs to produce 1.5 tons of chicken per day. At present capacity, it only produces 150 kilograms a day. TASDAK needs an injection of capital to expand its production capacity, improve product quality, and strengthen the management of its operation.

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

TASDAK will contribute its current assets valued at 28,600,000 CFA, which include production equipment and a four hectare land plot valued at 11,000,000 CFA to house the production and administrative facilities of the Project.

IV. Project Goal

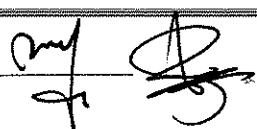
The goal of the Project is to improve the standards of living for TASDAK's members and their families.

---

ADF



Grantee



V. Project Purpose

The purpose of the Project is to increase the incomes of TASDAK's members, as measured by an increase in their annual incomes from the current level of 4,285,000 FCFA to 5,252,000 FCFA in year I, 5,514,600FCFA in year II, 5,790,330FCFA in year III, 5,790,330FCFA in year IV, and 5,790,330FCFA FCFA in year V.

VI. Project Outputs

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

A. Increased Capacity to Produce Poultry Meat

1. The annual production of poultry meat increased from the current level of 42.5 tons to 56,45 tons at the end of year I; 77.1 tons in year II; 100.5 tons in year III; 119.8 tons in year IV; and 136.5 tons in year V.
2. TASDAK's annual sales will increase from the current 59,300,000 F CFA to 79,476,500 F CFA in year I; 107,293,275 F CFA in year II; 139,481,258 F CFA in year III; 174,351,572 F CFA in year IV; and 200,504,308 F CFA in year V.
3. The number of full-time employees will increase from its current level of eight fulltime jobs to 18 in Year II and beyond.

B. Increased Management Capacity

1. The financial management system will produce monthly profit and loss statements in Year I and thereafter.
2. A project performance-monitoring plan will be developed in Year I; data will be collected, analyzed, and reported every three months on critical project indicators thereafter.
3. Quality control and sanitation procedures will be in place by the end of year I.

VII. Activities

A. Production of Poultry Meat

TASDAK has a 24 square meter room that it uses for poultry processing (plucking and eviscerating chicken, conditioning and packaging) and office space. The hygiene standards of the Ministry of Public Health require that slaughtering, plucking and eviscerating be done in separate rooms from the cutout, packaging, and storage tasks. In

addition to the health concerns, TASDAK's limited space will not accommodate increased production.

The Grant provides TASDAK funds to construct and equip a modern production facility that meets the Ministry's sanitation standards. TASDAK will build a plant that has three divisions: (1) a section for the slaughtering, plucking and eviscerating activities; (2) a section for the cut out, purchasing, and preservation activities; and (3) a section with a room for direct sales to walk-in customers and two rooms for office use.

To expand production capacity and meet standards the quality, the Grant will finance the purchase and installation of new equipment for preserving, packaging, and distribution of its perishable products. The equipment includes: featheries, pluckers and spare parts, slaughtering tools such as knives, and cisterns for the bleeding in chickens, recipients, trolley carts to drain and carry the products to the cold room, a tunnel freezer with an electric generator, wrapping machines, an isothermal van or small truck, and a delivery vehicle for short trips. In addition, TASDAK will hire ten fulltime employees for its production department in the second year of the Project.

TASDAK will use the operating capital provided by the Grant to address its cash flow problems. Specifically, it will use these funds to cover costs of salaries and related costs for a two-month period, wrapping materials, and cardboard boxes.

#### D. Training and Technical Assistance

The technical assistance and training activities will ensure that TASDAK acquires appropriate skills, institutes quality control procedures, and carries out production equipment maintenance. The training will cover topics in management and accounting, marketing, business management, and technical aspects production and preservation.

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

TASDAK is responsible for ensuring the proper management and implementation of the Project. The ADF Partner in Senegal, FAIB, will provide TASDAK 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 monitor production costs, market conditions, and product pricing to ensure that the product price is appropriate to cover production and overhead costs.

ADF  Grantee 

X. Other Implementation Issues

TASDAK will establish three interest-bearing bank accounts in addition to the account to receive ADF funds. One account will receive all income generated by the project before funds are allocated for various expenses. A second account will receive regular monthly or quarterly deposits for equipment replacement. A third account will receive regular quarterly deposits for the Community Reinvestment Grant.

