

**APPENDIX A**  
**PROJECT DESCRIPTION**  
**Kampala Jellitone Supplies Limited**

**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**

Kampala Jellitone Supplies Limited (KJS) has two major business lines: processing and marketing of coffee and production and marketing of briquettes. Although the company is relatively profitable, there are critical management system and process gaps that hinder KJS's ability to grow; these include weak financial and human resource systems and policies as well as non-versatile production and supply chain processes.

**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 3, section 3.1 of the Agreement.

**B. KJS Contribution**

KJS is contributing financial resources to the project and the skills and time of its employees to the implementation of the project. Specifically, KJS will continue paying salaries and wages of its current staff and continue to meet all administrative and production costs (including insurance and banking, communication expenses, printing and stationery, motor vehicle running expenses, factory operation expenses) other than those project inputs financed by USADF as specified in Appendix A-1 to this Agreement.

**IV. Project Goal**

The goal of the project is to increase incomes of residents in Kampala and surrounding areas.

**V. Project Purpose**

The purpose of the project is to position KJS for expansion as demonstrated by a comprehensive business plan that USADF deems suitable for funding by a donor or other financial institution.

## VI. Project Outputs

### A. Enhanced Management

1. A business plan that includes strategies for expansion, improving product quality, and increasing revenues and market share.
2. A fully functional financial management system that is compliant with USADF and investor management's reporting requirements as demonstrated by:
  - a well structured internal control and accounting system;
  - reports and reporting formats in consonance with the company's desired Management Information System (MIS) highlighting budgeting cycle (development, management and review); and
  - periodic financial reports that inform decision-making.
3. An organization and human resources plan that includes performance incentives and measurements, and establishes roles and responsibilities throughout the corporation (including the Board of Directors).

### B. Enhanced Production as demonstrated by:

- increased efficiency resulting from an improved packing machine for coffee products;
- production manual, procurement policy, and inventory management that results in streamlined operations; and
- a production facility that meets industry health and safety standards, including the implementation of standard operation procedures for hygienic production and certification of plant safety by a qualified electrical systems inspector.

## VII. Activities

KJS will ensure the following activities are implemented with the assistance of selected consultants where needed. KJS will also ensure that all terms of reference for consultants are developed in collaboration with USADF.

### A. Production

#### 1. General

- Having repaired and or insulated all loose electrical connections within both production facilities, a qualified inspector will be recruited to certify the repairs.
- Establish health and safety measures for the staff.
- Review procedures to improve general factory hygiene to make it a more conducive environment.

- Make changes in the existing processing technology and methods in order to improve factory efficiencies.
- Train production staff in quality control methods.

2. Coffee

- Conduct a machine audit of the current equipment assessing its mechanical conditions, efficiency, installed capacity and utilization, lifespan before write-off, etc.
- Make changes in the processing technology and methods in order to improve on efficiency in terms of quality and quantity of products.
- Develop a suitable expansion plan of the current production capacities.
- Prepare a production manual.

3. Briquettes

- Develop methods to improve product formulation particularly drying of saw dust to ensure high quality briquettes.
- Establish quality control parameters for the company that meet national/regional standards.
- Carry out a feasibility study on carbonized briquettes and do a cost benefit analysis.

B. Marketing

- Carry out market and competitive analyses of KJS's products and make recommendations.
- Develop a marketing plan based on the market strategy of the company.
- Review and improve on the current product packaging and distribution channels.
- Produce suitable advertising and promotional activities for the company.

C. Finance and Administration

1. A fully functioning financial management systems supported by:

- Competent Finance/Accounting personnel capable of maintaining well-designed processes and methods geared towards profitability; and
- A system certified as fully compliant with USADF and investor management reporting requirements as demonstrated by:
  - a. A well structured internal control and accounting system
  - b. A comprehensive accounting procedures manual
  - c. Monthly reporting of financial results for the company
  - d. Chart of accounts in order to take into account the operational systems and activities as per this industry

- e. A computerized accounting/financial system using preferably PASTEL accounting software
- f. A cost structure for each of the products and their profitability levels and recommend types of products to retain
- g. Train management in the use of the installed financial/accounting systems and reporting requirements

## 2. Information Technology (IT) Requirements

Put in place a comprehensive IT system supported by:

- Computer equipment and accessories with Microsoft (MS) Windows applications
- A (local area network) LAN System
- Technical support and backup
- Basic in-house training for the users
- A basic IT policy (practice) for the company

## 3. Human Resource

Streamline human resource system by:

- Updating personnel policies and procedures
- Developing a well-defined communication structure
- Developing a training policy that meets the needs of the organization
- Reviewing tasks and job descriptions
- Developing appropriate job qualifications and descriptions for all positions in the company
- Reviewing staff remuneration terms and conditions of employment in line with similar industry standards in compliance with local labor laws
- Developing an appropriate human resources manual covering all aspects of human resource including the health and safety of employees
- Contracting a medical insurance service provider
- Providing workers' compensation for all employees
- Training the management team in the generation, interpretation and use of reports with the aid of the management systems put in place
- Conducting a skills audit with recommendations for recruitment and hire of key management and operational personnel needed to support business growth and expansion

## 4. Governance

- Restructure the current governance structure of the company to meet statutory requirements
- Review and re-structure where necessary the current management team on the basis of a revised organizational chart

- Propose the composition and role of the Board of Directors and the management team
- Train the Board of Directors and management on their roles and responsibilities

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

USADF's partner in Uganda will provide the necessary standard USADF training in bookkeeping, monitoring and assessment. KJS is responsible for ensuring the proper management and implementation of the Investment. The USADF Partner in Uganda will provide KJS with technical and management assistance during implementation.

### **IX. Monitoring and Evaluation**

USADF's Partner in Uganda will closely monitor the activities of KJS to ensure proper reporting, adherence to the project implementation plan by the client and movement towards the achievement of project objectives. The Partner will continuously assess the project risk and take remedial actions as needed. Monitoring by the Partner will be an important aspect of the ongoing coaching and advisory service. The Partner will review USADF's quarterly reports and will submit comments and observations to the management of KJS as a part of the on-going performance assessment.

Within Sixty days of the effective date of this Agreement, the client, working with the USADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of the client's organisation. 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.