

**PROJECT DESCRIPTION:
KEBA
PRODUCTION AND MARKETING OF EGGS AND POULTRY PRODUCTS**

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

Ferme Avicole Keba (Keba) is a profitable indigenous enterprise poised to expand and take advantage of the burgeoning market for eggs and poultry products throughout Guinea. Competitor producers are unable to meet even the current demand for eggs and poultry, especially for local communities and corporate customers that are well-established in Guinea.

Keba does face some constraints, however. Principal among them are sourcing chicks and layers in-country, limited supply of feed, potential outbreaks of poultry disease and lack of poultry rearing expertise in Guinea.

III. Funding

A. USADF Contribution

The financial plan for USADF 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.

B. Client Contribution

Keba will contribute its current total assets of GNF 1,100,853,473 (the primary source project working capital); the initial flock of 16,000 laying hens; 150 tons of feed; and required veterinary supplies; 18,000 chicks; and replacement hens in all future production cycles.

IV. Project Goal

The project's goal is to improve the standard of living and nutritional status for residents of Dubreka Town, Conakry, the mining region of Boke' and surrounding areas.

V. Project Purpose

The project's purpose is to increase Keba's income and that of its employees, as demonstrated by:

- A. Nominal net income (before taxes and depreciation) will increase annually to yield a more than three-fold increase by the end of the project period: GNF 88,699,348 in 2007; GNF 106,601,290 in 2008; GNF 725,631,369 in 2009; GNF 1,573,211,251 in 2010; GNF 2,311,517,924 in 2011; and to GNF 2,812,346,807 in 2012.
- B. Salary payments to Keba's employees will increase in 2007 GNF from 254,772,000 GNF in 2007; to 433,188,000 GNF in 2008; to 601,451,000 GNF in 2009; to 790,154,000 GNF in 2010; to 1,013,862,000 GNF in 2011; and to 1,233,532,000 GNF in 2012.

VI. Project Outputs

The major output is increased operational capacity as demonstrated by the following:

- A. Keba's nominal sales revenues will increase from GNF 1,748,400,000 in 2007; to GNF 3,067,887,534 in 2008; to GNF 5,560,336,376 in 2009; to GNF 8,239,366,156 in 2010; to GNF 11,401,182,340 in 2011; and to GNF 13,871,514,480 in 2012.
- B. Keba will increase egg production from 4,000,000 in 2007; to 5,701,370 in 2008; to 9,145,604 in 2009; to 10,454,670 in 2010; and 12,000,000 in 2011 and 2012.
- C. Keba's number of employees will grow from 44 in 2007 to 62 in 2008; to 76 in 2009; to 80 in 2010; to 82 in 2011 and 2012 and they will receive appropriate agricultural or management training systematically.
- D. Keba will demonstrate its fiscal and social responsibility by complying with the Re-Investment Commitment (RIC) detailed in Appendix A-2.

VII. Major Activities to be Financed under the Agreement

A. Production

The Client's intention to increase its production of eggs and poultry products is the major proposed activity. In order to successfully undertake this activity, the client must improve its plant and facilities. To this end, it will:

- Build one new hen house of approximately 10 x 84 meters.
- Build one brooder house of approximately 7 x 53 meters.
- Renovate one existing hen house and two existing brooder houses.
- Adequately equip all buildings.

To improve poultry management and increase productivity, the Managing Director and selected staff will receive training in poultry farm management. To ensure quality standards and reduce the incidence of poultry diseases, the Client will retain the services of a qualified veterinarian.

B. Management

Management will be strengthened by upgrading financial, accounting and reporting systems; securing appropriate management training for key personnel; improving governance and engaging in succession planning; and securing technical assistance from USADF and a qualified management consultant.

C. Environmental Safety

The Client will hire a consultant to provide the following: (a) expert advice on the proper disposal of dead poultry; and (b) monitor reforestation of the hillside and fenced area planned under the Project. Prior to the start of the rainy season, the Client will ensure that all manure is removed and properly and timely packed for sale.

IX. Monitoring and Evaluation

The USADF Partner in Guinea will closely monitor the activities of the Keba investment in order to ensure high quality assurance of the reporting as well as ensure the implementation plan is followed. It will work with Keba to conduct an initial assessment that will establish baseline data and will assist with on-going investment monitoring. Besides tracking general progress of the project, it will also continuously assess the identified project risks so that remedial actions can be taken on time in order to forestall significant adverse impact on the realization of the project objectives. Monitoring by the USADF Partner in Guinea will be an important aspect of the ongoing coaching and advisory service. The USADF Partner in Guinea will review all Keba's prepared and submitted quarterly reports, and will provide comments and observations to Keba's

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APPENDIX A

management on a quarterly basis and as part of the annual project evaluation. The two organizations will jointly design the evaluation process. Keba will incorporate evaluation findings into their annual report and outline remedial or other actions to address findings in the subsequent investment period.

