REPORT OF THE MEETING MARCH 23rd 2006

Present:

SASOL:

- Professor Mutiso
- Mr. Mutinda Munguti
- Mr. Mathew Kitema
- Julius Munyao
- Onesmus Mwangangi

Heijmans:

- Dick Lahey
- Pleunie Josseaud

Ex-change:

- Henk Haring
- Adriaan Vrienten

Introduction

After a short summary of the realization of the first pre-feasibility document of the Information and Training Centre, an agenda was presented and agreed.

1. What are the needs and conditions to realize the Information and Training Centre in accordance with the objectives and functions as described in the pre-feasibility document of August 2005 in relation with the chosen place of residence, required buildings and equipment, investments and exploitation, occupation and the like.
2. Aspects of ownership, exploitation, guarantee of interests and positions of Ex-change, SASOL and possible other interested parties.
3. The way of finishing the report of the feasibility study including the possible time schedule.

The Place of residence

SASOL has an option during one year (still nine months to go) on two plots of land near Ikutha, along the main road Ikutha-Mutomo, (Kibwezi –Kitui) near the village Kiangu.

The two plots are situated on both sides of the main road. Plot 1 is seen as a suitable plot for agriculture and the establishment of the Centre's buildings.
It is situated on the east side of the main road, at a distance of about 3,5 km. The size is 58.2 acres (23. 3 ha).

Plot 2 is situated at the West – side of the main road. It is most suitable for livestock. The size of plots 2 in 56 acres (all 22.4 ha).

The total size is 112.2 acres (47.7 ha). The option price per acre is Ksh. 11,000. So the investment for the land is Ksh. 1,234,200.

A sketch of the plots and the situation related to the main road Ikutha /Mutomo (Kibwezi/Kitui) is added.

In the riverbed three sand storage dams can be realized. The expected amount of water is sufficient for both the irrigation demand and the demand of daily living during the whole year.

One dam should be finished first to have water available for the construction of buildings. It takes about 3 months to finish one dam and about one year after finishing to get water from the dam.

The investment costs of one dam including wells and the like are estimated on about Ksh. 600,000.

Water dams at plot 2 are calculated as one dam.

This makes a total investment of Ksh. 2,400,000.

Buildings

Starting point for making an inventory of the required buildings is the start of training courses.

Table 1 below gives the summary of size, number, priority and surface of the different buildings.

The following assumptions are made:

- The power building has highest priority in order to get use of electrical power from the start.
- Theoretical instructions will take place in the demonstration/practical classrooms, therefore theoretical classrooms are not provided.
- The dormitory is planned for 45 persons (in fact 48) according to the occupation amount as written in the pre- feasibility document. 4 rooms of

each 12 persons, two male and two female with the possibility to switch. Sanitation facilities, excluding toilets are part of the dormitory Two separate toilet buildings are required, one for males and one for females at sufficient distance from the dormitory.

- The guest house is intended for both temporary teachers and students and possible guests. One block with three rooms 4x4 m^2 for students, two beds in each room. One block with two rooms 4x4 m^2 for temporary teachers and a living room x4 m^2. Toilets and sanitation are part of each room.
- Both dormitories and guest houses are build with terraces.

Table 1

Type	Priority	Number	Size per building in m^2	Total in m^2
Power building	1	1	30	30
Demonstration classroom	11	2	120	240
Computer room	111	1	50	50
Toilet buildings	11	2	8	16
Dormitory	11	1	276	276
Guest house	11	1	96	96
Kitchen/dining room	11	1	120	120
Managers house	11	1	40	40
Employee houses	11			
Caterer		1	25	25
Permanent teacher		1	40	40
Administrator		1	25	25
Storage/Maintenance	11	1	200	200
Administration	11	1	40	40
Total		**15**		**1,198**

With an average amount of 9000 Ksh per m^2 the required investment for building is Ksh. 10,782,000.

Without computers classroom (Lowest priority) Ksh. 10,332,000

Remark: The shelters for the livestock and herds at plot 2 are not included.

Equipment

The equipment is considered as investment.
The investment for equipment is estimated Ksh. 7,620,000
(See attachment 2)

Power

Electrical power is generated by a diesel generator. The estimate capacity is 30 KVA.

The needed power of water pumps is: 6.5 HP

Investment	Ksh.
Generator	840,000
Water Pump	40,000
Total	**880,000**

Plants and livestock

The first purchasing costs of plants and livestock are considered as an investment. The estimate investment for both plants and livestock is Ksh. 80,000
Total investment Ksh. 160,000.

Additional Expenditures

In the pre-feasibility study an amount of Ksh. 1,000,000 included as an investment.

Summary of Investments			**€**
Land	Ksh.	1,234,200	14,350
Water platform	Ksh.	2,400,000	27,907
Buildings	Ksh.	10,782,000	125,372
Equipment	Ksh.	7,620,000	88,605
Power	Ksh.	880,000	10,233
Plants and livestock	Ksh	160,000	1,860
Additional expenditures	Ksh.	1,000,000	11,628
Total		**24,076,200**	**279,955**

The Exploitation

As exploitation costs are considered:-

- Employees
- Maintenance
- Living expenditures like food, beverages and the like
- Power
- Transport

As exploitation incomes are considered:-

- Livestock
- Trade.

Assumed is that for the first 5 years, trainees are not able to pay a fee.
The possibility of generating income by touristic activities is left aside.

Expenditures

Employees

Employees are budgeted in so called full time equivalents (FTE)
FTE means a full time job during the whole year.

Table 2 gives the summary of functions, number of FTE's and monthly salaries.

The salaries are gross.

Table 2

Function	FTE's	Monthly costs in Ksh.
Manager	1	40,000
Administrator	1	20,000
Caterer	1	20,000
Teachers: Agriculture	1	33,000
Sanitation/Hygiene		
ICT		
Segriculture	1	33,000
Others teacher		
Herdsmen	2	10,000 (2x5000)
Security men	2	10,000 (2x5000)
Farmhands	3	15,000 (3x5000)
Casual workers	3	15,000 (3x5000)
Total	**15**	**196,000**

Yearly 12x196,000 Ksh. 2,352,000.

Maintenance

The assumed yearly costs of maintenance are:

Buildings 8 (-10% of the investment:	Ksh.	800,000
Equipment 20% of the investment	Ksh.	1,524,000
Power 20% of the investment	Ksh.	176,000
		2,500,000

Living Expenditures

Living expenditures like food, beverages etc. are estimated at Ksh. 90 per day per trainee. With an occupation amount as mentioned in the pre- feasibility paper the costs are:

Year 1: 600 trainees, each for 5 days makes 3000 trainee days. Costs Ksh. 270,000
Year 2: 1200 trainees, each for 5 days makes 6000 trainee days costs Ksh. 540,000
Year 3: and the following 1800 trainees for 5 days makes 9000 trainee days.
costs Ksh. 810,000

Assumed is that the living expenditures of employees are paid by themselves.

Power

The costs of diesel (generator) and water pump (petrol) Ksh. 250,000

Transport

Intended here are the transport costs of the trainees. Estimated cost Ksh. 720,000

Incomes

Incomes of livestock are estimated as:-

Year 1	20 head of livestock
Year 2	40 "
Year 3	60 "
Year 4 and the following	80".

With an estimate unit price of Ksh. 3,000

Year 1 income	Ksh. 60,000
Year 2	Ksh. 120,000
Year 3	Ksh. 180,000
Year 4	Ksh. 240,000.

Trade

Average trade yearly income is estimated at Ksh. 150,000

Summary

This is done in attachment 1. It is in Excel Programme Excel Version 2003.

2. **Aspects of ownership, exploitation, guarantee of interests, positions of Ex-change, SASOL, possible other interested parties.**

Discussed were the advantages and disadvantages of separating investments and exploitation.

SASOL declared being interested in the exploitation of the centre.

Possible ways of participation in ownership and exploitation.

- A entity for investment which own the land, buildings and equipment, separate of the entity which exploit the Centre and rent for free of the entity which owns the Centre. The board of the first entity possibly consists of 50% SASOL and 50% Ex-change. The interests and objectives are guaranteed by means of contracts.

- Ex-change can also take other different views.
  .Ex-change takes the position of donor of the investments so Ex-change does the fund raising.
  Ex-change is sponsor of the exploitation deficit for instance by means of students.
  Ex-change is both investor and sponsor.
- Other direct investors and / or sponsors also is a possibility.

The legal construction of the distinguish entities can be:

- A company limited by shares (i.e. Profit making) or a company limited by public guarantee (and NGO, non –Profit)
- One NGO for both investment and exploitation as described in the pre-feasibility document is also a possibility.

Because of the important consequences of the possible ways of participation and the decision making, appointed is that the ways of participation, with advantages and disadvantages will be described in the feasibility study.

4. Appointments

1. SASOL will calculate the amount of investment of the equipment within a few weeks. (already in attachment 2)
2. SASOL will calculated the power off the required diesel –generator and the diesel pumps including the prices. (already in attachment 3)
3. Different ways of participation of investment and exploitation will be described in the feasibility report
4. The report will be finished by Heijmans at the end of May 2006.
5. The go- no go decision should be taken before the end of 2006 at the latest.