

PROJECT DESCRIPTION**FINAFA Capacity Building Project****Benin****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 Société Pleine Vie Bénin (SPVB) operates a small agricultural outgrower business in the Zogbodomey commune. The current focus of the company is the production and marketing of rice and vegetables in partnership with local farmer cooperatives. SPVB has only a short-term lease for the site where it is currently operating, which limits its ability to make any long-term investments to ensure the continuity of its operations. SPVB, however, recently signed a 15-year lease with the commune of Zogbodomey for the use of 600 hectares of land as a farm, known as "FINAFA". Nevertheless, SPVB is constrained in its ability to improve and expand production at the site by its inadequate management, technical and marketing capabilities and a lack of working capital to develop the water source at the new location and to provide cooperative members with skills training, seeds and other inputs.

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 4, Section 4.1 of the Agreement.

B. SPVB Contribution

SPVB will contribute office equipment, a used motorcycle and pick-up truck, site rental fees, administrative office rent, and general administrative and salary costs valued at approximately Benin Francs (FCFA) 10,000,000 over the life of the Project.

IV. Project Goal

The goal of the Project is to improve the standard of living of farmers in the Zogbodomey commune of Benin.

V. Project Purpose

The purpose of the Project is to increase the incomes of cooperative members in the Zogbodomey commune and improve SPVB's long-term financial viability as indicated by the following.

- A. SPVB's net income before taxes and depreciation will increase from FCFA 6,215,000 in 2008 to FCFA 8,740,000 in Year 1 and FCFA 9,140,000 in Year 2.
- B. Income received by cooperative members will increase from FCFA 6,700,000 in 2008 to FCFA 12,500,000 in Year 1 and FCFA 16,660,000 in Year 2.

VI. Outputs

The Project will enable SPVB to strengthen its technical, accounting, financial and marketing capabilities, increase the volume and value of its production, and provide benefits to the wider community as reflected by the following.

- A. The number of participating cooperative members will increase from 20 in 2008 to 30 in Year 1 and 40 in Year 2.
- B. Land under cultivation will increase from 10 hectares to 22 hectares by the end of Year 1.
- C. SPVB's revenues will increase from FCFA 17,114,000 in 2008 to FCFA 65,720,000 in Year 1 and FCFA 71,720,000 in Year 2.
- D. Total purchases by SPVB from cooperative members will increase from FCFA 6,700,000 in 2008 to FCFA 37,200,000 in Year 1 and FCFA 40,800,000 in Year 2.
- E. The number of cooperative members trained to read and write in local languages will increase from 0 to 30 in Year 1 and a total of 40 in Year 2.
- F. SPVB will provide FCFA 300,000 for scholarships to local students in Year 1 and FCFA 2,300,000 for insecticide-impregnated mosquito nets, medicines to local clinics, and scholarships to local students in Year 2.

VII. Activities**A. Capacity Building**

1. SPVB will hire a full time bookkeeper and upgrade its accounting and financial management and controls through training and consultations with an outside financial management and accounting expert in order to fully meet ADF certification requirements. SPVB will acquire and begin using accounting software to manage its financial operations, as well as its inventory. SPVB will also hire a consultant to provide marketing and contract negotiation training and technical assistance.
2. With the help of a full time agricultural production specialist, SPVB will provide oversight and training to members of three new cooperatives who will supply SPVB with produce for marketing. In addition, SPVB will hire expert consultants to provide members from the three new cooperatives with training in rice and horticultural production for targeted crops, literacy and numeracy training to enable members to keep financial and other records in their own languages, and training to improve members' abilities to assess and communicate their interests through the cooperatives.
3. SPVB will organize three exchange visits for cooperative leaders to other rice and horticultural production cooperatives to broaden their understanding of how to manage their affairs and more fully utilize available resources.

B. Production

1. SPVB will hire a well drilling company to conduct a site survey and drill and equip a well in an area already confirmed to have an artesian aquifer to supply water for irrigation at the group's second production site. SPVB will gradually expand its operations from 8 hectares to 22 hectares and transfer its main production operations to the second production site. SPVB will provide three cooperatives with a total of 40 members with training, technical assistance, and production inputs to develop the new production area.
2. With funds provided under the Project, SPVB will obtain seeds, fertilizers and approved herbicides and pesticides to increase the area under production. SPVB will provide cooperative members with these production inputs and with advances for operating expenses against delivery contracts for produce at floor prices that are agreed upon in advance based on orders from buyers in Cotonou and Bohicon. Cooperative members will be able to sell their produce to other buyers and reimburse SPVB in cash for the advances if they so choose.

VIII. Roles and Responsibilities

SPVB's Director General, accountant, agricultural technician, and the cooperative leaders are responsible for the management and the proper implementation of the Project. ADF Benira will provide technical assistance in capacity building and monitor SPVB's progress toward meeting production and training milestones.

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. The committee will work with the Partner to develop 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.

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