

**APPENDIX A**  
**PROJECT DESCRIPTION**  
**Processing and Marketing of Soya Products – Benin**

**I. Introduction**

This appendix describes the activities to be undertaken and the results to be achieved with the funds obliged 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**

Cooperative des Vulgarisateurs du Soja et des Foyers Améliorés (CVSFEB) was established in 1992. It is engaged in the manufacturing and marketing of soy products. Soya production is commercialized throughout all of Benin, with annual revenue from sales of soya based products reaching 71.9 million Fcfa to date. CVSFEB has developed brand and product recognition. Their two best selling products are *pepité d'or* and *beau bébé* which capture 14 percent of the effective demand of the national market.

As soya products grow in popularity both locally and regionally, CVSFEB is presented with a unique opportunity. Given their brand recognition, and the popularity in particular of their *pepité d'or* (viewed as a high quality lower priced alternative for low income families compared with imported cereals), CVSFEB is well positioned to capture a greater percentage in local market share and expand its sales to regional export markets. However, the Cooperative's plans for growth and expansion are limited by production, distribution, and capital constraints. With access to capital, and by upgrading their means of production and transportation, CVSFEB will be able to achieve greater share in diverse markets.

**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 obliged amount specified in article 3, section 3.1 of the Agreement.

**B. Grantee Contribution**

Coopérative des Vulgarisateurs du Soja et des Foyers Améliorés du Bénin (CVSFEB), the Grantee, will make in-kind contributions of its existing assets to include the land on which the structures will be built. The estimated value of the land is 2,000,000 FCFA. The Grantee will also contribute 1,682,000 FCFA for working capital. Moreover the beneficiary will purchase two tricycles delivery vans needed for distribution, and will pay for the costs of norms and quality control. These two contributions equal 6,000,000 FCFA, bringing the total contribution of the Grantee to 12,682,000 FCFA.

#### IV. Project Goal

The goal of this Project is to improve the standards of living for CVSFEF members, employees, and their families.

#### V. Project Purpose

The purpose of this five-year Project is to increase the incomes of CVSFEF members, and employees.

A. CVSFEF's net profits grow from the current baseline of 9,237,256 FCFA to:

- 11.372.670 FCFA in Year 1
- 8.340.156 FCFA in Year 2
- 14.520.268 FCFA in Year 3
- 16.574.049 FCFA in Year 4
- 18.588.667 FCFA in Year 5

B. The total income of CVSFEF's members increases from 4.560.000 FCFA to :

- 9.833.500 FCFA in Year 1
- 12.354.375 FCFA in Year 2
- 12.972.094 FCFA in Year 3
- 13.620.698 FCFA in Year 4
- 13.620.698 FCFA in Year 5

C. Salaries increase by 5 percent each year, after a readjustment of 25 percent on all salaries in Year 2 of the Project. Promotion and commissions are estimated to be 5 percent of sales every year.

#### VI. Project Outputs

A. CVSFEF will increase production of its products by the following increments.

1. Overall production grows from 439,965 units of all products to:

- 367,603 units in Year 1
- 468,620 units in Year 2
- 609,858 units in Year 3
- 689,738 units in Year 4
- 711,155 units in Year 5

2. The production of each product increases by the following number of units:

- farine pepite d'or (500 grams) production increases from 54,690 units in Year 1 to 102,646 units in Year 5;
- farine beau bébé (400 grams) production increases from 23,507 units in Year 1 to 58,852 units in Year 5;
- biscuits (200 grams) production increases from 115,136 bags in Year 1 to 288,252 bags in Year 5;
- soy gari (25 grams) production increases from 167,973 packets in Year 1 to 251,960 packets in Year 5; and

- soy tea (packet of 10 bags, 5 grams per bag) production increases from 6,297 packets to 9,445 packets in Year 5.

B. CVSFEB will increase its sales to local and export markets.

- Total sales of CVSFEB's products will increase to (FCFA):
  - 94,915,682 FCFA in Year 1
  - 129,037,805 FCFA in Year 2
  - 171,228,736 FCFA in Year 3
  - 186,629,633 FCFA in Year 4
  - 201,367,442 FCFA in Year 5

## VII. Major Activities

### A. Production

CVSFEB will undertake the following activities to upgrade its production facility and increase output of soya products:

1. launch a request for construction proposals under ADF/CR control in collaboration with the partner;
2. construct a production facility under the technical control of an architect;
3. upgrade the production line machinery with new equipment (purchased, transported and installed);
4. provide technical assistance and train production facility employees in the proper management and maintenance of new production equipment;
5. leverage increased working capital, increasing access to greater quantities of inputs; and
6. acquire a pick-up vehicle to facilitate supplies of raw materials and products distribution.

### B. Institutional Strengthening

CVSFEB will undertake the following activities to increase the capacity of its management, staff and marketing:

1. recruit a business manager to be trained in ADF accounting procedures;
2. create a marketing and commercial action strategy (radio and TV advertising, confection of posters etc.);
3. train key staff in marketing to improve the firm's ability to successfully launch their products;
4. acquire computer equipment to help in the administrative and business management;
5. train cooperative's leaders in basic bookkeeping and management;
6. development of a marketing plan and commercial strategy; and
7. conduct an audit of the Project during and/or at the end of the Agreement.

## VIII. Roles and Responsibilities of the Parties

CVSFEB is responsible for ensuring the proper management and implementation of the Project. CVSFEB will hire a business manager to oversee the day-to-day activities of CVSFEB. The ADF Partner in Benin, the 'Association pour l'Intermédiation et le Développement' (AID), will provide CVSFEB with technical and management assistance during the implementation of the project.

ADF

 Grantee 

The Executive Director, as project manager, has overall responsibility for the supervision and coordination of the 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-organisation. In addition, during implementation, the committee will have responsibility for ensuring through monitoring and evaluations are properly addresses in a timely manner. The Grantee and the Partner will specifically monitor production costs, market conditions, and product pricing to ensure that the product price is appropriate to cover production and overhead costs.

#### **X. Other Implementation Issues**

CVSFEB will establish three bank accounts.

- an account to manage the reinvestment funds;
- an account to receive ADF funds,
- a current account to deposit the income generated by the activity.

CVSFEB will use the reinvestment account to receive regular deposits for equipment, reimbursement, and reserves to acquire additional equipment. It will make deposits to the account on a quarterly basis (at a minimum) beginning in Year 2.

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