

## GRANTEE

The 18 members (8 women, 10 men) of the Arome d'Afrique Association formally registered with the Ministry of Territorial Administration under number 200/363/MISAT/DC/SG/DAI/SAAP-ASSOC on October 6, 2000. Arome produces and markets lemon grass tea (*citronella*) under the brand name « *Super Melisse* » to local stores, restaurants, and consumers in and around Cotonou, Benin. Arome is based in the Tokpota neighborhood of Porto Novo, approximately 30 kilometers from Cotonou.

This project will enable Arome to modernize its equipment and expand its production and marketing capacity of citronella tea and undertake product and market research to diversify its product base by providing the group with appropriate infrastructure, better equipment, adequate operating capital, and strengthening its financial and business management capabilities to ensure the long-term sustainability of the enterprise.

## PROJECT GOAL AND OBJECTIVES

The project goal is to improve the living conditions of Arome's members and their families through the creation of a viable, sustainable citronella tea production and marketing enterprise.

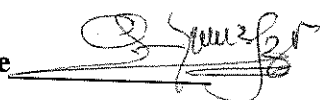
The project seeks to expand Arome's citronella tea production from its current informal scale to become a viable, sustainable enterprise. Specific objectives include the following.

- Increase production of citronella tea from 26,000 boxes to 102,700 boxes per year by Year 5 of the project.
- Purchase citronella leaves valued at 4,500,000 CFA annually from at least 15 producers by Year 5.
- Increase annual revenues from the enterprise from 19,375,000 CFA to 64,200,000 CFA by Year 5.
- Increase 18 members' salaries from 240,000 CFA per year to 420,000 CFA by Year 3 of the project.
- Generate reserves of at least 7,900,000 CFA by the end of Year 5 for capital reinvestment.
- Generate a total of 68,740,000 CFA in funds for community reinvestment by the end of the project.

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## PROJECT DESCRIPTION

The project will enable ETRAPA to renovate its production facilities, obtain appropriate processing equipment to expand its production of citronella tea, and conduct product and market research to identify new products to diversify its product base.

During Year I, Arome will remodel its current facility to ensure a one-way flow through the production process to improve production flow and improve hygiene. The project will introduce the use of a centrifuge and a gas dryer to speed the drying process and improve the quality of the dried citronella. Arome will introduce an improved grinder and a semi-automatic packaging machine to increase quality control and efficiency. The Project will expand production capacity from 2,800 to approximately 19,200 boxes of tea per month.

Arome will purchase citronella leaves from fifteen producer groups in the Seme and Avrankou villages, just outside Porto Novo. Producer groups will sign production contracts with Arome to ensure delivery of fresh leaves at stable prices. Arome will procure a new vehicle to facilitate supply of production inputs to the factory and delivery of finished products to its customers.

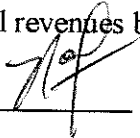
Marketing during the Project will focus on supplying the domestic demand for citronella tea. Arome will continue to directly supply retailers in the Porto Novo and Cotonou area. Arome will establish contracts with wholesale distributors to supply more distant areas (Zou, Borgou, Atakora). Regional markets will also be developed to diversify the group's market during this period.

Arome will conduct market research and product development to ensure that its product meets quality and packaging requirements for specific export markets (such as the EEC). Arome will also conduct product research and development for other herbal tea products (e.g., mint, traditional herbal medicines) that may enable Arome to diversify its product line.

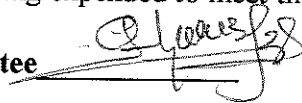
The equipment suppliers will install and provide initial training in the use of the machinery. Arome's members will undergo accounting, business and financial management, and marketing training during the first two project years to ensure that appropriate management systems are put in place and mastered by the group. The grant will finance participatory monitoring and evaluation training to ensure that Arome establishes appropriate systems to monitor the performance of its business. Arome's members and suppliers will participate in HIV/AIDS prevention training as part of ADF's overall efforts to coordinate with other organizations to promote HIV/AIDS awareness and prevention.

Arome will establish three bank accounts to manage the project, in addition to the account that it will open to receive ADF funds (for a total of four accounts). One account will be opened to receive all revenues before being expended to meet the enterprise's needs. A second account

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will be established for equipment replacement and reserve deposits. The latter will be made quarterly after the group begins production at the new facility. A third account will be established for community reinvestment funds, which will be donated quarterly beginning in Year III.

### USE OF ADF FUNDS

ADF will provide Arome with a total of 86,785,000 CFA for project costs, including plant remodeling, equipment, operating capital, training and technical assistance, and audit expenses.

**Infrastructure** – ADF will provide 9,000,000 CFA to remodel the building that Arome will rent for tea processing to meet health, technical (electrical), and occupational safety specifications for an industrial facility. The facility will include a receiving area (9 m<sup>2</sup>), a cleaning and sorting area (20 m<sup>2</sup>), a washing and pre-drying area (16 m<sup>2</sup>), a drying room (30 m<sup>2</sup>), a milling room (9 m<sup>2</sup>), a packaging area (24 m<sup>2</sup>), a storage room for packaged tea (20 m<sup>2</sup>), and an area consisting of an office (15 m<sup>2</sup>), a restroom (12 m<sup>2</sup>), and a meeting room (20 m<sup>2</sup>).

**Equipment and Materials** – ADF will provide 67,035,000 CFA to purchase a centrifuge, gas dryer, a grinder, a semi-automatic packaging machine, and a delivery vehicle.

**Operating capital** – ADF will provide 2,500,000 CFA in operating capital to enable Arome to increase its stocks of packaging materials and raw materials and meet non-salary overhead costs as it expands production.

**Training and Technical Assistance** – ADF will provide 6,500,000 CFA to provide training and technical assistance in financial management and accounting, marketing and business management training and product research and development, monitoring and evaluation, and HIV/AIDs awareness and prevention

**Audit** – ADF will provide 1,750,000 CFA for external audits during and/or after project implementation.

### GROUP CONTRIBUTION

Arome d'Afrique will contribute a total of 13,320,000 CFA in cash and in kind to the project, including a new grinding mill (2,413,000 CFA), existing equipment (1,109,000 CFA), office furniture and equipment (4,298,000 CFA), operating capital including existing stocks and cash (5,500,000 CFA). Arome will also contribute a total of 68,740,000 CFA in the form of a community reinvestment grant from earnings from the project during the last three years of the project.

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