

**APPENDIX A:  
PROJECT DESCRIPTION  
BENIN APT PEANUT BUTTER PROJECT**

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

Cooperative d'Achat de Produits et de Transformation (APT), a cooperative located near Cotonou, is involved in two lines of business in the food processing industry: peanut oil and peanut butter. The cooperative employs 13 members. It has been involved in oil processing for more than five years, and in peanut butter for two years.

Demand for packaged peanut butter is high in Benin. It is only partially met with imported peanut butter. APT, as the only local producer of packaged peanut butter, has the potential to increase the supply significantly. However, APT is constrained in its peanut butter production capacity and product quality by low-end equipment and manual processes.

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 3, Section 3.1 of the Agreement.

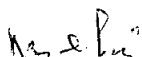
B. Grantee Contribution

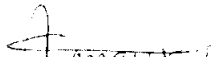
APT will contribute the land for construction and a new peanut butter production facility that it will construct adjacent to its existing building. The total value of APT's contribution is estimated at CFA15,000,000.

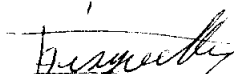
IV. Project Goal

The goal of the Project is to improve the standard of living for the APT community of Abomey-Calavi.

ADF  Grantee \_\_\_\_\_







V. Project Purpose

The purpose of the Project is to increase the net income of APT and the income of the employees, as measured by the following indicators:

1. APT annual income increased from CFA25 million in Year 1, CFA56 million in Year 2, CFA96 million in Year 3, CFA154 million in Year 4, CFA200 million in Year 5.
2. Employees annual income increased from CFA300,000 in Year 1, CFA330,000 in Year 2, CFA360,000 in Year 3, CFA408,000 in Year 4, CFA456,000 in Year 5.

VI. Project Outputs

The Project will generate the following major outputs in order to attain the Project's purpose.

A. Increased production

APT annual production increases from 45,625 (500 gr.) jars in year 1, to 128,000 in year 3, to 250,000 in year 5.

B. Continued production of quality product

Quality peanut butter is produced with aflatoxin level rated "negative" by DANA.

C. Improved packaging

Oil leakages are contained within a range of 98% to 100% of production at the end of Year 1 of project.

D. Marketing

- i. Marketing plan articulated and formulated by month 3 of the project
- ii. Target market (urban areas in Benin and potential orders in the sub-region) amounting to 634,875 jars is covered with 40% market penetration by the end of the project

VII. Activities

A. Construction Inspection

ADF  Grantee \_\_\_\_\_

APT will use ADF funds for the independent inspection of the new premises.

**B. Equipment and spare parts**

APT will use ADF funds to procure new production equipment, laboratory equipment and spare parts. The production equipment will include: grinder, roasting machine, sorting and calibrating machine, skin removing machine, and dosage machine.

**C. Vehicle**

APT will use ADF funds to procure a new vehicle (3.5/4 ton) for sales and supply management.

**D. Working Capital**

APT will use ADF funds for operating capital to enable APT to expand production from its current level to proposed level of production.

**E. Technical Assistance**

The Project provides for technical assistance to ensure appropriate procedures are in place for production techniques/food safety.

Funds will also be dedicated for marketing and procurement assistance.

Training will include accounting, business and financial management, and group management training and technical assistance during the first two project years to ensure that APT adopts and masters appropriate management systems. ADF will provide participatory monitoring and evaluation training to ensure that the Grantee establishes appropriate systems to monitor its progress toward project objectives.

The Project will fund HIV/AIDS prevention training for APT group members.

**VIII. Roles and Responsibilities of the Parties**

APT is responsible for ensuring the proper management and implementation of the Project. APT will hire additional full-time qualified food technicians and sales/marketing employees to staff the expansion of its operations. The ADF Partner in Benin, the Association for Intermediation of Development (AID), will provide APT technical and management assistance during the implementation of the Project.

**IX. Monitoring and Evaluation**

ADF  Grantee \_\_\_\_\_

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's organization. The committee will provide the Partner input for 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.

X. Other Implementation Issues

APT will operate two bank accounts: (a) an account to receive ADF funds; and (b) the APT current account.

ADF  Grantee \_\_\_\_\_