

## PROJECT DESCRIPTION

### Pehunco Potato Producers Association 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

Pehunco Commune farmers cultivated cotton and maize during the rainy season. During the dry season, hunting was the main occupation. Agricultural migrant laborers who returned from Ghana, where they had worked in lowlands and learned the value of these areas for dry season agricultural production, initiated vegetable production activities to diversify income sources due to the drastic decline in the cotton sector.

Many of the gardeners specialized in potato production with technical support and input supply from the Programme de Développement des Racines et Tubercules (PDRT). They formed the Association Communale des Producteurs de Pomme de Terre de Pehunco ("ACPPT" or "Association") in 2006 with help from the PDRT that ended ten months later. ACPPT has a number of obstacles, including weak management and production.

#### 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 8 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. UCP Pehunco Contribution

The Association will contribute a piece of land of 700 square meters for the construction of a storeroom. The members will contribute their labor to the construction and the marketing of their production through the Association. Each Association member will reimburse any loans received from the Association.

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**IV. Project Goal**

The goal of the Project is to improve standard of living of low-income potato producers in Pehunco Commune in the Atakora Department of northern Benin.

**V. Project Purpose**

The purpose of the Project is to improve ACPPT's prospects for sustained growth and expansion through the development of a five-year business plan that ADF deems suitable for funding by a donor or other financial institution.

**VI. Outputs**

- A. Improved financial management capacity as evidenced by the following.
1. ACPPT produces financial statements from financial and accounting systems that include quarterly income statements, balance sheet and cash flow statements, and consolidated annual statements, and demonstrates adequate financial controls, accounting procedures, policies, and systems that can be audited by an independent accounting or audit firm.
  2. ACPPT's management team routinely uses financial documents such as quarterly bank reconciliation, budget expenditures, profit and loss statements, and cash flow statements produced during the Project to make financial and management decisions for the Association.
- B. Improved management capacity as evidenced by:
1. minutes of regular meetings of the Executive Committee to assess management implementation progress, address implementation constraints, and holding of the Annual General Assembly to present the results of the past year and the proposed program of activities and budget for the upcoming year;
  2. increase in the volume of potatoes marketed through the Association from 34 tons in 2009 to 44 tons in 2011 and 48 tons in 2012; and
  3. increase in Association revenues from CFA 340,000 in 2009 to CFA 900,000 in 2011 and CFA 950,000 in 2012.
- C. Improved production capacity of the association members as evidenced by an increase in production from 9.0 tons per hectare in 2010 to 11.5 tons per hectare in 2011 and 12.5 tons per hectare in 2012.

**VII. Activities**

Projected activities required to reach the Project objectives are as follows.

**A. Production Inputs and Marketing**

ACPPT will arrange for purchase and delivery of seed potatoes and specific fertilizers to Pehunco for timely distribution to its members for the 2010-2011 production season. Association members who receive inputs on credit will deliver their production to the Association at the end of the production season. ACCPT will store the potatoes in their warehouse to facilitate bulk delivery to buyers with whom the Association will contract to sell the potatoes. ACPPT will deduct the cost of the inputs and a marketing fee from the potato sales to reconstitute the fund for procurement of seed and fertilizer for the subsequent season.

**B. Warehouse construction**

ACPPT will hire a qualified contractor to construct a storage warehouse 12 meters by 6 meters by 4 meters to store and preserve the quality of the potatoes. The storehouse will follow a plan developed for potato storage in southern Niger. ACPPT members will provide unskilled labor when needed during construction. ACPPT will hire a civil engineering specialist to develop the request for bids for construction of the warehouse, participate in the selection of the contractor, and monitor the progress and quality of the construction.

**C. Training**

The Union will hire specialists to conduct a series of training sessions designed to improve members' potato production. The sessions will cover the following topics.

1. Production techniques for potatoes, fertilizer composition (inorganic and organic) and mixing, integrated pest management, safe pesticide use and awareness of prohibited pesticides, potato irrigation and rational water use, irrigation pump maintenance and repair, and potato storage. This training will be provided to all members.
2. Financial and cooperative management, including ADF procedures and use of grant funds, accounting and internal controls, pricing and small enterprise management, cooperative life and crisis management, lobbying, and marketing of agricultural products, including market identification, negotiation, and contracting. The specialist providing the training in accounting and internal controls will develop a manual of administrative and financial procedures for use by the Association. The members of the Executive Committee and the Project management staff will receive training in financial and operations management; internal financial

controls; ADF procedures; and the management and recovery of credit. The Project Manager, with the assistance of the Partner and specialized technical assistance, will develop a five-year business plan to guide the Association's activities after completion of the current Project.

D. Exchange Visit

The Association will organize an exchange visit with potato producers in Sikasso, Mali, to exchange experiences on potato storage, irrigation systems, production techniques, and other aspects of potato farming and marketing.

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

ACPPT is responsible for ensuring the proper management and implementation of the Project. The ADF Partner will provide ACPPT with technical and management assistance during the implementation of the Project.

**IX. Monitoring and Evaluation**

Within sixty days of the effective date of this Agreement, ACPPT, working with the ADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Association. 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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