

APPENDIX A:

PROJECT DESCRIPTION

AGUIDETEPA Peanut Butter Processing and Marketing 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

The demand for peanut butter in the Republic of Guinea is strong. It is estimated that the average Guinean family consumes approximately 450 grams of peanut butter a day. The Guinean Association for Technology Development and Processing of Agricultural Products (AGUIDETEPA) has established a reputation among its customers as a producer of fine-quality peanut butter. It therefore has the potential to expand its share of the market for that product. However, AGUIDETEPA's capacity to produce and market peanut butter is limited.

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

The contribution of the Grantee toward the implementation of the proposed Project will be two plots of land with a combined value of GNF 7,500,000, equipment and materials valued at GNF 16,640,880, the members' monthly contribution, and the experience and technical skills found among the members.

IV. Project Goal

The ultimate goal of the Project is to contribute to the development of the agribusiness enterprise in the prefecture of Pita in the Middle Region of Guinea.



V. Project Purpose

The purpose of the Project is to increase the income of the association and its members. The measurable and pertinent indicators include the following:

- change in net profit of AGUIDETEPA from GNF 10,400,120 to negative 8,481,000 in year 1, and increase to GNF 30,261,000 in year 2, GNF 68,214,000 in year 3, GNF 116,161,000 in year 4, and GNF 109,923,000 in year 5; and
- increase in total salary paid to employees from GNF 4,380,000 to GNF 12,600,000 in year 1, GNF 50,400,000 in year 2, GNF 57,960,000 in year 3, GNF 66,654,000 in year 4, and GNF 76,652,000 in year 5.

VI. Outputs

A. There are three expected outputs and performance indicators for this Project.

1. Expanded Production Capacity

- Annual production of peanut butter will change from 22 tons to 15 tons in year 1 (three months) and increase to 60 tons in year 2, 81 tons in year 3, 97 tons in year 4, and 100 tons in year 5.
- Annual quantity of cereal flours produced will change from 32 tons to 9 tons in year 1 (3 months), and increase to 35 tons in year 2; 48 tons year 3; 57 tons year 4; and 59 tons in year 5.

2. Expanded Sales Capacity

- Annual sales of peanut butter will change from GNF 62,103,800 to GNF 45,000,000 in year 1 and increase to GNF 198,000,000 in year 2, GNF 294,030,000 in year 3, GNF 388,120,000 in year 4, and GNF 399,763,000 in year 5.
- Annual sales of other foodstuffs will change from GNF 6,346,000 to GNF 3,974,000 year 1 and increase to GNF 17,487,000 in year 2, GNF 25,969,000 in year 3 GNF 34,279,000 in year 4, and GNF 35,307,000 in year 5.

3. Improved Managerial and Technical Capacities

- Sound marketing strategy established, and new technology adopted.
- Regular and accurate financial statements are produced.
- Full-time employment is secured for 17 persons.

VII. Major Activities

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A. Production of Foodstuff

The Project will enable AGUIDETEPA to produce peanut butter and other processed foodstuffs on a year-round basis. AGUIDETEPA will organize the production around three groups: procurement, stock management, and processing.

The procurement group will have responsibility for identifying sources of unshelled groundnuts, negotiating prices, and arranging delivery to the warehouse. In addition, this group will procure packing materials and other production inputs. The Project provides AGUIDETEPA working capital to procure production inputs.

Once the procurement group affects delivery of the truck loads of groundnuts and package materials, the stock management group will ensure the stock is registered and properly packed inside the warehouse to prevent spoilage. AGUIDETEPA will hire local labor to construct an adequate warehouse facility.

The processing group will hull, roast, and grind the groundnuts, milling cereals, and coffee. AGUIDETEPA will procure a groundnut hulling machine, peanut grinders, scales, and locally-made roasters for peanuts. The choice of machinery will be based on the following factors: (1) the availability of the equipment and spare parts in Labé and Conakry; (2) the appropriateness of the technology; (3) cost; and (4) the members' experience with the equipment. AGUIDETEPA's members will perform routine maintenance, but will call on technicians trained by dealers of the machinery to make repairs.

AGUIDETEPA will dispose by-products of the production process in an environmentally sound manner, such as using the shells as combustible for roasting peanut grains, the ash from the roaster and sheath as fertilizer for vegetable producers, and the bad grains as animal feed for poultry production. AGUIDETEPA will not use insecticides in the warehouse.

B. Marketing

AGUIDETEPA will establish a marketing group to promote its peanut butter. The targeted markets will include Pita, Labé, Conakry, Dalaba, Mamou, and Koundara. The marketing group will negotiate contracts, take orders, identify new clients, and advertise the product via radio, television, contacts, signboards, and so on.

C. Training

AGUIDETEPA's members will participate in the following training: (1) procurement/marketing; (2) cooperative management; (3) financial management;

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(4) monitoring and assessment; (5) ADF's standard bookkeeping training; and (6) HIV/AIDS education. Selected Technical Consultants will conduct the training in collaboration with ADF's Partner, CAD. Apart from the initial bookkeeping, the training will be carried out directly at the Project site.

In addition, AGUIDETEPa will organize a study tour for approximately two members to visit Dakar, Senegal with the objective to improve the quality of its peanut through exchange of experiences.

VIII. Roles and Responsibilities of the Parties

AGUIDETEPa is responsible for ensuring the proper management and implementation of the Project. The ADF Partner in Guinea, CAD, will provide technical and management assistance to AGUIDETEPa during the implementation of the Project. CAD will also provide the standard ADF training in bookkeeping and monitoring assessment.

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'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 so that remedial actions can be taken to forestall significant adverse impact on the realization of project objectives.

Other Implementation Issues

None

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