

**PROJECT DESCRIPTION****Ragussi Organic Shea Butter Processing and Export****Burkina Faso****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 Ragussi Association ("Ragussi"), legally recognized in 1998, was created by a group of women in order to organize shea butter collection and production groups around Tanghin-Dassouri in the Kadiogo Province of Burkina Faso. Ragussi produces Shea butter by traditional and organic means; products are certified to meet the demands of important overseas partners, including L'Occitane, a French cosmetics company. Currently, however, Ragussi is constrained in its ability to produce additional quantities for the export market, at the quality standard demanded, by a lack of managerial and technical capacity to expand to meet the demands of large-scale orders, worn out equipment, an insufficient labor force of processors and raw material input collectors, the need for new production sites in Tanghin, Bouli, and Nedogo, and a lack of networking capability to reach new markets.

**III. Funding****A. ADF Contribution**

The financial plan for ADF's contribution is set forth in Appendix A-1 of 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. Ragussi Contribution**

Ragussi will contribute the time and skills of its staff in the implementation of the Project. The association will contribute CFA 25,500,000 (58 percent of the total grant amount) for the production expansion. The association will also pay the salaries of its staff and meet office administration costs. The Ragussi Association will pay approximately CFA 22,000,000 to develop existing workshops and build the three new associate production areas: Tanghin, Bouli, and Nedogo. The value of the land allocated to Ragussi that will be used in this Project is estimated at CFA 45,000,000.

**IV. Project Goal**

The goal of the Project is to improve the standard of living of women who work in the shea butter industry in Burkina Faso.

**V. Project Purpose**

The purpose of the Project is to increase the incomes of Ragussi, its staff and members, as indicated by the following:

- A. Ragussi's net income (before taxes and depreciation) will increase from the current baseline of CFA 8,699,700 to:
  - 1. CFA 18,374,700 in Year 1;
  - 2. CFA 42,117,700 in Year 2;
  - 3. CFA 46,447,500 in Year 3;
  - 4. CFA 52,697,500 in Year 4; and
  - 5. CFA 48,750,000 in Year 5.
  
- B. The value of annual salaries paid by Ragussi to its staff increases from a baseline of CFA 14,594,550 to:
  - 1. CFA 38,819,073 in Year 1;
  - 2. CFA 45,335,027 in Year 2;
  - 3. CFA 52,091,778 in Year 3;
  - 4. CFA 59,811,367 in Year 4;
  - 5. CFA 67,303,135 in Year 5.
  
- C. Total wages paid to three associations' members and casual laborers rises from a 2008 baseline of CFA 94,000,000 to:
  - 1. CFA 138,375,000 in Year 1;
  - 2. CFA 168,000,000 in Year 2;
  - 3. CFA 220,000,000 in Year 3;
  - 4. CFA 270,000,000 in Year 4; and
  - 5. CFA 345,000,000 in Year 5.
  
- D. The income levels of women collectors' increases from a baseline of CFA 79,000 to CFA 156,000 by Year 3.

**VI. Project Outputs**

By the end of the Project, the capacity of Ragussi and its members to process shea butter will increase as follows.

- A. The number of women's associations working with Ragussi increases from the current 22 in the Project base year to 100 in Year 1.
- B. The number of women collectors increases from the current 1,187 in the Project base year to 3,000 by Year 3.
- C. Annual raw material inputs increase from 350 tons to 1,500 tons by the end of the Project.
- D. Annual production increases from 100 tons to 500 tons by the end of the Project.

- E. Ragussi's sales revenue increases from CFA 137,500,000 in 2008 to:
1. CFA 206,250,000 in Year 1;
  2. CFA 275,000,000 in Year 2;
  3. CFA 343,750,000 in Year 3;
  4. CFA 412,500,000 in Year 4;
  5. CFA 481,250,000 in Year 5.
- F. The number of staff employed by Ragussi increases from the current four staff in the Project base year to six in Years 1 through 5.

## VII. Project Activities

Ragussi will ensure the following major activities are implemented with the assistance of consultants where necessary.

- A. Improved Operations and Production Capacity
1. Conduct training and awareness campaigns to incorporate more associations into Ragussi.
  2. Recruitment of an accountant and technician for its administrative staff.
  3. Holding workshops on improved production techniques to develop quality products.
  4. Acquisition of new production equipment.
  5. Training on the assembly, use, and maintenance of new production equipment.
- B. Training and Technical Assistance in Marketing and Financial Management
1. Creation of a website to enhance marketing capabilities.
  2. Training on the use of ADF accounting, bookkeeping, and reporting procedures
  3. Training collector and producer groups on enhanced production methods to meet market standards.
  4. Developing a strategy for networking and outreach to new international markets.

## VIII. Roles and Responsibilities

A consultant and/or future ADF Partner will retain responsibility for building managerial capacity, and improving the financial and bookkeeping systems of Ragussi. The Ragussi Association is responsible for ensuring the proper management and implementation of the investment. The future ADF Partner and/or consultant will provide Ragussi with technical and management assistance during implementation.

Ragussi is responsible for updating existing workshops and for construction in the three new production sites: Tanghin, Bouli, and Nededo.

Ragussi will obtain certification for sales on the international market.

**IX. Monitoring and Evaluation**

A consultant and/or the future ADF Partner Organization will be instrumental in the success of the Project. Proposed objectives will require regular progress reviews to ensure goals are on track. The Ragussi staff will play an important role in the implementation and overall sustainability of the Project. Monitoring by the Partner will be an important aspect of the on-going coaching and advisory service. The Partner will review ADF's quarterly reports and will submit comments and observations to the management of Ragussi as part of the on-going performance assessment.