

**PROJECT DESCRIPTION****SOTOKACC SHEA BUTTER PRODUCTION AND MARKETING****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**

Société Toussiana Karite Cosmetiques et Comestibles (SOTOKACC) is a limited liability company created on June 10, 2004, by [REDACTED] the primary shareholder and CEO of the company. The company is registered in the Trade and Personal Property Credit Register of Burkina Faso under number BF-BBD 2020 M 1733. SOTOKACC produces and sells organic and fair-trade certified shea butter to cosmetics companies in Europe. SOTOKACC's shea butter is made from shea kernels collected and processed in Burkina Faso by small agricultural producers.

SOTOKACC's production unit is located in Toussiana, in the Hauts Bassins region in Burkina Faso. It is currently limited by 1) a lack of space for storage of raw materials and production equipment; 2) insufficient capacity for filtration and storage of shea butter; 3) the quality of its butter; and 4) its limited number of clients.

**III. FUNDING****A. USADF Contribution**

The financial plan for USADF'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 USADF's contribution to exceed the obligated amount specified in Article 4, Section 4.1 of the Agreement.

**B. Grantee Contribution**

SOTOKACC will contribute land for the construction of the new production facility, labor, equipment, and infrastructure with an estimated value of 100 million FCFA. It will contribute to the cost of processing equipment, its attendance at international trade fairs (~11 million FCFA), and all costs for raw materials and operating the factory.

**IV. PROJECT GOAL**

The goal of the Project is to improve the standard of living and economic welfare of women in the shea nut collection and processing sectors in the Haut-Bassins region of Burkina Faso, and the owners and employees of SOTOKACC.

## V. PROJECT PURPOSE

The purpose of the Project is to increase the incomes of women in the shea collection and processing sectors in Burkina Faso, and the prospects for SOTOKACC's continued growth as indicated by the following:

- A. Increased revenue of shea kernel suppliers as evidenced by a change in the value of raw materials purchased by SOTOKACC from a baseline of FCFA 213,056,000 to:
  - 1. FCFA 215,910,000 in Year 1;
  - 2. FCFA 262,722,000 in Year 2; and
  - 3. FCFA 308,324,000 in Year 3.
- B. A change in SOTOKACC's annual net income (before taxes and depreciation) from a baseline of FCFA 73,415,000 to:
  - 1. FCFA 68,163,000 in Year 1;
  - 2. FCFA 90,467,000 in Year 2; and
  - 3. FCFA 102,845,000 in year 3.

## VI. PROJECT OUTPUTS

SOTOKACC increases the quality and quantity of products sold, as shown by the following:

- A. SOTOKACC's annual sales revenue changes from a baseline of FCFA 442,197,000 to:
  - 1. FCFA 442,205,000 in Year 1;
  - 2. FCFA 531,064,000 in Year 2; and
  - 3. FCFA 607,158,000 in Year 3.
- B. the quantity of shea butter produced and sold annually by SOTOKACC changes from a baseline of 226 tons to:
  - 1. 226 tons in Year 1;
  - 2. 268 tons in Year 2; and
  - 3. 309 tons in Year 3.

## VII. ACTIVITIES

The Grantee will ensure the following major activities are implemented:

- A. Infrastructure, Equipment, and Production:
  - 1. Construction of a new production room of 300 m<sup>2</sup>, conforming to industrial standards, to house part of the production equipment (presses, storage tanks, and filters) and to liberate space for the storage of shea kernels (raw material). The new production facility will be located in the town of Toussiana on land owned by SOTOKACC.

2. Purchase and installation of additional equipment dedicated to shea butter production (boiler, filter, storage tanks for raw butter, storage tank for filtered butter). The vendor will ensure proper installation of the equipment and train staff in its usage.
3. Establishment of a laboratory and purchase of laboratory equipment to monitor the quality of the butter (acidity rate, moisture rate and peroxide rate).
4. Purchase of a moto-tricycle and construction of sheds to improve SOTOKACC's capacity to collect and process shea kernels.
5. Participation in an international trade fair for organic products (such as the Biofach fair in Germany) to seek new clients.

B. Training and Technical Assistance:

1. SOTOKACC will hire a consultant to support it in developing an accounting and financial procedures manual;
2. SOTOKACC will hire external technical support to 1) assist it in selecting the construction company for the new production room; and 2) monitor the construction work to ensure its quality.

## VIII. ROLES AND RESPONSIBILITIES

SOTOKACC is responsible for ensuring the proper management and implementation of the Project. Pursuant to the Cooperative Agreement with USADF's Partner in Burkina Faso, the Cabinet d'Ingenierie et de Conseil en Développement d'Enterprises (ICDE) will provide SOTOKACC with the required USADF training in bookkeeping, monitoring and assessment, and technical and management assistance during Project implementation.

## IX. MONITORING AND EVALUATION

Within sixty days of the effective date of this Agreement, SOTOKACC, working with the USADF Partner, ICDE, will form a monitoring and assessment committee composed of representatives of the Grantee's organization and its technicians. The committee will work with the Partner to develop the Project monitoring plan. The committee will be responsible for ensuring that the Project follows the implementation plan, and that problems identified through monitoring and evaluation are properly addressed in a timely manner.