DIMPEX
ASSOCIATES, INC.

PRIVATE SECTOR PROJECT PROPOSALS

PEOPLE'S REPUBLIC OF BENIN

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PRIVATE SECTOR PROJECT PROPOSALS

PEOPLE'S REPUBLIC OF BENIN

SUBMITTED TO
AFRICA BUREAU/OFFICE OF PRIVATE ENTERPRISE
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DIMPEX ASSOCIATES
Management Consultants

PART B-BENIN PRIVATE SECTOR INVESTMENT PROJECT OUTLINES

BENIN PRIVATE SECTOR INVESTMENT PROJECT OUTLINES

INTRODUCTION

Project outlines have been prepared for projects which private sector businessmen have developed and which have or will be submitted for approval under the terms of the Benin Investment Code.

These projects should be reviewed bearing in mind the following:

- The projects have no formal approval nor are they specifically recommended by the governments of Benin or the United States.
- All data contained in the project profiles are as submitted by the project proposer. No independent evaluations or research were undertaken in preparing the project profiles.
- The listing of the projects in no way reflects preferential ordering or priorities.
- No test was made of the financial status of any of the project sponsors.
- The projects are at various stages of development. Some are supported by well prepared feasibility studies. Others are essentially conceptual proposals.

US businessmen seriously interested in developing business relationships or investments should refer to a number of agencies able to provide advice on economic developments, business practices, loans and loan guarantees, risk insurance and a broad range of other important business issues. Highly recommended are the Trade and Development office and the Africa Bureau of USAID, OPIC, EXIM, FCIA, the IBRD and the Department of Commerce.

THE PEOPLE'S REPUBLIC OF BENIN

FACT SHEET

AREA	112,622 sq Kilometers. Slightly smaller than Pennsylvania. Major port on the Atlantic. Bordered by TOGO, BURKINA FASO, NIGER and NIGERIA
POPULATION	3.8 million in 1983. Growth rate 2.7%. Four major ethnic groups among twenty. 80% of population rural. 49% 15 years-old or younger. 6% over 60 years. 65% follow traditional religions, 17% Christian, 12% Muslims.
EDUCATION	Six years compulsory education. 43% of eligible children in school. Adult literacy 11%.
HEALTH	Life expectancy 46.9 years. Infant mortality 45/1000. Lack of potable water. Malaria endemic.
WORK FORCE	Total estimated 1.7 million. Agriculture 1.2. Industry 100,000. Services and commerce 338,000.
CLIMATE	Tropical. Rainfall of 30-50 in per year in South. Sahelian climate in Niger River areas in North.
POLITICAL	Independence in 1960. Socialist orientation since 1972. One party system (People's Revolutionary Party).
GDP	$1,061 million estimated in 1982. Growth rate 2%. Per capita income $310. Inflation 12-13% in 1983-84.
CURRENCY	Member of West African Franc Zone. Currency is CFA tied to French franc at 50 CFA to 1 FRENCH FRANC. Convertible with authorization. 1986 range: 360-400 CFA = $1.00.
ECONOMY	Small offshore oil deposits with no other minerals exploited except limestone. Agriculture provides 45% GDP. Oil palm, cotton, groundnuts, subsistence crops. Commerce and services provide 45% GDP:

Industry, 10%: food processing, textiles, beverages, cement.

TRADE	Exports (1982) $304 million. Imports $590 million. Major trade link with EEC and Nigeria.
LANGUAGE	Fon is the dominant local language spoken in central and Southern regions. French is the official language.
MAJOR CITIES	Porto Novo, nominal capital, 130,000. COTONOU is actual political and economic capital, 400,000.
INTERNATIONAL	U.N., Organization of African Unity, Entente Council, ORGANIZATIONS West African Monetary Union, Economic Community of West African States, Non Aligned Movement, Organization of the Islamic Conference.

BENIN INVESTMENT OUTLINE NUMBER ONE

PROJECT TITLE: JOINT VENTURE FOR FINANCING AND TECHNICAL ASSISTANCE FOR A DRY CELL BATTERY PLANT

PROJECT OUTLINE:

Create a dry cell battery production facility to meet internal and export needs for 1.5 v. R20 type dry cell batteries. This project is an import substitution venture to replace large scale imports. There is no currrent local production and import protection would be sought.

PROJECT PROMOTORS:

The project promotors are a group of experienced Beninoise private sector businessmen who are well-known leaders in the local business, professional and trading communities. They have first-hand and continuing experience in consumer products marketing in Benin and neighbouring countries.

Augustin de CAMPOS
Certified Public Accountant. Accounting and managerial experience in France, Togo and Benin. Managing Director of leading public accounting firm. Vice President of the Benin Chamber of Commerce.

Thomas de CAMPOS
Former Director of UNILEVER-NIGER. Managing Director of several commercial enterprises.

Emile GANGBO
Director, important Beninoise company.

Jose MANSILIA
Commercial bank accounting manager.

Aliou MAMADOU BAH
Commercial trader.

GROUP OF BENINOISE WHOLESALERS AND RETAILERS

GOVERNMENT SUPPORT:

Approval has been sought for Investment Code benefits and government financial support. The project has received preliminary Government approval since the project will reduce imports, provide employment and impact auxiliary local industries such as labels, packaging materials and adhesives.

PRODUCTS AND MARKETS:

The proposed plant will produce round batteries, specification EY 10, R 20 (U.S. norm EverReady 950) 1.5 v. The batteries will be plastic wrapped in sets of two and packed 24 dozen in each container. These locally produced dry cells would substitute for substantial imports from China (50%), Malaysia, France and the U.K. (7-9% each).

While most West African countries have local battery production - usually protected by various import barriers - Congo, Chad and Nigeria represent export market possibilities. The nearby Togo market could be particularly interesting both from internal consumption and important reexport markets points of view. The project proposers are of the opinion that the Benin authorities would provide protection to the new company in the form of import duties and certain import restrictions.

CAPITAL AND OPERATING COSTS AND PROFITABILITY:

The proposed project has been the subject of a detailed feasibility survey which is available in French. Detailed equipment specifications have been developed and plant construction costs estimated.

The proposed plant would initially operate on a one shift basis and produce 17 million cells per year. The plant would reach its full production level in year four, starting from a first year production base of 10.2 million cells. The project proposers have had initial discussions with Taiwan based equipment suppliers, and are seeking a turn-key contract which includes equipment supply and installation, training and start-up assistance, and initial raw material supply.

The table which follows lists capital and start-up estimates.

ITEM	CFA (000)
PRODUCTION EQUIPMENT	
GROUP A	33,321
B	34,235
C	27,903
D	8,775
E	7,294
F	2,392
H	9,350
TRANSPORT OF EQUIPMENT	20,846
ELECTRICAL INSTALLATION	11,052
WATER	4,620
ERECTION	20,226
OFFICE/HOUSING	16,857
VEHICLES	16,200
START-UP COSTS	18,550
CONSTRUCTION	90,773

The following table summarizes operating costs and profitability forecasts.

CATEGORY	YEAR 1	2	3	4
CAPACITY	60%	80%	90%	100%
PRODUCTION (000 UNITS)	10,200	13,600	15,300	17,000
REVENUE (000 CFA)	591,600	798,800	881,400	986,000
COSTS (000)	569,739	683,406	752,598	793,902
NPBT (000)	21,861	105,334	134,802	192,098
TAX (000)	-	-	43,136	61,471
NET PROFIT (000)	21,861	105,334	91,666	130,627
NET CASH FLOW (000)	63,009	146,482	132,814	164,973

Internal rate of return has been estimated at 28%.

The start up period - from organization and financing to first production - is estimated at 18 months.

FINANCIAL STRUCTURE:

A total of 364 million CFA in capital investments will be required. Public sector investments of 30% and private sector investments of 70% were originally planned. Working capital needs are estimated at 83 million CFA.

PURPOSE OF DISCUSSIONS WITH INVESTORS/SUPPLIERS:

The promotors seek joint venture partners who can provide a combination of equity, loans, technical assistance, interim management expertise, and raw material supply.

BENIN INVESTMENT PROJECT OUTLINE NUMBER TWO

PROJECT TITLE: DEVELOPMENT OF A FARMING COMPLEX

PROJECT OUTLINE:

The Company Yelola-Benin SARL, an existing import-export, transport and services Company, proposes to establish a modern farming complex located close to major population centers and ocean port facilities to produce corn, tomatoes, pimento, pineapple, oranges and mangoe for both internal consumption and export markets. A cattle fattening operation would provide fresh meat for the local market.

PROJECT PROMOTORS:

The project promotor is El-Hadj Assane SALAMI who is the Director General of the YELOLA-BENIN Company, which provides a range of import-export, transport and related services. Mr Salami followed University level studies in business administration and economics at the University of Tours, France. He is broadly experienced in the management of commercial, trading, marketing and transport enterprises. He has conversational English.

GOVERNMENT SUPPORT:

This project would benefit from taxation and importation benefits of the Investment Code since Benin's new plan places great stress on agricultural development, self sufficiency in food, and export promotion.

PRODUCTS AND MARKETS:

The following table summarizes the key products of the proposed farming complex which would initially be created on a farm of 150 hectares in the Abomey-Calavi area located 15 kilometers north of Cotonou and close to major consumer population centers and the two Atlantic port cities of Cotonou and Porto Novo.

PRODUCT	COMMENTS
CORN	Major basic food cereal used for human and animal consumption, brewing and baking
TOMATOES	Strong local market
PIMENTO	Pili-Pili type pimento produced primarily for export to Europe.
FRESH PINEAPPLE	Local and export uses
ORANGES	Local consumption
MANGO	Local and export

The cattle fattening operation involves a 90-120 days cycle with the end product sold to local slaughterhouses.

The Ministry of Plan estimates that there is a local shortfall of 40% in basic food products consumed locally. There are large scale importations of cereals, vegetables, meat and fish. The proposed production of the farming complex will satisfy only a very small percentage of this shortfall. The following table shows second year production estimates.

PRODUCT	HECTARES	YIELD (TONS PER HECTARE)	PRODUCTION (TONS/YEAR)
CORN	15	3	45
TOMATO	5	20	100
PIMENTO	5	8	40
PINEAPPLE	10	50	500
ORANGES	5	30	150
MANGO	5	10	50
CATTLE			200 units

CAPITAL AND OPERATING COSTS:

The table below summarizes the investments and working capital required over a three year period to bring the proposed farming complex into full production.

ITEM	EXPENDITURE (CFA 000)
START UP	2,000
LAND	5,000
EQUIPMENT	3,972
INFRASTRUCTURE	15,900
EQUIPMENT	39,700
WORKING CAPITAL	113,927
MISC	1,048
	181,547

The estimated revenue in the venture's first full year of operation (year 5) is estimated at 111,650,000 CFA which builds from a first year revenue base of 27,875,000 CFA.

A full feasibility study exists in French which shows growing value added, profitability in year 3, positive cash flow in year 2, and an internal rate of return of 13.9%. The forecasts are based on the following loans: year 1 - 37,000,000 CFA; year 2 - 40,000,000 CFA.

PURPOSE OF DISCUSSION WITH INVESTORS/SUPPLIERS:

The project proposer seeks financing and is willing to entertain joint venture discussions.

BENIN INVESTMENT PROJECT NUMBER THREE

PROJECT TITLE: EXPORT COFFEE PLANTATION

HOTELS AND TOURISM

AFRICAN ARTS AND CULTURAL PRESENTATIONS

PROJECT PROMOTOR:

Mrs. Grace LAWANI and Mr. Abdul Khader LAWANI are the project sponsors. Mrs. LAWANI is director of the Chez Lotte Company and the Managing Director of the GL Hotel in Cotonou. The LAWANI family have a number of business interests.

GOVERNMENT APPROVAL:

Any projects which are taken to feasibility stage would be submitted to the government for approval under terms of the Benin Investment Code. For the type of projects under general consideration there should be little question of approval.

GENERAL AREAS OF INTERESTS:

Mrs. LAWANI is interested in exploring business possibilities and investor interest in three major areas.

1. EXPORT COFFEE PLANTATION
   The LAWANI family has previous experience in agricultural exports. Mrs. LAWANI is interested in exploring the feasibility of developing an export coffee plantation, starting with a 500 hectare operation.

2. HOTELS AND TOURISM
   As the Manager of the modern GL Hotel in Cotonou, Mrs. LAWANI wishes to explore possibilities for encouraging Benin tourism projects including development of a travel agency.

3. AFRICAN ARTS AND CULTURAL PRESENTATIONS
   The sponsor wishes to contact individuals interested in sponsoring sale and exhibitions of African art objects and fashions. She is also interested in exploring possibilities of organizing USA tours of a cultural nature including dance troup presentations.

PURPOSE OF DISCUSSION IN USA:

Mrs. LAWANI wishes to meet individuals interested in exploring the three areas of interest outlined above with a view to cooperative undertakings, feasibility assistance and investments.

BENIN PROJECT OUTLINE NUMBER FOUR

PROJECT TITLE: INSTALLATION OF A SOAP PLANT AT PARAKOU, BENIN

PROJECT OUTLINE:

The promoters plan to erect a soap making plant for the production of palm oil based soaps - ordinary, perfumed toilet, medical and other - utilizing local raw materials. The plant will operate in the northern section of Benin where local demand outruns supply. Export markets also exist in neighbouring countries. The plant may also be utilized to package imported washing powders.

PROJECT PROMOTERS:

The project sponsor is Mr. Michel Lolo CHIDIAC, who is Managing Director and major stockholder in Grand Moulins du Benin, the country's leading private sector wheat importer, flour miller and flour distributor, a company of 300 employees with revenues in excess of $US 7 million. Mr. CHIDIAC is a well known business leader with interests in a number of local businesses. He is Vice President of the Benin Chamber of Commerce. He has business interests and distribution networks in Nigeria and nearby country markets.

GOVERNMENT SUPPORT:

The sponsor has submitted his application and detailed feasibility study to the Government of Benin for approval under terms of the country's Investment Code. Since the project is based on the use and development of local sources of palm oil, approval is expected.

PRODUCTS AND MARKETS:

The proposed plant would produce a variety of consumer brand soap products of approximately 160 grams each packed in cartons of 36 and 72 bars.

The table which follows summarizes current production, imports and potential demand estimated on an average per capita consumption of one kilogram per day per 50 inhabitants.

TONS

CATEGORY	1979	1980	1981	1982
SONICOG PRODUCTION	3,835	4,635	4,709	8,117
IMPORTS	246.6	130.5	-	191.7
CURRENT CONSUMPTION	4,081.6	4,765.5	4,709	8,308.7
ESTIMATED DEMAND	21,636	22,219	22,810	23,420
AVAILABLE DEMAND	17,554.4	17,453.5	18,101	15,120

Potential demand estimated at 26,770 tons by 1987 will provide an ample market for the proposed plant which will have an estimated production of 3,420 tons by year five.

Locally produced palm oil products will provide the basic raw materials. Imports will be limited to chemicals, perfumes and packaging materials.

CAPITAL, OPERATING COSTS AND PROFITABILITY:

The following table summarizes the investment estimates.

ITEM	AMOUNT (000 CFA)
ORGANIZATION ESTABLISHMENT	15,000
CONSTRUCTION	122,000
PLANT AND EQUIPMENT	267,000
MATERIAL AND PARTS	57,000
INSTALLATION	15,000
OFFICE EQUIPMENT	5,000
	481,000
UNFORESEEN AT 5%	24,000
WORKING CAPITAL	47,000
TOTAL	552,000

The above estimates do not take into account Investment Code benefits.

The venture would be financed as follows.

TYPE OF FINANCE	AMOUNT
REGISTERED CAPITAL	78,000,000
CURRENT ACCOUNT OF ASSOCIATES	100,000,000
MEDIUM TERM LOAN	329,000,000
TOTAL	507,000,000

The venture will enter into profitability and a positive cash flow in year 5 on the worst-case assumption that the Investment Code benefits are not available. With these benefits, cash flow and profits are positive from year one. Internal rate of return is estimated at 18.1%. Cumulative cash flow over ten years will permit retirement of all loans and replacement of equipment.

The following table summarizes the financial operations over ten years on the basis of <u>not</u> receiving Investment Code benefits.

ITEM	YEAR (CFA 000) 1	4	7	10
SALES	503,424	1,195,632	1,710,000	1,710,000
COST OF SALES	356,781	971,688	1,276,918	1,276,918
GROSS MARGIN	146,643	223,944	433,082	433,082
COST OF PERSONNEL, DUTIES , FINANCIAL CHARGES AND DEPRECIATION	223,367	330,420	403,067	387,353
NPBT	(76,724)	(106,476)	30,015	45,729
TAXES AT 48%	--	--	14,407	21,950
NET PROFIT	(76,724)	(106,476)	15,608	23,779
CASH FLOW	(26,838)	(61,840)	60,244	68,415

A full feasibility study exists in French. Note that under provisions of the Investment Code profitability and cash flow are positive in year one as shown below.

ITEM	YEAR 1	4	7	10
NET PROFITS	27,312	103,261	16,785	24,956
CASH FLOW	77,198	147,897	61,421	69,592

<u>PURPOSE OF DISCUSSION WITH INVESTORS/SUPPLIERS:</u>

The proposer seeks financing, technical and management assistance and equipment and materials sources of supply. Joint venture possibilites are open for discussion. Note that Benin is a member of the CFA franc zone and its currency is convertible.

BENIN INVESTMENT PROJECT OUTLINE NUMBER FIVE

PROJECT TITLE: CREATION OF A PLASTIC TUBE EXTRUSION PLANT

CREATION OF A STEEL PIPE FABRICATION PLANT

CREATION OF A GALVANIZED SHEET METAL MANUFACTURING PLANT

PROJECT OUTLINE:

The proposer seeks to extend his current sheet metal processing, fabrication and import-distribution company to include local manufacturing and distribution of plastic and metal tubing and metal galvanizing and forming on the basis of imported granular plastics and steel rolls and sheets.

PROJECT PROMOTER:

The sponsor is Mr. Ehenezer HOUNSINOU who is the owner-manager of the Societe de Transformation d'Articles a Manufacturer, a manufacturer and importer of sheet metal products. He is also owner-operator of a Cotonou hotel. He is Deputy Treasurer of the Benin Chamber of Commerce and President of the Hotel Association (Private Sector). He is a well known national businessman highly experienced in importing, processing and distributing sheet metal and aluminum extruded products, primarily products entering the building construction and metal furniture and household utensils market. His project proposals are for local value-added processing of imported plastic and sheet metal into galvanized and aluminum sheeting, plastic tube and pipes, and metal pipes and sections - all for wholesaling through commercial channels with which he has long experience.

GOVERNMENT SUPPORT:

The sponsor has in the past received government approval for benefits under the Investment Code. The feasibility study for the extruded plastic tube plant was submitted for Investment Code approval in December, 1985. Mr. HOUNSINOU is of the opinion that he will receive government approval for all three projects and benefits from the financial incentives of the Investment Code.

PLASTIC TUBE EXTRUSION PLANT:

This project would be the first of its kind in Benin for the extrusion of rigid PVC tubes for uses in electrical, pressure, evacuation and sanitation applications, and soft tubes for agricultural watering applications. A later phase will include manufacturing of plastic objects: beer cases and household utensils.

Rigid tubes would be utilized primarily for sanitary piping and water in sizes from 32 cm. to 100 cm. and for insulated wire. Flexible PVC tubes are intended for hosing. Polyethylene tubes, for electrical insulation. All of these products are currently imported. The plant would be erected on the site of the owner's existing manufacturing facility located 13 Km. from the major port of Cotonou.

Import statistics for 1984 show imports of plastic and rubber products of 1,670,300 tons for a value of 801,857,115 CFA. PVC tubes are estimated to be 40% of this figure representing an annual import of 670 tons per year. Estimates place the growth of this market at 1% - 2% per year. The proposed plant would produce 300 tons per year on a one shift operation.

The feasibility study summarizes the capital and operating fund requirement as follows:

ITEM	CFA (000)
CONSTRUCTION AND ORGANIZATION	19,500
MACHINERY AND EQUIPMENT	69,500
MATERIALS	16,000
FURNISHINGS	1,500
OPERATING FUNDS	50,000
TOTAL	156,500

The following table summarizes the profitability analysis in thousands of CFA:

ITEM	YEAR 1	2	3	4	5
PRODUCTION - T.	300	360	432	432	432
SALES	270,000	324,000	388,800	388,000	388,800
COST OF SALES	224,322	266,653	317,090	319,984	319,384
GROSS PROFIT	45,378	57,346	71,709	69,416	69,416
DEPRECIATION AND FINANCE CHARGES'	33,488	33,488	25,134	19,175	19,175
NPBT	11,889	23,858	46,575	50,241	50,241

The promoters will finance 30% of the capital requirements. They seek bank credit and supplier credits. Joint venture is a possibility.

STEEL PIPE FABRICATION PLANT:

This project seeks to create a steel pipe and square section pipe mill utilizing imported steel sheet and an automatic welding mill. Sizes would range in the 20 - 40 cm. size range. Applications include metal framing and construction.

GALVANIZED SHEET METAL PLANT:

The promoter already imports and fabricates aluminum and coated metal products used primarily in roofing and building applications. A large market exists for galvanized sheeting in different profiles due to its lower price and wide market acceptance. The proposer believes local value added and Investment Code benefits would permit a highly competitive range of products to be manufactured from imported roll sheet stock which would be galvanized locally. He estimated the market at 12,000 T. per year. The proposed plant would have a capacity of 6,000 - 7,000 tons per year. Production would be sold to wholesalers on a national and regional basis. A feasibility study exists.

PURPOSE OF DISCUSSION WITH INVESTORS/SUPPLIERS:

The promoter seeks financing, equipment supply and sources of raw material. He is interested in used equipment. Joint venture possibilities exist.

BENIN INVESTMENT PROJECT OUTLINE NUMBER SIX

PROJECT TITLE: DETERMINE INVESTMENT OPPORTUNITIES IN AGRO-INDUSTRIAL SECTOR

PROJECT OUTLINE:

The promoter is interested in preliminary exploration of investment opportunities based on Benin agricultural imputs and local-regional markets, with a view to conduct of techno-economic feasibility studies and financing proposals for projects considered viable.

PROJECT PROMOTER:

The promoter Mr. Raphiou TOUKOÜROU, President Director General of the company La Mercuriale which manufactures and distributes nationally and regionally a varity of wheeled products: bicycles, motorbicycles, self propelled vehicles for the disabled, and two wheeled work wagons. The plant has full facilities for manufacturing welded and brazed frames, acid treatment, painting, heat treatment, and assembly. Mr. TOUKOUROU is the President of the Benin National Association of Industrialists and President of the Permanent Commission of Industry of the Benin Chamber of Commerce and Industry.

Mr. TOUKOUROU plans to expand the model line of his motorbicycle production and is seriously interested in exploring opportunities for expansion into the agro-industry segment.

GOVERNMENT SUPPORT:

Any agro-industry project considered viable would be submitted for Investment Code benefits. The government's emphasis on agricultural self sufficiency and encouragement of small and medium private sector businesses in this segment should ensure full project approval under Investment Code provisions.

PRODUCTS, MARKETS AND INVESTMENTS:

The promoter has not carried his ideas to the pre-feasibility stage. He is interested in exploring such possibilites as tomato concentrates, corn and manioc, and diary products based on local agricultural inputs. He will require technical assistance in development of pre-investment studies and financing proposals, in continuing technical assistance and in venture financing. The possibility of a joint venture exists.

The promoter believes that U.S. expertise in the agricultural and food processing sectors would be extremely useful in developing local Beninese production.

BENIN INVESTMENT PROJECT OUTLINE NUMBER SEVEN

PROJECT TITLE: DEVELOPMENT OF SEA SALT PRODUCTION

PROJECT OUTLINE:

The proposing group seeks to create a small scale but intensive pilot for extracting salt by solar evaporation. The project involves sea water pumping to prepared basins, solar evaporation of brine, salt crystallization, harvest, processing, packaging and distribution of salt.

PROJECT PROMOTERS:

The project is sponsored by the Association of Interests Group for The Economic and Social Promotion of Ouidah (AGIPESO), a group of private sector businessman and community leaders of Ouidah, a coastal community forty miles west of Cotonou. The Association was created as part of the twin-city agreements between the city of Prichard, Alabama and the city of Ouidah. This project is one of four being promoted by the Association as part of a private sector development campaign. The Association is formally organized and has an elected seven member managing committee. Individual members of the Association will participate in the projects as both investors and directors.

GOVERNMENT SUPPORT:

All four projects proposed by AGIPESO respond directly to government policies of self development, promotion of small and medium sized private sector businesses, and agro-industry focus. Benefits of the Investment Code would be sought. The sponsors have completed a full scale feasibility study prepared by UNIDO specialists, which will be submitted for official approval under Investment Code provisions. No problems are anticipated in obtaining such approval.

PRODUCTS AND MARKETS:

A 600 acre salt marsh has been selected as a pilot operation, with the objective of extension to 10,000 and 20,000 acres. The plan is to conduct joint operations with SOBESEL, an existing private sector salt company. Major concerns are seeking appropriate pumping techniques since tide heights prevent using tide alternation as a method of brine supply. SOBESEL has used such a pumping system successfully conducting operations during a six to seven month dry season. The proposed pilot will seek to confirm average actual yields of 50 T/ha against technical estimates of 63 T/ha. A 50 T/ha yield would permit an annual production of 5,000 T per 100 ha.

The pilot operation would produce 2,000 T/year against salt imports of 15,000 T per year. Salt imports also move to Niger and Nigeria.

The production process involves the following steps: washing, purification and refining, grinding and sifting, drying, packaging and delivery.

CAPITAL AND OPERATING COSTS AND PROFITABILITY:

The financial analysis of project feasibility is based on investment costs of 386,500,000 CFA ($966,250 @ 400 CFA = $1.00), a realistic and competitive sales price of 45,000 CFA per ton in bulk ex saltworks. The table below summarizes the revenue and profitability estimates in millions of CFA.

ITEM	YEAR 1	3	5	7	9
REVENUE	225	248	273	302	332
COST OF SALES	65	76	87	99	111
GROSS MARGIN	160	172	186	203	221
FINANCE COST	55	55	55	55	55
CASH FLOW	105	117	131	148	166
DEPRECIATION	37	37	37	37	37
NPBT	68	80	94	111	129

FINANCIAL STRUCTURE:

The sponsors are seeking financing on the basis of a combination of development bank loans, various credits and shareholder equity financing.

PURPOSE OF DISCUSSION WITH INVESTORS/SUPPLIERS:

The sponsors are desirous of obtaining financial assistance, technical assistance and operating know-how. Equity participation is possible.

BENIN INVESTMENT PROJECT OUTLINE NUMBER EIGHT

PROJECT TITLE: DEVELOPMENT OF CASSAVA PROCESSING PLANT

PROJECT OUTLINE:

The promoters wish to develop a semi-industrial cassava processing unit to produce gari, a staple food item consumed on a national basis. The plant would produce valuable by-products: cassava starch for textile applications, tapioca, and cattle feed.

PROJECT PROMOTERS:

The project is sponsored by the Association of Interests Group for The Economic and Social Promotion of Ouidah (AGIPESO), a group of private sector businessmen and community leaders of Ouidah, a coastal community forty miles west of Cotonou. The Association was created as part of the twin-city agreements between the city of Prichard, Alabama and the city of Ouidah. This project is one of four being promoted by the Association as part of a private sector development campaign. The Association is formally organized and has an elected seven member managing committee. Individual members of the Association will participate in the projects as both investors and directors.

GOVERNMENT SUPPORT:

All four projects proposed by AGIPESO respond directly to government policies of self development, promotion of small and medium sized private sector businesses, and agro-industry focus. Benefits of the Investment Code would be sought. The sponsors have completed a full scale feasibility study prepared by UNIDO specialists, which will be submitted for official approval under Investment Code provisions. No problems are anticipated in obtaining such approval.

PRODUCTS AND MARKETS:

The objective is to utilize simple but robust machinery on a semi-industrial, low technology basis drawing on indigenous sources of raw material supply and employing unskilled and semi-skilled local workers. Cassava cultivation is a traditional activity, but in recent years demand has outrun supply in the Ouidah region.

The project has several objectives:

- Achieve local self sufficiency in gari by the progressive installation of several production units

- Create an exportable surplus
- Utilize the abundant source of underemployed female labor

The sponsors have provided 100 hectares for the experimental phase, are ready to release funds for the purchase of equipment, and will assist in developing the corporate entities necessary to carry out the work.

The production phases involved in the process involve manual peeling, washing, grinding, sieving, screw pressing, cooking, machine sieving and machine mixing. Starch production is estimated as 200 kg for 10 tons of cassava, or tapioca at the same output rate.

Local and national market demand is strong and the sponsors do not believe that marketing will pose a problem.

CAPITAL AND OPERATING COSTS AND PROFITABILITY:

The table which follows summarizes company formation and capital costs:

ITEM	CFA - 000	
COMPANY FORMATION	500.	
TRAINING/TECH.ASSIST.	1,500.	
		2,000
LAND	8,000.	
BUILDINGS	26,000.	
PRODUCTION EQUIPMENT	52,000.	
STOCK	11,000.	
MISC. START UP EXPRESS	2,000.	
		99,000
WORKING CAPITAL (ONE MONTH)		111,000

The operating forecast for the first seven years is summarized below:

ITEM	YEAR (CFA 000)			
	1	3	5	7
REVENUE	139,000	156,000	164,000	164,000
RAW MATERIALS	51,000	51,000	51,000	51,000
GROSS MARGIN	88,000	105,000	113,000	113,000
OPERATING COST	66,582	65,591	59,058	55,791
NPBT	21,418	39,209	53,942	57,209
TAXES	-	9,148	12,580	20,023
NPAT	21,418	30,061	40,912	37,186
CASHFLOW	31,918	40,561	47,812	37,186

FINANCIAL STRUCTURE

The proposers are seeking seven year loan financing from the Benin Development Bank for CFA 72,000,000 with one year deferred @ 16.7%. Equity investments would total CFA 38,000,000 from individual investors.

PURPOSE OF DISCUSSIONS WITH INVESTORS/SUPPLIERS

Project proposers seek loan, equity and technical assistance.

BENIN INVESTMENT PROJECT OUTLINE NUMBER NINE

PROJECT TITLE: DEVELOPMENT OF A GLASS CONTAINER PRODUCTION FACILITY

PROJECT OUTLINE:

The project proposers seek to create an 8,000 ton per year glass plant to produce hollow glass containers, primarily a range of bottles and glasses. This production would replace imports of about 8,000 tons per year which are estimated to increase at the rate of 20% per year.

PROJECT PROMOTERS:

The project is sponsored by The Association of Interests Group for The Economic and Social Promotion of Ouidah (AGIPESO), a group of private sector businessmen and community leaders of Ouidah, a coastal community forty miles west of Cotonou. The Association was created as part of the twin-city agreements between the city of Prichard, Alabama and the city of Ouidah. This project is one of four being promoted by the Association as part of a private sector development campaign. The Association is formally organized and has an elected seven member managing committee. Individual members of the Association will participate in the projects as both investors and directors.

GOVERNMENT SUPPORT:

All four projects proposed by AGIPESO respond directly to government policies of self development, promotion of small and medium sized private sector businesses, and agro-industry focus. Benefits of the Investment Code would be sought. The sponsors have completed a full scale feasibility study prepared by UNIDO specialists, which will be submitted for official approval under Investment Code provisions. No problems are anticipated in obtaining such approval.

PRODUCTS AND MARKETS:

Research and laboratory analyses have proved the existence in the Ouidah region of high quality silicious sand in large quantities suitable for glass manufacturing. SiO_2 content is 99.276%. The presence of other elements (FeO_3 and Al_2O_3) are of such a content that chemical processing will not be required.

The variable granulometry, however, will require a sifting operation. Local limestone can be utilized directly after grinding. Local dolomite and feldspar are also available. Carbonate, iron chromite and soda sulphate would be imported.

The plant's production would approximate the figures shown below.

TYPE	TONS	%	NUMBER (MILLIONS)
.66 LITRE BOTTLES	5,600	70%	9.655
.33 LITRE BOTTLES	1,600	20%	5.0
SMALL BOTTLES AND GLASSES	800	10%	1.
TOTAL	8,000	100%	16.155

Output has been estimated at 85% of normal rated plant capacity. The variable capacity of the fusion furnace is 300 tons/day. The detailed market research and feasibility survey shows the market can absorb the plant's production.

Capital investments detailed in the feasibility study include a 30 ton per day furnace plus all related processing, stacking, annealing, decorating and conveyance equipment; electrical, compressed air, and water systems; laboratory and maintenace facilities; and buildings. Staffing is estimated at 134. The table below summarizes the investment schedule.

ITEM	CFA 000.
CIVIL ENGINEERING	552,850.
PRODUCTION FACILITIES INSTALLED	1,000,000.
FITTING	800,000.
CONSULTING ENGINEERING	300,000.
COMPANY ORGANIZATION	5,000.
PRE START-UP TRAINING	60,000.
CONTINGENCY	282,150.
TOTAL	3,000,000.

Three month's working capital requirements are estimated at CFA 177,000,000.

A five year operating forecast is summarized below based on 60% of plant capacity in year one; 80% in year two; and 100% in year three.

ITEM	YEAR - CFA MILLION 1	2	3	4	5
REVENUE	1,043	1,390	1,738	1,738	1,738
SALARIES	75	75	75	75	75
WORKING EXPENSES	401	639	795	795	795
DEPRECIATION	260	260	260	260	260
GROSS MARGIN	306	415	607	607	607
FINANCIAL COSTS	311	311	311	272	233
NPBT	5	103	295	334	373

FINANCIAL STRUCTURE:

A capital structure of CFA 3,177,000,000 has been established. A ten year credit of CFA 2,400,000,000 @ 10% interest with two years' deferred payment has been sought. The balance would be in equity and short term working capital loans.

PURPOSE OF DISCUSSIONS WITH INVESTOR/SUPPLIERS:

The promoters seek parties interested in providing financing, equipment, technical and management expertise, and/or equity participation.

BENIN INVESTMENT PROJECT OUTLINE NUMBER TEN

PROJECT TITLE: DEVELOPMENT OF A FISH BREEDING PROJECT

PROJECT OUTLINE:

The proposers seek to create a fish breeding project in the Ouidah area to supply local consumers who are now dependent on Cotonou for fish. The fish breeding project will be associated with hog breeding and poultry raising and with fruit and vegetable farming.

PROJECT PROMOTERS:

The project is sponsored by The Association of Interests Group for The Economic and Social Promotion of Ouidah (AGIPESO), a group of private sector businessmen and community leaders of Ouidah, a coastal community forty miles west of Cotonou. The Association was created as part of the twin-city agreements between the city of Prichard, Alabama and the city of Ouidah. This project is one of four being promoted by the Association as part of a private sector development campaign. The Association is formally organized and has an elected seven member managing committee. Individual members of the Association will participate in the projects as both investors and directors.

GOVERNMENT SUPPORT:

All four projects proposed by AGIPESO respond directly to government policies of self development, promotion of small and medium sized private sector businesses, and agro-industry focus. Benefits of the Investment Code would be sought. No problems are anticipated in obtaining such approval.

PRODUCTS AND MARKETS:

The project will be closely associated with the Godomey Center, a nearby pilot fish project able to supply stock and provide technical assistance. Species initially selected will depend on experiences of the Godomey Center and characteristics of the water. Mullet and carp will be considered at a second stage.

The first phase of the project envisages 220 acres of ponds. Twenty acres will be used for fingerling production; 200 acres divided into four 50 acre plots will be used for breeding and growth. The project is expected to collect 30 tons of fish every 6 weeks for a yearly collection of 224 tons.

Hog breeding and fattening based on ten sows and two boars is included on the first phase, as well as a poultry project of 1,000 layers and 1,000 free-range chickens. A vegetable farm for production of vegetables, cassava, bread-fruit and pawpaw will complete the initial phase program.

The second phase which would not start before assessing the experience of two years of operation of the initial pilot would consist of extension of the fish ponds and breeding activities and improvement and extension of access ways.

All production would be sold through the local markets.

CAPITAL AND OPERATING COST AND PROFITABILITY:

Detailed feasibility studies have not been completed; however, preliminary estimates are shown below in millions of CFA:

ITEM	PHASE I	PHASE II	TOTAL
LAND COST	20	-	20
EXCAVATION AND SANITATION	80	100	180
CIVIL WORKS WATER/ELECTRICITY	160	80	240
EQUIPMENT	80	60	140
WORKING CAPITAL	60	-	60
TOTAL	400	240	640

The promoters would provide the land, and assist in providing working capital if necessary - a total of up to CFA 80 million of the total requirements.

A full time work force of about 20 is envisaged for Phase I, increasing to 27 in Phase II. Part time casual labor would be used as required.

No profitability figures have as yet been developed, but initial estimates indicate the project can pay its way.

FINANCIAL STRUCTURE:

The sponsors are seeking low cost, long term sources of financing to provide a total capital need of 640 million CFA ($1.829 million @ 350CFA = $1.00).

BENIN INVESTMENT PROJECT OUTLINE NUMBER ELEVEN

PROJECT TITLE: PLANT FOR PRODUCTION OF HEAVY DUTY PAPER CEMENT SACKS

PROJECT OUTLINE:

The promoter seeks to create Benin's first plant for the production of heavy duty kraft paper bags to replace imports required by large Beninese cement producers. Products produced by the proposed plant would be sold under contract to a limited number of large Beninese cement producers.

PROJECT SPONSOR:

The project sponsor is Daniel AGBO-PANZO, owner and manager of DAFRI ENTERPRISES. Mr. AGBO-PANZO is a private sector enterpriser of long standing. His current business activities involve nail and paint production facilities in Cotonou. He is an engineer by training and has been long associated with the building and construction industry. He is active in the activities of the Benin Chamber of Commerce.

GOVERNMENT SUPPORT:

An updated feasibility study will be presented to the government for securing approval under provisions of the Investment Code. Since all cement bags currently used by the large public sector cement plants are imported this project will receive active consideration.

PRODUCTS AND MARKETS:

The proposed plant would have a production capacity of 30 million heavy duty, multiple ply bags per year on the basis of a two shift, six day operation. The bags are produced automatically from imported rolls of Kraft paper.

The project is based on a standard industry process known as GARTEMANN/HOLLMANN. The company would provide the plant and equipment. This process is capable of producing tubular glued and pre-printed multi-ply bags ready for filling at the cement plant production site. Deliveries are made to the buyer in pallet loads.

Seventy-five percent of the proposed plant's production would be consumed by two major state companies: SONACI AND S.C.B. The balance of production would be for reserve stocks and exports to neighbouring countries.

Kraft paper raw material would be supplied by the Groupe

Charfa, who would take a small equity position in the company.

The manufacturing process permits production of a variety of bag sizes and composition. Possibilities exist for fertilizers, chemical and animal feeds.

CAPITAL AND OPERATING COSTS AND PROFITABILITY:

Investment costs require updating. The figures below are current estimates.

ITEM	COST (CFA MILLION)
LAND	60.
CONSTRUCTION	330.
PLANT AND SPARES	789.
SPARE PARTS	90.
ROLLING EQUIPMENT	45.
OFFICE EQUIPMENT	4.5
ORGANIZATION AND WORKING CAPITAL	108
TOTAL	1,426.5

Revenue, expense and profitability forecasts require updating. The original feasibility study showed profitability and positive cash flow in year one with production in year one estimated at 10 million bags and reaching full production levels of 30 million in year three.

FINANCIAL STRUCTURE:

The project promoter seeks loan and equity financing and technical and management assistance. Second hand equipment could be utilized. Paper supply could be tied to participation. The promoter has an industrial location where his current operations are sited. He is prepared to provide this space and certain equity. He would take an active managerial role in the operation.

BENIN INVESTMENT PROJECT NUMBER TWELVE

PROJECT TITLE: PRODUCTION OF BAKERS YEAST

PROJECT OUTLINE:

The project proposer seeks to create a facility for the production of 350 tons per year of bakers yeast for use by the Benin baking industry. The basic raw materials of molasses would be procured locally as a by-product from major sugar plants in Benin and in neighbouring countries.

PROJECT PROMOTER:

The project sponsor is Daniel AGBO-PANZO, owner and manager of DAFRI ENTERPRISES. Mr. AGBO-PANZO is a private sector enterpriser of long standing. His current business activities involve nail and paint production facilities in Cotonou. He is an engineer by training and has been long associated with the building and construction industry. He is active in the activities of the Benin Chamber of Commerce.

GOVERNMENT SUPPORT:

The project feasibility when completed would be submitted to the government for approval under provisions of the Investment Code. The use of local agricultural inputs, reduction of imports, and local employment would argue that approval will be obtained.

PRODUCTS AND MARKETS:

The promoter proposes to create Benin's first processing plant for the production of 350 tons per year of bakers yeast. The raw materials for developing the yeast culture will be locally and regionally produced molasses. The major local source will be the Save sugar complex; alternative sources exist in nearby Nigeria and the Ivory Coast.

Production is destined for sale to major bakeries. Technical and management assistance in project development, installation and management would come from the foreign partner.

CAPITAL AND OPERATING COST AND PROFITABILITY:

The feasibility study for this project remains to be done. The preliminary estimate of capital costs is in the range of 800 million CFA ($2.2 million @ 350 CFA = $1.00). Building costs for a 1,200 m2 plant are estimated at 80,000,000 CFA not including land.

PURPOSE OF DISCUSSIONS WITH FOREIGN INVESTORS/SUPPLIERS:

The promoter seek loans and equity capital and technical and management assistance. Joint venture partners are sought.

BENIN INVESTMENT PROJECT OUTLINE NUMBER THIRTEEN

PROJECT TITLE: INDUSTRIAL TRANSFORMATION OF CASSAVA (MANIOC)

PROJECT OUTLINE:

The sponsors organized as the Beninese Company for the Industrial Transformation of Manioc (SOBETIM) plan to create an industrial processing company which will include cultivation, treatment, processing, transformation and distribution of cassava based food products.

PROJECT PROMOTERS:

The three project sponsors are leading personalities in the business community of Benin with long experience in private sector trade, finance and manufacturing.

- Mr. Raffet LOKO, President of the Benin Chamber of Commerce and Industry
- Mr. Michel Lolo CHIDIAC, General Managing Director of the Flour Milling Company of Benin, and First Vice President of the Benin Chamber of Commerce and Industry
- Mr. Polycarpe AGOSSA, Secretary General of Benin Chamber of Commerce and Industry

GOVERNMENT SUPPORT:

This project was previously designed as a public sector project by the government. It has now been turned over to the private sector for implementation. Government approval under terms of the Investment Code is assured.

PRODUCTS AND MARKETS:

The sponsors propose to establish an agricultural zone of 2000 hectares for the production 10,000 tons of cassava-manioc tubers which will supply a mill for the processing into gari and related by-products. Gari is a staple item in the Beninese diet. The processing plant will have a capacity of 2,600 tons of manioc flour, and 1880 tons of cattle feed and will process 13,000 tons of raw material per year.

CAPITAL COSTS AND FINANCING:

The following table summarizes the estimated investment costs in millions of CFA francs:

ITEM	CFA MILLION
CORPORATE ORGANIZATION AND ESTABLISHMENT	345.5
LAND PREPARATION	150.0
BUILDINGS	185.0
EQUIPMENT	523.0
ROLLING STOCK	64.0
OFFICE EQUIPMENT	22.5
PROVISION FOR PRICE INCREASES	170.0
TOTAL	1,460.0

The financial structure provides for investor financing of 15% and medium term loans of 85%.

Work is underway to update the technical and economic feasibility study and review the profitability forecasts.

PURPOSE OF DISCUSSIONS WITH INVESTORS/SUPPLIERS:

The promoters seek loan or equity financing, supplier credits, technical and management assistance. The promoters who are experienced businessman plan to play an active role in the management of the enterprise. Joint venture possibilities exist.