

**APPENDIX A:
PROJECT DESCRIPTION
JEKA FEERE RICE PROCESSING AND MARKETING SUPPORT 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 town of Niono is a district headquarters approximately 105 kilometers north of Segou and 345 kilometers east of Bamako. It is located in an area that accounts for 60% of Mali's total rice production.

During the 1980s, the Malian government's involvement in cereal product marketing was reduced to a minimum and transferred to farmer organizations. In the Niger Office zone, all marketing operations were transferred to farmer organizations that were not completely prepared to implement the changes. These farmer organizations were quickly faced by a number of difficulties, including insufficient resources, poor quality processing equipment, a lack of management capacity for rice processing and marketing, and a general lack of organization. This manifested itself through a lack of rational marketing policies, a drop in revenues from the farmers' activities, and deterioration in rice quality.

To address this situation, a number of organizations took action to better organize the rice sector. This action was reinforced by the 1994 devaluation of the CFA franc, resulting in a significant increase in the price of imported rice and improved competitiveness of Malian rice.

Jeka Feere was created in 1996 to exploit this opportunity and facilitate the marketing of the rice produced by its members. *Jeka Feere* now counts twenty member farmer organizations that represent a total of 24,651 rice farmers (12,021 men, 12,631 women). These farmers cultivate an area of approximately 7,680 hectares annually, producing about 47,000 tons of paddy rice.

However, *Jeka Feere's* members do not have access to processing equipment that produces high quality rice. As a result, it is difficult for *Jeka Feere* to obtain rice from its members that meets commercial norms for national and subregional markets. This reduces the product's competitiveness and price, and *Jeka Feere* loses market opportunities.

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

Each *Jeka Feere* member will provide an appropriate site for installation of the processing equipment and an adequately sized storeroom in good condition before it will be eligible to receive a processing equipment loan.

IV. Project Goal

The goal of the Project is to improve the living conditions of rice farmers in Niono District.

V. Project Purpose

The purpose of the Project is to increase the incomes of *Jeka Feere's* members, as measured by the following.

- A. Incomes of *Jeka Feere's* members will increase by 127 million CFA by Year II, 190 million CFA by Year III, and 254 million CFA by Year IV.

VI. Project Outputs

The Project will generate the following major outputs in order to attain the Project's purpose.

- A. New rice processing units
 1. Ten rice processing units will be operational by Year II, 14 by Year III, and 20 by Year IV.
 2. The average price received by members for rice processed through *Jeka Feere* will increase from 200,000 CFA per ton to 227,500 CFA per ton by Year II and thereafter.

B. Rice marketing services

1. The value of rice sold through *Jeka Feere* will increase from 160 million CFA to 1,051 million CFA in Year II, 1,575 million CFA in Year III, and 2,102 million CFA in Year IV.
2. Commissions on rice sales will increase from 2,000,000 CFA per year to 11,550,000 CFA in Year II, 17,325,000 CFA in Year III, and 23,100,000 CFA in Year IV.
3. *Jeka Feere* will organize at least 2 local mini-markets and participate in 2 national or subregional markets annually by Year II and thereafter.
4. A total of 60 members will be provided with technical, management, and marketing training by Year IV.

VII. Activities

A. Rice processing and marketing

Jeka Feere will expand its range of services through the project by:

- providing members access to better rice processing equipment to improve the quality of their rice;
- promoting brand name recognition of the rice produced and processed by the group;
- strengthening the marketing support services provided to its members; and
- enhancing *Jeka Feere's* institutional and organizational profile.

Jeka Feere will make processing units available to all of its constituent members with the following components: rice huller and polisher, screen sorter, scale, sacks, and accessories. ADF funds will be used to provide ten member groups with processing equipment during the first year. These groups will be selected on the basis of criteria proposed by the Board of Directors and approved by the General Assembly. These criteria include representation of each of the three Niger Office rice production zones covered by *Jeka Feere*, availability of an appropriate site for equipment installation, a storeroom in good condition, average rice production (area under cultivation), availability of alternate hulling services, the member organization's past level of participation in *Jeka Feere's* activities, the member organization's agricultural credit history, and the member organization's management performance of community infrastructure. The ten remaining member groups will be progressively provided with loans for equipment during the three following years.

The processing units will be provided to each member organization on credit with an annual interest rate of 15% over a four-year term with semi-annual payments that coincide with the two annual rice production cycles in the area. *Jeka Feere's* General Assembly will establish a 5-member commission, including the treasurer and the

secretary general of the Board of Directors, to monitor and manage the equipment loan performance and repayments.

The other ten members will be equipped with processing units through one of the following mechanisms.

- a.) If the ADF partner and *Jeka Feere* can negotiate an agreement with a local bank, a local bank will provide a loan to each qualified member organization for a complete processing unit. This loan will be secured by a 30% guarantee made by the ADF Partner in Mali, AED-Sahel, through its Community Reinvestment Fund (CRF). This will be the preferred mechanism to finance the additional processing units as soon as adequate funds are available in the CRF for the guarantee.
- b.) If an agreement cannot be negotiated with a local bank, *Jeka Feere* will provide loans to these ten members over the following 30 months using reflows from the loan repayments from the first ten members. If *Jeka Feere* provides loans directly for the processing equipment, *Jeka Feere* will use any net income from its marketing activities to augment the loan fund, rather than distributing dividends to its members.

Jeka Feere will procure the equipment with the assistance of the ADF partner. A contract will be established between *Jeka Feere* and each member organization with a clause stipulating that the member will market the rice processed with the equipment through *Jeka Feere*.

Jeka Feere will market its members' rice under its own label that will indicate the rice grade and standards. ADF funds will be used to purchase an initial stock of sacks labeled "*Jeka Feere*" in 100, 50, and 25-kilogram sizes to promote *Jeka Feere* and its products. Each year *Jeka Feere* will organize at least two markets (local and national) and participate in a subregional market.

Jeka Feere will invest a portion of the net income generated by its activities to acquire a headquarters and equip it with furniture and office equipment.

B. Training and Technical Assistance

The Project provides for technical assistance and training to ensure appropriate operation, servicing, and maintenance of the production units and cereal storage, as well as to establish adequate general management and accounting practices for cereal transactions by the local managers. Training for *Jeka Feere's* Board members and the Loan Management Commission will include modules on business management, credit management, functional aspects of cereal marketing (price setting, market trends, contract negotiation, etc.), marketing, and group dynamics over a four-year period to ensure that *Jeka Feere* adopts and masters appropriate management systems. Appropriate follow-up technical assistance will be provided on-site. ADF will provide participatory monitoring and evaluation training to ensure that the Grantee establishes appropriate systems to monitor its progress toward project objectives. In addition, the

Project will provide training and technical assistance on ADF administrative and reporting requirements (financial, performance). A specialized organization will provide HIV/AIDS prevention training to all members. An external audit will be conducted during and/or upon completion of the project.

A Project Financial Manager will be identified and hired with the assistance of the ADF Partner during the first quarter of the project to provide the grantee with full-time, on-site assistance to meet ADF reporting, financial management, and procurement requirements.

VIII. Roles and Responsibilities of the Parties


Jeka Feere is responsible for ensuring the proper management and implementation of the Project. *Jeka Feere* will hire a Project Financial Manager to oversee the day-to-day activities of the Project. The ADF Partner in Mali, the Association for Entrepreneurship and Sustainable Development in the Sahel (AED Sahel), will provide *Jeka Feere* technical and management assistance during the implementation of the Project.

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.

X. Other Implementation Issues

Jeka Feere will establish three bank accounts: (a) an account to manage reinvestment funds; (b) an account to receive ADF funds; and (c) a current account. *Jeka Feere* will use the reinvestment account to receive regular deposits for equipment replacement and reserves to acquire additional equipment, construct a headquarters, or undertake other activities. It will make deposits to the account on a quarterly basis (at a minimum) beginning as soon as the member groups receive their new equipment or start managing the new facilities, whichever comes earlier.

ADF  Grantee 