

**APPENDIX A:
PROJECT DESCRIPTION
LA SAHELIENNE TRADITIONAL MALIAN CEREAL PRODUCTS 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

Mali is a country that has experienced high emigration rates, with approximately three million Malians who live outside the country. Particularly large Malian communities exist in France, the United States, central Africa, and Saudi Arabia. These Malian communities, as well as expatriates from other similar West African countries, often want to consume foods found in their traditional diets. In Malian urban centers, particularly Bamako, there is growing demand for food products that do not require long preparation times.

La Sahélienne de l'Alimentation (Sahelian Foods) is an enterprise that processes and markets a variety of traditional Malian foods, particularly cereals, in convenient, quick-to-prepare forms. Its current processing and marketing capacity of approximately 90 tons per year is inadequate to meet the demand for its products. Market studies show a total unmet demand for their products of 320 tons per year, 24% from the local market and 76% from export markets.

La Sahélienne's current ability to meet this demand is limited by a lack of space to house its production equipment properly, inadequate transport to obtain supplies of raw materials and distribute its finished products, the need for higher quality packaging, and inadequate operating capital to meet its orders.

III. Funding

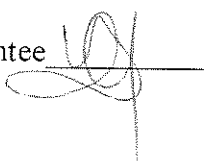
A. ADF Contribution

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.

ADF



Grantee



B. Grantee Contribution

La Sahélienne will provide the land on which construction will take place (valued at 9,500,000 CFA), as well as the equipment that it has already purchased (valued at 23,350,000 CFA).

IV. Project Goal

The goal of the Project is to improve the living conditions of residents from the Banankabougou neighborhood in Bamako.

V. Project Purpose

The purpose of the Project is to increase *La Sahélienne*'s net income and its employees' incomes, as measured by the following.

- A. *La Sahélienne*'s net income before taxes will increase from 2001 levels to -13,600,000 CFA in Year I, 12,700,000 CFA in Year II, 19,000,000 CFA in Year III, 26,500,000 CFA in Year IV, and 34,200,000 CFA in Year V.
- B. Employees' average annual incomes will increase from 420,000 CFA to 875,000 CFA by Year II, 900,000 CFA by Year III, 925,000 CFA by Year IV, and 950,000 CFA by Year V.

VI. Project Outputs

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

- A. Traditional cereal products sales increased, as measured by:
 1. Annual sales will increase over time from 90 tons to 87 tons in Year I, 131 tons in Year II, 146 tons in Year III, 164 tons in Year IV, and 180 tons in Year V.
- B. Technical and management capacity strengthened, as measured by:
 1. The number of full-time employees will increase from 12 to 23 by Year II.
 2. The group will produce monthly P/L statements in Year I and thereafter.
 3. A project performance monitoring plan will be developed in Year I; data will be collected, analyzed, and reported every four months on critical project indicators, thereafter.

4. The group will establish a business plan in Year I and update it at least annually, thereafter.

VII. Activities

A. Production unit

The Project will enable *La Sahélienne* to increase its processing capacity and productivity through the construction of adequate working facilities and procurement of appropriate equipment. This will permit the group to put all of its equipment in service, ensure healthy working conditions for its employees, and meet all hygiene standards for production of quality products.

La Sahélienne will use ADF funds to construct:

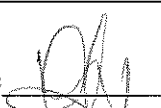
- a production block that includes a storeroom for raw materials, a shed for cleaning raw materials, a milling room, a kitchen with a storage area, a solar drying area, a shed for the gas dryers, a packaging room, and a storeroom for finished products. An adjoining block will provide a dressing area, closet space, and toilets;
- an administrative block with two offices, a reception area, and toilets; and
- guard quarters.

The entire site will be fenced, and necessary utilities installed (water, electricity, telephone). Funds will also be provided for blueprint development and construction supervision and inspection.

La Sahélienne will use ADF funds to procure and install equipment, including a 20 KVA electrical generator, a packaging machine, a covered pick-up truck, and office furniture and equipment (computer, 650 VA UPS, laser printer, and a computer table). ADF will provide funds for initial operating capital for raw materials, packaging, advertising, fuel and lubricants, water, electricity, communications (telephone, fax, postage), and bank charges.

The Project will allow the group to improve the appearance and quality of its products by improving processing techniques and hygiene. *La Sahélienne* will continue to test each production lot of each product at the national Food Technologies Laboratory to ensure product quality. A number identifying each lot and the expiration date will be added to the group's label and instructions for preparation that are already printed on each package. The Project will also enable the group to improve the graphic quality of the printing on its packaging.

La Sahélienne will consolidate its market position with a more aggressive advertising strategy. The group will conduct a limited television and radio advertising campaign and distribute promotional materials (t-shirts, bags, etc.) to promote its products locally. The



group will provide flyers and promotional materials with its shipments to its export customers for promotional activities in their respective markets.

B. Training and Technical Assistance

The project will provide the group with appropriate business management training, including personnel management, financial management and accounting, administration, and marketing training. Training will also include technical production issues and equipment maintenance, inventory management, and storage techniques. Appropriate follow-up technical assistance will be provided, particularly for marketing and financial management to ensure that *La Sahélienne* adopts and masters appropriate management systems. Appropriate follow-up technical assistance will be provided on-site.

ADF's Partner in Mali, AED-Sahel, will assist the group to establish a performance monitoring system to provide management with appropriate information for decision-making and monitor its progress toward project objectives. A specialized organization will provide HIV/AIDS prevention training to all group members and employees. 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


La Sahélienne is responsible for ensuring the proper management and implementation of the Project. *La Sahélienne* will hire a Project Financial Manager to oversee the day-to-day activities of the Project. The ADF Partner will provide *La Sahélienne* technical and management assistance during the implementation of the Project.

IX. Monitoring and Evaluation

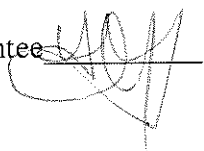
Within sixty days of the effective date of this Agreement, the Grantee, working with the ADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will work with the Partner to develop a Project monitoring plan. 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

ADF



Grantee





La Sahélienne will establish three bank accounts: (a) an account to manage reinvestment funds; (b) an account to receive ADF funds; and (c) a current account. *La Sahélienne* 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.

La Sahélienne will provide ADF with a profit-sharing plan before the group begins construction of the new production facility showing how benefits will be shared with non-member employees, when the enterprise generates sufficient net income for the group to distribute dividends to its members.

ADF



Grantee



**LOGICAL FRAMEWORK
LA SAHELLENNE TRADITIONAL MALIAN CEREAL PRODUCTS**

OBJECTIVES	PERFORMANCE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS	
<p>GOAL Living conditions of Banankabougou residents improved</p>				
<p>PURPOSE 1. <i>La Sahelienne's</i> net income and employees' incomes increased.</p>	<p>1.1. <i>La Sahelienne's</i> net income before taxes increased from current levels to -13,600,000 CFA in Year I, 12,700,000 CFA in Year II, 19,000,000 CFA in Year III, 26,500,000 CFA in Year IV, and 34,200,000 CFA in Year V. 1.2. Employees' average annual incomes increased from current level of approximately 420,000 CFA to 875,000 CFA by Year II, 900,000 CFA by Year III, 925,000 CFA by Year IV, and 950,000 CFA by Year V.</p>	<ul style="list-style-type: none"> • Payroll records 		
<p>RESULTS 1. Sales of traditional cereal products increased 2. Technical and management capacity strengthened</p>	<p>1.1. Annual sales increased from 90 tons in Year I, 131 tons in Year II, 146 tons in Year III, 164 tons in Year IV, and 180 tons in Year V. 2.1. Number of full-time employees increased from 12 to 23 by Year II. 2.2. Financial management system producing monthly P/L statements in Year I. 2.3. Project performance monitoring plan developed in Year I; data collected, analyzed, and reported every four months on critical project indicators 2.4. Business plan in place and updated at least annually</p>	<ul style="list-style-type: none"> • Sales invoices • Payroll records • P/L statements • Performance reports • Plan exists and is updated 	<ul style="list-style-type: none"> • Malian government continues its current policies to promote exports 	

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LOGICAL FRAMEWORK
LA SAHELLENNNE TRADITIONAL MALIAN CEREAL PRODUCTS

<u>ACTIVITIES</u>				
1. Production Unit	1. 87,820,000 CFA	• Financial and activity reports	• Agricultural conditions remain favorable	
1.1. Construction	1.1. 35,100,000 CFA			
1.2. Equipment	1.2. 30,000,000 CFA			
1.3. Working capital	1.3. 21,720,000 CFA			
2. Training and technical assistance	2. 20,500,000 CFA			
3. Audit	3. 2,700,000 CFA			
TOTAL	110,020,000 CFA			

Reviewed and Approved :

Ibrahima Dione



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