

**APPENDIX A:
PROJECT DESCRIPTION
BOUGOUNI ARTISANS' SERVICE CENTER 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 Bougouni is a district headquarters approximately 163 kilometers south of Bamako in the Sikasso Region of Mali. Craftsmen and women are an essential part of the economic fabric in the Bougouni area. They produce a wide range of products for everyday use, and their enterprises provide income for their families and jobs for the area. UAB members provide an important source of training and job creation in the district, employing over 1,900 school-leavers as apprentices and assistants. The Malian government has pursued a long-term strategy since the 1990s to promote the artisan sector. It has organized craftspeople by sector to facilitate access to training and provide them with priority access to national markets.

The Bougouni Artisans Union (UAB) was created in 1997 to promote the viability and performance of individual artisans who belong to 14 artisan groups in Bougouni District. Individual members found it difficult to win lucrative contracts. Working together, the union has been able to help its members apply for and win large contracts for which no single member is qualified to tender an offer. Successful contracts are subcontracted to the individual members. The union is also able to help its members qualify for loans to purchase the inputs needed to fill these orders.

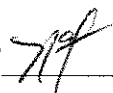
UAB member services include: coordination of tenders for government contracts, loan references and guarantees, negotiation of preferential tax status and payment options, identification/intermediation of training opportunities, marketing, and social solidarity assistance. However, its capacity is limited by a lack of financial resources to support members in expanding their businesses.

III. Funding

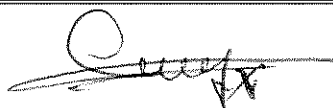

A. ADF Contribution

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

UAB will provide the land upon (7,200 m²) which the center will be constructed (valued at 8,000,000 CFA).

IV. Project Goal

The goal of the Project is to improve the living conditions of artisans in Bougouni District.

V. Project Purpose


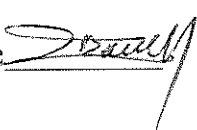
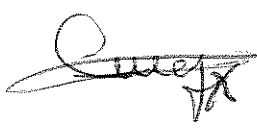
The purpose of the Project is to increase the incomes of artisans in Bougouni District, as measured by the following.

- A. Average annual net incomes of at least 59 carpentry and metalworking expert artisans will increase from 672,000 CFA to 685,000 CFA in Year I, 765,000 CFA in Year II, 840,000 CFA in Year III, 905,000 CFA in Year IV, and 960,000 CFA in Year V.
- B. Average annual net incomes of UAB workshop employees will increase from 0 to 850,000 CFA in Year II, 870,000 CFA in Year III, 885,000 CFA in Year IV, and 900,000 CFA in Year V.

VI. Project Outputs

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

- A. Service center
 - 1. Carpentry workshop revenues will increase from 0 to 3,690,000 CFA by Year II and sustained thereafter.
 - 2. Metalworking workshop revenues will increase from 0 to 4,320,000 CFA by Year II and sustained thereafter.
 - 3. Proceeds from store sales will increase from 0 to 7.25 million CFA by Year II, 8.9 million CFA by Year III, 10.9 million CFA by Year IV, and 12.5 million CFA by Year V.
 - 4. UAB annual commissions on contracts for its members increased from 4.5 million CFA to 4.7 million CFA by Year I, 7.0 million CFA by Year II, 9.0 million CFA by Year III, 10.8 million CFA by Year IV, and 12.4 million CFA by Year V.
 - 5. UAB will cover 100% of its overhead expenses by Year III and thereafter.

ADF  Grantee  

B. Training and marketing services

1. Annual volume of contracts brokered by UAB for its members increased from 45 million CFA to 47.6 million CFA by Year I, 70 million CFA by Year II, 90.6 million CFA by Year III, 108.7 million CFA by Year IV, and 124 million CFA by Year V.I
2. Management, marketing, and technical training will be provided to 75 persons by Year II, 150 by Year III, 225 by Year IV, and 279 members by Year V.
3. Literacy and numeracy training will be provided to 75 persons by Year II, 150 by Year III, 225 by Year IV, and 270 persons by Year V.

VII. Activities

A. Service Center

The Project will improve UAB's capacity to provide services to its members, including intermediation of large contracts with government, parastatal, and non governmental organizations; access to operating funds and production inputs; specialized production services and equipment; marketing; advocacy; and training. Specialized production services and equipment will be provided for two key technical sectors, woodworking and metalworking, to make key production equipment available for rental by members who cannot afford to purchase these items for their own workshops.

UAB will construct a simple service center with ADF funds on the land that they own in Bougouni. The center will include administrative offices, a training and meeting room, two workshops for the specialized equipment needed for the union's two main technical sectors, and a store for sale of production inputs.

UAB will use ADF funds to procure and install office and production furniture and equipment, including a 20 KVA electric generator, a 7-operation woodworking machine, a circular saw, a compressor, 10 portable electric drills, an angle iron bender, 5 ferrous/aluminum welding machines, an electric saw, storage cabinets, work tables, meeting tables, benches, chairs, a computer with accessories (UPS, printer, cables, etc.), and a calculator.

ADF will provide funds for initial operating capital, funds to purchase initial stocks for the store and for initial operating expenses for the center, including communications, bank charges, utilities, and personnel costs.

The Union will hire machine operators to provide woodworking and metalworking services on a cash basis. UAB will recruit a clerk/cashier to receive payments for woodworking and metalworking services, as well as to manage the store for production

inputs (wood, glue, paints and varnishes, roofing sheets, pipes, welding rods, hardware, etc.). UAB will establish fee schedules for services to cover the full cost of the services and generate a nominal margin to help cover Union overhead costs. Fifty percent of the net income from the store will be reinvested to increase its operating capital during the life of the project.

UAB will continue to negotiate contracts on behalf of its members. This will increase the volume of members' activity, particularly in the woodworking and metalworking sectors. UAB will receive a commission on the contracts that it negotiates on behalf of its members.

UAB will use the income generated from commissions on contracts, fees for services from the two specialized workshops, and sale of production inputs from its store to cover its overhead expenses. A portion of any profits generated by the contracts may be used to increase UAB's capital fund to prefinance production materials for large contracts won by the union. A portion of any profits generated by UAB may also be used to increase the size of the loan guarantee fund to increase members' access to production loans through the credit union.

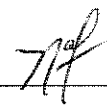
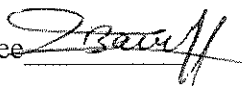
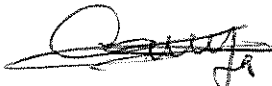
B. Training and Technical Assistance

The Project provides for technical assistance and training for UAB Board members, Management Committee members, and employees to ensure appropriate operation, servicing, and maintenance of the workshops and store, as well as to establish adequate general management and accounting practices by UAB managers. 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. The Project will provide training and technical assistance on ADF administrative and reporting requirements.

The Project will provide training to key members from each member workshop on business management, bookkeeping, marketing, and technical production techniques over a four-year period to improve members' technical and management skills. Specialized trainers will provide functional adult literacy classes to improve members' literacy skills. UAB will establish fee schedules for member training services to recover a portion of the training costs. The ADF Partner will provide UAB with technical assistance during the project to assess what actions can be taken to assist the other artisan sectors that do not directly benefit from this project to become more profitable.

A specialized organization will provide HIV/AIDS prevention training to all members, employees, apprentices, and assistants working in member workshops. An external audit will be conducted during and/or upon completion of the project.

The Project will provide UAB with specialized technical assistance to develop and maintain a website to promote the Union's members and products.

ADF  Grantee  

UAB will hire a Project Financial Manager during the first quarter of the project, who will provide full-time, on-site assistance to meet ADF reporting, financial management, and procurement requirements.

VIII. Roles and Responsibilities of the Parties


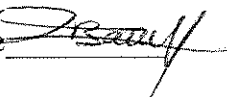
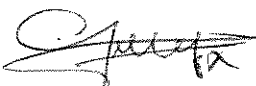
UAB is responsible for ensuring the proper management and implementation of the Project. UAB will hire a Project Financial Manager to oversee the day-to-day activities of the Project. The ADF Partner in Mali, AED Sahel, will provide UAB technical and management assistance during the implementation of 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 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

UAB will establish two bank accounts: (a) an account to receive ADF funds, and (b) a current account. The second account will serve as their operating account to receive all revenues and from which payments will be made for all expenses not covered by ADF grant funds

ADF  Grantee  

MALI
LOGICAL FRAMEWORK
Bougouni Artisans Service Center Project

	1.5 Association covers 100% of its overhead expenses by Year III and thereafter.			
2. Training and marketing services for members expanded	2.1. Annual volume of contracts brokered by UAB for its members increased from 45 million CFA to: <ul style="list-style-type: none"> • 47.6 million CFA by Year I, • 70 million CFA by Year II, • 90.6 million CFA by Year III, • 108.7 million CFA by Year IV, and • 124 million CFA by Year V.I 2.2. Management/ marketing and technical training provided to 75 members and associates by Year II, 150 by Year III, 225 by Year IV, and 279 by Year V	<ul style="list-style-type: none"> ▪ Performance reports 	<ul style="list-style-type: none"> ▪ New skills applied to improve performance of members' businesses 	
ACTIVITIES 1. Construction/equipment of Service Center 2. Training and Technical Assistance 3. External Audit TOTAL	2.3. Literacy and numeracy training provided to 75 members and associates by Year II, 150 by Year III, 225 by Year IV, and 270 by Year V. 1. CFA 63,290,500 2. CFA 34,600,000 3. CFA 2,700,000 CFA 100,590,500	<ul style="list-style-type: none"> ▪ Financial and performance reports 	<ul style="list-style-type: none"> ▪ Government school construction and equipment program maintained 	

Reviewed and Approved :

Ibrahima Dione

Ra Yif

MALI
LOGICAL FRAMEWORK
 Bougouni Artisans Service Center Project

OBJECTIVES	PERFORMANCE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>GOAL</p> <p>Living conditions of Bougouni artisans improved.</p>			
<p>PURPOSE</p> <p>Incomes of Bougouni artisans increased.</p>	<p>1.1. Average annual incomes of at least 59 carpentry and metalworking expert artisans increased from 672,000 CFA to 685,000 CFA in Year I, 765,000 CFA in Year II, 840,000 CFA in Year III, 905,000 CFA in Year IV, and 960,000 CFA in Year V.</p> <p>1.2. Average annual incomes of workshop employees increased from 0 to 850,000 CFA in Year II, 870,000 CFA in Year III, 885,000 CFA in Year IV, and 900,000 CFA in Year V.</p>	<ul style="list-style-type: none"> • Performance reports • Payroll records 	
<p>OUTPUTS</p> <p>1. Sustainable service center established.</p>	<p>1.1. Carpentry workshop revenues increased from 0 to 3,690,000 CFA by Year II and sustained thereafter.</p> <p>1.2. Metalworking workshop revenues increased from 0 to 4,320,000 CFA by Year II and sustained thereafter.</p> <p>1.3. Proceeds from store sales increased from 0 to:</p> <ul style="list-style-type: none"> • 7.25 million CFA by Year II, • 8.9 million CFA by Year III, • 10.9 million CFA by Year IV, and • 12.5 million CFA by Year V. <p>1.4. UAB annual commissions on contracts for its members increased from 4.5 million CFA to:</p> <ul style="list-style-type: none"> • 4.7 million CFA by Year I, • 7.0 million CFA by Year II, • 9.0 million CFA by Year III, • 10.8 million CFA by Year IV, and • 12.4 million CFA by Year V. 	<ul style="list-style-type: none"> ▪ Performance reports ▪ Financial reports and P/L statements 	<ul style="list-style-type: none"> ▪ Inflation rate remains stable (5-year average 2.6%)

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