

Project Description

OLEA SARL Ségou Sésame Sesame Oil Production and Export

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

OLEA SARL Ségou Sésame (OLEA) is a Malian limited liability company that produces and markets cleaned sesame seeds. Amadou Goundam Koi is the sole owner of OLEA. OLEA exports cleaned sesame seeds to its various clients around the world, who then process the seeds to produce sesame oil. These and other clients in Asia and Europe have approached OLEA seeking to purchase processed sesame products such as hulled sesame seeds and sesame oil. OLEA would like to take advantage and enter the international market for cleaned sesame seeds, hulled sesame seeds, sesame oil and sesame cakes, all of which are in high demand and constitute higher value commodities. However, OLEA is constrained by inadequate processing facilities, inadequate methods and technology for the processing of sesame, and weak marketing capacity and business systems.

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 7 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. OLEA Contribution

OLEA will contribute land and sesame cleaning equipment, estimated at 34,000,000 F CFA. In addition, OLEA will contribute the time and labor of its management and staff.

IV. Project Goal

The goal of the Project is to improve the standards of living for residents of Ségou, Mali.

V. Project Purpose

The purpose of this Project is to increase the net income of OLEA and its employees as indicated by the following:

- A. Increase OLEA's net income before taxes and depreciation from F CFA 36,756,000 in 2007 to:
 - 1. 49,895,000 F CFA in Year I;
 - 2. 64,639,000 F CFA in Year II;
 - 3. 64,658,000 F CFA in Year III;
 - 4. 69,268,000 F CFA in Year IV; and
 - 5. 69,486,000 F CFA in Year V.
- B. Increase income for OLEA employees through an annual bonus/profit sharing of five percent of total net income starting in 2008.
- C. Increase salary payments at OLEA from FCFA 9,160,500 in 2007 to:
 - 1. 19,170,000 F CFA in Year I;
 - 2. 34,158,000 F CFA in Year II;
 - 3. 35,256,000 F CFA in Year III;
 - 4. 35,784,000 F CFA in Year IV; and
 - 5. 42,576,000 F CFA in Year V.

VI. Project Outputs

The major output of the Project is OLEA's expanded and diversified production capacity to process sesame and its improved management capacity.

- A. Increased number of employees from 12 at present to a total of 27 employees by the end of Year I.
- B. Increased sales revenues from a baseline of 237,800,000 F CFA to:
 - 1. 383,100,000 F CFA in Year I;
 - 2. 475,562,000 F CFA in Year II;
 - 3. 481,520,000 F CFA in Year III;
 - 4. 500,414,000 F CFA in Year IV; and
 - 5. 509,605,000 F CFA in Year V.

- C. Increased fiscal and social responsibility as demonstrated by its compliance with the Re-Investment Commitment Schedule set forth in Appendix A-2 to this Agreement.

VII. Activities

To generate the above outputs and to fulfill the Project purpose, the following activities will be funded:

A. Production Improvement

OLEA will expand and diversify its production to include processed sesame products for sale on domestic and international markets. To enable OLEA to cover its expenses while awaiting payment from its customers, the Project will finance a two-month supply of raw materials (approximately 20 tons of sesame) along with packaging materials during the first year of implementation. To assist with collection of raw materials and operations in general, the Project provides for the purchase of a 10-ton truck and a motorbike will be purchased for administrative purposes.

In addition, OLEA needs to improve its plant and equipment. The Project will finance the construction of a sesame oil extraction plant with three processing units, fencing around the plant facilities and the installation of electricity and water supply. Specialized equipment will also be purchased, including a Tinytech sesame oil extracting machine, a hulling machine, cleaning machine, industrial tools and tool box.

OLEA will implement industry-standard safety measures. These include, but are not limited to, the following:

- providing adequate fire extinguishers;
- employing fire safety control measures; and
- ensuring workers use proper safety gear.

B. Operations Improvements and Management Capacity Building

An accounting system will be developed and implemented for OLEA to enable accurate reporting of financial transactions including profit and loss statements and analyses of critical project indicators. A financial and operations manual be developed.

C. Marketing and Sales

A strategic marketing plan will be developed and implemented that will provide OLEA management with a sound marketing strategy, competition assessment methods, and marketing tools and techniques. Training in marketing strategy and market strategy implementation will be provided to OLEA management.

D. Other Training

Training in bookkeeping will be provided to OLEA to familiarize it with USADF's reporting requirements.

VIII. Roles and Responsibilities of the Parties

OLEA is responsible for ensuring the proper management and implementation of the Project. OLEA will hire high-quality staff to oversee the day-to-day activities of the Project. The USADF Partner will provide OLEA with technical and management assistance during the implementation of the Project.

IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, OLEA SARL, working with the USADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of OLEA's organization. The committee will work with the USADF 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 the problems identified through monitoring and evaluation are properly addressed in a timely manner.