

APPENDIX A

PROJECT DESCRIPTION

Dogon Women Credit Program in Bandiagara

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 has a vibrant agricultural sector that is primarily based on agricultural produce, cattle breeding, and grazing. However, lack of adequate loan funds and storage warehouses and equipment result in significant losses of raw products and the availability of agricultural products on the market.

The Village Women's Association of Bandiagara (AGVF) provides credit, among other services, to its members. AGVF's current ability to meet the demand for its services is limited by a lack of loan funds to increase the production and marketing of onions in the Dogon Plateau.

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

AGVF will provide a loan fund of 8,000,000 FCFA and member contributions totaling 600,000 FCFA. In addition, AGVF will rental costs for the Project site. AGVF's groups members will procure material for the construction of the storage warehouse for raw onion.

IV. Project Goal

The Project's goal is to improve the living conditions of village women in the area of Bandiagara.

~~V. Project Purpose~~

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The purpose of the Project is to increase the net income of AGVF's members involved in the production and marketing of onions from the current level of about 140,000 FCFA to 222,000 FCFA in Year I and 284,000 FCFA from Year II to the end of the Project.

VI. Project Outputs

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

- A. The capacity of AGVF's members to produce onions will increase, as measured by:
 1. an increase in the average productivity of onion farmers from current level of 20 tons per hectare to 30 tons per hectare by the end of the Project; and
 2. an increase in the literacy rate of AGVF onion farmers from the current level of 2 percent to 33 percent in Year I; and 50 percent from Year II to the end of the Project.
- B. AGVF's onion producers will have greater access to credit, as measured by:
 1. an increase in the number of members receiving loans from 600 in Year I, to 700 in Year II, 900 in Year III, 1,200 in Year IV, and 1,800 in Year V;
 2. the number of investment loans AGVF extends will increase from 30 in Year I to 35 in Year II, 40 in Year III, 46 in Year IV, and 50 in Year V.
- C. AGVF's technical and management capacity will be strengthened, as measured by:
 1. an increase in the number of permanent staff members from the current level of 3 to 10 from Year I to the end of the Project;
 2. the Grantee performance monitoring plan will be developed in Year I; data will be collected, analyzed and reported every four months on critical project indicators, thereafter.
 3. the Grantee will establish a business plan in Year I and update it at least annually, thereafter;
 4. AED-Sahel will assist the grantee to revise annually the Microfin® analysis in order to adjust the interest rate and other factors.

VII. Activities

A. Loan Fund Management

The main activity of the Project is the establishment and operation of a loan fund by AGVF. The loan fund will support AGVF's Dogon women members who cultivate and market onions by providing them credit to: (1) purchase production inputs; and (2) acquire processing equipment (onion cutters and solar dryers); and (3) build local warehouses for storage and preservation of onions and shallots. The Grant will provide AGVF financial resources to capitalize the loan fund. The Grant includes funds to support AGVF's operating expenses for electricity and water bills; maintenance, fuel, ~~insurance, and license for motorbikes, communications and internet fees, and bank charges.~~

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In addition, AGVF will use Grant funds for the procurement of vehicles and two motorbikes to facilitate monitoring of the loan program, office equipment and furniture, two personal computers with UPS and a printer, a software package including Loan Performer® for loan management and an antiviral tools, a safe, and one counterfeit money detector. AVGF will conduct all procurement according to established procedures and will respect the following arrangements: preparation of the bid, reception of the pro-forma, pre-selection of the three pro-forma, selection and identification of the vendors, order, reception, installations and test of the equipment, and conditions for final payment.

B. Training and Technical Assistance

The Project will enable the Grantee to acquire appropriate training in several areas, including business management, human resources management, financial management, loan management and accounting, and business administration. AGVF will retain experts to provide follow-up technical assistance on-site, particularly for loan management and financial management, to ensure that AGVF adopts and masters appropriate loan management systems.

The ADF Partner in Mali, AED-Sahel, will assist the Grantee to establish a performance monitoring system that will provide management with critical information for decision-making and monitoring. An external audit will be conducted during the project.

Since many nascent micro-finance institutions experience declining repayment rates when they recruit new clients and increase the scale of their operations, AED Sahel will help the Grantee develop an expansion strategy in the first year of the Project. Until this strategy is finalized, AGVF will restrict the extension of credit from the ADF's funds to existing clients.

The ADF Partner and the Association Professionnelle des Institutions de Microfinance du Mali (APIM) will assist the Grantee in the hiring of a loan manager during the first quarter of the Project. The loan manager will provide the Grantee full-time assistance to meet ADF reporting, financial management and procurement requirements and to administer the loan assessment system. In addition, APIM will provide AGVF training and technical assistance for loan management and the use of Loan Performer®.

VIII. Roles and Responsibilities of the Parties

AGVF is responsible for ensuring the proper management and implementation of the Project. AGVF will hire a Project financial manager to oversee the day-to-day activities of the Project. The ADF Partner will provide AGVF 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.

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