

APPENDIX A
PROJECT DESCRIPTION
Mopti Business Women Promotion 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

Recognizing the important role MFIs play in poverty alleviation, the Government of Mali is very much interested in the development of the microfinance industry. The Government conducted a study that resulted in the adoption in 1997, of a document called "National Strategy and Action Plan for Micro Finance". The strategy focus areas are: improving access to proximity financial services for the neediest populations, mobilizing and securing internal savings through MFI, developing loan products and mechanism in favor of most vulnerable populations, and consolidating complementarities between banks and Decentralized Financial Systems (DFS).

Although it is a crossroad for business and economic exchanges between the northern and the southern parts of Mali and has huge tourist potentials (the first tourist region in the country), Mopti's poverty rate is 76.2 (against the national average rate of 64). Business women groups in Mopti play an active economic role, but they lack access to financial resources.

The lack of adequate financial resources to enlarge the size of its classical customer base on the one hand and to meet the specific needs of the new clients on the other hand is the main challenge Nyeta Musow faces. Indeed, the MFI can no longer satisfy the growing financial demands of the privileged clients involved in fast growing economic activities.

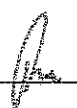

III. Funding

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

Nyeta Musow will provide adequate office building with running water and electricity for the technical team of the project. In addition, the MFI would provide expertise in credit management, and pre and post investment business development services to the clients. The estimated amount of this contribution is CFA 16,632,782. In addition, the rental value of the dedicated office space is estimated to CFA 50,000 monthly.

ADF  Grantee 

IV. Project Goal

The project aims at improving the Mopti and Sévaré business women's living conditions.

V. Project Purpose

The purpose of the project is to increase the annual average income of loans beneficiaries:

- growth rate of annual sales turnover of a representative sample of supported businesses increased to 7.5% in Year I; 10% in Year II; 15% in Year III; 20% in Year IV; and, 25% in Year V; and
- annual average income of a representative sample of supported businesses increased from the current level of 480,000 FCFA to 600,000 FCFA in Year I; 660,000 FCFA in Year II; 720,000 FCFA in Year III; 900,000 FCFA in Year IV; and, 1,200,000 FCFA in Year V.

VI. Project Outputs

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

A. Number of loans increased:

1. number of "start-up" loans increased from current level of 120 to 180 in Year II, 200 in Year III, 230 in Year IV, and to 270 in Year V;
2. number of "consolidation" loans increased from current level of 90 to 130 in Year II, 150 in Year III, 180 in Year IV, and to 200 in Year V; and,
3. number of "investment" loans increased from current level 0 to 30 in Year I, 40 in Year II and in Year III, 45 in Year IV, and to 55 in Year V.

B. Nyeta Musow's financial and operational sustainability reinforced:

1. sales turnover of a representative sample of supported businesses increased from 7,633,252 FCFA in Year I to 17,037,788 FCFA in Year II; 26,372,252 FCFA in Year III; 33,447,673 FCFA in Year IV;
2. net income from operations of a representative sample of businesses increased from -2,516,296 FCFA in Year I to 6,655,801 FCFA in Year II, 15,992,615 FCFA in Year III, 22,651,256 FCFA in Year IV, and 27,886,574 FCFA in Year V; and
3. amount of voluntary savings deposit of a representative sample of businesses increased by 6,840,000 FCFA in Year I to 16,800,000 FCFA in Year II, 30,880,820 FCFA in Year III, 52,750,495 FCFA in Year IV, and 82,292,411 FCFA in Year V.

- C. Existing jobs are consolidated and new ones created:
1. two (2) new jobs created during the project; and
 2. eleven (11) jobs consolidated during the project.
- D. Technical and managerial capacities of beneficiaries are strengthened:
1. number of women businesses using improved management tools for businesses (income statement, assessment, etc.) increased;
 2. number of supported businesses using a marketing strategy increased;
 3. a project performance monitoring plan developed in Year I; and,
 4. data collected, analyzed, and reported every three months on critical program indicators.

VII. Activities

This project aims at setting up a credit fund within Nyeta Musow Micro finance Institution in order to support the income-generating activities of the Union members.

A. Procurement of Equipment:

The Grantee will procure two Moto Yamaha 100 for the two field agents, office equipment, two multimedia computers with the printers and UPS; and the Loan Performer software for credit management. The equipment will be purchased according to the required procedures notably: preparation of a bid of tenders, pro-forma collection, analysis of offers, pre-selection of three pro forma invoices, identification of vendors, ordering, reception, installation and testing of equipment and final payment.

B. Management of Loan Fund

The credit fund will include two main components:

1. The "operating capital" credit will respond to the working capital needs of the clients: it includes two types of products:
 - a. the "start-up loan"; and,
 - b. the "consolidation loan."
2. The "investment fund" credit: will enable women's enterprises and businesses to purchase production equipment and/or build / improve facilities they need to improve their production and marketing capacities.

C. Use of Working Capital

Grantee will use working capital provided by ADF to cover: the salaries of the two loan agents for the first two years of the project; allowances paid during the first two years to the technical staff of Nyeta Musow who are being assigned to the administration of the project (director, financial officer, internal auditor and accountant); insurance and tax fees for the motorcycles during the first year of the project; maintenance, repairs and fuel for the two motorcycles for the first two years; utilities (e.g., water, electricity) for two years; office furniture; communication fees (telephone, fax and internet) and bank charges.

D. Training and Technical Assistance:

The project will provide the Grantee with appropriate business management and technical training including financial management and accounting, bookkeeping and reporting, credit management, group dynamics, and marketing training.

The ADF Partner will assist the Grantee in the hiring of the new staff during the first quarter of the Project to provide the Grantee full-time assistance to meet ADF reporting, financial management, and procurement requirements.

VIII. Roles and Responsibilities of the Parties


Nyeta Musow is responsible for ensuring the proper management and implementation of the Project. The Cooperative will hire a Project Coordinator to oversee the day-to-day activities of the Project. The ADF Partner will provide the Cooperative 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 ADF Partner and a CAPAF TA will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will work with the ADF 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

The Nyeta Musow MFI will establish a bank account to receive ADF funds.

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