

**APPENDIX A:  
PROJECT DESCRIPTION  
MAM COCKTAIL JUICE PROCESSING 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

Over the past decade, the consumption of sweetened, non-alcoholic beverages has gradually become part of the typical Malian diet, particularly in urban areas and most especially in the Bamako District. To target this market, industrial enterprises have invested in the sector. In recent years, small enterprises have placed other reconstituted beverages on the market. Meanwhile, a number of women have entered the sector and set up family-based micro-enterprises that use local, natural products.

Maliens are avid consumers of natural fruit juices and juice cocktails. However, these products are usually either produced at home under uncontrolled hygienic conditions or are too expensive for the average consumer. Mam Cocktail is an economic interest group (GIE) composed of eight women that produces and markets a range of juice cocktails made from local fruits and fruit products.

Currently Mam Cocktail produces and sells an average of 1,492 liters of juice cocktails each month through a network of retail customers mainly in Bamako's Commune IV. The demand from potential customers in Communes II, III, IV, and V for its products is estimated to be approximately 15,750 liters of juice per month. Mam Cocktail's production and sales are currently limited by a lack of appropriate production facilities, inadequate equipment and transport, product quality lapses (packaging, standardization, quality control procedures), and management capacity.

III. Funding

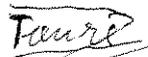
A. ADF Contribution

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

Mam Cocktail will pay the rent for the production facility and purchase two gas dryers to process raw materials (approximately 750,000 CFA). Mam Cocktail will also contribute the equipment that they already own valued at approximately 19,840,000 CFA.

IV. Project Goal

The goal of the Project is to improve the economic conditions of residents from the Lafiabougou neighborhood in Bamako.

V. Project Purpose

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

- A. Mam Cocktail's net income before taxes will increase from 2001 levels to -5,800,000 CFA in Year I, 11,400,000 CFA in Year II, 22,300,000 CFA in Year III, 24,600,000 CFA in Year IV, and 23,800,000 CFA in Year V.
- B. Employees' average annual incomes will increase from 240,000 CFA to 240,000 CFA in Year I to 435,000 CFA by Year II, 460,000 CFA by Year III, 500,000 CFA by Year IV, and 550,000 CFA by Year V.

VI. Project Outputs

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

- A. Juice production facility
  - 1. Monthly juice production will increase from 2,000 liters per month to 1,750 liters per month in Year I, 7,000 liters per month in Year II, 9,800 liters per month in Year III, and 10,000 liters per month in Year IV and thereafter.
- B. Management and marketing capacity
  - 1. The number of full-time employees will increase from 8 to 10 by Year II.
  - 2. The financial management system 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 number of market outlets in Communes II, III, IV, and V will be expanded from 115 retailers to over 200 by Year III.

## VII. Activities

### A. Production Unit

Mam Cocktail will use ADF funds to expand and remodel its current production facility so that all equipment will be operational, employee health protected, and product quality ensured. Remodeling will include construction of a septic tank to receive liquid production wastes.

During the first six months, Mam Cocktail will repair and install the unused equipment that it already owns (mixer, refrigeration vat). It will procure and install additional equipment (pasteurizer, measuring apparatus, generator, press, grinder, vats and barrels, gas stove, and various accessories) to upgrade the production chain, improve quality control and ease of operation, and ensure continuous production. Mam Cocktail will purchase a pick-up truck with passive cold storage to distribute products and procure raw materials. The group will also procure and install office equipment to improve its procurement, coordination, and logistical capabilities.

ADF will provide operating capital for initial purchases of raw materials, packaging, advertising, fuel and oil, water and electricity, communication expenses (telephone, fax, mail, etc.) and bank fees.

Mam Cocktail will resume production activities after the remodeling and equipment installation are completed. Mam Cocktail will submit samples from each production lot to the national Food Technologies Laboratory for quality testing to ensure product quality. The group will place a number identifying each lot and the expiration date on the product labels.

Mam Cocktail will expand its range of products to include tamarind and *zaban*. The group will upgrade its packaging and improve the graphic quality of the printing on its labels. The group will link improved product quality to its marketing strategy to increase production and sales. In addition, Mam Cocktail will conduct a radio and television advertising campaign, and targeted promotional activities (samples, t-shirts, etc.) to promote its products. Mam Cocktail will strengthen its existing distribution network and identify new sales outlets to market its products.

## B. Training and Technical Assistance

The Project provides for technical assistance and training to ensure appropriate technical production and quality control procedures and production equipment maintenance. Training will also include accounting, business and financial management, and group management training and technical assistance during the first four project years to ensure that Mam Cocktail adopts and masters appropriate management systems. Technical assistance will include developing strategies to identify and maintain new markets. 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 fund HIV/AIDS prevention training for Mam Cocktail group members, some of their suppliers, and wholesale customers.

Mam Cocktail will hire a project financial manager 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. ADF grant funds will be used to pay the manager's salary for the first two years, after which Mam Cocktail will pay his/her salary.

## VIII. Roles and Responsibilities of the Parties

Mam Cocktail is responsible for ensuring the proper management and implementation of the Project. Mam Cocktail will hire a project financial manager to oversee the day-to-day activities of the Project. The ADF Partner in Mali, the Association for Entrepreneurship and Sustainable Development in the Sahel (AED Sahel), will provide Mam Cocktail 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 provide the Partner input for 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. The Grantee and the Partner will specifically monitor production costs, market conditions, and product pricing to ensure that the product price is appropriate to cover production and overhead costs.

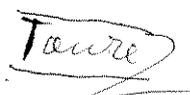
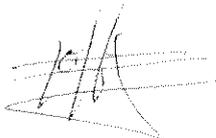
## X. Other Implementation Issues

Mam Cocktail will establish three bank accounts: (a) an account to manage the reinvestment funds; (b) an account to receive ADF funds; and (c) a current account.

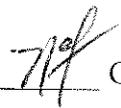
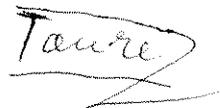
ADF



Grantee



Mam Cocktail will use the reinvestment account to receive regular deposits for equipment replacement and reserves to acquire additional equipment. It will make deposits to the account on a quarterly basis (at a minimum) beginning in Year III.

ADF  Grantee  

**LOGICAL FRAMEWORK**  
Mam Cocktail Juice Processing Project

OBJECTIVES	PERFORMANCE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p><b>GOAL</b> Economic conditions of Lafiabougou residents improved</p>			
<p><b>PURPOSE</b> Mam Cocktail net income and employees' incomes increased.</p>	<p>1.1. Net income of the enterprise before taxes increased from 2001 levels to be determined to -5,800,000 CFA in Year I, 11,400,000 CFA in Year II, 22,300,000 CFA in Year III, 24,600,000 CFA in Year IV, and 23,800,000 CFA in Year V.</p> <p>1.2. Average annual incomes of employees increased from 240,000 CFA to 240,000 CFA in Year I to 435,000 CFA by Year II, 460,000 CFA by Year III, 500,000 CFA by Year IV, and 550,000 CFA by Year V.</p>	<ul style="list-style-type: none"> <li>• Payroll records</li> </ul>	<ul style="list-style-type: none"> <li>• Tax policies remain constant</li> </ul>
<p><b>OUTPUTS</b></p> <ol style="list-style-type: none"> <li>1. Juice production facility expanded</li> <li>2. Management and marketing capacity increased.</li> </ol>	<ol style="list-style-type: none"> <li>1.1. Monthly juice production increased from 2,000 liters per month to 1,750 liters per month in Year I, 7,000 liters per month in Year II, 9,800 liters per month in Year III, and 10,000 liters per month in Year IV and thereafter.</li> <li>2.1. Number of full-time employees increased from 8 to 10 by Year II.</li> <li>2.2. Financial management system producing monthly P/L statements in Year I.</li> <li>2.3. Project performance monitoring plan developed in Year I; data collected, analyzed, and reported every four months on critical project indicators.</li> <li>2.4. Market outlets expanded from 115 retailers in Commune IV to over 200 retailers in Communes II, III, IV, and V by Year III.</li> </ol>	<ul style="list-style-type: none"> <li>• Production and sales records</li> <li>• Performance reports</li> <li>• P/L statements</li> </ul>	<ul style="list-style-type: none"> <li>• Agricultural conditions are favorable and fruit prices remain stable.</li> </ul>

2

7

**LOGICAL FRAMEWORK**  
Mam Cocktail Juice Processing Project

OBJECTIVES	PERFORMANCE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<b>ACTIVITIES</b> 1. Production Unit 1.1. Remodeling 1.2. Equipment 1.3. Working capital 2. Training and Technical Assistance 3. External Audit	1. 59,450,000 CFA 1.1. 12,265,000 CFA 1.2. 42,275,000 CFA 1.3. 4,910,000 CFA 2. 17,700,000 CFA 3. 2,700,000 CFA <b>TOTAL</b> <b>79,850,000 CFA</b>	<ul style="list-style-type: none"> <li>• Financial and performance reports</li> </ul>	
Reviewed and Approved : Ibrahima Dione			

