

Mali - Federation des Guiraayawe
Koro Sesame Production and Marketing Capacity Building

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

Guiraayawe, a Federation of 130 farmers' associations with a total of 6,628 members (4,439 of whom are women), is an outgrowth of the Guiraayawe Village Association, formed in 1991 in Koro within the region of Mopti. The Federation aims to ensure the economic and social advancement of its members, who produce unprocessed sesame.

Demand for the Federation's sesame is growing, both within Mali and internationally. Before the Federation can expand its production to take advantage of this growing market, it must address certain constraints in its accounting, marketing, and strategic planning capabilities. The Federation's long-term goal is to empower women entrepreneurs, provide strong support to the emerging sesame sector of the economy, and develop into a self-sustaining organization.

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. Federation Contribution

The Federation will contribute the time and labor of its management team and employees to the Project. In addition, the Federation will contribute five weighing machines valued at F CFA 2,750,000, 11 cleaners at F CFA 5,500,000, 75 wood pallets at F CFA 5,000,000, five warehouses at F CFA 22,500,000, and 60 tarpaulins for winnowing. This results in a total contribution by the Federation of F CFA 35,750,000.

IV. Project Goal

The goal of this Project is to promote the growth of small-scale agricultural enterprises and thereby increase the incomes of the residents of Koro, in the Mopti region of Mali, especially sesame producers and their families.

V. Project Purpose

The purpose of this Project is to improve the Federation's prospects for sustained expansion as indicated by the development of a comprehensive five-year business plan that USADF deems suitable for funding by a donor or other financial institution.

VI. Project Outputs

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

A. A comprehensive business and marketing plan that includes at a minimum the following elements:

- A marketing and distribution strategy that enables the Federation to identify specific buyers and target markets; and,
- Projected financial results that support any proposed investment(s) as evidenced by acceptable returns on investment.

B. Improved accounting and financial management systems, as evidenced by:

- A trained accountant is in place to manage the improved accounting system;
- The Federation manages cash and uses a computerized accounting system to record traceable transactions according to an accounting and financial management manual meeting international standards;
- Funds are managed in accordance with USADF bookkeeping and reporting procedures;
- Bank fees are paid on time; and,
- Quarterly and annual financial reports are of good quality and submitted on time.

C. An economic promotion fund established with input from the Federation's members and capitalized with profits generated from the Federation's expanded activities.

D. A viable income generating model developed, as indicated by the following:

- Producers' expected sales price per kilo of sesame increases from F CFA 140 to F CFA 150, for a gain to producers in 2008 of F CFA 6,000,000, based on expected sales of 600 tons of sesame;
- Total revenues of F CFA 180,000,000 generated in 2008 based on sales of 600 tons of sesame;
- A net profit of F CFA 46,340,000 generated in 2008 to be used to support the Federation's expansion and the economic promotion fund; and,
- The production losses suffered by 31 female associations decline from 10-15 percent to 5 percent in 2008 and 2009.

VII. Major Activities to be Financed under the Agreement

A. Development of a Business and Marketing Plan

The Federation will hire a consultant to help conduct a market study, create a marketing strategy, and design a basic business plan. This consultant will train staff in marketing and implementation of the marketing strategy.

B. Improved Operational Capabilities

The Federation will recruit staff and train a program administrator/manager, accountant, marketing officer, and two program coordinators to strengthen its operational and management capabilities.

C. Accounting and Financial Systems Development

With the help of a consultant, the Federation will design accounting management tools, such as a financial procedures manual and an internal accounting plan.

D. Pilot Capacity Expansion Project

To test out expanding the Federation's production capacity, the Federation will increase its purchases of sesame from its members and will provide low-income members with safety masks and carts for transporting their product, in order to foster higher productivity.

E. Establishment of Economic Promotion Fund

The Federation, with the help of a consultant, will hold meetings with its members to discuss and design an economic promotion fund that will utilize some of the profits from the sesame business to benefit low-income members of the community.

VIII. Roles and Responsibilities of the Parties

The Federation is responsible for ensuring the proper management and implementation of the Project. The Federation will hire highly qualified staff to oversee the day-to-day activities of the Project. The USADF Partner will provide the Federation 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, the Federation, working with the USADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Federation. 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 problems identified through monitoring and evaluation are properly addressed in a timely manner.