

## Project Description

### COPROKAZAN Shea Butter Processing 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

The Cooperative of Women Producers of Shea Butter of Zantiébougou (“Coopérative des Productrices de Beurre de Karité de Zantiébougou” or “COPROKAZAN” or “Client”) is a legally recognized cooperative located in the rural commune of Zantiébougou, in the Sikasso region of Mali, with some 259 members, the vast majority of whom are women. The members process shea butter and produce refined shea butter, raw shea butter, and semi-refined shea butter. COPROKAZAN sells its products in Mali and abroad. With demand for the semi-refined product on the rise, COPROKAZAN is well positioned to meet this demand and increase its income.

COPROKAZAN’s members have decided to establish a limited liability company, SIBOLO SARL, to take advantage of these marketing opportunities. However, this entity is still in a developmental phase and has no financial structure or marketing strategy. Furthermore, it has not recruited staff and does not have the equipment or working capital needed to deliver on potential contracts with new customers. COPROKAZAN thus needs to build SIBOLO SARL’s capacity in order serve the increased demand in Mali and abroad.

#### 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. COPROKAZAN Contribution**

COPROKAZAN will contribute the time and labor of its management and staff to the Project.

**IV. Project Goal**

The goal of the Project is to promote the growth of small-scale enterprises and increase the incomes of rural women and their families residing in Zantiébougou in the region of Sikasso, Mali, who produce Shea butter products.

**V. Project Purpose**

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

**VI. Project Outputs**

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

- a marketing and distribution strategy that identifies specific buyers and target markets; and
- projected financial results that support any proposed investment(s) as evidenced by acceptable returns on investment.

B. Accounting and financial management systems are improved, as indicated by the following:

- the organization 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 accurate and timely.

C. Governance team and structures are improved, as indicated by the following:

- SIBOLO is legally registered and its structure is designed based on input and participation from COPROKAZAN's membership and management.

E. SIBOLO begins building its production and marketing capacity, as indicated by the following:

- the number of jobs increases from zero to 17 during each year of the project (7 full-time at headquarters; 10 kiosk workers);
- sales revenues for SIBOLO increase from zero in 2007, to F CFA 67,715,500 in 2008, and F CFA 69,069,810 in 2009; and
- revenues for COPROKAZAN's members increase from F CFA 23,677,647 in 2007, to F CFA 34,564,620 in 2008, and F CFA 35,255,912 in 2009.

## VII. Major Activities to be Financed Under the Agreement

### A. Development of a Business and Marketing Plan

COPROKAZAN/SIBOLO will hire a consultant to assist it in the creation of a business and marketing plan.

### B. Management Systems Established

COPROKAZAN/SIBOLO will recruit and train key personnel, including: a manager, an accountant, a marketing specialist, and a quality control agent for its marketing operation. SIBOLO will recruit support staff including: a secretary/cashier for kiosk sales, a storekeeper, and a guard. SIBOLO will develop an accounting system, which will include the development of accounting tools and a monitoring system.

### C. Market Study Conducted

SIBOLO will conduct a market study, with the help of a highly-qualified consultant, to determine the most profitable market segments, the appropriate marketing strategy, and any support activities needed. SIBOLO will implement the marketing plan that is developed.

### D. Organizational Infrastructure Established

COPROKAZAN will hire legal counsel to structure and register the new entity, SIBOLO, as a limited liability company in accordance with Malian law.

COPROKAZAN will purchase the necessary equipment for efficient, productive and safe operations, including: protective gear, production tables, and three computers to monitor accounting and financial activities. It will set up a fund for working capital, packaging material, and transportation costs.

E. Improved Waste Management System

COPROKAZAN/SIBOLO staff will visit Burkina Faso to learn methods of processing Shea nut shells into alternative fuels. Their findings will be incorporated into COPROKAZAN/SIBOLO's processes, as appropriate.

**VIII. Roles and Responsibilities of the Parties**

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