

# **Mali Finance Project**

**Funded by the U.S. Agency for International Development**

**Work Plan**

**For years 2003-2004**

*Submitted by:*

Chemonics International Inc.

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**TABLE OF ACRONYMS**

ADB	African Development Bank
AFMIN	Professional association for microfinance in Africa
APDF	African Project Development Facility
APCAM	Professional chamber association of agriculture in Mali
APIM/Mali	Professional association for microfinance in Mali
BCEAO	Banque centrale des états de l'Afrique de l'ouest
BDS	Business development services
BNDA	Banque Nationale de Développement Agricole
CAPAF	Programme de renforcement des capacités en microfinance pour l'Afrique francophone
CAS/SFD	Cellule d'appui et de suivi des systèmes financiers décentralisés
CLIC	Centres locaux d'information et de communication
CNPI	Center for the promotion of investments (National Center for Investment Promotion)
DOT	Association Dourey Tombouctou
FCRMD	Fédération des caisses rurales et mutuelles du Delta
IFC	International Finance Corporation (World Bank)
MDRM	Ministère du développement rural du Mali
MFI	Microfinance institution
MIGA	Multilateral Investment Guarantee Authority (World Bank)
NGO	Non-governmental organization
PDSF	Financial sector development project (Projet d'appui du secteur financier, a World Bank project)
PMP	Performance monitoring plan
PTF	Partenaires techniques et financiers (Coordinating entity for microfinance donors in Mali)
REAO	West African entrepreneurs network (Réseau des entrepreneurs de l'Afrique de l'Ouest)
SFD	Decentralized financial institution (Structure financière décentralisée)
SME	Small and medium sized enterprise
SO	Strategic Objective of USAID/Mali
UÉMOA	West African Economic and Monetary Union (Union économique et monétaire de l'Afrique de l'Ouest)
USAID	United States Agency for International Development

## EXECUTIVE SUMMARY

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The purpose of USAID's mission program for the period 2003 – 2012 is to "Reduce Poverty and Accelerate Economic Growth through Partnerships". The *Accelerated Economic Growth* (SO9) strategic objective in support of this purpose is to "increase productivity as well as income in targeted agricultural sectors". SO9 aims to increase agricultural productivity and income on the basis of the three interim results as indicated in the Performance Monitoring Plan (PMP):

- Increase in sustainable production of agricultural products in the target areas;
- Increase in trade of selected agricultural products;
- Improved access to financing.

Chemonics International, through USAID, has been appointed to implement the Mali Finance project. The objective of Mali Finance is to strengthen the financial sector and promote investments in the agricultural sector. The project will involve areas located throughout Mali. *Women as well as rural and urban associations of women are the preferred partners of the Mali Finance project. The North of Mali will be the subject of specific emphasis.* In addition to other SO9 projects (Trade and Production), Mali Finance will coordinate its efforts with other USAID programs in areas like communication, health and education in order to optimize impact.

In fact, an coordination effort has been made with the various donors who operate in related areas: MIGA for investment promotion, the World Bank (PDSF) and GTZ in micro-finance and with technical and financial partners (PTF, or the coordinating entity for micro-finance donors). All donors interested in reinforcing efforts managed by Mali Finance are welcome.

The work plan proposed herein includes several essential parts:

- Constraints in connection with finance for the agricultural sector;
- The overall action plan for each area, together with proposed objectives and activities and a schedule for the plan's implementation;
- Mali Finance's distinctive approach for training of entrepreneurs.

## SECTION I INTRODUCTION

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**Summary of USAID's Sustainable Economic Growth Program** The purpose of USAID's mission program for the period 2003 - 2012 is to "Reduce Poverty and Accelerate Economic Growth through Partnerships". The *Accelerated Economic Growth* (SO9) strategic objective in support of this purpose is to "increase productivity as well as income in selected agricultural sectors". SO9 aims to increase agricultural productivity and income on the basis of the three interim results as indicated in the Performance Monitoring Plan:

- Increase in sustainable production of agricultural products in the target areas;
- Increase in trade of selected agricultural products;
- Improved access to financing.

As part of its new strategy USAID decided that in order to reach this objective, work would be divided between three distinct yet complementary projects. As a result, each of the interim results will be achieved through one of the projects.

Chemonics International has been selected to implement the Mali Finance project, which will work to facilitate greater access to financing by agribusiness and related enterprises. To achieve this, Chemonics is contractually required to submit a work plan to USAID within the first 90 days of the project. This work plan will serve as a guide for experts of both Mali Finance and USAID.

**Objectives and content of work plan** This document is the revised version of the first annual work plan (September 2003 - December 2004) for the technical assistance contract as part of SO9 (Mali Finance Project) financed by USAID. The document was drafted during the project's start-up stage (between September 2003 and November 2003) and revised in response to the mission's comments and our responses to them, in January 2004.

The work plan stems from a series of comprehensive interviews, meetings with financial institutions, private sector associations, service providers, development projects, personnel of the USAID mission, public agencies, and other cooperating organizations. The work plan is the result of a participative planning process, the outcome of which will be to organize a workshop to inform about and validate the activities planned. The responses collected during that workshop will greatly contribute to fine-tune our approach and to make the necessary adjustments.

The work plan includes:

- Constraints in connection with finance for the agricultural sector;
- The overall action plan for each area, together with proposed objectives and activities and a schedule for the plan's implementation;
- Our Performance Monitoring Plan (PMP)

Our approach will definitely be directed to the private sector, with particular emphasis on the increase of financial flows towards agriculture and ancillary businesses.

**Project Objectives** The project aims to strengthen the financial sector in Mali and promote investment in the agribusiness and related areas. To achieve this, the following specific objectives will be set:

- Facilitate access to credit for a large number of promoters in the agricultural sector;
- Promote investments in the agribusiness sector;
- Strengthen the capacity of banks and microfinance institutions so they can increase loans to agriculture;
- Strengthen (both state and private) support structures for promoters;
- Strengthen the capacity of promoters;
- Improve the business environment in Mali.

In pursuing these objectives, Mali Finance will take on a flexible, results-oriented approach when carrying out activities, as we believe that development efforts must be dynamic and focus on the results to be achieved rather than on a particular implementation methodology.

**Areas of Project action** The Mali Finance project will take place in targeted districts throughout the Mali territory. A satellite office will be opened in Mopti, which will take care of the North.

**Functional areas of the Mali Finance project** Mali Finance includes the following functional areas:

- Technical support / business development services
- Investment promotion
- Microfinance
- Policy and legal reform (cross-cutting activity)

These areas will benefit from the support of our Partners' Fund, which is a flexible mechanism aimed at facilitating subcontracting for Mali Finance partners, training services, studies, and all other technical needs (like grants to MFIs). In addition to the SO9 Trade and Production projects, Mali Finance will be work with other USAID programs so that there is greater synergy between various USAID programs, especially in health and education, for which joint activities are under discussion.

**Coordination with other USAID projects** To achieve this objective Mali Finance will identify and discuss with other USAID partners. The objective is to identify opportunities for synergies and complementarities between various projects sponsored by USAID. Joint action plans will be proposed for certain activities.

**Contract and work plan** This work plan was conceived to comply with requirements of the contract between Chemonics International Inc. and USAID / Mali. Each major activity in the work plan text is tied closely to Attachment A, *Schedule of Activities*. In Schedule A a PMP result indicator is suggested for each activity. In addition, each page of Attachment A refers to a related contract performance requirement and indicates the expected performance result for the requirement as well as milestones for the first year for each group of activities, except for those that are of continuous nature (for which there could not be "stopping points" in order to permit a milestone). It is therefore possible to establish linkages between contract terms, PMP indicators, and the project's activities and milestones.

**Clients and partners of Mali Finance** Clients and partners identified by Mali Finance include: promoters of the agricultural sector, consulting firms, financial institutions at local, sub-regional and international levels, trade associations (agricultural chambers, chambers of commerce, APIMs), institutional partners (CNPI, CAS/SFD), USAID, the West African Entrepreneur Network (REAO) as well as other state entities.

**Gender and regions of the North** *Particular emphasis will be placed on the gender. Women and rural or urban women associations are a priority in all our actions. Special attention will also be given to regions of the North in Mali.*

**Constraints in connection with the financing of agriculture in Mali** In spite of its critical importance to Mali's economy (45% of GDP and 80% of the population's income, 75% of exports) the agricultural sector - with the exception of cotton activities - enjoys virtually no funding from banks (less than 5% of all the funding granted by the banking system). The reasons and constraints are well known:

- *Reasons linked to promoters*
  - The inadequate structure of companies often in the informal sector (low level of invested capital, strong utilization rate of labour)
  - Insufficient equity capital or guarantees.
  - The poor quality of applications submitted by the promoter.
  - The habit of not paying back loans, a trend noted among the entrepreneurs over the past few years.
- *Reasons connected to banks*
  - Bad experience borne by banks in agricultural sector financing (high-risk projects according to bankers)
  - Insufficient medium and long -term resources for some banks.
  - The function of banks: all banks in Mali are commercial banks, despite the existence of a development bank. They specialize in financing trade (80% of their activities). The state or state entities control a rather large share of the capital of those banks.
  - Collection problems for some banks: they have rather focused on recovering loans and have slowed distribution of new credit. The rate of credit portfolio deterioration such that credit losses at banks in Mali have risen to 20%, which is much higher than the average observed in the other countries of the West African Economic and Monetary Union (8 to 10% on average).
  - Poor perception of the agricultural sector by banks. Banks see farming businesses as haphazard companies whose success depends on rainfall. Banks lack the necessary technical expertise to assess projects in the agricultural sector.
  - The level of equity capital is much lower than the standard minimum generally allowed by BCEAO, with the exception of BNDA, which alone has 40% of the entire banking system's capital funds. This constrains loan portfolio growth for reasons of capital adequacy.
- *Policy limitations*
  - The legal environment is hardly conducive to the development of business projects;
  - Banks must comply with BCEAO's prudential ratios.

Over the next three years Mali Finance will attempt to overcome these constraints.

## CHAPTER II WORK PLAN

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### 1. BUSINESS DEVELOPMENT SERVICES (BDS) FOR SMEs AND FINANCIAL INSTITUTIONS

For the “BDS” component the objective is to strengthen capacities of project partners, namely: consulting firms, microfinance institutions, and primary banks so that they can offer quality services to SMEs and agricultural organizations, thus fostering better access to credit facilities.

**Approach** Our approach has first to do with support in order to reinforce capacity of project partners (service providers / consulting firms, banks, micro-finance institutions). Mali Finance will start its effort with partners that offer services to SME’s and agricultural and women’s associations. Second, basic needs of SME’s and agricultural and women’s organizations will be assessed. Identification of basic financial opportunities will permit Mali Finance to put them before service providers. Our approach differs from previous approaches. Attachment C, *Original Approach for BDS --- Mali Finance* enumerates these differences in detail.

Our approach is supported by our assessment about the difficulties SME’s have in accessing investment credit, which is called the “missing middle” in current jargon. On the one hand, activities of the BDS component would cause the missing middle to benefit from services “of quality” that will be offered by our partner service providers, and on the other hand, would support this piece of the private sector in its dealings with financial institutions in order to grow the volume of productive credit in its favor. In order to establish this approach, Mali Finance first undertook a brief preliminary assessment, as follows.

**Preliminary assessment** The preliminary assessment undertaken by Mali Finance provides both qualitative and quantitative information about “the Missing Middle,” an important but fragile part of the private sector.

Quantitatively, the study caused the following data to surface:

- 4673 SME’s, all sectors and activities mixed together, from the formal sector were calculated as operating throughout Mali.
- 591 associations and women’s NGO’s were noted by the CAFO in 2003.
- 7050 agribusiness micro enterprises from the informal sector were identified in 1996 by the Observatoire de l’Emploi et de la Formation (OEF) in Mali.
- 1233 Professional Agricultural Organizations (PAO’s) were numbered at the national level by l’Association Permanente des Chambres d’Agriculture du Mali (APCAM) in 2002.

Qualitatively the study identified certain common constraints for these organizations. These concern inter alia:

- Difficulty in accessing financing.
- Insufficient services for communication and telecomm infrastructure.
- Elevated cost factors in production (viable sites, energy, water, telephone, etc.).
- Poor management.
- Insufficient information about technology, commercial, economic, and legal matters,
- Insufficient training for women.
- Misunderstanding of ways and means of financing and financing mechanisms for women
- Illiteracy of the majority of female entrepreneurs.
- Weak organizational capacity of female entities and associations.

**Missing Middle** The « Missing Middle » combines micro, small, and medium organizations that remain confronted with difficulty accessing credit from financial institutions for various reasons.

The reasons are essentially as follows:

- Absence of an investment fund for the rural areas in Mali.
- The lack of long term resources at financial institutions.
- Preference of bankers to finance short term operations.
- Technical deficiency in financing files and requests submitted to financial institutions.
- The lack of specialization of loan officers in the evaluation of credit files of agribusiness SME's.
- The lack of corporate guarantee from private promoters.
- Insufficiency of BDS for SMEs in legal and financial areas.

Mali Finance's BDS component's activities will be such as to bring solutions to the points cited above, in order to increase access to credit for the "Missing Middle." Thus the actions to be undertaken will aim at:

- Reinforcing capacities of those responsible for studies at partner consulting firms and service providers in order to allow them to elaborate files for SME's that are well constructed and bankable.
- Reinforcing capacities of loan officers at financial institutions in the evaluation of files for agribusiness SME's.
- Affixing the quality label of Mali Finance for certain promoters of SME's in order to reinforce their credibility with financial institutions.
- Creating, developing, and in part financing new financial and legal services for the benefit of SME's in order to obtain financing for their requests.
- Elaborating a business plan, identifying shareholders, and applying for a license for the creation of a future bank specializing in the financing of SME's.

**Specific objectives Year 1** The specific objectives of the BDS component are:

- Strengthen human resource capacities of consulting firms in the target areas;
- Provide technical and financial support to the production by consulting firms of business plans, training activities as well as evaluations and other types of support for SMEs and agricultural organizations;
- Support SMEs and agricultural organizations in seeking funds from partner financial institutions;
- Strengthen the capacities of loan officers from commercial banks and microfinance institutions in target areas.

**Activities Year 1** BDS will conduct three main activities during the first year of operation of the project. Each of these main activities is divided into sub-activities. The first main activity will focus on training and technical support for business. The second main activity will pertain to training and technical support for financial institutions. And the third activity will examine policy and legal reforms which involve the development of business and the financial sector in Mali.

## **1.1 TRAINING AND TECHNICAL SUPPORT FOR BUSINESS**

### **1.1 A Conduct a rapid appraisal of market for BDS for SME's (supply/demand)**

This activity concerns collecting both quantitative and qualitative information about SMEs in Mali. The data collection and processing efforts will make it possible to obtain information on the number of SMEs that operate in target areas. Since SMEs request services that will be provided by consulting firms supported technically and financially by Mali Finance, we will also devote time to identify and quantify these consulting firms / BDS providers. In the same vein, we will collect information on consulting firms in the areas targeted by the project. As a result, we will have information on the areas of expertise of these consulting firms, as well as information on revenue, the number of contracts realized, the volume of services provided each year, and prices of services.

SMEs will request support from Mali Finance in order to meet their needs for training, particularly in the financial area. We will evaluate the training needs of SMEs beforehand and suggest a number of training modules to meet such requirements. Training of quality for SMEs will require greater human resource capacity in consulting firms / BDS providers. The idea will then be to determine objective criteria that will allow us to select the partner consulting firms.

This effort will allow us to identify training needs of consulting firms in the financial area and suggest a number of training modules to fulfil such training requirements. We will then single out criteria for the selection of consulting firms. The idea is to establish objective criteria that will help us select partner consulting firms. The BDS component will spur the realization of a network of partner consulting firms (Work Plan Activity 1.1 - September 2003 till the end of the project).

### **1.1 B Develop tools to strengthen consulting firm / partners**

The approach will be to request the services of a consultant to develop a standard business plan template to be used by partner consulting firms. In addition, an Excel application for financial projections will also be developed. The loan officers of financial institutions as well as research personnel of consulting firms will be trained to use the Excel application, which will serve as a standard tool for the various users.

The BDS component will organize training sessions on a regular basis in order to strengthen the capacities of partner consulting firms in the areas of expertise where inadequacies were noted during the evaluation of training needs (Work Plan Activity 1.1B – January 2004 till the end of the project).

### **1.1 C Assist SME's in concert with consulting firm / partners**

To ensure that SMEs have greater access to credit at financial institutions, BDS partners will supply various types of services to agro-enterprises and related businesses. These will include:

- **Company diagnostics:** This will help spot problems within the company and suggest solutions to remedy the situation.

- **In-house training:** this pertains to tailored training provided on location to human resource departments of SMEs and agricultural organizations so as to improve their access to credit.
- **Development of business plans:** partner consulting firms will sign contracts pertaining to the development of business plans with Mali Finance under the technical supervision of the BDS component for the benefit of SMEs and agricultural organizations (Work Plan Activity 1.1C – February 2004 till the end of the project).

#### **1.1 D Identify opportunities for finance in selected areas**

Terms of reference pertaining to the studies will be developed by the BDS component. Consulting firms will then be selected according to the criteria outlined by Mali Finance's management pursuant to USAID standards. Lastly, industry-based studies will help guide future promoters of SMEs and other agricultural organizations to select viable industries in order to better direct their investments (Work Plan Activity 1.1D – January 2004 till the end of the project).

### **1.2 TRAINING AND TECHNICAL SUPPORT FOR FINANCIAL INSTITUTIONS**

#### **1.2 A & B Identifying partnerships and supporting partner financial institutions**

After identifying and signing memoranda of understanding with financial partners, training will be provided on how to use the Excel application for the business plan for the benefit of partner loan officers. The training will focus on analyzing a business plan (economic and financial performance), so that officers can submit funding proposals for SMEs and agricultural organizations easily and within a reasonable time frame. In terms of agricultural loan requests, technical studies of agricultural projects will also be developed (Work Plan Activity 1.2 A & B – September 2003 till the end of the project).

#### **1.2 C Monitor financing requests of partners submitted to banks**

Monitoring the proposals developed by partner consulting firms is an activity that takes place after business plan submission. Proposal follow-up activities will be jointly organized with Trade and Agriculture, as these three projects might have cross-cutting activities that will require coordination (Work Plan Activity 1.2 C – May 2004 till the end of the project).

#### **1.2 D Support financial partners re. the missing middle**

Selected consulting firms will be composed of experts in supporting SMEs as well as experts in financial institutions (banks, MFIs). Training of loan officers in microfinance institutions will be provided by local or foreign partner consulting firms specialized in microfinance. These training activities will be jointly conducted by the BDS component and the MFI component (Work Plan Activity 1.2 D – April 2004 till the end of the project).

## **1.2 Develop a new bank for SMEs**

The Mali Finance project will seek to develop a new bank for SMEs. In time, this bank is expected to increase the supply of medium-term finance in Mali and generate a higher level of competition between the major banks locally, thus inciting change in banking practices on the ground. Developing a business plan for the bank, identifying reference shareholder(s), subscription to stock ownership as well as the preparation of a file for approval of a banking license by BCEAO will be the activities undertaken over the next few years in order to develop such a bank. These activities will conform to BCEAO guidelines, of which the central bank has provided Mali Finance with a copy. (Work Plan Activity 1.2 E – January 2004 till the end of the project).

### **Roadmap for years 2 – 3**

The BDS component will favour a dynamic approach which implies that activities begun during year 1 of the project will continue and strengthen during years 2 and 3 until the project reaches “cruising speed.”

- The number of partner consulting firms will therefore increase during year 2 and year 3 because of the increasing number of requests for support stemming from SMEs and agricultural organizations.
- The increase in requests for support will be generated by a sustained promotion policy and by the project's ambition to extend its support to SMEs and agricultural organizations in all the target areas.
- The increasing number of partner consulting firms makes strengthened capacities necessary at the new consulting firms.
- Our approach will also be based on the assessment of needs of both partners (consulting firms, financial institutions) and beneficiaries (SMEs, agricultural and related organizations). In other words, our actions will be guided by the needs of those target groups.

Consequently, this approach will require us to be flexible as we will continually adjust to requests stemming from partners and beneficiaries.

For example, during year 2 and year 3, the Technical Support component could not only increase the number of services, but could also extend the range of services supplied to both partners and beneficiaries, provided such services comply with the guidelines of the project's initial objectives, namely: increasing the number of SMEs and agribusiness and related entities that are able to access financing from financial institutions.

## 2. SUPPORT FOR INVESTMENT PROMOTION

**Approach** In spite of the many opportunities in agribusiness and related areas, political stability, and good economic results, Mali fails to attract investors. For example, according to the statistics of the national industry directorate, nearly all investments in the agri-food industry are made by Malian nationals and involve bakeries (75%). Foreign investors - a source of technology transfer - who might have been interested would rather invest in gold (88% of direct foreign investments).

**Objective Year 1** Mali Finance, together with other institutional partners, will strive to develop opportunities in agribusiness and related areas in order to attract investors.

**Activities Year 1** To achieve this goal Mali Finance intends to enhance the capacities of the National Center for the Promotion of Investments, and to develop business opportunities in the agribusiness and related important sectors where Mali has a strong comparative advantage. To do this, the project's investment team will adopt the following strategy in partnership / coordination with the World Bank Group (MIGA, IFC):

### 2.1 STRENGTHENING THE PROMOTIONAL CAPACITIES OF THE NATIONAL CENTER FOR THE PROMOTION OF INVESTMENTS (CNPI)

The CNPI is a state entity whose role is to facilitate national and foreign investment projects and promote Mali as a destination; in other words, to make others aware of the investment opportunities in Mali and to foster international exchanges and partnerships.

Ever since it was founded and up to the present, this state instrument for the promotion of investments (the driving force of growth) has not played its role to the fullest, which is why its reinforcement will be a priority for the Mali Finance team during the first year of operation of the project. To achieve this, the project's investment team will adopt the following strategy:

#### 2.1 A Rapid appraisal of CNPI capacities

The Mali finance team will start by carefully assessing the CNPI (state of human, financial and material resources) and at a later stage assess the promotion activities of CNPI. We will build on MIGA's experience and prior assessment work in performing this task. Such evaluation efforts will eventually lead to the implementation of a program aimed at enhancing the capacities of CNPI (Work Plan Activity 2.1 A – February et mars 2003).

#### 2.1 B Strengthen CNPI capacities in promotion through training

First of all, the Mali finance team will identify the training needs of CNPI's personnel after talking about this with the CNPI team. Training modules will be selected and session plans will be developed upon joint agreement with CNPI management.

Specialized training sessions will be organized for the technical staff. We would use MIGA's training templates and possibly an expert referred by MIGA for the performance of this activity. Plans for training follow-up and impact assessment will be developed. Strengthening human resource capacities must go together with the development of new promotional tools for the CNPI in order to attract investors (Work Plan Activity 2.1 B – March 2004 till the end of year 2).

## **2.1 C Develop computerized information systems for CNPI to attract investors**

The project team will develop promotional tools (brochures, CD-ROMs) in order to better sell the image of the CNPI both in Mali and abroad. CNPI's Web site will be updated with the support of MIGA's systems and a local provider. We will also support the CNPI in publishing the *Investing in Mali* periodical (issued in English and French) by focusing on the investment potential in agri-business and other priority areas. All these materials will be available in Malian consulates and diplomatic representations overseas with a view to fostering direct foreign investments in the agri-food and other key industries through the CNPI.

The dissemination of information will help attract foreign investors. We will then need to implement the proper facilities and orientation mechanism for the attention of investors. Orientation will be handled by the CNPI's main components: the one-stop shop or support window ("*guichet unique*"); it is actually not "one-stop," which is why the Mali Finance team will strive to make it more operational (Work Plan Activity 2.1 C – February 2004 till the end of the project).

## **2.1 D Improve operational efficiency of the "one-stop" support window (guichet unique)**

The "one-stop" support window is where all the administrative formalities needed to set up a business in Mali are located, which avoids investors' travelling from one government service point to the other, which is often a source of delay. The one-stop support window is the only liaison point between the state and investors.

The center, which actually serves to showcase investments in Mali, offers no facilities whatsoever that would reassure a foreign investor coming to invest in Mali. In the course of this year we will seek to improve the welcoming aspects of the center by improving the facilities (after talking about this with the CNPI and USAID) to create a more pleasant and reassuring welcome.

At the same time, we will seek to reduce the amount of procedures investors must go through as this hinders investments. To achieve this, we will identify and train consulting offices that specialize in welcoming and orientation of foreign investors, in partnership with the CNPI. These offices will be listed at Mali's diplomatic representations in foreign countries. Based on a service contract they will supply all the preliminary information and take care of the lengthy and complex administrative procedures that do not require the investor's presence in Mali.

The Mali Finance team will make sure that at least one of the consultants in that office is perfectly bilingual (fluent in both French and English) as many potential investors are English speakers. We will approach the private sector development department of the World Bank and the IFC with a view to defining ways of collaboration in the implementation of this activity. All these actions can only generate positive effects provided the CNPI enhances dialogue with its partners (Work Plan Activity 2.1 D – March 2004 till the end of the project).

## **2.1 E Encourage dialogue between CNPI and its partners**

The rapid appraisal we carried out during the first days of the project's launch showed there was very little dialogue between the CNPI and its partners, particularly those in the private sector. During the first year of the project we will strive to reinstate the dialogue between CNPI and the private sector by organizing an information and exchange workshop between CNPI and identified partners.

The goal of the workshop is to strengthen dialogue between CNPI and its partners so that it can become the investment hub in Mali. The workshop also aims to implement an appropriate promotion strategy to attract more national investors and help CNPI refocus its actions so that it can better meet the expectations of the private sector.

With CNPI reinforced and better known thanks to promotional materials, improved dialogue with its partners, and a one-stop support window that is more operational, the last objective for the Mali Finance team will be to develop investment opportunities able to attract investors to the agricultural sub-sector (Work Plan Activity 2.1 E – January till December 2004).

## **2.2 DEVELOPING INVESTMENT OPPORTUNITIES**

In order to develop opportunities in the agricultural sector the Mali Finance team will adopt a gradual approach. It will conduct four operational activities:

### **2.2 A Rapid appraisal of all opportunities, especially those that are related to target agricultural sectors of priority (rice, red meat, mangoes and potatoes), ancillary sectors, and in other sectors having strong potential.**

During the first months of the project's implementation the Mali Finance team will conduct a rapid survey in target areas to compile all opportunities. Leading promoters will be put in touch with these opportunities, which will be translated into concept papers, which in turn might at a later stage become bankable documents. We will be supplying technical assistance raising capital for projects (Work Plan Activity 2.2 A – March 2004 till the end of the project).

### **2.2 B Prepare a list of opportunity notices with linkages to products and activities in target areas**

Together with the CNPI, Mali finance will establish a joint list of viable projects. These projects will be developed together with the APDF or other identified consultants; as a result, a reference list of promising CNPI and Mali Finance projects with various possible funding scenarios will be established. That reference list will be made available to entrepreneurs in the private sector in order to stimulate the emergence of new "captains" in the agribusiness industry. That is why we will also endeavour to set up an investors club to facilitate the funding of projects on the reference list. (Work Plan Activity 2.2 A – March 2004 till the end of the project).

### **2.2 C Organize investment club of angels / venture capitalists**

The Mali Finance team will organize a club of businessmen who have broad financial means and have a good reputation in the business world both in Mali and abroad, and who could serve as funding sources for projects or a project. To achieve this, and together with its partners (Chamber of Commerce, National Employer Council, APCAM) the team will identify the wealthiest businessmen in Mali who are interested in investing in agribusiness and related areas. An information workshop will be organized by Mali Finance to provide further details on how that club would operate. A business lawyer will be associated with this activity, and some promising projects from a reference list of opportunities developed for CNPI will be presented to these investors. The Mali Finance team will aim to close such projects and coordinate

fund-raising between the members of the club and activities undertaken by it or others to mobilize project financing.

As all these projects cannot be financed in Mali alone, it would be interesting to set up international missions in order better to promote these projects. This could attract a large number of foreign investors.. (Work Plan Activity 2.2 C – February 2004 till the end of the project).

#### **2.2 D Undertake international missions to promote trade and investment (jointly with Trade)**

We plan to undertake missions with Malian investors interested in projects on the reference list or with investors who have promising projects and are seeking key technical partners in Mali. During these missions we will be promoting Mali to the outside world in order to increase the flow of direct foreign investment. To achieve this, we will identify countries interested in the “Mali” label as well as potential investors in those countries. We will close projects with promoter / partners. We will support these projects by mobilizing finance for them in select cases (Work Plan Activity 2.2 D – June 2004 till the end of the project).

#### **Roadmap for years 2 – 3**

- Continue activities initiated during year 1;
- Consolidation of strengths.

### 3. SUPPORTING MICROFINANCE INSTITUTIONS

The microfinance component seeks to increase access to microfinance services. This overall objective will be achieved mainly with the support of the Professional Association of Microfinance Institutions (APIM) and by strengthening Microfinance Institutions (MFIs).

**Approach** The microfinance team of Mali Finance will build on the success of the preceding project of USAID in order to reinforce certain MFI's and the micro-finance sector in general. Partner MFI's will be assisted in the development of best practices in management subjects like accounting. Through APIM, training on internal controls and portfolio management will complete initial capacity-building.

The technical assistance will focus on the consolidation of activities and diversification of service products for MFI clientele. The will include development of new markets and new credit products. The objective will be to stimulate MFI's to orient themselves toward targeted activities, like agribusiness and financing SME's. In another sense, given that several MFI's in Mali are in financial difficulty, there is need for systemic consolidation of the micro finance sector. Efforts will be undertaken in order to review strategic plans of certain MFI's. For MFI's that are interested and have potential, a collaborative effort could be undertaken to facilitate their consolidation and restructuring, while at the same time promoting rapprochement between large and small MFI's.

The micro finance team will work with APIM to realize some activities in its action plan, the principal of which will concern training. By putting training into practice, APIM will become more professional as an organization and allow many MFI's to receive anticipated training, for which modules were developed by Weidemann and Associates but never distributed. Another activity will be a study for the establishment of a credit bureau. Lastly, a study for the establishment of terms for the implementation of a management information system at the heart of APIM will be undertaken. Pour the CAS/SFD, training in internal controls for agents and inspectors will be initiated.

These activities will permit certain MFI's to consolidate while developing new markets and new products. Rapprochements between and among MFI's can be proposed. In time, this strengthening will lessen risks inherent in these institutions. The whole of these activities will be done in partnership, where possible, with interested donors, especially in concert with the PDSF of the World Bank.

**Specific objectives year 1** The specific objectives of the FMI component are as follows:

- Provide technical support to MFIs in order to increase their financial self-sufficiency;
- Increase support to professional institutions (APIM and CAS/SFD) for their role of promoting the microfinance sector ;
- Increase business links between MFIs and commercial banks.

**Activities year 1** Mali Finance will strengthen MFIs that have demonstrated serious effort in attempting to reach operational and financial self-sufficiency. For smaller MFIs, closer cooperation and/or merging with the larger networks or MFIs of the same type will be discussed and encouraged (at the same time this will improve the capacities of smaller MFIs). Lastly, the project will encourage efficient MFIs to explore new markets in the northern part of the country.

Mali Finance expects to attract banks and MFI's toward the SME loan market by diversifying financial products and delivering training. This process will be made easier by implementing a framework of cooperation between with banks and more mature MFI's. Training for MFI's on risk assessment, preparation of credit files, credit management, and enhancement of management information systems are among the program's priority activities.

Mali Finance will pursue collaboration with APIM in order that it can publicly communicate the professional character of the whole of the micro-finance industry. APIM needs a stronger Web site. Moreover, a study will be done to develop a management information system in order to allow for better distribution of information to MFI members of APIM. Finally, a credit bureau will allow for better professional regard for the entire MF sector. By creating public awareness, MF clients will become better informed and so more responsible. The medium-term impact will be an improvement in governance of MFI's, for which their managers must themselves also commit to greater rigor and responsibility.

With regard to activities in the North, there are plans to support *Dourey Tombouctou* so that it can integrate or be merged with another large FMI. Other potential MFIs (including possible partnership with Mali Finance) will also be supported. Technical support for the implementation of a management information system, training sessions in accounting and financial management, as well as developing new credit products will be the main target activities.

### **3.1. STRENGTHEN CAPACITIES OF MFIS**

#### **3.1 A Assess MFIs and select partners**

The choice of FMI partners will be based on the results of diagnostic studies conducted by the project's personnel, partner consulting firms as well as consultants. memoranda of understanding will be established between the Mali Finance project and selected MFIs in order to outline the understandings of each party (Work Plan Activity 3.1.A – November 2003 till March 2004).

#### **3.1 B Strengthen MFIs based on results of evaluations**

Partner MFIs and those previously supported by USAID will receive assistance in consolidating and restructuring their organization. This implies our providing technical support for mergers and training sessions on internal audits (Work plan activity 3.1 B – December 2003 till the end of the project).

#### **3.1 C Assist MFIs with the selection of MIS for general accounting and portfolio management**

MFIs will be supported in their choice of a system software program, data migration and system updates. In particular, Soro Yiriwaso will be supported to achieve the implementation of SAF 2000 (Work plan activity 3.1C – December 2003 till the end of the project).

#### **3.1 D Assist partner MFIs with market research and development new products**

MFIs will be supported in the conduct of market research and the development of new credit products to ensure diversification and sustainability (Work plan activity 3.1D – December 2003 till the end of the project).

## **3.2 STRENGTHEN FMI SUPPORT STRUCTURES**

### **3.2 A Develop management information system for APIM**

APIM will be supported to assess its information needs. A study will be done to establish terms to prepare a management information system (MIS) that can be deployed and even put performance indicators on a Web site. The activity will be carried out in coordination with the PDSF. (Work Plan Activity 3.2A - May 2004 till July 2004).

### **3.2 B Support APIM in its alliance with AFMIN (African microfinance association)**

APIM will be supported to participate in strategic forums with other regional networks (AFMIN) with a view to influencing legal and policy reforms. As Bamako will host the annual meeting in December 2004, Mali Finance will support logistics and assure USAID's visibility. (Work Plan Activity 3.2B – December 2003 till the end of the project).

### **3.2 C Assist APIM in its communication and training strategy**

APIM will be assisted to develop its Web site (mainly performance indicators for MFI's) and put four training modules into practice developed with the assistance of Weidemann. These modules will be inserted into the action plan of APIM at the same level as modules from CAPAF and those taken from networks and validated by APIM. In view of the numbers of modules it will be difficult for APIM to complete all of the training in 2004. The activity should therefore be pursued into 2005. The activity will be done jointly with the PDSF of the World Bank, where possible, and implement the training modules developed with the help of Weidemann (Work Plan Activity 3.2C – February 2004 until the end of the project).

### **3.2 D Support CAS/SFD in its MFI supervisory role**

A training session for internal audits of MFIs will be carried out for auditors (Work Plan Activity 3.2.D - May 2004 to June 2004 and year 2 for the software program).

### **3.2 E Assist APIM to establish micro-finance credit bureau**

APIM will be assisted to implement a credit bureau in order to maintain a list of bad debtors. Specifically, a study will be done in order to determine steps necessary to initiate and implement a credit bureau for MFI's in the Bamako region, as the Finance Minister has wished. The initiative will be realized in collaboration with the banks, if possible. Following the study, a funding request will be presented to the coordinating group for donors to cover part of the cost of implementation. (Work Plan Activity 3.2E – February 2004 and year 2 of the project)

### **3.2 F Participate in meetings with financial and technical partners**

Donor coordination for micro-finance to exchange information. USAID is part of this group (the PTF). Mali Finance will participate in various meetings in order to support USAID on technical matters continuously throughout the three year period.

### **3.3 STRENGTHEN RELATIONS BETWEEN MFIs AND BANKS**

#### **3.3 A Develop relations between banks and MFIs**

In order to develop better relations between banks and MFI's, specific support will be provided, as strengthening of MFI's is carried out. Awareness will be promoted so that MFI's may immediately begin steps to conform to various banking requirements in order to obtain possible financing. For new accountants at MFI's a training session could be conducted to allow them better to understand how to put together a bankable document. However, in view of the aggressive presence of the Banque Malienne de Solidarite (BMS), such a training session is not planned for 2004. On the other hand, for an MFI having a good balance sheet and level of profitability, a business plan and request for financing can be assisted on a case-by-case basis. For the credit bureau perhaps the BNDA can be approached to share in the costs of this for Bamako. (Work Plan Activity 3.3A – January 2004 till the end of the project).

#### **3.3 B Support development of funding mechanisms for MFIs**

An evaluation of the FCRMD guarantee fund requested by USAID will be completed. Moreover, the project will assist potential MFI's in soliciting loans from the banks and other credit institutions or donors (AFRICAP, LUX, SFI, SOMAFI etc.) in order to increase their sources of funds. However, in view of the state of profitability in the industry, efforts will rather be undertaken in 2005 for this activity (Work Plan Activity 3.3B – February and March 2004 to 2005 and following).

#### 4. LEGAL AND REGULATORY REFORM

**Approach** In Mali, political constraints significantly hinder the business world. A number of studies have been conducted along these lines but it can be said they have had little impact on the flow of business. That is why the Mali Finance project will seek to submit proposals for reform that will concretely impact the business world. The objective of this activity is to improve the legal and policy framework for business. For this we will solicit the services of a business attorney known for evaluation and who can validate our activities.

**Objectives Year 1** As Mali Finance does not have internal legal expertise, our objective for the first year will be to retain the services of an expert who can perform an assessment of the four activities we propose to undertake and validate them and / or add other activities based upon the evaluation. We will begin to work on specific items following the evaluation.

Mali Finance plans to conduct the following activities, to be validated:

##### **4A Assist institutional partners to recommend policy reforms in the financial sector**

During the various meetings with professionals of the private sector the high TAF rate (tax on financial services accounting for 15% of the interest rate) has been identified as one of the obstacles to the development of business. Consequently, together with our various institutional partners (such as the Chamber of Commerce) we will approach the government and attempt to have it reduce the TAF.

Concurrently, the Mali Finance team will make a positive contribution on all the forums pertaining to the set-up of investment or participation funds. It will share its expertise in the area with other partners (Cross-cutting activity 1.3 & 2.3 A – April 2004 till the end of the project).

##### **4B Prepare a report with a plan of action regarding utilization of long-term land leaseholds as guaranties/collateral in target areas**

One of the obstacles of the development of private irrigation is that the land still belongs to *Office du Niger*. The *Office* has signed long-term land leases with farmers. Despite the rather long duration these long-term leases are not considered as collateral by banks.

During the first year we will work together with a business lawyer who will analyze the situation of current long-term land leases at the *Office du Niger* and examine the ways and means that may cause banks to accept these long-term leases as guarantees. Concurrently to this action we will work together with the same business lawyer to implement a specialized legal information center that is able to meet urgent needs for information (and possibly awareness) (Cross-cutting activity 1.3 & 2.3 B – January till September 2004).

##### **4C Create a centralized information / documentation center for SMEs on legal matters**

Entrepreneurs in the agricultural sector are desperately short of information on business law. That is why we will seek to implement a centralized information source where operators have access to all the information pertaining to business law in partnership with an association that will be our partner for the effort.

With the help of a consultant, we will start by assessing the state of existing facilities in the legal area and then select an institutional partner that will house the center. We will support the selected partner in implementing the documentation room. We will supply the necessary technical assistance to support this partner in collecting legal documents as well as operating the documentation room. We will also develop information on business law, for example by creating a periodical specializing in business law (Cross-cutting activity 1.3 & 2.3 C – September 2004 till the end of the project).

#### **4D Prepare a plan of action for the improvement of creditors rights**

Together with the business lawyer, we will inventory and summarize the studies carried out in the sector and then target our actions on specific points of action where we can have an effect. To achieve this, we will examine current legislation and suggest either changes or new bills.

We will provide assistance to the implementation of a support window that will make it easier to change provisional titles into land titles. At present, provisional titles are not recognized by BCEAO. In addition, this window should help cut down on delays, which are currently extremely long.

We will strengthen the technical departments of the National Estate Management by providing it with equipment (making it possible to better meet the expectations of the business world at the technical level, which will indirectly benefit beneficiaries) (Cross-cutting activity 1.3 & 2.3 D – March 2004 till the end of the project).

#### **4E Assist with the creation of Presidential Investment Council**

Together with our privileged partner CNPI and in coordination with the World Bank we will support the presidential unit in charge of setting up a Presidential Investment Council through such means as reviewing draft documents outlining the establishment and operations of the Council and advice to CNPI. The Chief of Party will participate in meetings. The Council will be chaired by the President of the Republic and will handle the issues pertaining to the facilitation of procedures aimed at setting up businesses in Mali (Cross-cutting activity 1.3 & 2.3 E – January 2004 till the end of the project).

### **Roadmap for years 2 – 3**

- Continuation of efforts initiated
- Consolidation of strengths

## **5. COMMUNICATION ACTIVITIES**

### **Objectives and Strategy**

To achieve these goals we have set up a comprehensive communication strategy that will take account of the following:

- Creating a graphical charter (visual identity) as well as a signature;
- Creating and producing information tools;
- Organizing Mali Finance kick-off workshops in Bamako and throughout the regions;
- Developing technological and communication aids such as partners' web sites;
- Using other communication means in order to largely disseminate information.

#### **5A Creation, conception and realization of logo**

Visuals create a recognition reflex. Our visual identity will be designed around our world and our position: finance and agribusiness. After making our definitive choice of logo we will submit our visual identity to all our partners on all dissemination materials: business cards, letterhead paper, etc.

To better convey and enhance the value of our public image the logo will be supported by a snappy signature (slogan) that reflects the goals we are aiming for. To determine the slogan we will first hold an internal brainstorming session and then seek assistance from a professional communication team (Cross-cutting communication activity of project A – December 2003 till January 2004).

#### **5B Creation and conception of information tools**

To stay in line with our target objectives we plan to produce information tools for our different targets. As the scope of our communications target is rather wide we plan to diversify our communication aids and means and adjust them to the various targets.

For example, we will better follow our different partners and clients as well as improve and increase our dialogue with them. Draft messages will be included in the dissemination materials. We will establish a connection between the targets and the communication aid: as a result, we will be able to produce CD-ROMs for foreign investors and audio cassettes in national languages (dialects) for our partners or clients who do not speak other languages fluently (Cross-cutting communication activity of project B – January and February 2004).

#### **5C Kick-off campaign in Bamako and throughout the regions**

To launch the Mali Finance project in Bamako, Segou, Sikasso and Timbuktu we plan to develop the same concepts for all four cities: the agenda will include kick-off workshops led by Mali Finance teams and partner institutions; a luncheon or cocktail dinner will be offered by Mali Finance while television, press and radio will cover the events (Cross-cutting communication activity of project C – February till March 2004).

## **5D Develop web sites for partners**

As part of our communication policy we plan to concurrently promote the communication resources of our partners, first and foremost the CNPI and APIM: together with our teams we will update operational sites, and at a later stage, provide animation for web sites (Cross-cutting communication activity of project D – May 2004 till the end of the project).

## **5E Use of communication resources**

For our large-scale broadcasting campaigns we plan to associate media to largely disseminate information. Consequently, we plan to develop relations with the press as well as public experts and take advantage of the existing broadcasting channels of our partners. Malian radios across the country will be a priority target. The CLICs implemented by USAID could also be put to use (Cross-cutting communication activity of project E – March 2004 till the end of the project).

**Roadmap for years 2 and 3** For years 2 and 3 we will strive to perpetuate the actions carried out during the first year of the project, to develop field actions as well as design innovative communication plans to instil greater enthusiasm for the agribusiness sector.

## 6. ACTIVITIES FOR THE NORTH

Northern Mali is a sparsely populated area and people suffer from its hermetic position. The Mali Finance project will open an office in Mopti to cover that large area. From Mopti other areas could be targeted, including Gao, Kidal and Timbuktu for both BDS activities and strengthening of MFIs.

**Approach** Specifically our BDS technical expert based in Mopti will attempt to reinforce consulting partner firms in Mopti, Timbuktu, and Gao. A visit to Kidal should allow for the establishment of a partnership if there is a qualified firm there. In the same way, the Mopti-based MFI expert will work to reinforce the DOT (an IMF in Timbuktu). Rice-producing areas will be approached for production financing opportunities with the ADB and the MDRM. In another way, the NGO Azawat Finance de Léré, which concentrates on agriculture with an important specialty in livestock, will be supported technically, if possible, in its development toward Tonka and Nyafunke. Moreover, two MFI's are targeted for support: Nyeta Muso and Fides. And finally, visits will take place to Gao and Kidal to assess the market and existing NGO's and MFI's. Meetings will therefore take place with all participants in order to assess needs and possibilities for support and partnering.

### 6.1 and 6.2 Training and support for SMEs and MFIs

The Mali Finance project will identify several consulting firms or NGOs in the large cities of the North. Depending on the assessment of the state of the art these consulting firms or NGOs could be strengthened or directed towards partnership with larger consulting firms in Bamako. The approach used for the rest of Mali will be used here as well: consulting firms will be trained so they can serve as multipliers for agricultural SMEs in the North.

Regional banks will be able to benefit from the same support as in Bamako. Branch managers and bank credit officers will be trained on how to enforce the business plan and assess agricultural funding proposals (Cross-cutting activity 1.1 & 1.2 – January 2004 till the end of the project).

### 6.3 Strengthening MFI capacities

The microfinance institutions of the North will benefit from specific support through the Mali Finance project. First of all, we will carry out an assessment of the state of the art in the large regional capitals. Later on, a number of diagnoses might be requested by our partner consulting firms. Depending on the outcome, select MFIs with potential viability will be strengthened while for others we will suggest working more closely with the larger networks.

Depending on the likelihood of a partnership with Africare's Dourey Tombouctou (DOT) the association could be supported in order to correct certain management deficiencies. Support from donors remains a major survival condition for the DOT over the next two years. Later on, working more closely with a large network might also be suggested in order to increase the DOT's professionalism and ensure its sustainability in time.

Lastly, the project will work hand-in-hand with the Trade and Production projects in order to support production and marketing efforts in the targeted sub-sectors. Special attention will be given to projects that involve women's groups (Cross-cutting activity 3.1– October 2003 till the end of the project).

## **7. SYNERGY WITH THE OTHER SO9 PROJECTS AND OTHER USAID SO PROJECTS**

**Specific objectives** For the first year of the project specific objectives in the area of synergy include the following:

- Promote services provided by the projects;
- Conduct information campaigns;
- Support beneficiaries targeted by Trade Mali;
- Increase investment for beneficiaries of SO9 ;
- Support for financing for SO9 producer groups with MFIs
- Participate in tripartite meetings between SO9 projects

### **7A Communicate/promote services offered by the projects**

In order to maximize the impact of actions and to make wiser use of resources Mali Finance will team up with Trade Mali and Production to conduct joint activities such as launching the project and setting up a Web site. Seminars will be held in Bamako and in the areas targeted by three projects (Cross-cutting synergy activity 7A -- January 2004 till the end of the project).

### **7B Information days / seminars for select sub-sectors**

Information days on the selected sub-sectors will be organized in Bamako and the North. Information days jointly organized by Mali Finance and Trade Mali aim to better inform the public and government entities about project activities (Cross-cutting synergy activity 7B – April 2004 till September 2004).

### **7C Support beneficiaries targeted by Trade Mali**

To ensure greater impact, when appropriate, Mali Finance will support beneficiaries targeted by Trade Mali. Partner consulting firms of Mali Finance will help beneficiaries targeted by Trade Mali in developing business plans, analyzing proposals and submitting bankable business plans (Cross-cutting synergy activity 7C – January 2004 till the end of the project).

### **7D Increase investment for SMEs of SO9**

For certain sub-sectors targeted by Trade Mali, Mali Finance will contribute to studies to identify opportunities. (Cross-cutting synergy activity 7D – February till May 2004).

### **7E Support for financing for SO9 producer groups with MFIs**

For the partner MFIs involved in the three projects of SO9 Mali Finance will provide support in developing memoranda of understanding with the various groups. This activity, led by Mr. Guay, aims to harmonize partnerships between the various players (Cross-cutting synergy activity 7E – December 2003 till the end of the project).

**7F Synergy with USAID health and education projects**

At the time that USAID organized an activity to ensure partnering among projects, a workshop was held about revenue-producing activities. The beginning of a partnership was undertaken between World Education and Mali Finance with a view to promoting a financial product adaptable to primary schools, in order to increase the number of children having school books. Mali Finance will do everything possible to realize this project, while respecting MFI policies and criteria.

As for health issues, Mali Finance will favour distribution of an information sheet or pamphlet (on AIDS, for example), as a matter of information through MFI's and / or their members / clients. (Cross-cutting activity synergy 7F --- December 2003 to the end of the project).

**7G Participate in tripartite meetings between SO9 projects**

Meetings have been planned on a regular basis between project leaders. These exchanges of information aim to strengthen cooperation linkages and improve the methods of work to ensure greater efficiency and, therefore, greater impact. Similar yet more informal meetings have also been planned for the technical teams. Information will be gathered collegially. Teams are responsible for the outcome and follow-up of these meetings (Cross-cutting synergy activity 7G – December 2003 till the end of the project).

## **8. PROJECT MANAGEMENT**

Management of the Mali Finance project will be organized around two main lines of activity: follow-up and assessment of program activities, and financial and administrative management.

### **8.1 PROJECT FOLLOW-UP AND EVALUATION / PERFORMANCE MONITORING**

**Main activities for year 1** During year 1 of the performance monitoring actions will involve implementing a system integrated in the overall management system of the project, thereby enabling the technical teams to plan and focus activities and resources on reaching the program's objectives and expected results. The performance monitoring system will inform the team of the progress of activities towards expected results. The system will make it possible to single out negative deviations and take timely corrective action.

#### **A1 Performance Monitoring Plan (PMP)**

The PMP will be developed during the first 90 days of the contract. The indicators and activities included in this will be shared with the partners. Data and targets will be established for each indicator. This activity will make it possible to focus the various components of the project on measurable result indicators.

#### **A2 Work plan**

An activity plan will be developed based on the PMP. The plan will highlight cooperation and synergy points, hence the need to work as a team on aspects such as consultation, dialogue and negotiation.

#### **A3 Management Information System**

This system will need to provide secure storage and accurate analysis of data in order to generate reliable information for project management decisions. The system will be gradually upgraded.

#### **A4 Data collection, analysis and reporting**

Baseline data will first be collected in November 2003 for each indicator. That baseline data will serve as analytical elements to help assess realistic targets. In June 2004, a data collection plan will be developed with partners and integrated in the various memoranda of understanding. Data collection will take place in July and August 2004. Selected information will be checked and analyzed together with the various partners, including USAID. A summary report will be prepared and circulated to the team before being sent to USAID in October.

#### **A5 Field visits**

Joint visits with the USAID team will be suggested in March and August 2004. These joint activities will make it possible to report together on the progress made as well as on difficulties connected with the project's implementation. They serve to demonstrate transparency and enhance relations. This also serves as a chance to check quality of information.

**Roadmap for years 2 and 3** In 2005 and 2006 the following activities will be conducted:

- Reviewing the Performance Measurement Plan (PMP) to ensure that each indicator is still relevant and that the expected results are both realistic and achievable (together with the partners, including USAID);
- Evaluate/Upgrade computer tools to store and process data in order to meet the reporting requirements of the project's performance;
- Check the accuracy and usefulness of each indicator in order to take corrective actions if necessary.

## **8.2 FINANCIAL AND ADMINISTRATIVE MANAGEMENT**

For 2004 the specific objectives of financial and administrative management are as follows: recruit personnel, develop a tendering manual, ensure logistics needs are efficiently covered, and open up an office in Mopti.

### **B1 Recruit personnel**

Local staff will be recruited between September and January. Key positions have been filled in September and October (but based on prospective requirements), other positions will be filled in November and December. Recruited personnel will be acquainted with the project's view, mission and strategy in order to ensure optimum productivity.

### **B2 Install a transparent tendering system**

In order to manage the project in the most transparent and professional fashion a financial and administrative tendering manual will be developed in December and January. The manual will comply with USAID standards and make it possible to submit fully transparent tenders. The manual will provide in-depth details on procurement procedures. All partners will be acquainted with partnership fund management between January and April 2004.

### **B3 Procurement/Supplies**

Operating since September, procurement / supplies will follow the procedures stipulated by the manual as soon as it is validated in January. Logistic needs already identified are currently being met. The head office is already operational and has an Internet connection. A server allowing files to be shared and applications to be used simultaneously will be installed in January. Four vehicles will make up the fleet in December 2003. Office equipment and computerized gear will be supplied on a quarterly basis and bought in bulk to reduce costs.

### **B4 The Mopti office**

This office will open up in February 2004. A sub-lease will be signed with Care Mali, a sub-contractor of the Trade Mali project. Relations with public services, namely the regional agricultural authority, have already been initiated. Our office in Mopti will allow us to follow activities in the riparian regions, including the North.