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## AEG SUCCESS STORY

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**TITLE:** SOMAFEM S.A. – Société Malienne de Fabrique d’Emballage, a blooming case of joint venture

**DATE:** May 2005

**DEPARTMENT:** AEG

**DESCRIPTION:** A cardboard factory is mushrooming in Samaya in the Nienemba industrial park in the suburbs of Bamako with the technical and financial support of Mali Finance.

**KEYWORDS:** Mali Finance, packaging, cardboard, SOMAFEM

**GEOGRAPHIC AREA:** Bamako

**WRITER INFO:** Mamadou Millogo, Mali Finance, Tel: (223) 229-69-44

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### CONTENT:

One of the constraints to the export of raw or processed agricultural products is the absence of a cardboard production plant in Mali. Local demand for cardboard packing materials for the export of agricultural products is very high but supplies are limited to those products imported from neighboring Burkina Faso, Senegal, and Cote d’Ivoire. To meet this crucial demand, a young self-made Malian businessman has initiated a paperboard manufacturing project, SOMAFEM SA.



In June 2004, Sékou Boukadary Traore, President and Director of SOMAFEM, requested technical support from Mali Finance in order to mobilize financing for his project. Together, Mali Finance and Mr. Traore drafted a plan whereby the total project cost of 3.5 billion FCFA (approximately USD \$7 million) will be financed with 1 billion FCFA of Mr. Traore’s own capital stocks and a 2.5 billion FCFA loan.

"Thanks to the support of Mali Finance, the project is getting off the ground" said Mr. Traore.

Mali Finance had working sessions with the evaluation team of the West African Development Bank (BOAD) and the promoter to discuss the project details. The first evaluation of the project by BOAD was encouraging; they agreed in principle to finance the project provided the promoter complies with the following guidelines:

- ◆ Open the capital of the company to other investors. As a result, the capital was opened to MK International (a South Korean company) and to two new shareholders who are among the top consumers of cardboards in Mali.
- ◆ Carry out a sub-regional market research study on cardboard production, particularly in Burkina Faso and Niger.

Within the framework of the partnership with Mali Finance, the promoter requested financial support from Mali Finance for the realization of the market research study. Taking into account the relevance of the project, the level of the promoter's personal contribution, the interest expressed by the BOAD and other local banks for this dossier, and the anticipated impact of such a project on the export of fruits and vegetables, Mali Finance decided to provide its support to the realization of this mission. A jointly identified consultant was recruited by Mali Finance to carry out the research study and the costs were shared by Mali Finance and the promoter. The new dossier including the completed market research study has now been submitted to the BOAD and should be finalized in the coming months.

This project is a great opportunity for both producers and exporters of agricultural produce. With Mali Finance's support, SOMAFEM hopes to both reduce production costs and contribute to the overall increase in exports of agricultural produce from Mali.



Sekou Boukadary Traore (right) with Mahamoud Magassouba, head of Mali Finance's investment component.