

**APPENDIX A:  
PROJECT DESCRIPTION  
Marvelous Flotea Company Ltd. – Dar es Salaam, Tanzania**

**I. Introduction**

This Appendix A 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**

In 1985 Mrs. Flotea Massawe began manufacturing tie dye and batik home textile products. In 2005, she registered and formed the Marvelous Flotea Company Ltd., (hereafter referred to as “Marvelous Flotea” or the “Client”) under the Companies Ordinance (Cap. 212) of Tanzania. She added additional staff and increased her range of products to include not only house textiles such as tablecloths, napkins, and pillow covers, but also beddings, wallets, handbags and in house installation services (i.e. custom made items such as chair covers, customized curtains, etc). Marvelous Flotea has been approached by several potential buyers for large orders of over 4,000 units but is unable to meet such large order requests. Interested buyers for Marvelous Flotea’s products include World of Goods (a USA wholesaler), Ctm Altarocamercate (an Italian suppers that owns 300 handicraft and gift shops throughout Europe), and Nakumat (a Kenyan supermarket chain). However, due to constrained production capacity, weak financial and operational systems, and limited marketing and promotion capacity, Marvelous Flotea is not currently able to expand production and product variety to satisfy such orders. It therefore, wants to increase sales, employment, and profits to at least two times its current value.

**III. Funding**

A. ADF 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 obliged amount specified in Article 3, section 3.1 of the Agreement.

B. Marvelous Flotea Contribution

The Client is contributing financial resources to the investment of TSH 189,703,150, including cash from operations (TSH 3,524,025); the estimated value of inventory (TSH 12,374,900); other current assets (TSH

7,000,000); and, fixed assets (TSH 166,804,225). Marvelous Flotea is also contributing the skills and time of its employees to the implementation of the project and will continue to pay current staff and worker salaries.

#### **IV. Investment Goal**

The goal of the investment is to improve the living standards of poor Tanzanian handcraft workers.

#### **V. Investment Purpose**

The purpose of the investment is to improve Marvelous Flotea'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. Investment Outputs**

- A. A strategic business plan based on a detailed analysis of the market outlook for Marvelous Flotea's products that also includes an in-depth analysis of customer demand, potential clients and identifies the channels for enhancing promotional activities (i.e. website improvement, advertisements international and local trade shows participation, etc).
- B. Improved operational and management capabilities as demonstrated by:
  - additional core staff (product development and design expert, cashier and ten machine operators) recruited and in place;
  - new, automated financial management systems in place; and
  - a new financial manual (financial regulations, accounting manual and stores procedures) developed and in use.
- C. Strengthened governance by the addition of non-family member partners and new non-family Board of Directors members who will bring expertise and management skills.
- D. Improved technical capabilities by the end of the project as evidenced by:
  - product sales increases from TSH 119,434,982; to TSH 203,473,000;
  - new products manufactured such as Christmas ornaments for the US market;

- increased production of various textile pieces from 10,136 pieces to 18,172 pieces; and
- land title process completed for plot No. 85 at Mbezi Industrial Area.

## VII. Activities

Marvelous Flotea will ensure the following major activities are implemented with the assistance of selected consultants. Consultants will be selected in consultation and collaboration with CSDI/USADF. Major activities will include:

- A. Develop sound financial controls and useful management accounting systems:
  - an accountant will be hired to train the Cashier and implement financial accounting procedures, policies, and systems;
  - purchase accounting software (TALLY) for the business and provide in house training on the new software; and
  - develop and use financial manuals (Financial Regulations, Accounting Manual and Stores Procedures).
- B. Streamline personnel, governance and management systems by:
  - preparing concise job descriptions and skills enhancement programs for staff; and
  - conduct board training to improve governance, and conduct management training.
- C. Develop a Business Plan

The technical assistance will be provided by the Netherlands Centre for the Promotion of Imports (CBI). The USADF's Partner in Tanzania will also provide close technical support to this activity. The business plan will identify customer segments and distribution channels, estimate marketing and expansion costs, and deliver an actionable plan identifying expected investments and returns. In carrying out this task, Marvelous Flotea, CBI and CSDI will:

- review and profile current distribution channels;
- review current product pricing policies and make recommendations for improvement; and

- improve marketing impact through redesign of the website and by developing a plan for improved direct marketing.

D. Improve Technical Capabilities:

- train newly recruited staff on stitching techniques, machine handling and maintenance;
- conduct new products training with 50 newly recruited ladies on products such as Christmas ornaments, etc; and
- train the Cashier and marketing employees on key computer software programs.

## **VII. Roles and Responsibilities of the Parties**

USADF's Partner in Tanzania will provide the necessary standard USADF Training in bookkeeping, monitoring and assessment. Marvelous Flotea is responsible for ensuring the proper management and implementation of the project. The USADF Partner in Tanzania will provide Marvelous Flotea with technical and management assistance during the implementation of the project.

## **VIII. Monitoring and Evaluation**

USADF's Partner in Tanzania will monitor the activities of the Marvelous Flotea to ensure proper reporting, adherence to the investment implementation plan by the Client and movement towards the achievement of the investment objectives. The Partner will continuously assess risks to the project risk and implementation obstacles and will take remedial actions as needed. Monitoring by the Partner will be an important aspect of the ongoing coaching and advisory service. The Partner will review Marvelous Flotea's quarterly reports and will submit comments and observations to senior management as a part of the ongoing performance assessment.