

PROJECT DESCRIPTION:
Tekura Enterprises Ltd. – Gift and Home Accessories Expansion

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

Tekura is a mid- to high-end producer of handcrafted gifts, home accessories and decorative pieces, mainly for the international market. It produces a wide variety of handcrafted products, including stools, tables, mirrors, children's furniture, and traditional items such as masks and figurines. Tekura contracts with local artisans, who work at Tekura's production facility and receive training and technical assistance in capacity building from Tekura. Founded in 2000, the company has been successful in the export market, with major distributors and retailers such as AMC/Marmaxx and CostPlus as its main buyers.

Tekura has an opportunity to expand its production both to meet high export market demand for home accessories with ethnic designs and to meet growing domestic demand for functional home accessory products. To serve these markets, however, Tekura needs to increase the scale and efficiency of its operations and expand its relationship with local artisans by setting up additional satellite production sites to increase their capacity.

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. Half of USADF's investment was contributed by the Government of Ghana.

B. Client Contribution

Tekura is contributing US \$282,573 over the five-year period to hire additional employees for the project and to expand its marketing activities.


IV. Investment Goal

The goal of the Investment is to improve the living standards of Ghanaian private-sector workers, especially in the handicrafts sector.

USADF



Tekura



Page 1 of 3

Grant No.1792-GHA

V. Investment Purpose

The purpose of the Investment is to increase the incomes of Tekura, its employees, and local artisans.

Three indicators will be used to track the attainment of the Investment purpose:

- A. Tekura's earnings before interest, taxes, depreciation and amortization (EBITDA) will be as follows during the implementation period: US \$96,563 in Year I; \$113,126 in Year II; \$127,884 in Year III; \$144,318 in Year IV; and \$162,582 in Year V.
- B. Individual employees' average annual income will increase as follows: US \$1,150 in Year I; \$1,290 in Year II; \$1,353 in Year III; \$1,592 in Year IV; and \$1,840 in Year V.
- C. Local artisans' revenues will increase as follows: US \$79,043 in Year I; \$97,043 in Year II; \$121,952 in Year III; \$148,635 in Year IV; and \$176,335 in Year V.

VI. Investment Outputs

In order to attain the Investment's purpose, Tekura will expand its capacity, as indicated by the following outputs:

- A. Tekura's total revenues will grow as follows: US \$385,564 in Year I; \$460,696 in Year II; \$549,438 in Year III; \$644,941 in Year IV; and \$747,547 in Year V.
- B. Tekura's export revenues will grow as follows: US \$327,428 in Year I; \$375,855 in Year II; \$413,693 in Year III; \$454,898 in Year IV; \$500,491 in Year V.
- C. Tekura's direct employment will grow as follows: 96 in Year I; 105 in Year II; 120 in Year III; 120 in Year IV; and 120 in Year V.
- D. Tekura's employment of local artisans will grow as follows: 86 in Year I; 95 in Year II; 108 in Year III; 108 in Year IV; and 108 in Year V.
- E. Tekura will improve its fiscal and social responsibility as demonstrated by its compliance with the Re-Investment Commitment Schedule set forth in Appendix A-2 to this Agreement.

VII. Major Activities to be Financed Under the Agreement

Tekura will ensure the following activities are implemented over the life of the Project:

A. Production Improvement

Tekura will enhance its production capacity by re-locating to a new site and consolidating its central production at one factory site. Tekura will purchase a kiln dryer and briquetting machine that will allow it to utilize wood waste produced in the factory to dry

wood. It will purchase small equipment, including angle grinders, jig saws, drilling machines, hand routers and planers. Tekura will utilize increased working capital to fill large orders. It will purchase a truck for hauling raw materials to the production site as well as finished products to the port for shipment.

B. Organizational Capacity Building

Tekura will hire a production manager to supervise production at the factory and to coordinate the work of the artisans at the various satellite production centers.

C. Artisan Support

Tekura will provide training and working capital financing to local artisans. to ensure they have the skills and resources to handle additional outsourced contracts for the export market.

VIII. Roles and Responsibilities of the Parties

The USADF Partner in Ghana will provide the necessary standard USADF training in bookkeeping and monitoring and assessment. The Partner will also provide business advice for the successful implementation of the Investment.

Tekura's management is responsible for ensuring the proper management and implementation of the Investment. The USADF Partner in Ghana will provide Tekura with technical and management assistance during the implementation of the Investment.

IX. Monitoring and Evaluation

The USADF Partner will closely monitor the activities of the company to ensure proper reporting, adherence to the Project implementation plan by the Client, and movement towards Project objectives. The USADF Partner will continuously assess the Project risk and undertake remedial actions as needed. Monitoring by the USADF Partner will be an important aspect of the ongoing coaching and advisory service. The USADF Partner will review Tekura's quarterly reports and will submit comments on a quarterly basis. The two organizations will jointly design the evaluation process and Tekura will incorporate the findings of the evaluation into its annual report.

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