

PROJECT DESCRIPTION

Getting Old Is to Grow (GOIG) – Mbezi, Tanzania

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 Getting Old Is to Grow Society (GOIG) is a Non-Governmental Organization (NGO) that was established with the purpose of providing a platform for retired people to empower and employ themselves; train and teach younger women and youth in traditional craft making; produce locally made products for sale; and continue to function as active members of society. GOIG has a tremendous amount of experience producing quality handicrafts and it has recently converted from a human capital development NGO to a for-profit business entity.

GOIG is poised to become a leading local producer and marketer of quality handicraft goods that are produced and delivered in a timely manner. However, GOIG is hampered by a lack of capacity in product design and planning. The company also lacks business, financial management, and marketing skills necessary to accomplish its transition and ensure profitability.

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 make USADF's contribution to exceed the obligated amount specified in Article 4, section 4.1 of the Agreement.

B. Client Contribution

GOIG will contribute a total of TZS 76,141,045 in the form of land, physical assets, equipment, and a motor vehicle.

IV. Investment Goal

The goal of this Project is to improve the standard of living for residents of the Mbezi area of Dar es Salaam.

V. Investment Purpose

The primary purpose of this Project is to increase GOIG's capacity to produce high quality handcrafted products that will garner a greater share of the US and domestic markets; generate a customer demand that can be met in collaboration with USADF's Buyer Linkages Program; and increase the economic and social empowerment of the participating women. The following indicators will be used to track the achievement of this purpose.

VI. Outputs

More specifically, the project's outputs are:

- A. Increased empowerment via access to economic and social capital as indicated by:
- Affording women, on an individual and group basis, the opportunity to participate in managing a local enterprise and training institution;
 - Members and participants ability to access credit and financial/technical support services;
 - Increased receptiveness to economic autonomy among the women;
 - Positions of power held in local institutions or community activities;
 - Influence in decision making at the community and family level; and,
 - Changes in attitudes, customs and practices that inhibit women, particularly the elderly, from being involved in income generating activities and fair access to opportunities.
- B. A fully functional financial management system that is compliant with ADF and investor management reporting requirements as indicated by:
- Production of regular financial reports and statements according to accounting standards, and audited yearly account reports with recommendations;
 - Accounting and finance procedures manual utilized by the management team; and
 - An accounting system segregated by product line cost that allows for specific product profitability analysis and decision making.
- C. Improved operational and management capabilities as demonstrated by:
- A restructured organization with a focus on commercial enterprise principles;
 - Broader shareholding;
 - A trained management team implementing best practices in the areas of operational excellence, human resource management, marketing and monitoring/reporting;
 - An operations manual outlining goals and responsibilities by department and product line that becomes the standard operating procedure;

- An operational management information system that facilitates tracking revenue growth;
 - Increased productivity and higher quality products produced at a reduced cost; and
 - A safety policy for employees, visitors and customers.
- D. A comprehensive business plan that charts the way forward and includes:
- Applied learning from other handcraft programs and buyer linkages programs;
 - Realistic costing and pricing of products and profitability projections;
 - An understanding of market opportunities and how to take advantage of them;
 - A market strategy and product diversification for the local and export markets; and
 - An analysis of any environmental concerns, including issues related to dye disposal.

VII. Activities

- A. Structural/Organizational Changes – Analyze and modify the existing organization design. This structure change will address the following:
- Train members in understanding their organizational culture, and how to leverage the strengths and improve on upon the weaknesses.
 - Explore the practical and legal ramifications of establishing a separate commercial company.
 - Streamline production procedures.

B. Enhanced Business Systems

Improved and consolidate internal control systems to match the new focus of the organization and to reflect best practices. The internal controls (IC) that require enhancements include:

- **Management Information Systems (MIS)** – Implement systems for the following processes:
 - production;
 - cost allocation/management;
 - internal networking and external communications;
 - sales data.
- **Financial Management Systems** – Develop an accounting policy and procedures manual; segregated reports by product and category; financial forecasting capability and activity based costing.

C. Operating Capacity

Increase GOIG's operating capabilities in the following areas:

- **Administrative Capabilities** – Identify and define key leadership roles, and ensure they are filled with internal or new talent that is capable of delivering results.
- **Technical and Operational Capabilities** – Recruit a person who is skilled in design, market understanding and operational excellence.
- **Entrepreneurial and Business Training** – Train members for the transition into a customer-focused profitable business.

D. Enhanced Production and Marketing Capacity

- Acquire technical assistance in design, color mixing and machine maintenance.
- Design and produce new product lines that will increase sales revenue.
- Present samples for local and export markets and obtain one new customer.

E. Business Plan Development

Produce a detailed business plan that will address the following key issues:

- **Business Description** – ownership structure, industry analysis, types and quality of products, and operations;
- **Marketing Plan** – customers, competition, pricing strategy, sales tactics, and promotion and distribution strategies;
- **Operational/Production Plan** – product design and development, production facilities and capacity, production regulation (industry/policy and /or regulation);
- **Organization Plan** – management team, culture, relations with other departments, employees, supporting services etc
- **Adequacy of Premises** – assess and advise whether the current space is adequate for the envisioned expansion with alternative exit plans;
- **Financial Plan** – financial requirements, proposed capitalization, financing sources, critical risks and limiting factors, cash flow and P& L projections, scenario/sensitivity analysis, break even analysis etc.

VIII. Roles and Responsibilities of the Parties

The Board of Directors, Managing Director, production staff, and distribution and marketing personnel of GOIG hold primary responsibility for implementation of the project activities as planned. The USADF Partner in Tanzania will play a lead role in holding GOIG accountable for meeting training and empowerment milestones. In addition, the USADF Partner will provide the client with technical and management assistance during implementation.

IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Client, working with the USADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Client's organization. The committee will provide the Partner input for the 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.