

**APPENDIX A:
PROJECT DESCRIPTION
ADAT TEXTILE PRODUCTION AND MARKETING PROJECT**

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

Tanzania's textile industry dates back to the 1960s. However, by the late 1990's most mills were failing or closed due to poor (parastatal) management, lack of technical expertise, or lack of working capital.

The Artisan Development Agency of Tanzania (ADAT) is an NGO that began operations as a successor to the Tanzania Business Women's Textile Project (TBWTP), which the Swiss Agency for International Cooperation funded, and the Tanzanian government and UNIDO implemented between January 1995 and January 1998. That project trained over 500 women in textile weaving, business management, and marketing.

ADAT, located Dar es Salaam, has 88 members, 95 percent of whom are women. Most members were trained under the TBWTP project.

Despite ADAT's attempts to assist its members, the many have left the organization. Reasons they cite for leaving include lack of quality raw materials for textile production, financing to purchase adequate machines, and identification of reliable markets. The 88 remaining members use their own meager resources to produce textiles.

III. Funding

A. ADF Contribution

The financial plan for ADF'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 ADF's contribution to exceed the obligated amount specified in Article 3, Section 3.1 of the Agreement.

B. Grantee Contribution

ADAT will contribute the following to this project:

- two motor vehicles, a Land Rover and a Mitsubishi mini-van, for office and administrative operations, valued at TSh 14.8 million;

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- 14 industrial sewing machines and 19 domestic sewing machines worth TSh 12.17 million;
- four hand loom machines with accessories worth TSh 2.47 million;
- office equipment, including three computers, one photocopier, and office furniture worth TSh 9.8 million;
- training equipment, including one television, one VCR, and one projector worth TSh 360,000; and
- tables and chairs for training rooms and workshop worth TSh 3.7 million.

ADAT's total contribution is estimated at TSh 43 million.

IV. Project Goal

The goal of the Project is to improve the living conditions of ADAT members and families and contribute to promotion of micro and small enterprise development in Tanzania that generates income and employment.

V. Project Purpose

The purpose of the Project is to increase ADAT members' incomes, as measured by the following.

- A. Individual member's average annual net income increase from the current TSh 0.4 million to TSh 2.5 million by project year 5; and
- B. By project year 5, workers assisted will increase from the current 352 to 528.

VI. Project Outputs

The Project will generate the following major outputs in order to attain the Project's purpose.

- A. Marketing and Management Capacity Strengthened
 - 1. The average net sales per member per year increase from TSh 0.52 million to TSh 3.2 million in the local and regional market and from 0.12 million to TSh 1.02 million in the international market in year five.
 - 2. 98 percent of all ADAT members' products produced are of market quality (i.e. meeting design and quality standards generally accepted in the regional to international markets).
 - 3. ADAT's financial, accounting, and performance monitoring report is generated by a newly implemented management information system on a timely basis by year two.
- B. Access of members to modern production equipment, quality raw materials and appropriate financing is increased

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1. Members' access to modern production facilities (either at ADAT central or within their own homes) increases from 7 members to 50 by year five.
2. Members' purchase of raw materials increases from TSh 28.5 million to TSh 444 million by year five.
3. Members' access to working capital is increased from 5 persons to at least 50 by year two.
4. Members' access to capital equipment is increased from four to at least 50 by year five.
5. The number of ADAT members producing kikoi is increased from 11 to 50 by year five.

VII. Activities

A. Marketing and Advertising

ADAT will establish a database of existing market outlets, including outlets in regional and US markets. It will communicate on a regular basis to its members the market specifications (style, color, type of fabric, etc.) that contacted buyers wish to order. It will ship members' products to final destinations for a fee, and arrange for members to participate in local, regional and international exhibitions and trade fairs.

B. Staff and Members' Training

ADAT will draw on market feed back in designing training for members. It will select members for training that have shown an ability to upgrade their skills on product improvement. Training for all members will include business record-keeping, business management. ADAT board members and management will receive training in monitoring business progress and management. For its kikoi production, ADAT will select from among its most advanced members for training. All 88 members will receive awareness training in matters of gender, environment, and HIV/AIDS.

C. Common Production Facilities

ADAT will procure one set of handlooms and five chain-stitching machines for the central production facility. It will prepare a monthly schedule that designates use of the facility by members.

D. Centralized Yarn Processing Equipment

ADAT will procure equipment for the dyeing and drying of yarn, install and test it, and develop a plan for use of this facility. It will organize an efficient means for sale of dyed yarn to members.

E. Board and SACCOS Loan Committee

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ADAT train its Board, management and loan committees on the products and policies of the Savings and Credit Cooperative Societies (SACCOS).

F. Equipment and Raw Materials Revolving Fund

ADAT will operate a revolving loan fund that extends credit to members for the purchase of raw materials. In the first six months of the project, an estimated 47 members will benefit from this fund. The remaining 41 members will receive loans from the reflows of the initial loans.

G. Protective Tools and Clothing

The production of dyed thread requires the mixing of colored powder and paste with water and placing it in a dyeing tank. Workers involved in this process will wear protective clothing.

H. Technical Assistance

ADAT will hire a technical assistance provider (TAP) to train an individual in MIS, who will maintain the computerized database on all aspects of ADAT and members' performance. The TAP will design a computerized performance monitoring information system (PMIS) capable of tracking both members' and ADAT's production and income, sales, income, and members' skill growth.

I. ADF Required Training

Required training includes bookkeeping and accounting specific to accounting for ADF funds and HIV/AIDS awareness.

J. Administration

The ADF grant will cover the first year's costs of: (1) salaries for the Executive Director, Finance Officer, Production Manager, Quality Control specialist, a Marketing Manager and an Administrative Secretary; (2) advertising and promotional activities; (3) rent; (4) banking; and (3) local travel costs.

K. Audit

ADF will finance an independent audit of the project.

VIII. Roles and Responsibilities of the Parties

ADAT is responsible for ensuring the proper management and implementation of the Project. ADAT's Executive Director will oversee the day-to-day activities of the Project. The ADF

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Partner in Tanzania, the Centre for Sustainable Development Initiatives (CSDI), will provide ADAT technical and management assistance during the implementation of the Project.

IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Grantee, working with the ADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will work with the Partner on the Project monitoring plan, which will include the establishment of annual targets for project performance. 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. The Project provides for an annual impact study that will evaluate the benefits derived from the project for both the individual members and their ADAT organization.

X. Other Implementation Issues

ADAT will establish four bank accounts: (a) an account to manage the reinvestment funds; (b) an account to receive ADF funds; (c) an account to handle the capital loan fund, and the ADAT current account. ADAT will use the reinvestment account to receive regular deposits for equipment replacement and reserves to acquire additional equipment. It will make deposits to the account on a quarterly basis (at a minimum) beginning as soon as the member groups receive their new equipment or production increases significantly; whichever comes earlier.

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