

APPENDIX A

Project Description **Moselmach Animal Feeds Project – 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 shall be construed as amending any of the definitions, conditions or terms of the Agreement.

II. Background

Poultry feeds are an important part of the economy of Tanzania where many families raise animals to supplement their income as well as provide food for their table. Moselmach produces a formulation of maize grain, fish meal and other nutrients that is well received by families and large corporations that raise animals. Demand for the product is high. However, Moselmach is currently operating at 40% of capacity, with 60% of customer orders going unfulfilled. Besides limitation on its management capacity, it has an inadequate storage capacity and an erratic supply of maize grain because it is unable to purchase in bulk. By improving its warehousing, supply chain and financial management, and obtaining technical assistance for a business plan, the company hopes to regain its market share.

III. Funding

A. ADF Contribution

The financial plan for ADF's contribution is set forth in Appendix A-1 (Budget) to this Agreement. The parties may make changes to the financial plan without formal amendment, if such changes are in accordance with Article 7 of the Agreement and does not cause ADF's contribution to exceed the obligated amount specified in Article 3, Section 3.1 of the Agreement.

B. Grantee Contribution

The company, as a going concern, will contribute its corporate assets to the project in the form of a plot of land, building, plant and machinery, furniture, and motor vehicles worth TSh 125,575,000. In addition, the company will contribute the services of its managing director, production and marketing manager and an accountant.

IV. Project Goal

The project goal is to increase income of the Tanzanian farmer.

V. Project Purpose

The purpose of this project is to improve Moselmach's prospects for sustained expansion as indicated by the development of a comprehensive five-year business plan that ADF deems suitable for funding by a donor or other financial institution.

VI. Outputs

Improved management and operations

- New supply contract forms will be prepared by a legal expert that will be the basis of the company's supply chain relationships.
- Moselmach will have a newly renovated storage shed so raw materials can be stored under cover until utilized or sold.
- Moselmach will have a newly furnished office for conducting daily business. This will include a new desktop computer, printer, and accounting software.
- Moselmach staff will have new job descriptions identifying new roles and responsibilities tied in to the new business plan.
- Moselmach will have written administrative and financial procedures.
- Moselmach will have a comprehensive business and marketing plan to guide it to improved revenues.
- Moselmach will have a written accounting manual to improve its financial management and internal controls.
- Moselmach will have Tanzania Bureau of Standards certification to attract additional customers through the reliable quality standards that it signifies.

VII. Major Activities to be funded under the Agreement

A. Strengthening Management

Moselmach will hire an administrative assistant, an accounts assistant (cashier), a sales officer, and a procurement officer to improve financial and marketing management and the supply chain.

B. Training

- Moselmach Board of Directors, management and staff will be trained on organizational structures, decision making, responsibilities and accountability for effective management.
- Moselmach staff will be trained on ADF accounting procedures
- Moselmach staff will be trained on new accounting software and the new computers to be installed.
- Moselmach's management team will visit raw material suppliers and sign new supply agreements.

C. Technical Assistance

- Moselmach will hire a consultant to conduct a comprehensive market study to enhance its marketing strategy.
- Moselmach will hire a consultant to prepare a corporate business plan to make the company more competitive and responsive to the changing needs of the feed industry.
- Moselmach will hire a consultant to undertake a management study of the organization in order to identify its strengths and weaknesses.
- Moselmach will hire a consultant on business management practices to improve management structures, procedures, systems, cash management, receivables, payables, inventories, pricing and costs.
- Moselmach will hire a consultant to study the accounting and financial management in order to improve financial management and internal controls and prepare an accounting manual.

D. Marketing and Chain Supply Improvements

- Moselmach will attend the 2007 Dar es Salaam International Trade Fair to promote its products.
- Moselmach will market its products at a farmer's day or selected product fair.
- To enhance marketing efforts, Moselmach will print promotional calendars, diaries, t-shirts, leaflets, and other promotional material.
- To improve production capacity, Moselmach will purchase a large supply of maize grain, oilcakes, fishmeal, minerals, vitamins and other nutrients to increase its production.

VIII. Roles and Responsibilities of the Parties

Moselmach is a private limited liability company. The managing director of the company is responsible for managing day to day activities of the company. The company will work in close collaboration with consultants, legal advisors, and suppliers of raw materials, equipment and furniture. ADF's Partner organization, CSDI, will assist in identifying qualified persons to carry out the market study, management and computerization training, accounting manual and business plan development. CSDI will also work closely with Moselmach to identify qualified staff for the business.

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 provide the Partner input for the project Monitoring plan, which will include the establishment of annual targets for the performance indicators. 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.