

**PROJECT DESCRIPTION****International TanFeeds Feed Production and Marketing****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**

International TanFeeds Limited (TanFeeds) produces and markets animal feed in the Morogoro Region of Tanzania. TanFeeds would like to take advantage of unmet demand for animal feeds; however, lack of working capital, outdated and obsolete technology, inadequate storage space, weak management capability, and low marketing capability prevent the company from capitalizing on the market demand.

**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 8 of the Agreement and do not cause ADF's contribution to exceed the obligated amount specified in Article 4, Section 4.1 of the Agreement.

**B. Grantee Contribution**

TanFeeds will contribute land and the time and skills of its staff in the implementation of the Project.

**IV. Project Goal**

The goal of the Project is to improve the standard of living and economic welfare of the rural poor in Tanzania.

## V. Project Purpose

The purpose of the Project is to increase the income of TanFeeds and its employees and suppliers as follows.

- A. TanFeeds' net income (before taxes and depreciation) will change from TZS 103,362,696 in the Project's base year to:
  - 1. TZS 97,000,000 in Year 1;
  - 2. TZS 119,000,000 in Year 2; and
  - 3. TZS 152,000,000 in Year 3.
  
- B. Total salaries and wages paid to workers (full time and part time) will change from TZS 18,059,600 in the Project's base year to:
  - 1. TZS 18,059,600 in Year 1;
  - 2. TZS 32,000,000 in Year 2; and
  - 3. TZS 34,000,000 in Year 3.
  
- C. The value of raw materials purchased from farmers will increase from TZS 256,823,800 in the Project's base year to:
  - 1. TZS 350,000,000 in Year 1;
  - 2. TZS 470,000,000 in Year 2; and
  - 3. TZS 582,000,000 in Year 3

## VI. Project Outputs

By the end of the Project period, the capacity of TanFeeds to process and market animal feeds will increase as evidenced by the following.

- A. The number of total farmers supplying raw materials will increase from 300 farmers in the Project's base year and Year 1 to:
  - 1. 400 farmers Year 2; and
  - 2. 500 farmers Year 3.
  
- B. The number of women farmers supplying raw materials will increase from 120 farmers in the Project's base year and Year 1 to:
  - 3. 160 farmers Year 2; and
  - 4. 200 farmers Year 3.

- C. The volume of animal feeds produced will increase from 1,015 kilograms in the Project's base year to:
1. 1,200 kilograms in Year 1;
  2. 1,500 kilograms in Year 2; and
  3. 1,800 kilograms in Year 3.
- D. TanFeeds' sales revenue will increase from TZS 437,938,500 in the Project's base year to:
1. TZS 518,000,000 in Year 1;
  2. TZS 695,000,000 in Year 2; and
  3. TZS 862,000,000 in Year 3.

## VII. Project Activities

TanFeeds will ensure the following major activities are completed with the assistance of consultants where necessary.

- A. Improve the management and institutional capability of TanFeeds by:
1. training TanFeeds' board of directors and management team on good governance and business management skills;
  2. increasing access to market information and improving communication with buyers through acquisition of appropriate office equipment;
  3. identifying additional distribution channels and developing promotional materials and improved packaging to increase the TanFeeds brand name awareness and quality;
  4. purchasing a truck to obtain raw materials from the smallholder farmers and to deliver finished products to customers; and
  5. establishing a more professional leadership core by recruiting and paying association staff.
- B. Institute improved financial and operating procedures by:
1. hiring a finance administration officer to manage the financial accounting system and handle the finances of the association; and
  2. developing accounting processes and roles specifically tailored to the operations of TanFeeds through the procurement and use of accounting software.
- C. Improve production systems by:
1. constructing an animal feeds processing factory so that TanFeeds can expand its production activities;
  2. acquiring modern processing equipment and hiring a technical assistant to install the equipment and train staff members to operate the machinery;

3. purchasing protective clothing for the production staff to ensure their safety during the production process;
4. establishing a revolving loan fund for farmer inputs and registering a savings and credit cooperative society (SACCOS);
5. mobilizing the smallholder farmers and assisting them to register their groups; and
6. establishing various smallholder farmer supply contracts.

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

ADF's Partner in Tanzania will provide the standard ADF training in bookkeeping, monitoring and assessment. TanFeeds is responsible for ensuring the proper management and implementation of the Grant. The ADF Partner in Tanzania will provide TanFeeds with technical and management assistance during implementation.

### **IX. Monitoring and Evaluation**

ADF's partner in Tanzania will closely monitor the activities of the company to ensure proper reporting, adherence to the Project implementation plan by the company and movement towards the achievement of Project objectives. The Partner will continuously assess risks and take remedial action as needed. Monitoring by the Partner will be an important aspect of the on-going coaching and advisory service. The Partner will review quarterly reports to ADF and will submit comments and observations to the management of the company as part of the on-going performance assessment.