

PROJECT DESCRIPTION**Community Fish Farming Project****Uganda****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 Kalecheru Rural Development Initiatives Cooperative Society (KARDI) is a member cooperative that serves subsistence farmers in the Pallisa District of Eastern Uganda. KARDI has limited options for income generation activities due to the area's remoteness, insecure food supply and past civil strife. KARDI has been promoting and developing fish farming in the Kakoro community, but is constrained by a lack of capital needed to access quality fingerlings, fish feed, equipment and technical expertise in aquaculture and accounting practices.

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 4, Section 4.1 of the Agreement.

B. KARDI's Contribution

KARDI will use the total value of its assets, currently valued at Ugandan Shillings (UGX) 46.8 million, for the implementation of this Project. KARDI will contribute labor for pond rehabilitation and continue meeting operating costs, which include the wages of four security guards, and the costs of protective clothing for the farmers, stationery, office renovation and fuel for a generator and compacting machine. Operating costs are valued at a minimum of UGX 15,000,000 annually.

IV. Project Goal

The goal of the Project is to improve the living standards of the people of Pallisa District.

V. Project Purpose

The purpose of this Project is to increase the income of KARDI's members and its employees as follows.

- A. KARDI's adjusted net income (before taxes and depreciation) will initially drop from the current baseline of UGX 1,580,000 to UGX (27,000,000) in Year 1 but then increase to:
 1. UGX 22,000,000 in Year 2; and
 2. UGX 49,000,000 in Year 3.
- B. The total amount of dividends that KARDI pays its members will increase from zero in 2008 and Year 1 to:
 1. UGX 6,000,000 in Year 2; and
 2. UGX 19,000,000 in Year 3.
- C. KARDI's payroll will ncrease from UGX 600,000 in 2008 to:
 1. UGX 10,200,000 in Year 1;
 2. UGX 10,914,000 in Year 2; and
 3. UGX 11,677,900 in Year 3.

VI. Outputs

By the end of the Project period, the following will have been accomplished.

- A. Increase in KARDI's sales revenues from UGX 7,500,000 in 2008 to:
 1. UGX 48,000,000 in Year 1;
 2. UGX 104,000,000 in Year 2; and
 3. UGX 157,000,000 in Year 3.
- B. Increase in the number of rehabilitated fish ponds from zero in 2008 to:
 1. 8 in Year 1; and
 2. 11 in Year 2 and Year 3.
- C. Increase in the number of KARDI's members from 106 in 2008 and Year 1 to:
 1. 128 in Year 2; and
 2. 139 in Year 3.

VII. Activities

The Project will involve the following activities.

- A. Improved production and operations by:
 1. rehabilitating eleven fish ponds;
 2. constructing a water reservoir and kiln;
 3. procuring all the necessary equipment for fish farming and the efficient transportation of fish harvest to market;
 4. hiring a fisheries specialist to provide expertise to KARDI on increasing the quantity and quality of fish harvested;
 5. hiring an assistant farm manager to oversee fish farming operations; and
 6. hiring an accounts assistant to improve financial management.

- B. Improved technical capacity in both production and management by:
1. training KARDI's members in commercial aquaculture practices, fish smoking, and fish pond management, with the help of an aquaculture specialist;
 2. conducting a market study on smoked and fresh fish and developing a marketing plan which includes a detailed pricing structure; and
 3. training KARDI's executive committee in good governance and group dynamics.

VIII. Roles and Responsibilities of the Parties

ADF's Partner, UDET, will provide KARDI the standard ADF training in bookkeeping, monitoring and assessment.

KARDI will be responsible for ensuring that there is proper management and implementation of the Project. The executive committee and members will provide labor, particularly during pond rehabilitation and other fish farming activities like sampling and harvesting. UDET will provide KARDI with technical and management assistance during the implementation of the project.

IX. Monitoring and Evaluation

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

X. Other Implementation Issues

KARDI will complete the process of obtaining legal title to the land being used for the fish farming operation.

KARDI's management will secure a trading license with the local authority and provide a copy to ADF.

ADF's financial assessment questionnaire will be administered at the end of the first year of the Project. Until that time, disbursements for equipment and supplies should be third-party payments to the fullest extent possible.