

PROJECT DESCRIPTION**Shibani Eggs Development 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

Shibani Multi-Purpose Cooperative is a cooperative owned by 102 members who are rural Swazis based in Nfontjeni, the northern Hhohho region of Swaziland. The Cooperative members operate from one main chicken house where the primary income generating activity is the sale of eggs locally to individuals, retail and wholesale outlets in the region.

Shibani Multi-Purpose Cooperative has identified that poultry production is one of the fastest growing agricultural sub sectors in the country and that there is an increasing demand for eggs in the country. The Cooperative has determined the need to address their lack of adequate accounting and management systems, limited business skills, their limited understanding of market opportunities and outdated infrastructure that is in need of repair.

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. Grantee Contribution

Shibani Multi-Purpose Cooperative will contribute the land where the Cooperative operates, a poultry house, equipment such as battery cages, feeders and water pipes, office equipment consisting of 5 chairs and 4 tables, and an egg grading machine.

IV. Project Goal

The goal of this project is to improve the standard of living of poor poultry producers living in the northern Hhohho region of Swaziland.

V. Project Purpose

The purpose of the project is to improve Shibani Multi-Purpose Cooperative'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

A. Improved technical capacity as evidenced by:

1. percentage of broken eggs will decrease from a baseline average of 1.62 % to 1.0 % by the end of the Project; and
2. the mortality rate of layers will decrease from a baseline of 10.5 % to 7 % by the end of the Project.

B. Improved management capacity as evidenced by:

1. a functioning and active Management Committee meets quarterly to assess management implementation progress and address implementation constraints impeding operational efficiency and progress;
2. the management team routinely utilizes financial documents produced during the Project in making financial and management decisions for the cooperative; and
3. production of financial statements from the financial and accounting system that include monthly income, balance sheet and cash flow statements, consolidated quarterly and annual statements, adequate financial controls, accounting procedures, policies and systems that will be capable of being audited by an independent accounting or audit firm.

VII. Activities

A. Technical Capacity Improvement:

1. Shibani Cooperative will purchase feed for four months allowing the Cooperative to improve its cash-flow position. Feed will be purchased during the first four months of the Project.
2. Shibani Cooperative will install a drainage system in the poultry house to remove stagnant water beneath the chicken cages to be completed by month six of the Project.
3. **NEED TO ADD IN BUDGET:** Shibani Cooperative will purchase feed troughs to replace the existing old troughs currently being used. The purchase of the troughs will be complete by month six of the Project.

4. Shibani Cooperative will implement a cooling system in the poultry house with roll-up curtains and lights to be completed by month nine of the Project.
5. Shibani Cooperative will purchase and begin operating a 530 liter freezer for storing slaughtered chickens at the end of the laying period. The freezer will be purchased and be operational by month nine of the Project.
6. Shibani Cooperative will rehabilitate the existing borehole to ensure a consistent clean water source for the chickens. Rehabilitation of the borehole will be completed by month nine of the Project.
7. Shibani Cooperative will conduct study tours to two similar poultry enterprises to get a better understanding of the industry and best practices. Study tours will be completed by the end Project year 1.

B. Business and Financial Management Improvement:

1. Shibani Cooperative will hire a project coordinator to manage the daily management of the Cooperative. The project coordinator will be hired by month three of the Project.
2. Shibani Cooperative will hire a full-time bookkeeper to manage the financial accounting and reporting of the Cooperative. The bookkeeper will be hired by month three of the Project.
3. ~~WILL NEED TO INCREASE BUDGET:~~ Shibani Cooperative will provide the necessary equipment for its office by purchasing two computers, a printer, a flash drive, 2 computer desks, 8 visitor chairs, a lock box and a filing cabinet. The office will be fully equipped by month three of the Project.
4. Shibani Cooperative members and management staff will attend workshops in group dynamics and basic business management to be completed by month six of the Project.
5. The five management committee members, the project coordinator and bookkeeper will be trained in computer literacy, basic business management and basic financial management. Training in these areas will be completed by month nine of the Project.
6. ~~WILL NEED TO ADD TO THE BUDGET:~~ Shibani Cooperative will hire a consultant to train the bookkeeper in financial management and develop a financial management system. The consultant will work in collaboration with the bookkeeper to document the financial procedures and controls necessary for Shibani Cooperative in a financial management manual. The consultancy will begin in month four of the Project and the consultant will provide ongoing follow-up support to the bookkeeper on a quarterly basis for the duration of the Project.

7. Shibani Cooperative will hire a consultant to develop a marketing plan that will analyze the market for poultry and eggs. Specifically, the marketing plan will conduct an analysis of prices, including price fluctuations, input costs and methods to mitigate high feed costs and distribution networks to improve Shibani's market access. The marketing plan will be developed over a four-month period beginning in month nine of the Project.
8. *l.* Shibani Cooperative members will be trained (~~VERIFY WHO GETS TRAINED~~) in HIV / AIDS transmission, prevention and treatment by the end of Project year 1.

C. Business Plan Development (~~NOT CLEAR IF THIS IS ALREADY FUNDED OR NOT~~)

l. Shibani Cooperative will hire consultant to develop, with the assistance of the management committee and project coordinator, a comprehensive 5-year business plan. The business plan will be completed three months before the end of the Project. The business plan will address the following:

1. assess the production capacity of the Cooperative including an assessment of existing infrastructure and necessary rehabilitation;
2. determine market trends using the marketing plan as a foundation and elaborate various market penetration strategies, including what groups to target and what type of marketing strategies to utilize;
3. analyze distribution networks and transportation cost of bringing inputs to the Cooperative and getting products to market;
4. determine cost effective methods to reducing the dependency on purchasing feed sensitive to droughts such as having the Cooperative grow its own feed for the chickens;
5. provide an assessment of the management team's ability to manage the business and financial aspects of the organization and any additional training that may be needed;
6. design a profitable and sustainable business model using the study tours conducted during the Project and research from other similar sized successful poultry enterprises as a basis for the design;
7. provide 5-year production and profit and loss projections using production, costs and sales trends current during formulation of the business plan as a baseline; and
8. include any other additional analysis that will prepare the organization for expansion and sustained growth, to be determined during the design process of the business plan and implementation of this Project.

VIII. Roles and Responsibilities of the Parties

The staff and management of Shibani Multi-purpose Cooperative are responsible for the management and the proper implementation of the Project. Regional Excellence Development Initiative (REDI), ADF's partner in Swaziland, will provide training in the areas of standard ADF bookkeeping, monitoring and assessment. REDI will also provide technical assistance and management assistance during implementation of the Project, including the management of the revolving loan fund.

IX. Monitoring and Evaluation

ADF's Partner in Swaziland will closely monitor the activities of Shibani Multi-Purpose Cooperative to ensure proper reporting, adherence to the Project implementation plan by the Cooperative and movement towards the achievement of Project objectives. The Partner will continuously assess risks 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 Shibani Multi-Purpose Cooperative as part of the on-going performance assessment.

PROJECT DESCRIPTION

Shibani Eggs Development Project

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II. Background

Shibani Multi-Purpose Cooperative is a cooperative owned by 102 members who are rural Swazis based in Nftonjeni, the northern Hhohho region of Swaziland. The Cooperative members operate from one main chicken house where the primary income generating activity is the sale of eggs locally to individuals, and to retail and wholesale outlets in the region.

Shibani Multi-Purpose Cooperative has determined that poultry production is one of the fastest growing agricultural sub-sectors in the country and that there is an increasing demand for eggs in the country. The Cooperative has identified the need to address its lack of adequate accounting and management systems, limited business skills, limited understanding of market opportunities, and outdated infrastructure that is in need of repair.

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

Shibani Multi-Purpose Cooperative will contribute the land where the Cooperative operates, a poultry house, equipment such as battery cages, feeders, and water pipes, office equipment consisting of five chairs and four tables, the cost of buying layers at the end of each cycle, and an egg grading machine.

IV. Project Goal

The goal of this project is to improve the standard of living of poor poultry producers living in the northern Hhohho region of Swaziland.

V. Project Purpose

The purpose of the Project is to improve Shibani Multi-Purpose Cooperative'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

- A. Improved technical capacity as evidenced by a decrease in the mortality rate of layers from a baseline of 10.5 percent to 8.5 percent by the end of the Project.
- B. Improved management capacity as evidenced by the following.
 - 1. A functioning and active management committee meets quarterly to assess management implementation progress and address implementation constraints impeding operational efficiency and progress.
 - 2. The management team routinely utilizes financial documents produced during the Project in making financial and management decisions for the cooperative.
 - 3. Production of financial statements from the financial and accounting system that include monthly income, balance sheet, and cash flow statements, consolidated quarterly and annual statements, and use of adequate financial controls, accounting procedures, policies and systems that will be capable of being audited by an independent accounting or audit firm.

VII. Activities

- A. Technical Capacity Improvement
 - 1. During the first four months of the Project, Shibani Cooperative will purchase feed to allow the Cooperative to improve its cash-flow position.
 - 2. To improve sanitary conditions, Shibani Cooperative will install a drainage system in the poultry house to remove stagnant water beneath the chicken cages, to be completed by month six of the Project.
 - 3. Shibani Cooperative will purchase feed troughs to replace the existing old troughs currently being used. A feed tank will be purchased that will allow feed to be efficiently and centrally stored. The purchase of the troughs and feed tank will be complete by month six of the Project.
 - 4. Shibani Cooperative will implement a cooling system in the poultry house with roll-up curtains to be completed by month nine of the Project.
 - 5. Shibani Cooperative will purchase and begin operating a 530-liter freezer for storing slaughtered chickens at the end of the laying period. The

freezer will be purchased and be operational by month nine of the Project.

6. Shibani Cooperative will rehabilitate the existing borehole and purchase a water tank to ensure a consistent clean water source for the chickens. Rehabilitation of the borehole will be completed by month nine of the Project and a water tank will be purchased by month ten of the Project.
7. Shibani Cooperative will conduct study tours to two similar poultry enterprises to get a better understanding of the industry and best practices. Study tours will be completed by the end of Project Year 1.

B. Business and Financial Management Improvement

1. Shibani Cooperative will hire a project coordinator to manage the daily management of the Cooperative. The project coordinator will be hired by month three of the Project.
2. Shibani Cooperative will hire a full-time bookkeeper to manage the financial accounting and reporting of the Cooperative. The bookkeeper will be hired by month three of the Project.
3. Shibani Cooperative will provide the necessary equipment for its office by purchasing two computers, a printer, a flash drive, two computer desks, eight visitor chairs, and a filing cabinet. The office will be fully equipped by month three of the Project.
4. Shibani Cooperative members and management staff will attend workshops in group dynamics and basic business management, to be completed by month six of the Project.
5. The five management committee members, the project coordinator, and the bookkeeper will be trained in computer literacy, basic business management, and basic financial management. Training in these areas will be completed by month nine of the Project.
6. Shibani Cooperative will hire a consultant to train the bookkeeper in financial management and develop a financial management system. The consultant will work in collaboration with the bookkeeper to document the necessary financial procedures and controls in a financial management manual. The consultancy will begin in month four of the Project and the consultant will provide ongoing follow-up support to the bookkeeper on a quarterly basis for the duration of the Project.
7. Shibani Cooperative will hire a consultant to develop a marketing plan that will analyze the market for poultry and eggs. Specifically, the marketing plan will analyze prices, including price fluctuations, input costs, and methods to mitigate high feed costs and distribution networks to improve Shibani's market access. The marketing plan will be developed over a four-month period beginning in month nine of the Project.

8. Shibani Cooperative members will be trained in HIV/AIDS transmission, prevention, and treatment by the end of Project Year 1.
- C. Shibani Cooperative will hire consultant to develop, with the assistance of the management committee and project coordinator, a comprehensive five-year business plan. The business plan will be completed three months before the end of the Project. The business plan will:
1. assess the production capacity of the Cooperative including an assessment of existing infrastructure and necessary rehabilitation;
 2. determine market trends using the marketing plan as a foundation and elaborate various market penetration strategies, including what groups to target and what type of marketing strategies to utilize;
 3. analyze distribution networks and the transportation cost of bringing inputs to the Cooperative and getting products to market;
 4. determine cost effective methods of reducing the dependency on purchasing feed sensitive to droughts, such as having the Cooperative grow its own feed for the chickens;
 5. provide an assessment of the management team's ability to manage the business and financial aspects of the organization and any additional training that may be needed;
 6. design a profitable and sustainable business model using the study tours conducted during the Project and research from other similar sized successful poultry enterprises as a basis for the design;
 7. provide five-year production and profit and loss projections using production, costs, and sales trends current during formulation of the business plan as a baseline; and
 8. include any other additional analyses that will prepare the organization for expansion and sustained growth, to be determined during the design process of the business plan and implementation of this Project.

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