

PROJECT DESCRIPTION**Mabuo Small Stock and Piggery Farm 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

AEET, ADF's partner in Botswana, began working with the Babina Tshipa Development Association (BDA) in November 2006 using the Participatory Development Methodology-Community Initiatives (PDM-CI) process. The process involved mobilizing the community in Mabuo village to identify priority needs and potential solutions, and to engage in development initiatives to address those needs. The community identified high unemployment as the most important problem facing the village. To address this issue, the community has decided to undertake small stock (sheep and goats) and piggery production for sale. However, the Association lacks the financial resources and managerial capacity to undertake these activities.

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

Babina Tshipa Development Association will finance office expenses and salaries of the Association after Project Year 1. In addition, BDA will contribute the labor of its members and a farm on which the small-stock and piggery activities will take place.

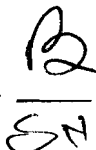
IV. Project Goal

The project goal is to promote participation of Botswana in the social and economic development of their communities and to improve the standard of living of small-scale farmers in the Central District of Botswana.

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V. Project Purpose

The purpose of the Project is to increase the incomes of Babina Tshipa Development Association and selected members of Mabuo Village, as demonstrated by the following.

- A. BDA's income (before taxes and depreciation) will increase from a baseline of Botswana Pula (BWP) 0 to BWP 4,135 in Project Year II.
- B. After Year I of Project implementation, the participating community members' income from small stock and piggery production will increase from a baseline of Botswana Pula (BWP) 0 to BWP 19,200 in Project Year II.

VI. Outputs

- A. Increased capacity of BDA to raise and sell small stock and pigs as measured by the following increases in production volume and gross revenues.
 - 1. Small Stock Production and Sales Revenue
 - a. The number of goats and ewes produced and raised to a sellable size and weight will change from a baseline of 0 goats and 0 ewes to:
 - i. 60 goats and 60 ewes in Project Year I; and
 - ii. 90 goats and 90 ewes in Project Year II.
 - b. BDA's projected annual gross revenues from the sale of goats and ewes will change from a baseline of Botswana Pula (BWP) 0 to BWP 85,600 in Project Year II.
 - 2. Piggery (Porkers and Weaners) Production and Sales Revenue
 - a. The number of weaners and porkers produced and raised to a sellable size will change from a baseline of 0 weaners and porkers to:
 - i. 200 weaners and 140 porkers in Project Year I; and
 - ii. 220 weaners and 160 porkers in Project Year II.
 - b. BDA's projected annual gross revenues from the sale of weaners and porkers will change from a baseline of BWP 0 to:
 - i. BWP 275,000 in Project Year I; and
 - ii. BWP 330,000 in Project Year II.
- B. Increased capacity of BDA to support and coordinate community development projects, as demonstrated by the following.
 - 1. BDA's management routinely utilizes documents produced during the Project, such as quarterly bank reconciliations, budget expenditures, profit and loss statements, balance sheets and cash flow statements in making

financial and management decisions regarding how to advance income generation activities.

2. 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. Capacity Building

BDA will focus on capacity building activities in the first six months of the project, especially on training to meet the financial management needs of the association. The financial systems of the association will then be assessed after the first six months of the project as to its ability to obtain financial certification.

B. Production Activities

1. Through a participatory process the residents of Mabuo Village identified unemployment, poverty, poor health, and lack of financial resources as major problems in their community. Village members decided the establishment of a small stock and piggery farm would help them address these problems. This Project will provide BDA and the community the resources to establish and maintain the farm.
2. BDA will organize small stock and piggery production project participants into two distinct interest groups, and will provide overall management and coordination of the interest groups. Specifically, BDA will coordinate production related activities such as bulk collection and distribution to market places and identification of markets. The small stock production group will sell live animals while the milk produced will be consumed by interest group members and their families. The piggery production group will raise piglets from sows and boars and sell porkers and weaners at market.
3. In addition, the following activities will be undertaken to achieve the production and sales outputs.
 - a. Small Stock Activities
 - i. BDA will purchase 200 female goats and sheep, and nine bucks and rams for breeding purposes. It will construct ten kraals (four for breeding stock, four small kraals for kids, and two for non breeding stock) to manage the breeding and rearing process of the goats and sheep.

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- ii. BDA will train the small stock members in husbandry and management.
- iii. BDA will ensure proper disease control of the small stock by constructing and utilizing a dip tank and purchasing and utilizing medicines.
- iv. BDA will develop a basic marketing system for the small stock products including transport to market and advertising.

b. Piggery Activities

- i. BDA will purchase 120 piglets a year to feed for the production of porkers. They will also purchase 13 boars and 130 sows a year as breeding stock to produce weaners for sale. For proper rearing of the pigs, BDA will purchase and utilize the necessary tools, equipment, feed and medicines.
- ii. BDA will purchase the materials and construct a piggery shelter with water to house the pigs.
- iii. BDA piggery members will be trained in piggery management and husbandry.
- iv. BDA will develop a basic marketing system for the porkers and weaners including transport to market and advertising.

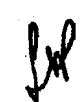
C. Increased capacity of BDA to coordinate community development projects through the successful continuation of the PDM-CI process.

1. BDA will hire a facilitator to work closely with the Executive Committee and Association members and continue to work with AEET through the PDM-CI process to guide the growth of the organization and its capabilities and expand village participation in BDA. The facilitator will manage and ensure that Project activities are implemented.
2. BDA, with the assistance of a technical expert, will complete a business plan and marketing strategy that will guide the growth of the small stock and piggery production and determine the most cost-effective method of further expansion.

D. Increased Management Capacity

1. BDA will recruit a qualified bookkeeper who will be trained in financial management to perform the routine bookkeeping functions, generate financial reports and financial statements, and develop appropriate financial procedures.

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APPENDIX A

2. BDA will hire technical assistance providers to train the facilitator, bookkeeper and executive committee on financial management and business management.
3. BDA will hire a chartered accountant on a short-term contract to work closely with the bookkeeper to develop appropriate financial accounting procedures, policies, and systems that comply with ADF guidelines and meet the Grantee's needs as well as ensuring timely and accurate financial reporting.

VIII. Roles and Responsibilities of the Parties

The staff and elected leadership of Babina Tshipa Development Association are responsible for the management and the proper implementation of the Project. AEET, ADF's PDM-CI Partner in Botswana, will provide training in the areas of management, ADF reporting, corporate and cooperative governance, and business planning. The Partner will also provide technical assistance to the members and leadership in those areas.

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. 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.

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