

PROJECT DESCRIPTION

Fate Hood Tobane Fodder Production Project

Botswana

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

Fate Hood Association (FHA) is a community-based organization in the Mmadinare sub-district in Central District, Botswana. FHA supports affiliated economic interest groups composed of marginalized women, youth, and farmers seeking to engage in income generating activities. A group of small crop farmers in Tobane village in FHA has identified fodder production as a profitable enterprise. There is strong demand for fodder because the market currently does not provide enough fodder for the local dairy industry. Dairy farmers in the Mmadinare Marketing Cooperative Society Limited (MMSCL) have agreed to purchase fodder from FHA, but FHA is currently unable to capitalize on this opportunity because it lacks financial systems, management capacity, and equipment.

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

FHA will cover the salaries of the management team after month 12, provide the agricultural land, and contribute labor.

IV. Project Goal

The goal of this Project is to improve the standard of living of the rural poor in the Central District of Botswana.

V. Project Purpose

The purpose of the Project is to improve the revenue of FHA and the incomes of participating members, as evidenced by the following.

- A. The net income of FHA (before taxes and depreciation) will change from a baseline of Botswana Pula (BWP) 0 to:
 - 1. BWP -33,129 in Project Year 1; and
 - 2. BWP 26,521 in Project Year 2.
- B. The total annual income earned by participating members will increase from a baseline BWP 0 per year to:
 - 1. BWP 18,000 by the end of Project Year 1; and
 - 2. BWP 79,200 by the end of Project Year 2.

VI. Outputs

- A. Improved financial capacity of FHA as evidenced by the following:
 - 1. FHA management routinely uses documents produced during the Project, such as quarterly bank reconciliations, budgets, profit and loss statements, balance sheets, and cash flow statements in making financial and management decisions; and
 - 2. FHA establishes a financial and accounting system that produces financial statements including monthly income, balance sheet and cash flow statements, consolidated quarterly and annual statements, and has adequate financial controls, accounting procedures, policies, and systems that meet international audit standards.
- B. Improved fodder production capacity, as evidenced by an increase in fodder production from a baseline of 0 tons per year to:
 - 1. 8 tons by the end Project Year 1; and
 - 2. 16 tons by the end of Project Year 2.
- C. Improved marketing capacity, as evidenced by FHA secures a contract with one additional major buyer of bulk fodder projects.

VII. Activities

- A. Financial Management Activities
 - 1. FHA will hire a bookkeeper by the end of month four of the Project. The bookkeeper will be responsible for setting up internal control systems, recording financial transactions, and reporting the financial status of FHA to the Board of Trustees.
 - 2. FHA will hire a consultant with expertise in financial management on a short term contract to work closely with the community members, the facilitator, and the bookkeeper to develop appropriate financial accounting procedures, policies and systems that will ensure timely and accurate financial reporting, with the intent of having financial systems capable of receiving financial certification from ADF by the end of the Project. The consultant will hold a participatory

workshop with group members to ensure that members acquire a deeper understanding of the procedures. The consultant will work with the FHA bookkeeper to document the financial systems developed in a financial management manual. Once the financial system is in place, the consultant will provide follow-up training where necessary and assess the implementation of the financial system by conducting quarterly visits to FHA. Financial systems will be established by the end of month six of Project Year 1, and follow up services will be provided on a quarterly basis for the remainder of the Project.

B. Community Management Activities

1. FHA will hire a project facilitator by the end of month four of Project Year one. The project facilitator will be responsible for arranging training sessions, coordinating equipment purchases, conducting regular meetings with the Board of Trustees, overseeing infrastructure construction and upkeep, maintaining a strong relationship with MMCSL and other stakeholders, and ensuring that project implementation benefits all project participants.
2. FHA will establish a fully functional office with computers, office furniture, and electricity connectivity by month six of the Project. The management and members will receive training in computer literacy by month seven of the Project.
3. FHA will hire a consultant to conduct participatory development workshops with community members. During the workshops, the consultant, with input from the community, will create a community management strategy documenting the relationship between the Association, its individual members, and community interest groups. The strategy will establish channels for group members to participate in Board decisions, such as regular public meetings and regular elections. The strategy will also establish formal mechanisms for creating a community interest group, describe the Association's commitment to the interest groups, and detail the interest group's responsibilities to the Association, such as dues and subscriptions. The workshops will be held by the end of month nine of the Project.

C. Fodder Production Activities

1. Members will clear away brush and prepare their 40 hectare plot, using materials provided by FHA. The facilitator will arrange for the purchase and installation of an irrigation system equipped with a mobile sprinkler system covering ten hectare of the plot, and ground level pipes covering the entire plot. The field will be cleared and irrigated by month nine of Project Year 1.
2. The facilitator will arrange the lease of tractor services for initial preparation of the land, procure seeds, fertilizer, hand tools, and protective clothing for the fodder group by month six of the Project. FHA will also purchase a second-hand tractor and other equipment for use by the Association during production. Major capital purchases will be made directly to the vendor until financial systems are established and in operation.

3. The facilitator will arrange a training session for all members of the fodder production group. The training will teach best practices in fodder production, and help FHA determine the best mix of seeds, sowing and harvesting time, and farming methods. Training will be conducted by month seven of Project Year 1.
4. By the end of Project Year 1 of the Project, the facilitator will arrange for the fodder interest group to join a fodder marketing cooperative to improve market access.

D. Business Expansion Activities

FHA will hire a consultant to develop a comprehensive business and marketing plan to guide the growth of FHA. The consultant will work with the entire Association to create the plan, using participatory workshops. The plan will be complete by month nine of Project Year 2, and will address the following:

1. identify markets beyond MMCLS where FHA can sell fodder;
2. assess the relative profitability of maize, legume grass, and rye and recommend the most efficient product distribution;
3. estimate production levels required to support increased membership in the fodder interest group;
4. study potential diversification of product lines, including niche products that can separate FHA from competitors;
5. describe the development of any other income generation groups, the FHA's ability to support these groups, and any potential donors willing to fund such groups;
6. determine a fee structure for FHA services to members either through annual subscription fees, monthly fees or fee per use services;
7. consult with an agricultural expert to determine sustainable production methods necessary to ensure consistent yield of products; and
8. determine a method to track benefits to members and community members including monthly salaries, dividend payments or other services provided by FHA to vulnerable members of the local community.

VIII. Roles and Responsibilities of the Parties

The staff and management of Fate Hood Association are responsible for the management and the proper implementation of the Project. AEET, ADF's partner in Botswana, will provide training in the areas of management, ADF reporting, governance, and business planning.

IX. Monitoring and Evaluation

ADF's Partner in Botswana will closely monitor the activities of Fate Hood Association to ensure proper reporting, adherence to the Project implementation plan by the organization and movement towards 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 ongoing coaching and advisory service. The Partner will review ADF's quarterly reports and will submit comments and observations to the management of Fate Hood Association as part of the ongoing performance assessment.