

To Our Investors and Supporters,

Happy New Year! We wish everyone the best in 2015.

Everything here in Tanzania is going very well. We are both healthy, and learning more and more every day.

Thank you for your investment in our project. By investing in us, you've connected yourself to our Partners here on the ground, and the 2Seeds Network as a whole. We are all part of an interconnected, interdependent network of people committed to solving some of the world's biggest problems. Your generosity is truly making a difference.

As we finish our second quarter working in Kwakiliga, we want to formally update you on what we have been up to since our arrival in August. Guided by 2Seeds value of Resource Stewardship, we are accountable to you, our project's investors.

The following pages outline important information about the Kwakiliga Project. You can see the progress we're making, the impact we are having on our community, as well as some of the challenges we are facing. To start things off, we've begun with an explanation of what it means to be a project in the 2Seeds Network, and what our work looks like in that context.

Please don't hesitate to reach out to either of us directly with any questions or concerns you may have, or just to keep in touch! Thank you again for choosing to be part of our network.

Thank you again for your generosity and support.

Yours truly,
Brandon Smith & Jeremy Harding
Project Coordinators, 2014-2015

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2Seeds Network

As you probably recall, 2Seeds Network is a US-based 501(c)(3) nonprofit working in the Korogwe District, the Handeni District, and Dar es Salaam, Tanzania. 2Seeds leverages the innovative spirit and leadership capabilities of young adults from across the world in order to incubate community based, self-sustaining, interdependent projects in Tanzania.

The 2Seeds Network believes that [developing human capital](#) is the key to catalyzing economic growth within extremely poor communities. Guided by our values, we are creating [a network](#) of independent yet interconnected agricultural development projects built on deep partnerships within and across communities. We strive to create environments in which people can achieve their full potential and solve problems together.

Kwakiliga Project

Our work here revolves around the Kwakiliga Project, which was started in 2010.

In the rolling plains of the Handeni District, the village of Kwakiliga straddles a freshly-paved highway connecting two bustling towns. Despite easy access to resources and transportation thanks to the dozens of vehicles passing daily, village residents struggle to meet food and income needs. Scarce water, poor soil, and the oppressive heat in summer contribute to the poverty in Kwakiliga and have left the community's future uncertain.

The Kwakiliga Project works to overcome this extreme food and income insecurity by creating an environment that enables members of the community to use sustainable means to solve problems together. To do this, the project focuses on diversifying income sources, improving access to competitive markets, and decreasing dependency on uncontrollable external factors, such as rainfall.

Kwakiliga Project Partners built and maintain an integrated model that incorporates poultry keeping, crop production, reforestation, and water management. The primary source of income for Partners comes from the egg sales in Korogwe and Dar es Salaam. The income generated by these sales goes into a group savings fund intended to support the group in future growth and expansion of their business.

The cornerstone of the Kwakiliga Project's integrated approach is the group of Project Partners. These men and women have exhibited incredible strength and resilience. Even when times were hard, they did not give up on the 2Seeds Network. As the Partners learn new skills and develop their capacity as businesspeople, they are thriving in the success-enabling environment fostered by the Kwakiliga Project.

Purpose

The purpose of the Kwakiliga Project is to drive the Kwakiliga community towards food and income security through human capital development by creating an environment that enables success.

Mission

The mission of the Kwakiliga Project is to work with members of the Kwakiliga community to overcome extreme food and income insecurity. The Kwakiliga Project does not strive to solve

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problems for the people of Kwakiliga, but rather to create an environment in which members of the community can achieve their full potential and use sustainable means to solve problems together.

Vision

The Kwakiliga project envisions a Kwakiliga free of extreme poverty through the eradication of food and income insecurity via the following:

- a. Diversification of income sources and related augmentation of knowledge in crop expansion, livestock integration, and associated technologies;
- b. Improved accessibility to competitive markets applicable to the products generated in Kwakiliga;
- c. Expansion of networks, both through 2Seeds and other communities, to provide opportunity for personal and professional growth and collaboration;
- d. Decreased susceptibility to failure from uncontrollable restraints or inputs such as weather or resource deficiencies;
- e. Minimization of threats to personal health and safety through a holistic approach that integrates people, financial needs and the environment.

Impact

- Kwakiliga in total:
 - Total inhabitants: 1220 people
 - Inhabitants able to work: 170 people
- 2Seeds in Kwakiliga:
 - **Total: 11 households**
 - Number of Partners in the production group: 9
 - Number of adjacent members in the production group: 0
 - Number of experts: 2
 - Number of support partners: 0
- 2Seeds direct impact, currently: ~66 people (5.5% of community)



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Our Ups and Downs So Far

Each quarter, we have a discussion with our local partners to consider the strengths, weaknesses, opportunities, and threats of our project. While this is a good exercise for understanding the project and where it might go, the most useful parts of this thought process are the following:

- Thinking about how to address weaknesses. Can we turn a weakness into a strength? How can we focus on maximizing strengths? How can we build upon them?
- Strategizing about how to mitigate threats. Can a threat be avoided? Can some other threat be thought of as an opportunity?

This type of analysis helps us consider the “big picture” of the present state of our project, and elucidates strategies for the achievement of our project’s goals.

Project Highlights

These factors, coupled with our project activities, have led to some great moments for our partners and us. Here are a few of our favorites:

- **A Growing Business**
 - Over the last summer, our flock size more than tripled. Gradual growth is something that we emphasize here, so this major increase was somewhat of a test for our partners. So far, the flock has been doing extremely well. Chicken health has generally been good and all issues that have presented themselves have been addressed quickly and effectively. It is extremely encouraging for us, as we have the capacity to double or current flock size and now feel confident in our group’s flock management capabilities.
- **Individual Savings**
 - Before departing last summer, Amanda and Timmy set up personal savings goals with each of the partners. Financial management, both on a group and individual level has been an important aspect of the work we are doing this year, so to have two partners reach their savings goals and see those goals become reality has been extremely exciting for us. Mama Mwaka recently reached her goal and was able to build a new metal roof for her home and Mzee Adamu was able to purchase agricultural supplies!



- **Group**

- The one of

Mama Mwaka when she learned that she had reached her personal savings goal

- **Savings**

Kwakiliga Project is just two 2Seeds projects with a bank

account. Management of this bank account has been and will continue to be crucial to our success. This account now has nearly \$2,500 in it, all from profits of the egg business! We are working to set up funds within this account that will allow our partners to use this money to further expand and improve their business. This is a huge and very exciting step towards self-sustainability!

Challenges Facing the Project

There have also been a few moments when all of the pieces did not quite come together. We do our best to turn these hiccups into learning opportunities. Here are our favorite examples:

- **Market Challenges**

- Businesses of all kinds of have been struggling in the nearby city of Korogwe – where we sell most of our eggs – for months now. This downturn has had a noticeable impact on our business, as our customers are regularly cancelling orders and asking to renegotiate prices. While we have managed to move our eggs, our profits have suffered because of the weak local market.

- **Water Issues**

- Our research into a groundwater solution has raised as many questions as it has answered. It became clear to us that we will need to pursue a professional groundwater surveyor before moving ahead, though this option is very expensive and will take a long time before any results will be seen. Water is such a complex issue though, that we want to ensure that we have all of the necessary information before investing in any particular solution.

Overall

Through our ups and downs, we have stayed positive and hopeful. We trust one another, learn from one another, and recognize what an excellent opportunity for exchange this experience is. In Swahili, we say “*Kwa pamoja tunaweza!*” meaning “Together we can do it!” This is a message we’ve taken to heart.

Project Finances

As you may recall, all of the funds covering project operations and our costs of living here in Tanzania were generously donated by investors like you.



Our initial goal was to raise \$8,000 each, giving us a total of \$16,000 to cover our year. As of January 16, 2015, we've raised 99% of our goal!

However, this initial goal was created and almost completely funded before we left for Tanzania. After having lived in Kwakiliga for 5 months now, we have a better understanding of the needs of the Kwakiliga Project and can identify the necessary projects to address these needs. For the second half of our time here in Kwakiliga, we have committed to a few exciting infrastructure projects that address current threats and weaknesses of the Kwakiliga project. Due to the infrastructural and big-picture nature of our project activities, they are quite costly and we are looking to raise an additional \$4,000 in the coming months in order to finance these activities and initiatives. Below is a list of the activities with a brief description and price point:

Water: Access to a reliable and predictable source of water in Kwakiliga has always been and continues to be an issue. Seeing that our projects relies heavily on water as each coop's chickens drink an average of 40L per day and the integrated system garden is estimated to use a minimum of 80L per day, a water solution is long overdue. Thus, we have decided to approach this issue in two different ways. The first is to build water taps at each integrated system. This is a fairly large project as it involves petitioning the local water company and digging a line hundreds of meters long. However, we hope that these taps will provide a timely solution to the water issue at each integrated system. The estimated price point for the **water taps initiative is \$1,836.75**. The second solution is to contract a professional groundwater surveyor. Our hope is that the groundwater survey will lead to long-term, sustainable access to water in Kwakiliga. The **professional groundwater survey is \$421.69**.

Storage: As we increased the flock size this past summer, we did not take into account the increased strain the storage of more eggs and more food would put on the individual families that house the integrated system. As of now, the expectation is that eggs and food will be stored in the homes of these families. However, many of our partners' homes are built to house their family and not to store large amounts of food and eggs. Therefore, we are beginning construction of three 10ft x 12ft storage units at the homes of these partners, specifically designed to house up to 300 trays of eggs and 15 bags of food. We have recently completed one storage unit, and estimate that, together, the two other **storage units will cost \$722.89**.

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Brooders: Currently, we receive each new flock of chickens full grown only weeks away from laying. Before this point however, we pay a local agricultural inputs shop owner with the proper equipment to raise the chickens. Taking yet another step towards becoming an independent business, we will build chicken brooders so that we can raise the baby chickens ourselves. We are extremely excited to build these brooders as it will ensure that each chick will have the proper amount of space to grow up to be happy, healthy, and egg-laying chickens. The **new brooders project is estimated at \$1,265.06.**

In summary, we have set a new fundraising target of **\$4,000** in order to fund the water solution, storage, and brooders initiatives. Stayed tuned for more details, as this fundraising campaign will look a little different than our last!

We are happy that you have trusted us with your contribution in the past, and we want to emphasize that every donation, no matter the size, makes an important difference in the work that is being done with our partners. Our work is never finished, and we appreciate any additional support that you may be able to provide.

Financial Accountability

Financial accountability is a cornerstone of our project work. During each of our monthly meetings with our fellow PCs, we check our numbers with our financial accountability partners. We compare pricing and expense trends, and ensure all of us are on the right track.

Every month, we budget our funds and track our expenses. This is useful not only to see where our money has gone, but also as a tool to project our status through the coming months for the rest of our time in Tanzania.

To give you an idea about where your invested money has gone, here are a few of our major expense categories. We've included sums from when we arrived through January 16, 2015, monthly averages, plus our forecasts through July, 2015 (the end of our commitment here).

Project-Related Expenses

Category	Year to Date	Monthly Average	Forecast through July, 2015	Forecasted Total
Project Training	\$0	\$0	\$0	\$0
Project Travel	\$303	\$58	\$318	\$621
Project Supplies	\$1,449	\$201	\$873	\$2,322
Project Investments	\$20	\$5	\$3,552	\$3,572
Totals	\$1,772	\$264	\$4,743	\$6,516

PC Living Expenses

Category	Year to Date	Monthly Average	Forecast through July, 2015	Year Total
PC Food	\$754	\$133	\$732	\$1,486
PC Transportation	\$566	\$90	\$498	\$1,063
PC Occupancy & Rent	\$1,212	\$21	\$113	\$1,325
PC Telephone & Net	\$196	\$41	\$224	\$420
PC Supplies	\$284	\$51	\$279	\$563
Totals	\$3,012	\$336	\$1,845	\$4,858

Other Major Expenses

Category	Total
Round Trip Airfare	\$3,848.26
Supplemental Airfare	--
Visas	\$800
Vacations	\$1,390.44
Insurance	\$1,000
Vaccinations	--
Totals	\$7,038.70

If you are interested in seeing a more detailed breakdown of our project expenses, personal expenses, and budgets, do not hesitate to ask. The numbers above have been consolidated and simplified for the purposes of this report.

Monitoring & Evaluation: Goals & Metrics

Goals and metrics provide shared focus, structure, and motivation to everyone engaged in the development of 2Seeds projects. This includes our local Partners, our 2Seeds colleagues, and us. Our project goals are the guideposts that direct us towards the fulfillment of our projects' missions, and realization of our projects' visions. We use the 2Seeds monitoring and evaluation model to set goals and track metrics.

Short-Term Goals (1 year)

In January we worked together with our Partners to set our project's short-term goals. These goals will be relevant from February 1 of this year through January 31, 2016, or in other words our Quarter 3 and Quarter 4 plus our successors' Quarter 1 and Quarter 2.

Short Term Goals

1. **Water**

- ❖ To establish a system for getting sufficient amounts of water to the three chicken coops to satisfy the needs of the chickens (30L per coop per day) and the garden (80-100L per garden per day) by the short rainy season (Oct. 1, 2016). To decrease the daily demand for water needed in the garden by: a) using a more intentional system of irrigation, b) using water-saving planting techniques and c) selecting crops that have lower water demands. These systems will be implemented for the start of the short rainy season.

2. **Egg Quality**

- ❖ Implement systems, such as changing the chicken feed, that do not negatively impact the health of the chickens or their laying capabilities in order to produce consistently high quality eggs, particularly with regards to color, taste and freshness.

3. **Transportation**

- ❖ Develop a consistent weekly transportation plan for transporting eggs by December 1, 2016 that includes the following details: 1) collection on the same day of every week with 84% consistency 2) transportation same day as collection with 100% consistency 3) mode of transportation determined by number of boxes being transported and 4) contact information for multiple drivers of each type of transportation with predetermined costs.

4. **Market Access**

- ❖ Ensure that we have market access to: 1) sell all of our eggs within 4 weeks of being laid by July 2015 2) sell each tray at an average price of 9,000 shillings by July 2015 and 3) foster agreements with 6 buyers in Korogwe that buy at least 75% of weeks and 3 buyers in Dar that buy at least once a month by April 15, 2015.

Short-Term Goal Strategy

After many years of failed agricultural-based projects and inconsistent rains, the Kwakiliga Project has found success in the integrated system. The egg business is currently the foundation of the project, capturing the most focus and energy from PCs and partners. We continue to make strides towards building the capacity of all partners and specifically the leadership roles so that the business can be independent and self-sustaining in the near future. The success (namely profit and the group savings account) and consistency of the business allows us to think about expansion of the business as well as consider the integrated system as a whole. Although there is still much to do pertaining to the egg business, the business is stable. Therefore, more focus should be given towards improving the integrated system as a whole. Thus far, the garden component of the integrated has been neglected for two reasons: a) the lack of water and b) a focus on the egg business. Going forward, a water solution should be researched and implemented and whether garden production is an income security initiative or food security initiative, partners should understand and agree with the vision of production.

Quarter 3 Goals (February to April 2015)

We are also setting our Quarter 3 goals as steps to address identified project challenges through the maximization of our strengths. We've set the following Quarter 3 goals with our Partners:

Q3 Goal 1 – Income Security

To fully implement a system to change chicken feed that will not increase feed costs by more than 22%, will not cause harm to the health of the chickens and will not contain any *dagaa* (Tanzanian fish) by April 15th, 2015

Q3 Goal 2 – Food Security

To introduce basic nutrition concepts such as nutritional diversity and food preparation by February 14th that will drive a repurposing of the gardens towards food security. To select crops to plant in the gardens in time for the long rainy season that are likely to thrive in the hot Kwakiliga climate and that will provide increased nutrition.

Q3 Goal 3 – Income Security

Create a system of tracking the dates on which eggs were laid by February 13th, 2015, with the goal of attaining 85% each month of Q3.

Q3 Goal 4 – Human Capital Development

In order to build the capacity of the Treasurer (Mama Gillah) and Market Coordinator (Mzee Rubeni), by May 1st all current egg sales information that is kept by PCs will also be kept by either Mama Gillah or Mzee Rubeni including: 1) Eggs Collected 2) Eggs Sold 3) Weekly Revenue and 4) Transportation Costs.

Supplementary Sales and Investment Analysis

Below is an analysis of the group's egg production, sales, group savings and individual profits between September 2014 and January 2015. More detailed documents and descriptions are available upon request. We hope you enjoy this glimpse into the kinds of financial impact of our partners' participation with 2Seeds.

Egg Production & Market Management

Egg Production from September 2014 through January 2015

Average number of eggs produced month: **7,040**

Average number of eggs produced per subgroup per month: **2,134**

Total number of eggs produced: 31,110

Sales Figures from September 2014 through January 2015

Number of group sales conducted: **24**

Average expense per sale: **\$9.41**

Average expense per subgroup per month: **\$12.55**

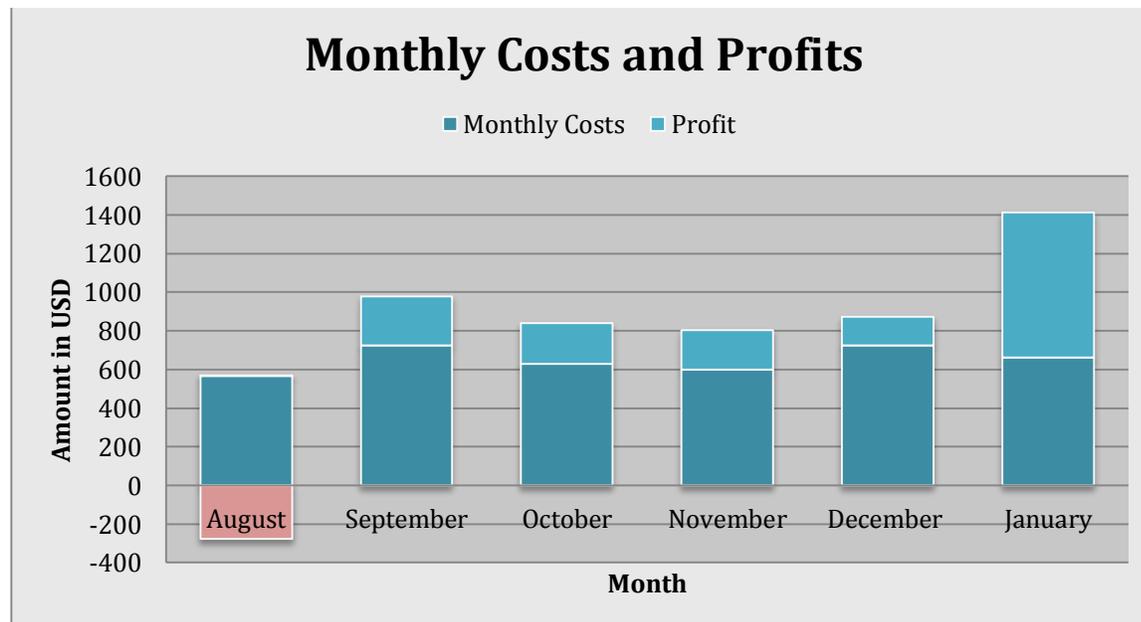
Total sales expenses: \$188.25

Total amount of eggs sold: 28,110

Average revenue of a single sale: **\$242.62**

Average revenue per subgroup per month: **\$322.19**

Total group sales revenue: \$5,121.99



Note: Monthly costs usually include, but are not limited to, the costs of chicken feed, vitamins, egg transportation, water, and medicine.

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Group and Individual Savings

Opened in May of 2015, the group savings fund is intended to lessen the risks associated with an unpredictable egg market and support the group in future expansion. Currently, 70% of each month's profit goes directly into the group savings account. We are in the process of designing a system that consists of several relevant sub-funds (Emergency, Inputs, Expansion, Market Research, etc.) to ensure that the money we have saved is being used properly. On top of the joint group savings account, each individual partner has an individual savings goal and an associated individual savings fund. At the end of each month, all of our partners share 30% of the month's profit. Of their portion of the profit, they decide how much of it they want to put towards their savings goal and the remaining amount they receive in cash. Our partners are so committed to their individual savings plans that almost all partners choose to put 100% of their individual profit into savings every month. The individual funds are kept safe in the bank with the group savings fund. Since both of these funds are kept in the same location, proper record keeping is essential.

Project Investments

Egg Boxes

The markets in which we sell our eggs are not located within the village of Kwakiliga, making transportation a crucial aspect of our business. To ensure that our eggs safely get where they need to go, we use padded egg boxes built by a local craftsman. When we arrived in August, the group had four egg boxes, capable of carrying a total of 25 trays at a time. With our increased flock size capable of producing over 65 trays of eggs each week, it became clear that we would need to invest in more boxes. Our very first project investment was five new egg boxes, bringing our total carrying capacity to 70 trays at a time.

Egg Storage Units

Another need borne of our increased production, we decided that investing in high quality, durable storage units for our eggs, chicken feed, egg boxes and all other supplies was necessary to alleviate the burden on partners to use their homes for storage. The storage units will also improve the shelf life of the eggs, protect them from rats and accidental breakage and make it easier to monitor freshness. Due to the nature of the construction process, it is impossible to know what the total investment will be, but we estimate a cost for three storage units (one at each coop) of \$1,175.

Social Media

Following the Kwakiliga Project

This investor report reflects some of the foundations, framework, and progresses of our project. If you want a closer look, and to stay connected to our day-to-day operations and advances, connect to our project through our social media outlets.



We try to tweet frequently from our project site, as cell reception and internet connectivity allow. You can follow the Kwakiliga Project here, <https://twitter.com/Kwakiliga2Seeds>. Don't forget to tweet @Kwakiliga2Seeds, and tag #2Seeds!



In addition, we periodically write blog posts about everything from important developments in the project, to our next quarter's goals, to our new friendships in Kwakiliga. You can read our thoughts here, <http://thekwakiligaproject.wordpress.com/>.



The hub of all of this activity is the Kwakiliga Project's Facebook page, here <https://www.facebook.com/KwakiligaProject>. Like us, refer us to your friends, and follow our activity. We love staying connected.

For more personal thoughts, you can follow us on our individual outlets. We both post pictures on Instagram and you can find our pages here: [Jeremy's Instagram](#) & [Brandon's Instagram](#).

Keeping up with 2Seeds

Please take a look at the 2Seeds Network's social media pages. You'll find content relevant to all of the projects, network-wide initiatives, corporate activities, recruitment, and more.



Frequent updates from the ground in Tanzania and from the US. You can follow the 2Seeds Network here, <https://twitter.com/2SeedsNetwork>. Don't forget to tweet @2Seeds Network, and tag #2Seeds!



Look to the corporate blog for posts about strategy, developments, and other content related to 2Seeds and its work. You can read the 2Seeds corporate blog here, <http://2seedsnetwork.wordpress.com/>.



Find pictures, links, and more on the 2Seeds Facebook page, here <https://www.facebook.com/2seedsnetwork>. Like it, refer it, and keep up with the progress of 2Seeds.



See pictures from the ground of PCs and Partners on the 2Seeds Instagram here, <http://instagram.com/2seedsnetwork>.