

Dear Investors and Supporters of the Magoma Project,

We hope your spring is off to a nice start. We cannot believe it is already time to send you this Year End Investor Report, and that our time in Magoma is coming to a close. Thank you for your investment in the Project. We are so proud of what we have been able to achieve with our Partners here and are excited to share it with you. By investing in us, you've connected yourself to our Tanzanian Partners here on the ground and to the 2Seeds Network as a whole. We are all part of this interconnected, interdependent network of people committed to solving some of the world's biggest problems. Your generosity is truly making an impact.

As we finish our last month working in Magoma, we want to formally update you on what we have been up to since our arrival in August. Resource stewardship is one of the most important values of 2Seeds, and we are accountable to you, one of our project's investors.

The following pages outline important information about the Magoma Project. You can see the progress we have made since the last report in November as well as some of the challenges we have faced. Note the general explanations of the 2Seeds Network and the Magoma Project, as well, if you need a refresher.

Please do not hesitate to reach out to either of us directly with questions, concerns, or just to keep in touch! Thank you again for choosing to be part of our network.

Yours truly,

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Project Coordinators, 2015 – 2016

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2015 – 2016 Project Activities

Since our arrival, our Partners have already seen such progress and development towards self-sustainability. We believe that together we can set the business up for continued success. We'd like to share some of the highlights and changes we've encountered so far.

Project Highlights

- New Leadership Positions-** One of the biggest challenges facing the Magoma Project when we arrived in August was the unclear leadership structure and undefined responsibilities. In the past few months, we have identified leadership potential in key Partners, then worked to channel that potential into specific positions. In a January meeting, Partners decided on three specific positions. Mr. Bodo is now the Treasurer and Sales Coordinator, Haji is now the Production Manager as well as Inventory Manager, and Mr. Robert is our Education Correspondent. These three Partners have stepped into their roles with confidence and have been essential in professionalizing the business as we move forward.
- Collective Space-** When we arrived in Magoma, the integrated system did not yet have any space where collective activities and stored goods could be held. Inputs were kept in the same room that doubled as our isolation area for sick chickens, and office activities took place at Mr. Bodo's house. Now, with the construction of the new storage facility completed and the space furnished, we have a place to store all inputs, produced goods, and a meeting and office space. This *stoo* has transformed the dynamic of the project and given our Partners an even greater sense of ownership of the system.
- School Meals Program-** Since 2012, the School Meals Program (SMP) at Kwata Primary School has not been operational because our project was not producing enough profit to sustain the costs. Since the integrated system began producing in April, we have been steadily saving to ensure that the SMP could run without interruption in the future. Since then, we have made over TZS 882,456 (USD 401) to sustain the program, and have a system in place for the school to receive the profits dedicated to the SMP every three months, so they can have finally begin serving school lunches again. Students and parents are excited to see their hard work pay off in very tangible way.



- Best Practices Trainings-** One of the main goals of the Kwata Integrated System is the education of parents, students, and the larger community. Parents and students learn valuable skills that they are able to take home with them in order to replicate income-generating activities such as goat keeping or chicken keeping. Since January, all six of our parent leaders received formal training from local experts about each of the four sectors. The parents now know how to identify issues before they arise, how to respond to problems when they do, and how to maximize production in each of the four sectors. They then were able to pass along these trainings to the students that work at the system,



Figure 1: During a shamba training in January, Haji takes notes on crop rotation plans.

- Water Management System-** One of the greatest challenges facing smallholder farmers in the valley region in which Magoma sits is unpredictable weather, from flooding in the rainy season to droughts in the dry season. For this reason, the Magoma Project installed a drip irrigation system that could deliver water that is fertilized in the fish pond directly to the *shamba* (farm) at all points of the year. We have been troubleshooting this system since our arrival in August, and have since created a new plan to deliver water to the *shamba* more efficiently, by having it come directly from a main public water tap into a tank that will feed the drip irrigation pipes to increase water pressure and efficiency of the system. This step has been crucial in setting up the *shamba* for long-term success.

Challenges Facing the Project

- Increasing Production-** As you may notice in some of our quantitative data in the next section, production in the Kwata Integrated System has been slightly inconsistent since the beginning of production in May. Egg Production has fallen, mainly due to the aging of chickens and their natural decline of lay rate. As we invest in a new flock in the coming months, this number will ideally rise again. We are also hoping to see an increase in milk production as our female goats become pregnant and are able to give milk again. Fish production has not been measured, as the fish have been growing and have yet to be harvested. Finally, with the farm, we are confident this sector will be producing consistently now that we have installed a new water management system and can begin our crop rotation plan.

- Crop Rotation Plan-** Because of the issues with the above water management system, we have intentionally held off on replanting the *shamba* until a clear water management plan was in place. Because of this, we have yet to have a trial and error period with our new crop rotation plan before our departure in March. However, our Partners have received trainings on the importance of crop rotation plans, and we are confident in their ability to follow through on this work-intensive, yet lucrative practice.
- New Market Access-** As production increases and the business grows, we expect needing to increase and diversify our customer base, especially around goat milk. While these markets have yet to be uncovered, our Partners have expressed a confidence in their ability to reach a wider customer base around Magoma because the quality of our eggs has been established by brand recognition and word of mouth. Our Tanzanian Advisory Council (TZAC) member Mr. Bodo is also well-versed in 2Seeds’ system of Network-Wide Sales, and thus the options of selling for higher prices in either Korogwe or Dar es Salaam if necessary.
- Goat Plan-** Goats were originally introduced into the Kwata Integrated System because of their low-cost, but high potential to produce a high value product. One of the challenges the Magoma Project has recently uncovered is that our male goat has not been serving his purpose of impregnating the female goats to ensure their ability to keep producing milk. Moving forward, we are looking for ways to address this challenge, such as keeping the goats separate until certain times, or building a separate *banda* for the male goat. After the training from a local expert, our Partners know have the knowledge to address this issue head-on.
- Student Engagement-** Student engagement with the project has previously been something that has been managed by Project Coordinators in Magoma, providing a bridge between parent leaders and teachers at Kwata Primary School. As we move into a new structure for student teams, a transition of these responsibilities into the hands of parent leaders is taking place. Ideally, parents will be able to balance not only their system duties, but also the task of coordinating new student teams and keeping them engaged.



Figure 2: Mr. Bodo and student Johnny have already begun to demonstrate parent-student collaboration and engagement as Johnny joined in on one of the weekly parent meetings.

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 February 2016, we have raised \$ 18,405.18. This is 115% of our goal. We are so thankful for all you have done to help us surpass our goal.

Although we have met our fundraising goal, that does not mean we cannot continue to raise funds for the Magoma Project. We are grateful 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 my/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 been used so far, here are a few of our major expense categories. We've included sums from when we arrived through February, monthly averages, plus our forecasts through March 2016 (the end of our commitment here).

Project-Related Expenses

Category	Year to Date	Monthly Average
Project Training	\$14.55	\$2.08
Project Travel	\$66.82	\$9.55
Project Supplies	\$774.90	\$110.70
Project Investments	\$3,364.59	\$480.66
Total	\$4,220.86	\$602.99

PC Living Expenses

Category	Year to Date	Monthly Average
PC Food	\$664.98	\$94.99
PC Transportation	\$272.77	\$38.97
PC Occupancy & Rent	\$740.45	\$105.78
PC Telephone & Net	\$541.93	\$77.42
PC Supplies	\$194.57	\$27.80
Total	\$2,414.70	\$344.96

Other Major Expenses

Category	Total
Round Trip Airfare	\$3,497.17
Supplemental Airfare	\$0
Visas	\$1,247.52
Vacations	\$125.73
Insurance	\$580.42
Vaccinations	\$190.91
Total	\$5,641.75

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.

Business Goals

Group Revenue

Monthly Goal	August	September	October	November	December	January	February
TZS 650,000	TZS 419,000	TZS 442,300	TZS 466,550	TZS 473,250	TZS 397,450	TZS 316,500	TZS 256,000
% Change		5.6%	5.5%	1.4%	-16%	-20.4%	-19.1%

Group Profit

Monthly Goal	August	September	October	November	December	January	February
TZS 250,000	TZS 150,000	TZS 152,300	TZS 166,550	TZS 194,550	TZS 100,450	TZS 2,500	TZS -68,000
% Change		1.5%	9.4%	16.8%	-48.4%	-97.5%	-2,800%

Production: Eggs

Monthly Goal	August	September	October	November	December	January	February
Eggs/Chicken /month 22	Eggs 26	Eggs 25	Eggs 22	Eggs 21	Eggs 23	Eggs 19	Eggs 16
% Change		-3.8%	-12%	-4.5%	9.5%	-17%	-15.7%

Production: Milk

Monthly Goal	August	September	October	November	December	January	February
Liters/goat /day 2.5	Milk .58	Milk .63	Milk .65	Milk .62	Milk .44	Milk 0	Milk 0
% Change		8.6%	3.2%	-4.6%	-29%	N/A	N/A

Savings Deposit

Monthly Goal	August	September	October	November	December	January	February
TZS 10,000	TZS 7,500	TZS 7,615	TZS 8,328	TZS 9,728	TZS 3,273	TZS 38	TZS 0
% Change		1.5%	9.4%	16.8%	-66.4%	-98.8%	N/A

Savings Balance

Goal Balance	August	September	October	November	December	January	February
TZS 1,000,00	TZS 198,960	TZS 206,575	TZS 214,903	TZS 224,631	TZS 227,903	TZS 227,940	TZS 227,940
% Change		3.8%	4%	4.5%	2.2%	.016%	N/A

Personnel Goals

We are also working to improve business operations by building the capacity of our Partners in their roles. Here are a few updates on our work together with key Partners.

- Mr. Robert:** *Education Correspondent*, Mr. Robert is someone who the Magoma Partners have always turned to for advice. He is viewed as an expert in animal husbandry, since at his house he keeps goats, cows and chickens and he has also participated in several livestock management trainings in Magoma and Korogwe. Since stepping into the role as Education Correspondent, Mr. Robert received a personal training with a chicken expert to understand daily practices of chicken keeping and how to identify sickness in chickens. After this one on one training session, Mr. Robert returned to Magoma and led a combined chicken training to the Partners of Magoma-Kwata & Magoma-Kijango.



Figure 3: Mr. Robert demonstrates his animal husbandry skills and he performs the monthly goat washing.

- Haji:** *Production Manager*, Haji has always had a keen eye for identifying larger trends in the business operations of Magoma-Kwata. He has taken this skill and turned it into an action. During the bi-weekly meetings, Haji has started to present production numbers since the previous meeting. For example, with the chicken sector he offers the group information on the number of chickens, the number of eggs laid and the current average number of eggs being laid per chicken

per month. This allows for the parent group to get a quick and easy picture of how the production of the business is going.

- **Mr. Bodo:** *Treasurer and Sales Coordinator*, Mr. Bodo has been fulfilling his responsibilities as treasurer for a year now and has really flourished in this role. In January 2016 we had an important business meeting in which we analyzed the financial results of 2015 and distributed the Partner profits of the year. In this meeting, we presented the revenue, costs and profits in graphs. Mr. Bodo immediately started to explain the graphs to the entire group, making sure everyone could read and understand the information presented in them. His ability to keep clear records, analyze trends, and calculate monthly profits will be crucial in ensuring the continued success and proper financial management of the business' operations.

Professionalization Goals

The final focus of our yearly goals is to professionalize the business through the following means:

Input Planning and Purchasing System

Upon our arrival in Magoma, input planning and purchasing was mainly a Project Coordinator-led responsibility upon necessity and had not yet transitioned into a responsibility held by any specific Partner with any particular system. With the creation of new leadership roles, input planning and purchasing are now the responsibilities of parent leader Haji. Because of the storage facility, we are now able to purchase inputs in bulk and on a monthly or bi-monthly basis, thus reducing transportation costs.

System to Monitor Product Quality

In addition to his role as Input Coordinator, Haji is also the Production Manager. He prepares reports before meetings twice a month to present the group with two weeks' worth of production data. His responsibilities also include monitoring the quality of products and addressing quality control issues.

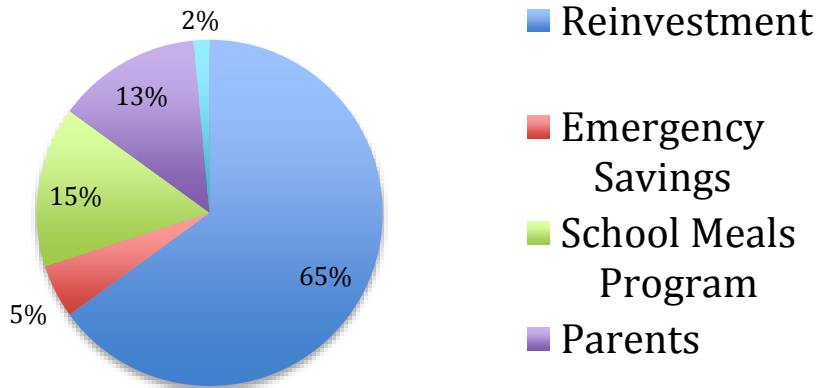
Systematized Plan to Transport Products

Currently, all products produced in the Magoma-Kwata Integrated System are sold locally in Magoma; therefore there is no necessity for a plan to transport products. However, when the business expands and potentially exceeds the sales opportunities in Magoma, Mr. Bodo is versed in 2Seeds Network-Wide Sales opportunities to sell in Korogwe and Dar es Salaam.

Financial System to Support the Business from Within

Since the beginning of 2016, we have implanting a new financial structure in order to ensure that the business will be able to support itself from within. Each month, 65% of profit is put into savings in order to reinvest the next year. For example, 65% of egg sale profits are removed to cover the cost of purchasing a new flock of chickens the following year. After that 65% for reinvestment is removed, 5% is removed for the emergency savings fund. From the remaining, 50% goes to the School Meals Program, 45% goes to Parents, and 5% goes to Students.

Financial System Breakdown



Sales Strategy to Market Final Products

Recently, Mr. Bodo was named official Sales Coordinator of all products from the system. He is the main point person that sells eggs, milk, and will sell crops and fish once they are harvested.

Collective Space to Perform Group Operations

One of the greatest accomplishments during our time here has been in creating and furnishing a full collective space for group operations. The *stoo* now operates as our home base, meeting space, input storage space, and product storeroom.

Social Media

Following the Magoma 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 Magoma Project here, <https://twitter.com/MagomaProject>. Don't forget to tweet @MagomaProject, 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 Magoma. You can read our thoughts here, <http://theMagomaproject.wordpress.com/>



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



See pictures from the ground of PCs and Partners on the Magoma Project Instagram here, <http://instagram.com/MagomaProject>.

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>.

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.

Magoma Project

- Magoma in total:
 - Total inhabitants: 5,474 people
 - Inhabitants able to work: 2,100 people
- 2Seeds in Magoma:
 - **Total: 172 households**
 - Number of students regularly involved: 135
 - Number of teachers: 20
 - Number of parents regularly involved: 8
 - Number of adjacent members: 3
 - Number of experts: 4
 - Number of support partners: 2
- 2Seeds direct impact, currently: ~688 people (~13% of community)