

PROJECT DESCRIPTION**BORAVAST Small Stock Capacity Building 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

BORAVAST Community Resource Management Trust is a community-based organization composed of the 1,500 San/Basarwa residents living in four remote neighboring villages in Southern Kgalagadi District. The San are a historically marginalized population who suffer from high levels of unemployment, illiteracy, and poverty. BORAVAST Trust has identified a high demand for mutton and live small stock, as well as karakul wool from the sheep raised in the area. Several members have sizeable herds of small stock but individual members are unable to effectively market their sheep individually. BORAVAST is unable to take advantage of the market demand because it has limited financial and business management skills, and a limited understanding of the market for wool.

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

BORAVAST will contribute a building to be used for the office. Members will contribute their technical expertise in the rearing of small stock and their labor to the completion of the Project.

IV. Project Goal

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

V. Project Purpose

The purpose of the Project is to improve BORAVAST Trust'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 institutions.

VI. Outputs

- A. Improve financial management as evidenced by:
1. 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 are capable of being audited by an independent accounting or audit firm; and
 2. the Management Team routinely utilizes the management and financial reports produced such as performance reports, budget expenditures, profit and loss statements, cash flow statements, and balance sheets in making financial and management decisions on how to move the organization forward.
- B. Improved business and community management capacity as evidenced by improved business management capacity as evidenced by a functioning and active Board of Directors that meets quarterly to assess management implementation progress and addresses implementation constraints necessary to move the organization forward. In addition, the Board meets regularly and convenes the Annual General Meeting according to its Deed of Trust.
- C. Improved marketing and operational capacity as evidenced by a letter of intent with a local abattoir or butchery to sell their breeding stock.

VII. Activities

- A. Improved Financial Management
1. BORAVAST Trust will hire a bookkeeper by month four of Project Year 1 to manage its finances. The bookkeeper will receive training on

computerized accounting software, operate the Trust's financial systems and advise the management and Board on the financial status of the Trust.

2. BORAVAST will hire a consultant who will provide support to the bookkeeper and facilitator to develop a financial management system. The financial systems consultant will create a manual of procedures that establishes internal controls and accounting policies by the end of month six of Project Year 1.

B. Improved Business Management and Governance Activities

1. BORAVAST Trust will hire a business manager responsible for the overall management of the Project. Specifically, the business manager will be responsible for coordinating training activities, overseeing the procurement of supplies and equipment, ensuring the development of the business plan and marketing strategy, and instituting studies on market and strategy development and karakul wool production. The business manager will be hired by month four of Project Year 1.
2. BORAVAST Trust will establish an office with two desktop computers, computer accessories, and office furniture. The office will be fully equipped by month six of Project Year 1.
3. The BORAVAST Board, management team, and four members will be trained in good governance by a consultant experienced with community-based organizations. The training will teach participatory development methodologies that encourage community-wide participation in decision-making processes. This activity will be completed by month seven of Project Year 1.
4. The BORAVAST Board, management team and ten members will be trained on entrepreneurship development to help members understand how to run a business. This activity will be completed by month nine of Project Year 1.
5. The business manager will work with a consultant to develop a comprehensive five-year business plan that outlines BORAVAST Trust's medium and long term growth and sustainability prospects. This activity will be completed by month 3 of Project Year 2. Specifically, the business plan will address the following:
 - a. assess the skill levels of the Trust members and describe the skills and employee levels necessary for managing small stock, spinning and weaving and wool production and costs associated with developing those skills;

- b. identify any support the Trust can benefit from, including, but not limited to, the Ministry of Agriculture and Department of Animal Health and Production;
- c. using the spinning and weaving and karakul wool feasibility studies as a guideline, determine the market demand for BORAVAST's existing and potential product lines both in the local region, in other regions of Botswana and for export;
- d. determine specific support the Trust can provide to members' individual sheep stock, including an analysis of the costs and benefits of individual versus communal ownership of the Trust's sheep;
- e. conduct a comparative analysis of the Trust's existing product, mutton, with its potential product lines, sheep wool, which includes the critical mass of sheep required to achieve economies of scale in transport and marketing and the tradeoffs between wool and mutton production to enable Trust members to decide whether to slaughter sheep for meat or maintaining them for wool;
- f. provide recommendations for the organizational structure of BORAVAST to ensure the Trust is able to assess the relative profitability of each of its products;
- g. provide market strategies for penetration into additional markets and additional product lines;
- h. determine the costs and feasibility of the Trust acquiring and developing land for small stock production as opposed to renting land;
- i. provide five-year profit and loss and cash flow analyses and determine the breakeven point for each of the proposed product lines; and
- j. determine the benefits to the members for participation in Trust activities including, but not limited to, monthly stipends, profit sharing and service provision, and provide quantifiable indicators for measuring benefits to members.

C. Operations Improvements

- 1. Beginning in month four of Project Year 1, the Trust will rent a ranch for raising the sheep. For proper management of the stock, the Trust will construct and procure two water troughs, a dip tank and kraals. The Trust

will also purchase vaccines, medicine and supplemental feed by month five of Project Year 1. BORAVAST Trust will then buy the initial breeding stock of 50 ewes and two rams required to start the Project by month six of Project Year 1.

2. BORAVAST members will receive training in sheep rearing and husbandry to improve the technical skills of members and improve their stock by month nine of Project Year 1.
3. BORAVAST Trust will hire a consultant to conduct a market study and strategy development for the spinning and weaving of karakul wool. This activity will be completed by the end of Project Year 1. Specifically, the market study will address the following:
 - a. evaluate sources of raw materials from members and other sources and sustainable supply levels;
 - b. conduct a study of the existing market demand and competition;
 - c. design an effective marketing strategy to be implemented;
 - d. analyze current member skill levels in spinning and weaving and necessary training for production of spinning and weaving;
 - e. conduct a cost-benefit analysis on the costs and potential revenues of spinning and weaving; and
 - f. determine availability and cost of alternative and appropriate technology to improve production.
4. BORAVAST Trust will hire a consultant to conduct a study on karakul wool production and marketing by the end of Project Year 1. Specifically, the study will address the following:
 - a. supply level of raw karakul wool for processing from the community and government departments in Botswana;
 - b. a cost-benefit analysis comparing the sale of raw wool or processed wool, taking into account the type and cost of appropriate technology for processing the karakul wool;
 - c. an analysis of demand at the local, regional and international markets for raw and processed karakul wool; and
 - d. an assessment of current suppliers of raw and processed karakul wool and potential competitors.

VIII. Roles and Responsibilities of the Parties

The staff and elected leadership of BORAVAST Trust are responsible for the management and the proper implementation of the Project. Enterprise Botswana, ADF's Partner in Botswana, will provide training in the area of standard ADF bookkeeping, monitoring and assessment. ADF's Partner will also provide technical assistance and management during implementation.

IX. Monitoring and Evaluation

ADF's Partner in Botswana will closely monitor the activities of the 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 action 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 the cooperative as part of the on-going performance assessment.