

PROJECT DESCRIPTION**Serule Community Pottery 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

Serule Community Resources Development Trust (SCRDT) is a legally registered community-based organization that promotes economic development for the approximately 2600 residents of Serule village. There are currently 70 active members, who have formed economic interest groups around potential income generating activities. A group of 15 women formed a pottery production group to take advantage of the high quality clay near the village. There are markets for pottery nearby in Palapye, Francistown, and Selebi Phikwe, but SCRDT lacks the institutional capacity to help the pottery group become a viable enterprise. To increase its ability to support member interest groups, SCRDT needs to improve its financial management systems, develop business and community management structures, and improve its technical capacity to support small producer groups of community members.

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

The Trust will contribute members' labor, land, and thatching grass for the pottery production and storage facility.

III. Project Goal

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

V. Project Purpose

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

- A. The income of SCRDT (before taxes and depreciation) will change from a baseline of BWP 0 to BWP 40,000 in Project Year 2.
- B. The income of the participating members derived from pottery production increases from a baseline of BWP 0 per month per member to BWP 400 per month by the end of the Project.

VI. Outputs

- A. Improved financial capacity of SCRDT as evidenced by the following:
 1. SCRDT 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; and
 2. SCRDT 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 regarding how to advance income generation activities.
- B. Improved Community Management
 1. SCRDT elects Board of Trustees according to its constitution; and
 2. The Board meets regularly and conducts an annual general meeting as evidenced by meeting minutes.
- C. Increased pottery production, as evidenced by SCRDT's pottery sales changing from a baseline of BWP 0 to:
 1. BWP 150,000 in Project Year 1; and
 2. BWP 300,000 in Project Year 2.
- D. Improved marketing capacity as evidenced by SCRDT establishing marketing relationships with at least one pottery purchaser

VII. Activities**A. Financial Management Activities**

1. SCRDT 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 SCRDT to the Board of Trustees.
2. SCRDT will hire a consultant with expertise in financial management on a short term contract to work closely with the bookkeeper to develop and document appropriate financial accounting procedures, policies and systems that will ensure timely and accurate financial reporting. 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 SCRDT. 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 an additional four quarters.
3. A consultant will train the project facilitator, bookkeeper, and the treasurer from the Board in computer literacy skills, beginning in month four of the Project.

B. Business and Community Management Activities

1. SCRDT will hire a project facilitator by the end of month four of Project Year 1. 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, developing a market strategy for the pottery group, developing a transportation strategy to ensure products get to market in a timely manner and ensuring that project implementation benefits all project participants.
2. SCRDT will establish a fully functional office with computers, office furniture, and electricity connectivity by month six of the Project.
3. By month nine of the Project, SCRDT, through a consultant, will conduct participatory development workshops with community members. During the workshops, the consultant, in concert with the community, will create a community management strategy documenting the relationship between the Trust, its individual members, and community interest groups. SCRDT members will also review the Deed of Trust during the workshops and, with the assistance of an attorney, update the Deed of Trust as necessary.
4. SCRDT will hire a consultant to train members of the pottery interest group in basic marketing and business skills. The training will focus on how to purchase and monitor inputs, formulate sales and cost plans, identify, evaluate, and penetrate pottery and clay product markets, and conduct internal monitoring. The training will take place by month six.

C. Technical Capacity Activities

1. SCRDT will construct a facility with a work shed, show room, and storage space using thatching grass supplied by the women in the pottery group by month six of the Project. The women will use the shed and storage facility to house pottery production equipment, paint, and glazes purchased through the Project.
2. SCRDT will purchase one pottery kiln and supporting equipment by month nine of the Project. SCRDT will purchase a second kiln after the need for a second kiln has been demonstrated through full use of the first kiln.
3. The women in the pottery interest group will visit a similarly-sized pottery enterprise to share experiences and learn new designs and production techniques. The visit will occur by the end of month seven of the Project.

D. Business Expansion Activities

SCRDT will hire a consultant to develop a comprehensive business and marketing plan to guide the growth of SCRDT. The business plan will be complete by month 18 of the Project, and will do the following:

1. determine the steps necessary for procuring licenses and other permits as may be required under the law;
2. assess the potential clay products that can be developed and marketed;
3. describe the skills necessary for developing each product and length of time and costs associated with developing clay production skills;
4. provide an assessment and cost of the equipment necessary for each type of clay-based product;
5. assess the management capacity of the trust in managing the clay, pottery, and other income generation activities, and the steps necessary to further develop the Trust's management skills;
6. provide an assessment of pottery activity as developed under the Project, focusing on the potential for growth, sales and production projections, and using the market study as a basis for expansion; and
7. describe the development of any other income generation groups, the Trust's ability to support these groups, and any potential donors willing to fund such groups.

VIII. Roles and Responsibilities of the Parties

The staff and management of SCRDT 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 SCRDT 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 SCRDT as part of the ongoing performance assessment.