

**PROJECT DESCRIPTION****Thamaga Pottery Enterprise Expansion 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**

Botswelelo Centre (Pty) Ltd is a community-based organization with eighteen staff members in the Thamaga village of Botswelelo that trades as Thamaga Pottery. Since its inception in 1976, Thamaga Pottery has been recognized for producing high quality ceramic tableware in Botswana. There is a strong demand for Thamaga Pottery's products, primarily from commercial crafts distributors and the tourism and hospitality industry. Currently, Thamaga Pottery has limited access to expansion and working capital, cannot purchase inputs to increase its productivity, and has inadequate management, financial, and marketing systems. As a result, Thamaga Pottery is unable to meet market demand for its products.

**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**

Thamaga Pottery will contribute its buildings, including a workshop and offices, and equipment, including three kilns, in addition to BWP 796,016 to finance (1) the purchase of machinery used in pottery production; and (2) improvement of its management, financial, and marketing, systems.

#### IV. Project Goal

The goal of this Project is to improve the standard of living of small-scale pottery producers in the Kweneng District of Botswana.

#### V. Project Purpose

The purpose of the Project is to increase the income of Thamaga Pottery and the salaries of its employees. The verifiable indicators to monitor achievement of this purpose are as follows.

- A. Thamaga Pottery's annual net income (before depreciation and taxes) changes from a baseline of Botswana Pula (BWP) -70,000 to the following:
  1. BWP -315,000 in Project Year I;
  2. BWP 40,000 in Project Year II;
  3. BWP 100,000 in Project Year III;
  4. BWP 240,000 in Project Year IV; and
  5. BWP 360,000 in Project Year V.
  
- B. The value of annual salaries paid to employees of Thamaga Pottery increases from a baseline of BWP 230,000 to the following:
  1. BWP 250,000 in Project Year I;
  2. BWP 300,000 in Project Year II;
  3. BWP 325,000 in Project Year III;
  4. BWP 350,000 in Project Year IV; and
  5. BWP 375,000 in Project Year V.

#### VI. Outputs

A major output of the Project is the increased capacity of Thamaga Pottery to produce and sell ceramic tableware. These are evidenced by increased production volumes of ceramic tableware and increased gross revenues as follows.

- A. Thamaga Pottery's production volume of ceramic tableware increases from a baseline of 11,300 units to the following:
  1. 13,300 units in Project Year I;
  2. 15,300 units in Project Year II;
  3. 17,300 units in Project Year III;
  4. 19,300 units in Project Year IV; and
  5. 19,300 units in Project Year V.

- B. Thamaga Pottery's gross annual revenues increase from a baseline of BWP 445,000 to the following:
1. BWP 415,000 in Project Year I;
  2. BWP 475,000 in Project Year II;
  3. BWP 540,000 in Project Year III;
  4. BWP 600,000 in Project Year IV; and
  5. BWP 600,000 in Project Year V.

## VII. Activities

### A. Production Improvement Activities

1. Thamaga Pottery will renovate its factory to accommodate new equipment and increased production volumes. Thamaga Pottery has engaged an architect to redesign the factory to house new equipment. In addition, Thamaga Pottery plans to renovate its infrastructure to comply with Botswana's Health and Safety Act requirements. Thamaga Pottery will renovate its roofing, flooring, and walls; partition and extend the present building structure; and upgrade its wiring. Renovations will be complete by month two of Project Year two.
2. Thamaga Pottery will purchase new equipment to prepare and decorate pottery, allowing Thamaga Pottery to increase the speed at which ceramic tableware is produced, and improve its appeal to customers. The following equipment will be purchased: a pugmill to remove air pockets in clay; a blunger/clay mixer to crush and mix coarse particles in clay; an agitator to keep clay in suspension; a vibrating electric sieve to remove unwanted particles in clay; a cast slip pump to carry clay in the slip from the agitator to the casting section; a mobile compressor to blow ceramic ware before firing; a spraying booth and extractor fan to prevent contact between dust particles and ceramic ware; two spraying guns to spray glaze onto ceramic items; an electric double door kiln to fire ceramic ware; a kiln temperature controller to regulate the performance of an existing kiln; a digital scale to weigh required amounts of clay during clay preparation; and a generator to provide an uninterruptable power supply during production times. Thamaga Pottery will purchase new research equipment to test the quality of its primary inputs and ultimately improve the quality of its ceramic tableware. New research equipment will include test tubes, flasks, chemicals, and laboratory uniforms. Prior to use, production and research equipment will be calibrated to ensure correct measurements and readings. Improved production and

research equipment will be installed, calibrated, and in use by month two of Project Year two.

3. Thamaga Pottery will purchase a delivery truck to transport raw materials to the pottery and finished materials to the marketplace. In addition, Thamaga Pottery will purchase a van to use to perform small errands in and around Thamaga village. These vehicles will be purchased and in use by month nine of Project Year one.
4. Thamaga Pottery will hire a Technical Foreman to ensure proper functioning of production and research equipment. The Technical Foreman will be in place by month two of Project Year two. Additionally, Thamaga Pottery will purchase a computer, software, and furniture for use by the incoming Technical Foreman. Equipment will be purchased and in use by month six of Project Year one.

#### B. Management Improvement Activities

1. Botswelole Centre trading as Thamaga Pottery will elect a new Board of Trustees and conduct team-building activities for its Board of Trustees. These activities will increase the quality of management by promoting a better understanding of staff roles and responsibilities, fostering a common vision of Thamaga Pottery's future, and preparing the board to lead Thamaga Pottery through its expansion. Team-building activities will be complete by the end of month nine of Project Year one.
2. The organization will undertake a formal strategic planning process to prepare for expansion of its operations. Through this process, it will develop a formalized personnel performance appraisal system, improve existing financial reporting and inventory controls, and develop a budgeting system. These new systems will facilitate the expansion of Thamaga Pottery through the next five years. Strategic planning will be completed by month twelve of Project Year one.

#### C. Marketing Improvement Activities

1. Thamaga Pottery will develop a marketing campaign to advertise its ceramic tableware within Botswana and in the regional export market. Thamaga Pottery will upgrade the quality of its packaging to enhance the presentation of its products and to promote the Thamaga Pottery brand. Representatives from Thamaga Pottery will attend trade fairs and expositions to promote their products. Finally, Thamaga Pottery will explore membership in national and

international potters' associations. Thamaga Pottery will commence these activities by the end of Project Year one.

2. Thamaga Pottery will engage a website developer to create a website for Thamaga Pottery. By the end of Project Year two, Thamaga Pottery will have hired a website developer and developed a website to market its ceramic tableware in the international market.

### **VIII. Roles and Responsibilities of the Parties**

The staff and management of Botswelole Centre (Pty.) Ltd. (doing business as Thamaga Pottery) are responsible for the management and the proper implementation of the Project. Enterprise Botswana, ADF's Partner in Botswana, will provide training in the areas of standard ADF bookkeeping, monitoring and assessment. Enterprise Botswana will also provide technical assistance and management assistance during implementation.

### **IX. Monitoring and Evaluation**

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