

**APPENDIX A:
PROJECT DESCRIPTION
KHAMA RHINO SANCTUARY TRUST (KRST) TOURISM: NAMIBIA**

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

Khama Rhino Sanctuary Trust (KRST) was registered as a non-profit Community Trust in 1992 to create a sanctuary to conserve the remaining rhinoceros population and other animal species in the Central District of Botswana and contribute income to local communities through eco-tourism activities. The Trust's membership encompasses the residents of Serowe, Paje and Mabeleapodi, whose major source of livelihood is subsistence pastoral and dryland farming. The Trust's 4,300-hectare sanctuary includes tourism facilities that generate income. Profits from the tourism business are shared with the local community. An environmental awareness education center is now fully operational and has made the sanctuary a popular destination for tourism and workshops and conferences. However, KRST has lost business due to a lack of restaurant facilities and inadequate lodging capacity during peak season.

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 7 of the Agreement and do not cause ADF's contribution to exceed the obligated amount specified in Article 3, Section 3.1 of the Agreement.

B. Grantee Contribution

KRST will contribute all existing infrastructure, as well as salary, administrative, marketing, and management costs not specifically provided for in the ADF contribution. This will include restaurant supplies, staff uniforms and bedding for the chalets to be constructed.

ADF _____

Grantee _____

IV. Project Goal

The goal of the Project is to alleviate poverty in the Serowe area.

V. Project Purpose

The purpose of the Project is to enable the Khama Rhino Sanctuary Trust to increase the profitability and sustainability of the sanctuary's tourism enterprise, increase its contributions to member communities, and increase the incomes of its employees as measured by the following.

A. Net income will increase from (P2, 669) in 2003/04 to:

Year 1: 2004/5 – (P113,201)

Year 2: 2005/6 – P50

Year 3: 2006/7 – P90, 390

Year 4: 2007/8 – P220, 467

Year 5: 2008/9 – P351, 969

B. Contributions to member communities will increase from 0 in 2003/04 to:

Year 1: P0

Year 2: P10

Year 3: P18, 078

Year 4: P44, 093

Year 5: P70, 394

C. Wages and dividends paid to employees will increase from P310, 182 in 2003/04 to:

Year 1 2004/5 – P430, 368

Year 2 2005/6 – P503, 573

Year 3 2006/7 – P542, 365

Year 4 2007/8 – P584, 109

Year 5 2008/9 – P629, 080

VI. Outputs

The Project will generate the following major outputs in order to attain the Project's purpose.

KRST's tourism facilities will be expanded as measured by the following.

Total revenues generated will increase from P1,037,616 in 2003/04 to:

Year 1: 2004/5 –P1, 231,014

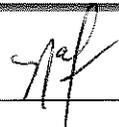
Year 2: 2005/6 – P1, 674,179

Year 3: 2006/7 – P1, 942,048

Year 4: 2007/8 – P2, 252,775

Year 5: 2008/9 – P2, 613,219

ADF



Grantee _____

The number of persons employed by KRST will increase from 23 to 31 in Year 1.

VII. ACTIVITIES

KRST will undertake the following activities to generate the Project's expected outputs.

A. Expansion of KRST tourism facilities

The Grant will enable the Grantee to establish and operate a restaurant in the sanctuary and significantly increase its lodging capacity. KRST will contract with a construction company to construct a new restaurant with the capacity to seat a maximum of 50 clients and two new four-person chalets in the sanctuary. The new buildings will be equipped with running water and electricity. Construction will be of conventional brick and mortar, and roof finishing will be thatch in keeping with the current structures already in the park. A certified electrical contractor will be hired to carry out the electrical installation. The Central District Council district technical team will be used to ensure that the buildings are constructed according to acceptable standards and to certify workmanship. Appropriate kitchen equipment, including cold storage facilities, and furniture will be procured and installed. Insurance coverage for fire and workman's compensation will be obtained and maintained, consistent with Government of Botswana regulations.

KRST will hire eight new staff members, including two chefs, to carry out all aspects of the restaurant operation. Management of the restaurant will be the responsibility of the Senior Chef, who will report to the Chief Warden. The Trust will obtain technical assistance from Lentswe Lodge to address initial start-up issues of menu development, pricing, supplies management, quality control and hygiene. Lentswe Lodge will work with KRST management and the new operations staff to generate plans, management systems, and provide training in their implementation. The restaurant will offer a range of cuisine, including local dishes and carryout meals, to meet the requirements of its international and regional clientele. The restaurant will operate seven days per week and provide three meals a day.

B. Improvement of KRST management capacity

KRST will obtain new accounting software and training for its bookkeeper from the software service providers to improve her competences. This will enable KRST to align its financial reporting systems with those of its Auditors and ADF, thereby enhancing overall cost-effectiveness of its operations. KRST will hire an accounting technical assistance provider to assist the management team with financial reporting.

Lodge staff will receive comprehensive training in catering, hotel management, and hospitality to ensure that the facility effectively meets customer needs and attains service

ADF



Grantee _____

standards consistent with industry norms. All staff will be attached to other hotels in Serowe for orientation before working at the lodge to ensure a smooth transition and to set appropriate service standards from the onset.

VIII. Roles and Responsibilities of the Parties

KRST has primary responsibility for ensuring that Project activities are properly implemented. Within KRST, the Board of Trustees has the overall responsibility for supervising and coordinating implementation. The Management Team, made up of the Chief Warden, the Assistant Warden and the Education Officer, will assist the Board.

Pursuant to Article 10 of the Agreement, the ADF Partner in Botswana will provide KRST with technical assistance and advice during the implementation of this project.

IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Grantee, working with the ADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will provide the Partner with input for the Project monitoring plan. The monitoring plan will include quarterly reporting on the Grantee's contributions for community development activities. It will also include reporting on the amount of any distributions of dividends or profits to shareholders and employees, as well as any reinvestment of profits into the business. In addition, during implementation, the committee will have responsibility for ensuring that the Project follows the implementation plan, and that problems identified through monitoring and evaluation are properly addressed in a timely manner.

X. Other Implementation Issues

KRST will open a separate non-interest bearing bank account to receive ADF funds in addition to any present operational bank account(s).

ADF _____

Grantee _____