

PROJECT EVALUATION SUMMARY (PES) - PART I

Report Symbol U-447

1. PROJECT TITLE Cottage Mohair Industry			2. PROJECT NUMBER 632-0209	3. MISSION/AID/W OFFICE USAID/Lesotho
5. KEY PROJECT IMPLEMENTATION DATES			4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) <u>632-81-2</u>	
A. First PRO-AG or Equivalent FY <u>78</u>	B. Final Obligation Expected FY <u>78</u>	C. Final Input Delivery FY <u>81</u>	7. PERIOD COVERED BY EVALUATION From (month/yr.) <u>May, 1979</u> To (month/yr.) <u>August, 1981</u> Date of Evaluation Review	
6. ESTIMATED PROJECT FUNDING			8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR	
A. Total \$ <u>3,417,659</u>			A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	
B. U.S. \$ <u>500,000</u>			B. NAME OF OFFICER RESPONSIBLE FOR ACTION	

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
1. While CARE's Planning, Implementation and Evaluation Report data sheets are extremely well done, Evaluator suggests that the narrative elements of the report be expanded upon in the future as necessary to facilitate analytical undertaking.	CARE/Lesotho	-
2. AID should continue to follow this project even though our input has ceased.	USAID/Lesotho Project Manager	-
3. AID and CARE should follow up on the proposed Winrock goat project.	USAID and CARE Lesotho	November 30, 1981

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS-NONE			10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT NA		
<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan e.g., CPI Network	<input type="checkbox"/> Other (Specify)	A. <input type="checkbox"/> Continue Project Without Change		
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T	_____	B. <input type="checkbox"/> Change Project Design and/or		
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C	<input type="checkbox"/> Other (Specify)	<input type="checkbox"/> Change Implementation Plan		
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P	_____	C. <input type="checkbox"/> Discontinue Project		

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles) Joseph P. Carney, USAID/Lesotho Project Manager	12. Mission/AID/W Office Director Approval Signature <i>Kenneth H. Sherper</i> Typed Name Kenneth H. Sherper Date 23 September 1981
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Summary

AID's participation in this activity involved a \$500,000 contribution to the \$3,400,000 Mohair Spinning Project. The Project, with support from CARE, West Germany, the Netherlands, UNICEF, and the GOL, is seeking to establish a rural income and employment generating, commercially viable scheme to spin and sell mohair yarn. The scheme involves (1) purchasing raw mohair from the Government of Lesotho Bulking Store, (2) selling the mohair to rural women who spin it into yarn, (3) purchasing yarn from the women, and (4) exporting the yarn. The women make their income by selling the yarn back to the Project at a greater price than they pay for the raw mohair. The Project derives its local income from the margin between the price paid the women for the yarn and the price fetched by the sale of the yarn on the export market.

CARE's role in the Project has been to (1) establish the central organization (57 persons) necessary to conduct operations, (2) recruit, organize, and teach the spinners, mostly women, (3) find the markets and shape the product (yarn) to meet market demand, and (4) convert the women's groups and the central organization into a primary and secondary cooperative structure capable of sustaining operations independently of outside help.

The \$500,000 from AID provided working capital for the purchase of raw mohair. The funds were provided under a two-year project agreement signed in September 1978. The Project was unable to expend the entire \$500,000 during the initial two-year period, however, because raw mohair is sold only during seven to eight months a year and, until 1981, the Project lacked adequate storage facilities to stockpile advance purchases. Consequently, a non-funded one year extension was granted and the grant has since been expended in its entirety.

The A.I.D. contribution appears to have been used efficiently and effectively for its intended purpose. The ultimate effectiveness of the A.I.D. contribution depends, however, on the effectiveness of the overall scheme. Despite a smoothly working and an imaginatively established production system, the scheme is behind schedule in reaching the break-even point on current operations. This is because a thinner but stronger yarn than the one originally produced had to be developed in order to satisfy the demands of the export market. Lack of marketing expertise slowed the development of the right kind of yarn. A strong but thin yarn has now been developed, however, and sales are increasing accordingly. The Project appears to be easily able to increase production in line with growing demand and break-even is now projected for 1983 or 1984. CARE appears to have the financing necessary to carry the Project through to that point and beyond, and has voiced its willingness to do so.

One especially encouraging aspect of the effort has been the receptivity and adaptability of the Basotho spinners to new techniques and operational methods throughout the project to date. On the other hand, complaints from spinners and Basotho Project staff (Section 23) highlight the need for Project management to take special care in informing local staff and workers with respect to the operational requirements of entrepreneurial enterprises if the Project is to be completely localized.

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14. Evaluation Methodology

This evaluation has been conducted to coincide with the conclusion of the AID funded inputs to the ongoing CARE project. The purpose is to evaluate progress to date and to comment on possible follow-up activities. Due to the new U.S. Administration's focus on the private sector, this is a timely evaluation which may give AID some insights into managing private sector activities in host countries.

The evaluation has been conducted by Lee Ann Ross, a REDSO/EA economist, with assistance from Byron Bahl and Joe Carney of USAID/Lesotho and in consultation with CARE/Lesotho and concerned officials of the Government of Lesotho. Site visits were made to the Primary Producer Co-op in St. Michael's, to a Village Level Work Facility in Ntlo-Kholo and to buying and selling activities in the village of Lifateng. Interviews were conducted with individual spinners at these sites as well as with Project staff members.

15. External Factors

A. The most important external factor affecting this project has been the sharp rise in the price of raw mohair. When the Project began, a kilogram of raw mohair cost about 3 Rands. During 1978/79, the price rose as high as 12.14 Rands while current prices vary between 6 to 7 Rands per kilogram. These price fluctuations affect the marketability of spun mohair yarn and the fluctuations have led to revisions in the Project's economic viability analyses.

B. The requirement by neighboring Transkei that the GOL receive permission from the Transkei Government and accept GOT stamps before transiting goods through Transkei effectively closed Lesotho's southern border to official GOL traffic. This forced the GOL to establish a bulking store in Maseru for raw mohair from the southern part of the country. The bulking store facilitated the Project's purchasing of raw mohair by allowing it to purchase from a central point in Maseru rather than hundreds of traders and sellers scattered throughout Lesotho.

C. Through experimentation, the Project has determined that purchasing preprocessed mohair (mohair that has been carded, combed, sorted, cleaned and blended) is more efficient than having 2,000 Basotho spinners complete these steps themselves. To meet its demands, the Project had planned to set up a preprocessing plant in Maseru. Fortunately, the Lesotho National Development Corporation in conjunction with a Durban firm has decided to establish such a plant in Maseru in 1982, thus saving the Project approximately \$130,000 in future investments costs.

16. Inputs

Donor input to the Project is coming from West Germany (\$1,434,617), Holland (\$600,000), USAID (\$500,000), CARE (\$573,042), and UNICEF (\$160,000) for a total input of \$3,267,659.* USAID funds have been used for the pur-

* GOL contributions bring the total amount to \$3.4 million.

chase of raw mohair (\$461,850) and personnel support (\$38,150). Dutch assistance has been used for administrative costs, salaries, and vehicle maintenance. UNICEF has purchased vehicles (\$80,000) and provided funds for the cooperative education courses. The West German assistance has not yet been provided, but the funds will be used when received to reimburse CARE for past expenditures in physical infrastructure and for future technical assistance. The GOL contributes approximately \$30,000 a year for 5 years for recurrent cost support. The Institute of Extra Mural Studies at the National University of Lesotho has designed and carried out the cooperative education program.

The largest problem on the input side has been the mix of technical expatriate skills provided. This is a production project which requires the marketing of a final product in order to be successful. The Project was designed without a marketing expert and marketing has been done largely on an ad hoc basis since inception (see attached list of marketing activities). The German assistance has not yet been provided although it has been under discussion since 1978. The Germans are only now recruiting a marketing expert who was originally expected in early 1980. The delay in the German assistance has set back the marketing strategy of the Project significantly. The Project was offered a Dutch marketing expert in October 1979 but CARE turned him down anticipating the imminent arrival of the German technician.

Attached to the evaluation is a copy of CARE's Planning, Implementation and Evaluation Report for FY 81 which itemizes inputs, project activity targets (outputs) and intermediate goals (purpose level). According to this report, purchases of raw mohair in FY 81 are significantly under target levels (20,602 kilograms versus 33,000 kilograms). This is largely because of overly optimistic earlier projections and sales of spun yarn due in turn to poor knowledge of and development of the yarn market.

Production and distribution of spinning wheels has kept pace with needs and they have been produced locally by the Save the Children Fund (SCF) Workshop. In 1980, 400 units had to be purchased directly from South Africa when the SCF workshop closed temporarily. This problem has since been rectified with the reopening of the SCF workshop.

There have been no problems in procurement of construction supplies. CARE has delayed building of an additional warehouse/training facility due to lack of present need. Further, the purchasing of packaging equipment is being delayed slightly while CARE identifies the proper equipment to order. These delays have had no material effect on Project progress.

Current assets of the Project include the office block in Maseru, storage facilities, equipment for dying and processing of yarn, furniture, and fixtures, vehicles and the long-term lease to the land where the facilities are located. The assets will be turned over to SISSCO at a time considered prudent by CARE/Lesotho.

17. Outputs (Project Activity Targets)

The attached list of project activity targets for FY 81 which were set in 1979 shows the following:

1. Purchase of mohair yarn (9,907 kgs) reached only 35% of target due largely to over optimistic marketing targets. Targets were based on the production of a heavier, thicker yarn than the thinner but stronger one which has proven more widely marketable, thus causing unrealistically high target figures.

2. Fewer spinners were trained in FY 81 than planned due to the desire of the project to stabilize the number of spinners at about 2,000 until new markets are established for the improved yarn. The project is currently able to market all the yarn it produces while maintaining appropriate inventories. CARE has several outstanding requests to form new spinning groups from different rural villages. The Women's Bureau indicates that as yet unmet demand is as high as 80 groups. With a total cost of about \$3.4 million for the Project, the cost per job created* about \$1700, compares favorably with the estimated cost of \$20,000 per job in the formal commercial sector. Direct comparisons are difficult, however, because the commercial sector jobs pay much more. On the other hand, the earnings of the spinners supplement subsistence earnings and allow them to stay in rural areas. The amount of income generated by each dollar invested is about the same for the Project as for the formal, commercial sector.

3. The Project marketed only 10,145 kgs of yarn in FY 81 versus a planned level of 23,915 kgs. It had been anticipated that preprocessed mohair would have been distributed to individual spinners in January 1981. This would have allowed large increases in outputs as the spinner's time could be devoted entirely to spinning. (Approximately 50-60% of a spinner's time has been spent in carding, combing, washing, etc., of the mohair. These steps are eliminated with preprocessed mohair.) Distribution of preprocessed mohair was delayed until August 1981 due to production problems in the setting of the yarn. These weren't discovered until test marketing had been undertaken.

4. Average monthly production of spun yarn is only 1.1 kg versus a planned 3 kgs. This is again due to over optimistic projections based on thicker yarn. Production should rise to 3 kgs when preprocessed yarn is distributed. Currently, it takes a woman an average of 25 to 30 hours to produce one kilo. She thus earns at a rate slightly less than does a maid working in an expatriate household. Assuming that marketing questions are resolved to permit increasing production to a profitable level, increased productivity, and consequently increased rates in income, per spinner could possibly be achieved through adoption of different kinds of spinning wheels. CARE is exploring possibilities, especially the use of a wheel from India.

5. The establishment of Primary Producer Co-operatives and the related training courses have proceeded as planned (6 out of a planned 7 were formed and the seventh is in process) but registration of these co-ops has been slow due to a reorganization of the co-operative movement within the GOL and a change of responsibility for cooperatives from the Ministry of Agriculture to

* Over fifty full time Project employees plus 2,000 spinners.

the Ministry of Cooperatives and Rural Development. The slowness in registration of cooperatives has delayed training of some cooperative managers and the implementation of a system for spun yarn collection and payment at the primary cooperative level. Even with these problems though, there were 787 co-op members added in FY 81 versus a target of 450.

6. Development of Primary Producer Cooperatives is on schedule while construction of village level work facilities has lagged due to their lower priority.

7. The registration of SISSCO (the secondary cooperative) is slightly behind schedule since seven PPC's are required by law before a secondary cooperative can be formed. The number of seven was only recently reached and the bylaws have been drafted and distributed for the formation of SISSCO.

8. Management training targets for local staff in FY 81 were only half met due to the turnover of one employee. Throughout the Project, turnover has not been a major problem although turnover of the Project Director and some accountants has been troublesome. Due to the limited quantity of skilled labor in Lesotho, the Project is always vulnerable to the problem of losing staff to other projects, etc. (See attached staffing pattern).

9. Development of a marketing research and product promotion capacity is behind schedule (60% of target) due to the lack of an expatriate advisor.

10. The number of spinners trained (1854) is 96% of the revised target (37% of the original). The number of spinners who received remedial training was on target and the retraining was necessary to acquaint spinners with changes in yarn types and to keep quality up. (The project proposal projected training of 5,000 spinners but this was revised down to 2,000 due to slow market development.)

18. Purpose (Intermediate Goals)

The CARE report lists two intermediate goals, the first "establishment of an economically viable cooperative village level production program at 14 sites involving 2,000 spinners by 1985." Indicators of this intermediate goal are:

- a) only one of seven independent co-ops is operating due to delays in registration of co-ops (see outputs);
- b) net primary co-op earnings on sales to SISSCO are as yet insignificant due to establishment of only one independent co-op to date rather than the target of four and the low production per cooperative (see (d) below);
- c) average income (profit) per kilogram of spun mohair produced by spinners is at 244% of target (\$7.33 versus \$3.00). High

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profits are due to delays in distribution of preprocessed mohair which will give lower per kilogram profit but will allow spinners to produce more per month; (the women interviewed stated that they used their income to buy food, clothes and to pay for the school fees).

- d) the low average quantity of yarn produced by PPC's compared with the level needed to attain economic viability (716 kgs versus 1800 kgs per year per co-op) is due also to the delay in distribution of preprocessed mohair. Targets were based on preprocessed raw mohair which takes less time to spin and thus produces higher output figures per month (the village level primary co-operatives achieve their income by placing a surcharge of 25c/kilogram on yarn sold by the spinners.).
- e) average net income per spinner per month is about on target at \$7.99 versus a planned level of \$9.00.

The second intermediate goal is "establishment of a national co-operative organization that supervises the primary cooperative organizations and administers national and international marketing programs". The intermediate goal is measured by the following indicators:

- a) the average number of spinners per month, 764 versus a planned level of 1073, is low because not all women participate each month. Spinning is supposed to be part-time and in many cases women don't come to buying and selling activities each month. In addition, seasonal work such as plowing, planting and harvesting may cause women's participation to vary by month.
- b) only 43% of projected sales were achieved and this is again due to low marketing, rather than limits on production capacity.
- c) the percentage margin on sales was only 39 rather than the targeted 50% due largely to discounted sales of lower quality yarns which reduced the average margin.
- d) operating losses were greater than anticipated due to the lower levels of spinning and sales. CARE will redo its projections in December 1981, to determine in what year the Project can be expected to break-even. While the design predicted a breakeven point in FY 83, it is possible that this will not be achieved until FY 84 or 85. With current margin and present expense patterns, the breakeven point is projected to be at a sales level of 35 to 40,000 kilograms per year. Projected sales for FY 82 are 24,000 kilograms, up from about 10,000 in FY 81 due to the anticipated spinning of preprocessed mohair. The Project has the capacity to handle up to about 90,000 kgs a year before further capital investment will be

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required.

- e) inputs into the SISSCO capitalization fund are 95% of estimates.
- f) eighty percent of the scheduled cooperative courses were completed. Some courses were not held due to inability to reach the sites due to weather, etc.
- g) ninety-five percent of scheduled field collections were completed.
- h, i, j) SISSCO has not yet been formed so indicators dealing with its operations were not achieved but it is expected that SISSCO will be established later in 1981.
- k) production credits granted were almost on target with \$19,685 versus a target of \$21,334 (after a spinner is trained, she receives a spinner's kit valued at \$75. She pays \$25 down, is given a \$50 production credit for the remainder, and pays off the credit from her earnings.
- l) the production credit repayments to date are 67% of the total amount given to date in credits. This is pleasing because repayments are taking place on a voluntary basis rather than making automatic deductions from the payments made to spinners for the yarn.

To summarize progress at the purpose level, it appears that the project is very well organized at the local level, e.g., spinners are being trained; mohair is being distributed, spun, collected, graded, dyed and packaged; cooperatives are being formed and credit is being made available to the spinners, staff training is taking place, etc. What is lacking the most is the development of markets to sell the mohair which is reflected in the inability of the project to fully achieve several of the above indicators. This is a failing on the part of the project designers and it has been recently rectified through the use of a marketing consultant and will be further aided by the recruitment of a German marketer.

19. Goal

A goal of the Project is to generate part-time employment opportunities in the rural areas and increase the average per capita net income of 2000 rural spinners to \$182 per annum by 1985. The average monthly net profit of \$7.99 per month in FY 81 would equal an annual increase in income of \$95.88. This is significant progress towards meeting the goal by 1985.

20. Beneficiaries

To date, the primary beneficiaries of this Project are the 1854 spinners who have been trained under the project. These spinners, the

majority of whom are women, now possess a skill as well as the productive equipment necessary to allow them to earn a cash income. In FY 81, there were an average of 764 active spinners per month earning an average of \$7.99 per month. Obviously, the women who participate the most, benefit the most. During each trimester about 65 to 70% of the spinners participate in the program.

In addition to the earning potential each spinner now has, each person has also joined (or will soon join) a credit union and a co-op and thus each participant now has access to some form of credit as well as receiving education in the co-op movement.

Direct beneficiaries also include the managers of the Primary Producer Cooperatives who receive an income of at least \$55 per month and the staff of approximately 57 who work at the Maseru headquarters. The staff includes accountants, bookkeepers, clerks, secretaries, a counterpart project manager and an assistant project manager, drivers, mechanics, nightwatchmen, cleaners, inventory officers, procurement officers, yarn classers, field supervisors, co-op trainers, a cashier, collection team supervisors, spinning trainers, marketing officers, sales clerks, sorters, packagers, research spinner, quality controllers, a construction supervisor, carpenters and a yarn dyer.

The balance of payment situation of the Government of Lesotho has already benefitted slightly and will continue to benefit as the project increases the value of the country's mohair exports. The value added which results from the initial processing of raw mohair into yarn increases incomes in the country as well as the level of foreign exchange Lesotho earns from its resource. Hopefully, this project is just the first step in increasing the value added since potential exists for production of finished mohair products such as sweaters at some time in the future.

Through the efforts of this project and other PVO organizations, the Basotho weaving industry has benefitted from the granting of U.S. tariff concessions on woven mohair tapestries. The mohair project petitioned the United States Commerce Department asking to have hand spun mohair yarn declared eligible for duty-free import to the U.S. under the Generalized System of Preference (GSP). While this has not as yet been granted, relief was given to the tapestries and thus the Basotho producers have benefitted.

Indirect beneficiaries of the project include the local artisans at the Save the Children workshop who produced the bulk of the spinning wheels used in the project. Raw materials such as pine wood and bicycle wheel rims were procured in South Africa and assembled in Lesotho. Unfortunately, during the project the SCF workshop closed in Maseru due to management difficulties and about 400 spinning wheels had to be purchased directly from South Africa. The SCF facility has recently reopened and SCF will again be supplying spinning wheels to the project as needed.

While CARE is not directly involved in animal husbandry and grazing control, the GOL is concerned with organizing and managing such programs and considers this project an important step toward increasing farmers' awareness of the importance of improving the quality of their mohair production. This is due largely to the project's high visibility in the mohair producing areas of the country. Up until recently, the project allowed spinners to supply their own mohair if they wished. Due to the declining quality of this mohair, the project has been forced to eliminate this option and now requires that all raw mohair be purchased from the project. Hopefully, this lesson in the results of declining mohair quality will not be lost on the livestock producers. Most of the women interviewed on the field trips complained about no longer being able to supply their own mohair but were also becoming more and more aware of the importance of proper goat breeding practices and their effects on the quality of mohair.

21. Unplanned Effects

The project is very popular among the rural spinners with the unanticipated result of many new spinners being trained informally by their sisters and colleagues. In St. Michael's, CARE originally trained 20 people. There are now more than 200 spinners in the St. Michael's

group as a result of this informal transfer of skills who are producing the same quality of yarn as the spinners trained under the Project.

22. Lessons Learned

A. The most important lesson learned from this project is that a project which seeks economic viability as a purpose needs leadership which is business oriented and a staff which possess the proper mix of business skills. The greatest constraint this project has of course been the lack of a marketing expert as a permanent staff member. The handspun mohair produced under this project is the only handspun mohair marketed in the world - it is unique product. Starting such a project without marketing assistance from someone familiar with yarn marketing has caused difficulties. Due to the lack of such expertise, it has only been in the past year that the project has developed a yarn which is acceptable to the Western markets.

Efforts are being taken to recruit a German marketer and upon his arrival a plan for upgrading and training of the local staff in the marketing department should be formulated. The project depends heavily (45-50%) upon a single market in Swaziland with other exports to Europe and two markets in the U.S. (the development of these U.S. markets have resulted from the work of a marketing consultant who originally visited Lesotho to assist the AID-funded FRIDA project). The project has very small local sales and is making efforts to expand in the South Africa market. Clearly, more efforts in market diversification are needed.

Preapproval review of the CARE proposal by AID's OSARAC office in Swaziland highlighted the lack of marketing expertise but the files do not indicate that any action was taken to address the problem. Future project reviews which indicate this problem should be acted upon.

B. This is a rather sophisticated project which will require a well trained local staff to take over. CARE anticipates a probable longer term need for a marketing advisor and a textile technician but CARE expects that the other management functions will be able to be turned over approximately on schedule. This aspect of the project will have to be carefully monitored and evaluated in the future to determine when successful turnover can take place.

C. While it is somewhat premature to recommend follow-on projects since CARE's project involvement will not end until 1984 at the earliest, there are possible activities which could be undertaken simultaneously to complement the project.

The project has found a continued and rapid decline in the quality of Basotho mohair production. Production has fallen from over one kilogram per Basotho goat to under one kilogram during project implementation. South Africa average yields are as high as 4 kilograms per goat. The declining quality of the mohair is one of the reasons the project no longer allows spinners to provide their own mohair. Since the project is dependent upon a local resource which is declining

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in quality and quantity, it would seem timely and logical to pursue a project which would improve the quality of the goat herds. CARE has already been discussing the problem with the Winrock Foundation and project formulation has been discussed.

A project which addresses the quality and quantity problems of the Angora goats would mesh well with AID's existing Land Conservation and Range Development thrust, its efforts in rural training and manpower development and its concern for women in development issues. Since 95% of the spinners are women and since the quality of Basotho mohair production directly impacts upon the spinning operations, a good case could be made for the use of WID funds in any possible goat improvement project.

23. Special Remarks

This is not a typical project for either AID or CARE. The establishment of an economically viable business venture is not the forte of either organization. The challenge of setting up such a venture is further exacerbated by the tremendous breadth of the cultural differences between the rural spinner on the one hand and the discriminating Western buyer who is purchasing an expensive luxury good on the other hand. The Basotho producer of the yarn has virtually no concept of the quality required for the end use of the product. This makes the job of producing and distributing the products doubly difficult for the people who work in the Maseru operation. In addition to all of the technical skills which have to be transferred before the project can become self sustaining, an acute appreciation for the demands of the end use in the Western cultural environment must also be transferred. The mohair yarn is not simply a "handicraft". Developing a cognizance of the quality demands on the rural spinners and the Maseru staff must be achieved before CARE can successfully withdraw. This may take some extra time but it is probably a requirement for future successful operations of the Lesotho homespun mohair business.

One of the few criticisms heard of the project related to communications between management and the staff and between the staff and the spinners. One staff member complained of "top down" management and indicated a desire for more open discussion of major policy decisions. He felt unable to transmit policy changes which he had little input into and which in some cases he did not believe in to the rural spinners. In a few villages there had apparently been some miscommunications regarding the system used to repair spinning wheels and regarding the change in policy away from allowing the women to use their own mohair for spinning. It is probable that these miscommunications with the spinners are in some way related to some of the staffs' dissatisfaction with aspects of the management style. The staffs' dissatisfaction with the management style is also likely due to cultural differences in management styles and views of entrepreneurial efforts and is a topic which project management may need to reflect upon. Imparting entrepreneurial values is a very difficult exercise and it is a problem faced by all business undertakings in Lesotho.

Unlike many other "employment" projects in Lesotho, the mohair spinning effort is working towards creating permanent jobs. Food for Work roads, rural works activities, etc. are capable of providing only temporary employment opportunities. It should be noted that the project is very highly regarded by the government officials which the evaluation team interviewed. All the officials had a very solid understanding of the project and were positive in their praise for the activity.

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MOHAIR YARN
MARKETING ACTIVITIES

1. The Commonwealth Secretarial Report "An Investigation into the Marketing and Sales Potential for Handspun Mohair Yarn in Selected European Markets", August 1977 by J.B.M. Evans.
2. Consultants in Development Report "Study of the U.S. Market for Lesotho Mohair Yarn", April 1978.
3. Reports of Lesotho Trade Mission to Europe, August/September 1978, Mrs. Jean Frisbie, PCV assigned to LHM was a Mission Participant.
4. Benny Dembitzer report on Marketing visits to France, Switzerland and Italy, June 1979, on behalf of LHM.
5. Report of Lesotho Trade Mission to Europe, June 1979, Mr. Zola Nqini, LHM Marketing Officer was a mission participant.
6. Report of Monroe Gilmour, LHM Administrative Officer, Marketing trip to Europe, February 1980.
7. Report on Marketing Lesotho Handspun Mohair Yarn in the United States by George Millard, July 1980.
8. Report of Monroe Gilmour, LHM Administrative Officer, Marketing trip to Europe, August 1980.
9. Report of Simon Taylor, LHM Technical Advisor, on U.S. Marketing visits with George Millard, May, 1981.
10. R.S.A. Marketing Campaign to contact all yarn distributors, June 1981.

EXHIBITION OF LHM YARN

September	1978	Swaziland
March	1979	Johannesburg
February	1980	Cologne, Germany
May	1981	Bloemfontein, R.S.A.
June	1981	Cape Town, R.S.A.

A permanent display is installed at the Trade Promotion Unit Office in Maseru.

Persons contacted during the course of the Evaluation:

CARE Mohair Spinning Project

- Mr. Marshall French - Director
- Mr. Justice Ntlhabo - Counterpart Director
- Mr. Simon Taylor - Technical Advisor
- Mr. Sol Poee - Construction Coordinator
- Ms. Susan Khotso - Classer
- Mr. Tello Fosa - Driver/weigher

Government of Lesotho

- Mr. M.P. Sejanamane - Senior Economic Planning, Prime Minister's Offices
- Mr. V.P. Machai - Rural Development Coordinator, Ministry of Co-ops and Rural Development (MCRD)
- Ms. Mofokeng - Planning Department, MCRD
- Ms. Lengoasa - Planning Department, MCRD
- Mr. E.P. Moeketsi - Acting Commissioner of Co-ops, MCRD
- Mr. H. Roelfser - Trade Promotion Unit
- Mr. Lebohang Molapo - Director for Women and Youth Affairs
- Mrs. M. Mokokoane - Women's Bureau

Others

- The Women of the St. Michael's, Ntlo-kholo and Lifateng spinning groups
- Ms. Judy Gay - Renewable Energy Technology Project and WID resource person
- Mr. Joe Carney, USAID/Lesotho
- Mr. Byron Bahl, USAID/Lesotho
- Mr. Ken Sherper, USAID/Lesotho

LCCUL (Lesotho Cooperative Credit Union League)

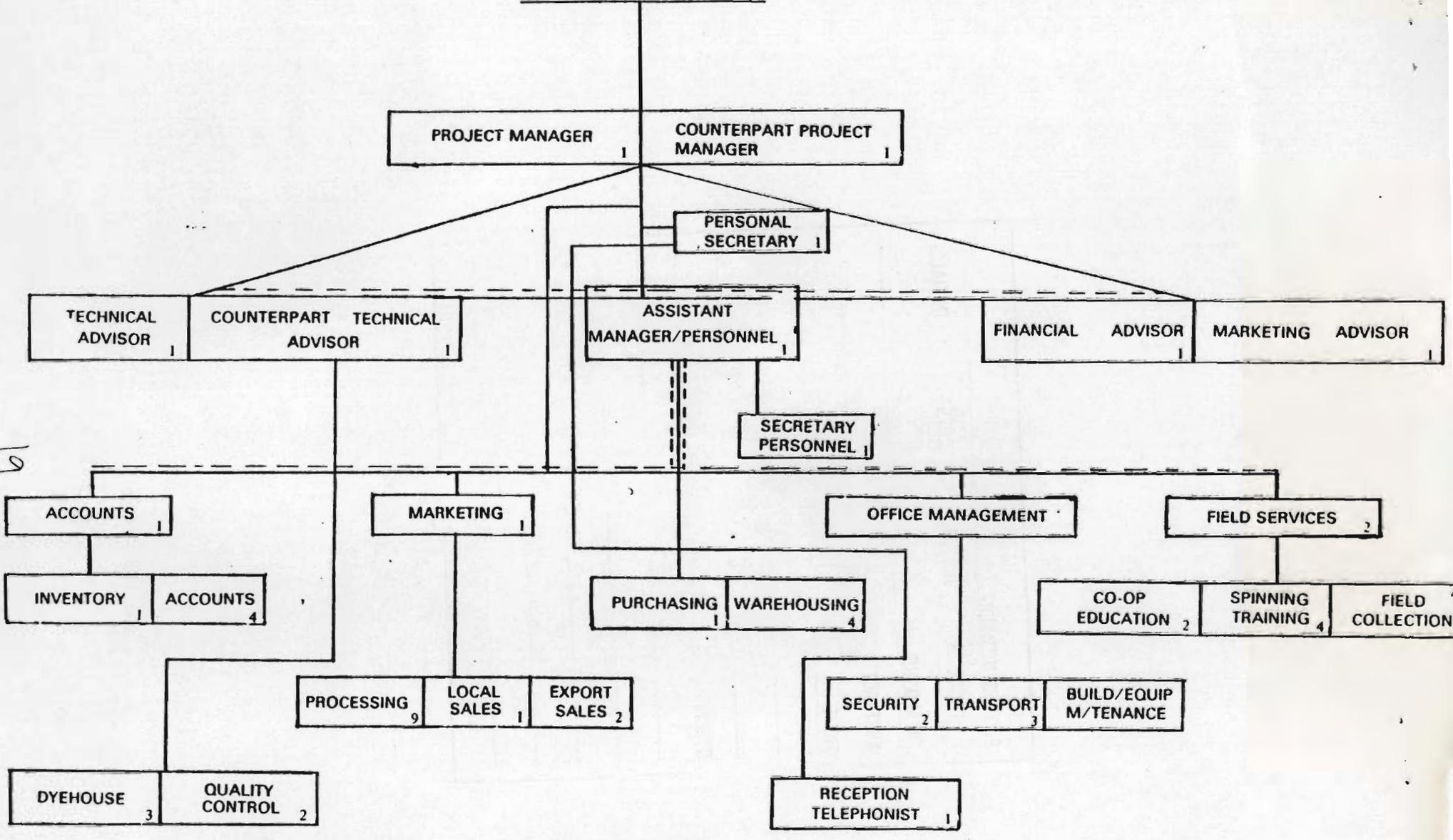
- Mr. Bohloa - General Manager
- Mr. Mokhesi - Field Manager
- Mr. A.T. Lelala - League Technician
- Mr. Dale Magers - Management Advisor

	TOTAL			REMARKS
	Plan	Actual	Deviation	
INPUTS:				
Purchase of Mohair (Kgs)	33,000	20,602	12,398	Approximate Cost \$188,714 (a) 6,066 kgs of tops included.
Supply locally made Spinning Equipment Kits.	400	266	134	
To arrange production credit for Kits (\$).	21,334	21,631	297	
Level of SISCO inputs (\$).		163,628	-	
Construction Materials for PPC (Units).	5	5	-	
Construction Materials for VLWF (Units).	20	2	18	
Construction Materials for Warehousing/ Training facility.	100%	-	100%	1 Unit
Operational Grant for Primary Coop Managers (\$)	6,000	1,980	4,020	
Pre-processing and dry cleaning equipment for Secondary Cooperative (\$).	\$130,000	-	-	
• Packaging equipment for Secondary Coop (\$).	35,000	-	35,000	Probably not needed.
PROJECT ACTIVITY TARGETS:				
• Purchase Spun Yarn from participants (Kgs).	28,050	9,907 ³⁵	18,143	
• Train Spinners.	400	266	134	
• Market Spun Mohair Yarn (Kgs).	23,915	10,145	13,770	Approximate Sales Value \$212,8
• Carryout programme of Cooperative Education and formation of Primary Producer Cooperatives for registration (Coops).	7	6	1	Total Regi- stration 8.
• Train Primary Production Coop Managers.	3	2	1	
INTERMEDIATE GOALS:				
• Establishment of an Economically viable Cooperative Village Level production Programme at 14 sites involving 2,000 spinners by 1985.				
INDICATORS				
• Number of independent Operating Primary Coops	7	1	6	Cumulative No of Cooperative
• Net Primary Coop Earnings on Sales to SISCO /LHM (Average \$ per Unit).	546	26	520	
• Average income (profit) per kg produced by spinners (\$).	3.00	7.33	4.33	
• Average quantity of yarn produced by Primary Cooperative compared with level needed to attain Economic viability.	1,800 kgs	716	1,084	Average for registered co- ops.
• Average net income per participant per month. (\$)	9.00	7.99	1.01	

	TOTAL			REMARKS
	Plan	Actual	Deviation	
INPUTS:				
1. Equipment for Primary Production Cooperative Offices. (\$)	\$4,435	1,323	- 3,112	
2. F+F+E Equipment for Secondary Cooperative. (\$).	25,565	13,598	- 6,567	
3. GOL Administrative Support (\$)	35,385	43,911	+ 8,526	
4. UNICEF Training Support (\$)	27,000	12,337	- 14,663	
5. IEMS Training Support (\$)	3,473	720	- 2,753	
PROJECT ACTIVITY TARGETS:				
1. Implement a system for Spun Yarn collection and payment at primary cooperative level.	4	1 ^{LS}	- 3	Thaba Tseka PPC
2. To Equip Primary Producer Cooperatives.	5	3 ^{LS}	- 2	Sets of Office Equipment
3. To register SISSCO/LHM.	1	-	- 1	
4. Management Training for two National Staff.	2	1	- 1	
5. Develop and carryout programme of market research and product promotion (%).	100%	60%	- 40%	USA Marketing Trip
6. Cumulative number of spinners trained.	1,930	1,854	- 76	
INTERMEDIATE GOALS:				
Establishment of a National Cooperative Organization that supervises the Primary Cooperative operations and administers national and international marketing programmes.				
<u>INDICATORS</u>				
a. Average number of active spinners per month.	1,073	71 764	- 309	
b. Percentage of projected sales achieved.	100%	43%	- 57%	
c. Percentage of projected margin on sales achieved. 50%	100%	N/A		
d. Actual Profit or Loss as compared to estimates.	100%	N/A		
e. Inputs to SISSCO capitalization fund compared to Estimates.	100%	N/A		
f. Percentage of scheduled cooperative course completed.	100%	80%	- 20%	
g. Percentage of scheduled field collections completed.	100%	95%	- 5%	

	TOTAL			REMARKS
	Plan	Actual	Deviation	
<u>INPUTS:</u>				
OBJECTIVITY TARGETS:				
2. Average monthly production per spinner (kgs).	3	1.1	- 1.9	
3. Number of independent primary coops.	3	1	- 2	Total since inception 1
4. Construction of VLWF's .	20 Units	2	-	
5. Construction of PPC's .	5 Units	5	-	
6. Remedial Training of active spinners.	600	601	+ 1	
7. Number of primary coops registered.	3	4	+ 1	Total since inception 8.
8. Number of registered members in primary coops.	450	787	+ 337	Total since inception 1,314
INTERMEDIATE GOALS:				
Number of approved financial and inventory systems implemented as determined by SISSCO	3	-	- 3	
Percentage of elected representatives attending board meetings.	100%	-	- 100%	
Percentage of scheduled board meetings held	100%	-	- 100%	
Production credit granted (\$)	21,334	19,685	- 1,649	
Production credit repayment rate.	100%	67%	33%	
No. of spinners participating during trimester	-	-	-	

LESOTHO HANDSPUN MOHAIR



LEGEND: _____ DIRECT REPORTING LINE
 - - - - - INDIRECT REPORTING LINE