

**PROJECT DESCRIPTION****Standard Metal Workshop Capacity Building Project****Liberia****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**

Standard Metal Workshop/Garage ("SMWG") is a limited liability partnership established in 1997 in Ganta with three active partners, four junior technicians, and seven apprentices. The workshop focuses on producing and installing metal doors, gates, and burglar bars on homes, offices, and business houses; producing and repairing farming tools such as hoes, rakes, axes, cutlasses, and cassava presses; repairing vehicles; producing and modifying spare parts; and repairing heavy duty equipment such as rice and sugar cane mills. SMWG also provides apprenticeships to youth in technical training programs sponsored by organizations and institutions such as UNDP, YMCA, LCIP and UNIDO as part of the country's rehabilitation program.

There are currently few establishments outside Monrovia that have the equipment and technical capacity to provide the services offered by SMWG. However, SMWG's lack of an adequate power source to operate its metal lathe, insufficient equipment and operating capital, and weak business and financial management skills prevent it from taking advantage of the opportunity afforded by the rapidly growing market for metal working production and repair services.

**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**

SMWG will contribute the labor of its members and employees, its workshop, and its used production equipment to the Project.

**IV. Project Goal**

The goal of this Project is to improve the standard of living of residents of Nimba County of Liberia.

**V. Project Purpose**

The purpose of the Project is to improve SMWG's prospects for sustained growth and expansion through the development of a comprehensive five-year business plan that can guide the sustainable operation and growth of the enterprise.

**VI. Outputs**

- A. Improved financial management capacity as evidenced by the following:
1. SMWG produces financial reports from financial and accounting systems that include monthly income and expense statements, cash flow statements, consolidated quarterly and annual statements and balance sheets, as well as adequate financial controls, accounting procedures, policies, and systems that will be capable of being audited by an independent accounting or audit firm; and
  2. SMWG's management team routinely utilizes financial documents produced during the Project, such as quarterly bank reconciliations, budget expenditures, and profit and loss statements, in making financial and management decisions for the group.
- B. Improved management capacity as evidenced by a functioning and active management team that meets at least monthly to assess management implementation progress, addresses implementation constraints as necessary to move the organization forward, and convenes the annual general meeting to update members on SMWG's on-going activities.
- C. Improved technical and marketing capacity as evidenced by increased sales from US\$ 19,900 to US\$24,800 in Year 1 and US\$27,225 in Year 2.

**VII. Activities**

- A. Production and Marketing Improvement Activities
1. SMWG will procure and install a 13.5 KVA generator that will enable them to power their metal lathe and provide the workshop with the capacity to do custom milling of gears and spare parts. In addition, SMWG will procure a heavy duty welding machine, assorted tools, and a stock of raw materials to expand its range and improve its quality of services and products.
  2. SWMG will hire a firm to conduct an initial worker and occupational safety survey of the workshop and design a plan to bring the workshop into full compliance with occupational safety standards. SWMG will make necessary workshop modifications to meet safety standards and implement a worker safety training program designed by the firm that will result in certification of the workshop by occupational safety officials. The survey will be initiated by month five of Project year one.

3. SWMG will identify short-term technical training opportunities with the assistance of the Partner organization for the senior technicians to upgrade their technical skills and introduce new product designs.
- B. Management and Accounting Improvement Activities
1. SMWG will hire a management consultant to work with the group's Advisory Board and management team to develop a comprehensive five-year business plan detailing opportunities for further expansion and sustained profitability of the group. The consultant will be hired by month nine of Project year one and the business plan will be developed by month three of Project year two. The business plan will:
    - a. document lessons learned from Project year one, particularly in the implementation of improved production techniques;
    - b. determine the most cost-effective ways of producing and marketing the group's products and services;
    - c. explore options for additional income generation activities for the group;
    - d. explore options for expanding employment and/or providing training opportunities for youth;
    - e. review current marketing practices, market trends and associated risks, and update the group's strategy for marketing its products; and
    - f. develop indicators that track benefits to members and the community.
  2. SMWG will hire an accounting consultant to work closely with the group's management team to develop and operate appropriate financial accounting procedures, policies, and systems. The accounting consultant will document these in a financial systems manual, including a comprehensive set of organizational policies, procedures, and internal controls. The consultant will mentor and provide training to the management team to develop their financial skills and provide training in financial principles. The accounting consultant will be hired by month three of Project year one.
  3. SMWG will hire technical assistance provider(s) to train the management team in business principles, monitoring and evaluation techniques, group dynamics, organizational development, and business entrepreneurship. The technical assistance provider(s) will be hired by month four of Project year one.

### VIII. Roles and Responsibilities of the Parties

The members and management of SMWG are responsible for the management and the proper implementation of the Project. ADF's Partner in Liberia will provide training in the areas of standard ADF bookkeeping, monitoring, and assessment. The Partner will also provide technical assistance and management assistance during implementation.

**IX. Monitoring and Evaluation**

ADF's Partner in Liberia will closely monitor the activities of SMWG to ensure proper reporting, adherence to the Project implementation plan by SMWG and progress 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 the group's quarterly reports to ADF and will submit comments and observations to the management of SMWG as part of the on-going performance assessment.