

**PROJECT DESCRIPTION****Physically Handicapped Association of Nigeria-Kaduna Capacity Building****Nigeria****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**

The Physically Handicapped Association of Nigeria-Kaduna State (PHAN-Kaduna) is an organization for the physically disabled in Nigeria's Kaduna State. The Association has trained most of its members in metal works and tailoring and the Association has been selling metal goods and clothing produced by its members.

There is a growing market demand for clothing and metal goods in Kaduna. To help its members capitalize on these growing markets, the Association must overcome its existing constraints, such as limited financial management and accounting systems, poor business management capacity, limited access to production capital and low quality production equipment.

**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**

PHAN-Kaduna will contribute up to Nigerian Naira (NGN) 792,500 for labor at the workshops, to purchase embroidery, sewing machines, and hand gloves and to cover costs for local travel.

#### IV. Project Goal

The goal of this Project is to improve the standard of living of the physically handicapped in the northern Nigeria State of Kaduna.

#### V. Project Purpose

The purpose of the Project is to improve PHAN-Kaduna's prospects for sustained expansion as evidenced by the development of a comprehensive five-year business plan that ADF deems suitable for funding by a donor or other financial institution.

#### VI. Outputs

- A. PHAN-Kaduna's improved financial management capacity as evidenced by its production and use of financial statements that include monthly income, balance sheet and cash flow statements, consolidated quarterly and annual statements, adequate financial controls, accounting procedures, policies, and systems that meet international audit standards.
- B. Improved business management capacity as evidenced by an active board of directors and management team that develops and implements an annual operations plan.
- C. PHAN-Kaduna's improved technical capacity as evidenced by its receipt of at least one letter of intent to buy products from a metal works purchaser, and one letter of intent to buy clothing from a clothing retailer or wholesaler.

#### VII. Activities

- A. Financial Management Improvement Activities
  1. PHAN-Kaduna will hire an experienced Accountant to manage its books and financial records. The Accountant will prepare periodic financial reports for the general congress of the Association. A member of the Association will work closely with the Accountant in order to acquire the skills to take over the position at the end of the Project.
  2. A Financial Systems consultant will be hired for a ten month period to establish computerized financial and internal control systems for PHAN-Kaduna. The consultant will train members and staff on proper maintenance of financial records and

bookkeeping, and ensure that the management team routinely uses financial documents produced during the Project, such as quarterly bank reconciliations, budget expenditures, profit and loss statements, balance sheets and cash flow statements in making management decisions. The consultant will provide continued advisory support and consultancy services to the management staff, especially the Accountant.

3. A Technical Assistance consultant will train 300 PHAN-Kaduna members, the Board of Trustees, and the management team in monitoring and evaluation techniques. The training will be conducted by the end of month five of the Project, and a follow-up training session will occur before the end of the Project.

**B. Business Management Improvement Activities**

1. PHAN-Kaduna will recruit a General/Business Manager by month four of the Project who will have overall management responsibility for the Association's operations. The General/Business Manager will develop and implement procurement, business outreach, and marketing strategies for the Association. A member of the Association will work closely with the General/Business Manager in order to take over the position at the completion of the Project.
2. PHAN-Kaduna will recruit a management consultant who will collaborate with members of PHAN-Kaduna and the management team to establish a manual of management systems and procedures related to personnel, procurement, and training. She or he will also work closely with the General/Business Manager to develop and implement an outreach and marketing strategy, and to advise the Association on any implementation problems that arise during the Project. The consultant will be engaged by the end of month four of the Project for a period of about ten months.
3. A Technical Assistance consultant will train 300 PHAN-Kaduna members, the Board of Trustees, and the management team in group dynamics, organizational development, and business and entrepreneurship principles by month five of the Project. The training will focus on encouraging a healthy working relationship among the Project participants.
4. The General/Business Manager, with the help of the management consultant, will develop a comprehensive five-year business plan detailing opportunities for further expansion and sustained profitability. The business plan will include the following:

- a. determine the most cost-effective ways of production and marketing of the Association's products and services;
- b. project the returns on investment;
- c. document lessons learned from year one of the Project, particularly in the implementation of industry best practices;
- d. explore options for expanding membership of the Association and/or providing benefits to non-members;
- e. develop indicators that track benefits to members, such as the sales volumes of member businesses and income of members;
- f. develop a business strategy for marketing of the Association's products and services.
- g. explore options for additional income generation activities for the Association;
- h. provide an assessment of current market trends as well an analysis of related risks; and
- i. include any other additional analysis that will prepare the Association for expansion and sustained growth, to be determined during the design process of the business plan and through implementation of this Project.

C. Production Improvement Activities

1. PHAN-Kaduna will establish a metal workshop equipped with modern tools, drilling machines, bending machines, and safety equipment.
2. PHAN-Kaduna will establish a tailoring workshop equipped with embroidery machines, sewing machines, and safety equipment.
3. PHAN-Kaduna will establish a pilot revolving loan fund for members engaged in small scale trading activities.
4. A Design/Production Consultant with experience assisting small enterprises will provide technical assistance to the management team. She or he will help the Association develop products with high market potential, help members develop high product standards and quality control and implement industry best

practices. She or he will provide continuous training and advisory services for 10 months, beginning by month six of the Project.

5. Members of PHAN-Kaduna will embark on a study tour of another small or medium sized enterprise. The management team will choose the company to visit based on similarities in size and strategy to PHAN-Kaduna.
6. Representatives from PHAN-Kaduna will attend a lessons learned workshop, where similar ADF-funded cooperatives will share their challenges and successes.

#### C. Marketing Improvement Activities

The General/Business Manager, with the aid of the management consultant, will develop a marketing and sales strategy. The strategy will focus on marketing of the Association's product at local and other regional markets. This strategy will also target major wholesalers and end users in Kaduna and neighboring states.

### VIII. Roles and Responsibilities of the Parties

The staff and management of PHAN-Kaduna are responsible for the management and the proper implementation of the Project. Diamond Development Initiatives (DDI), ADF's partner in Nigeria, will provide training in the areas of standard ADF bookkeeping, monitoring and assessment. DDI will also provide technical assistance and management assistance during implementation.

### IX. Monitoring and Evaluation

ADF's Partner in Nigeria will closely monitor the activities of PHAN-Kaduna to ensure proper reporting, adherence to the project implementation plan by the Association 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 PHAN-Kaduna as part of the on-going performance assessment.