PROJECT DESCRIPTION

Agro-Tool Production 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

Mamadee Konneh United Blacksmith Shop ("MKUBS") is a limited liability partnership established in 2003 in Ganta to produce and install metal doors, gates, burglar bars, and other specialty products in homes, offices, and businesses; produce and repair farm tools such as hoes, rakes, axes, cutlasses, and cassava presses; and provide blacksmith training to local youth in Gbarnga, Bong County.

There are currently few establishments outside Monrovia that have the equipment and technical capacity to provide the services offered by MKUBS. However, MKUBS' insufficient equipment, 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

MKUBS 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 Gbargna County of Liberia.

V. Project Purpose

The purpose of the Project is to improve MKUBS' prospects for sustained growth and expansion through the development of a comprehensive five-year business plan.

VI. Outputs

A. Improved financial management capacity as evidenced by the following:

1. MKUBS 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. MKUBS'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 MKUBS's on-going activities.

C. Improved technical and marketing capacity as evidenced by increased sales from US$ 14,900 to US$ 20,900 in Year 1 and US$ 21,900 in Year 2.

VII. Activities

A. Production and Marketing Improvement Activities

1. MKUBS will hire a qualified contractor with the assistance of the ADF Partner for the construction of a workshop 62 feet by 32 feet. The workshop will include a main workshop area for production and two

rooms to provide office and storage space. Exterior toilet facilities will also be included.

2. MKUBS 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.

3. MKUBS 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. MKUBS 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.

4. MKUBS 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.

5. MKUBS will hire a firm to conduct training for key members of the business to develop skills in how to tender/submit good bid documents to donors, businesses, and other large scale buyers of the equipment that MKUBS produces. The training will be initiated by month nine of Project year one.

B. Management and Accounting Improvement Activities

1. MKUBS 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. MKUBS 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. MKUBS 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 MKUBS 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 MKUBS to ensure proper reporting, adherence to the Project implementation plan by MKUBS 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 MKUBS as part of the on-going performance assessment.