

PROJECT DESCRIPTION
PANTA FARMERS REHABILITATION AND DEVELOPMENT 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

Most farms in Liberia were destroyed of the country's recent civil war. Panta Farmers Multipurpose Cooperative Society (Panta), an organization of 253 mainly subsistence farmers, was formed in 1998 to rehabilitate the farmers' crops and provide a market for their produce. Panta supports the production and bulk sale of cash crops such as cocoa, oil palm, rubber, and soybeans in more than 20 villages and towns in Panta District of Bong County in central Liberia. It organizes marketing, processing, grading, packaging, transport and other necessary operations to obtain the highest possible prices for its members from the sale of their agricultural products. Panta's members own their farms, and their main produce is oil palm. They form part of a farming community that earns less than \$0.40 per day and part of a larger community with an even lower per capita income.

Panta has substantial potential to improve market access and help its members expand their productive and managerial capacity for palm oil production and other seasonal commodities. However, it is currently constrained by financial, infrastructural, and operational management capacity, limited storage for members' produce and inadequate transport facilities.

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.

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B. Client Contribution

Panta's members will contribute labor and locally available materials valued at approximately US\$ 7,250 to the Project for oil palm replanting and extension, office and warehouse renovation, and farm to market road rehabilitation.

IV. Project Goal

The goal of the Project is to improve the standard of living of people from Bong County in Liberia.

V. Project Purpose

The purpose of the Project is to increase income for Panta's farm family members from the sale of palm oil as measured by the following:

A. Total member revenues from palm oil sales will increase from approximately \$28,000 per year to:

1. \$50,000 in Year 1;
2. \$78,000 in Year 2; and
3. \$105,000 in Year 3.

B. Panta Cooperative will cover all of its operating costs from its revenue from commercial activities by Year 3 of the Project and beyond.

VI. Outputs

The major outputs of the Project are Panta's strengthened capacity to provide sustainable services to its members will result in strengthened managerial, financial and marketing capacity of the Cooperative, improved access to markets for members' products, and increased production potential from members' plantations as indicated by the following:

Project outputs are as follows:

A. Panta members' capacity to produce palm oil is strengthened.

The volume of palm oil marketed by members through the Cooperative increases from zero to:

- 3,400 liters in Year 1; and
29,000 liters in Year 2 and thereafter.

B. Panta's capacity to provide sustainable services to its members is improved.

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1. Revenues generated by sales of members' products increase from zero to:
 - \$ 10,000 in year 1;
 - \$146,000 in year 2; and
 - \$158,000 in year 3.

2. Panta's prospects for sustained expansion will be enhanced, as indicated by the development of a comprehensive five-year business plan and resources necessary to carry out the plan.

- C. Panta's managerial skills and financial management and reporting are improved as demonstrated by:
 1. an accounting system is installed and quarterly financial reports and statements produced and used by management;
 2. a fully functional financial management system is certified as compliant with ADF requirements; and
 3. Cooperative members' regularly monitor and assess progress on the Cooperative's action plan and provide input used by management to adjust activities to meet the cooperative and community's objectives.

VII. Activities

Capacity Building: Panta will work with the ADF Partner to identify consultants or a non-governmental organization with appropriate skills to assist them to establish a dynamic participatory process that will result workable partnerships among the development stakeholders in the community and to assess and enhance cooperative members' participation, knowledge about their problems, and skills in solving their cooperative and community problems. The exercise will result in an action plan for activities to be conducted by the cooperative and the creation of internal committees to monitor and evaluate progress toward the cooperative's priority activities throughout the life of the project.

Panta, with the assistance of the ADF Partner, will contract with local consultants to modify and formalize its business structures and systems. The consultants will conduct governance training for both the Board and the Executive Committee members to reinforce the separation of functions and provide clarity about their respective roles. The consultants will conduct financial and accounting training for the management team to establish sound systems and clear procedures to manage the assets and general business transactions of the Cooperative. The formalization of business structures and systems will include the development and validation of a financial policy and operational procedure manual with the Cooperative. The consultants will work with the Cooperative to improve the accounting and financial management system through the following: (1) acquisition of appropriate computer hardware and software; and (2) staff training to prepare accurate and timely financial reports and projections as the business expands.

A local firm will assist Panta to develop its first business plan. This plan will inform the Cooperative's direction and growth. The firm will train Panta's Chief Executive Officer, Business Manager, Accountant and Marketing Manager in the analysis of business opportunities and execution of business plans.

Panta will renovate its current office and renovate and expand its warehouse at its headquarters in Bellemu, the district capital. The office will be equipped with a solar electricity system. ADF will provide funding for the salaries for a Business Manager, a Finance Manager, a Marketing Manager, and a Farm Manager for 18 months, after which Panta will be responsible for their salaries.

Road Rehabilitation: The absence of passable roads, particularly during the rainy season, hinders Panta's access to oil palm farms. Under this Project, the Cooperative will provide hand tools and food for work to rehabilitate the central road leading from the Gbarnga-Ganta highway to Jorwah town at the District border. The rehabilitation activity will employ labor-based methods and will acquire engineering support from the United Nations Military Mission in Liberia's Bangladeshi Engineering Battalion based in Gbarnga. Additional contributions toward the road repair are expected from the County's development fund. Work will be initiated during the dry season of the first year of the project to improve farm to market access for members' agricultural produce.

Marketing: Upon completion of the core financial management capacity building activities that result in full financial certification of the Cooperative, Panta will establish a revolving fund to purchase and market cash crops on behalf of its members. Panta will purchase a new 6-ton truck to facilitate produce collection and transport of palm oil, rubber, cocoa and pepper from farms in the area to market directly to end buyers. Panta will charge transport fees and a commission on commodities marketed on behalf of members. As Panta's productive and management competencies are developed, it will explore additional buyer linkages for key produce like palm oil.

Production: The main production activity is the rehabilitation of oil palm plantations. The participating farmers are expected to rehabilitate 200 acres of oil palm plantations by the end of the second year of the Project, and rehabilitate an additional 250 acres of oil palm by the end of the third year of the Project. Panta will hire a farm manager who will manage the importation and eventual local production of productivity-enhancing hybrid oil palm seedlings for sale to members. The farm manager will organize farmer training in improved farming and cash crop production methods and set up a demonstration farm to train farmers in nursery management, replanting of plantations, and management of dual crops via intercropping of short cycle crops in new oil palm farms.

VIII. Roles and Responsibilities of the Parties

Panta has primary responsibility for ensuring that the Project's activities are properly implemented. Within the organization, the Board of Directors will be the highest decision making body. Day to day management of project activities will be carried out by the Management Committee. ADF's Partner in Liberia will provide technical support and guidance.

XI. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Client, working with the ADF Liberia Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Client organization. The committee will provide the Partner with input for the Project monitoring plan. In addition, during implementation the committee will be responsible for ensuring that the Project follows the implementation plan and that problems identified through monitoring and evaluation are adequately addressed in a timely manner.

X. Other Implementation Issues

None.

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X. Other Implementation Issues

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