

PROJECT DESCRIPTION

Intofawor Swampland Revitalization and Production 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

Intofawor Farmers Multipurpose Cooperative Society (Intofawor) is a registered cooperative with 300 members. It engages in the production and marketing of palm oil from palm tree plantations, rice, cocoa, and coffee in Foya District of Lofa County in northeastern Liberia.

Intafawo is now reorganizing to re-establish production and marketing systems for its products that were destroyed during the civil war. This former rice exporting area currently does not meet local demand for rice because of the destruction of 4,500 acres of previously developed swampland rice fields. Cooperative members see the national reduction of rice production coupled with rapidly rising prices for this staple commodity as a serious potential threat to security, as well as an excellent opportunity to reestablish their rice production and marketing capabilities. In addition, there is a strong demand for palm oil for industrial uses and for cooking within Liberia and in neighbouring countries, as well as strong international demand for quality cocoa and coffee. Intofawor would like to take advantage of these market opportunities, but is constrained by weak management and governance capacity and inadequate capital to rehabilitate the swamplands and buy produce from members and surrounding communities.

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

Intofawor members will contribute labor and locally available materials valued at approximately US\$ 37,400 to the Project for land clearing, swampland rehabilitation, and office and warehouse renovation.

IV. Project Goal

The goal of the Project is to improve the standard of living of poor farmers in the Foya District of Lofa County, Liberia.

V. Project Purpose

The purpose of the Project is to increase Intofawor's income and the incomes of Intofawor farmer members from rice, cocoa, and coffee sales through the cooperative.

- A. Increase annual farmer member income from rice, palm oil, and cocoa sales through the cooperative from 0 to:
 - 1. US\$ 60,000 in Project Year 2; and
 - 2. US\$ 120,000 in Project Year 3.
- B. Intofawor's total annual revenues from rice, palm oil sales and cocoa will increase from baseline of US\$ 0 to:
 - 1. US\$ 126,720 in Project Year 2; and
 - 2. US\$ 250,000 in Project Year 3.
- C. Intofawor Cooperative will cover all of its operating costs by the end of Project Year 2.

VI. Outputs

The Project will strengthen the capacity of the Cooperative and its members to produce and market rice as indicated by the following.

- A. At least 100 acres of swampland will be rehabilitated in Year 1, and a total of 192 acres will be rehabilitated by Year 3 of the project.
- B. Paddy rice produced and sold through Intofawor will change from a baseline of 0 to:
 - 1. 3,000 bags in Project Year 2; and
 - 2. 6,000 bags in Project Year 3.
- C. Improved financial management and reporting systems in Year 1 as demonstrated by:
 - 1. an accounting system is installed, quarterly financial reports and statements produced and used by management in its decision making; and
 - 2. a fully functional financial management system is certified as compliant with ADF requirements.

VII. Activities

A. Training and Technical Assistance

The ADF Partner organization will assist Intofawor to vet and/or recruit new qualified personnel to hold key management functions in the cooperative to prepare it for future growth. ADF will provide salary support for 18 months for the management team's business manager, financial manager, marketing manager, and farm manager. Intofawor will recruit the marketing manager after the cooperative has received full financial certification. To ensure ongoing compliance with reporting requirements, the ADF Partner will make certain that mandated training activities are conducted for key senior managers.

1. Intofawor will hire contractors to formalize its business structures and systems. This will include the following:
 - a. governance training for the board, management committee members, and members of the newly established internal management committees to reinforce the separation of functions recently initiated by the Cooperative's board and provide clarity about their respective roles;
 - b. financial and accounting training for the management team to strengthen their capacity to manage the assets and general business transactions of the cooperative; and
 - c. development and testing of financial policies and operational procedures manual to guide day to day operations that will be reviewed and adopted by the Cooperative's general assembly.
2. Intofawor will also procure a generator, computer equipment, and accounting and financial management software. Intofawor will hire contractors to provide staff training in the use of the new equipment and software to enable its staff members prepare accurate and timely financial reports and projections as the business expands.
3. Upon completion of these key financial and management capacity building activities, ADF will conduct a financial assessment to determine that Intofawor fully meets certification requirements. ADF will disburse funds for the produce buying and marketing activities only when Intofawor has obtained full financial certification.
4. Intofawor will hire qualified contractors to conduct training of its farm manager and cooperative members in modern lowland rice farming methods, integrated pest management, pesticide application and safety, and quality control for oil palm and cocoa.

B. Infrastructure Rehabilitation

The ADF Partner organization will assist Intofawor to hire qualified technical assistance to work with the cooperative members to rehabilitate 192 acres of rice

fields, water management infrastructure, and plot access roads. Cooperative members will provide farm family labor through the traditional "coup" system to enable them obtain individual plot allocations. Intofawor will procure and distribute agricultural tools and supplies to its members to support the farm rehabilitation activities.

Intofawor will also renovate its existing office and warehouse at the coop's headquarters in Foya.

C. Produce Buying and Marketing

Intofawor will set up a revolving fund to purchase paddy, cocoa and palm oil from farmers and market the produce directly to end buyers to improve the prices obtained by members and other local farmers for their produce. An account will be established in Foya or the nearest available location to facilitate transactions and management.

Intofawor will purchase a truck to facilitate the transport of tools, equipment, fertilizer, seed rice to its members and milled rice and other agricultural produce that is collected from members during rotating market days and from large oil palm and cocoa farms in the area for packing and transport to its warehouse. Intofawor will also use the truck to transport produce to end buyers in Monrovia and, if possible, neighboring Guinea and Sierra Leone. ADF will provide start-up funds for fuel and operating expenses for approximately four months for this activity.

VIII. Roles and Responsibilities of the Parties

Intofawor 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, subject to review by the general assembly. 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.

IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Grantee, working with the ADF Liberia Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Grantee 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.