

## **Republic of Liberia**

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### **Smallholder Tree Crop Revitalization Support Project (STCRSP)**

#### **Supervision report**

#### **Main report and appendices**

Mission Dates: 26-Nov-2013 to 10-Dec-2013  
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West and Central Africa Division  
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## Abbreviations and acronyms

ASRP	Agriculture Sector Rehabilitation Project
AWPB	Annual Work Plan and Budget
BOD	Board of Directors
CAC	County Agriculture Coordinator
CDA	Cooperatives Development Agency, Liberia
DAO	District Agriculture Officer
FUN	Farmers Union Network, Liberia
GOL	Government of Liberia
HIFAB	Swedish engineering consulting firm
IFAD	International Fund for Agriculture Development
INGO	International Non-Government Organization
PP	Private-sector Partner
LAADCO	Liberia Agriculture and Assets Development Company
LASIP	Liberia Agriculture Sector Investment Programme
LPMC	Liberian Produce Marketing Corporation
MoA	Memorandum of Understanding/Memorandum of Agreement
MOA	Ministry of Agriculture
PDR	Project Design Report
PIM	Project Implementation Manual
PIU	IFAD Project Implementation Unit
STCRSP	Smallholder Tree Crops Revitalization and Support Project
TA	Technical Assistance
YP	Young Professional (MOA)



## **A. Introduction<sup>1</sup>**

1. A joint Ministry of Agriculture and IFAD supervision mission of the Smallholder Tree Crop Revitalization Support Project (STCRSP) was undertaken from 26 November to 10 December 2013, consolidating and following-up on the findings of the implementation support mission of 9 to 18 October 2013. In this guise, the findings of the October implementation support mission and the current supervision mission have been aggregated.

2. The missions were fielded to coincide with the most opportune period in the cocoa/ coffee campaign, accompanying the project through the first campaign since the project became effective. The main objectives of the mission were to: (i) assess the progress made in implementation against the 2013-2014 AWPB and against recommendations arising from the previous supervision and implementation support missions; (ii) identify actual and potential/emerging operational problems and challenges; (iii) propose solutions, corrective measures and provide recommendations for improved implementation; and (iv) extract the first lessons learned from a full rehabilitation and commercialisation cycle to inform the next season's approach.

3. Following field visits to the project operational sites in Lofa County in October<sup>2</sup>, the mission held a 3-day workshop in Monrovia with the purpose of: (i) discussing the progress made on the October recommendations; (ii) identifying the lessons learned from the first year of implementation; (iii) fine-tuning the approach on rehabilitation and commercialisation for the second campaign year; and (iv) identifying the means to enhance viability and sustainability of the project interventions, particularly with regards to the institutions (cooperatives) and against the objective of increasing smallholder farmer incomes. All project stakeholders were represented during the workshop and participated in the ensuing discussions.

4. The findings of the October field visit, November workshop and supervision mission were discussed in a participatory manner, and with the PIU and PMU for validation prior to finalization of the Aide-Memoire and presentation at the final wrap-up meeting held in the Ministry of Agriculture (MOA) on 9 December 2013.

5. The Aide-Memoire reflects the main mission findings and recommendations duly endorsed in the wrap-up meeting.

## **B. Overall assessment of project implementation**

6. The STCRSP is a USD 24.9 million project, including the IFAD highly concessional loan financing amount of USD 16.8 million, private sector/ implementing partner co-financing in kind of USD 5.1 million, government contribution of USD 2 million and beneficiary contribution of USD 0.9 million.

7. The specific objectives of the STCRSP are as follows: (i) to increase the quantity sold and price received by poor farmers for cocoa and coffee through rehabilitation of plantations; (ii) to improve access to markets through rural roads rehabilitation and maintenance system development; and (iii) to strengthen the Ministry of Agriculture (MOA) and/ or private extension services as well as Farmer-based Organizations. These objectives are to be achieved through four components: (i) cocoa/ coffee rehabilitation; (ii) rehabilitation of farm to market roads; (iii) institutional capacity building; and (iv) project management.

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<sup>1</sup> Mission composition: Mr Hubert Boirard, CPM and Mission Leader; Ms Tamara Lampe, ACPM, Institutional and Implementation Support; and Ms Anta Sow, Financial Management Specialist, IFAD/WCA Consultant.

<sup>2</sup> The mission visited seven districts (Salayea, Zozor, Voinjama, Quardu Gbondi, Vahun, Foya and Kolahun) and held meetings with the Ministry of Agriculture, Ministry of Finance, Lofa PIU, County Agriculture Coordinator, District Agriculture Officers, LAADCO (private exporter), WFP, GLZ, cooperatives implicated as implementing partners/ service providers and other farmer groups and associations receiving project support. Upon the return to Monrovia, additional consultations and follow-up meetings were held with the cooperatives, World Bank, partners and agencies involved in the project. The findings of the field visits and outcome of meetings were discussed in Lofa County and with the PIU and PMU for validation prior to finalization of the Aide-Memoire and presentation at the final wrap-up meeting held in the Ministry of Agriculture (MOA) on 18 October 2013.

8. The overall project progress can be rated as **satisfactory**. In terms of the various components, component one can be rated satisfactory, component 2 rated satisfactory, component 3 rated moderately satisfactory and component 4 rated as satisfactory. The STCRSP is now more than one year effective (effective date of 3 July 2012); PIU staff were recruited in August 2012 and the project officially launched in September 2012. The PIU can be commended for the effort and speed with which it has put in place the foundation for driving the project forwards. In an innovative approach, the agreement with LAADCO as the private sector partner (PP) has been reached, providing co-financing investment and technical assistance in rehabilitation and for commercialisation of cocoa/ coffee produce. Contracts for the first year campaign were finalised for five cooperatives who have fully implemented the year's target of 1500 ha of smallholder farm rehabilitation<sup>3</sup>, and who have subsequently commercialised more than 300 MT of produce to LAADCO. Based on lessons learned from the *institutional support* to cooperatives, contracts are also being finalized for the second year campaign for seven cooperatives (to include the last two cooperatives – i.e. Voinjama District Farmers' Cooperative and Quardu Gboni Farmers' Cooperative); 4800 ha of rehabilitation have been identified and targeted for the coming season and preparatory activities are underway. Furthermore, emphasis continues to be placed on the support to cooperatives on the principle that they are sustainable and operate as viable businesses.

9. The 2013-2014 AWPB totalling USD 7,876,751 was prepared and finalized following the last supervision mission. Financial progress against the AWPB is USD 1,339,844 or 17% of the total budget when taking into account commitments. The procurement plan is for an amount of USD 4,245,095 of which overall progress is 63%. The roads rehabilitation procurement process is ongoing, with works already commencing on the first batch of 60.2km of roads; infrastructure works on the CAC/DAO offices are also expected to start shortly, ensuring an accelerated pace during the 2013-2014 fiscal year.

10. Lessons learned from rehabilitation and commercialisation by the private partner (PP) and cooperatives have been identified, and have guided the revised approach to be adopted in the second year for greater relevancy, efficiency and to instil sustainable practices. Findings and recommendations of the mission are presented to reflect first year results and the way forward in the second year.

## C. Outputs and outcomes

11. **Component 1: Cocoa/ coffee rehabilitation:** Overall progress under this component is satisfactory. Towards improving incomes and productivity of smallholder farmers involved in the cocoa/ coffee sub-sectors, 1500 ha of cocoa/ coffee plantations have been rehabilitated (on the principle of one hectare, one farmer), a 100% result on the first year target; the related activities are implemented through: (i) the engagement of LAADCO as the private sector exporter and partner (for 1000 ha of rehabilitation), working through three cooperatives; and (ii) two additional cooperatives (totalling 500 ha of rehabilitation), Zorzor District Multipurpose Farmers' Cooperative (ZDMFCS) and Quapatamai Farmers Multipurpose Cooperative (QFMCS) under Memorandum of Agreements (MoA) with the PIU.

12. **Rehabilitation of farms.** To date, 1500 farmers were registered and received project support for rehabilitation. This is a remarkable achievement given the very challenging context and late start-up commencing only in mid-February. Contributing to rural youth employment, and under facilitation by the PP and cooperatives, youth groups comprising 1527 youth were formed and trained to undertake rehabilitation works on the 1500 ha of plantations, earning more than USD 125,000 in income that is expected to be re-injected into the communities. Whilst 1500 ha of plantations have been rehabilitated in terms of under-brushing, the completeness of the rehabilitation in terms of pruning and de-shading was challenged by early flowering of the tree crops. The mission therefore recommended a joint exercise (PP, coops, CAC/ DAO/ YPs and M&E team) to validate/ certify the

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<sup>3</sup> The completeness of the rehabilitation is still to be fully verified, though the reception of works is currently on-going.



work completed; this exercise is now underway and will be completed by end December to ensure 100% completeness of the 1500 ha of rehabilitation before the start of the new rehabilitation season.

13. The **repayment mechanism by farmers** is a core principle of the project. Emphasis has been placed on the responsibility of farmers to payback 40% of the cost of the one ha rehabilitation starting in the second year following project support. With an average cost of USD 207 for the rehabilitation of one ha (the package cost includes the cost of the hired labour required to undertake under-brushing, de-shading and pruning, solar dryers and nurseries/ replacement seedlings), farmers were expected to payback approximately USD 83. Encouragingly, there are instances of farmers having already started to make early repayments. A payback of the full amount (USD 207) in the instance of non-maintenance of the rehabilitated hectare has now also been communicated to all cooperatives.

14. **Nursery establishment and construction of solar dryers.** Training on the construction of 60 nursery sites has been completed. The numbers of sites have increased from the initial projection of 8 sites to 60, in order to bring the nurseries closer to the farmers and accommodate more farmers to participate in the Farmers Field Schools; in addition, a total of 121,406 cocoa seedlings were distributed to the first year targeted farmers. A scoping exercise and assessment for the revitalization of the Vetesu clonal garden in Lofa County was also undertaken, and a proposal is under consideration.

15. The construction of solar dryers has been delayed due to the difficulties encountered in sourcing the required quality of thermal plastic and in mobilising the required local materials (primarily wood). The thermal plastic has now been procured and distributed, and the three large central cooperative warehouse solar dryers are nearing completion.

16. **Lessons learned, recommendations and way forward.** The first year of rehabilitation was challenged by a late start on the rehabilitation season, and general teething problems related to piloting new approaches under a new project. Under rehabilitation, the following are **lessons learned**:

- Timing. Timely commencement of rehabilitation works early in the season is fundamental to ensure pruning and de-shading can be undertaken for completeness. Rehabilitation needs to take place by early January, concluding in April.
- Costs. The associated costs for rehabilitation need to be revised to take into account the different categorical levels of difficulty of the works. The estimation of total labour (man days) required for under-brushing, sanitation, pruning and de-shading are roughly accurate, though more man days are generally required for pruning and de-shading, with less days required for under-brushing and sanitation. Labour costs amount to approximately USD 85 – 90 per ha.
- Tools. The procurement and provision of a set of tools for *each* ha of rehabilitation is inefficient and unnecessary; one set of tools can be utilized for multiple hectares. The ownership and the management of the tools can and should rest with the cooperative, who will be responsible for loaning the tools to youth groups under a clear contractual arrangement. Some adjustment to the set of tools is also needed based on the type of work required to rehabilitate farms.
- Validation/ reception of work completed. For monitoring purposes and to ensure transparency and accountability, systematic validation by the project and MOA (DAO/YPs) of the quality and completeness of the rehabilitation work should be established before payment to youth groups.
- Targeting. Offering rehabilitation to members and non-members of the cooperative has resulted in outreach to vulnerable households and has promoted the cooperative as an entity with added value. However, more effort needs to be placed on increasing cooperative membership, with rehabilitation as an attractive and important service provided by the cooperative to its members. There is need to also strengthen the relationship and ties of loyalty between the cooperative and farmers for commercialisation.
- Nurseries. Late procurement of cocoa/coffee has consequence on the quality of the seedling, which is further challenged by difficulty in their transportation. In addition to ensuring timely procurement, it would also be more effective to establish smaller nurseries at the village level in place of central nurseries.

- Solar dryers. The delay in solar dryer construction has impacted on the quality (moisture content and fermentation) of the cocoa, with further consequence on the price that can be obtained during commercialisation. Furthermore, the current approach of the limited number of large solar dryers is not only costly, it remains largely inaccessible to farmers; solar dryers should be more accessible to farmers interested in improving the quality of their produce.

17. Based on the lessons learned, the mission has the following **recommendations for the way forward** in the second year:

- All preparation for year 2 rehabilitation should be concluded in December to commence rehabilitation works by early January.
- Rehabilitation should fall under three categories of difficulty – light, normal and heavy. The criteria (e.g. number of trees/ha) to determine the category need to be developed and standardised.
- A joint (cooperative/PP, farmer, PIU, CAC/DAO/YPs) pre-assessment of the rehabilitation work per ha (farm) should be undertaken to determine the category of difficulty of the works and subsequent allocation of man days of labour required.
- The cooperative and beneficiary farmer need to enter into a formal contract prior to the start of rehabilitation; the contract will clearly state the farmer's responsibility to payback 40% of the **labour costs** of rehabilitation (approx. USD 50/ha).
- It should be clear and well-understood that the tools are the property of the cooperative; cooperatives should develop the list of the tools currently under their ownership and estimate how many hectares can be covered with the existing sets of tools (number of ha/ set of tools).
- The cooperative will be responsible for entering into contract with youth groups to undertake the rehabilitation work (based on category) and for the loan of the tools (including maintenance of the tools). This contract should include payment conditions.
- A systematic validation/ reception of rehabilitation works needs to be established. The criteria for assessing the quality of rehabilitation should be developed and become standard for use during the validation exercise.
- Beneficiaries of rehabilitation should be formal cooperative members, and ideally shareholders, with rehabilitation being a service provided by the cooperative to its members. To ensure that vulnerable households can participate and become eventual shareholders, the strategy for targeting (including how to efficiently target villages) and increasing membership (with shares) should be developed by the cooperatives.
- All *new* nurseries to be established will be at the village level, managed by a lead farmer and monitored and supported by the MOA young professionals (YPs). The increase in nurseries will ensure reduced transport cost and minimum damage to seedlings. The seeds, bags and watering can will be provided through the project, though the village is responsible for providing the local material and labour.
- There is need to implement/ construct two types of solar dryers: (i) a larger capacity solar dryer at central warehouse and/ or mini-warehouse level; and (ii) a smaller capacity and simple solar dryer design at the farm level, owned and managed by the individual farmer (on a voluntary basis; solar dryers are not mandatory). The cooperative will enter into contract with the individual farmer to provide the thermal plastic on loan, which will be paid back upon commercialisation of produce.

18. **On-going preparation for the second year rehabilitation.** For the coming rehabilitation season, a total of 4800 ha of plantations have already been identified by the PP and seven cooperatives, with pre-registration of farmers. As per the above recommendations, these farmers will have to be registered as cooperative members. Today, the cocoa and coffee seeds requirement for the coming season has also been determined and the procurement of 867,090 quality cocoa and 147,050 coffee seeds has commenced. There is need to complete the procurement exercise and

ensure delivery of the consignment for timely sowing of seeds in nurseries before the end of December.

19. **Other activities.** A four-day SAMCERT organic certification training was held in Kolahun District from 11-16 August 2013, with the objective of introducing the target cooperatives to certification programmes (Organic Agriculture, Fair-trade, Rainforest Alliance and UTZ Certified) and the benefits certification can bring to smallholders. In addition, the training included how to facilitate smallholder certification in the establishment of an Internal Control System (ICS) that can reduce certification cost for smallholder through coordinated documentation (ICS training will focus, in part, on addressing quality management issues). The training was facilitated by a team of 2 experts, and a total of 52 persons (4 Female and 48 Males) attended.

20. **A learning route to Sao Tome and Principe** was also undertaken, and which should enable the project to pilot in the next campaign, new techniques in pruning, rehabilitation and grafting (refer to component 4 for detail).

21. To improve understanding by beneficiaries (many illiterate) of the project approach, principles and concepts, visual material and more innovative sensitization and communication methods (including radio medium) should be instigated.

Agreed action	Responsibility	Agreed date
Finalize assessment/ validation of 1500 ha of cocoa/ coffee farms rehabilitated	Lofa PIU, CAC/DAO/YPs, PP, coops and M&E	20 December 2013
Establish standard criteria for assessing quality of rehabilitation during validation exercise; institutionalize validation exercise	Lofa PIU, CAC/DAO/YPs, PP, coops and M&E	15 December 2013; continuous
Complete any outstanding rehabilitation (pruning/ de-shading)	PP and cooperatives	31 December 2013
Establish the criteria for the three categories of rehabilitation	PIU tree crops officer and CAC/ DAOs/ YPs	31 December 2013
Pre-assess 4800 ha to determine rehabilitation category; institutionalize pre-assessment exercise	Lofa PIU, CAC/DAO/YPs, PP, coops and M&E	15 January 2014; continuous
Formalize rehabilitation contract between cooperative and each farmer beneficiary	Coops, PP, Lofa PIU	15 January 2014
Pre-identify 5000 ha of additional farms to rehabilitate for a supplementary round	Coops, PP, Lofa PIU	30 January 2014
Develop list of cooperative assets (infrastructure, equipment, vehicle, tools); standardise tools usage criteria	Coops, PP, Lofa PIU	31 December 2013
Formalize cooperative contract with youth groups for rehabilitation and loan of tools	Coops, PP, Lofa PIU	15 January 2014
Establish cooperative targeting and membership strategy	Coops, PIU ICB team	30 January 2014
Institute that all <i>new</i> nurseries be established at the village level with community contribution and follow up by YPs	Coops, YPs	Continuous
Institute agreement between cooperative and individual farmers for solar dryers	Coops, PP, Lofa PIU	30 January 2014; continuous
Complete procurement of seedlings and distribute	PP, Lofa PIU	15 December 2013
Establish a census and the list of beneficiaries receiving rehabilitation support and adherence with the payback mechanism	PIU M&E, PP and cooperatives	Continuous
Cooperatives to open second bank account to receive farmer payback from rehabilitation	Cooperatives	15 February 2014
Finalize and disseminate the STP Manual for rehabilitation	Project Coordinator and PIU tree crops officer	15 December 2013
Develop a proposal for a pilot on grafting	PIU tree crops officer	15 December 2013
Preparation of an instruction film on rehabilitation	PIU	30 March 2014
Establish the M&E baseline/ database for each cooperative	PIU M&E and IPs	30 December 2013

22. **Component 2: Rehabilitation of farm to market roads:** *Overall progress under this component is rated satisfactory.* This component consists of the rehabilitation of 60.2km of farm to market roads to facilitate smallholders' access to market centers for this fiscal year and as a first batch. Awareness sensitization is ongoing in all beneficiary communities and amongst all partners on the strategy and responsibilities in implementation of this component. Since the initial setbacks largely stemming from the exceedingly high costs associated with implementation and supervision through the sole-sourced IP (HIFAB), remarkable progress has been made with the recruitment of two local consultant engineers to augment the PIU as the alternative implementing arrangement.

23. To date, 60.2km of farm to market roads (25.6 km of roads of 4.5 meters width and 34.6 km of roads of 6.0 meters width) have been selected by beneficiaries and assessed by the PIU Engineers, and which include 135 rows of culverts and 13 bridges identified for construction. Given the onset of the rainy season, a decision was reached to prioritize construction of culverts and bridges, followed by road pavement in the dry season. Road works have been broken down into sections (culverts installation, bridges and pavement) and the procurement process has been completed in the amount of USD 2,371,181, or 30% of the AWPB. Today, 6 contractors have begun works on 11 lots<sup>4</sup>; the works are mostly on-track, and the performance of the contractors is being closely monitored. As the works advance, it is important that contractors are given adequate guidance and/or support for financial reporting to ensure that their funds are replenished in a timely manner, and thus avoiding delays due to insufficient funds. The procurement process is also on-going to contract pavement of the 60.2km of roads, thus ensuring these works can start as soon as possible.

24. A second batch of 125 km of feeder roads have also been identified, and the Road Condition Survey (RCS) is on-going (the RCS has been completed for 71km). For timeliness and efficiency in feeder roads rehabilitation, the mission recommends that the procurement process be continuous. Therefore, bidding documents should already be prepared for 40km of the second batch of roads; as a lesson learned, there may also be need to reduce the number of lots and avoid piece-meal works to attract contractors.

25. To ensure long-term sustainability of roads rehabilitation, it is critical that the cooperatives, engineers and PIU continue the on-going efforts to inform and sensitize communities on the importance of *road maintenance* and their respective responsibilities and contribution. It is also commendable that as the RCS is on-going, M&E information on road usage and transportation are being systematically captured.

Agreed action	Responsibility	Agreed date
Complete road condition survey on the 2 <sup>nd</sup> batch of roads	Engineers	December 2013
Seek assurance on capacity of contractors to undertake the two pending lots prior to finalization of the contract	PIU Project Coordinator and procurement unit	December 2013
Finalize procurement for paving of first batch of feeder road rehabilitation	Procurement officer, PIU	December 2013
Assess performance of contractors to identify a short list for future works	PIU engineers	28 February 2014
Prepare bidding documents for 40km of the 2 <sup>nd</sup> batch of roads	PIU engineers and procurement officer	January 2014
Community sensitization on road maintenance	PIU civil engineers with PP and coops	Continuous
Undertake baseline of roads – traffic, differentiated crop prices; identify indicators	PIU civil engineers and M&E Officer	December 2013
Undertake a mapping of roads, including population size, villages and coffee/ cocoa production	Engineers and M&E Officer	December 2013

26. **Component 3: Institutional capacity building:** *Overall progress under this component is rated moderately satisfactory.* Building and strengthening the institutional capacity of the participating

<sup>4</sup> Note that two lots remain to be finalized; two contractors have been identified by Ministry of Public Works (MPW), but as these contractors are already responsible for delivering on other lots, assurance is sought that they can undertake the additional work.

seven cooperatives, as well as the Ministry of Agriculture at county and district level, is a cross-cutting and fundamental element of the project approach for effective implementation and long-term sustainability of interventions. With the view to meeting project objectives, specifically an increase in the incomes of smallholder farmers, the institutional capacity of cooperatives to facilitate the commercialisation of cocoa/ coffee produce and provide services to farmers has been given particular attention; the first year has been characterised by a continuous effort to assess and improve upon the approach in support of these institutions.

27. **Cooperative development.** Following the previous mission recommendations, the project has implemented a harmonised approach for the development of *all* seven cooperatives. The key features of this approach include: (i) development of business plans and complementary capacity-building plans; (ii) institutional support based on capacity-building plans; (iii) emphasis on good governance and management; and (iv) effective monitoring and evaluation. Given the implication on the workload of the PIU Institutional Capacity Building Officer, two additional consultant capacity building officers were recruited in October to comprise a Lofa-based cooperative support team.

28. **Lessons learned, recommendations and way forward.** The provision of support to all cooperatives has been contingent on the initial assessment of their capacity (and capacity-building needs), and against their draft business plan setting out clear targets and objectives for revenue generation against expenditures. The performance of the cooperatives has been continually assessed in relation to their structure, management, achievements in marketing/ commercialisation, and against their business plan. Overall however, the mission observes that day-to-day **management and performance of cooperatives has been relatively weak** largely due to the following: (i) imbalanced and unsustainable management structures (including salaried staff) and operating modalities when compared to cooperative deliverables (volume of produce commercialised, services to members, etc.) – the expectation is to achieve better profits through an increase in revenue and a reduction in expenditures; (ii) ineffective internal communication; (iii) sub-standard governance<sup>5</sup> (issues of transparency, accountability, internal controls, and upholding of cooperative principles/ constitution); and (iv) weak professionalism of staff due to limited competences, skills and aptitude.

29. An adjustment of the approach based on the observations and lessons learned described above, does have strong potential to bring a significant turnaround. The mission therefore **recommends** the following:

- Structure, staffing and Business Plans. As an urgent priority, there is need to revisit the cooperative structure, introduce professional and competent management staff, and revise the business plans accordingly (including the assumptions/targets with regards to cocoa/coffee produce commercialised). All current cooperative staff competencies and performance should be assessed; the number of paid full-time staff be reduced to three persons who will undertake multiple functions – the staff to be recruited include a Business Manager (also in charge of marketing), an Accountant, and a Quality Controller (with responsibilities in managing the commercialisation process with agents and farm rehabilitation); all other support and Agents will be paid on commission only. A transparent recruitment process should be completed and a new staff structure in place by January 2014; the remuneration of the staff should include a base salary and payment based on commission tied to the volume/produce commercialised, number of farms rehabilitated (completeness), quality of M&E and technical and financial reporting. A standard performance evaluation system of staff should also be established, setting out clear objectives and the incentive scheme. Two consultant Field Accountants based in the Lofa PIU will provide the cooperatives with continuous support in financial management, monitor the advances on a weekly basis and conduct monthly audits on the utilization of project funds, starting in January 2014. Note that the revised business plans should be annexed to each contract between the project and cooperative.

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<sup>5</sup> The project and mission have discovered multiple instances of breaches to good governance and financial accountability – examples include: the handling of cooperative finances and cash-in hand by a Board member, rather than by the Business Manager or Accountant; non-transparent appointment of staff; and substantial irregularities in financial accounting with unjustified funds.

- Cooperative Procedures Manual. To achieve standardisation and clarity in the processes and procedures (including those describe above on structure, staffing, etc.) to be followed, a Cooperative Procedures Manual should be drafted and finalized by end January.
- Governance. As a best practice, two General Assemblies<sup>6</sup> should take place on an annual basis for transparent information sharing, communication and participatory decision-making: (i) prior to rehabilitation activities (January to May); and (ii) during the commercialisation season (June to December).
- Cooperative services to members. Cooperatives need to clearly define their targeting and outreach strategy to increase membership and shareholders. In addition, a stronger effort is required to consolidate the relationship between the cooperative and their members; rehabilitation of farms is an important service offered by the cooperative to their members, though other means to add value could also be considered. Cooperatives should explore the demand by members for short-term credit in the form of rice or materials such as zinc, which could be paid back through commercialisation of cocoa/ coffee produce.
- CDA involvement. There is need to improve the partnership and collaboration with the Cooperative Development Agency (CDA) to provide institutional support to cooperatives, especially in light of the recommended measures. The CDA with its mandate, has oversight responsibility on the cooperatives, and has authority to ensure that cooperatives are accountable to their members and adhere to good governance practices. As the CDA has limited capacity at the County level, the project should enter into an Agreement with CDA to provide support to improve their mobility (motorbike, fuel and incentive lumpsum); capacitated, the CDA can collaborate with the project to provide support and advisory services to cooperatives, as well as to audit them, and accompany the cooperatives through their General Assemblies and election processes.

30. **Commercialisation and pricing.** Linked to the overall performance of the cooperatives, are the results achieved by the cooperatives in terms of marketing and commercialisation. To facilitate the management and mobilisation of cocoa by the cooperatives, the PIU has procured additional rice bags and equipment such as hanging and platform scales; moisture meters and cocoa cutters will also be procured.

31. Today, the private exporter partner, LAADCO, has respected its commitments, and all cooperatives have signed contracts with LAADCO for the supply and commercialisation of the cocoa produce. An important aspect of this commercialisation arrangement, is the provision of working capital from the exporter to the cooperatives, allowing the cooperative to be competitive in buying cocoa produce from member and non-member farmers who generally prioritise immediate payment. The contract with LAADCO establishes the purchase price of cocoa; today LAADCO is offering a price of USD 1.77/ kg for Grade A, which is a highly competitive price, 37% above the national price recommended by the LPMC (USD 1.29/ kg); this is by and large, the best price available to farmers in Liberia. As further incentive for the cooperative, LAADCO also offers the cooperative commission for every metric ton commercialised in the amount of USD 10/MT up to 50 MT; and USD 20/MT above 75 MT.

32. To date, LAADCO has already provided approximately USD 376,000 in working capital to the seven cooperatives, and at the time of the mission, 301.4 MT of cocoa has been commercialised by the cooperatives.

Cooperative	Agreed Contract Target (MT)	Total MT delivered as at 30/11/2013	% of target met as at 30/11/2013
Quapatamai	50	35.1	70%
Zorzor	50	27.5	55%
Sebehill (Kolahun)	200	134.3	67%
Guma Mende (Vahun)	75	33.3	44%

<sup>6</sup> The project can provide some initial support in underwriting the costs of hosting 2 GAs per year.

Foya Maliandoe	100	66.7	67%
Voinjama	25	2.4	10%
Quardu Gboni	25	2.1	9%
<b>Total</b>	<b>525</b>	<b>301.4</b>	<b>57%</b>

33. As evidenced in the table above, the performance of the cooperatives in meeting the agreed targets set with the exporter is mixed. Whilst some cooperatives are very much on track to meet this year's campaign objectives, others are seemingly far from reaching the targets. A rapid assessment of the cocoa production in the project catchment area indicates that cocoa quantities are significant and can comfortably meet the agreed targets – i.e. **the issue is not the availability of produce, but the ability of cooperatives to collect and mobilise the produce and commercialise to the exporter, and on the part of the exporter, the ability to absorb the volumes without delays.**

34. **Lessons learned, recommendations and way forward.** The performance of the cooperatives is largely tied to the quantities of cocoa commercialised and against the projections in the business plan. As the commercialisation season comes to an end, there is need to extract lessons learned to vastly improve the opportunity for cooperative income generation in the subsequent years; this requires an understanding of the **multiple challenges** that have so far prohibited improved mobilisation (buy/ collect) of produce and its commercialisation; these challenges<sup>7</sup> include:

- Sub-optimal management of finances and logistics/ transport (logistical transport arrangements, lack of jute and rice bags for transport).
- Unclear accountability and responsibilities across actors (including reporting and communication responsibilities).
- Difficult road conditions and transportation problems (delaying movement of trucks and vehicles).
- Banking inefficiencies (unavailability of locally available funds and/ or the timeliness in accessing these funds).
- Ineffective marketing strategies.
- Working capital constraints (particularly the turnaround period for replenishment).

35. Overall, better planning, monitoring and information flow is critical to respond to these challenges. If the recommendations related to development of the cooperatives are addressed, and measures/ actions are taken to overcome the above challenges, there is significant potential to augment the volume of cocoa commercialised by the cooperatives.

36. The **recommendations** can be summarised as follows:

- There is need to improve the information flow and facilitate timely logistics/transportation of cocoa and coffee produce between: (i) the farm and cooperative level; and (ii) the cooperative and LAADCO.
- The marketing strategy defining the role of cooperative 'agents' and appropriate motivation and incentives to agents to mobilise cocoa/ coffee needs to be developed; agents should be provided with motorbikes and paid on commission; the detailed strategy in terms of agents' area of coverage, the incentives/ commission scheme and the communication flow needs to be established.
- Improving the working capital flow requires reducing the replenishment cycle and increasing the amount of the working capital provided in tranches.
- The PIU will provide support in the monitoring and tracking of the following: (i) the volume/ quantity of cocoa mobilised by the cooperative (by warehouse); (ii) the cash flow/ working capital flow; (iii) the availability of bags; and (iv) transportation (position of trucks, capacity, etc.). In the height of the commercialisation seasons, daily reporting between the cooperative,

<sup>7</sup> Please see the aide memoire of the October implementation support mission for detailed information regarding the challenges and recommended action to be taken.

LAADCO, MOA, the PIU and IFAD is required. LAADCO will also appoint a focal point in Monrovia, to coordinate the process with the project and cooperatives.

37. In the remainder of 2013, the following needs to be completed: an assessment of cooperative staff and revised cooperative business plans; assessment of the 2013 rehabilitation campaign; and assessment of current cooperative assets in terms of infrastructure, equipment and vehicles..

38. The priority activities in early 2014 will be to: (i) finalize the contract/ agreement with each cooperative, clearly outlining the number of ha to be rehabilitated and the number/ volume (MT) of produce to be commercialised (the contract should also include the revised business plan, the list of staff and contract termination date, and the list of tools per cooperative); (ii) finalization of the cooperative procedures manual; and (iii) to draft the standardised contracts on the following: (a) between the cooperative and farmer (including the payback amount and conditions); (b) between the cooperative and youth group for rehabilitation; (c) usage of the cooperative tools (access, duration, fine conditions); (d) commercialisation (minimum bags for the campaign); (e) nursery establishment and management; and (f) individual farmer solar dryers. These standardised contracts should be annexed to the project's agreement with the cooperative.

39. **Support for MOA at county and district level.** The agreement for provision of institutional capacity building support to the County Agricultural Coordinator (CAC) and District Agricultural Offices (DAOs) has been finalised, including financial support for operating costs. The procurement process for the vehicle and motorbikes for the CAC and DAOs to facilitate mobility is almost completed. The infrastructure works for the extension of the CAC office and construction of the DAO offices are pending signature of contracts with the identified contractors, and should commence shortly; the soon to be recruited Lofa-based field accountant(s) should work closely with contractors to mitigate against cash flow problems. The procurement process for office equipment is also on-going, and to be completed as soon as possible.

40. Since April 2013, 14 young professionals (YPs) have been recruited and deployed to support the work of the DAOs (2 YPs per district). Whilst seven tree crop YPs and seven M&E YPs have been recruited, the mission recommends that all YPs be given sufficient training and support to undertake both functions. It is expected that the YPs will closely monitor the cooperative farmer members and villages, providing support in such areas as rehabilitation and management of nurseries. Their role in monitoring and evaluation is also extremely key, and YPs will be implicated in the assessment of, and validation of the farms rehabilitated. YPs have been equipped with motorbikes, GPS, raingear, cameras and telephones to enable them to carry out their work. As the baseline survey takes place, YPs will lend their full support in the collection of data and information. Every effort now needs to be made to promptly make available the remaining logistical support and equipment that will enable them to carry out their responsibilities. To lend greater credibility, as well as promote the role of MOA vis-à-vis the cooperatives and farmers, the YPs should be given MOA identity cards.

41. With the support provided, the expectation is that the decentralised MOA will be able to carry out its responsibilities in the areas of M&E, coordination, and technical advisory/ extension services. Monthly reporting by CAC and DAOs is necessary, which includes financial reporting and technical reporting on agricultural activities in the County including cocoa and coffee production, commodity prices (especially competing prices from neighbouring countries), rice production and other sector activities being supported by other donors and partners.

Agreed action	Responsibility	Agreed date
Undertake an assessment of the current staff within the cooperatives	PIU ICB team	15 December 2013
Finalize the written test for the recruitment process of cooperative staff; complete recruitment process for new cooperative staff structure	PIU ICB team	15 December 2013
Revise and submit for all cooperatives, a second draft business plan for no-objection	PIU ICB team and IPs	30 December 2013
Finalize rehabilitation and institutional support contracts with cooperatives	PIU Project Coordinator, ICB team, tree crops officer	30 December 2013



Provide ID cards for each cooperative member	Cooperatives, PIU ICB team	15 February 2014
Draft standardised cooperative contracts with beneficiaries and youth groups	PIU ICB team, coops	30 December 2013
Draft cooperative procedures manual, to include structure, responsibilities, PES, accountability mechanisms, internal controls and remuneration	PIU ICB team and IPs	30 January 2014
Monitor and track the four aspects (volume of produce/ cash flow/ bags/ transport) to reach the targeted weekly level of commercialisation	PIU ICB Office	Continuous
Develop cooperative marketing strategy, including the role of agents	PIU ICB team and coops	15 January 2014
Undertake a weekly monitoring of advances and monthly audit of the cooperatives financial situation	Lofa PIU field accountants (consultants)	Continuous
Organize the GA/ extraordinary GA to explain the 2014 results-based contract, new structure and approach	PIU ICB team and CDA	2x yearly
Draft proposal for instituting farmer competitions at cooperative level, and County level (best performance on (i) rehabilitation; and (ii) commercialisation)	PIU ICB team and CAC	28 February 2014
Finalize MoA with CDA for capacity building support and submit for no-objection	PIU Project Coordinator	20 December 2013
Institutionalize a system of feeding back M&E information to the cooperative	PIU M&E and ICB team	January 2014
Monitor and follow up on CAC/ DAOs financial and technical reporting to the project	PIU M&E and field accountants (consultants)	Continuous, monthly
Provide MOA identity cards for YPs	MOA, PIU	20 December 2014
Complete infrastructure work of CAC/ DAO offices	Procurement unit and engineers	March 2014

## D. Project implementation progress

### 42. **Component 4: Project Management:** *Progress under this component is rated as satisfactory.*

To date, all STCRSP staff have been recruited with the Agro-Business Officer post being occupied by two capacity building consultants. Regular monitoring, workshops, missions and spot checks is ongoing to meet the 2013-2014 targets.

43. Today, there is ample opportunity to address the issue of improving communication and interface between the PIU, implementing partners, CAC/DAOs, CDA and local authorities to ensure joint ownership, timely information flow, frequent reporting and feedback. With the recruitment of district young professionals and with the finalization of the MoA with the CAC, the seamless complementarity of responsibilities and information exchange should be facilitated.

44. It should be noted further that the responsibilities of the Lofa-based PIU are expected to increase substantially, particularly with respect to the support to cooperative development. There is need to ensure an effective sharing of responsibilities amongst the staff, especially with the recent recruitment of two additional capacity building specialist consultants. Two additional field accountants (consultants) are also in the process of being recruited, to be deployed in the County by beginning January 2014; amongst other tasks, these field accountants will work closely with cooperatives to monitor and support financial reporting and promote financial integrity. In this manner, the project can withdraw as signatory on the cooperative accounts. Finally, in order to improve project (financial) support to the cooperatives and to the CAC/DAOs, the project should urgently open an account at Ecobank in the Voinjama branch.

45. With the need to revise the cooperative business plans and given the expected changes and additions to the support provided to cooperatives, all Agreements with cooperatives will need to be amended or new agreements drawn up before the start of the new rehabilitation campaign.

46. **Annual Work Plan and Budget.** The 2013-2014 AWPB totalling USD 7,876,751 was prepared and finalized following the last supervision mission. Physical progress in terms of farms rehabilitation, feeder roads rehabilitation and support to cooperatives against the 2012-2013 AWPB is 75% (overall financial execution of the 2012-2013 AWPB is 62%). Financial progress against the approved 2013-2014 AWPB is USD 1,339,844 or 17% of the total budget when taking into account commitments. The

procurement plan is for an amount of USD 4,245,095 of which overall progress is 63%. The progress in roads rehabilitation and the finalisation of the MoA with the CAC/DAOs will also ensure an accelerated pace during the 2013-2014 fiscal year. Physical progress against the 2013-2014 AWPB will also be more visible starting in January 2014, upon commencement of the farm rehabilitation season.

47. **Monitoring and Evaluation.** Repeated emphasis has been placed on the importance of effective M&E and reporting, as a joint effort and responsibility of all project stakeholders. In support of this, all YPs will be capacitated to undertake M&E responsibilities. At this juncture, the mission has reiterated the fundamental need to capture the baseline/ pre-project intervention information with regards to farmers' production levels, commercialisation and incomes. It was noted with appreciation that efforts to capture this information is underway, but this needs to be finalized before the end of 2013. It should be noted that to date, registration of the 1500 farmers who have received rehabilitation support has enabled the collection of relevant data (surface area, production level, etc.) to populate a database that has been developed by the M&E team. As the hectareage of rehabilitation is expected to expand considerably, it is critical at this juncture to continue the good practice of data collection and monitoring of production levels, and consequently produce commercialised and the impact on household incomes. The M&E officers within the PIU must ensure this is the case, and a database capturing this information is already in place.

48. In terms of assessing the future production and commercialisation potential, more effort is required to capture information that allows for an overview of cocoa/ coffee farming households in the County (project areas), and production levels. To this end, an agricultural census of these farming households should be undertaken by the CAC/DAOs in partnership with the PP, cooperatives and the PIU; it will also allow for monitoring the project's outreach and the outreach of cooperatives.

49. **Baseline survey.** The RIMS compliant baseline survey is expected to commence shortly. Subah Belleh Associates have been identified as the service provider and the contract has been finalised. The field survey should be fast-tracked, implicating the YPs and other stakeholders in the process.

50. **Targeting.** The sensitization of communities has been rolled out, which has resulted in good understanding and adherence to the targeting strategy; emphasis for the identification of project beneficiaries has to-date been focused on the most vulnerable (elderly, disabled, women-headed households, etc.). Through participatory and consultative processes, both cooperative members and non-members have been identified for project farm rehabilitation support in this first year. During the five year project duration, it is reasonably expected that the vast proportion of eligible members of the cocoa/ coffee farming community will receive support. There is every expectation that this will also contribute to confidence in the cooperatives and eventually increase their membership numbers. According to the project's targeting criteria, the project would benefit 15,000 or 60% of the total poor households in seven districts of Lofa County under Component 1. In general, the project's target villages are those where over 70% of the farming households own less than 2 ha of land.

51. **Gender and youth considerations.** While a special gender workshop has not been held, specific emphasis has been placed on gender sensitive approaches to targeting in all workshops and meetings held; tracking of male and female ratios is also regularly reported, and today female beneficiaries comprise 21% of all project beneficiaries. Whilst a sustained effort will be required to reach the 25% target, the lack of cocoa/ coffee plantations owned by women does present a constraint.

52. The project is also making substantial headway in promoting youth participation and supporting their employment opportunities through: (i) mobilisation of 1,518 youth into village youth groups that have been contracted to undertake rehabilitation works on farms, and which today has injected more than USD 125,000 in revenue in just a 3 month period; (ii) recruitment of 14 young professionals providing M&E and tree crop extension services; and (iii) recruitment of youth within the cooperative structures. With the rehabilitation of an additional 4800 ha in this fiscal year, the income to youth is expected to increase substantially.

53. **Sao Tome and Principe learning route.** With the initiative of rehabilitating the tree crop sector in post-war Liberia, the opportunity to learn from the success stories of other countries in terms of bringing more value to the tree crop sector is important. The project therefore facilitated a learning route/ visit to Sao Tome and Principe (STP) with the various actors implicated in the project. Sustainability of the project requires access to new models and approaches of cocoa and coffee production, marketing and value addition. It has also been recognized that a Public-Private Partnership is a core element for the successful implementation of projects and their sustainability after project completion. A nine-member team from 8 implementing institutions under the STCRSP benefitted from a one-week (5 – 11 July 2013) cross learning route in STP. The cross learning event sought to build knowledge on cocoa and coffee value chain development (production to marketing) and to link implementers of the STCRSP with viable growing markets. The learning route was facilitated by the Programme d'appui participatif à l'agriculture familiale et à la pêche artisanale or Participatory Smallholder Agriculture & Artisanal Fisheries Development Project (PAPAFPA), an IFAD-funded project based in STP. The objectives and purpose of the learning route were to strengthen individual and institutions competencies in cocoa and coffee production and marketing, learn how the cooperatives of Sao Tome are structured and set up, promote increased linkages and learning, increase awareness and application of relevant produce development of STP models, learn to address the range of specific challenges faced by diverse target populations and including women participation in agriculture development. The project in collaboration with the MOA and IFAD saw the need to explore a new learning route in STP in consideration of the improved cocoa and coffee value development process and the high price received by their farmers for their produce. Based on the above, participants were selected by their institutions using two criteria: (i) different category of positions was selected from all actors' institutions to ensure a broad learning spectrum; and (ii) capability to transfer learning to others within their respective institutions. There was brief presentation of each participating IP (history, structure, activities, etc.), field trips, meetings, group discussions/working sessions and strategy to transfer knowledge to others after the learning along with a detailed work plan for dissemination of learning. In addition, a report on the learning route was drafted and is being modified to be used as an information/ technical manual.

Agreed action	Responsibility	Agreed date
Fast-track baseline field survey	PMU/PIU M&E	December 2013
Undertake the census of farming households in the project area; assess as well, County-level production potential	Lofa PIU, CAC/DAOs, YPs, IP, coops	December 2013
Open a bank account with Ecobank in Monrovia and Voinjama	Project coordinator and financial controller	2 January 2014
Recruit two field accountants (consultants) and deploy them to Lofa County	Project coordinator and financial controller	January 2014
Finalize ICCO membership and ratification	MOA	30 December 2013

## E. Fiduciary aspects

54. **Financial and administrative management.** The financial and administrative management of both the ASRP and the STCRSP is handled by the IFAD PIU with a team of 5 officers (Financial Controller, Procurement Officer, Project Accountant, Accounts Officer, Administrative Assistant) and support staff headed by the Project Coordinator. No major change was noted since the last supervision mission in May 2013, other than the replacement of the Accounts Officer and the creation of a Procurement Assistant position. Even though the PIU's internal controls system was found adequate, the following recommendations are made to improve the project's administrative and financial management.

### 55. Administrative management.

- Completion of personnel files with all missing documents;
- Setting of objectives for 2013-14 as part of the personnel evaluation system;
- Independent assessment of staff's knowledge of the IFAD PIU procedures manual;

- Use of travel authorizations (with email approval by the Project Coordinator) for Lofa staff; systematic submission of mission reports upon return from travel;
- Physical inventory of all PIU assets, including reconciliation with assets register;
- Adoption of arrangements for IT maintenance and troubleshooting.

56. **Financial management.** With the full implementation of the TOMPRO accounting software, the PIU is now producing monthly financial reports. In order to make them complete and useful for decision making, it is imperative that these reports be produced (i) with input from each component head and (ii) promptly after month-end.

57. The recommendations issued last May with regard to the implementation of an adequate petty cash system in Lofa have not been implemented: no petty cash reconciliation, vouchers or supporting documents have been sent to Monrovia since June 2013. This means that petty cash transactions from Lofa have not been verified for the past 5 months. The situation should improve with the recruitment of the Field Accountants based in Lofa. In the meantime, the mission recommends that the complete petty cash returns from July to November be submitted to Monrovia as soon as possible, and thereafter within a week of each month-end.

58. **Annual work plan and budget.** The table below shows the financial execution of the AWPB since project start (amounts in USD):

	Component 1	Component 2	Component 3	Component 4	TOTAL <sup>8</sup>
<b>2012-13</b>					
<b>BUDGET</b>	540 835	360 168	648 822	958 339	<b>2 508 163</b>
<b>ACTUAL</b>	515 697	29 220	202 876	815 956	<b>1 563 749</b>
<b>% execution</b>	95%	8%	31%	85%	<b>62%</b>
<b>2013-14</b>					
<b>BUDGET</b>	1 955 802	3 424 466	1 689 518	806 965	<b>7 876 751</b>
<b>ACTUAL (4 months)</b>	118 055	612 949	176 818	187 520	<b>1 095 343</b>
<b>% execution</b>	6%	18%	10%	23%	<b>14%</b>

59. **2012-13 AWPB.** The poor performance is due to (i) the delay in the rehabilitation of roads; (ii) the fact that the contract with the MOA for the support to the CAC and DAOs was only signed in June 13 (construction of offices, equipment and other support therefore could not be procured); and (iii) the decision to provide technical assistance to the cooperatives through staff and consultants rather than a NGO.

60. **2013-14 AWPB.** Component 1 execution rate is low, as rehabilitation work is scheduled to start early in quarter 3. For Component 2, most of the contracts have been signed, but many payments were delayed to quarter 2 due to lack of funds. For Component 3, quarter 1 activities were delayed as the contracts with the new cooperatives were only signed in August; in addition, little procurement took place in the 1<sup>st</sup> quarter due to late submission and approval of the AWPB. The execution rate increases to 17% when commitments are taken into account.

61. **Disbursement. Treasury situation.** The project has experienced a serious cash shortage during the month of November 2013, due to delays in the processing of a withdrawal application, coupled with the high number of payments to road contractors which has quickly depleted the special account. This, however, also reveals deficient cash forecasting. Considering the anticipated increase in activity (launch of road rehabilitation program and intensification of cocoa/coffee rehabilitation program), it is anticipated that the treasury situation will continue to be tense. The mission therefore recommends that the authorized allocation be increased to USD 1.5 million. Moreover, the quarterly cash forecasts prepared by the PIU must be updated on a weekly basis.

62. It was noted that the level of service from the STCRSP's bank, the Liberia Bank for Development and Investments - LBDI, is not satisfactory (delays in processing bank transfers, difficulties in obtaining timely bank statements, high bank charges). The mission recommends that the

<sup>8</sup> The 2012-13 AWPB includes financing from IFAD (USD 2 276 788), the Private Partner (LAADCO : USD 211 500), GOL (USD 13 276) and Beneficiaries (USD 6 600).

project open an account in another commercial bank acceptable to IFAD, and progressively close the project account held at LBDI. In order to facilitate the functioning of the Lofa PIU office, it is further recommended that a project sub-account be opened (preferably in the same bank) in Voinjama.

63. PP and cooperatives. As of 31/10/13, the financial situation of the PP and cooperatives in charge of Component 1 is as follows (amounts in USD):

	LAADCO	QUAPATAMAI	ZORZOR	VOINJAMA	QUARDU GBONDI	TOTAL
Advances issued to date	352 490	109 242	97 012	10 000	10 000	578 744
Disbursements justified	338 757	89 848	95 201	8 674	0	532 480
As a % of advance received	96%	82%	98%	87%	-	92%
Balance of advances to be justified	13 733	19 394	1 811	1 326	10 000	46 264

64. The PP and cooperatives do not submit monthly financial reports to the PIU, as required in their contracts. In addition, bank reconciliations, petty cash reconciliations and budget-to-actual analyses are never included in their financial returns. The detailed review of the cooperatives' returns also revealed (i) the extensive use of self-made receipts in lieu of invoices or receipts from vendors, (ii) the extensive use of cash rather than checks to make payments (coupled with the absence of a petty cash system), (iii) the high level of fuel and DSA expenses in some cases and (iv) procurement without a competitive selection process. In addition, during their field review of cooperatives in October and November, the PIU discovered that a total of USD 9 785 were missing from the Quapatamai accounts, for which the cooperative's management has been unable to provide any explanation or justification. The mission recommends that the management of this cooperative be dismissed and a new management team be recruited on a competitive basis by the PIU. Besides, the missing funds must be reimbursed to the PIU by the cooperative.

65. More generally, and as recommended in the previous supervision mission:

- the PP and cooperatives should submit a complete financial report to the PIU at the end of each month (including a detailed expenditure report and adequate supporting documents, budget-to-actual statement, reconciliation of funds, bank reconciliation/bank statement and petty cash reconciliation). As part of its review of this monthly report, the PIU must monitor the IPs expenditure against their approved AWPB to ensure proper utilization of project funds;
- a proper petty cash system and procedures must be established at each cooperative;
- a competitive selection process must be carried out by the cooperatives for procurement of USD 200 or more.

It is further recommended that a simple procedures manual be drafted to guide the cooperatives in the area of financial and administrative management.

66. Finally, the PIU must accelerate the recruitment of the Field Accountants who will be responsible for (i) building the capacity of the cooperatives in financial management and assisting them in the preparation of the monthly financial reports; (ii) providing weekly funds replenishment based on proper justification of the previous advances and forecasted expenditure for the following period; and (iii) auditing the cooperatives' accounts on a monthly basis.

67. IFAD disbursements. The status of the IFAD loan disbursements as of 27/11/13 is shown in the following table (amounts in SDR):

Cat	Description	Loan Allocation	Cumulative disbursements to date (WA #1-6)	% disbursement	Available balance
1	Civil works	5 350 000	17 198	0%	5 332 802
2	Equipment, goods and materials	1 250 000	386 895	31%	863 105
3	Technical assistance	1 140 000	287 822	25%	852 178
4	Salaries, allowances & operating costs	1 710 000	323 939	19%	1 386 061
	Unallocated	1 050 000	-	-	1 050 000
	Initial Deposit	-	655 080	-	(655 080)
	<b>TOTAL</b>	<b>10 500 000</b>	<b>1 670 934</b>	<b>16%</b>	<b>8 829 066</b>

68. When taking into account actual expenditure up to 31/10/13 (WAs #7 reimbursed in November and WA #9 currently in process at IFAD), the disbursement rate goes up to 21%, which is close to the current project implementation level. This rate will increase further with the road rehabilitation program and the increase in the tree crop rehabilitation surfaces.

69. Withdrawal applications. WAs are issued automatically from the TOMPRO accounting system. The four replenishment WAs issued and reimbursed since the last supervision mission were reviewed in detail. The following recommendations are made to address the findings of this review:

- Contracts, payment slips and signed receipts must be attached as justification for payment by IPs of wages to laborers;
- Invoices should be attached as justification for the payment of fees to the long-term consultants employed by the PIU.

70. Reconciliation of the Designated Account. The reconciliation of the STCRSP designated account as of 31/10/13 is shown below (amounts in USD):

<b>Initial deposit (A)</b>	<b>1 000 000</b>	
USD Designated Account Bank balance at 31/10/13		2 809
Project Account Bank balance at 31/10/13		6 172
Petty cash balance at 31/10/13 (Monrovia & Lofa)		1 340
Current WA (#9)		442 424
WAs submitted but not yet paid by IFAD (WA #7)		420 503
Amount withdrawn from the Designated Account and not yet claimed		55 848
<b>Subtotal (B)</b>	<b>929 096</b>	
Difference (C) = (A) - (B)	70 904	
<b>Explanation:</b> Loan to ASRP for FUN activities	131 029	
Loan from ASRP for payment of contractor	(60 125)	

It is recommended that outstanding balances be cleared as soon as possible, and that inter-project loans be avoided in the future.

71. **Counterpart funds.** GOL contribution to the STCRSP financing is in the form of duty/tax exemptions on investment expenditures (totalling USD 56,908 since project start)<sup>9</sup>. This contribution is captured in the AWPB, monitored separately as expenditure is incurred, and reported in the project's financial statements.

72. Beneficiary contributions (40% payback of the rehabilitation costs and cash for road maintenance) are expected to begin in 2014<sup>10</sup>. The mission recommends that the PIU establish procedures for the estimation, receipt, reporting by the PP and cooperatives, and recording of these contributions in the project accounts.

73. **Compliance with loan covenants.** All STCRSP loan covenants that were due on or before 31/10/13 have been implemented by the PIU (except for the submission of unaudited financial statements which will be done this month).

74. **Procurement.** Procurement planning and monitoring. The situation with regard to procurement execution and monitoring has not improved, despite the creation of the position of Procurement Assistant: (i) procurement continues to be initiated at the last minute, sometimes resulting in the use of National Shopping instead of the required National Competitive Bidding method of selection, and (ii) the Excel procurement plan is not updated on a regular basis. Furthermore, the PIU still has not implemented the TOMMARCHE procurement monitoring software, despite the fact that the installation and staff training took place May 2013. The mission strongly recommends that the procurement area be more closely supervised and that:

<sup>9</sup> The GOL contribution related to Monrovia office space (up to January 2013) is taken into account entirely by ASRP. The contribution related to the Lofa office space (since November 2012) is minimal (due to the size and rental value of the premises) and is therefore not taken into account.

<sup>10</sup> Early payment of the 40% payback by some farmers is reported to have started already.

- Procurement be initiated on the planned dates (as indicated in the procurement plan); this requires component heads to provide the Procurement Officer with the related requisitions and TOR/specifications on a timely basis;
- The procurement rules and procedures be strictly followed, and the recourse to national shopping in lieu of NCB be avoided;
- The TOMMARCHE software be fully implemented as soon as possible;
- The procurement be updated on a real time basis to ensure that timely actions are taken and to avoid delays in the procurement process.

75. Execution of the procurement plans. The execution of the 2012-13 procurement plan was limited to 31% due to the fact that the roads rehabilitation program was initiated late in the year. Most of the goods and services that were not completed during the year were postponed to the following year. The 2013-14 procurement plan is already 63% executed after only 4 months, thanks to the signature of the 69% (in value) of the roads contracts and the contracting of the 2 new cooperatives.

76. Procurement process. All 6 post review procurements completed to date were reviewed in detail. The following recommendations are issued to address the findings from this review:

- The filing must be improved, with complete files for each individual procurement case; also, the numbering of procurement files must be consistent in all documents;
- Bidders must be required to date their bids;
- Bids that do not comply with the requirement of the bidding documents should be disqualified (e.g., non-submission of business registration and tax clearance certificates, non-submission of bank guarantees, etc.).

The latter point was strongly illustrated by the recent case of a NCB procurement for the construction of bridges, in which the bid of a company named BEHOLD was accepted (and the contract later signed), even though one of the bid requirements was not met (submission of an insurance bond instead of a bank guarantee as bid security). For over 2 months after contract signature, the contractor was unable to produce a bank guarantee to secure the initial advance; he finally submitted a counterfeit guarantee, which led to his arrest. In addition to the cancellation of this particular contract, the mission recommends that the PIU Financial Controller be a member of the evaluation committee for all large procurements, so that the financial aspects of the bids are examined by a finance professional.

77. **Audit.** The first audit of the STCRSP has been completed and the audit firm (MGI – Monbo & Company) has issued the draft audit report with unqualified opinions on the project financial statements, designated account, and statements of expenditure. No management letter was issued on the grounds that no significant internal control weakness was identified. The draft audit report was reviewed and a number of corrections have to be made. Furthermore, it was noted that the audit report makes no mention of the project's compliance with procurement guidelines and the management of project resources by the IPs. The mission reminded the PIU that the final audit report must be submitted to IFAD by 31/12/13.

78. The table below summarizes the main recommendations made on the fiduciary aspects:

Agreed action	Responsibility	Agreed date
Recruitment of Field Accountant(s) to manage Lofa PIU financial operations, provide financial management support to and audit the accounts of the cooperatives	Financial Controller	15 December 13
Submission of complete financial reporting packages by the PP and cooperatives	Financial Controller	Monthly
Recovery of missing funds from the Quapatamai cooperative and request change of the management team	Project Coordinator	31 December 13
Increase of initial deposit to USD 1.5 million	MOF/IFAD	31 January 13
Weekly updating of quarterly cash forecasts	Financial Controller	Weekly
Timely execution of procurement actions and update of procurement plan; strict adherence to procurement rules and procedures	Financial Controller Procurement Officer	Continuous

Completion of the PES exercise for the current year (setting of 2013-14 objectives) for all staff	Project Coordinator Financial Controller	31 December 13
Physical inventory of all project assets and reconciliation with assets register	Financial Controller	31 January 13
Finalization of the audit report and submission to IFAD	Financial Controller	31 December 13

## F. Sustainability

79. The approaches tested and adopted by the project are guided by the principle of embedding institutional, financial and economic sustainability. Capacity building support is being provided on multiple levels, from cooperative level to the decentralised public sector.

80. As well, through sensitization, training and emphasis on business planning, the economic and financial sustainability of the cooperatives is actively promoted. Similarly, at the farm-level, project beneficiaries have been sensitized on their responsibilities to payback a portion of the costs of rehabilitation. Annual cost-benefit analysis will provide further evidence of the appropriateness and advantage of investing in farming over the longer-run.

81. **Institutional sustainability.** A core principle and effort of the project is to embed sustainability of activities; the strategy to achieve this is largely through implementation of component 3 which seeks to strengthen the capacity of the institutions implicated in the project. Through a combination of building cooperative (at the frontline of all activities) capacity, supplemented by a conducive and supportive technical and policy environment through decentralised MOA strengthened capacity, self-sufficiency and growth can be assured. It should be noted that support to cooperatives will be phased out once their capacity is built and commercial operations are well established over the project duration; financial health of the institution is also reinforced with recovery of 40% of rehabilitation costs that are channelled back into the working capital of the cooperatives.

82. **Social sustainability (empowerment).** It is expected that the project support to cooperatives will facilitate an important social element that is generated through the increasing outreach to farmers and economic activities and services provided by the cooperative. With an initial emphasis on the rural poor smallholders and the vulnerable, cooperatives are targeting this group and facilitating their improved economic well-being through rehabilitation of farms; in so doing, there is also an active effort to include these farmers, often non-members, into the cooperative as shareholders over the long-run and instilling a sense of ownership and empowerment through decision-making rights. Effectively, project and cooperative activities are geared towards inclusion of smallholders to actively engage in development processes and to make informed decisions for improved incomes.

83. **Economic and financial sustainability.** Through sensitization, training and emphasis on business planning, the economic and financial sustainability of the cooperatives is actively promoted. Similarly, at the farm-level, project beneficiaries have as well been sensitized on their responsibilities to payback a portion of the costs of rehabilitation. Annual cost-benefit analysis will provide further evidence of the appropriateness and advantage of investing in farming over the longer-run.

84. **Exit strategy.** The project approach is centred on building and strengthening the capacities of both the public and private sector (specifically the cooperatives) to be self-sufficient and pro-active beyond the project life, thereby facilitating continuous growth in economic activity in the rural community and sector as a whole.

## G. Other

85. **Impact.** It is too early in the project life to undertake any kind of assessment of the project's impact; however, discussions are already on-going to undertake the baseline survey, and which will complement other early preparations required to be able to instigate a rigorous impact assessment at project completion. The practice of reviewing lessons learned in a participatory manner, is also conducive to ensuring that the approaches adopted by the project and stakeholders will have maximum impact on the quality and results to be achieved.



## **H. Conclusion**

86. The first year has focused on building a strong partnership across the Government, project and partners (PP and cooperatives), and showcases the first public-private partnership of its kind between the Ministry of Agriculture and LAADCO. Following the first year of implementation, the results achieved, both in terms of rehabilitation and commercialisation, are very positive and encouraging. The potentials for cocoa and coffee production are promising, and farmers appear deeply motivated by the project and its approach.

87. It is evident that instilling sound governance within the cooperative institutions is fundamental to the success of the project, serving as the foundation block for effectively implementing the rehabilitation and commercialisation activities that will contribute to achievement of the objective to improve smallholder farmer incomes. The lessons of the first year have been thoroughly discussed in a participatory manner, and modifications to the approach have been identified and will be standardised. Across the board, a business-oriented principle has been promoted, to ensure viability and sustainability of the cooperatives.

88. As the project prepares for the second year campaign, instituting the revised approaches is key; as a priority, the cooperative procedures manual and the on-going assessments of the activities implemented in the first year need to be completed. Upon completion of the assessments, all contracts/ agreements with the PP and cooperatives can be finalised for 2014.

89. Infrastructure works are also now on-track, and many of the initial teething challenges have been overcome. The second year should have all the necessary conditions for a more efficient and scaled-up implementation of activities.

90. IFAD and the Government of Liberia endorse the findings of the supervision mission.



## Appendix 1: Summary of project status and ratings

### Project 1616 [852] Smallholder Tree Crop Revitalization Support Project

#### Basic Facts

Country	Liberia		Project ID	1616	Loan/DSF Grant No.	852
Project	Smallholder Tree Crop Revitalization Support Project				Top-up Loan/DSF Grant	
Date of Update	10-Dec-2013					
Supervising Inst.	IFAD/IFAD					
No. of Supervisions	3	No. of Implementation Support/Follow-up missions	3			
Last Supervision	10-Dec-2013	Last Implementation Support/Follow-up mission	17-Oct-2013			

				USD million Disb. rate %	
Approval	13-Dec-2011			Total financing	24.96 12
Agreement	10-Jan-2012	Effectiveness lag	7.1	IFAD Total	16.88 16
Entry into force	13-Jul-2012	PAR value	-----	IFAD loan	16.88 16
First disbursement				DSF grant	
MTR		Last amendment		IFAD grant	
Original completion	30-Sep-2017	Last audit		Domestic Total	8.08
Current completion	30-Sep-2017			Beneficiaries	0.92 9
Original closing	31-Mar-2018			Government (National)	2.02 3
Current closing	31-Mar-2018			Private Sector Local	5.13 24
No. of extensions	0				

#### Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	4	4	1. Quality of project management	4	4
2. Acceptable disbursement rate	4	4	2. Performance of M&E	4	4
3. Counterpart funds	3	4	3. Coherence between AWPB & implementation	3	4
4. Compliance with financing covenants	5	4	4. Gender focus	4	4
5. Compliance with procurement	4	3	5. Poverty focus	4	4
6. Quality and timeliness of audits	4	4	6. Effectiveness of targeting approach	4	4
			7. Innovation and learning	4	4
			8. Climate and environment focus	4	4

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Cocoa and Coffee Rehabilitation	4	4	1. Institution building (organizations, etc.)	4	4
2. Farm to market roads rehabilitation	4	4	2. Empowerment	4	4
3. Institutional Capacity building	4	3	3. Quality of beneficiary participation	4	4
4. Project Management	4	4	4. Responsiveness of service providers	4	4
			5. Exit strategy (readiness and quality)	4	4
			6. Potential for scaling up and replication	4	4

#### B.5 Justification of ratings

The STCRSP is just over a year effective (effective date of 3 July 2012), and despite initial delays, significant progress has been made to date; teething challenges have been overcome, and after one year of implementation and a full rehabilitation and commercialisation season, targets have largely been reached: 1500 ha of cocoa/ coffee plantations have been rehabilitated; more than 300MT of produce have been commercialised by cooperatives with the private sector partner (remarkable, given that

some cooperatives had not been able to commercialise at all in the season prior to project support); and more than half (i.e. 185 km) of the overall appraisal target (315km) of feeder roads have been identified for rehabilitation, with works already commencing on 60km of roads. Despite efforts, it is evident that the current support for building cooperative capacity has not achieved the desired results, with many cooperatives operating with unsustainable structures and instances of mismanagement. A revised approach will now be instituted (for cooperatives and MOA) which should put in place the measures to ensure viability and sustainability of the institutions themselves and activities. Some good improvements have been made on the M&E system, and the baseline survey with the full participation of field actors has already commenced. Therefore, after the first year of implementation, the project looks to be well on-track. The results have been achieved through the highly participatory and responsive action taken by the PIU and project actors to extract lessons and continually adapt to the challenges faced.

Despite that the execution of the current AWPB is only 14% (four months into the fiscal year), more than 60% of the procurement plan (USD 4.2 million) has been executed, so progress against the AWPB will accelerate very quickly shortly; furthermore, activities will really only kick-off starting in January 2014 with the start of the cocoa/ coffee rehabilitation season.

## Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	4	4
C.2 Food security	4	4
C.3 Quality of natural asset improvement and climate resilience	4	4
C.4 Overall <b>implementation progress</b> (Sections B1 and B2)	4	4

### Rationale for implementation progress rating

The public-private partnership (the first of its kind for the Ministry of Agriculture) is proving effective in ensuring that interventions are being translated into income for smallholder farmers through commercialisation of farmers' produce. Contractual arrangements between LAADCO (private export partner) and the cooperatives have been institutionalized, and other agreements for provision of project support for capacity building are also in place. First year targets are largely met, and measures/ preparatory activities are already underway to significantly increase project outreach and implementation for the second year rehabilitation and commercialisation campaign; 4800 ha, representing 4800 additional beneficiaries have already been identified and sensitized and contracts are being finalized.

A significant acceleration of progress against the current fiscal year AWPB is expected upon commencement of the rehabilitation season, which only starts in January. The start of works on 60km of feeder roads and preparation of bidding documents on an additional 70km of roads is also expected to contribute to execution of the AWPB.

In terms of targeting, there has been very strong efforts in meeting the gender and youth targets – today female beneficiaries comprise 21% of all beneficiaries (against a target of 25%); 1527 youth have been mobilised and more than US\$ 125,000 have been directly channelled towards their incomes in a short 3 month period and for only 1500ha of rehabilitation; with the expectation of more than 4800 ha of rehabilitation in the coming season, the prospects for growth in beneficiaries is also highly apparent.

C.5 Likelihood of achieving the development objectives (section B3 and B4)	4	4
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### Rationale for development objectives rating

Having largely met the first year targets, the project is in a strong position to deliver on the overall appraisal targets and meet the development objectives. The emphasis on cooperatives as a viable *business*, and the focus on promoting sustainability and implementation of a clear exit strategy should ensure that project stakeholders are committed to commercialising cocoa/ coffee production in the interest of improving farmer incomes. The rehabilitation of farms provides on the one hand, scope for positive improvement to production levels, and the partnership with the private export partner and the good conditions provided, presents the scope for generating income through increased production. The creation of youth employment opportunities and injection of cash into the communities is also contributing to the likelihood of achieving the development objectives.

### C.6 Risks Short description of major risks for each section and their impact on achievement of development objectives and sustainability

Fiduciary aspects	(1) Risk of cash tensions due to increased activity in Year 2 (road rehabilitation program and increase in tree crop rehabilitation surfaces) (2) Risk of poor management of project funds by the cooperatives due to their limited capacity in the area of financial management and accounting (3) Potential delays in implementation of activities due to delays in procurement and irregular updating of the procurement plan
Project implementation progress	It is critical that the procurement procedures/ processes are implemented in a timely manner to ensure no unnecessary delay in carrying out project activities. Early preparation is also extremely vital.
Outputs and outcomes	Key risks by component relate to: (i) cocoa/ coffee rehabilitation – managing the repayment mechanism effectively; effective validation and reception of works completed; management of contracts related to youth groups, tools management, etc. (ii) farm to market roads rehabilitation – selection and identification of experienced contractors; viable and manageable associated costs of rehabilitation; weather conditions; beneficiaries ability and willingness to contribute annual maintenance fees; (iii) institutional capacity building – cooperatives' adherence to revised business plans; sound financial management.
Sustainability	Ensuring sustainability requires good governance within the cooperatives and a streamlined and effective management structure appropriate to the level of activities and performance of the

cooperatives. Good knowledge of the cocoa/ coffee market and pricing is also key. For feeder roads, establishing an effective community owned and operated road maintenance system is required.

### Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Fiduciary aspects:			
1) Cash tensions	Increase initial deposit to USD 1.5 million and weekly updating of cash forecast.	Jan 2014 / continuous	
2) Limited capacity of cooperatives in financial mgmt	Recruitment of Field Accountants to build capacity of cooperatives, monitor weekly funds replenishment and conduct monthly audits of accounts.	Jan 2014 / continuous	
3) Delays in procurement and irregular updating of procurement plan	Initiation of procurement actions on planned dates, updating of procurement plan on a real-time basis; Full implementation of TOMMARCHE software.	Continuous Dec 2013	
Cocoa/ coffee rehabilitation	Finalize joint assessment/ validation of farm rehabilitation undertaken; institute standard contracts with farmer beneficiaries and youth groups. Identify quality criteria.	Dec 13 – Feb 14 and continuous	
Institutional capacity building	Revise cooperative management structure and adapt business plan accordingly.	Jan 2014	

### Additional observations



## Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
<b>Goal:</b> Empower 15,000 rural poor to increase their food security and improve their livelihoods, in the counties covered by IFAD, on a sustainable basis			
<b>Project Development Objective:</b> Rehabilitating plantations, improving access to markets and strengthening MOA extension services and farmers-based organizations			
<b>Outcome 1:</b> Increased quantity and quality for the 15,000 cocoa and coffee smallholder producers	-cocoa/ coffee production multiplied by at least 3 for 80% of targeted smallholder farmers (at least 25% female & 50% youths) <b>(Number of farmers with increased cocoa/coffee production disaggregated)</b> - percentage of bad beans reduced by 50% for 80% of targeted smallholder farmers (at least 25% female & 50% youths) <b>(Number of farmers with reduced percentage of bad beans disaggregated)</b>	- Project progress reports - Ad-hoc surveys	Timely availability of resources & logistics to procure and deliver the inputs to beneficiaries - Land tenure system in project counties does not pose any limitations to project activities - Targeted communities are involved and responsive to interventions made
<b>Outputs 1:</b> Improved production practices are introduced  - Primary processing with high quality standards is facilitated for targeted cocoa/coffee farmers	-15 000 cocoa and coffee smallholder farmers use improved cocoa and coffee production practices (at least 25% female & 50% youths) <b>(1. Number of farmers trained in cocoa/coffee production practices disaggregated)</b> <b>(2. Number of farmers using improved cocoa/coffee production practices disaggregated)</b> - 15 000 smallholder farmers have access to drying, storage and/or packaging facilities (at least 25% female & 50% youths) <b>(1. Number of processing facilities constructed)</b> <b>(2. Number of farmers with access to drying, storage or packaging facilities)</b> <b>(3. Number of processing facilities functioning)</b>	- Project progress reports.	- Target communities are involved and responsive to interventions made.
<b>Outcome 2:</b> Increased quantity of the cocoa and coffee sold by targeted smallholders on the market  -Improved quality of the cocoa and coffee sold by targeted producers on the market	-selling on the local and export market multiplied by at least 3 for 80% of the targeted smallholder farmers (at least 25% female, 25% youths) <b>(Number of farmers with increased sales on the local and export markets disaggregated)</b> - decrease of losses/damage in the cocoa and	-Project progress reports -Ad-hoc surveys	Timely availability of resources and logistics to procure and deliver the inputs to beneficiaries - Targeted communities are involved and responsive to interventions made

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
	coffee produce ( <b>Number of farmers reporting decreased damage/loss in produce when reaching the local and export markets disaggregated</b> ) -when reaching the market divided by 2 for 80% of targeted smaller holder farmers		
<b>Outputs 2:</b> Targeted cocoa/coffee smallholders and rural population have a regular and timely access to local and export markets	- 80% of farm to market roads rehabilitated are passable all year round ( <b>Km of roads constructed/rehabilitated</b> ) - 80% of targeted smallholder farmers report selling their cocoa/coffee produce on the local and/or export market ( <b>Km of roads passable the year round</b> )	- Project progress reports - Implementing partners progress reports - Supervision missions	Target communities are involved and responsive to interventions made.
<b>Outcome 3:</b> Increase in the production sold by targeted farmers on local and/or export markets through the cooperatives	20% of the targeted cocoa and coffee producers sell their production through group arrangements (at least 25% female & 50% youths) ( <b>Number of farmers selling their produce through group arrangements disaggregated</b> ) - 3 agreements link cooperatives and standard commodity and/or fair trade private buyers ( <b>1. Number of agreements between cooperatives and standard commodity/fair-trade private buyers</b> ) <b>(2. Number of cooperatives covered by agreements)</b>	- Project progress reports - Ad-hoc surveys	- National decentralization policy implemented as planned - Targeted communities, Ministry of Agriculture & Ministry of Public Works are involved & responsive to interventions made
<b>Outputs 3:</b> Targeted cocoa and coffee smallholder producers are organized in sustainable cooperatives for marketing  - CAC and DAO are able to provide technical advice to targeted cocoa/coffee producers and cooperatives	- 3 cooperatives have a legal status and a board ( at least 25% female members & 25% female in leadership positions) ( <b>Number of cooperatives formed with 25% female members and 25% female in leadership positions</b> ) - 3 cooperatives are profitable and finance recurrent costs ( <b>Number of cooperatives that are profitable and finance recurring costs</b> ) - 80% the targeted cocoa and coffee farmers receive technical advice from the CAC and DAO at least once every quarter (at least 25% female & 50% youths) ( <b>Number of farmers who received technical advice from the CAC and DAOs at least once a quarter disaggregated</b> )	Project progress reports	Target communities are involve and responsive to interventions made



### Appendix 3: Summary of key actions to be taken within agreed timeframes

Action area	Action agreed	Agreed date for action to be taken	Whom
Component 1	Finalize assessment/ validation of 1500 ha of cocoa/ coffee farms rehabilitated	20 December 2013	Lofa PIU, CAC/DAO/YPs, PP, coops and M&E
	Establish standard criteria for assessing quality of rehabilitation during validation exercise; institutionalize validation exercise	15 December 2013; continuous	Lofa PIU, CAC/DAO/YPs, PP, coops and M&E
	Complete any outstanding rehabilitation (pruning/ de-shading)	31 December 2013	PP and cooperatives
	Establish the criteria for the three categories of rehabilitation	31 December 2013	PIU tree crops officer and CAC/ DAOs/ YPs
	Pre-assess 4800 ha to determine rehabilitation category; institutionalize pre-assessment exercise	15 January 2014; continuous	Lofa PIU, CAC/DAO/YPs, PP, coops and M&E
	Formalize rehabilitation contract between cooperative and each farmer beneficiary	15 January 2014	Coops, PP, Lofa PIU
	Pre-identify 5000 ha of additional farms to rehabilitate for a supplementary round	30 January 2014	Coops, PP, Lofa PIU
	Develop list of cooperative assets (infrastructure, equipment, vehicle, tools); standardise tools usage criteria	31 December 2013	Coops, PP, Lofa PIU
	Formalize cooperative contract with youth groups for rehabilitation and loan of tools	15 January 2014	Coops, PP, Lofa PIU
	Establish cooperative targeting and membership strategy	30 January 2014	Coops, PIU ICB team
	Institute that all <i>new</i> nurseries be established at the village level with community contribution and follow up by YPs	Continuous	Coops, YPs
	Institute agreement between cooperative and individual farmers for solar dryers	30 January 2014; continuous	Coops, PP, Lofa PIU
	Complete procurement of seedlings and distribute	15 December 2013	PP, Lofa PIU
	Establish a census and the list of beneficiaries receiving rehabilitation support and adherence with the payback mechanism	Continuous	PIU M&E, PP and cooperatives
	Cooperatives to open second bank account to receive farmer payback from rehabilitation	15 February 2014	Cooperatives
	Finalize and disseminate the STP Manual for rehabilitation	15 December 2013	Project Coordinator and PIU tree crops officer
	Develop a proposal for a pilot on grafting	15 December 2013	PIU tree crops officer
	Preparation of an instruction film on rehabilitation	30 March 2014	PIU
	Establish the M&E baseline/ database for each cooperative	30 December 2013	PIU M&E and IPs
Component 2	Complete road condition survey on the 2 <sup>nd</sup> batch of roads	December 2013	Engineers
	Seek assurance on capacity of contractors to undertake the two pending lots prior to finalization of the contract	December 2013	PIU Project Coordinator and procurement unit
	Finalize procurement for paving of first batch of feeder road rehabilitation	December 2013	Procurement officer, PIU
	Assess performance of contractors to identify a short list for future works	28 February 2014	PIU engineers
	Prepare bidding documents for 40km of the 2 <sup>nd</sup> batch of roads	January 2014	PIU engineers and

Action area	Action agreed	Agreed date for action to be taken	Whom
			procurement officer
	Community sensitization on road maintenance	Continuous	PIU civil engineers with PP and coops
	Undertake baseline of roads – traffic, differentiated crop prices; identify indicators	December 2013	PIU civil engineers and M&E Officer
	Undertake a mapping of roads, including population size, villages and coffee/ cocoa production	December 2013	Engineers and M&E Officer
Component 3	Undertake an assessment of the current staff within the cooperatives	15 December 2013	PIU ICB team
	Finalize the written test for the recruitment process of cooperative staff; complete recruitment process for new cooperative staff structure	15 December 2013	PIU ICB team
	Revise and submit for all cooperatives, a second draft business plan for no-objection	30 December 2013	PIU ICB team and IPs
	Finalize rehabilitation and institutional support contracts with cooperatives	30 December 2013	PIU Project Coordinator, ICB team, tree crops officer
	Provide ID cards for each cooperative member	15 February 2014	Cooperatives, PIU ICB team
	Draft standardised cooperative contracts with beneficiaries and youth groups	30 December 2013	PIU ICB team, coops
	Draft cooperative procedures manual, to include structure, responsibilities, PES, accountability mechanisms, internal controls and remuneration	30 January 2014	PIU ICB team and IPs
	Monitor and track the four aspects (volume of produce/ cash flow/ bags/ transport) to reach the targeted weekly level of commercialisation	Continuous	PIU ICB Office
	Develop cooperative marketing strategy, including the role of agents	15 January 2014	PIU ICB team and coops
	Undertake a weekly monitoring of advances and monthly audit of the cooperatives financial situation	Continuous	Lofa PIU field accountants (consultants)
	Organize the GA/ extraordinary GA to explain the 2014 results-based contract, new structure and approach	2x yearly	PIU ICB team and CDA
	Draft proposal for instituting farmer competitions at cooperative level, and County level (best performance on (i) rehabilitation; and (ii) commercialisation)	28 February 2014	PIU ICB team and CAC
	Finalize MoA with CDA for capacity building support and submit for no-objection	20 December 2013	PIU Project Coordinator
	Institutionalize a system of feeding back M&E information to the cooperative	January 2014	PIU M&E and ICB team
Component 4	Monitor and follow up on CAC/ DAOs financial and technical reporting to the project	Continuous, monthly	PIU M&E and field accountants (consultants)
	Provide MOA identity cards for YPs	20 December 2014	MOA, PIU
	Complete infrastructure work of CAC/ DAO offices	March 2014	Procurement unit and engineers
	Fast-track baseline field survey	December 2013	PMU/PIU M&E
	Undertake the census of farming households in the project area; assess as well, County-level production potential	December 2013	Lofa PIU, CAC/DAOs, YPs, IP, coops
	Open a bank account with Ecobank in Monrovia and Voinjama	2 January 2014	Financial controller (and PC)
	Recruit two field accountants (consultants) and deploy them to Lofa County	January 2014	Financial controller (and PC)

Action area	Action agreed	Agreed date for action to be taken	Whom
	Finalize ICCO membership and ratification	30 December 2013	MOA
Fiduciary aspects	1. STCRSP Monthly financial reports: (a) obtain input from each component head (particularly on the AWPB execution by activity); (b) produce report by the 10 <sup>th</sup> of the following month at the latest; and (c) discuss report with the Project Coordinator to aid in the decision-making process	Continuous	Financial Controller Project Coordinator
	2. Increase initial deposit to USD 1.5 million	31 January 14	MOF / IFAD
	3. Weekly updating of quarterly cash forecast	Continuous	Financial Controller
	4. Opening of project account in a commercial bank and progressive closing of the LBDI account; and opening of a sub-project account in Voinjama – Lofa county	31 January 14	Project Coordinator Financial Controller
	5. Submission of a complete financial report (including detailed expenditure report and adequate supporting documents, budget-to-actual statement, reconciliation of funds, bank reconciliation/bank statement and petty cash reconciliation)	Continuous	Financial Controller Field Accountants
	6. Monthly analysis of IPs expenditure against their approved AWPB to ensure proper funds utilization	Continuous	Financial Controller
	7. Strengthening of cooperatives' financial management: (a) drafting of a procedures manual; (b) implementation of a proper petty cash system and procedures; and (c) use of competitive bidding for procurement above USD 200	31 January 14 Continuous	Financial Controller Field Accountant
	8. Recruitment of Field Accountants for (a) capacity building of cooperatives in financial management (including assistance in the preparation of monthly financial reports); (b) weekly funds replenishment to cooperatives based on justification of previous advances and forecasted expenditure for the following period; (c) monthly audit of cooperatives accounts; and (d) handling of Lofa PIU financial and administrative matters	31 December 14	Financial Controller
	9. Dismissal of Quapatamai Cooperative's (QMFCs) management team by the Board of Directors and agreement on the reimbursement of missing funds by the cooperative to the IFAD PIU	31 December 13	Board of Directors Project Coordinator
	10. Submission of contracts, payment slips and signed receipts as justification for the payment by IPs of wages to laborers; and limitation of use of self-made receipts to justify expenditure	Continuous	Financial Controller
	11. Establishment of procedures for the estimation, receipt, reporting by the IPs and recording in the project accounts of beneficiary contributions (including opening of a dedicated account by each cooperative)	31 January 14	Financial Controller
	12. Payment of fees to IFAD PIU long-term consultants on the basis of monthly invoices	Continuous	Financial Controller
	13. Payment of outstanding inter-project loans (ASRP/STCRSP) and abolishment of this practice	15 January 14	Financial Controller
	14. Submission of Lofa PIU complete petty cash returns for the period July-November 13	15 December 13	Procurement Officer
	Submission of Lofa PIU complete petty cash returns by the 5 <sup>th</sup> of the following month	Continuous	
	15. AWPB: Full documentation of assumption and bases for cost estimates	15 February 14	Procurement Officer
	16. Full implementation of TOMMARCHE software	31 December 13	Procurement Officer
	17. Early launch of procurement actions (as per the procurement plan) – submission of requisitions and TOR / Specifications by component head on a timely basis	Continuous	Financial Controller Procurement Officer
	18. Strict application of procurement rules and procedures (in particular, discontinue recourse to National Shopping procurement method in lieu of National Competitive Bidding)	Continuous	Financial Controller Procurement Officer
	19. Update of procurement plan on a real time basis	Continuous	Financial Controller Procurement Officer
	20. Inclusion of the Financial Controller in the evaluation committees for large value / complex procurement	Continuous	Financial Controller

Action area	Action agreed	Agreed date for action to be taken	Whom
			Procurement Officer
	21. Disqualification of bids that do not comply with the requirements set in the bidding documents; ensure all bids are dated; ensure consistency in numbering of procurement files	Continuous	Financial Controller Procurement Officer
	22. Creation of individual procurement files with all documents related to each procurement case	Continuous	Financial Controller Procurement Officer
	23. Cancellation of contract signed with BEHOLD for the construction of 3 bridges	Immediate	Project Coordinator
	24. Submission of unaudited financial statements to IFAD on an annual basis	31 Oct each year	Financial Controller
	25. Finalization of the 2012-13 audit report and submission to IFAD	31 December 13	Financial Controller
	26. Assessment of staff's knowledge of the IFAD PIU procedures manual	31 January 14	Financial Controller
	27. Completion of personnel files with all missing documents	31 January 14	Financial Controller
	28. Completion of PES exercise: setting of objectives for 2013-14 as part of the personnel evaluation process	31 December 14	Project Coordinator
	29. Use of travel authorizations (with email approval by the Project Coordinator) for Lofa PIU staff; systematic submission of back-to-office reports upon return from travel	Continuous	Project Coordinator Financial Controller
	30. Physical inventory of project assets (at PIU and IPs) <i>including reconciliation with assets register</i>	31 January 14	Financial Controller
	31. Adoption of arrangements for IT maintenance and troubleshooting	31 January 14	Financial Controller

## Status of implementation of previous mission recommendations

### Status of Implementation of the October 2013 IFAD Implementation Support Mission Recommendations

Agreed action	Responsibility	Time Frame	Status
<b>Component I: Cocoa and Coffee Revitalization</b>			
Assessment of 1500 ha of cocoa farms rehabilitated and certifying work completed	TCO, CAC/DAO, YPs, IPs and M&E	Nov-13	On-going and not yet finalized. GPS and bikes provided to YPs
Identify the rollover programme and provide the phasing strategy for 4800 ha of rehabilitation	Tree crops and ICB team, LAADCO	Nov-13	on-going
Finalize construction of solar dryers at central and mini warehouse level with the use of local materials	IPs, TCOs	Nov-13	on-going
Develop criteria to assess rehabilitation and include in all new contracts for the current fiscal year	PIU tree crops and ICB team	Nov-13	completed and distributed
Establish a census and the list of beneficiaries receiving rehabilitation support and adherence with the payback mechanism	PIU M&E and IPs	Nov-13	Foya started, listing to be provided
Finalize nursery establishment and monitor community/ village contribution	IPs, DAOs, TCOs	Nov-13	on-going
Finalize and disseminate the STP Manual for rehabilitation	Project Coordinator and PIU tree crops officer	Nov-13	Submitted to Central MOA Tech. for comment before distrib.
Develop a proposal for a pilot on grafting	Project Coordinator and PIU tree crops officer	Dec-13	Concept note in STP manual
Establish the M&E baseline/ database for each cooperative	PIU M&E and IPs	Nov-13	LAADCO area centralized, others 95% complete
Draft cooperative marketing strategy and implementation arrangements	PIU ICBs and IPs	Nov-13	Draft strategy completed, to be submitted to IFAD for review
Commence procurement of rice bags and additional equipment to enable improved cooperative commercialisation	PIU procurement and ICB team	Oct-13	Completed: bags and scales (hanging & platform) distributed
Procure jute bags and facilitate distribution to cooperatives	LAADCO, ICB team	Oct-13	completed
Appoint focal point in LAADCO Monrovia	LAADCO, ICB team, IPs Marketing officers	Oct-13	Completed
<b>Component II: Rehabilitation of Farms to Market Road</b>			
Complete road condition survey on the 2 <sup>nd</sup> batch of roads	Engineers	Dec-13	Ongoing (71km of 125km completed)
Fast-track two outstanding lots from batch one through the MPW	Procurement	Nov-13	Request for no objection, assessment of contractors' current work before award of contract
Prepare bidding documents for first batch of feeder road rehabilitation (paving)	Procurement officer, PIU	Nov-13	IFAD's no-objection granted for advertisement
Community sensitization on road maintenance	PIU civil engineers with IPs	Continuous	On-going
Undertake baseline of roads – traffic, differentiated crop prices; identify indicators	PIU civil engineers and M&E Officer	Nov-13	On-going with RCS
Undertake a mapping of roads, including population size, villages and coffee/ cocoa production	Engineers and M&E Officer	Nov-13	On-going with RCS
<b>Component III: Institutional Capacity Building</b>			
	Responsibility	Time Frame	Status

Undertake an assessment of the current staff within the cooperatives (Test, verification of documents, etc.)	PIU ICB team	Nov-13	on-going
Revise and submit for all cooperatives, a second draft business plan for no-objection	PIU ICB team and IPs	Nov-13	ongoing
Prepare a written test for recruitment process of cooperative staff	PIU ICB team	Nov-13	on-going
Draft cooperative staff structure with clear responsibilities, accountability mechanisms, internal controls and remuneration	PIU ICB team and IPs	Dec-13	on-going
Monitor and track the four aspects (volume of produce/ cash flow/ bags/ transport) to reach the targeted weekly level of commercialization	PIU ICB Office	Nov-13	Continuous
Organize the GA/ extraordinary GA to explain the 2014 results-based contract and finalize signatures	PIU ICB team	Dec-13	Sensitization ongoing
Institutionalize a system of feeding back M&E information to the cooperative	PIU M&E and ICB team	Nov-13	Continuous
Monitor and follow up on CAC/ DAOs financial and technical reporting to the project	PIU M&E	Continuous	Continuous
Commence infrastructure work of CAC/ DAO offices	Procurement	Nov-13	Drafting of contract in process
<b>Component IV: Project Management</b>	<b>Responsibility</b>	<b>Time Frame</b>	<b>Status</b>
Finalize the baseline survey	PMU/PIU M&E	Dec-13	Contract to be signed
Undertake the census of farming households in the project area	Lofa PIU, CAC/DAOs, YPs, IPs	Dec-13	
Open a bank account with Ecobank in Voinjama	Project coordinator and financial controller	Nov	Ongoing
Recruit an auditor/ accounting specialist consultant for initial 6 months	Project coordinator and financial controller	Nov-13	ToR approved by IFAD, <b>Field Accountants evaluated, recruitment process to be completed before December 15</b>
Undertake a weekly audit of the cooperatives financial situation	Lofa PIU accounting consultant	Nov-13	<b>Field Accountants evaluated, recruitment process to be completed before December 15</b>

#### Status of Implementation of the 14 – 25 May 2013 Supervision Mission Recommendations

Agreed Actions	Responsibility	Agreed Date	Status
<b>Component I: Cocoa and Coffee Revitalization</b>			
Develop database of all beneficiaries, including systematically recording baseline production levels and commercialization data	IPs and PMU/PIU M&E Officers	15-Aug-13	DB develop, regular collection of production in place
LAADCO partner cooperatives to institute contracts with individual farmers for payback mechanism	LAADCO/ Darh	13-Jun	On-going
Prepare TORs to engage a Service Provider to develop visual aide and communication materials (incl. radio) for payback mechanism, project concepts, information, etc.	Colee/Darh	Jun. 15	ongoing
Incorporate 100% payback condition in contracts in the event of non-maintenance of rehabilitated farms (LAADCO/ZDMFCS/QFMCS)	IPs	Continuous	Ongoing, placed in five coops MoAs, informed 2 old coops
Undertake annual cost-benefit analysis (CBA) of farm rehabilitation (at the farm-level)	PIU Tree Crops Officer, Institutional Specialist and M&E	December 2013; yearly	

Assess clonal garden rehabilitation potential and develop related proposal	CAC - Lofa PIU	Jul. 15	completed, reports available, high cost, but cost revisited
Establish produce quantities to be commercialized ahead of the current year harvest and communicate with buyers/ exporters	IPs with support from Institutional Specialist	Jun. 30	Completed
Finalize second year targets and submit associated request for seedlings	IPs and PIU	Mid June 2013	Completed
Review and fine-tune village youth group tools package (usage, ownership, replacement, fees, etc.)	PIU Tree Crops Officer	Jun. 15	Completed and shared with all
Submit central warehouse proposal and budget to the PIU	IPs, engineers	13-Jul	Completed
Establish village nurseries	Ips & Tree Crop Officer	13-Aug	Ongoing, 1st batch of seeds (7,540 pods) sown
Develop technical manuals for cocoa production – production, harvesting, fermentation, handling, etc.	PIU Tree Crops Officer & Isaac	13-Jul	See draft manuals: STP & TCO
Provide YPs with GPS for mapping of surface area under rehabilitation	PIU	Jul. 30	Procurement Process about completed, local price 3X budget
Implement construction of solar dryers at village level for improved accessibility and devise management strategy and repayment scheme	IPs (LAADCO , proc. & coops)	Aug. 15	Thermal plastic delivered, training completed, ongoing, challenge for supply of wood
<b>Component II: Rehabilitation of Farms to Market Road</b>			
Confirm MPW guidelines and revise estimated associated road rehabilitation costs; rethink strategy for road rehabilitation accordingly	PIU engineers	31-May-13	Completed
Finalize bidding documents for first batch of feeder road structures	Procurement officer, PIU	31-May-13	Completed, 12 contracts signed. 1 contractor did not provide performance security, contract to be cancelled
Prepare bidding documents for first batch of feeder road rehabilitation (paving)	Procurement officer, PIU/ Engineers	13-Sep	IFAD's no objection granted in Dec. Procu to place in dailies
Identify second batch of feeder roads to be rehabilitated (roads and structures)	PIU civil engineers	13-Aug	Vahun, kolahun & Foya (71km RCS completed
Community sensitization on road maintenance	PIU civil engineers with IPs	Continuous	Continuous
Undertake baseline of roads – traffic, differentiated crop prices; identify indicators	PIU civil engineers and M&E Officer	13-Sep	Done along with with the RCS
<b>Component III: Institutional Capacity Building</b>			
Development of the business plans, capacity building plans and 2013-2014 AWP/B of ZDFMCS and QFMCS cooperatives VDMFCS, QBMFCS and LAADCO coops	Coops, PIU Institutional Specialist, TCO	13-Jun	Completed
Preparation of TORs, tender and procurement of the TA for the capacity building plan for ZDFMCS and QFMCS, VDMFCS, QBMFCS and LAADCO coops	Lofa PIU, coops, I/Specialist	13-Jul	on-going, contacted 3 SP to submit proposal
Institutional assessment and assessment of business potential of the two additional cooperatives in Voinjama and Quardu Gboni Districts	PIU Institutional Specialist	Jun. 10	Completed
Signing of MoA with the additional cooperatives (Voinjama and Quardu Gboni)	PIU	13-Jul	Completed
Institutional assessment of the Maliandoe, Guma Mende and Sebehill Cooperatives	PIU Institutional Specialist , LAADCO	Jun. 10	Completed
Development of the business plans, capacity building plans and 2013-2014 AWPB for Maliandoe,	Cooperatives with support from	13-Jul	Completed

Guma Mende and Sebehill Cooperatives	the PIU Institutional Specialist		
Signing of MoA with Maliandoe, Guma Mende and Sebehill Cooperatives	PIU, Coops and LAADCO	13-Jul	Completed Kolahun & Foya, vetting issue with Vahun
Institute quarterly audit of cooperative finances and compliance with procedures	Financial Controller	Continuous	1st quarter done, <b>fiduciary issue with Quapatamai</b>
Undertake Learning Route on cocoa/ coffee cooperative development in Sao Tome	PC, IS, AA	13-Jul	Completed, report submitted (shared with MOA tech for comments)
Signature of MoA with CAC	PC,	13-May	Completed
Complete procurement process and construction of CAC/DAO office	PIU and Procurement Officer	13-Dec	Drafting of contract in process
Transfer motorbikes from ASRP to YPs in Lofa in the interim	Thompson & Mohammed	Jun.5	Completed
Institute monthly district coordination meetings	CAC & DAOs	13-Jun	Ongoing
Recruit two additional institutional specialist consultants to support PIU institutional specialist	PIU	Jul. 31	Completed (short –term consultant)
<b>Component IV: Project Management</b>			
Submit draft 2013-2014 AWPB and PP for no-objection	PC and FC	13-Jun	Completed
Establish and adhere to a communication list for information sharing (email group mechanism)	PC & AA, PA	Continuous	Started and continuous
Establish a database to capture baseline data and updated progress data on each beneficiary	M&E Officer, Lofa PIU	13-Jun	DB developed, process started
Finalize contract with Service Provider to conduct baseline survey	M&E Officer, PMU/PIU, Proc.	15-Jun-13	<b>Contract ready to be signed</b>
Review UCSD impact assessment methodology/ proposal and identify a way forward	PC	31-May-13	<b>IFAD no objection granted, contract ready to be signed</b>
Provide technical (and financial if required) support to GoL to ensure Liberia's membership in the ICCO	PC & FC	1-Sep-13	Completed



## Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

Component/Sub-component or Output/ Result	Indicator	Unit	Period: 1 <sup>st</sup> July- 2012 to 30 <sup>th</sup> June 2013)			Program/ appraisal target	Cumulative actual	% Achieved of Appraisal Target
			AWP&B	Actual	%			
Component 1 – Cocoa/ Coffee Revitalization								
Outcome level results								
Cocoa/ coffee production multiplied by at least 3 for 80% of the targeted smallholders	No of farmers with increased cocoa/ coffee production	Person						
		Male						
		Female						
Percentage of bad beans reduced by at least 50% for 80% of the smallholders	No of farmers with reduced percentage of bad beans	Person						
		Male						
		Female						
15,000 farmers use improved production practices	No of farmers using improved cocoa/ coffee production practices *	Person						
		Male						
		Female						
15,000 farmers have access to drying, storage or packaging facilities	No of processing facilities functioning (need a definition of functioning at a high quality even after initial years) *	Hectares						
Output level results								
15,000 farmers use improved production practices	No of farmers trained in cocoa/ coffee production practices *	Person	1,500 reg. awaiting training	1,500	100	15,000	1,500	10
		Male	1,183					
		Female	317					
	No of village youth hired to underbrush cocoa & coffee farms	Person	1,527	1,527	100	n/a	n/	n/a
		Male Youth	1,244	1,244	81			
		Female Youth	283	283	19			
15,000 farmers have access to drying, storage or packaging facilities	No of processing facilities constructed *	Number	10 mini warehouses constructed					
15,000 farmers have access to drying, storage or packaging	No of farmers with access to drying, storage or packaging	Person						

Component/Sub-component or Output/ Result	Indicator	Unit	Period: 1 <sup>st</sup> July- 2012 to 30 <sup>th</sup> June 2013)			Program/ appraisal target	Cumulative actual	% Achieved of Appraisal Target
			AWP&B	Actual	%			
facilities	facilities							
		Male						
		Female						
<b>Component 2 – Rehabilitation of farm to market roads</b>								
<u>Outcome level results (should be specified if farmers reported under Component 2 are the same as those under Component 1)</u>								
Selling on the local and export markets multiplied by at least 3 for 80% of the targeted smallholders	No of farmers with increased sales on the local and export markets	Person						
		Male						
		Female						
Losses/ damage for produce reaching the market divided by 2 for 80% of the targeted smallholders	No of farmers reporting decreased damage/ loss in produce when reaching the local and export markets	Person						
		Male						
		Female						
80% of farm to market roads are rehabilitated and passable the year round	Km of roads passable the year round * (also feeds into the rating on sustainability of roads constructed/ rehabilitated)	Km						
<u>Output level results</u>								
Selling on the local and export markets multiplied by at least 3 for 80% of the targeted smallholders	No of farmers reporting selling on the local and export markets	Person	1,500	1,500	100	15000	1500	10
		Male	1,183	1,183	79			
		Female	317	317	21			
80% of farm to market roads are rehabilitated and passable the year round	Km of roads constructed/ rehabilitated *	Km	60.2	60.2	100	315	60.2	19
	No of youth hired to side brush farm to market roads	Person						
		Male Youth						
		Female Youth						

Component/Sub-component or Output/ Result	Indicator	Unit	Period: 1 <sup>st</sup> July- 2012 to 30 <sup>th</sup> June 2013)			Program/ appraisal target	Cumulative actual	% Achieved of Appraisal Target
			AWP&B	Actual	%			
<b>Component 3 – Institutional capacity building</b>								
<u>Outcome level results</u>								
20% of the targeted smallholders sell their produce through group arrangements	No of farmers selling their produce through group arrangements	Person	1,500	1,500	100	15,000	1,500	10
		Male	1,183	1,183	79			
		Female	317	317	21			
Three agreements link cooperatives and standard commodity/ fair trade private buyers	No of agreements between cooperatives and standard commodity/ fair trade private buyers	Number						
Three agreements link cooperatives and standard commodity/ fair trade private buyers	No of cooperatives covered by agreements	Number	3	6	200	3	3	200
Three cooperatives have a legal status and a board	No of cooperatives with a legal status and a board	Number	3	6	200	3	3	200
Three cooperatives are profitable and finance recurring costs	No of cooperatives that are profitable and finance recurring costs * (also feeds into indicator on No of cooperatives/ community groups that are sustainable and RIMS rating on sustainability)	Number						
<u>Output level results</u>								
Targeted cocoa and coffee smallholder producers are organized in sustainable cooperatives for marketing	No of cooperatives formed (No of community groups formed/ strengthened in RIMS reporting) *	Number	3	7	233	3	7	233
20% of the targeted smallholders sell their produce through group arrangements	No of farmers who are members of cooperatives (People in community groups formed/ strengthened in RIMS reporting) *	Person	1,500	1,500	100	15,000	1,500	10
		Male	1,183	1,183	79			
		Female	317	317	21			
80% of the targeted cocoa/ coffee farmers receive advice from the CAC and DAO at least once a quarter	No of farmers who receive technical advice from the CAC and DAO at least once a quarter	Person	1,500	1,500	100	-	-	-
		Male	1,183	1,183	79			
		Female	317	317	21			



## Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category

**Table 5A: Financial performance by financier**

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan	16 884	2 543	15%
IFAD grant	-	-	-
Co-financier	5 131	496	10%
Government	2 025	56	3%
Beneficiaries	923	0	-
<b>Total</b>	<b>24 963</b>	<b>3 095</b>	<b>12%</b>

**Table 5B: Financial performance by financier by component (USD '000)**

	IFAD loan			Co-financier (Private Exporter)			Government			Beneficiaries			Total		
Component	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
1. Cocoa & Coffee Revitalization	1 389	340	24%	5 131	496	10%	752	-	-	149	-	-	7 421	836	11%
2. Farm to Market roads Rehabilitation	10 068	109	1%	-	-	-	531	7	1%	553	-	-	11 152	116	1%
3. Institutional capacity building	2 951	246	8%	-	-	-	193	16	8%	221	-	-	3 365	262	8%
4. Project management	2 476	848	34%	-	-	-	549	33	6%	-	-	-	3 025	881	29%
Initial Deposit	-	1 000	-	-	-	-	-	-	-	-	-	-	-	1 000	-
<b>TOTAL</b>	<b>16 884</b>	<b>2 543</b>	<b>15%</b>	<b>5 131</b>	<b>496</b>	<b>10%</b>	<b>2 025</b>	<b>56</b>	<b>3%</b>	<b>923</b>	<b>-</b>	<b>-</b>	<b>24 963</b>	<b>3 095</b>	<b>12%</b>

**Notes:**

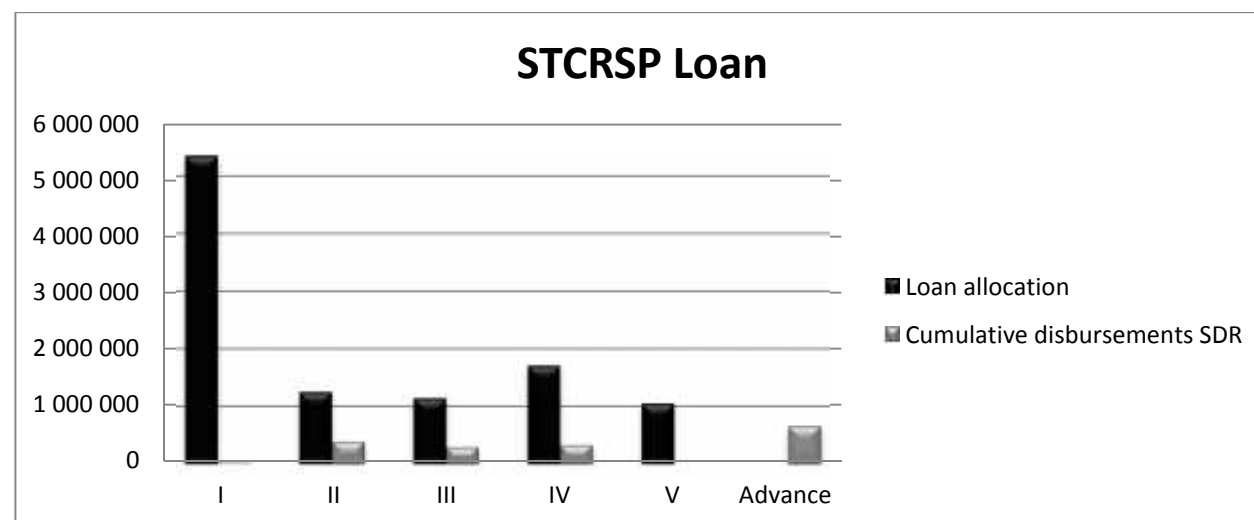
1- Appraisal amount includes physical and price contingencies

2- Disbursement rate is 16% per the IFAD LGS reports as at 27/11/13 (difference due to conversion USD/SDR).

**Table 5C: IFAD loan disbursements (SDR, as at 27/11/2013)**

Category	Category description	Original Allocation	Revised Allocation	Disbursement (WAs #1-6)	Balance	Per cent disbursed
I	Civil works	5 350 000	-	17 198	5 332 802	0%
II	Equipment, Goods and Materials	1 250 000	-	386 895	863 105	31%
III	Technical Assistance	1 140 000	-	287 822	852 178	25%
IV	Salaries, Allowances & Operating Costs	1 710 000	-	323 939	1 386 061	19%
V	Unallocated	1 050 000	-	-	1 050 000	0%
	Initial deposit (advance)	-	-	655 080	(655 080)	-
<b>Total</b>		<b>10 500 000</b>	<b>-</b>	<b>1 670 934</b>	<b>8 829 066</b>	<b>16%</b>

**Figure 1: IFAD loan/grant disbursement, comparisons between original and revised allocations and actual disbursement**



## Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
<b>Section B 6.</b>	GOL to open a General Revenue Account at the Central Bank to receive the loan proceeds	Upon entry into force	Done	The revenue account is the Designated Account
<b>Section B 6. and E 2.</b>	PIU to open and maintain a Project Account in a commercial bank	Upon entry into force	Done	The Project (or Operating) account was opened at the Liberia Bank for Development & Investment (LBDI). See mission recommendation to change banks.
<b>Section B 7.</b>	GOL to provide approximately USD 2.02 million in total in counterpart financing	Continuous	Done	Contribution in form of tax & import duty exemption, office space and costs of CACs (see comments in aide-memoire and mission recommendations)
<b>Section E 2.</b>	Draft PIM submitted to IFAD for approval	Prior to 1 <sup>st</sup> withdrawal	Done	
<b>GC – Section 7.01(b)</b>	AWPB submitted to the Fund each year, for review and comments	30 April	Not on time	2 <sup>nd</sup> year AWPB submitted late (in August 2013)
<b>GC – Section 7.05 and Letter to the Borrower</b>	Procurement of goods, works and services carried out in accordance with IFAD Procurement Guidelines; each Procurement Plan to identify procedures that must be implemented by the Project	Continuous	Done	See comments in aide-memoire and mission recommendations
<b>GC – Section 7.08</b>	Insurance of all goods/buildings used in the Project in amounts consistent with sound commercial practice	Continuous	Done	
<b>GC – Section 7.11</b>	Insurance of project staff against health and accident risks	Continuous	Done	
<b>GC – Section 8.03</b>	Midterm review (MTR) to be carried out jointly by Borrower and IFAD	31 March 2015	N/A	
<b>GC – Section 9.02</b>	Submission of unaudited financial statements for each fiscal year	31 October	Not done	Financial Controller was not aware of this requirement
<b>GC – Section 9.03</b>	Submission of audit report for each fiscal year	31 December	N/A	First audit report due 31/12/13
<b>Schedule 3 Para 2</b>	Loan proceeds to be exempted from all taxes. Payment by Borrower, in cash, of any amount that cannot be exempted	Continuous	Done	All investment expenditures are tax exempt
<b>Schedule 3 Para 3</b>	Project staff salaries to be subject to income tax and social security deductions in accordance with applicable domestic legislation	Continuous	Done	





## Appendix 7: Knowledge management: Learning and Innovation

### Learning: What has worked particularly well in this project during this period? What have been the reasons for this?

- (i) Support for increased independence in cooperatives' management – the provision of financial support to allow cooperatives to self-manage the construction of mini-warehouses has proven effective; cooperatives were given responsibility for procurement/ purchase of materials to construct mini-warehouses as per their own requirements and specifications, and consequently all warehouses have been constructed in a relatively short period and to satisfactory standards.
- (ii) Inclusive/ participatory approach to roads identification – the practice of an inclusive consultation process bringing together communities, cooperatives, private sector exporter, CAC/DAOs, Resident Engineer (MPW), local authorities and the PIU has been critical in identifying the priority roads for rehabilitation; most importantly, these roads have been identified with the primary objective of facilitating improved access to markets. As the project also seeks to build in sustainability of roads rehabilitation, the process has also improved understanding and sensitization of communities towards their responsibilities vis-à-vis the maintenance of these roads.
- (iii) Private-sector partnership for commercialisation – building trust and a working partnership between the Government, cooperatives and a private-sector partner is a challenge, but if pursued, it serves as a good model for obtaining results in relation to marketing and commercialisation of farmer produce. The private-sector has entered directly into contract with cooperatives to buy/ commercialise the produce mobilised by the cooperative; today more than 300MT have been commercialised from five cooperatives (this is a significant result given that in the previous year, some cooperatives were not able to formally commercialise any produce); cooperatives are also receiving commission from the private-sector partner. Consistent and good communication is key in maintaining a working partnership.

### Learning: What has not worked so well? What have been the reasons?

*Lessons learned, recommendations and way forward regarding rehabilitation.* The first year of rehabilitation was challenged by a late start on the rehabilitation season, and general teething problems related to piloting new approaches under a new project. Under rehabilitation, the following are **lessons learned**:

- (i) Timing. Timely commencement of rehabilitation works early in the season is fundamental to ensure pruning and de-shading can be undertaken for completeness. Rehabilitation needs to take place by early January, concluding in April.
- (ii) Costs. The associated costs for rehabilitation need to be revised to take into account the different categorical levels of difficulty of the works. The estimation of total labour (man days) required for under-brushing, sanitation, pruning and de-shading are roughly accurate, though more man days are generally required for pruning and de-shading, with less days required for under-brushing and sanitation. Labour costs amount to approximately USD 85 – 90 per ha.
- (iii) Tools. The procurement and provision of a set of tools for each ha of rehabilitation is inefficient and unnecessary; one set of tools can be utilized for multiple hectares. The ownership and the management of the tools can and should rest with the cooperative, who will be responsible for loaning the tools to youth groups under a clear contractual arrangement. Some adjustment to the set of tools is also needed based on the type of work required to rehabilitate farms.
- (iv) Validation/ reception of work completed. For monitoring purposes and to ensure transparency and accountability, systematic validation by the project and MOA (DAO/YPs) of the quality and completeness of the rehabilitation work should be established before payment to youth groups.
- (v) Targeting. Offering rehabilitation to members and non-members of the cooperative has resulted in outreach to vulnerable households and has promoted the cooperative as an entity with added value. However, more effort needs to be placed on increasing cooperative membership, with

rehabilitation as an attractive and important service provided by the cooperative to its members. There is need to also strengthen the relationship and ties of loyalty between the cooperative and farmers for commercialisation.

- (vi) Nurseries. Late procurement of cocoa/coffee has consequence on the quality of the seedling, which is further challenged by difficulty in their transportation. In addition to ensuring timely procurement, it would also be more effective to establish smaller nurseries at the village level in place of central nurseries.
- (vii) Solar dryers. The delay in solar dryer construction has impacted on the quality (moisture content and fermentation) of the cocoa, with further consequence on the price that can be obtained during commercialisation. Furthermore, the current approach of the limited number of large solar dryers is not only costly, it remains largely inaccessible to farmers; solar dryers should be more accessible to farmers interested in improving the quality of their produce.

*Lessons learned, recommendations and way forward regarding cooperative development and institutional capacity building.* The provision of support to all cooperatives has been contingent on the initial assessment of their capacity (and capacity-building needs), and against their draft business plan setting out clear targets and objectives for revenue generation against expenditures. The performance of the cooperatives has been continually assessed in relation to their structure, management, achievements in marketing/ commercialisation, and against their business plan.

- (viii) It has been observed that the day-to-day management and performance of cooperatives has been relatively weak largely due to the following: (i) imbalanced and unsustainable management structures (including salaried staff) and operating modalities when compared to cooperative deliverables (volume of produce commercialised, services to members, etc.) – the expectation is to achieve better profits through an increase in revenue and a reduction in expenditures; (ii) ineffective internal communication; (iii) sub-standard governance (issues of transparency, accountability, internal controls, and upholding of cooperative principles/ constitution); and (iv) weak professionalism of staff due to limited competences, skills and aptitude.
- (ix) The ability of cooperatives to commercialise larger volumes of produce has been challenged by the following: (a) sub-optimal management of finances and logistics/ transport (logistical transport arrangements, lack of jute and rice bags for transport); (b) unclear accountability and responsibilities across actors (including reporting and communication responsibilities); (c) difficult road conditions and transportation problems (delaying movement of trucks and vehicles); (d) banking inefficiencies (unavailability of locally available funds and/ or the timeliness in accessing these funds); (e) ineffective marketing strategies; and (f) working capital constraints (particularly the turnaround period for replenishment). The issue lies with the cooperatives' ability to mobilise the produce from farmers, not the actual availability of produce.

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**Innovation: Describe any interesting innovation noted during supervision**

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- (i) Engagement of a private sector exporter (LAADCO) for cocoa & coffee farm rehabilitation – this arrangement is very innovative in the context of Liberia when compared to the usual implementation by Government extension entities. LAADCO is providing significant co-financing and human resources towards provision of close follow-up technical advice and support to farmers; LAADCO is also providing much required pre-financing and transport support to the three cooperatives it is working with, providing significant scope for cooperatives to mobilise farmers and cocoa for commercialisation.
  - (i) Farm rehabilitation repayment mechanism – through extensive sensitization, the 40% repayment mechanism for the rehabilitation of cocoa/ coffee plantations is seemingly well understood and accepted; contracts that have been established with all beneficiary farmers have also included these conditions.
  - (ii) Youth engagement – the mobilisation and formation of youth groups to undertake rehabilitation work has been met with enthusiasm and growing interest. In just a 3 month period, more than US\$ 125,000 has been directed to the youth and will stimulate the local economy; with expanding rehabilitation works, this financing to the youth and economy will increase significantly. The project has also facilitated the recruitment of young professionals to support
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DAOs, which strengthens the extension and M&E services provided at county and district levels.

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**Innovation: How might this be replicated by others, or upscaled here?**

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After a full implementation year and experience gained in both rehabilitation and commercialisation, lessons have been extracted and have informed a modification on the principles and approaches to be adopted by the project (business-orientation; sustainability; exit strategies; streamlined cooperative management; adherence to good governance). When applied, there is every expectation that the project outreach and the level of results will be improved substantially; farmers will be able to commercialise their increased produce and gain in income. The potentials are reasonable, and if proven, the project could be up-scaled/ extended to other areas along the cocoa/coffee belt. Today, farmers are already expressing a high demand for additional rehabilitation.

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