

669-0127

Liberia

Ag. Cooperatives Development

Project Paper

FY77

NOTE: This Facesheet has been revised in AID/W per project committee comments with USAID/Liberia concurrence. The original 3/18/77 Facesheet is also attached.

AGENCY FOR INTERNATIONAL DEVELOPMENT		1. TRANSACTION CODE A A ADD C CHANGE D DELETE		PP
PROJECT PAPER FACESHEET				2 DOCUMENT CODE 3
3 COUNTRY ENTITY LIBERIA		4 DOCUMENT REVISION NUMBER		
5 PROJECT NUMBER (7 digits) 669-0127		6 BUREAU OFFICE A SYMBOL AFR B CODE 6		7 PROJECT TITLE (Maximum 40 characters) Agricultural Cooperative Development
8 ESTIMATED FY OF PROJECT COMPLETION FY 79		9 ESTIMATED DATE OF OBLIGATION A INITIAL FY 77 B QUARTER 3 C FINAL FY 79 (Enter 1, 2, 3 or 4)		

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. LC	D. TOTAL	E. FX	F. LC	G. TOTAL
AID APPROPRIATED TOTAL	1,270	130	1,400 ^{1/}	1,270	130	1,400 ^{1/}
GRANT	1,270	130	1,400	1,270	130	1,400
LOAN						
OTHER U.S. 1 PCV (est) 2	32		32	96		96
HOST COUNTRY		150	150		510	510
OTHER DONOR'S				61	10	71
TOTALS	1,302	280	1,582	1,427	650	2,077

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY <u>77</u>		H. 2ND FY		K. 3RD FY	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
(1) FN	B 132	031		1,400 ^{1/}					
(2)									
(3)									
(4)									
		TOTALS		1,400 ^{1/}					

A. APPROPRIATION	N. 4TH FY		O. 5TH FY		LIFE OF PROJECT		12. IN-DEPTH EVALUATION SCHEDULED MM YY 08 78
	I. GRANT	J. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN	
(1) FN					1,400 ^{1/}		
(2)							
(3)							
(4)							
		TOTALS			1,400 ^{1/}		

13. DATA CHANGE INDICATOR: WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

2 NO YES

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SIGNATURE <i>Stephen A. AID/AFR/DIR for</i>		DATE SIGNED	
TITLE Director, USAID/Liberia		MM DD YY 04 01 77	

AID/FAC/4/77 ^{1/} AID funded life-of-project costs of \$1,359.8 thousand (Table I "Summary Cost Estimates" pg 53) rounded up to next highest \$50 thousand. FX & LC totals have also been rounded up to add up to \$1,400 thousand.

Note: this Form has been replaced by the covering document of date

PROJECT PAPER FACESHEET

A

LIBERIA

669-0127

APR

6

Agricultural Cooperative Development

79

77

3

79

ESTIMATED COSTS \$000 OR EQUIVALENT \$1

	FIRST FY		TOTAL		PERCENTAGE	
	EST	ACT	EST	ACT	EST	ACT
PERSONNEL	400		400		1360	
MATERIALS	400		400		1360	
PCV (est)	32		32		96	
TRAVEL	150		150		510	
OTHER	--		--		71	
TOTAL	582		582		2037	

PROJECT BUDGET APPROPRIATE FUNDS \$000

AGENCY	OFFICE	PROJECT	1ST FY 77		2ND FY 78		3RD FY 79	
			EST	ACT	EST	ACT	EST	ACT
FN	B132	031	400		486		474	
			400		486		474	

1360

0878

1360

2

Director, USAID/Liberia

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1. SUMMARY AND RECOMMENDATIONS

A. RECOMMENDATIONS

Grant FY 1977	\$	400,100
Grant FY 1978	\$	485,900
Grant FY 1979	\$	473,800
Waivers - None		
Loans - None		
Total New AID obligations	\$	<u>1,359,800</u>

It is recommended that USAID/Liberia be allotted \$1,359,800 as shown above, to initiate a three-year Agricultural Cooperative Development project in concert with the Liberian Ministry of Agriculture, Liberian Credit Union National Association, the British Technical Cooperation and the U. S. Peace Corps.

B. SUMMARY DESCRIPTION OF THE PROJECT

This project is designed to increase the Liberian small farmer's productivity and income and his desire and ability to participate in the main stream of agriculture through fostering development of an effectively structured and functioning cooperative system. Full development of such a system is deemed a long-term undertaking of which this project represents the first phase. Specifically, this project is intended (a) to install adequate MOA services to operational cooperatives of small farmers, (b) to analyze issues basic to expansion and evolution of the cooperative system, and (c) to use conclusions from the analysis and project experience in planning for a second, or expansion, phase of follow-on activity.

President Tolbert, in an address opening the Industrial and Trade Fair on 24 July 1976, and again at Voinjama in February 1977, made it clear that the Government of Liberia is relying on cooperatives to help small farmers to participate in rural development and thereby derive benefits from their agricultural production. It is GOL policy to use cooperatives as a major vehicle for involving the farmer in development. This policy was further defined in the country statement delivered by Louis A. Russ, Minister of Agriculture of Liberia to the Ninth FAO Regional Conference for Africa in November 1976. (See Annex H).

The project will provide 108 months of technical assistance from a 3-person advisory team composed of a Senior Cooperative Administration/ Planning Specialist (Team Leader), a Financial Management Specialist, and a Cooperative Training Specialist, plus short-term consulting

assistance, participant training, and commodities. The team will with counterparts assist the Ministry of Agriculture's Cooperative and Marketing Division (MOA/C&MD) in developing and implementing an improved service system for operational cooperatives, and will concurrently develop a planning base for follow-on activity by analyzing issues related to achieving appropriate participation of rural households in the cooperative movement. Issues related to economic, financial, and managerial problems of cooperative expansion will also be analyzed.

In installing MOA services to the operational co-ops, major emphasis will be placed on the primary determinants of co-op success:

1. Development, initiation, and follow-up supervision of management, record keeping and accounting at the functional cooperative level;
2. Across-the-board training and supervision bearing on cooperative operations and membership rights and responsibilities;
3. Initiation of a C&MD managerial service capability in support of primary societies.

Development of training materials and methods, together with the logistic support needed to convey this information to its intended recipients, is basic to the attainment of project outputs. As such, the project conforms to Congressional guidance on foreign assistance allocations (Food and Nutrition and Cooperatives) and with the DAP for Liberia.

Cooperative development while dating back to 1936 has only risen to prominence from about 1970. It was undertaken by the GOL at that time on a "crash" basis leaving little time to train the trainers properly and even less time and resources to train those at the local co-op level. It is to their credit that the cooperatives have developed to the extent that they have. Cooperatives and the government are now realizing the need for strengthening C&MD service capabilities and

training cooperational staff members to give them a better understanding of the nature and potential of cooperatives.

A recent joint MOA/AID appraisal of the status of cooperatives in Liberia found them weak in operating effectiveness.^{1/} A major cause is not only a lack of training but also a lack of understanding of the role of cooperatives by members, boards of directors, and managers. The Minister of Agriculture realizes that C&MD must be reorganized so that more effective support can be given to existing cooperatives and to those to be formed in the future.

In a Washington review of a Liberian Cooperatives PRP in November 1975, the concensus was that a 5-year project, with AID inputs of \$3 million, would be premature. A phased approach was suggested as an alternative. Subsequently, a version of this paper was approved as a PRP at an ECPR review of 13 January 1977 with the stipulation that it needed to be augmented in some respects prior to final PP approval (Ref. State 031222). The need for specifying the analysis and planning functions of the Phase I implementation team was stressed, and the question was raised if a 2-year Phase I would be sufficient to generate the experience and analysis necessary for designing a Phase II activity in time for a smooth transition. This guidance has led to the present revised design comprising a 3-year project with a total USAID input of \$1,359,800.

^{1/} This project was prefaced by an appraisal of cooperative development in Liberia. The principal investigator was Dr. Job K. Savage, formerly with the Farm Cooperative Service, USDA. His report is presented (unabridged) in Annex B of a version of this paper approved as a PRP at an ECPR review of January 13, 1977. It provides detailed background on the cooperative situation in Liberia today.

Pursuant to ECPR direction and the priorities of the GOL, this project is designed to focus on the institutionalization of viable assistance to small farmers. Past efforts at conventional extension projects in Liberia have not been successful. These past efforts floundered because of inadequate technical packages, lack of governmental support and too broad scopes of work. Of late an awareness of the importance of the agricultural sector and the need for broad-based participation has evolved. This awareness, combined with an enlightened GOL agricultural price policy and increased budget authorizations for the MOA, has resulted in increased productivity. The extension activities have been decentralized, mainly into rice and tree crop components. The tree crop component is directed by the Liberian Produce Marketing Corporation and the rice section is directed from the MOA. In conjunction with this revision of "extension" responsibilities, a cost effective method of interacting with large numbers of farmers was also required. National policy dictates that cooperatives be the vehicle for providing farmers with inputs and for insuring that they receive adequate compensation for their produce. Several USAID and IBRD feasibility studies have confirmed the usefulness of cooperatives as the farmer/change agent interface. ^{1/} In addition to change agent-induced action, the cooperatives provide a new vehicle for farmer-induced and/or community action.

^{1/} The Bong County and Lofa County Integrated Rural Development studies. Both projects will either facilitate the organization of new cooperatives or utilize existing ones for the provision of inputs and the marketing of agricultural surplus. This co-op project will not operate in the Bong and Lofa project zones of influence, but all three will coordinate their efforts at the systems design and extension technique level. The Lofa and Bong cooperatives will be incorporated into the national system during the post project era.

This project will focus on the existing governmental cooperative service and supervision structure (C&MD) and on the registered, functional cooperatives. During Phase I, it will set out the governmental cooperative/farmer linkages to develop and begin operation of a system which will lead to a strengthening of the cooperative movement and an increase in farmer revenues and farmer received services. In this period C&MD service capabilities will be strengthened and functional cooperative management and operational capability and capacity improved through the development and testing of systems and approaches. The follow-on project (Phase II) is expected to incorporate refinements in technique and allow for the target population to be expanded, scope of cooperative activity expanded as dictated by need and individual cooperative capability and more formal institutionalization of training and management services, increased cooperative/agricultural and cooperative Bank relationships and strengthening of the Federation of the Union of County Cooperative role and function. Such activities will require a good measure of technical assistance; technicians provided under the project will be in a position to advise and assist with project feasibility and plans for implementation. Phase II will capitalize on the experiences of Phase I and proceed to institutionalize a viable system for assisting small farmers through their cooperatives.

An analysis of the cooperative development situation concludes that in Phase I the most effective assistance that can be given is to initiate intensive cooperative training programs for cooperative management and operational personnel, membership education, and strengthen C&MD support and service capabilities.

The project also endeavors to improve the capacity of the credit union movement to serve small farmers through assistance to the Credit Union Federation. The Liberian Credit Union National Association (LCUNA) manager will be assisted by two counterpart LCUNA associate managers who will receive on-the-job training.^{1/} LCUNA will be supported by USAID funds to pay the manager for training counterpart, conduct several seminars and provide one vehicle. It is contemplated that the manager will be paid approximately \$100 per month to compensate him for the added responsibilities of training two subordinates and will make his salary commensurate with his counterparts employed by government and private enterprise. LCUNA, like most organizations in their growth stages, is pressed for working capital. Subsequent to project termination LCUNA will absorb these added costs into the recurrent budget.

The flow of outputs should result in a marked quality improvement in the management of the cooperatives and in more efficient and effective operations.

Inputs

To support this development effort will require inputs of three foreign technical specialists, four Peace Corps Volunteers, vehicles and training materials, supplies and GOL budgetary support. Technical specialists are included as follows:

1/

LCUNA is a nongovernmental credit union federation. The Registrar of Cooperatives is responsible for supervising credit unions.

1. The Senior Cooperative Administration/Planning Specialist (Team Leader) should have cooperative marketing experience, work experience with cooperatives in LDCs and a marked ability to plan, organize and to communicate with others. This specialist would be counterpart to the Director of C&MD/Registrar of Cooperatives.
2. One Financial Management Specialist experienced in fiscal management. An accounting degree and experience in cooperative accounting, record and bookkeeping is recommended. Preferably, this specialist should have worked in one or more LDCs. It would be the duty of this technician to assist with the development of Controller General capabilities within the C&MD and initiate and follow up on a simplified and standardized record keeping and financial management system for cooperatives. He would also assist in developing, initiating and following up on accounting procedures and responsibilities. This specialist would serve as counterpart ^{to the} Controller General and Chief Accountant in C&MD.
3. One Cooperative Training Specialist with a degree in communications and expertise in the preparation and presentation of cooperative training materials. It is highly desirable that this technician have had work experience in a LDC. His specific assignment will be to plan and conduct training meetings for MOA staff, boards of directors, cooperative employees and members. He will have to spend at least 50 percent of his time conducting training at co-op and member levels. This technician will counterpart the Training Officer of the C&MD.

4. Four Peace Corps Volunteers (PCVs) will be assigned to work with C&MD under the direction of the Director, C&MD. These volunteers will have requisite skills in accounting, communication arts and agricultural economics/marketing. Pursuant to an MOA request, Peace Corps/Liberia has asked Washington to proceed with recruitment. The MOA has also requested that the PCVs receive special training in cooperative subjects at an institution similar to the International Cooperative Center, University of Wisconsin, prior to their arrival in August 1977.

5. Short-term Consultants to assist with program development and conduct special training exercises, implementation, special problem investigation, training and evaluation.

Commodity inputs will include supplies and equipment for producing specialized training materials and for dissemination of these materials to target groups minimum equipment required to facilitate cooperative management and operations, and support to the C&MD. In addition five 4-wheel drive vehicles and a mobile van for support of program and technicians will be provided. The van will provide living accommodations for the technicians during their extended periods in the field when working with individual cooperative located in the interior of Liberia.

Total USAID inputs will include \$904,400 for technical assistance, \$170,000 for commodities, \$157,400 for participant and training activities, \$3,000 LCUNA support, and a \$125,000 contingency and inflation elements for a total grant of \$1,359,800. In addition, British ODM will provide \$71,200 for training, U. S. Peace Corps \$96,000 for volunteers, and the GOL will contribute \$509,800 over the life of the project.

These inputs are deemed sufficient to provide personnel for performing the analytical and planning functions of the project while permitting the advisors to assist in restructuring the institutional framework -- primarily through strengthening C&MD and the existing co-op legislation -- and in upgrading the managerial capabilities of co-op employees, directors, and members. A more detailed list of project outputs in these categories appears in the logical framework summary (Annex D). Conditions to be achieved by the end of Phase I, indicating attainment of the project purpose, are as follows:

1. Staff in MOA and in the operational co-ops qualified to perform their functions in the system.
2. Membership of small farmers in the operational co-ops 10% higher at end of phase than at the start.
3. Volume of farm product marketings by the operational co-ops increased by 15% during first phase of project.
4. Acceptable plans for second phase developed according to findings of project investigations concerning issues relating to co-op participation, finance, and management, taking account of sectoral economic situation.

C. SUMMARY OF FINDINGS

The project described above has been analyzed on technical, financial, social and economic grounds and found to be sound on each count. The project has been designed to provide the necessary complementarity and linkages with other GOL and USAID projects. This project will lay the foundation for a national system into which the cooperatives in the Bong and Lofa County Rural Development projects will be integrated. The project will provide necessary material for the farmer information centers and network. The cooperative structure will be an efficient means of disseminating research-tested practices and plant material. Furthermore, establishment of management capability and the development of a uniform cooperative record and bookkeeping systems will facilitate the development of an improved data base and facilitate agricultural planning. It is judged that an intensive cooperative training project such as detailed in this project is absolutely necessary to the sound development of cooperatives in Liberia.

The project is designed to accomplish a maximum set of outputs and to demonstrate the remedy for an important development problem in Liberia. Anticipated outputs are numerous because assisting cooperatives calls for an integrated effort whereby a "critical mass" of assistance and information must be attained before the project purpose can be accomplished. The project design calls for two evaluations and preparation of plans for a follow-on project. The first evaluation will be linked to preparation of the Project Paper (PP) for Phase II and will be conducted after the midpoint of Phase I. Later, the required end-of-project evaluation will provide final direction and "fine tuning" for Phase II.

The project meets all applicable statutory criteria (Annex G).

D. PROJECT ISSUES

Special issues raised as a result of the PRP review of 25 November 1975 are answered in detail in the "Project Issues Supplement" section of Annex B. The major conclusions on this group of issues are as follows: (1) cooperatives are proper business organizations for involving small farmers in the development process of Liberia; (2) members of cooperatives are receiving some of the benefits produced by cooperatives but not all to which they are entitled; (3) at this stage of cooperative development in Liberia, most members have little understanding of the purpose and nature of cooperatives; (4) the Cooperative Act and Standard By-laws were examined and found to be adequate to support this project though some revision may be in order; (5) the GOL policy as expressed by President Tolbert is strongly in favor of cooperatives; (6) top management in the Ministry of Agriculture is dedicated to the sound development of cooperatives; (7) the Cooperative and Marketing Division in the MOA requires assistance in order to become fully effective and meet increased responsibilities; (8) the division needs to have its staff upgraded, reorganized, and more adequately trained prior to undertaking its growing responsibility for cooperatives; and (9) the MOA must agree to support this project with an adequate budget, with a portion of the funds being placed in a special trust fund administered by USAID/L.

The subsequent ECPR review on 13 January 1977 took account of the phased project approach adopted in the paper reviewed at that time. Because an important element in the rationale of the phased approach was

the opportunity it would afford for determining the feasibility and/or method of a follow-on Phase II development activity, it was concluded that more attention should be given to specifying the analysis and planning functions of the Phase I implementation team. In this connection, a number of feasibility issues to be further addressed during Phase I analysis and planning were outlined. The group of feasibility issues to be analyzed through Phase I activity may be categorized as follows:

1. Participation issues: How will farmers (rural households) be integrated into the decision making and implementation process? How can cooperatives be encouraged to serve small producers? What can be done to reduce the skewing of benefits toward the more influential members? How can cooperative independence and bargaining strength be maintained? What can be done to encourage the participation of women in activities of cooperatives? How can members of cooperatives be assured of appropriate legal or administrative action in any case of misuse of funds?
2. Economic issues of a sectoral nature: Does the marketing system provide adequate incentives for agricultural producers and opportunity for their cooperatives to be competitive? What are the financial/economic dimensions of farm credit subsidies, margins, benefits, and means of capitalization? What are the prospective economic benefits from cooperative marketing, to the extent that these can be estimated, given present deficiencies of information about prices at the farmgate?

3. Cooperative finance and management issues: What arrangements and resources are needed to broaden credit and supply services to farmers (rural households) during Phase II? Financial startup and operating costs for individual cooperatives? (Analysis and planning related to these issues will depend in considerable measure on conclusions relating to issues in the first two categories.)

Probably the first group of issues will require the most carefully planned, extensive, and sustained investigative efforts. Issues in group two tend to be pervasive throughout the entire agricultural sector, and will receive broad consideration in the sector analysis to be produced during the next two years by the MOA's Planning Division, under the Agricultural Sector Analysis and Planning Project. As the findings of the sector analysis begin to emerge, they can be applied in examining implications for cooperatives and the cooperative movement. Issues in the third group can best be examined against the background of findings concerning the issues in the first two categories.

Participation Issues

There are close interrelationships among all issues identified in this group. If suitable representatives of rural households can be integrated in decisionmaking and implementation processes of the cooperative movement, cooperatives will have incentives

- to serve Liberia's typical small producers,
- to provide for equitable sharing of the benefits,

- to avoid government domination,
- to facilitate the participation of women as well as men in all phases of cooperative activity,
- and to seek appropriate legal or administrative remedies in any case of abuse of trust.

On the other hand, if there seems no way of bringing suitable household representatives into decision making and implementation, prospects are dim that cooperatives can become effective in serving the agricultural sector, or can achieve targets and conform to the norms usually associated with the cooperative movement.

Normal activities of the technical assistance team during Phase I can scarcely help but produce certain insights with respect to how farm household representatives can be led to play strong roles in the conduct of their cooperatives. But such informal procedures alone are deemed insufficient to providing the Phase I analysis required to plan for Phase II. Beyond maintaining a constant posture of receptivity to perceptions leading to such insights, the team members--especially the team leader and the training specialist--will need to organize a rather systematic effort for a partially structured dialogue with decision-makers in representative rural households in the service areas of the existing cooperatives. These contacts should extend to both member and non-member families, and should be conducted by a few carefully trained staff members of C&MD, working under close guidance of the technical advisors. It would also be desirable to establish close coordination with MOA's Planning Division, which will concurrently be exploring attitudes of rural household members to production alternatives and general program and policy alternatives for development within the sector.

In the dialogue with members of rural households in the service areas of existing cooperatives, the analysts should explore

- each family's needs and opportunities for using the kinds of services a cooperative could provide;
- their attitudes toward adopting new production and marketing practices;
- their existing knowledge of how the cooperative process is intended to function;
- their knowledge or beliefs, if any, about how cooperatives now function in their vicinity or in Liberia generally;
- their previous experience, if any, as cooperative members;
- their attitudes toward continuing or potential participation in a primary cooperative; and
- their views on how their own roles in the cooperative would relate to leadership roles.

To explore these concepts adequately, C&MD would need to exercise its capability in the predominant local languages, supported by frequent conceptual discussions with the technical assistance team; with other professionals grounded in rural social structure and dynamics, agricultural economics, and marketing; and with the Peace Corps Volunteers to be assisting C&MD. Results of the dialogue should be examined on a continuing basis to maximize the possibility that meaningful insights can evolve. The dialogue should extend to members of at least 15 to 25 households in the respective service areas of several of the existing cooperatives.

Once the attitudes of present and potential cooperative members have been explored, the implications for future action should be assessed in discussions with a broad representation of leaders concerned with the cooperative movement. Decision-makers in rural households can probably be led to play important roles in the processes of cooperative development if, for a reasonable proportion of them, all or most of the following conditions are found to prevail:

- they aspire to improve the effectiveness of their production and marketing activities and to achieve higher levels of living thereby;
- they sense a real need for the kinds of services which a cooperative can provide;
- they feel that among their neighbors are individuals who can be trusted with leadership responsibilities;
- they can conceive of a cooperative as a participatory activity, rather than as a venture controlled by government or an external group;
- they have not been led to believe that cooperatives often take advantage of their members, or actually defraud them;
- they have had successful experience in organizing and conducting cooperative work activities with their neighbors;
- they possess rudimentary skills in communicating ideas, in arithmetic, and in group leadership.

The proposed dialogue with decision-makers in rural households plus on-going project efforts to train co-op members in fulfilling their duties -- e.g. through serving on village credit committees -- will give strong indications of the nature and degree of participation can be expected of small farmers in the co-op movement.

Economic Issues of a Sectoral Nature

Consideration of economic issues of a sectoral nature should take account of concurrent analysis to be proceeding under the Sector Analysis and Planning Project of MOA's Planning Division. Under that project it is proposed that the Statistics Section investigate commodity prices actually received at the farmgate level by agricultural producers in various parts of the country. Other units of the Planning Division will review prospects for domestic and export demand for farm products; examine the adequacy of existing marketing facilities, institutions, policies, and programs; and consider possible steps to modify and implement national agricultural price policies so as to provide appropriate production incentives through prices at the farmgate level. These efforts will proceed as part of a broad examination of production potentials and constraints within the sector, and should provide much of the background for a more specific examination of price policy as a factor in planning for cooperative development. Similarly, the sector analysis will be examining aggregate needs for farm credit and for changes in the institutional arrangements under which it is to be made available. Although the sector analysis is not scheduled to reach final draft stage until/in ^{late} CY 1979, a progress draft is to emerge early in that year. Coordination between the two projects should make it possible to lean heavily on the sector analysis by the time the cooperative development analysts are ready to consider the implications for the cooperative movement. MOA/GOL interest in the sector analysis suggests that its eventual findings will be given serious attention in policy determination.

Liaison between leaders of the Agricultural Cooperative Development project and the Agricultural Sector Analysis and Planning project should be established at an early stage. Through such liaison, those engaged in preparing the sector analysis should be made aware that their findings with respect to incentives for agricultural producers, opportunities for benefits from cooperative marketing, and improved arrangements for extending credit through agricultural cooperatives will be of immediate interest and relevance in conducting the Cooperative Development project.

Cooperative Finance and Management Issues

Issues related to accumulating resources for expanding the number of cooperatives and the scale of cooperative activities during Phase II can readily be examined once more is known about prospects for achieving broad participation of representative rural household members and for resolving some of the sectoral economic issues. The growth of any one cooperative and the opportunities for forming new ones obviously depend in large measure on the response to be expected from households in a given area. If favorable response prospects are encountered in the service areas of existing cooperatives, reason will exist for assuming that participation can be expected in other localities where efforts to form cooperatives are undertaken. Toward the end of Phase I, tests of this hypothesis might proceed by dialogue with households in new areas.

The level of start-up and operating costs for new cooperatives will obviously depend on the level of participation in prospect, and also by such steps as can be taken to enhance the incentives provided by farmgate prices and to improve marketing services for transport, handling, and processing. As prospects for broad improvement of marketing services and facilities are clarified by findings of the sector analysis, the cooperatives analysts will be able to extract the implications for planning the development of primary cooperatives during Phase II.

At AID/W project committee reviews of this Project Paper on April 1, 1977 and April 11, 1977, the issue of project beneficiaries and benefits incidence was again emphasized. The main question was whether A.I.D. support provided through this project could be expected to serve the interests of the small farmers who comprise the poor majority, considering the cooperative present organizational, management and operational weaknesses. Or in other words, is it likely the project will only strengthen the potential of certain cooperative leaders and associates to divert project benefits to themselves and away from the intended beneficiaries. The question is an extremely broad one which captures the essence of numerous concerns about cooperative viability which have been raised throughout the intensive review beginning in December 1975.

In general, the issue of beneficiaries is a major concern implicit in any effort to strengthen agricultural cooperatives in Africa. Reviews of cooperative development experience in Africa indicate little success in serving small farmers, and frequent diversion of project benefits to a relatively few cooperative members. In Liberia, observations of cooperative efforts to date do not generate confidence that cooperative development is proceeding from an especially promising base.

On the other hand, while the project committee expressed this concern about project benefits, the committee concurred that the present project strategy is appropriate for answering these questions and laying a foundation for cooperative development. This strategy involves a "phased" approach (recommended by a previous ECPR) whereby any A.I.D. support beyond the

Phase I project would be contingent upon the favorable results of thorough feasibility analysis and evaluation conducted during Phase I. To make analysis meaningful, it is to be undertaken within the context of actual experience with cooperative operations and training under this project. Project technicians will be engaged as advisors to selected cooperatives in an effort to both improve existing operations and to test new activities or methods with relevance to project analysis and planning.

The project strategy requires that major issues to be analyzed during Phase I be specified in the PP. A major subject area specified for analysis involves the "Participation" issues. Recent rural development literature stresses the importance of small farmer participation in cooperative activity planning and implementation. This approach may offer the best potential for cooperative development which will produce small farmer benefits in Liberia. Basically, participation issues relate to how cooperatives can be organized and operated so that small farmers have control over how resources are to be used and by whom. Participation issues are complex and difficult, however, and a principal concern of the project committee in raising participation-related issues again (i.e., the beneficiaries and benefits incidence issue) is to reemphasize to policy makers and project managers the importance of this concern.

Another element of the project strategy involves training GOL and cooperative personnel in cooperative organization and methods. Clearly, cooperatives cannot be expected to serve the interests of the small farmers

effectively so long as leaders and members lack knowledge of acceptable procedures for keeping records, safeguarding cash and other assets, conducting marketing transactions, and performing other routine business operations. The development of a service system for extending such knowledge and other assistance to cooperative is scarcely sufficient to change untrustworthy individuals, but it can provide the cooperative membership at large with an improved capability for protecting common interests. Other important elements of the project strategy include: minimizing A.I.D. financing of actual cooperative operations during Phase I; and planning further A.I.D. support in Phase II based on the analysis and findings of Phase I.

In sum, the major elements of the project strategy for addressing the issue of project benefits incidence are: the phased approach, the feasibility analysis of specified issues, analysis based on operational experience, emphasis on participation issues, training of GOL and cooperative officials and members, evaluation of Phase I, limited A.I.D. financing, planning during Phase I for possible Phase II support based on the results of analysis and experience, and highlighting the beneficiaries and benefits incidence issue. Thus, the project appears to represent a good effort to meaningful explore in an operational situation the potential and means for developing cooperatives in Liberia under relatively high risk conditions with a minimum exposure of U.S. resources.

2. PROJECT BACKGROUND AND DETAILED DESCRIPTION

A. BACKGROUND

The Liberian economy includes modern, concession-dominated export activities and a traditional subsistence agriculture. During the past six years the GOL has introduced a number of measures to improve the economic and social well-being of the population engaged in traditional agriculture. Special and expanded rice projects, the tree planting project of LPMC, the development of a price stabilization program for tree crops and rice, the funding of agricultural development from the surplus of LPMC export operations, and integrated rural development projects for upper Lofa and Bong counties are all examples of GOL efforts to improve conditions for traditional rural households.

Liberia's traditional agriculture engages about three quarters of the country's population but receives only one quarter of the national income. The annual per capita income of rural inhabitants has been estimated to be \$70 and some estimates place it lower. A 1974 study^{1/} shows "the total average income per holding in Gbarnga district in 1972 amounts to \$580 -- of which \$230 or nearly 40% is cash income. Seventy-five per cent of the income is derived from crop production and 25% from other sources. The per capita income would amount to \$80 per annum (with an average of 7.2 members per household)."

^{1/} Farm Management and Production Economy Working Papers No. I-VI, by C.E. Van Santen, UN/SF/FAO/LIR/70/505 -- on file USAID/L.

It should be noted that this district is somewhat more advanced economically than Liberia in general and that these are 1972 figures. ^{1/} Prices have increased in Liberia as elsewhere in the world since 1972 and these figures are low. A reasonable current estimate would be in the range of \$100-130 per capita income (subsistence and cash income).

The average farm holding is around 7.4 acres, ^{2/} but a significant portion of some 149,600 farm holdings (68%) produce primarily for home consumption on less than 2.5 acres. Over 95% of all holdings are farmed primarily by household members, with 29% of all holdings having seven or more members to support.

Approximately 61% of the estimated farm population of 813,000 fall between the ages of 15 and 64 years, and of this group 81% have no formal education. Of those who have, most have not gone beyond the eighth grade. The farm population is divided equally between males and females, but 91% of females have no formal education.

The traditional slash-and-burn system of shifting cultivation and limited marketing opportunities and outlets are major contributors to low productivity and income.

In the production of rice, cassava, sugar cane and other field crops, on 92% of the holdings (35% of total cultivated farm land), land is cultivated for one to two years, then allowed to return to bush on an 8-15 year cycle. This results in an estimated 4-7% of available land being under

^{1/} A recent nutrition survey reported that this same district had less chronic malnutrition than other areas of the country.

^{2/} In Liberia, a farm holding comprises lands in use at a given time, but not the total extension of land used under shifting cultivation by an individual household.

cultivation at any one time. Agriculture is labor intensive and most work is being done with small hand tools.

Approximately 28% of the traditional farm holdings include permanent tree crops, though crop management techniques are not very sophisticated. Once coffee and cocoa seedlings were planted, little care was given to them. LPMC now has responsibility for improving the planting and care of these trees, including oil palm. In fulfilling these responsibilities, it has developed nurseries in numerous locations throughout Liberia and is engaged in supervising the planting of these trees and their subsequent care. As of January 1974 LPMC reported that it had taken over the entire MOA tree crop program and reported the following seedling distribution:

Coffee:	enough for	41 acres
Cocoa:	" "	5,246 "
Oil Palm:	" "	1,324 "
Coconut:	" "	571 "
		<u>7,182</u> "

During the period 1976-1980 LPMC expects to plant 16,945,000 trees on 53,750 acres. See Cooperative Appraisal Report (Part XII.A).

Harvesting efforts depend upon prevailing market prices. Traditional farmers have always collected palm kernels from wild species, but the introduction of oil palm cultivation is now underway.

Beginning around 1970-1971 the GOL realized that if small farmers were to benefit from existing projects a system to help them market their crops and obtain needed inputs must be developed.^{1/} Inputs would require

^{1/} This idea was first examined about 1967 when the organization that is now Agricultural Cooperative Development International (ACDI) sent a team here to work on cooperative development, particularly with the legislative and by-laws aspects.

credit and small farmers are not generally considered to be good credit risks. A conclusion was reached that agricultural cooperatives provided the best alternative solution of these problems. The development of cooperatives became GOL policy and a special division for credit and marketing was created in the MOA to implement this policy.^{1/} Three societies were registered during 1971. Fourteen more were registered in 1972 and by 1976 a total of 47 were registered. Of the 47 only about 18 can be considered fully operational at this time and all require improved management/operational skills.

Various other methods for farmer assistance have been previously tried and found lacking; still others were deemed unacceptable within the Liberian context. Segments of the private sector were found to be exploitative when it came to the extraction of farm surpluses and unresponsive with respect to provision of inputs. Resources are not available to support a decentralized "U. S. style" extension effort nor do host institutions (e.g., land grant schools) exist. Israeli-model production cooperatives are not compatible with Liberian cultural practices nor does the societal discipline exist to support the Chinese model. In the final analysis the GOL has decided to proceed with agricultural development using farmer cooperatives as the primary vehicle of intervention.^{2/}

Since the middle of 1975 there have been two separate studies made of the operations of the Liberian cooperatives; 9 cooperatives were contacted in the first study and 14 in the second. Both studies found that the cooperatives suffer from poor management and lack of effective managerial and credit support from the Cooperative and Marketing Division.

^{1/} Since that time the division has been divided into a separate Credit Division and a Cooperative and Marketing Division.

^{2/} See Annex H. - MOA Policy Statement.

The second study was necessary to answer questions raised in the AJD/W review of the PRP. (See "Project Issues Supplement," Annex B).

B. AID AND OTHER RELEVANT EXPERIENCE

A notable example of assistance to an LDC, similar to this project, was USAID assistance to Uganda over a ten-year period from 1963-1973. This project resulted in the successful establishment of dairy cooperative societies; livestock ranching cooperative societies; poultry cooperatives; a pork marketing society; supply and marketing organizations; and the bank, savings and credit societies, rural savings scheme, and a mobile bank service.

There are other countries where AID assistance has resulted in successful cooperative development. In Brazil, for example, a four-year project developed central government's capacity to assist cooperatives improve operations and management. While there are numerous examples of cooperative movement failures, there are also numerous examples of cooperative success stories. In the developed countries, cooperatives have played an important economic and social role. In Denmark, for example, cooperatives were instrumental in providing a better life for the masses of neo-serfs and for transforming a feudal society into a more egalitarian situation. In the United States cooperatives and credit unions serve a significant portion of our farming and personal credit needs.

In the developing world the development of farmer associations in Taiwan is but one notable example of how small farmers, through cooperation, have become more productive and improved their levels of living. Other less well known situations can be exemplified by the cooperative

movement in Sri Lanka. Of the 13.5 million population of Sri Lanka, approximately 11.5 million (85 per cent) are supplied their essential commodities directly by cooperatives, which handle much of the retail trade in rice, flour, and sugar. Cooperatives are also actively engaged in the promotion of savings through a network of 360 cooperative rural banks. Lastly, a new type of cooperative agricultural society (Sumppekarya Gammanas) has emerged to bring new lands under cultivation. Today there are 60 such societies cultivating 17,000 acres of land with a membership of nearly 3,200.

C. DETAILED DESCRIPTION

The sector goal is to increase small-farmer productivity and income. To do so is to affect, positively, the majority of Liberia's population (70%). Likewise, it is consistent with the basic objectives of Liberia's four-year plan which calls for diversification of production, dispersion of socio-economic activities and a more equitable distribution of the benefits of economic growth. Even though the agricultural sector contributes 24% of real gross domestic product, the traditional farmer does not benefit from the fruits of a modern agriculture, nor does he have adequate access to the improved technology and resources which are available to his more advanced countrymen.

Cooperative societies have been identified as the cost effective vehicle by which small farmers can profitably market their crops and through which they can be advised on modern agricultural techniques and receive needed inputs and services. In recent speeches both the President and Minister of Agriculture have stated their support for cooperatives and the need for all Liberia's farmers to participate in modern agriculture.

These sentiments are not only internally consistent but they lend themselves to our foreign assistance criteria as set forth by the Congress: "In order to strengthen the participation of the urban and rural poor in their country's development, not less than \$20,000,000 of the funds made available for the purpose of this chapter shall be available ... only for assistance in the development of cooperatives in the less developed countries which will enable and encourage greater numbers of the poor to help themselves toward a better life."^{1/}

The Project Purpose

The project purpose is as follows:

To foster development of an effectively structured and functioning agricultural cooperative system in Liberia,

- a) by installing adequate MOA services to currently operational cooperatives of small farmers,
- b) by concurrently analyzing issues basic to expansion and evolution of the cooperative system, and
- c) by using the conclusions in planning for the project second (co-op expansion) phase.

By the end of Phase I, project investigations will have produced conclusions on possibilities for achieving integral participation of small farmers in the cooperative movement and its operations, and on issues related to co-op finance and management under the prospective sectoral economic situation. Given favorable conclusions on the key issues, plans will have been developed for a follow-on or Phase II project intended to

^{1/} Foreign Assistance Act of 1961, as amended, Part I, Chapter I Section III.

expand the scale of the cooperative system and further improve its effectiveness in helping small farmers to participate fully in the rural development process.

In the meantime, training and advisory activities under the project will have produced staff members in MOA/C&MD qualified to perform their service and supervisory functions, and co-op personnel (employees, directors, and members) qualified to fulfill their respective roles. These steps will have contributed to more effective functioning of the currently operational co-ops with the result that their membership roles can be expected to show an increase of at least 10 percent, and their marketings of farm products can be expected to show an increase of 15 percent. These indicators will be verifiable from the records of the co-ops and the MOA/C&MD.

Project Outputs

1. Fully functioning cooperative societies will require the development of a management capability including simplified and uniform bookkeeping and accounting system and implementation of a regular and systematic auditing schedule.

2. The effective communication of cooperative ideology and methodology to members, government employees and cooperative employees will require that a package of "extension tools" (audio-visual, radio spots, booklets, pamphlets, manuals) be developed.

3. Based upon operating experience the Cooperative Societies Act of 1936 and the sample Cooperative By-laws will be appraised and amended if necessary.

4. If the C&MD is to be responsive to the needs of the cooperatives, an optimal staffing pattern (organization chart) and related job descriptions must be prepared for adoption by the C&MD.

5. A uniform bookkeeping system and the "extension tools" will provide the foundation for developing a multi-level training program for co-op officials, board members, accountants, farmers and managers.

6. Cooperatives attempt to market poor quality produce. The cooperative division, together with LPMC, will develop a set of produce marketing standards. A produce information network will keep co-ops informed of current prices and anticipated price changes. These standards will conform to a simple grading system which reinforces the need for farmers to bring quality produce to market.

7. Establishment of a Cooperative Information Network. The information network will provide market intelligence to cooperatives and farmer members.

8. Management advisory services to cooperatives by C&MD. Project technicians and counterparts will arrange with a few selected cooperatives and with related MOA and other agency support organizations to advise on organizational, programmatic and procedural matters for the purpose of improving the delivery of cooperative services to members and for experimenting with alternative programs and methods with possible broader application.

9. As the cooperatives grow they will need to procure trucks, build warehouses and purchase produce handling equipment. Thus the need for assistance in financial management and capital budgeting. The C&MD will provide advisory service on capital development and financial management for cooperatives.

10. The project will strengthen the Liberian Credit Union and their apex organization LCUNA, Liberian Credit Union National Association. LCUNA will have two yearly seminars and do internal auditing for their member unions. It is the responsibility of the C&MD to audit credit unions; this will require strengthening of C&MD capabilities. LCUNA has a very capable manager, and after two years he will have trained two associates to augment his staff.

(See Appraisal Report).

11. An analysis will be prepared of issues relating to achieving small-farmer participation in an expanded Liberian cooperative system and to financial and managerial aspects of such a system based on (a) a dialogue in some depth with present and potential co-op members, and (b) on experience gained during early efforts to install MOA services to the currently operational co-ops.
- Related to the analysis of project issues of a sectoral nature (reference p), direct liaison will be effected between the managers of this project and the Agricultural Analysis and Planning Project (669-0137) to establish areas for study and coordination.

Project Inputs

Project inputs will be supplied from five sources: USAID, LCUNA, U.K., U.S. Peace Corps and the GOE.

USAID inputs will include technical assistance, participant training, in-country training and commodities. The three full-time project technicians will be augmented by short-term consultancies as required. The technical assistance team will be led by a senior cooperative administration and management specialist. This person will be responsible for coordinating all team activities, liaison with USAID, liaison with the contractor, and procurement of commodities. Within a counterpart relationship to the Director, DC&M will participate in the development of the financial/capital expenditure advisory service, development of the staffing patterns, development of the co-op law appraisal, and other output matters of an organizationa/management nature.

The team leader will be assigned by a training (audio-visual communications) specialist and a financial management specialist. The former with his counterpart will be responsible for the package of "extension tools", proper training programs and materials, presentation of manuals, and establishment and coordination of the C&MD training and information section.

The cooperative financial management specialist with his counterpart will develop a Controller General capability with DC&M, produce a uniform system of bookkeeping and accounting procedures for the cooperatives, develop the means and institutional capability for the supervision and training of auditors, bookkeepers and co-op managers in the system, and use, develop the necessary manuals and see that necessary ledgers, cards, journals and the like are available for cooperative procurement.

All technicians will be assigned counterpart (MOA) staff and all will consider the transfer of knowledge and the phase out of their consultant services of paramount importance.

The US specialists will not serve in an operational capacity, they will rather work on a day-to-day basis with their MOA/DC&M counterparts who have the authority and the responsibility for carrying out the ministry policies. The US specialists will provide the advice and guidance needed based on their fields of expertise and experience and will function through their counterparts.

In support of project technician activities, seminars, training programs and LCUNA support, USAID will provide \$100,000 for vehicles, equipment and supplies the first year and \$33,000 the second year and \$28,000 in the third year.

To train future mid-level cooperative division employees, USAID will provide funds for two candidates for advanced training and 12 man months of short courses. British foreign assistance (O.D.M.) will support the project by providing U. K. training for three participants, and will also sponsor a ten-day cooperative (in-country) seminar sponsored by the Plunkett Foundation.

It is anticipated that the U. S. Peace Corps will provide four volunteers. These volunteers will receive pre-service training in cooperatives at the International Cooperative Training Center at the University of Wisconsin. Volunteers are requested with specialties in accounting (2), marketing/produce grading and audio-visual communications.

GOL inputs will flow from the Ministry of Agriculture with additional support through the Liberian Institute of Public Administration (LIPA). The MOA will provide counterpart staff and their support, office space, training and/or seminar sites, office equipment and supplies. The LIPA will participate in staff development seminars and in courses on interpersonal and supervisory relations. The MOA will provide funds for a special USAID-administered trust account. This account will provide for maintenance and repair of project vehicles and provide for expeditious procurement of locally available equipment and supplies.

The GOL will actively enforce existing statutes by prosecuting cooperative officers or hired employees found guilty of misappropriating co-op funds and by seeing that co-op laws and by-laws are followed.

Technical Advisory Assistance

Farmer interest and participation in cooperative activity can be expected to depend in some measure on the range of services offered or contemplated. To date, operating cooperatives have given primary emphasis to their role as buying agents for LPMC. A few have experience

in supplying farm inputs, extending credit, and conducting productive activities such as the manufacture of bricks and concrete blocks. Under the present project, management assistance to the cooperatives should include selective guidance on expanding activities in which there is local interest, as a means of exploring co-op potentials and farmer interest in such services. Such operational experience would strengthen the quality and relevance of the analysis and planning for a possible Phase II activity.

In their advisory role, project technicians and their C&MD counterparts will help functioning cooperatives to identify selected opportunities for providing improved or additional services to members and for engaging members more fully in conducting their cooperative's activities. Once such opportunities have been identified, the advisors will provide guidance in implementing them, pursuant to arrangements accepted by one or more of the cooperatives. Such arrangements will need to be voluntary, of course, inasmuch as C&MD has no operational control.

C&MD provides no more than very limited commodity or financial support which could be employed in experimenting with new cooperative services, nor does this project provide resources for such experimentation. Hence, close cooperation and coordination will be needed with the sponsors of various farm service programs -- i.e., the MOA's rice and extension divisions, the credit institutions, and the LPMC (tree crops and commodity marketing).

Experimentation in broadening the scope of cooperative services and in engaging members more fully in conducting cooperative activities will enable project technicians to provide feedback for incorporation into training materials and courses. This is important because Liberian cooperative experience to date provides only a very limited basis for developing locally relevant course materials and training programs. As particular cooperative activities and methods are proven or modified through actual project operations, the training materials should evolve to reflect the new knowledge.

3. PROJECT ANALYSIS

A. TECHNICAL ANALYSIS

This project is essentially a technical assistance-training project. No structures are to be built and technology used will be of the management science-extension technique. No 611(e) certification is required. An initial environmental examination is presented in Annex C.

The Status of Cooperatives in 1976

The technical soundness of this project should be considered in terms of needs reflected by the prevailing status of the cooperative movement in Liberian agriculture. The 1976 situation is revealed by the Savage & Goldman report entitled "Appraisal of Cooperative Development in Liberia". Major findings were presented as follows:^{1/}

- Cooperative development in Liberia is relatively new (major effort began 1971) and suffers from many of the troubles that beset any new endeavor, lack of understanding, insufficient number of trained people at all levels and lack of resources.
- At present time there are 47 registered agricultural cooperatives, but only 18 are carrying on commercial operations.
- Total volume of business reported for 1975 was \$3,005,277. Five cooperatives accounted for 86% of this volume.
- The large number of non-operating cooperatives is accounted for by societies organized in anticipation of crops, primarily tree crops, that will come into bearing in the future. There are, however, a few cooperatives that are no

^{1/} Findings are based on visits to 14 cooperatives in seven counties of Liberia, discussions with key government officials and review of existing data relating to stated purpose and objectives.

longer in business due to operating failures. Of the 14 cooperatives contacted during the appraisal, only seven are engaged in any commercial activities, Six of these are waiting for new crops to come into bearing.

--Cocoa, coffee and palm kernel account for most of produce volume marketed by cooperatives, rice accounting for the remainder.

--Major problems mentioned by board members, ordinary members and hired management were these:-

- ..need of credit for farmer inputs such as machinery, fertilizer and chemicals, labor, and credit for cooperative facilities, transport, small mills
- ..dissatisfaction with LPMC overweights and dockage
- ..disappearance of money from treasury
- ..need for better-trained personnel
- ..board meetings too infrequent

--Most advanced cooperatives were in Upper Lofa County. Of those contacted these cooperatives appeared to have received more help, technical and resource, than others. We should be able to learn some of the ingredients of successful cooperative development from these societies.

--Gross¹⁹⁷⁵/sales margins of cooperatives appear more reasonable than those realized by traders as explained here in:

<u>Name of Cooperatives</u> ^{1/}	<u>Volume of Produce Received</u> Dollars	<u>Volume of Produce Sold</u> Dollars	<u>Gross Margin On Sale</u> Dollars	<u>Gross Margin As Per Cent Of Sales</u> Per Cent
INTOFAWOR	709,500	732,296	22,956	3.1
GBANDI	292,249 ^{2/}	298,121	5,872	2.0
VOINJAMA	747,570	792,139	44,569	5.6
N'BOE	248,626	268,714	20,088	7.5
DOKODAN	21,796	26,005	4,209	16.2
WODO	201,144	222,473	21,329	9.6
AMENU	72,938	81,043	8,105	10.0
TOTAL	2,293,823	2,420,791	127,148	5.3

^{1/}Cooperatives contacted during appraisal.

^{2/}From July 1, 1975 to January 31, 1976.

Based on such information as could be obtained, trader gross margins on sales are considerably higher on average than the 5% for the cooperatives. Findings from a small sample of trader margins obtained in a 1974 study show the average of traders to be around 20%.^{1/} Also any margin realized by a cooperative belongs to members and in a properly run association will be distributed back to members in a form specified by the by-laws.

--A major weakness in Liberian cooperatives (serving members) is that most of them use sub-agents to purchase produce from their members.* In one cooperative about 75% of its produce volume was obtained from sub-agents, and in another cooperative four board members were sub-agents. As this system now operates the cooperatives have scanty records as to prices paid members of volumes received from them. Cooperatives gave as their reason for using sub-agents that they lacked capital and trucks to purchase and haul the produce. The limited number of cooperatives and distance between also encourages the use of sub-agents.

--The seven cooperatives contacted that were operational all had positive net operating margins in the 1975 season.

^{1/} Agrar und Hydrotechnik Study for Bong County.

*This situation seemingly exists largely because of a lack of sufficient or ready operating capital for purchasing produce from members. In many cases the sub-agents have capital resources available from the private sector.

--Assets exceeded liabilities in the operational cooperatives contacted. The totals for the six that this information was available from showed assets of \$1,034,270, liabilities of \$791,228 and a balance of \$243,042. A high proportion of the assets was in land and most of the liabilities were in debts, many of them overdue.

--Management overall was judged to be weak, specifically as follows in:

- ..keeping records
- ..budgeting and planning
- ..annual reports
- ..member relations and enlightenment of members
- ..not holding board meetings as required in by-laws
- ..assembling and handling produce
- ..inability to keep money from disappearing from treasury
- ..making decisions regarding purchase of facilities, machinery and equipment
- ..money management, particularly in borrowing and repayment .

--Management often voiced a need for training.

--Forty-six percent of the board of directors occupied government positions and 54 percent were ordinary farmers with the officer positions on board occupied for the most part by government employees.

--LPMC is the sole market for cocoa, coffee and palm kernel produced by the cooperatives' members. Its policies and operation will to a large extent affect the success or failure of the cooperatives. For example; will LPMC so dominate the operations and affairs of the cooperatives as to result in these societies becoming mere buying stations and not the democratic multi-purpose organizations intended? It is also not clear

why LPMC, a 100 percent government-owned corporation, is required to pay an income tax. This seems to place a double tax on farmers. Perhaps this is a carry over from the time when LPMC was privately owned.

--There is a question as to why LPMC should receive a profit from its operation. All of its cost should be covered and a reasonable reserve for contingencies set aside. Perhaps the profit item is also a carry over. These two items reduce the returns to farmers by a significant amount.^{1/}

--The Cooperative and Marketing Division (C&MD) needs to be strengthened in terms of staff training, availability of transportation, assistance to and auditing of cooperatives. The budget figure for FY 1977 is \$225,361. This amount is adequate provided the Division resources are not reduced during quarterly budget reviews.

Credit unions are facing many of the same problems as the agricultural cooperatives. Many are of insufficient size to afford any paid employees. Record keeping is a problem. Funds disappear mysteriously. Collections are difficult. These points are supported by a recent study made by Mr. William T. Brown of Volunteer Development Corps. In addition to their efforts in the "banking" field, credit unions are also sponsoring consumer coops in a number of locations.

^{1/} On basis of LPMC profit and loss statement for period 1/10/75 - 3/13/76 the amount is \$892,226 or about \$184 per ton of farmer produce delivered to LPMC.

Responsiveness to Needs

The foregoing description of the status of the cooperative movement in 1976/77 suggests that many but not all of the movement's current problems arise from a lack of knowledge about the nature of successful cooperatives and the roles that directors and members must plan to make them successful; about such basic procedures as record keeping, budgeting, and money management; about planning capital investments; and about the assembly and handling of farm products. Other problems, such as the margins retained from export sales by LPMC, are of a sectoral nature rather than of an origin in the co-ops themselves. Still others, such as the scarcity or high cost of credit, are characteristic of production and marketing enterprises throughout much of the developing world.

To the extent that co-op members and potential members, the members of the co-op boards of directors, and the C&MD can benefit from training in cooperative principles and practice, the project addresses their needs directly and with considerable emphasis. A major share of the project resources are to be used for training - and training cooperatives management and operational personnel "training the trainers." Associated measures include looking at organization needs of the C&MD, the development of a simplified record keeping system for Liberian small farmer co-ops, the preparation of training materials, and the promulgation of standards for a simplified farm-product grading system. Apart from the foregoing training and service-related activities, existing cooperative legislation is to be reviewed and revisions proposed, and a substantial effort is to be made in analysis basic to planning appropriate follow-on activities.

Given the relative newness of marketing and credit cooperatives in Liberia, the limited efforts to date for diffusing knowledge about the nature and functioning of co-ops, and other well recognized difficulties already detailed, it must be taken as a favorable sign that some co-ops have attained operational status and have been able to function with moderate effectiveness. It is also a favorable sign that certain changes have been introduced in the structure of LPMC and that announced LPMC buying prices now reflect variations in world market prices to at least a limited degree because of the acceptance of a simple formula suggested by the MOA Planning Division's advisory team. One may conclude that the GOL is ready to support organizational and operational changes favoring the emergence of cooperatives as significant institutions, that the time is ripe for exploratory efforts to install a system of services to small-farmer cooperatives, and that the proposed approach is responsive to the needs of the current situation.

The Training Approach

The dissemination of knowledge and a system to support the profitable operation of small farmer agricultural cooperatives must result from the institutionalization of training programs and the diffusion of skills/knowledge through a network of intermediary institutions or transfer agents. Each step in such a process will lead to contact with a larger target group, resulting in the communication of information to an ever increasing population (geometric progression). This project envisions such a diffusion of knowledge as graphically displayed in figure 1. Figure 2 depicts the skill transfer program and the proposed interaction among the various target groups. As cooperative systems develop and farmer demands increase, the total cooperative network will expand (figure 3).

Figure 1. Diffusion of Knowledge
"Train the Trainers"

AGRICULTURAL COOPERATIVES

CREDIT UNIONS

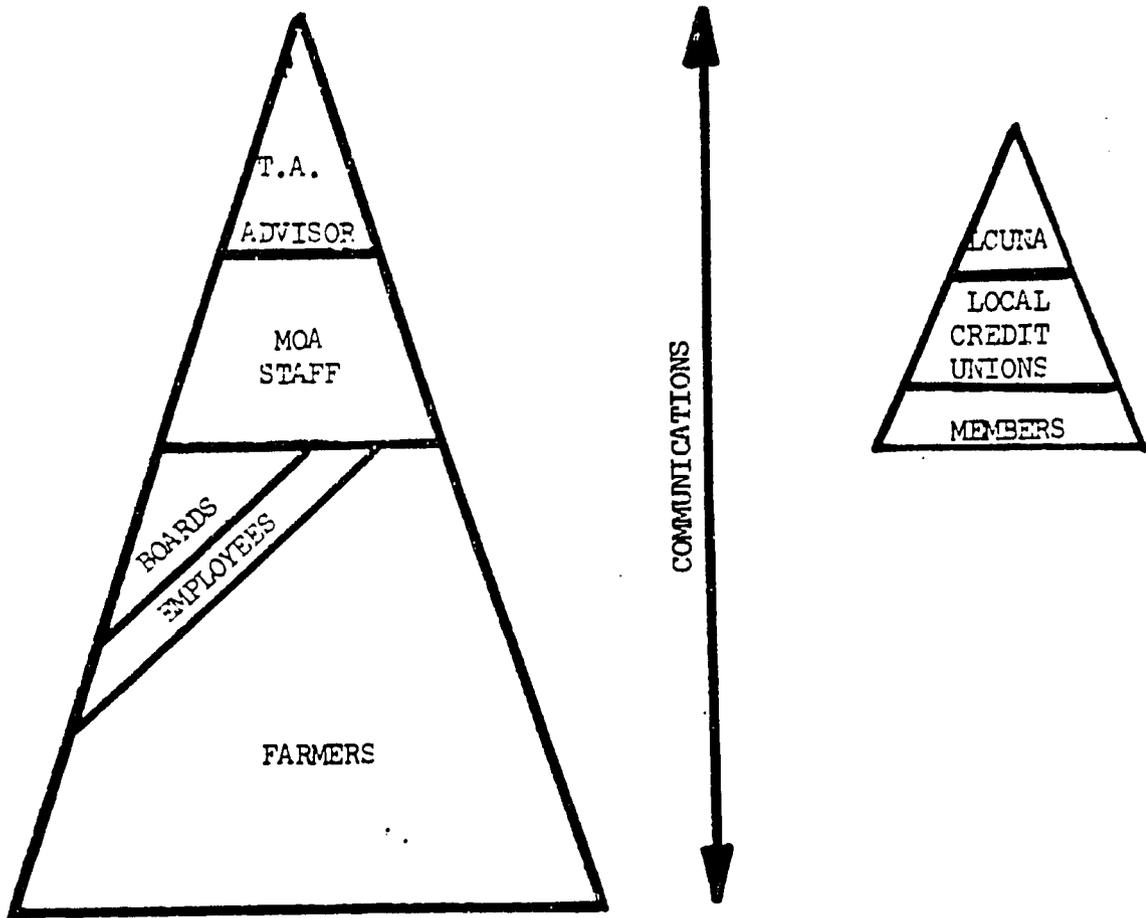


Figure 2. Training - Skill Transfer Program

Target Groups

I. Primary Society Level

Farmer Members

Boards of Directors

Employees

II. Trainers/MOA Staff

Information/Publications

Marketing

Audit

Field Supervisors

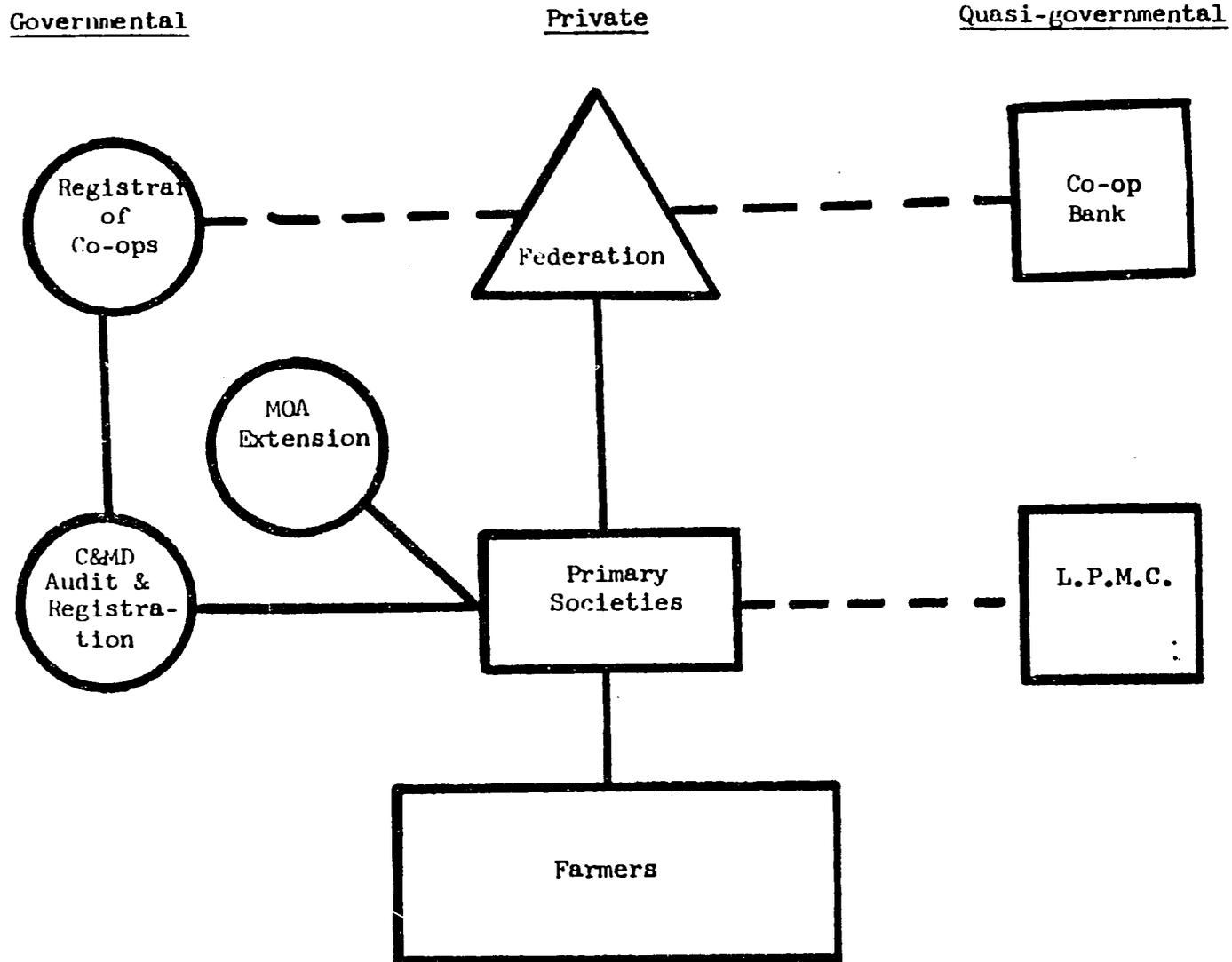
Field Officers

	Skill Category					
	Audit	Communication Skills (interpersonal)	Cooperative Education	Management Practices	Marketing	Publications
Farmer Members	u		u		x	
Boards of Directors	u		u	u	u	
Employees	u	x	u	x	x	
Information/Publications	u	x	x	u	u	x
Marketing	u	u	u	u	x	u
Audit	x	u	u	u		
Field Supervisors	u	x	x	x	u	u
Field Officers	u	x	x	x	u	u

Methodology: Direct Contact
Radio
Visual Aids
Booklets
Audit

x - Competence
u - Understanding

Figure 3. Potential Agricultural Cooperative Development



The first task of the team will be to have training/strategy development session with the R&MD professional staff. As the staff numbers less than 40 persons, numerous local facilities are available and adequate for the various preliminary meetings and formal training programs conducted by project technicians and the C&MD staff. After this initial gathering, training programs will be organized by particular subject matter (e.g., audit, marketing, agro-business objectives) with the designated and responsible division employees participating.

Once the rudiments of the subject matter have been absorbed, the training program will be oriented for cooperative management and operational personnel (specific short training and field follow-up and switches to an on-the-job mode. Under the supervision of project technicians, division employees will begin holding sessions with their subordinates and with the three categories of primary society level operators identified in figure 2: farmer members, members of the board of directors, and cooperative society employees. Concurrently, bookkeeping systems, audit schedules, marketing practices and other identified project outputs will be tested and institutionalized.

A similar system will be used by the LCUNA manager who will first indoctrinate his associates with the fundamentals of credit union organization. Then they will move into the field for further training. Each associate manager will develop a major area of expertise in addition to a fundamental understanding of credit union operations. One associate will be primarily responsible for auditing and installing bookkeeping

systems in new unions. The other associate will be concerned with assisting potential credit unions to get organized and with member education.

A number of potential candidates with some credit union experience are available in Liberia and the LCUNA manager has several in mind as potential candidates for the proposed positions. Each candidate will have to be approved by the LCUNA Board and the Director, DC&M. It is expected that LCUNA will receive tertiary assistance from the African Cooperative Credit and Savings Association (ACOSCA) and from one or two European foundations. The usefulness and the actual participation of these tertiary sources are predicated upon AID participation.

The Liberian Institute of Public Administration is currently being assisted (USAID contract) by the Institute of Public Administration in New York. They will provide input into personnel training and will lend their expertise to the development of this project's training programs. Audio-visual training and communication techniques will be designed to utilize the latest methods which are relevant and serviceable in Liberia. The technical feasibility of adult education and participation by non-literate peoples in training programs is well established, while the availability of counterpart trainees and U.S. advisors is adequate to accomplish the required skill transfer programmed for Phase I. Local languages will be used in areas where English comprehension is low. Considerable utilization of graphic displays is also anticipated. The

project will also be a beneficiary of the newly initiated USAID study into the relevance and utility of the United States Cooperative experience as it applies to the LDCs ("The Role of American Cooperatives in Helping Small Farmers Overseas" - AIDTO CIRC A-397).

B. Financial Analysis and Plan

A. General Financial Plan

The total estimated cost of the project is \$2,036,800 (see Table 1, pp. 44-46). Extending Phase I of the project to a three year project has resulted in an increase of \$576,800 in total project cost. Budgeting for the project as presented in Table 1 is based upon initial obligations occurring in FY 1977 as originally planned. Extending Phase I to a three year/36 month project while adhering to the original schedule for initial year obligations results in forward funding of about ten months of the technical team's services. As shown in the implementation schedule (pp. 64-66), the technical advisors will remain on contract for about ten months after the close of the final fiscal year (FY 79) of this Phase I project. Assuming that a Phase II follow-on project is approved for FY80, as anticipated, this will compensate for any delays (which normally occur), in the scheduled arrival of a new technical team for implementation of the Phase II activity. If the original technical team continues for the Phase II activity, adjustments would be made in the technical assistance component of the FY 80 budget for Phase II. Finally, if a decision not to continue with a Phase II is taken, then the ten months would allow time for a gradual phase-out of USAID support.

Obligations for USAID technical assistance inputs \$904,400, training activities \$157,400, commodities \$170,000 LCUNA support \$3,000, and inflation and contingencies \$125,000 totalling \$1,359,800 are expected to occur as follows:

TABLE I

SUMMARY COST ESTIMATE & FINANCIAL PLANA. USAID INPUTS

	FY 77			FY 78			FY 79			TOTAL		
	(MM)	(US \$000)	LC	(MM)	(US \$000)	LC	(MM)	(US \$000)	LC	(MM)	(US \$000)	LC
1. <u>Technical Assistance</u>												
a. 1 Sr. Cooperative Adm/Plan Specialist	(12)	80.6	-	(12)	80.6	-	(12)	80.6	-	(36)	241.8	-
b. 1 Financial Mgt. Specialist	(12)	80.6	-	(12)	80.6	-	(12)	80.6	-	(36)	241.8	-
c. 1 Cooperative Training Specialist	(12)	80.6	-	(12)	80.6	-	(12)	80.6	-	(36)	241.8	-
d. Short-term Consultants	(-)	-	-	(5)	74.5	-	(5)	74.6	-	(10)	149.0	-
e. Evaluation Consultants	-	-	-	(2)	15.0	-	(2)	15.0	-	(4)	30.0	-
Sub total	(36)	241.8	-	(43)	331.3	-	(43)	331.3	-	(122)	904.4	-
2. <u>Participant Training</u>												
<u>MOA</u>												
a. Academic Training-2 U.S./third country	(24)	20.4	-	(24)	20.4	-	-	-	-	(48)	40.8	-
b. Non-academic training	-	-	-	(6)	9.6	9.6	(6)	9.6	9.6	(12)	19.2	19.2
c. In-country training	-	-	-	-	35.0	35.0	-	35.0	35.0	-	70.0	7
<u>LCUNA</u>												
a. Academic training	(12)	4.2	-	(12)	4.2	-	-	-	-	(24)	8.4	-
b. In-country training	-	5.0	5.0	-	7.0	7.0	-	7.0	7.0	-	19.0	19.0
Sub Total	(36)	29.6	5.0	(42)	76.2	51.6	(6)	51.6	51.6	(84)	157.4	108.2

TABLE I (cont'd)

SUMMARY COST ESTIMATE & FINANCIAL PLAN

	<u>FY 77</u>			<u>FY 78</u>			<u>FY 79</u>			<u>TOTAL</u>		
	(MM)	(US \$000)	LC	(MM)	(US \$000)	LC	(MM)	(US \$000)	LC	(MM)	(US \$000)	LC
3. <u>Commodities</u>												
Vehicles												
MOA/AID-3 4-wheel drive, 1 camper, 1 carryall	-	55.0	-	-	-	-	-	-	-	-	55.0	-
LCUNA - 1 4-wheel drive	-	10.0	-	-	-	-	-	-	-	-	10.0	-
Equipment & Supplies												
MOA	-	40.0	-	-	30.0	-	-	25.0	-	-	95.0	-
LCUNA	-	4.0	-	-	3.0	-	-	3.0	-	-	10.0	-
Sub Total	-	109.0	-	-	33.0	-	-	28.0	-	-	170.0	-
4. <u>Other</u>												
a. LCUNA support	-	.6	.6	-	1.2	1.2	-	1.2	1.2	-	3.0	3.0
b. Contingency & inflation <u>5%</u>	-	19.1	1.8	<u>10%</u>	44.2	4.0	<u>15%</u>	61.7	5.6	-	125.0	11.3
Sub Total	-	19.7	2.4	-	45.4	5.2	-	62.9	6.8	-	128.0	14.3
5. <u>Total USAID Inputs</u>	-	400.1	7.4	-	485.9	56.8	-	473.8	58.4	-	1359.8	122.5
B. <u>BRITISH</u>												
1. Participant training-U.K.	-	-	-	-	30.6	-	-	30.6	-	-	61.2	-
2. In-country Co-op Course	-	-	-	-	10.0	10.0	-	-	-	-	10.0	10.0
Sub Total	-	-	-	-	40.6	10.0	-	30.6	-	-	71.2	10.0

TABLE 1 (cont'd)

SUMMARY COST ESTIMATE & FINANCIAL PLAN

	<u>FY 77</u>			<u>FY 78</u>			<u>FY 79</u>			<u>TOTAL</u>		
	<u>(MM)</u>	<u>(US \$000)</u>	<u>LC</u>	<u>(MM)</u>	<u>US \$000)</u>	<u>LC</u>	<u>(MM)</u>	<u>(US \$000)</u>	<u>LC</u>	<u>(MM)</u>	<u>(US \$000)</u>	<u>LC</u>
C. <u>PEACE CORPS</u>												
1. Volunteers @ \$8,00/yr.												
a. Audio visual communication - 1	-	8.0	-	-	8.0	-	-	8.0	-	-	24.0	
b. Marketing-produce & Grading - 1	-	8.0	-	-	8.0	-	-	8.0	-	-	24.0	
c. Accounting - 2	-	<u>16.0</u>	-	-	<u>16.0</u>	-	-	<u>16.0</u>	-	-	<u>48.0</u>	
Sub Total		<u>32.0</u>			<u>32.0</u>			<u>32.0</u>			<u>96.0</u>	
D. <u>GOL</u>												
A. MOA/C&MD		150.1	150.1		162.1	162.1		190.1	190.1		502.3	502.3
B. LIPA - Management Training Seminar		-	-		<u>3.0</u>	<u>3.0</u>		<u>4.5</u>	<u>4.5</u>		<u>7.5</u>	<u>7.5</u>
Sub Total		<u>150.1</u>	<u>150.1</u>		<u>165.1</u>	<u>165.1</u>		<u>194.6</u>	<u>194.6</u>		<u>509.8</u>	<u>509.8</u>
E. TOTAL PROJECT COST		<u>582.2</u>	<u>157.5</u>		<u>723.6</u>	<u>23.19</u>		<u>731.0</u>	<u>253.0</u>		<u>2036.8</u>	<u>642.4</u>

FY 77 - \$400,100
FY 78 - \$485,900
FY 79 - \$473,800

Other donor inputs by Peace Corps \$96,000 for four volunteers, and British inputs of \$71,200 for training activities will be made as detailed in Table 1. The GOL contribution of \$506,000 primarily represents inputs from the C&MD of the MOA with \$7,500 allocated for Management Training, Seminars to be presented by the Liberian Institute for Public Administration, IPA.

MOA Budget Analysis

The GOL contribution to this project is based upon projections from the FY 1976 budget for the Cooperative and Marketing Division of the MOA as presented in Table 2. Total MOA contribution of \$509,800 over the life of the project are calculated at an annual growth rate of 8% in the FY 76 C&MD budget as summarized below:

Personnel Services	\$107,541
Other Services	3,000
Materials and Supplies	3,450
Physical Plant	<u>25,000</u>
TOTAL	\$138,991

As shown in the above summary, all of the division's budget is recurrent. Any large increase in the recurrent budget

TABLE 2

DETAILED BUDGET - MINISTRY OF AGRICULTURE
COOPERATIVES AND MARKETING DIVISION

	<u>Category of Expenditure</u>	<u>Revised 1976</u>	<u>FY76</u>
110-1.1	Chief of Division	5,000	6,000
	Deputy Chief	4,700	5,500
	Assistant Chiefs 3 @\$3,375 - 5,000	10,125	15,000
	Auditor	4,000	4,000
	Cooperative Auditor	10,800	10,800
	Field Supervisor 2 - 1 @\$3,375	6,750	3,375
	Field Officers 10 @\$3,300 each	33,000	33,000
	Secretaries 2 @\$3,000 each	6,000	6,000
	Secretary	2,228	2,228
	Cooperative Officers 8 @\$1,980 each	15,840	15,840
	Field Clerk	1,238	1,238
	Field Clerk	1,200	1,200
	Drivers 2 @\$900 each	1,800	1,800
	Messengers 2 @\$780 each	1,560	<u>1,560</u>
	TOTAL, PERSONNEL SERVICES:		\$107,541
230-1.1	Utility Power	1,200	-
253-1.1	Repairs Office Equipment	1,800	800
254-1.1	Repairs Autos - 2 Vehicles	4,800	1,200
263-1.1	Local Travel	5,000	1,000
280-1.1	Other Expenses (Training Course)	5,000	<u>-</u>
	TOTAL, OTHER SERVICES:		\$ 3,000
311-1.1	Gas and Oil	6,500	1,950
316-1.1	Stationery	1,500	<u>1,500</u>
	TOTAL, MATERIALS AND SUPPLIES:		\$ 3,450
 <u>SUMMARY</u>			
	PERSONNEL SERVICES:	107,541	
	OTHER SERVICES:	3,000	
	MATERIALS AND SUPPLIES:	3,450	
	TOTAL, COOPERATIVE & MARKETING:		\$ <u>113,991</u>

as a result of this project would indicate that the GOL/MOA is intensifying its efforts to establish an effectively structured and functioning agricultural cooperative system in Liberia. Such an increase would be predicated on the GOL sustaining its belief that cooperatives are effective and viable means for increasing flows to and from farmers.

C. SOCIAL ANALYSIS

The three major issues of a social nature that are of concern in this project are (1) the effect of tribalism on the sound development of cooperatives in Liberia, (2) the spin off benefits from cooperatives that are of a social nature, and (3) social benefits from cooperatives to women.

Tribalism will have little or no adverse effect on the development of first-stage primary societies.^{1/} The members of these individual societies are from the same tribal group. This is an advantage because these members know each other and in many instances have worked together to clear land in a work "koo," an informal cooperative. The problem of tribalism will come, if at all, when the primary societies begin the process of organizing federations or centralized societies. This stage may begin in the very latter part of this project. It is difficult to predict the outcome of efforts to federate in Liberia, but experience in other African countries - Ghana, Kenya, Tanzania, and Uganda for example - indicates that tribalism is not a limiting factor in this advanced stage of cooperative development.

A subsequent effect of agro-business participation is that as development occurs and farmers enter more into the cash economy, they become more private entrepreneur and less tribal villager. This, in effect, is what development of successful cooperatives requires. It lifts them out

^{1/} Primary societies are localized (village, clan or tribal level) cooperatives. In Liberia they may be either marketing or multipurpose societies. Their transactions with governmental or private sector agencies are direct. To date primary societies are not represented by, nor is there, a federation of primary societies.

of the traditional village economy and pushes them into a private enterprise setting. This is often a big and excruciating step but it lessens the negative effects of tribalism or further development while the cooperative serves to maintain a regional integrity.

Cooperatives can be an important means of overcoming tribalism, particularly in the advanced stages of cooperative development. The cooperatives, however, have to operate successfully as business institutions if they are to reach a second stage of development that results in this social spin-off benefit. If cooperatives can be successfully developed in Liberia, they should not only improve the economic but also the social well-being of farmers. With increased incomes and awareness from participation in cooperatives, small farmers will be more likely to send their children to schools. Actually, one of the cooperatives contacted during the appraisal stage of this project had sponsored and was financially supporting primary schools in its area.

Cooperatives, as democratic business institutions, can influence small farmers to increased awareness and participation in civic affairs. This is true for all members who actively involve themselves in the cooperatives, but especially so for those members who serve as board members and on special committees.

Cooperatives often act as the sponsors for any number of worthwhile community activities such as road building, sponsoring of civic meetings and provision of facilities for holding of meetings. Cooperatives are places of employment for people in their areas. One of the more highly developed cooperatives in Liberia now has 24 full-time employees and about 40 piecework employees. Another cooperative employs over 30 people.

Women will benefit from cooperatives in much the same way as men. In Liberia women are estimated to perform as much as 60% or more of the farm work. Some of them are farmers in their own right and as such are eligible to become members of cooperatives. Many have, in fact, become members. Successful cooperative development will increase incomes. As this happens small farmers will use more machines to clear land, plant, cultivate, and harvest crops. Since women now provide over 60% of the labor required to produce the crops, they should be relieved from some of the more arduous tasks. This will give them more time for other socially desirable activities. A natural extension of cooperative marketing activities is the provision of laborsaving devices for food processing, transportation and custom agricultural services. The first use of saved time will probably be utilized to increase agricultural production or other productive activities. Increased income will be used for children's education, better quality diet and improved housing.

Finally, one must determine if the idea and institutionalization of formal cooperatives is compatible with local customs and mores and whether there may be some inherent incompatibility or conflict between cooperative development and local realities. After six years of ground work it appears that cooperatives are acceptable as one method of farmer agrobusiness participation. As it turns out, one possible problem is that the cooperatives get co-opted by the tribal system and lose some of their democratic luster and independence. Not all of Liberia is homogeneous with respect to tribal tradition and therefore tribal intervention will differ from region to region. In one area which has a very strong tribal power

structure, the paramount chief has taken a definite interest in cooperative development much to the farmers' and the co-ops' benefit. It is conceivable that the converse may happen in other areas or that tribal authorities are too weak or uninterested to intervene. In this respect as the project improves intra_x and inter_x cooperative communication and participation, the cooperative will be more likely to serve the total membership rather than being taken over to serve the purposes of the "elite" farmer/members.

Informal cooperation manifests itself in both the traditional and monetary segments of Liberian society. SuSu's^{1/} and credit clubs are found at all levels of Liberian society and farmer work associations are also frequently in use. These organizations are closely controlled with peer group pressure playing an important role in their viability. The transition to a more highly capitalized formal cooperative involves some loss of this internal integrity and demands a higher degree of managerial expertise. Assisting farmers in the transition from informal cooperation to formal cooperation demands that the strengths of both systems be considered and incorporated into a new system.

Initial Target Beneficiaries

The initial target beneficiaries will be members of existing cooperatives, employees of existing cooperatives and the staff of the Cooperative and Marketing division of the Ministry of Agriculture. Ultimately, as cooperatives increase their influence in local, intermediate, and central

^{1/} A SuSu is an informal credit union/club.

markets, proprietary buyers and traders will be forced to provide better prices and more services to the small farmer. Thus, either through replication of cooperative societies or diffusion of their beneficial aspects, a larger proportion of Liberian agriculturalists will be affected.

Liberia's credit union movement is also to benefit from this project. Initial beneficiaries within this area are the staff of the Credit Union Federation (LCUNA) and the membership (6,189 persons) of the twenty-two existing credit unions. The staff will benefit through on-the-job training and improved salaries. The membership will benefit through improved management of their resources, increased access to credit and a better return on their savings. During phase I. it is expected that a number of new credit unions will be started, further expanding the number of potential beneficiaries. Assuming that the project has an impact on all twenty-two credit unions and half of the currently registered membership of cooperatives, the project will impact on close to 70,000 persons.^{1/}

Ultimate Beneficiaries

The small farmer will receive a greater return on his marketed produce, access to modern inputs and improved farm support services. Cooperatives will facilitate these changes due to:

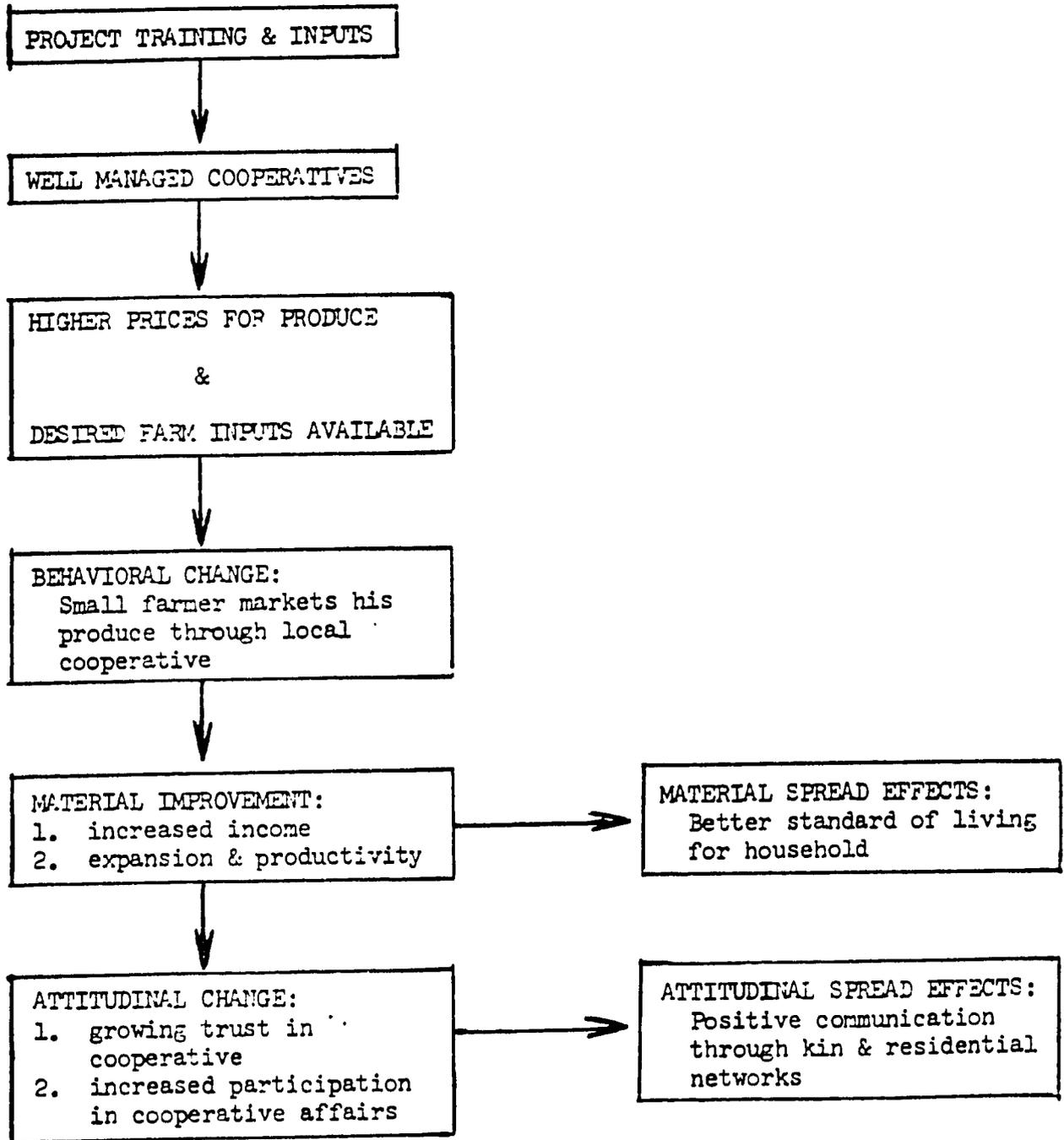
- (a) a better and more uniform pricing system with better quality control through local grading of small farmers' agricultural produce with a commensurate improvement in farmer income;
- (b) a proper return on the farmers' produce through effective supervision of purchasing subagents;

^{1/} Each member being a head of household and each household having five members.

- (c) giving the farmers a viable marketing alternative to the private traders who have traditionally paid the farmers far less than the set price (usually by establishing a pattern of indebtedness difficult to break);
- (d) increased farmer productivity by providing him with a source of modern farm inputs and equipment (on reasonable medium and long-term credit) with which the modernization of the agricultural sector may begin, e.g. fertilizer, tools, and other agricultural equipment together with the introduction of improved farming techniques;
- (e) an opportunity for the small farmer to participate in the direction of national affairs and in the shaping of his own destiny by providing him with organizational support and a channel of communication through which his voice may be heard.

Limited surveys of traditional farmers indicate that the anticipated benefits of an effective cooperative organization are in line with both the perceived needs and aspirations of the small farmers, and the GOL's commitment to develop agriculture by aiding traditional farmers.

Summary of Social Feasibility
of
Cooperative Development Project



D. ECONOMIC ANALYSIS

We conclude that this is a viable project, with expected benefits sufficient to justify the estimated AID expenditure of \$1,359,800.

This project will not produce revenue directly. The direct economic benefits of establishing a service system for primary cooperatives and of the associated training will be reflected mainly in more effective and efficient marketing of farm products and farm inputs by the primary cooperatives. As these co-ops become more efficient, they will come to handle an increasing proportion of the total marketing flows, and/or private traders will have to improve their effectiveness and efficiency to competitive levels. As marketing channels are opened and as marketing is made more efficient, small farmer households will also have more opportunity and incentive to expand production.

The potential gains in marketing efficiency and in production can be no more than conjectural at this stage. Whatever improvements can be achieved, however, will apply to a very sizeable volume. Cooperative marketings of cocoa, coffee, palm kernel, and rice in the 1975/76 period amounted to about \$3 million. Detailed calculations by Savage and Goldman, using plausible assumptions, show co-op sales of these items growing to about \$6 million by 1979 and to nearly \$20 million by 1984. In addition, the co-ops are expected to increase the value added through their services by providing more transport, marketing more milled rice, and providing farmers with production inputs.

It becomes relevant to inquire if the expected benefits could be realized by a less costly approach. The question is easily answered. There are no known substitutes for the kind of analysis, planning and training proposed under this project. It is viewed as a cost-effective

PART 4 IMPLEMENTATION PLANNING

A. Administrative Arrangements

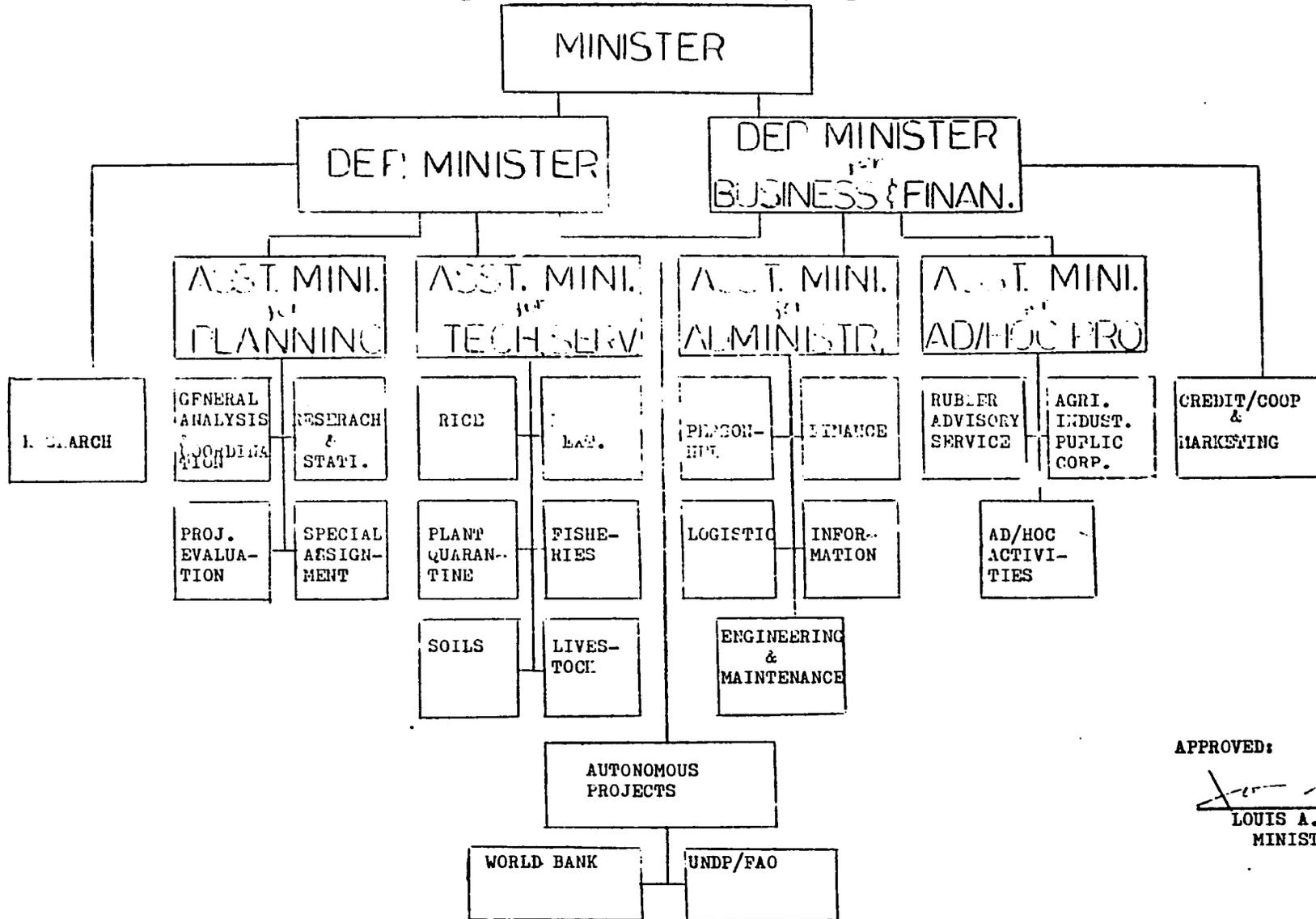
The Ministry of Agriculture is committed to a policy of improving the social and economic well being of small farmers and had demonstrated this through a number of development sponsored activities: tree planting, price stabilization and development fund programs of LPMC and the expanded and special rice programs of the Ministry's rice division.

The Cooperative and Marketing Division is organizationally the direct responsibility of the Deputy Minister for Business and Finance, MOA (figure 4). Responsibility at this level assures coordination with and support from the rice, extension, credit and soils divisions. Thus the primary cooperative societies provide the local organizations through which the Ministry's outreach divisions (soil, cooperatives, credit, etc.) can contact small farmers in an efficient manner.

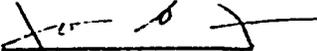
The Cooperative and Market Division will be responsible, together with the technical advisors and Peace Corps volunteers, for implementing the proposed program. The division presently has a staff of 36 people occupying the following positions:

Director	1
Deputy Director	1
Assistant Director, Marketing	1
Assistant Director, Cooperatives	1
Marketing Supervisor	1
Chief Cooperative Auditor	1

ORGANIZATION CHART MINISTRY OF AGRICULTURE



APPROVED:


 LOUIS A. RUSS
 MINISTER

BEST AVAILABLE DOCUMENT

Cooperative Auditor	1
Accountants	4
Field Officers, Supervisors	5
Field Officers	11
Secretary	2
Clerk Typist	1
Cooperative Cadets	5
Messenger	<u>1</u>
	36

Four staff members of this division hold bachelor's degrees in accounting, eight others have bachelor's degrees in a variety of disciplines, one expatriate employee has a Ph.D. and one staff member (a woman) holds an M.Sc. degree in marketing from the University of Kentucky. Four of the B.Sc. degrees are from colleges in the U.S. The Deputy Director holds two degrees in business and accounting. The Director of the C&MD is also the Registrar of Cooperatives. The Director, in close accord with the USAID Chief of Party, will be responsible for project implementation.

To insure that the division receives funds in amounts sufficient to assume special costs of the proposed project (e.g., support of U.S. technicians and participant travel), a trust account will be established by the GOL and jointly administered by the USAID and the C&MD. Such an arrangement has been discussed with Ministry officials and they concur in principle with a fund of \$25,000 per year. Trust account funds will revert to the C&MD recurrent budget upon termination of this project.

The USAID has designated coordination/documentation responsibility for this project with one of its agricultural officers. This officer has participated in project design and has begun to structure and compile the data necessary for timely project implementation. To date potential African training sites have been located and preliminary arrangements are being made for commodity procurement. In order to insure timely arrival of project vehicles, the USAID will be the authorized agents (U.S. vehicles are readily available in Monrovia). It is anticipated that this project coordinator will participate in contractor selection and assist the team with its integration into Liberian society and into the Ministry of Agriculture.

B. Implementation Plan

The implementation schedule (pp 64-66) highlights the critical stages in project and program development. The project is scheduled for implementation in FY 77 and has a three year duration. The technical assistance team, together with its USAID and MOA counterparts, will coordinate activities so that the feasibility and planning of a follow-on (Phase II) cooperative effort can be undertaken. It has been determined that any further evaluation of the role of cooperatives in Liberia must be prefaced by a concerted initial effort (Phase I) to assist existing cooperatives and to rationalize their operations and the operations of the Cooperative and Marketing Division of the Ministry of Agriculture. The Minister is in full agreement with this approach and has declared his intention not to register new societies until

the existing situation is rectified.

The project and implementation schedule has been designed to identify and schedule critical areas needing technical, administrative and operational USAID/MOA attention. Nevertheless, it is not so constraining as to commit the co-op team to a specific method which it might subsequently determine not to be cost effective not consonant with project purposes.

The schedule strategically incorporates two evaluations. One mid-way through the project (prior to PP presentation for Phase II) and the other after project terminates. The USAID project manager will continually monitor the project and conduct additional evaluations as necessary and according to statutory requirements.

In anticipation of the considerable lead time encountered in commodity procurement, commodity procurement is purposely heavy at the beginning of the project implementation and scheduled as soon as possible for FY 78.

The project will commence with a two week intensive planning/training session. The implementation schedule is presented below. It is expected that a revised detailed implementation plan will be developed after the arrival of the technical team.

Because Phase I of this project is now planned for three years instead of the original two years shown in the FY 77 CP, a notification to Congress showing the change in timing and funding will be necessary. It is anticipated that technicians will be supplied through either a PASA (e.g., Farmer Cooperative Service - USDA) or by contract with a not-for-profit organization (e.g., ACDI, CUNA or the like). Vehicles, office equipment, and basic supplies will be ordered immediately after the Project Agreement is signed. The implementing agent will be either the GOL or the USAID with the shipment consigned to the Government of Liberia. The technicians will probably know of specific training - audio-visual equipment and supplies they wish to purchase. It is recommended that \$7,000 be incorporated into the contractors' contract for the expeditious procurement of such materials. The balance of commodity procurement will be done in Liberia with either USAID or the GOL as implementing agent.

IMPLEMENTATION SCHEDULE

<u>FISCAL YEAR</u>	<u>ITEM</u>	<u>CALENDAR MONTH/YEAR</u>
<u>FY 1977</u>		1977
	PP approved	March
	Pre-contract selection initiated	April
	ProAg signed (USAID)	April
	PIPAs issued (technicians, commodities) (USAID)	April
	Preparations for one participant 2-year Kenya Coop Course	May
	Technicians arrive and begin two month settling in, further procurement, country-wide co-op reconnaissance and determine scheduling of Plunkett course and UK participants	August
	Peace Corps volunteers arrive	September
	Prepare for division-wide two week intensive seminar. Technicians, past MOA participants and PCV instructors. Format-Dynamic with case studies and LIPA participation	September
<u>FY 1978</u>	Participant begins Kenya 2-year course.	October
	Two week intensive seminar begins. Subjects: Co-op ideology and methodology, management, skill transfer and interpersonal relations, bookkeeping and procedures.	November

<u>FISCAL YEAR</u>	<u>ITEM</u>	<u>CALENDAR MONTH/YEAR</u>
<u>FY 1978</u>		<u>1977</u>
	Finalize evaluation of C&MD staff, firm implementation schedule next 1.5 years, present to Minister/MOA and USAID.	November
	PIPA issued (commodities)	December
		<u>1978</u>
	Develop methods (with LPMC) for improved grading of co-op produce and for having farmers' representative at LPMC warehouses/buying stations.	January
	Participants leave for 9-month course.	January
	Vehicles arrive	January
	Prepare program for OJT with accountants, boards, members and MOA staff.	February
	Develop bookkeeping and educational materials.	February
	Order equipment and supplies for FY 79.	March
	Prepare short courses' syllabi and materials.	March
	Begin OJT	April
	Regional short course for auditors	June
	Country-wide short course for co-op supervisors	August
	Regional short courses for co-op field workers.	September

<u>FISCAL YEAR</u>	<u>ITEM</u>	<u>CALENDAR MONTH/YEAR</u>
<u>FY 1979</u>	Seminar for senior staff (field and HQ) with LIPA participation	October
	Regional seminars for junior staff (field and HQ) with LIPA participation.	November
		<u>1979</u>
	Interim evaluation (MOA/USAID/consultant).	May
	Prepare and submit PRP (utilizing recommendations from interim evaluation).	July
	PP approved - Phase II	October
<u>FY 1980</u>	ProAg signed - Phase II	November
		<u>1980</u>
	Submit assorted PIPAs	January
	Implement phase-out initial project and start-up of new FY 80 Phase II co-op effort.	March/April
	Technicians depart.	July
	End-of-project evaluation (MOA/USAID/consultants or AID/W).	

C. EVALUATION

Included in project implementation plan is an interim evaluation scheduled for April 1979 which allows approximately 20 months of in-country services of the three technicians. The interim evaluation serves a dual purpose:

- ...Assess progress to date and allows for adjustment to targets over the remainder of the project;
- ...Provides input for the preparation of the Phase II PP which is slated for submission in May 1979.

The importance of influencing decisions about the second-phase project requires that the interim evaluation include a careful examination of results from the analytical component of the project. By April 1979, project personnel should have explored in some depth the participation issues discussed in Part I-D (pp. 13-17). The evaluation should review evidence based on the proposed dialogue with decision-markers in rural households and other sources, with a view to confirming if possible the analytical findings concerning prospects for achieving full integration and participation of small farmers in the cooperative movement. The evaluation will address the issues of how co-ops can be encouraged to serve small farmers, how a broad sharing of benefits can be achieved, how legal remedies for misuse of funds can be brought into effect, and how co-ops can maintain their independence and improve their bargaining strength vis-a-vis government itself or government corporations.

The evaluation will also review interim steps taken by the GOL and/or LPMC to improve the economic environment for cooperative development, and the preliminary findings of the MOA Planning Division's sector analysis concerning needed adjustments in economic policies and institutions. In fact, there would be merit in scheduling and structuring the evaluation to interface with the interim evaluation of the Sector Analysis and Planning Project (669-0137) if this can be conveniently arranged. With the preliminary findings of the sector analysis in view, the co-op team's judgments on implications for issues concerning co-op finance and management should be carefully examined.

The interim evaluation would thus serve strengthen the foundation for any decision to proceed with design and implementation of a Phase II follow-on project, and would provide important guidelines for the subsequent design work. In addition, of course, the evaluation would serve the usual purpose of assessing progress to date under Phase I. In this respect, attention would focus at the output level: the efficiency and effectiveness of the restructured C&MD, the suitability and acceptability of the record-keeping system, the effectiveness of the training materials, the extent of the training accomplishments, and other items given specific mention in the logical framework.

The interim evaluation will led to a final appraisal of the viability of proceeding with a Phase II project, i.e., the expansion and refienment of system of cooperative services to accomodate fledgling

co-ops or groups wishing to form new co-ops.

Sufficient funds have been budgeted so that the interim evaluation team can include an outside consultant as well as AID/W and USAID representatives. If Phase II is deemed appropriate and the project is approved on schedule, it is recommended that no terminal evaluation of Phase I be conducted but that the first evaluation of Phase II encompass both projects. Should Phase II not be approved then an end of project review of Phase I will be conducted three months after project termination.

DEPARTMENT OF STATE
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KL ANNEX
4

AMEMBASSY MONROVIA

PROJ. 0127

ACTION: AID
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INFO RUTAIJ/AMEMBASSY ABIDJAN PRIORITY 4468
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FILE COPY

FOR DATE: 2/15/77
ACTION: 89
INFO: D/AD
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FR-Thompson
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E.O. 11652: N/A

RETURN TO G & R

TAGS:

SUBJECT: ECPR REVIEW: LIBERIA AGRICULTURAL COOPERATIVE PP (PHASE I)

1. ECPR REVIEW WAS HELD ON JAN. 13, 1977. SINCE NO AG COOP PRP HAD PREVIOUSLY BEEN APPROVED, THE PP WAS REVIEWED FOR POLICY AND SUBSTANTIVE ISSUES, I.E., AS A PRP, IN ADDITION TO BEING REVIEWED AS A PP. IT WAS APPROVED AS A PRP. IT NEEDS TO BE AUGMENTED IN SOME RESPECTS PRIOR TO FINAL PP APPROVAL.

2. ANALYSIS AND PLANNING --SINCE AN IMPORTANT RATIONALE OF THE PHASED PROJECT APPROACH IS TO DEVELOP THE EXPERIENCE AND KNOWLEDGE IN PHASE I TO DETERMINE THE FEASIBILITY AND OR METHOD OF A FOLLOW ON DEVELOPMENT ACTIVITY IN PHASE II, THE PHASE I PP SHOULD SPECIFY ANALYSIS AND PLANNING FUNCTIONS OF THE PHASE I IMPLEMENTATION TEAM, MUCH AS THE SCOPE OF WORK OF A DESIGN TEAM WOULD BE SPECIFIED. ADEQUATE ANALYSIS AND PLANNING RESOURCES ARE NEEDED IN THE PHASE I ACTIVITY. AS PRESENTLY DESIGNED, THE EXPERIENCE AND EVALUATION GENERATED OVER THE TWO YEAR PHASE I WOULD APPEAR TO RELATE LARGELY TO TRAINING INPUTS AND OUTPUTS.

WHILE ECPR WAS AWARE THAT MISSION INTENDED A SUBSTANTIAL DESIGN AND ANALYSIS EFFORT (DURING PREPARATION OF THE PHASE II PP), ECPR FELT THAT UNLESS THE ANALYSIS AND PLANNING FUNCTIONS OF THE PHASE I IMPLEMENTATION TEAM ARE SUFFICIENTLY EMPHASIZED, THE TEAM'S FOCUS COULD BE PREEMPTED BY IMMEDIATE OPERATIONAL MATTERS, AND THE VALUE OF PHASE I DIMINISHED.

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TELEGRAM
EMBASSY MONROVIA

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3. PROJECT ISSUES -- AID/W CONTINUES TO HAVE SERIOUS CONCERN ABOUT FEASIBILITY ISSUES, INCLUDING SEVERAL OF THOSE IDENTIFIED AT THE PREVIOUS NOVEMBER 1975 ECPR REVIEW: RELATED TO COOPERATIVE DEVELOPMENT IN LIBERIA. PHASE I ANALYSIS SHOULD EMPHASIZE FEASIBILITY ISSUES RELATED TO WHETHER AND HOW SUPPORT WOULD BE PROVIDED FOR A PHASE II COOP DEVELOPMENT ACTIVITY.

THE PHASE I PP SHOULD SPECIFICALLY IDENTIFY IMPORTANT ISSUES/QUESTIONS TO BE FURTHER ADDRESSED DURING PHASE I ANALYSIS AND PLANNING. PRIORITY ISSUES AND CONSIDERATIONS INCLUDE :

(A) PROJECT BENEFICIARIES, BENEFIT INCIDENCE AND EQUITY CONCERNS. SKETCHY PRESENT KNOWLEDGE IS THAT BENEFITS APPEAR TO BE SKEWED TOWARD THE MORE INFLUENTIAL COOPERATIVE MEMBERS.

(B) FARMER PARTICIPATION -- HOW WILL FARMERS BE INTEGRATED INTO THE DECISION MAKING AND IMPLEMENTATION PROCESS?

(C) EXPANSION OF COOPERATIVE SERVICES -- WHAT OPPORTUNITIES EXIST AND WHAT ARRANGEMENTS ARE NEEDED TO PROVIDE CREDIT AND/OR OTHER FARM INPUTS AND SERVICES TO FARMERS DURING PHASE II? IT WILL NOT BE POSSIBLE WITH THE AMOUNT OF GOV RESOURCES AVAILABLE TO REPLICATE NATIONWIDE THE COOPERATIVE DEVELOPMENT ACTIVITIES PLANNED IN RELATION TO THE RURAL DEVELOPMENT PROJECTS IN LOFA AND BOKO COUNTIES. MODIFIED PLANS FOR COOPERATIVE DEVELOPMENT WOULD PROBABLY BE NEEDED OUTSIDE THOSE COUNTIES.

(D) PRICING SYSTEM AND MARGINS-- DOES THE PRODUCE PRICING SYSTEM OPERATE TO MOTIVATE AND REWARD FARMERS SUFFICIENTLY AND ENABLE COOPS TO BE COMPETITIVE? (REFERENCE: J. SAVAGE'S COMMENTS ON THE INADEQUACIES OF THE PRICING SYSTEM IN PP ANNEX A).

(E) CONTROL MEASURES

WHAT LEGAL OR ADMINISTRATIVE MEASURES WOULD BE APPLIED TO THE MISUSE OF COOPERATIVE FUNDS (BEYOND TRAINING MEASURES)?

(F) OTHER COMMENTS FOR MISSION CONSIDERATION IN DEFINING THE ANALYSIS AND PLANNING FUNCTIONS OF THE IMPLEMENTATION TEAM FOLLOW :

(1) MOA INSTITUTION BUILDING--A.I.D. EXPERIENCE WITH COOPERATIVE DEVELOPMENT WOULD SEEM TO INDICATE THE ADVANTAGE OF COOPERATIVE INDEPENDENCE FROM GOVERNMENT CONTROL OR DIRECTION. PROJECT DESIGNERS SHOULD CONSIDER HOW THE ALLOCATION OF PROJECT RESOURCES TO DEVELOP GOVERNMENT INFRASTRUCTURE AND/OR COOPERATIVE INFRASTRUCTURE

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RELATES TO THE NATURE, ROLES AND BARGAINING STRENGTH OF THE INSTITUTIONS BEING DEVELOPED.

(2) COOPERATIVE INCENTIVE--WHAT INCENTIVE SYSTEM WOULD INDUCE COOPERATIVES TO SERVICE SMALL FARMERS?

(3) FARMER CREDIT--FINANCIAL/ECONOMIC ANALYSIS IS NEEDED TO DISCLOSE FARM CREDIT SUBSIDIES, MARGINS, BENEFITS, AND MEANS OF CAPITALIZATION.

(4) COOPERATIVE FINANCIAL PLANNING--FOR INDIVIDUAL COOPERATIVES, ASCERTAIN FINANCIAL STARTUP AND OPERATING REQUIREMENTS.

(5) ECONOMIC ANALYSIS--THE PRINCIPAL BENEFITS IDENTIFIED IN THE PP RELATE TO THE INCREASED FARMER INCOMES TO BE REALIZED FROM THE MARKETING OPERATIONS, BUT THE ECONOMIC ANALYSIS IS BASED ON EXTREMELY SKETCHY DATA. ACTUAL FARMGATE PRICE OFFERED FARMERS BY COOP SUBAGENTS IS UNKNOWN. WHILE TRADITIONAL BENEFITS/COSTS ANALYSIS IS NOT VERY FEASIBLE, THE PHASE II PP SHOULD PRESENT CONVINCING EXPLANATION OF THE PROBABLE ECONOMIC BENEFITS.

(6) WOMEN IN DEVELOPMENT--PHASE II PP SHOULD DISCUSS THE ROLE OF WOMEN IN COOPERATIVE DEVELOPMENT ACTIVITIES.

4. PROJECT DESCRIPTION -- IN DESCRIBING PROJECT GOAL, PURPOSE, OUTPUTS, ETC., THE PHASE I PP SHOULD DIFFERENTIATE THE MORE LIMITED OBJECTIVES OF PHASE I FROM THE BROADER PROGRAM. PHASE I PURPOSE STATEMENT DISCUSSION (REFERENCE PP, PAGE 4, PARA 1) SHOULD BE STRENGTHENED; THE MORE LIMITED PHASE I OBJECTIVES (INCLUDING FEASIBILITY ANALYSIS/PLANNING) STRONGLY SUPPORTED BY GOL.

5. IS A 2 YEAR PHASE I ADEQUATE TO GENERATE THE EXPERIENCE AND ANALYSIS NECESSARY; TO DESIGN A FOLLOW ON ACTIVITY AND GET IT AUTHORIZED AND IMPLEMENTED IN TIME FOR A SMOOTH TRANSITION FROM PHASE I TO PHASE II?

6. EVALUATION -- THE PHASE I EVALUATION PLAN SHOULD BE AUGMENTED.

7. PP FINANCIAL PLAN/BUDGET -- THE PP FINANCIAL PLAN ON PAGE 39 HAS TO BE BROKEN OUT ON AN ANNUAL BASIS.

8. INITIAL ENVIRONMENTAL EXAMINATION (IEE) -- THE PROJECT

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COMMITTEE RECOMMENDED AND THE DAA APPROVED A NEGATIVE ENVIRONMENTAL THRESHOLD DETERMINATION FOR THE PP (PHASE I) A SEPARATE IEE WOULD BE REQUIRED FOR A PHASE II ACTIVITY.

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PROJECT ISSUES SUPPLEMENT

The Project Review Paper (PRP) was reviewed in Washington on November 25, 1975 for a five-year project (estimated cost to AID \$3,047,300) to further develop and utilize multi-purpose cooperatives. During the course of that meeting, a number of issues were raised and further information on them was requested. Each of these issues has recently undergone study in Liberia and summary replies to questions raised in Washington are presented here.^{1/}

1. Issue: Who are true beneficiaries of the cooperative system?

Discussion: Concern that small farmers would not be well served by Liberian cooperatives, particularly with respect to distribution of benefits, is justified based on present operating methods of most cooperatives in Liberia. Specific operating methods causing concern are these:

- (a) Cooperative funds unaccountably disappear from the Treasury;
- (b) Sub-agents employed by cooperatives to purchase from members. These agents do not use uniform weights and measures nor are receipts issued;
- (c) Some cooperatives were of a pseudo nature established by businessmen in order to become licensed buying agents of LPMC and as such eligible to receive commodity loans from LPMC (only cooperatives are eligible);

^{1/} Most of the questions are also addressed in the Cooperative Appraisal Report (Annex B). Also refer especially to the sections in this paper entitled "Beneficiaries," "Background," "Social Analysis."

- (d) Loans made by cooperatives to members appear to violate the Standard By-law provisions;
- (e) Approximately half of the members of the cooperatives' boards of directors are made up of government employees such as paramount and clan chiefs, legislators, county superintendents, school teachers, town mayors and others. The other 50% are farmers. There is a strong inference that the cooperatives are for the benefit of the elite, especially considering that key positions on the boards are almost always filled by these government employees. There is evidence that government employees hold influential positions within the cooperatives. For example, one cooperative reported four of its board members were also sub-agents. Another officer mentioned share capital being collected by some of the directors and never turned into the treasury.

Conversely, it is a fact that the vast majority of small farmers have no training or business experience that qualifies them to direct the operations of a cooperative. Cooperatives in Liberia are a very recent phenomenon and were established on a "crash" basis. In the process government leaders in the cooperative areas were often pressed into becoming directors in order to get the societies organized quickly. It is also necessary to involve the tribal chiefs in the cooperative in order to interest the members.

After weighing the pros and cons, it is concluded there will be few cooperatives developed in Liberia, at this time, without involvement of community leaders. The most serious objection to their serving on the boards is that they are too preoccupied with other activities to devote sufficient time to their duties as cooperative directors. It should be noted that most "officials," though salaried and having full and part time employment, may still be farmers and that their holdings are no larger than the average Liberian who is solely occupied with farming.

The issue that must finally be addressed is whether these weaknesses can be overcome, and the intended primary beneficiaries, small farmers, can be effectively served by the cooperatives. A satisfactory resolution of this issue is judged possible. Many weaknesses will be addressed in the training program. These include: Farmers being knowledgeable about acceptable marketing standards, farmers knowing the published season prices and cooperatives providing services in a timely and efficient manner. The availability of competent cooperative managers will also be addressed.

In Liberia the primary beneficiaries of improved farm gate prices and increased services are predominantly small farmers. The concept of latifundia, for example, is not relevant. Cooperative endeavors focus on rice, cocoa, coffee and in some instances oil palm. Rubber and large oil palm estates dominate the interest of elite groups. These families are not involved in cooperatives and, fortunately, there is no real conflict of interest. This is both an economic and an agronomic phenomenon. Rice is too labor intensive, cocoa and coffee are more demanding than rubber with respect to acceptable soils in which it will grow; thus plots are small, labor requirements

more seasonably demanding and cash returns less interesting for large scale development.

2. Issue: Is this project a vehicle that can address the full spectrum of concerns identified in the paper?

Discussion: There is no claim that the proposed project will solve all of the problems faced by cooperatives in Liberia. The project deals with the first step required for proper establishment and management of the cooperative system.

3. Issue: Cooperatives in Liberia were not fully and thoroughly discussed.

Discussion: In response to the request for a full description of the cooperatives, who runs them, what kind of support they get, who receives the benefits, how they operate, whether improving their management would benefit more than just a few people, the reader is referred to the Cooperative Appraisal Report by Savage and Goldman (Annex B).

4. Issue: Who are the true beneficiaries of the cooperative movement?

Discussion: See the PP section entitled "Description of Beneficiaries."

5. Issue: A need for more sociological input into the PRP was expressed

Discussion: As the cooperative movement in Liberia develops, the primary societies and apex organizations can be used to generate social benefits. However, at the present time the social benefit

"spin off" is limited by the fact that less than half of the cooperatives are actually operational. Meetings of members are held infrequently. Of those cooperatives that are operational, some are engaged in activities that are of social benefit. For example, one cooperative has established a primary school in its area because the public school did not have adequate facilities or teachers. Funds to run the school came out of the cooperative's treasury. Another cooperative had established a savings and loan division because there was no bank or other savings institution in the town. This same cooperative had established a carpentry shop that was serving townspeople as well as farmers. Another cooperative, with help from UNDP, has established an industrial division to produce products from native materials as a way of creating more off-farm jobs. In addition to its regular staff of around 14 employees, some 40 persons are engaged in producing a variety of hand crafted items on a piece work basis. With help and encouragement from a Catholic church, the National Credit Union Association, LCUNA, has begun a consumer cooperative movement that has resulted in the formation and operation of three consumer cooperative stores. (See Cooperative Appraisal Report, Annex B for more details on Credit Unions and consumer stores).

One social issue that is highly relevant to cooperative development in Liberia is that of tribalism. This is not a problem in this first stage of cooperative development. The membership

of the individual cooperatives are homogenous, in that they are from the same tribe. Occasionally cooperative membership includes two or more towns with two or more Clan Chiefs. This causes no problem since the Clan Chiefs are under the same Paramount Chief and are from the same tribe. The problem of tribalism may surface when the primary societies begin the process of organizing federations or centralized societies. The problem of tribal disparities which existed in Ghana, Uganda, Kenya and Tanzania is gradually disappearing in those countries. Regional federations and national apex societies have been organized and are operational, indicating that sufficient economic incentives are able to overcome the tribalism issue.

Cooperation in the traditional sector is a long established custom. In Liberia, small farmers organize themselves into work groups called "Kooos" to clear land, build roads and trails, and perform other such work as can best be done on a joint basis. There are also hundreds of informal credit societies in Liberia, and there are 22 registered credit unions.

6. Issue: A concern that there was no national delivery system to support the development of small farmer agriculture and conversely the agricultural cooperatives. Would these farmers be able to participate despite the lack of credit and inputs, given the high interest rates?

Discussion: The national delivery system is weak, but the GOL is aware of this and by its actions is working to improve it. On the matter of credit, serious consideration is being given to the establishment of an agricultural credit bank. This has been recommended on the basis of a recent (March 1976) UNDP Report prepared by Mr. Kwame Opoku-Owusu. The Planning Council's decision reads as follows:

"A full fledged agricultural credit bank shall, as a matter of policy, be established. But because of the time needed to build up basic institutions, the shortage of specialized manpower to staff the bank and the inappropriate overhead costs in relation to the likely size of credit operations for the next few years, it is not expedient to bring the full apex (Coop Bank) institution into operation at this time."

Until such time as this credit institution comes into being, the small farmer and the cooperatives will continue to rely on credit provided by MDA through the Credit Division's "in kind" loans, LPMC's commodity loans to Cooperatives, and AGRIMECO's land clearing operations available to farmers on a repayment basis. An effective cooperative movement will optimize the use of these scarce credit resources.

LCUNA, if it can be strengthened, can offer limited loan funds to agricultural cooperatives. It has made three such loans, though results were not very satisfactory. Of equal concern is the ability of farmers and the cooperatives to manage the credit when extended. The performance record to date indicates a need for considerable improvement. (See section on credit in Cooperative Appraisal Report). Credit training and supervision is required to bring small farmers and cooperatives to a level desired by lending institutions. This project will include training in the use and management of credit by cooperatives. In the training of members as to the purpose and operations of cooperatives, attention will be given to the proper use of credit. It is noted that the proposed plan to establish an agricultural credit bank calls for training of small farmers in the use of credit.

On the matter of inputs, there is also a great need for improvement. At the present time, such inputs as fertilizer and chemicals are being imported and distributed by the MOA and by LPMC. The cooperatives are granted interest free loans by the MOA Credit Division to purchase these inputs. The cooperatives in turn make in kind loans to members. At the time loans are made to members a verbal agreement is made as to terms of the loan. The usual arrangement is for the cooperative manager to require the member to pledge delivery of a definite quantity of produce at a price considerably under the announced official price. It appears that under this arrangement the members' produce is purchased in advance of delivery from anywhere from

sixty to ninety percent of the actual sales value. The percentage varies depending upon the length of time money is loaned. This practice is contrary to sound cooperative principles and should be eliminated.

7. Issue: Concern was expressed about the lack of trained cooperative managers.

Discussion: In most of the cooperatives, managers have had little or no training in the operations of this type of business enterprise. Even those few managers of cooperatives which are realizing positive net margins have, with one or two exceptions, no formal training as to the purpose and nature of a cooperative. Of equal concern, boards of directors have little or no cooperative training. The project addresses these constraints by focusing most of its resources on training programs and educational materials.

8. Issue: Concern that cooperative money would be misused through over-extending resources in capital investments, such as too many vehicles or too large warehouse.

Discussion: This has happened in a limited number of cooperatives to date, especially in the purchase of Russian trucks that proved unserviceable and had to be abandoned. There have been a few warehouses built, but there is a need for them and the fact that produce volume in the first year or so of their operations do not use the full capacity is a normal phenomenon. The prospects of their being used at full capacity in the future appear good.

The fact that the cooperatives have not over committed on capital expenditures to a greater extent is due in part to a shortage of loan funds. The demand existing for trucks, mills, tractors, power tillers and warehouses is great, but the loan funds are not available to meet demands. At this stage in the development of the cooperatives, cooperative management needs training in decision making relative to capital expenditures prior to expanding loan funds. This assistance should come from the Cooperative and Marketing Division (C&MD) and the Planning Department in the MDA. Since this assistance capability is not well developed, the proposed project will have the training of management in decision making as a major objective.

9. Issue: Do the small farmers really want cooperatives?

Discussion: Small farmers in Liberia do not have an ideological or philosophical commitment to the cooperative movement nor do most of them truly understand the concept of "Rochdale" cooperation. What they do know is that they would like to produce more, to sell produce in excess of their consumption requirements and to reduce the margin of the middleman who purchases that surplus. This is particularly true among farmers exposed to the MDA sponsored rice and tree crop projects who have witnessed increased production from fertilizer and

improved seeds. They have seen power tillers operate and the heavy equipment of Agrimeco^{1/} clear vast acreages for the planting of tree crops and, to a lesser extent, rice. Based on the observations^{2/} of the PP design team members and discussions with small farmers, they will not remain satisfied with the traditional method of production with hoe and cutlass. Attitudes are changing, albeit slowly.

Groups of small farmers located near the MOA crop and rice projects have been encouraged to organize themselves into cooperatives which require a small contribution for membership.^{3/} Whether small farmer interest in cooperatives will expand depends upon how effectively their needs are served by the initial exposure. To date small farmers seem to be accepting cooperatives as part of the government-sponsored plan to help them. Examples of such cooperatives are: Zleh town, Gbedin, Into Fawar and Gbandi farmers.

1/ Engineering agency in MOA responsible for land clearing.

2/ Observations and discussions during some 10 days in the "bush" contacting 14 cooperatives in six of the nine counties in Liberia (See Annex B).

3/ Approximately \$6:

Five dollars in share capital and one dollar entrance fee.

10. Issue: Will the GOL buy out the Danish interest (East Asiatic Company) in LPMC, leaving the Danes there as Managers?

Discussion: The GOL purchased the Danish interest in December 1975 but two Danish employees were retained on a two-year management contract. It is not known if this contract will be renewed.

11. Issue: Concern was expressed over the stance of the National Bank as interest rate setter for Liberia's currently under-developed credit market.

Discussion: Interest rates vary considerably among the various informal and lending institutions. Private credit clubs may charge rates that range into the 100's of percent per annum while credit unions and local banks may charge between 10 and 25 percent. What appears usurious in one society may, of course, be the true opportunity cost of funds in another. The National Bank will not have an impact on primary cooperative societies. Existing cooperatives do not charge high interest rates (as do credit clubs); they are more apt to set rates too low than too high and thus do not come into conflict with national statutes.

12. Issue: Has the USDA PASA team been acknowledged as author of present LPMC pricing policy?

Discussion: This has been done.

13. Issue: An explanation of the role now played by LPMC regarding tree crops - providing nurseries, seedlings and technical advice was asked for.

Discussion: LPMC has full responsibility for providing the aforementioned services and it is actively engaged in so doing. See Annex B for additional details.

14. Issue: Concern was expressed as to feasibility of AID fostering a government monopoly in farm products.

Discussion: LPMC, the government monopoly referred to, has replaced a 50% government and 50% private monopoly. As of this date the change appears beneficial to the country. A strong cooperative system owned and controlled by farmers (as fostered by this project) would in the long run be an effective counter-vailing force to this government monopoly should LPMC policies begin to shift the terms of trade contrary to the interests of small farmers.

15. Issue: What has been the role of Lebanese merchants during the last ten years?

Discussion: The Lebanese have had, and continue to have, considerable influence in the rural and urban commerce of this country. This is especially true with respect to sale of consumer goods. Expatriates have been excluded by law from

buying and selling export crops and therefore cooperatives face no particular problems with the Lebanese in the produce marketing sector. In terms of consumer cooperatives the Lebanese constitute a major obstacle. The markets are either oligopolistic or collusive and are not thought to operate in the consumers' interest. However, no hard data exist which show extraordinary returns to management. With the advent of Liberian owned wholesale establishments well managed consumer coops may prove viable.

16. Issue: Women's role and benefits from the proposed project.

Discussion: Women in Liberia are often farm operators and as such become members of cooperatives. It was ascertained, on basis of cooperatives contacted during the appraisal, that many women are in fact members of the cooperatives.

In one cooperative a woman had been its president until recently. The directors of another cooperative said they planned to have a woman as manager. One woman was on the board of directors of the largest cooperative in Liberia. Another woman was on the board of directors of the African Co-operative Savings and Credit Association (ACOSCA), a Pan African organization, and is president of LCUNA.

Cooperatives offer the promise of speeding up the use of machinery to relieve women of some of the drudgery they are accustomed to. Rice mills eliminate one such ^{arduous} ~~arduous~~ task - beating rice. Farmers work in the fields, particularly in swamp rice fields, with hand hoes. Power tillers will relieve them of some of their more backbreaking labors. To the extent that cooperatives improve incomes of farmers, women will be helped as farmers and as members of households.

The Cooperative and Marketing division of MOA is one of the target beneficiaries of this proposed project. It employs seven women at the present time out of a staff of 36. Three of the seven occupy officer positions on the staff, one being Assistant Director of Marketing. As the staff is increased, more women will be added. The chief of party for this project may also wish to stipulate that 50% of all participants be women

INITIAL ENVIRONMENTAL EXAMINATION

Project Location: Liberia (except Lofa and Bong Counties)

Project Title: Agricultural Cooperative Development Project

Funding: FY 1977 - FY 1979; total project cost is \$2.0 million of which \$1.3 million is to be provided by AID; \$.51 million by the Government of Liberia and the balance from other donors.

Life of Project: Three years starting April 1, 1977.

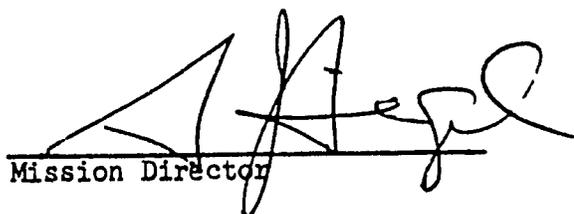
IEE Prepared by: Richard H. Goldman, Agricultural Economist
Howard V. Guiot, Staff Engineer
Date: November 1976

Environmental Action Recommended: The project will have no significant effect on the environment and therefore we recommend that an environmental assessment not be done.

Concurrence:

Date:

Mission Director

 March 19, 1977

Assistant Administrator's/Director's Decision:

CONTENTS OF INITIAL ENVIRONMENTAL EXAMINATION

I. Examination of Nature, Scope and Manitude of Environmental Impacts

This project is designed to support and thereby promote agricultural cooperative development in Liberia. Its ultimate goal is to increase the productivity and income of small farmers by installing an effective and efficient agricultural cooperative system servicing currently operational small farmer cooperatives and forming the basis for the expansion of Liberia's cooperative movement.

The project will operate in seven of Liberia's nine counties. It will focus on the existing cooperatives (membership and staff) and on the staff of the Division of Cooperatives and Marketing of the Ministry of Agriculture.

The project does not have a construction or a physical agricultural inputs component. Donor inputs are used for technical assistance, farmer education and on-the-job training.

Cooperation manifests itself in agricultural work and credit/savings mobilization within traditional agricultural settings in West Africa. As such, this project will not interject a foreign concept into a traditional setting, but rather proposes to modify the traditional systems so that they can be compatible with a cash economy and can increase small farmer revenues.

This three year project has a cost to AID of \$1,359,800.

Its financial component parts are:

Technical Assistance	\$725,400
Consultants	149,000
Training Programs	157,400
Commodities	170,000
Evaluation	30,000
LCUNA Support	3,000
Contingencies	125,000

II. RECOMMENDATION

The project will have no impact on the physical environment and will reinforce traditional socio-economic patterns. The project will endeavor to smooth the transition of the rural populace from the traditional to a cash economy thereby having a positive effect on the small farmers' standard of living. As the project will have no significant effect on the environment, it is recommended that an environmental assessment not be done.

IMPACT IDENTIFICATION AND EVALUATION FORM

Impact
Identification
and Evaluation

Impact Areas and Sub-areas

- A. LAND USE None
1. Changing the character of the land through:
 - a. Increasing the population -----
 - b. Extracting natural resources -----
 - c. Land clearing -----
 2. Altering natural defenses -----
 3. Foreclosing important uses -----
 4. Jeopardizing man or his works -----
 5. Other factors
- B. WATER QUALITY None
1. Physical state of water -----
 2. Chemical and biological states -----
 3. Neological balance -----
 4. Other factors
- C. ATMOSPHERIC None
1. Air additives -----
 2. Air pollution -----
 3. Noise pollution -----
 4. Other factors

D. NATURAL RESOURCES None

- 1. Diversion, altered use water -----
- 2. Irreversible, inefficient commitments -----
- 3. Other factors

E. CULTURAL

- 1. Altering physical symbols ----- N
- 2. Dilution of cultural traditions ----- L

F. SOCIOECONOMIC

- 1. Changes in economic/employment patterns ----- N
- 2. Changes in population ----- N
- 3. Changes in cultural patterns ----- L
- 4. Other factors

G. HEALTH - None

- 1. Changing a natural environment -----
- 2. Eliminating an ecosystem element -----
- 3. Other factors

H. GENERAL - None

- 1. International impacts -----
- 2. Controversial impacts -----
- 3. Larger program impacts -----
- 4. Other factors

I. OTHER POSSIBLE IMPACTS - None

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

THRU : Mr. W. Haven North, DA/AFR

FROM : ^{15/1/74} John L. Withers, Director - AFR/DR

SUBJECT: Environmental Threshold Decision

PROJECT TITLE: Agricultural Cooperative Development (Phase I)

PROJECT NUMBER: 669-0127

COUNTRY : Liberia

ENVIRONMENTAL THRESHOLD DECISION RECOMMENDATION:

PROBLEM: A.I.D. Regulation 16 requires that this A.I.D. financed action be examined from the viewpoint of its potentiality for having a significant effect on the human environment. If the result of this study indicates the action will not have a significant detrimental effect on the human environment, then an official finding to this effect called a "Negative Determination" must be signed by the Assistant Administrator of the relevant A.I.D. Bureau.

FINDING: The Project Review Committee and the members of my staff responsible for the implementation of A.I.D.'s Environmental Procedures have reviewed this project and its proposed actions from the viewpoint of its environmental aspects and A.I.D.'s Regulation 16. They agree with the Initial Environmental Examination in the Project Review Paper that "the project will have no impact on the physical environment and will reinforce traditional socio-economic patterns. The project will endeavor to smooth the transition of the rural populace from the traditional to a cash economy thereby having a positive effect on the small farmers' standard of living". Consequently, since the project will not have a significant detrimental effect on the human environment, it is a project for which an Environmental Assessment or an Environmental Impact Statement will not be required. A "Negative Determination" as provided for in AID Regulation 16 is therefore in order.

RECOMMENDATION: It is recommended that you approve a "Negative Determination" for the project.

APPROVED: 

DISAPPROVED: _____

DATE: 1/19/77

Drafted: AFR/DR/SDP/Environment:  ge:1/13/77

Clearances: Project Committee Chairperson: G Adams draft
AFR/DR/SDP: JBlumgart
Jc7 AFR/DR: SKlein
AFR/AA: TBrown (i.e. 56)

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY 77 to FY 79
Total U.S. Funding
D to Prepare: March 1977

ANNEX
D

Master Log Form

Project Title AGRICULTURAL COOPERATIVE DEVELOPMENT 669-11-140-127

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal:</p> <p>Increasing agricultural productivity and economic benefits for rural households engaged in small-scale agricultural production.</p>	<p>Measures of Goal Achievement:</p> <ol style="list-style-type: none"> Increased per-capita agricultural output (value added concept) for rural households engaged in farming. Increase in amount of rural household output entering the commercial sector Increase in per-capita rural income. Increase in level of socio-economic services to rural households 	<ol style="list-style-type: none"> Statistical reports for benchmark and succeeding years on production, inputs, net incomes, and living levels -- MDA, MPEA, and other GOL agencies Various surveys and analyses of the Liberian economy. 	<ol style="list-style-type: none"> GOL continuing support of programs & policies for raising level of living of rural households engaged in agriculture. Rural household access to knowledge of improved technology. Increase in access to complementary inputs such as improved planting materials, fertilizer, & credit. Concurrent improvement in marketing facilities, including means of access Relatively elastic demand for added output.

<p>Project Purpose:</p> <p>To foster development of an effectively structured and functioning agricultural cooperative system in Liberia.</p> <p>a) by installing adequate MDA services to currently operational cooperatives of small farmers,</p> <p>b) by concurrently analyzing issues basic to expansion and evolution of the cooperative system, and</p> <p>c) by using the conclusions in planning for the project's second (co-op expansion) phase</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <ol style="list-style-type: none"> Staff in MDA and in the operational co-ops adequately qualified to perform their functions in the system. Membership of small farmers in the operational co-ops 10% higher at end of Phase I than at start. Volume of farm product marketings by the operational co-ops increased by 15% during Phase I. Acceptable plans for second phase developed according to findings of project investigations concerning issues related to co-op participation, finance, and management, taking account of sectoral economic situation. 	<ol style="list-style-type: none"> MDA & LPNC records Records of operational co-ops Reports on findings from investigations Plans proposed for second phase 	<ol style="list-style-type: none"> MDA increases budget of CAMD. GOL continues to view co-ops as a primary vehicle for assisting small farmers GOL continues incentive price policy. GOL accepts staff development as a recurring need of the agr. co-ops system Cooperatives are viable & effective means of increasing flows to & from farmers Sector analysis by MDA/PD illuminates economic issues basic to planning co-op development
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<p>Outputs:</p> <ol style="list-style-type: none"> Establishment of a uniform system of bookkeeping, accounting, and audit. Development and use of co-ops' "Extension Tools" packages. Appraisal and reform of GOL co-ops laws and organizational by-laws. Staffing pattern and job descriptions developed for co-ops and Co-op Marketing Division. Co-ops staff, board of directors and small farmers begin training with resultant increase in operating efficiency Produce and marketing standards observed and understood by coop members. Establishment of a cooperatives information network. Establishment of a MDA non-audit co-op visitation program. Establishment and use of co-ops capital expenditures and financial management advisory service. Improvement of the LCUNA manager's capacity to service small farmers' and cooperatives' needs. An analysis of issues related to achieving small-farmer participation in an expanded Liberian cooperative system and to financial, economic, and managerial aspects of such a system, based (a) on a dialogue in some depth with representative present and potential co-op members and (b) on experience gained during early efforts to install MDA services to the co-ops. 	<p>Magnitude of outputs:</p> <ol style="list-style-type: none"> Bookkeeping/accounting available and systematic/periodic auditing schedule established for all co-ops. Five audio and/or visual aids programs developed and distributed to 20 co-ops. Five radio programs developed and broadcast countryside. Five basic pamphlets published and distributed to 20,000 small farmers. Revisions made in co-op laws and organizational by-laws, based on completed appraisal of needs. CAMD staffing pattern and job descriptions developed and installed. Position of "Registrar of Co-ops" redefined and filled. Training provided for 90 co-op staff, 100 directors, and 500 small farmers. Standards established for simple grading of principal commodities. Information network established for the cooperative system. All operational co-ops visited 5 times yearly beginning in second year of project. Advisory service on capital outlays and financial management established for co-op system. All LCUNA associate managers trained in serving co-op and small-farmer needs. A report summarizing findings of the analytical and planning efforts 	<ol style="list-style-type: none"> 1-9 Inspection of MDA, CAMD records and verification at co-ops. 10. LCUNA records. 11. Reference to report on analysis/planning. 	<ol style="list-style-type: none"> Technicians and commodities arrive in a timely fashion. MDA supports co-op division and technicians. Timely recruitment of co-op staff, government personnel and farmers for training. Project vehicles are maintained satisfactorily and are regularly operational. GOL approves reform of co-op laws and organizational by-laws. LCUNA recruits qualified trainees in a timely fashion. LCUNA manager is capable of training subordinate associate managers.
<p>Inputs:</p> <p>A. USAID:</p> <ol style="list-style-type: none"> Technical Assistance <ol style="list-style-type: none"> Senior Coop Advisor (36 mm) 241.0 Audio visual/communications specialist (36 mm) 111.0 Co-op Bookkeeping/Accounting Specialist (36 mm) 241.0 Consultant (short term) (12 mm) 149.0 Participant Training <ol style="list-style-type: none"> Academic (72 mm) 49.1 Non-academic (36 mm) 89.0 In-country Commodities <ol style="list-style-type: none"> Project Support vehicles 6 65.0 Equipment and supplies 105.0 	<p>Inputs (Continued)</p> <ol style="list-style-type: none"> British ODM/Plumsett Foundation <ol style="list-style-type: none"> Participant Training (OAM) \$ 61.0 Plumsett Co-op Course 10.0 Peace Corps <ol style="list-style-type: none"> Four Volunteers \$ 20.0 GOL <ol style="list-style-type: none"> MDA/CAMD Budget Support \$427.3 LIPA - Management Trng. 7.5 	<ol style="list-style-type: none"> Counterparts and qualified trainees are recruited in a timely fashion. Vehicles are regularly operational and maintained. 	

COUNTRY	PROJECT NO.	PROJECT TITLE	DATE	<input type="checkbox"/>	ORIGINAL	APPROVED
Liberia	669-0127	Agricultural Cooperative Development	March 1977	<input checked="" type="checkbox"/>	REVISION #1	

PROJECT PURPOSE (FROM PRP PAGESHEET)

To foster development of an effectively structured and functioning agricultural cooperative system in Liberia,

- by installing adequate MOA services to currently operational co-operatives of small farmers,
- by concurrently analyzing issues basic to expansion and evolution of the cooperative system, and
- by using the conclusions in planning for the project's second (co-op expansion) phase.

CPI DESCRIPTION

1. Apr. 77 - Prϕ-Ag signed (GOL, USAID)
2. Aug. 77 - Chief of party, training specialist, & financial expert arrive at post (AID/W)
3. Jan. 78 - Uniform bookkeeping and audit system designed for co-ops (Contractor, MOA)
4. Jan. 78 - Six four-wheel drive vehicles arrive (USAID)
5. Jan. 78 - Training program starts for auditors, co-op supervisors, and co-op field officers. Training includes bookkeeping, audit, co-op principles, extension methods, and management practices (contractor/MOA)
6. Aug. 78 - Audio visuals for co-op field officers, radio spots, and information pamphlets available (contractor, MOA)
7. May 79 - Initial training programs for co-op supervisors, field officers, and auditors completed and OJT begun (contractor, MOA)
8. May 79 - Analysis component complete (contractor, MOA)
9. May 79 - Interim evaluation, to appraise initial effectiveness of contractor's activities, to re-evaluate prospects for the Liberian co-operative movement, and to orient planning for remainder of project and any follow-on activity of a second phase (USAID, MOA, Consultant)

10. Sept. 79 - Functioning co-ops receive institutionalize support from C&MD, resulting in increased viability of cooperative movement (MOA/contractor)
11. Sept. 79 - Begin transition to Phase II or phase out (USAID/MOA/Contractor)
12. July 80 - Final phase-out of project; advisory team departs
13. Sept. 80 - Post-project evaluation (USAID)

CRITICAL PERFORMANCE INDICATOR (CPI) DESCRIPTION



REPUBLIC OF LIBERIA
MINISTRY OF PLANNING AND ECONOMIC AFFAIRS
P. O. BOX 9016
MONROVIA

OFFICE OF THE MINISTER

MPEA-1025/D-7.7/'75

June 3, 1975

Mr. Director:

I have the honour to forward to you the below listed project proposals from the Government of Liberia for technical and capital assistance from USAID. As you can see, these projects are intended to provide needed training and capital to facilitate the smooth operation of a number of agricultural development schemes.

Our project proposals include:

1. Training opportunity at American Universities of Liberians in agricultural and irrigation engineering. Additionally, the assignment of a team of Agricultural Engineering Specialist for a period of three to five years;

JUSTIFICATION: The number and acreage of agricultural projects have increased and further expansion is envisaged, Agricultural Engineering plays an important role in these programs. Presently, most of these services are being performed by Agricultural Engineers from the Republic of China through the Agriculture Mission to Liberia.

2. The provision of a high-level technical adviser in Agricultural Information to strengthen the Ministry of Agriculture to effectively communicate with the small farmers through the various media available to the Ministry of Agriculture;

A 6/3/75
The Director
USAID/Liberia
Monrovia, LIBERIA

1975 JUN 11 8:44

- 2 -

The USAID Director

June 3, 1975

JUSTIFICATION: The Information office of the Ministry of Agriculture is not geared up to properly prepare technical pamphlets or bulletins for distribution to farmers through our extension service from research generated in Liberia or else where, and there are indications that our radio coverage is similarly limited in its effectiveness.

3. A capital assistance proposal of up to 10 million dollars for capital projects contained in the feasibility study for integrated Rural Development program in Bong County prepared by the Federal Republic of Germany and similar to the IBRD study of Upper Lofa. Like USAID support to projects on the Upper Lofa Study, the Government requests this magnitude of financing from the USAID for priority projects contained in the Bong Study;

JUSTIFICATION: The project is expected to bring about substantial mobilization of labor and capital resources in the area. Direct benefits from the project is envisaged to include incremental production of rice, tree crop and livestock, which would result in increased income for a large number of families.

4. A team of cooperative specialists to train current and anticipated Ministry of Agriculture personnel in the Cooperative Division, organize and participate in on-going courses to be given to Ministry of Agriculture personnel and cooperative managers and staff and provide technical assistance to and monitor the progress of 6 - 10 pilot cooperatives.

JUSTIFICATION: Cooperatives while not new in Liberia, have begun to take hold and are growing in number. The cooperative division of the Ministry is not developed to the point where it can properly respond to the needs of the growing number of cooperatives in terms of supervision, advisory assistance and training.

3

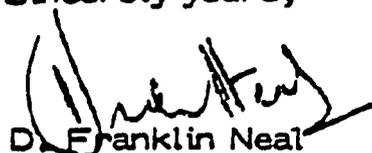
The USAID Director

June 3, 1975

I should be pleased to receive some reaction to our request as early as you can in order that the details of these proposals may be worked out in due course.

Kind regards,

Sincerely yours,

A handwritten signature in black ink, appearing to read "D. Franklin Neal", written over a horizontal line.

D. Franklin Neal

MINISTER

PROJECT CHECKLIST

Listed below are, first, statutory criteria applicable generally to projects with FAA funds, and then project criteria applicable to individual fund sources: Development Assistance (with a sub-category for criteria applicable only to loans); and Security Supporting Assistance funds.

A. GENERAL CRITERIA FOR PROJECT.

1. App. Unnumbered; FAA Sec. 653(B)

(a) Describe how Committees on Appropriations of Senate and House have been or will be notified concerning the project;
(b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that figure plus 10%)?

A Congressional Notification will be sent.

Yes

2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$100,000, will there be (a) engineering, financial, and other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U. S. of the assistance?

Yes

3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?

NA Valid Cooperative Law in existence in Liberia.

4. FAA Sec. 611(b); App. Sec. 101. If for water or water-related land resource construction, has project met the standards and criteria as per Memorandum of the President dated Sept. 5, 1973 (replaces Memorandum of May 15, 1962; see Fed. Register, Vol 38, No. 174, Part III, Sept. 10, 1973)?

NA

1. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U. S. assistance for it will exceed \$1 million, has Mission Director certified the country's capability effectively to maintain and utilize the project?

N. A.

2. FAA Sec. 209, 619. Is project susceptible of execution as part of regional or multilateral project? If so why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. If assistance is for newly independent country, is it furnished through multilateral organizations or plans to the maximum extent appropriate?

No

3. FAA Sec. 601 (a); (and Sec. 201 (f) for development loans). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

Yes. The main purpose of the project is to develop membership capability in the management and utilization of cooperatives and credit unions; increase benefits to the individual member; and indirectly support and promote the increased production of agricultural goods, increase market outlets and reduce monopolistic practices of certain segments of the private sector.

4. FAA Sec. 601(b). Information and conclusion on how project will encourage U. S. private trade and investment abroad and encourage private U. S. participation in foreign assistance programs (including use of private trade channels and the services of U. S. private enterprise).

The project will provide U. S. technical assistance and some commodities. All of these inputs will be obtained in the U. S.

5. FAA Sec. 612(b); Sec. 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U. S. are utilized to meet the cost of contractual and other services.

GOL contributions to this activity are assured through normal budget allocations and will be strengthened through the establishment of a Trust Fund to insure ready access of budget support.

10. FAA Sec. 612(d). Does the U. S. own excess foreign currency and, if so, what arrangements have been made for its release?

N. A.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FAA Sec. 102(c); Sec. 111; Sec. 281a. Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production, spreading investment out from cities to small towns and rural areas; and (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions?

Activity oriented toward the rural small farmer who is a member of an agricultural cooperative. Better or improved management will mean the member will benefit as a member of his cooperative. Benefits in services offered, increased income from sale of agricultural produce, and increased production through availability of production inputs.

b. FAA Sec. 103, 103A, 104, 105, 106, 107. Is assistance being made available: (include only applicable paragraph -- e.g., a, b, etc.-- which corresponds to source of funds used. If more than one fund source is used for project, include relevant paragraph for each fund source.)

(1) (103) for agriculture, rural development or nutrition; if so, extent to which activity is specifically designed to increase productivity and income of rural poor; (103A) if for agricultural research, is full account taken of needs of small farmers;

This project supports the development of management and business capability of cooperatives and increased membership awareness of membership benefit and responsibility- leading to increased production and benefits from production.

(2) (104) for population planning or health; if so, extent to which activity extends low-cost, integrated delivery systems to provide health and family planning services, especially to rural areas and poor;

N. A.

(3) (105) for education, public administration, or human resources development; if so, extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, or strengthens management capability of institutions enabling the poor to participate in development; N. A.

(4) (106) for technical assistance, energy, research, reconstruction, and selected development problems; if so, extent activity is: N. A.

(a) technical cooperation and development, especially with U. S. private and voluntary, or regional and international development, organizations; Yes

(b) to help alleviate energy problem; N. A.

(c) research into, and evaluation of, economic development processes and techniques; Yes - to extent of developing in Phase I the methodology for further developing and assisting cooperative and member development in Phase II.

(d) reconstruction after natural or manmade disaster; N. A.

(e) for special development problem, and to enable proper utilization of earlier U. S. infrastructure, etc., assistance; N.A.

(f) for programs of urban development, especially small labor-intensive enterprises, marketing systems, and financial or other institutions to help urban poor participate in economic and social development. N. A.

(5) (107) by grants for coordinated private effort to develop and disseminate intermediate technologies appropriate for developing countries.

N. A.

c. FAA Sec. 110(a); Sec. 208(e). Is the recipient country willing to contribute funds to the project, and in what manner has or will it provide assurances that it will provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or has the latter cost-sharing requirement been waived for a "relatively least-developed" country)?

Yes. Host country share defined within ProAg. Minimum 25% contribution

d. FAA Sec. 110(b). Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing?

N. A.

e. FAA Sec. 207; Sec. 113. Extent to which assistance reflects appropriate emphasis on; (1) encouraging development of democratic, economic, political, and social institutions; (2) self-help in meeting the country's food needs; (3) improving availability of trained worker-power in the country; (4) programs designed to meet the country's health needs; (5) other important areas of economic, political, and social development, including industry; free labor unions, cooperatives, and Voluntary Agencies; transportation and communication; planning and public administration; urban development, and modernization of existing laws; or (6) integrating women into the recipient country's national economy.

Cooperatives are such institutions and membership encourages participation as individual and group. Women are an integral part of the membership.

(4) N. A.

f. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

Project based on GOL policy that development processed in Rural Sector will be delivered through the coops. Project recognizes that there is a near lack of skills necessary for the successful management of coops by the members. The role of the GOL and C & M D personnel addressed.

g. FAA Sec. 201(b)(2)-(4) and -(8); Sec. 201(e); Sec. 211(a)(1) - (3) and - (8). Does the activity give reasonable promise of contributing to the development: of economic resources, or to the increase of productive capacities and self-sustaining economic growth; or of educational or other institutions directed toward social progress? Is it related to and consistent with other development activities, and will it contribute to realizable long-range objectives? And does project paper provide information and conclusion on an activity's economic and technical soundness?

Yes

h. FAA Sec. 201(b)(6); Sec. 211(a)(5), (6). Information and conclusion on possible effects of the assistance on U. S. economy, with special reference to areas of substantial labor surplus, and extent to which U. S. commodities and assistance are furnished in a manner consistent with improving or safeguarding the U. S. balance-of payments position.

No adverse impact on U.S. economy.

2. Development Assistance Project Criteria
(Loans only)

a. FAA Sec. 201(b)(1). Information and conclusion on availability of financing from other free-world sources, including private sources within U. S.

N. A.

b. FAA Sec. 201(b)(2); 201(d). Information and conclusion on (1) capacity of the country to repay the loan, including reasonableness of repayment prospects, and (2) reasonableness and legality (under laws of country and U. S.) of lending and relending terms of the loan. N.A.

c. FAA Sec. 201(e). If loan is not made pursuant to a multilateral plan, and the amount of the loan exceeds \$100,000, has country submitted to AID an application for such funds together with assurances to indicate that funds will be used in an economically and technically sound manner? N.A.

d. FAA Sec. 201(f). Does project paper describe how project will promote the country's economic development taking into account the country's human and material resources requirements and relationship between ultimate objectives of the project and overall economic development? N.A.

e. FAA Sec. 202(a). Total amount of money under loan which is going directly to private enterprise, is going to intermediate credit institutions or other borrowers for use by private enterprise, is being used to finance imports from private sources, or is otherwise being used to finance procurements from private sources? N.A.

f. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete in the U. S. with U. S. enterprise, is there an agreement by the recipient country to prevent export to the U. S. of more than 20% of the enterprise's annual production during the life of the loan? N.A.

3. Project Criteria Solely for Security Supporting Assistance N.A.

FAA Sec. 531. How will this assistance support promote economic or political stability?

4. Additional Criteria for Alliance for Progress N.A.

(Note: Alliance for Progress projects should add the following two items to a project checklist.)

a. FAA Sec. 251(b)(1),-(8). Does assistance take into account principles of the Act of Bogota and the Charter of Punta del Este; and to what extent will the activity contribute to the economic or political integration of Latin America?

b. FAA Sec. 251(b)(8); 251(h). For loans, has there been taken into account the effort made by recipient nation to repatriate capital invested in other countries by their own citizens? Is loan consistent with the findings and recommendations of the Inter-American Committee for the Alliance for Progress (now "CEPCIES," the Permanent Executive Committee of the OAS) in its annual review of national development activities?

STANDARD ITEM CHECKLIST

Listed below are statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by exclusion (as where certain uses of funds are permitted, but other uses not).

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. Procurement

1. FAA Sec. 602. Are there arrangements to permit U. S. small business to participate equitably in the furnishing of goods and services financed? Yes

2. FAA Sec. 604 (a). Will all commodity procurement financed be from the U. S. except as otherwise determined by the President or under delegation from him? Yes

3. FAA Sec. 604 (d). If the cooperating country discriminates against U. S. marine insurance companies, will agreement require that marine insurance be placed in the U. S. on commodities financed? Yes

4. FAA Sec. 604 (e). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? N.A.

5. FAA Sec. 608 (a). Will U. S. Government excess personal property be utilized wherever practicable in lieu of the procurement of new items? Yes

6. FAA Sec. 901 (b). (a) Compliance with requirement that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U. S.-flag commercial vessels to the extent that such vessels are available at fair and reasonable rates. N.A.

7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished to the fullest extent practicable as goods and professional and other services from private enterprise on a contract basis? If the facilities of other Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs? Yes

8. International Air Transport. Fair Competitive Practices Act, 1974

If air transportation of persons or property is financed on grant basis, will provision be made that U. S.-flag carriers will be utilized to the extent such service is available? Yes

B. Construction

1. FAA Sec. 601 (d). If a capital (e.g., construction) project, are engineering and professional services of U. S. firms and their affiliates to be used to the maximum extent consistent with the national interest? N.A.

2. FAA Sec. 611 (c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? N.A.

3. FAA Sec. 620 (k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U. S. not exceed \$100 million? N.A.

C. Other Restrictions

1. FAA Sec. 201 (d). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? N.A.
2. FAA Sec. 301 (d). If fund is established solely by U. S. contributions and administered by an international organization, does Comptroller General have audit rights? N.A.
3. FAA Sec. 620 (h). Do arrangements preclude promoting or assisting the foreign aid projects or activities of Communist-Bloc countries, contrary to the best interests of the U. S.? Yes
4. FAA Sec. 636 (i). Is financing not permitted to be used, without waiver, for purchase, long-term lease, or exchange of motor vehicle manufactured outside the U. S. or guaranty of such transaction? Yes
5. Will arrangements preclude use of financing:
- a. FAA Sec. 114. to pay for performance of abortions or to motivate or coerce persons to practice abortions? N.A.
- b. FAA Sec. 620 (g). to compensate owners for expropriated nationalized Yes

- c. FAA Sec. 660. to finance police training or other law enforcement assistance, except for narcotics programs? Yes
- d. FAA Sec. 662. for CIA activities? Yes
- e. App. Sec. 103. to pay pensions, etc., for military personnel? Yes
- f. App. Sec. 106. to pay U. N. assessments? Yes
- g. App. Sec. 107. to carry out provisions of FAA Sections 209 (d) and 251 (h)? Yes (transfer to multilateral organization for lending).
- h. App. Sec. 501. to be used for publicity or propaganda purposes within U. S. not authorized by Congress? Yes

LIBERIAN PRIORITIES FOR AGRICULTURAL DEVELOPMENT

COUNTRY STATEMENT DELIVERED BY LOUIS A RUSS
MINISTER OF AGRICULTURE, OF LIBERIA TO THE
NINTH FAO REGIONAL CONFERENCE FOR AFRICA
WHICH CONVENEED IN FREETOWN, SIERRA LEONE
FROM 2ND - 12TH NOVEMBER, 1976 (DELIVERED
ON TUESDAY, NOVEMBER 9, 1976)

Mr. Chairman, Director-General of the FAO, Assistant Director-General, fellow Delegates, Observers, Ladies and Gentlemen:

It affords me great opportunity to address this august body especially so when those who are responsible for the development of the most important sector in our respective countries are present in this assembly.

The role and importance of agriculture in the economic development of any country cannot be overemphasized. Historical evidence reveals that no country has attained economic development without first developing its agricultural sector which in turn generates additional resources for the development of other sectors. Those countries which have failed to accord priority and to commit resources to the agricultural sector have suffered setbacks in their national development efforts.

Agriculture has many important roles to play in socio-economic development, few of which I will attempt to describe here.

Agriculture has to provide the basic requirements for livelihood, which are food, fibre and shelter to feed, cloth and house the people; agriculture promotes modernisation and improved productivity which lead to increased output and income; the agricultural sector can provide significant foreign exchange earnings necessary for development programmes and capital formation; agriculture can provide useful and productive employment opportunities in the rural sector to reduce rural-urban migration; agriculture creates forward and backward linkage industries through the provision of industrial and food crops for processing, and the basis for manufacturing agricultural supplies, implements, and machinery; all of these activities in the agricultural sector, while contributing to national development, directly improve per capita income, demand and purchasing power, nutritional standard and living conditions.

In Liberia, we have only started to accord priority and commit increased resources to agricultural and rural development. Since 1973, the Government of Liberia has evolved important policies and established the institutional framework, necessary for the sustained development of agriculture and the rural sector. The policy of "integrated rural development through balanced regional planning" with agriculture as the priority development objective is being implemented; thus increased food production and self-sufficiency in the staple food rice is a major goal. Appropriate agricultural policies regarding pricing and marketing, credit, land tenure and production have been formulated, and strategies to achieve the policy objectives have been developed.

In keeping with the development goals of the total economy, the Ministry of Agriculture has adopted the following policy goals for Agriculture:

1. Diversify Liberia's agricultural economy;
2. Increase the participation of Liberian citizens in modern agricultural production;

/s.....

3. Increase farmers' income, create purchasing power and develop a market for consumer goods;
4. Maximise the national income of Liberia through agricultural and forestry pursuits, and to
5. Provide rural and urban consumers with more nutritive diets at lower costs.

The strategies adopted to achieve these objectives are import-substitution and export-promotion, involving food, industrial and forestry crops. These strategies for the achievement of our policy objectives are to be pursued through two important institutional arrangements:

Farmers co-operative and credit societies and public corporations.

These two institutions operate within the national policy framework of "integrated rural development", providing the necessary infrastructure, services and increased output for socio-economic development.

Farmers co-operative and credit societies are voluntary organisations which are being encouraged with Government support and assistance. These cooperative societies operate

on the principle of self-help and their main functions are to produce agricultural goods and services for their members and communities and to mobilize savings for investment purposes. There are 47 registered cooperative societies, 27 of them are considered Agricultural Produce buying agents with a turnover of \$3 million in 1975. The registered credit Unions are 22 in number with total assets of \$500,000. The major economic activities of the cooperatives are production of rice, sugar cane and tree crops, also major marketing and Agricultural input services are provided to members.

Public corporations are formed to accelerate agricultural and rural development and to give support to the activities of the small farmers and cooperative societies. The corporations produce the major subsistence and commercial crops, and services on a large scale, and encourage small outgrower farms through the provision of inputs, extension, credit, marketing and processing facilities, and other essential services. There are currently eight (8) established public corporations in the agricultural sector dealing

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with specialized areas of agricultural engineering, marketing, rice, sugar cane, tree crops and rubber processing.

Two additional autonomous public agencies are in the process of being established to further promote agricultural and rural development, these are:

1. An agricultural Credit and Cooperative Development Bank, and
2. A Forestry Development Authority. The enabling Acts for these are before the Liberian Legislature.

Thus it can be seen that both the farmers cooperative and credit societies, and the public corporations are pursuing similar objectives through complementary and supplementary approaches - self-reliant and small-scale projects and self-reliant and large-scale projects.

There are about 150,000 farm families in Liberia according to our recent agricultural census. These farm families will be the ones to carry out the development objectives and strategies for their own benefits and national advancement. Thus it is envisaged that the farmers cooperative and credit societies and the public corporations will mobilize and utilize a large proportion of the available farm families .

Accordingly, the Government of Liberia has established a few important projects and is in the process of establishing and identifying additional ones to fulfil the objectives of agricultural and rural development through import-substitution and export promotion. Let us review briefly some of the projects that have been established and those in the process of being established in the reversed order of priority.

A. EXPORT PROMOTION PROJECTS

The Projects included under this strategy are many and involve many more crops and various institutions and activities than import substitution strategy, which has rice as the major crop. The export promotion strategy deals with the cultivation, processing and marketing of oil palm, coffee, cocoa, coco nut, rubber, sugarcane, and timber.

Due to the well-known role of these crops as attractive cash crops, private individuals and concessions have established farms, plantations, and processing facilities for these crops. Thus in addition to the two major institutions of farmers' cooperative societies and public corporations, private commercial farmers and agricultural and forestry concessions assist in carrying out the strategy of export promotion.

There are 12 million acres of natural forest which are being protected, managed and exploited for local industrial processing and export. There are 33 operating timber companies with 23 processing plants. A wood processing complex and pulp and paper plants are under consideration. These plants will be supported by raw materials from the natural forests and artificial plantations of fast growing species. A plywood plant has been established recently and has begun production.

Rubber is the pioneer plantation and leading commercial crop in Liberia. About 250,000 acres are under cultivation. There is considerable effort at rehabilitation and replanting as a result of attractive current and projected prices. There is a public rubber advisory service which renders management assistance to the small Liberian farmers. A public rubber processing plant has been established to ensure a standard Liberian rubber quality, and incentive prices for the small producers. Similar processing facilities will be established in other rubber producing areas of the country.

Sugar cane is both a traditional and commercial crop like oil palm, coffee, and cocoa, and coconut. Small farmers grow cane for consumption and to produce a lucrative gin. Recently, a commercial plantation has been established by the Liberian Sugar Corporation to produce sugar for local consumption and export. The sugar plant will commence commercial production and processing early 1977.

The remaining export promotion crops - coffee, cocoa, oil palm and coconut have received considerable support lately and have been put under an accelerated expansion program parallel to rice expansion. The reason for this is that, like rice, these crops are traditionally cultivated by the small farmers. They grow them as commercial crops and rice as subsistence crop. Thus the policy of integrated rural development is to increase farmers' productivity of their traditional crops - food and tree crops.

The Liberian Government in association with the World Bank, Friendly Countries, EEC, and the small farmers have developed several projects for the production of oil palm, coconut, coffee and cocoa.

Under the Ministry of Agriculture's regular tree crops program, 48,300 acres will be established between now and 1980. The World Bank Project will establish 27,150 acres - 14,200 acres in coffee and 12,950 acres in cocoa. The Project under the Iroquoian/Liberian technical cooperation agreement will cover 82,500 acres of tree crops - 37,500 acres in oil palm, 20,000 acres in coconut, 15,000 acres in coffee and 10,000 acres in cocoa. These Projects will be located in the coastal and interior belts of the country covering the southeastern, central, northeastern and northwestern sections.

B. IMPORT SUBSTITUTION

Under import - substitution, rice and livestock are the two main commodities. However, rice is the main priority crop since it is the main staple of the diet. Emphasis on rice is also in consonance with the Conference's objective of increased food production, especially of cereals, due to the alarming fall in production of 7 percent below the 1961-65 average level, an historical low level for the past fifteen years.

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Liberia is a net importer of rice, however, the import trend is on the decline. In 1975, Liberia imported 30.6 thousand metric tons of milled rice for a total foreign exchange loss of \$13.6 million. The Government of Liberia has adopted a goal of self-sufficiency in rice production by the end of this decade. The Ministry of Agriculture is charged with the realization of this goal.

Toward the attainment of this goal. The Ministry will employ a combination of short-term and long-term strategies.

The long-term strategy is to encourage rice production in the swamps and lowlands where yields are much higher, production is permanent and returns to factors of production are much higher. This long-term strategy will employ a combination of labour intensive, intermediate and capital intensive approaches using individual farmers, farmers co-operatives and rice commodity corporations with outgrowers farms. Individual farmers and cooperatives are provided technical assistance in crop production and/or cooperative management and input supply on credit. Over 4,500 acres of swamp rice and irrigated rice have been developed since 1973. Between 1976-81, under the

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integrated rural development projects, an additional 9,700 acres will be developed. For rice commodity corporation with outgrower farms, 17,100 acres will be developed within the next few years. There exists an additional area with the potentials of 50,000 acres.

Under the short-term strategy, the Ministry will focus on increasing yields of rice on the upland using a package which has been tested and proven successful over the years. This approach will accelerate our objective of self-sufficiency and at the same time increase farmers' productivity and their income.

With the objective of applying a proven package which includes a high yielding upland rice seed of a Liberian variety called LAC-23 and with the provision of fertilizers and technical assistance to almost all of the upland rice producers - 124,950 farm holdings, approximately 245,695 metric tons of clean rice will be produced thus transforming Liberia from a net importer of rice to a net exporter within a period of four years by 1980.

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To implement this program, the extension services of the Ministry will have to be beefed up considerably, more qualified staff employed with the requisite training and appropriate transportation be provided them. Also the inputs, LAC-23 seed rice, fertilizers and hand tools will have to be available for distribution to farmers.

Within the context of this crash rice production program, we are seeking FAO's Cooperation in terms of the provision of input supply for the program (fertilizer, seed rice, hand tools), provision of training instructors and logistics experts.

We believe that our objectives for food and tree crop development will not be realized without international and financial support on soft terms. We believe that more financial resources must be committed to agriculture, new and improved educational systems, training and research facilities, physical infrastructure, essential health services, and credit facilities must be made available and effectively utilized before agricultural objectives for socio-economic development can be achieved World-wide.

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Since 1972, the Government of Liberia has increased its budgetary allocation from under \$1 million to \$9.6 million. This represents about 6.3 per cent of the national budget of \$156 million. With the continuous emphasis on agricultural development, we anticipate increased commitments to the agricultural sector.

New training and research, health and rural road programs are being established under international assistance programs and under the Government of Liberia integrated rural development projects. Our Ministry of Public Works has also intensified its farm-to-market and rural roads construction activities. An Agricultural Credit Bank is under active consideration for immediate establishment.

Thus we are confidently looking into the future that our objectives will be accomplished through the appropriate institutional arrangements, changes and support that are being evolved by the Government and people of Liberia, with the assistance of friendly and concerned Governments and agencies.