

Part 1 SUMMARY SHEET

Ref No. : MF/10/90
Ref. Date : 90/10/28

Project Title: Olive Industry Resuscitation in Nangarhar

Submitting Agency: The Mercy Fund (a Project of the Council for International Development)

Province: Nangarhar
District: Ghaziabad

Villages: (supplying labor) Hazarnau, Gulahi, Barru, Batikot, Lachapur, Chardi, Ambarkhana, Basawul, Girdey-Ghous,

Starting Date: December 1, 1990

Duration: Twelve months

Goals/Objectives: 1. make the Ghaziabad farms self-sufficient, and profitable;
2. restore the olive industry to Afghanistan;
3. employ 1,500 local workers full or part-time in the short run.

Activities: 1. maintain and improve the conditions of the farms;
2. establish a modern harvesting and processing system for olive oil;
3. market the oil commercially.

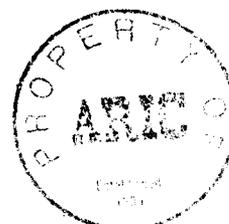
Beneficiaries: A postwar Afghan economy enriched by export earnings in excess of \$35 million a year potentially generated by these farms; as many as 21,000 families employed directly.

Total Cost:	Rs 40,875,444	\$1,883,661
Funding Agency:	Rs 40,875,444	\$1,883,661
Cash Outlay (minus food)	Rs 32,416,444	\$1,493,799

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Submitted by: Anne E. Hurd
Date: October 28, 1990

Agency Comments:



Section 1

Part 2 Project Description

1. Background and Justification:

a) Present Situation:

The former state-farms in Ghaziabad are located almost exactly halfway between Jalalabad and the Pakistani border post at Torkham on the main Kabul-Torkham road. They comprise 6,215 hectares of orchard and farmland. The Mercy Fund has worked since June 1989 on 5,265 irrigated hectares of this site containing approximately one million mature olive trees; 130,000 mature citrus trees; and 1200 hectares of farm field.

Apart from the history and pre-war economics of these complex farms (described further in the Annexes along with other technical matters) this proposal deals exclusively with the olive crop because (a) it is by far the largest cash crop on the farms; (b) the citrus crop is less valuable and harder to market either in war-torn Afghanistan or in Pakistan with its citrus glut, and (c) more than 90% of the olive groves are on the Mercy Fund program area of the farms.

The Beginning

These three farms (together with a fourth farm still in regime hands near Jalalabad) were built by the Soviets in the mid-Sixties. They were designed to be model Soviet farms in all respects but one: they were not collective and routine labor was hired. Complex irrigation systems were built, as were outbuildings, housing for more than 200 expat managers, a cinema, and literally hundreds of pieces of light and heavy machinery. No expense was spared.

Starting in 1965 the first orange trees were planted on almost two thousand hectares completely buried under a full meter of topsoil imported by the Soviets. At the same time olives were planted on local sandy loam. These are the only commercial olive orchards in Afghanistan and the sub-continent. Five species of olive were planted, all of which can be pressed for oil and only two of which can be pickled and eaten. By the mid-Seventies, olives were picked and sorted carefully by hand (a labor-intensive and economically questionable practice) then pickled or pressed for oil in Jalalabad. The processed crop was shipped to the Soviet Union, then priced and accepted or rejected at the border. There was no commercial marketing of either oranges or olives.

Approximately 7,000 laborers were employed on the farms, and as many as 3,000 more at harvest time, although harvest labor was often conscripted from the army or schoolchildren. Detailed economic accounts are unavailable, but would be of limited usefulness since the entire system of management was so far removed from the common practices of modern, free-market agribusiness.

The War Years

Work slowed following the Soviet invasion in 1979, when Soviet and Kabul regime troops maintained a strong military presence on parts of the farms and mujahideen moved with impunity through other sections. While the local farm laborers take great pride in these farms, they support the resistance and oppose the regime who together with the Soviets reaped all the value of the harvests. Additionally, frequent skirmishes between government troops and resistance fighters made farm work dangerous.

By the early 1980s serious maintenance work had all but stopped, irrigation canals filled with silt and detritus, trees were neither cultivated nor pruned, weeds grew uncut. The last nominal harvest of olives occurred in 1987. Slowly strangled by lack of irrigation, the trees began to dry out and in some cases die.

In late February 1989, Kabul government troops were pushed out of the area on the heels of the departing Soviets. After a month of internecine looting, a resistance shura was finally convened and they put a stop to the disorder. Blocks of farmland were offered to each of the resistance parties, all of whom declined stewardship apart from Hizbe-Islami (Khalis) and Mahaz-i-Milli (NIFA): the former retained all of Farms No. 2 and 4, and slightly more than half of Farm No. 3, the latter managing the remainder of Farm No. 3. The shuras and their leaders have remained peacefully in charge of the areas ever since.

With the farms in resistance hands, the Kabul government began systematic bombings, especially during the resistance siege of Jalalabad when the trees afforded cover for resistance troops. Due to sustained drought, a single bomb often burned as many as 15,000 olive trees. Yet of the 1 million-to-1.2 million olive trees, fewer than twenty percent were damaged or killed by the combination of bombing and drought. Apart from one more extended spate of bombing in late 1989, aerial attacks have been intermittent and without significant damage.

Recent History

In late spring 1989, as the resistance parties grew aware of the immense tasks of merely maintaining, not even repairing, these farms, they turned to volunteer agencies: NIFA to Save the Children (US) and Hizbe-Islami to the Mercy Fund. The Mercy Fund began resuscitating the irrigation systems -- the most critical priorities -- using private funds. In September 1989 the program began receiving USAID funds through the IRC-administered Rural Assistance Program. Two RAP grants totalling almost \$750,000 funded the program through August 15 1990, when RAP restructuring moved their program away from large-scale programs and border provinces.

Throughout the past 18 months, nearly 1,000 laborers worked with Mercy Fund engineers and agronomists clearing and repairing virtually all of the complex irrigation systems. The trees are now all receiving water regularly, and the orchards can survive providing a maintenance staff keeps the irrigation systems

working. Pruning and weeding were minimal, chiefly because of the overriding importance and labor-intensity of irrigation repair.

Value: Capitol Assets

These farms -- irrigation, buildings, orchards and all -- would cost at least tens of millions of dollars to build today, however the immense capital costs are immaterial since they are spoils of war. They are capable of generating crops worth more than \$35 million a year in export currency. While real-estate comparisons are difficult, our olive consultants report that similar olive orchards in the most remote parts of Greece -- if unirrigated as the Afghan orchards are not -- would fetch approximately \$200 million in today's market.

As a recent update, for the second summer in a row drought has devastated the olive orchards of southern Europe: fresh olive oil, selling for \$2 a kilo two years ago, this winter will fetch \$10 a kilo. If the farms were functioning optimally, as they should be in eight years or more, the crop would be worth \$130 million at this winter's prices.

So far these farms have received approximately \$1 million in inputs during the past months, bringing them to the brink of self-sustainability: yet with neglect the entire asset will again begin to die.

Irrigation Systems

This complex system is fed by the Darunta Dam near regime-held Jalalabad. Damage to the main irrigation canal, within contested or regime-held areas, still deprive the system of some water. However sufficient water remains to minimally feed the farms as well as dozens of small villages from Jalalabad up the Shinwar Valley. After more than a year of effort, the irrigation systems on the farms are repaired to nearly their pre-war strength. All of the main canals and secondary canals have been cleaned and repaired (carrying water from the main canal to the orchard blocks); nearly all of the tertiary ditches have been excavated and cleaned (carrying water between the rows of trees). Continued maintenance is of course required to operate the irrigation system as well as to continue annual cleaning and minor repairs.

Olive Orchards

There are approximately one million olive trees, mature and alive. They have suffered years of neglect and drought, but are now capable of survival. Apart from the survival of the trees, the harvest variables are (a) the amount of olives grown, (b) the percentage of oil by weight, and (c) the quality of the oil. These factors are largely determined by available water, fertilization, weeding and pruning.

Our consultants report that at worst-case, the orchards are capable of producing 2.4MT of olive oil in 1990, and at best-case capable of producing 13MT of olive oil by 2000. At worst-case, the value of the 1990 crop would be \$2.4 million (@\$1/kg) and in the best-case scenario \$25.7 million (@\$2/kg) in the year 2000.

The Labor Force

There are now approximately 1000 laborers at work on the farms. Nearly all of those worked on the farms in pre-war days, some having constructed the farms 25 years ago. Nearly half the work-force (500 workers/3500 families) returned to these farms from exile in Pakistan last year. Of those who returned from exile, about half are landless meaning they have no other source of income beyond labor on these farms or share-cropping fields owned by other local families.

In prewar days, the farm system hired 7000 laborers full-time and more at harvest. This proposal plans to hire 1150 full-time workers and an additional 500 workers for harvest-seasons. While it is premature to predict whether a future modern and optimal mix of mechanization and labor would employ as many workers as before, there will be plenty of jobs for repatriated refugees in this program. If the program is funded and the farms achieve self-sufficiency, there will doubtless be jobs for several thousand more in the coming two years.

According to the farm-managers, about one-third of the peacetime farm laborers were landless, and hiring preference will be given to the landless since that most swiftly facilitates repatriation and self-sufficiency for these poorest of local families.

b) expected situation and conclusion of project:

At the conclusion of the project, the farms would be economically self-sufficient and capable of increasing their profitability tenfold (over a decade to \$25 million from olives alone).

Modern harvesting techniques and simple but innovative harvesting equipment would lower costs and increase productivity from prewar days. A functioning industrial base would mill and press olives for oil. Samples would be graded by international industrial bodies and buyers solicited for the 1991 crop. After the sale of the 1991 crop, proceeds, reinvested in the farms, would bring significant increases in yield for a decade to come. The olive trees themselves, well-tended, can live for 500 years or more.

Were this proposal approved, the farms would have their survival ensured, rescuing an asset worth hundreds of millions of dollars, capable of producing \$25 million a year in olive oil and as much as \$10 million in citrus and other crops. All or virtually all of this could be export earnings for a peacetime Afghan government. All of this would be prime material for privatization on any one of several proven models, offering fast cash and credit to a peacetime, market-oriented Afghan government.

c) Target beneficiaries, direct and indirect:

For the life of this grant, the direct beneficiaries would be 1150 full-time laborers and guards, plus 500 part-time laborers at harvest time (3 months). Counting family members this program would provide immediate, direct assistance to nearly 12,000 people. Indirect beneficiaries would have privately-generated jobs providing goods and services to those 12,000 people: food, clothes, transportation, other commodities, etc. through the local bazaars.

Calculating the larger picture of beneficiaries is more difficult. Our consultants report that these farms alone could feed the whole of Nangarhar Province. Moreover, a farm producing more than \$35 million a year is a national asset of immense magnitude in a small country such as Afghanistan, which is especially poor in export commodities. This represents gross receipts amounting to more than \$2 per capita throughout Afghanistan. With these farms as a source of annual cash or credit, or as a one-time source of cash or credit through privatization, indirect beneficiaries could include all participants in a peacetime Afghan economy.

d) Special considerations:

Special considerations are numerous in an unusual project such as this. To list the two largest:

1) Time is the major special consideration. In order to secure samples for international grading and future marketing, and in order to process part or all of the 1990 crop, approval must be swift. Olives can be processed throughout January and probably no later: mills and presses require one month transit time from Greece to Pakistan. Therefore receiving funds as late as December 1, for example, would rule out processing at least half the 1990 crop.

2) This program does not seek to fully resuscitate the olive industry on the donor's check-book. Rather it takes a minimalist approach, bringing in the minimal amount of inputs required for self-sufficiency by the end of the project period. Optimally, even for low-level harvests in these early years of resuscitation, the program should require twice as much milling machinery and considerably more labor and other inputs such as fertilizer and mechanical equipment than we have requested. We have designed this program to require the smallest possible amount of cash in this grant, planning on using future profits to expand production, productivity and profitability over coming years.

This proposal deals directly with the most swift and effective approach to making the farms self-sufficient. A full discussion of other industrial and commercial options follows in the Annexes.

2. DEVELOPMENT OBJECTIVE:

The development objectives are (first) to sustain and where possible improve the fabric of the farms, (second) to develop a modern harvesting strategy and begin the industrial production of olive oil, and (third) to market the crop and achieve self-sufficiency and profitability by the end of the program period.

3. IMMEDIATE OBJECTIVES:

a) Sustain and Improve the Farms:

Overview: more than one million trees are a valuable asset alive or dead, requiring basic security. Keeping them watered and alive requires sustained attention. Irrigation systems must be manned, shunting water from orchard-block to orchard-block. Irrigation ditches need annual cleaning, canals need occasional repair. All of this is necessary merely to keep the trees alive on terrain which was once virtual desert. Basic improvements such as weeding, pruning, and cultivating the soil around the roots contribute partly to the health and survival of the trees, but also add considerably to future harvests.

-- Output: provide security for the farms and equipment.

-- Activity: Employ 150 guards to make certain the trees are not cut and hauled away, make certain the irrigation gates and farm equipment are not vandalized, make certain that the irrigation treaties are kept with the local villagers and the farms receive their due share of water.

-- Output: maintain irrigation schedules.

-- Activity: deploy workers to open and close the irrigation systems providing trees with water. Main gates are metal and are closed or opened mechanically; ditches from the smallest channels into the orchards are made of dirt and are opened with shovels.

-- Output: maintain the farms.

-- Activity: deploy workers to perform routine cleaning and repairs of irrigation systems.

-- Output: improve the orchards.

-- Activity: deploy laborers to weed, prune, cultivate and fertilize the orchards when possible. This program retains 400 MT of fertilizer purchased under the USAID/RAP grants but funded and delivered too late for fertilization-season. This fertilizer would be contributed to this project.

b) Develop a modern harvest strategy:

Overview: before the war, olives were hand-picked in what our consultants view as a highly unprofessional exercise. Modern mechanical harvesting techniques (i.e. mechanical tree-shakers) are undesirable here because of the shallow root-base, but also because of a needy population and ready labor. However since the farms must soon become self-sufficient, there are useful harvest strategies to import from Europe and boost

productivity. These involve using teams with modern, flexible plastic rakes to rake the olives from the trees onto drop cloths, with other members of the team moving dropcloths and ladders ahead of the rake-men, and still others bundling the picked olives onto tractors. Production incentives reward the most productive teams.

Apart from the guards and the laborers needed to keep the irrigation systems working, all the full-time farm workers and the part-time harvest workers will work on such teams at harvest time. An element of training and reorganization is required.

It is also necessary to coordinate additional logistics in two areas: moving picked olives from the groves to the truck-stops, then loading them onto trucks and carrying them to the processing plant.

-- Output: train managers in modern harvesting.

-- Activity: Bring a Greek agriculturalist to train farm managers in modern harvesting techniques. Train team leaders in division of labor. Coordinate teams. Devise incentive schemes for harvesting teams and monitoring programs for determining incentive awards.

-- Output: Acquire modern harvest tools.

-- Activity: Purchase plastic olive rakes from Greece, and drop cloths, tractors, etc locally.

-- Output: prepare laborers for harvest.

-- Activity: farm managers hire 500 part-time harvesters. Train harvesting teams of part-time and full-time laborers.

-- Output: coordinate logistics for harvesting.

-- Activity: Establish schedules for tractor teams with harvesting teams. Establish schedules with tractor teams and truckers. Hire logistics team leaders to manage the shipment harvested fruit to the processing site.

c) Produce olive oil:

Overview: olives pressed for oil are more commercially viable than olives pickled for eating, as they require simpler harvesting, have fewer packaging problems, and are more easily transhipped to larger world markets. Again, other technical options are discussed in the Annexes, but this program recommends the purchase of a single milling/pressing unit partly manufactured in Italy, partly manufactured and wholly assembled in Greece. The machinery, in several components, first grinds the olives into mash, then presses the mash for a mixture of oil and water, then separates the oil from the water in a centrifuge. The mash will then be returned to the farms for use as compost.

The milling/pressing machinery is insufficient to process the entire present crop, much less the larger crop anticipated for 1991 and beyond. However it is enough bring the farms to



self-sufficiency and profitability. Additional machinery would be purchased with receipts from future sales.

- Output: secure industrial site.
- Activity: lease site in Hyatabad with electricity capable of 120kw/hour and 2MT water/hour

- Output: order pressing/milling equipment
- Activity: recheck bids, order industrial unit with insurance, set-up expertise, training, etc.

- Output: secure import permission
- Activity: Obtain Pakistan government waivers for transportation of equipment (from Greece) and fruit (from Afghanistan).

- Output: secure logistics for oil
- Activity: hire or purchase tanker trucks, establish use, distribution site or storage site for oil. (See Annex Section on use of oil for 1990 versus 1991).

- Output: run pressing plant
- Activity: establish labor teams as per instruction of milling/pressing engineers. These mills are capable of operation by three trained workers per shift, not including loading-staff.

- Output: Logistical coordination
- Activity: logistics liaison between fruit delivery, plant processing, and oil delivery teams.

d) Marketing

Overview: prior to being sold, olive oil is graded by laboratories attached to one of several international olive oil marketing cartels based chiefly in Spain and Italy. These labs test olives for oil volume by weight, and test oil quality for acid-levels and other variables. With such certification of oil from a previous harvest, a buyer can visit a region, survey the condition of the trees, the quantity of fruit, and the weather conditions and thereby estimate how much oil will be produced at the next harvest, and of what quantity. Thus he could make an advance deposit on the harvest. Were a buyer interested in a smaller quantity, or simply interested in ordering already-made oil from abroad, he would still require certification from the cartel lab vouching for the quantity of oil he will buy.

Another key aspect of marketing (discussed at greater length in an Annex) is establishing a governing board to handle the future finances of the farms. Neither the Mercy Fund (as managers or stewards) nor the unelected military shura are willing or able to handle multi-million dollar commercial proceeds from the farms, an Afghan national asset. Since fighting remained rife in the area until early this year, the shura is only now tackling the administrative duties of civil government, but is optimistic that such an impartial body could be established in coming months.

- Output: secure oil samples
- Activity: obtain oil samples from the 1990 crop, in glass jars from the mill.

- Output: Industrial grading
- Activity: ship samples to laboratories attached to the international olive grading consortia (chiefly Spain and Italy) and obtain grading data (levels of acid, etc)

- Output: establish farm governing board
- Input: Liaise with shura to establish an impartial board of farm governors capable of signing contracts and handling farm finances until the formation of a peacetime national government.

- Output: find buyers
- Activity: circulate approved data to oil merchants and consortia and solicit bids. We have contacted some potential buyers already, others will be provided through the grading cartels and through our consultant.

- Output: arrange for on-site inspection
- Activity: bring potential advance buyers to survey crop and establish down-payment to secure crop or part thereof. Based on advice from our consultants we may hold an auction. Failing the receipt of a wholesale advance offer with cash downpayment, the crop would be marketed conventionally using data from the cartel laboratories.

- Output: Harvest and process 1991 crop (See Harvesting, as above).
- Activity: See Harvesting, as above. The program may also use a commercial advance to hire additional harvest labor and more processing equipment.

4. Implementation Strategy and Institutional Arrangements.

Again, this program contains three major components: basic maintenance and improvement of the farms, harvesting and processing the oil, and lastly marketing the product and achieving self-sufficiency. Work schedules and technical matters are provided in the Annex section.

MAINTENANCE: Farm workers and Mercy Fund agriculturalists have already established routines covering security schedules, the deployment of labor teams, labor schedules, monitoring and management for the daily maintenance work on the farms. This covers routine repairs, routine irrigation work, and basic farm maintenance such as weeding and pruning. Those systems would remain in operation except for harvest times. Since this is a continuation of work already undertaken in Afghanistan, and already approved by the military shura, no new institutional arrangements are required.

HARVESTING/PROCESSING: Upon receipt of funding for this project, our olive consultant in Greece would secure final bids for equipment and upon our authorization purchase the equipment and ship it overland to Pakistan. Greek trucking firms have

necessary approvals for transshipment by road from Greece through Turkey and Iran. This program would request the assistance of the funding agency to obtain Pakistan government approval for importing both equipment from Greece, and olives from Afghanistan.

Meanwhile the project manager would acquire a suitable industrial site in Hyatabad with the necessary utilities, plus secure the vehicles necessary to transport olives from the farms as well as transport oil from the mills.

After purchasing the equipment, the consultant (a Farsi-speaker) would go to the farms and begin training farm managers and labor-team leaders in modern harvesting techniques. These involve a high division of labor, with teams moving ladders and drop cloths from tree to tree, in advance of the teams that rake the olives onto the dropcloths. Clean-up teams follow, moving the olives to pick-up sites by tractor.

Farm managers, together with Mercy Fund farm staff, will temporarily employ 500 additional harvesters and see that they are trained in harvesting techniques as well as the full-time staff.

One month after purchase, the mills and presses will have arrived in Pakistan and be set up on our industrial site by engineers from the manufacturers. Together with the consultant they will train the milling/pressing crews in operating the equipment.

The Mercy Fund's project manager will have secured trucks necessary to bring the picked fruit from the farms to Pakistan, and the tanker trucks necessary to carry the oil to its destination, whether it is to be distributed or stored.

MARKETING: Samples of oil will be sent to the international olive oil laboratories attached to the oil cartels in Spain and Italy for grading and evaluation. The "report card" from those organization is required to sell olive oil. Together with additional samples, plus 1990 harvest reports, these will be sent to potential buyers including those nominated by the grading cartels.

Because of the olive industry's unfamiliarity with these farms, purchasers will probably send a representative or designate to visit the sites and inspect the orchards before making an advance payment to secure their order. Assuming that they are satisfied with the condition of the fruit, the size of the orchards, and the pressing/milling equipment, they will make a deposit to secure their order. The deposits will used to offset additional harvesting costs and mechanical costs depending on the additional processing machinery required. Buyers will be unable to gauge the size of the harvest before August 1991, and therefore unable to make final orders and deposits before then.

Throughout the year, the Mercy Fund will work with the East Nangarhar shura to establish a governing board capable of handling the finances of the farms.

One should not doubt the power of the shura, for it has governed the area well since its formation in April 1989. Yet neither should one underestimate such a task: through the end of 1989 the shura was almost exclusively engaged in the siege of Jalalabad, so it has only recently had the time to litigate civilian disputes such as water rights, and otherwise engage in elements of peacetime governance. However clear indications are there from all parties that the shura is capable of and willing to establish a governing board capable of handling all commercial dealings regarding the farms.

DISTRIBUTING THE 1990 CROP: (this program is willing to discuss with the funding agency several options for using the 1990 crop, several options of which are in the annex section).

5. Risks and constraints

The chief risk to this program is bomb damage to the pressing and milling equipment. While the area has been free from land attack since March 1989, it has been intermittently bombed by Kabul government jets. On June 23, 1990, jet bombers attacked and burned more than 50MT of wheat being harvested, and struck no other targets in the area: thus we believe the attack on the farms was deliberate. Therefore we are reluctant to base expensive oil-processing equipment on the farms now, and prefer to base them in Pakistan until peacetime. The other risks from war-damage are minimal, since the largest targets would be a single truck or a small group of workers.

The next-largest risk to this program comes from the Pakistan government should they prove difficult in the importation of pressing machinery or in the importation of raw olives. The mills can handle approximately 50MT of olives per day, or five truckloads which would have to pass daily through Torkham carrying raw olives, and return daily carrying olive mash or return empty: again we would eagerly solicit the help of the funding agency in obtaining necessary waivers and permission.

While the logistical problems are another constraint uncommon in most cross-border development projects, our Afghan staff have considerable experience in this regard working with resistance party transport units.

Risks of a commercial nature, pertaining to the size and quality of the crop and the availability of buyers, are diminished by the evidence of the consultants. Our consultant on this project informs us that Southern Europe is ending its second year of drought with olive harvests down ninety percent from their optimal level: there has never been a better time for such an olive farm to "go commercial" he tells us.

6. Inputs

Overview: this program is designed to be as cost-effective as possible, but within those confines to minimize mechanical equipment and maximize manpower. While full work-plans and other technical matters are detailed in the annex section, this gives a

cursory discussion of the major inputs.

a) Labor: 150 guards

To keep trees and irrigation gates from being vandalized, to secure water rights, to provide logistical support and loading/unloading work as needed.

b) Labor: 1000 full-time laborers

To perform routine irrigation, routine upkeep such as irrigation cleaning, standard maintenance such as weeding, pruning and cultivation. To work full-time as harvesters during the harvest season.

c) Labor: 500 part-time laborers

To work three month harvest periods (or as much of the 1990 harvest as time and swift funding allows)

d) On-farm Vehicles: 5 tractors

To ferry raw olives from the picking sites to the road for shipment to the factory

e) On-farm vehicles: 2 pickups

To move equipment and managerial staff to the work areas as needed, to supervise harvesting and other labor, to assist security details in monitoring irrigation gates, to where necessary augment the tractors in ferrying harvested fruit.

f) Trucks: rental Bedfords

To move 50MT of olives a day to the factory over 3 months.

g) Trucks: rental Tankers

To move oil from the factory to storage or distribution areas during three months.

h) Olive rakes: plastic rakes

To rake the olives out of trees.

i) Drop cloths: drop cloths

To rake the olives onto.

j) Ladders: ladders

To reach the olives with rakes.

k) 50kg bags: bags

To hold the raw olives.

l) Mills/presses: 1 unit

To mill and press 2MT of raw olives an hour.

m) Off-farm vehicles: 1 pickup for factory management and factory logistics.

7. Budget (see Annexes)

8. Annexes

C. AGENCY SUPPORT - INDIRECT COSTS

1) Agency Support 19.6	5,206,403	\$239,976
2) Indirect Peshawar Costs 5%	914,078	\$42,123

Sub-Total C.	6,120,481	\$282,099
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GRAND TOTAL	40,875,444	\$1,883,661
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GRAND TOTAL CASH	32,415,444	1,493,759
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BUDGET AND FUNDING REQUIREMENTS
 PERIOD: CY 1990 - 1 December to 30 November 1991

GENERAL MAINTENANCE AND PRESSING
 STATE FARMS (2, 3 & 4)
 NANGARHAR PROVINCE

GENERAL MAINTENANCE
 AND PRESSING OF 1990 CROP
 STATE FARMS, NANGARHAR PROVINCE

 USAID Rupees USAID Dollar
 40,875,444 \$1,883,661

PROJECTED EXPENSES DURING THE PROJECT

A. ACTIVITY BUDGET:	33,970,803	\$1,565,475
B. OPERATIONAL COSTS	784,160	\$36,136
C. AGENCY SUPPORT	6,120,481	\$282,050
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GRAND TOTAL	40,875,444	\$1,883,661

A. ACTIVITY BUDGET:

1) PERSONNEL

a) Mercy Fund Supervision	12	1	1,071,980	\$49,400
b) Consultant	5	1	949,375	\$43,750
c) Project Director	12	1	303,600	\$13,991
d) Supervisors + millers	12	6	579,600	\$26,710
e) Field Foremen	12	20	648,000	\$29,862
f) Farm Laborers	12	900	5,400,000	\$248,848
g) Farm labor - wheat -600rps value	12	900	7,560,000	\$348,387
h) Harvest laborers	3	500	750,000	\$34,562
i) Harvest laborers - wheat	3	500	900,000	\$41,475
j) Guards	12	150	720,000	\$33,180

2) EQUIPMENT

a) Hand-Tools	1	1000	50,000	\$2,304
b) Harvest tools	1	1200	130,200	\$6,000
c) Olive Presses + transport	1	1	8,013,398	\$369,281
d) Tractors & Accessories	1	5	1,500,000	\$69,124
e) Factory + Utilities	1	40000	480,000	\$22,120

3) TRANSPORT

a) Truck Purchase	1	3	585,900	\$27,000
b) Fuel and Maintenance	12	3	180,000	\$8,295
c) Transport of Wheat	1	6	1,890,000	\$87,097
d) Transport of olives	1333	3	2,000,000	\$92,166
e) Transport of oil	300	80	180,000	\$8,295
f) Per diem Afghanistan @ 35rps	225	10	78,750	\$3,629

 Sub-Total A. 33,970,803 \$1,565,475

B. OPERATIONAL COSTS

1) Personnel

a) Reporting/Translating	71,760	\$3,307
b) Accountancy	110,400	\$5,088
2) Supplies	18,000	\$829
3) International Travel	232,000	\$10,691
4) Local Travel / Per Diem	10,000	\$461
5) Factory Costs	192,000	\$8,848
6) Office Costs	150,000	\$6,912

 Sub-Total B. 784,160 \$36,136