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DEPARTMENT OF [illegible]
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. [illegible]

CAPITAL ASSISTANCE PAPER [illegible]

Proposal and Recommendations
For the Review of the
Development Loan Committee

AFRICA REGIONAL: ENTENTE FUND - LIVESTOCK SECTOR

698-26-130-106
698-H-011

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D.C. 20523

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AID-DLC/P-947

February 5, 1971

MEMORANDUM FOR THE DEVELOPMENT LOAN COMMITTEE

SUBJECT: Africa Regional: Entente Fund - Livestock Sector

Attached for your review are the recommendations for authorization of a loan in an amount not to exceed $6,300,000 to the Mutual Aid and Loan Guaranty Fund of the Council of the Entente States to assist in the establishment of a common market for meat and livestock in financing the foreign exchange costs of commodities and commodity-related services and the direct purchase of CFA francs for the purpose of assisting the successful operation of a common market for livestock and meat in the Entente Region.

This loan proposal is scheduled for consideration by the Development Loan Staff Committee at a meeting on Thursday, February 11, 1971.

Rachel R. Agee
Secretary
Development Loan Committee

Attachments:
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Africa Regional: Entente Fund - Livestock Sector

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SUMMARY AND RECOMMENDATIONS

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A. PARTIES:

1. The Borrower will be the Mutual Aid and Loan Guaranty Fund of the Council of the Entente (Entente Fund). The Loan will be guaranteed by the Member States of the Council of the Entente (Ivory Coast, Dahomey, Upper Volta, Niger and Togo).

2. The Beneficiaries will be government agencies, government enterprises and possibly municipalities, cooperatives and private enterprises within the Member States. Determination of priorities and appraisal of uses will be made by the Economic Community for Meat and Livestock of the Council of the Entente (the Community). Repayment to the Entente Fund will be guaranteed by Member States in which individual investments are made.

B. LOAN

1. Amount: Not to exceed U.S. $6.0 million.

2. Terms:

a. U. S. Government to Entente Fund: This will be a 40 year loan to the Entente Fund with interest of two percent for the first 10 years during which no amortization payments will be required; thereafter three percent interest for 30 years, during which the Loan will be fully amortized in level semi-annual payments of principal and interest, all payable in U. S. dollars.

b. Total Cost of the Activity: The A.I.D. Loan will finance $6.0 million (11.5%) of the projected sector requirements for the three year commitment period. It will be supplemented by other donor support and budgeted resources of the Member States (see Section III. A).

c. Purpose of the Loan: The Loan has as its objective to assist the Community to put a common market for meat and livestock into operation within the Entente Region. The common market will promote increased commercialization of livestock. This will be accomplished through adoption of agreements for mutual cooperation among the Member States (protocols) in key areas affecting the livestock sector. The protocols will make possible the productive allocation of resources to the livestock sector, of which the proposed Loan is a small part.

d. Description of the Loan: The proposed Loan is the first direct financial input to the Community. Productive investments, made possible by the protocols, will permit reduction of the projected deficit in meat, will result in foreign exchange savings to the Entente region, and will effect a significant transfer of resources within the region to the interior countries. The Loan will be disbursed in two tranches:

the first, for productive investments where the benefits may be realized prior to execution of the protocols; the second, for the bulk of the investments, where the success is conditioned upon effective cooperation among the Member States. The Loan will finance importation of eligible items for specific livestock investments and will be used to finance directly the internal resources required for these investments (see Section III. A).

e. Background of the Activity: The Entente Fund has been working for more than four years to put a sound program for improved regional commercialization of livestock into being. In 1967, they requested Fonds d'Aide et de Cooperation (the French donor assistance agency--FAC) financing for a study entitled "Supplying Middle West Africa with Meat." The study brings to light the current crisis magnitude of the meat deficit problem, with a projected deficit of 262,000 metric tons by 1980 for the Middle West Africa region. 1/

It emphasizes that action must begin now, if there is to be any substantial impact before 1980. And it recommends a framework for investments in the livestock sector, which forms the basic technical evaluation behind this activity. Early in 1970 the Entente States agreed to put the Community into operation and received indications of interest in support from various donors. A.I.D. and FAC agreed to provide a staff of 5 technical advisors to the Executive Secretariat of the Community. The technical advisors will review the needs of the sector and establish priorities, draft and negotiate the agreements for mutual cooperation among the Member States, and appraise and recommend the basis for utilization of the Loan proceeds. The Community will coordinate assistance from the various donors (see Section III. C), and adjust the program priorities based on progress and availability of financing.

f. Alternate Financing: The A.I.D. assistance represents the first of several anticipated contributions to a program of investments in the livestock sector. It is intended to serve as a catalyst, facilitating organization of other donor resources. The needs of the program can effectively employ all assistance which is anticipated to be forthcoming from the various donor sources (see Section II. B). As such, this assistance is additive to other resources, and alternative sources of financing are not available.

g. Issues: None.

h. Statutory Criteria: This Loan meets all Statutory Criteria. (see Annex 7.)

i. A.I.D. and Country Team View: The U. S. Ambassadors for the 5 Entente States, the West Africa Regional Capital Development Office

1/ This includes the Entente States, Mali, Ghana and Nigeria.

(WARCDO), and the Area Development Office for the Entente Region (ADO/ Niamey) recommend that the Loan be made. (See Annex 6.)

j. Recommendations: Authorization of a Loan to the Entente Fund in an amount not to exceed $6.0 million in accordance with the terms and conditions set forth in the proposed authorization shown in Section IV. An outline of conditions precedent and special covenants is set forth in Section III. D.

CAPITAL ASSISTANCE COMMITTEE MEMBERS:

Loan Officer and Chairman:	Howard B. Helman
Loan Advisor:	Norman Schoonover
Economic Advisor:	Henry K. Heuser
Livestock Advisor:	Henri Lepissier
Attorney:	John W. Roxborough
Area Advisor:	Sarah Jane Littlefield

I. THE ACTIVITY

A. Definition of the Activity

The purpose of the Loan is to assist the Economic Community for Meat and Livestock of the Council of the Entente (The Community) to put into effect a common market for meat in the Entente Region (Ivory Coast, Dahomey, Upper Volta, Niger and Togo are the "Member States"). The raison d'etre of the common market is to increase commercialization of livestock, thereby reducing projected shortfalls of consumable meat.

Without agreement among the Member States for mutual cooperation in key areas affecting the livestock sector (protocols), there can be no significant modernization of the traditional production and marketing system. These protocols will make possible the productive allocation of resources to the livestock sector.

The proposed Loan will provide a small portion of such resources, to be coordinated by the Community with other donor contributions, and to be directed into priority investments consistent with an overall plan to increase commercialization of livestock. The Loan will finance importation of commodities and services (eligible items) for specific livestock investments, and will provide the internal resources for such investments through direct purchase of local currency (see Section III. C).

The Loan will be disbursed in two tranches: the first will permit investments where the benefits may be realized prior to execution of the protocols; the second will finance investments where their success is dependent upon achieving cooperation among the Member States. Withholding disbursement of the second tranche will serve as leverage to assure implementation of the protocols, which are the most critical factor to success of the common market.

B. Need to Which the Activity is Directed

Almost all nations of the coastal band of West Africa are deficit meat producers. The most significant deficit countries are Nigeria, Ghana and Ivory Coast. It is estimated that by 1980, based upon current market trade figures, the deficit for the Middle West Africa region as a whole, which includes the Entente States, Mali, Ghana and Nigeria, can reach about 262,000 metric tons of meat (see Annex 5) with a cash value of 40 billion CFA 1/ ($140 million). These figures will be even larger if the flow of population to urban centers continues to expand at an increasing rate. 2/ This deficit will need to be met by imports from outside the region.

1/ CFA Francs (Communaute Financiere Africaine) are the common currency of the West African Monetary Union which includes the Entente States. CFA 275 = U.S.$1.

2/ It should be noted that projected demand for Ghana is probably understated, because of suppressed per capita consumption resulting from the unfavorable foreign exchange position of the country during the late 1960s.

To state the problem simply, the region as a whole faces a crisis in supplying its meat needs, to which it must now respond. It will take 10 years, if an adequate program is started now, to make enough of an impact on production and marketing practices to meet a significant portion of increased meat demand from within the region.

The proposed Loan will make possible reduction of the projected deficit in meat, will result in foreign exchange savings to the region as a whole, and will result in a significant transfer of resources within the region to the interior countries. It is one of the few effective means by which A.I.D. assistance will provide a direct income benefit to the rural populations of the Member States, and will permit these people to pursue initiatives to elevate their standard of living.

C. Framework for the Loan

The A.I.D. Loan will be to the Mutual Aid and Loan Guaranty Fund of the Council of the Entente (Entente Fund). The Entente Fund will be the financial administrator of the Loan proceeds and will contract directly with the subborrowers. Subborrowers will generally be government enterprises of the Member States, but may include municipalities, cooperatives, and private enterprises.

The obligation of the Entente Fund to repay the A.I.D. Loan will be guaranteed by the Member States. Similarly, repayment of each sub-loan to the Entente Fund, will be guaranteed by the Member State which is the beneficiary of the financed investment.

Technical planning, preparation of protocols, subproject appraisals, and continuing evaluation of the activities will be the responsibility of the Community. The Community will have the technical capability to perform these tasks through utilization of expatriate advisors financed by A.I.D. and Fonds d'Aide et de Cooperation (FAC - French grant assistance). The Community will submit application for investments on behalf of subborrowers to the Entente Fund, who will approve them for financing.

The Community will draft the protocols and negotiate their terms with the Member States. Protocols will be executed covering (1) collection of statistics; (2) fiscal and customs policy; (3) sanitary (health) regulations; (4) licensing of personnel; and (5) price. (see Section II. B).

D. Parties to the Loan

The Borrower will be the Entente Fund. The technical administrator will be the Community. Both the Entente Fund and the Community are administrative arms of the Council of the Entente "(Council)" (see Annex 2).

The Council is a flexible political association which was established May 29, 1959 and joined by Togo in June 1966. Its overall objective is to promote political, economic, and social coordination among the Member States, i.e. to bring about, through organized cooperation, benefits to the region that the individual small Member States could not otherwise achieve.

The Entente Fund was established by the Council in 1966. Its principal objectives are: (a) to promote economic development and integration of the region; (b) to elaborate specific projects and obtain assistance from donor organizations for their implementation; (c) to provide a guaranty fund to encourage investments in the Member States; and (d) to encourage increased trade, commerce and investment between the Member States and their neighbors. A guaranty fund of $9.9 million contributed by the Member States has resulted to date in the guaranty of 15 investments for a total of $8.1 million.

Since its inception, the Entente Fund has been increasingly active in the development of economic programs. Several specialized commissions have been set up by the Entente Fund in the fields of agriculture, public works, economic integration, trade expansion, telecommunications, transport, industry, and tourism. Recently, a considerable effort has been made to expand activities in the agricultural field, most notably in livestock and cereals.

The success of the Entente Fund is, to a considerable degree, the result of the strong support of the Presidents of the Member States for regional cooperation and their desire to make the Fund a model organization for the development of viable economic projects. The organization structure of the Entente Fund at the professional level consists of an Administrative Secretary and several expatriate technicians who are competent and objective.

One of the Entente Fund's major accomplishments has been to put the Community into operation. The Community is governed by a Council of Ministers (representing the Ministers of Livestock and Commerce of the Member States), and performs its appointed tasks through an Executive Secretariat. The Executive Secretariat comprises an Executive Secretary, Dr. Roger Tall, a Voltan veterinarian, who will be assisted by a staff of five technical advisors.

E. Background of the Activity

For more than four years the Entente Fund has been engaged in economic planning for a program in the livestock sector. For the interior countries (Upper Volta and Niger), livestock provides a major portion of economic development programs. Expanded production is equally important to the remaining States of the region who are deficit producers becoming more and more dependent upon external sources of meat.

In 1967, the Entente States requested FAC assistance in financing a detailed study of the sector within the Entente region and including additionally Mali, Ghana, and Northern Nigeria. The study "Supplying Middle-West Africa with Meat," was prepared and made available at the end of 1968. The study indicated that without a major effort to increase livestock production and movement to market, the deficit production for the region as a whole would increase by more than 500 percent by 1980 1/ and would far outstrip the potential meat supplies which could be brought to market within the region. The study provides the essential planning and technical justification behind the program, although significant additional preparatory work has been completed by the staffs of the Entente Fund and the Community.

Early in 1969, A.I.D. indicated to the Entente Fund its agreement in principle to participation in a multi-donor financed regional livestock program. During the last quarter of 1969, members of the Entente Fund staff visited each of the Member States and discussed the overall program, possible investments within the country, and the steps to be taken by each country to permit effective regional management of the program. Agreement in principle was obtained from each Member State to execution of the protocols. It was agreed to hold a Conference in Niamey in February, 1970 to discuss the framework for the program. Ghana, Mali and Nigeria were invited and the Fonds Europeen de Developpement (FED - European Economic Community development agency), FAC, IBRD, UNDP, FAO, West Germany (FRG), the African Development Bank (AFDB), Caisse Centrale de Cooperation Economique (a French Government Fund for overseas development through loans) and A.I.D. were represented. The Conference countries concurred in the establishment of the Community as the coordinating body for livestock activities.

Some of these potential donors (FAC, FED, and IBRD) indicated interest in participating in the program, thereby providing a reasonable basis for anticipating adequate multi-donor participation. FAC and FED have since expressed their willingness to coordinate assistance through the Community. On May 1, 1970, in Washington, D. C., A.I.D. entered into a protocol of understanding with the Entente Fund in which the parties agreed in principle to work toward a sector loan of 6.0 million dollars for livestock and cereals (see Annex 1). A Conference of the Member States with A.I.D. to discuss the proposed A.I.D. Loan was held in Abidjan in June, 1970. The Administrative Secretary suggested, and received the unanimous concurrence of the representatives of the Member States, that the Conference recommend to AID/Washington that the investments be planned entirely for the livestock sector. There has now been a preliminary identification of livestock subprojects and, based thereon, a proposed allocation of investments among the Member States (see Annex 3). We have been careful to indicate that A.I.D. is not committed to the list of subprojects, and the list, as well as the scope of individual subprojects will be modified, as necessary, based upon the appraisals and the continuing review of the overall program by the staff of the Community.

1/ From a deficit of 43,000 m.t. in 1966 to a deficit of 262,000 m.t. in 1980.

On November 4, 1970 the Council agreed to formally put the Community into being. They also passed a resolution authorizing the Executive Secretary of the Community to begin discussions with various donors toward the establishment of a consultative committee of donors for assistance to the livestock sector.

F. Justification for the Activity

1. Importance of the Activity

The major obstacle to development in the Entente Region is the extremely limited resource base, which is exemplified by a per capita income averaging $120 for the region. With the exception of the Ivory Coast, budgetary revenues are very low and are devoted to governmental operations with little or no surplus to be used for investment. The low level of internal savings does not allow the provision of more than minimal amounts of private capital for investment. There is an increasing degree of movement to cities despite the fact that they cannot offer sufficient productive employment. Transportation costs are extremely high. Market development is at a very low level precluding economies of scale, and acting as a barrier to transition between the cash and the non-cash economy. Again with the exception of the Ivory Coast those elements of the economy which have shown the best economic performance have generally resulted in relatively little return to the very large majority of the population living in the rural areas.

Therefore, it is considered a first priority to concentrate on those sectoral activities which have a direct relationship to the improvement of productivity and an increase in output of the rural areas. The agricultural sector has the most direct affect, and the livestock sub-sector is the most likely to produce favorable effect for the region.

2. Strategy for U. S. Assistance

The "green revolution" has introduced not only new technologies to the lower income countries' food production, but new concepts of what is necessary to translate the technology into realizable agricultural outputs. With improved seed varieties for rice, wheat, and corn, it was discovered that a new and in many ways more complex series of problems arose. These included controlling temporary swings in supply and demand and resulting price adjustments, the relationship between the cost of necessary inputs and the price of farm produce units, the increased need for production credits, and the necessity for improved storage and processing facilities and for improved marketing.

It became clear that if one were to attempt to bridge the gap between growing demand in the cities and stagnating production in the rural areas, it would be necessary to create new incentives for increased production in the rural areas. This would require improvement of the Government institutions serving the sector and indeed, of the marketing mechanisms themselves. Such an undertaking is not only large in scope, but calls for considerable internal resources from the beneficiary countries, both human and financial.

For the livestock sector of the Entente region, the countries seem fully prepared to provide the cooperation and the human resources required through the operation of a common market for meat. The common market can only function if armed with the agreements for mutual cooperation among the Member States, without which additive financial resources cannot be effectively utilized. Such financial resources for internal investments have been traditionally lacking.

The U. S. goal is to direct additive resources to make possible increased productivity of the rural population of the Entente Region. This will be accomplished through direct support to the operation of the Common Market and to execution of the protocols. The Loan will (1) strengthen the Community; (2) serve as leverage toward accomplishment of the protocols; and (3) serve as a catalyst in attracting other financial support for the livestock sector coordinated through the Community. The cumulative additive resources to be provided by various donors and the Member States will make possible increased commercialization of livestock throughout the Entente region.

3. <u>Place of the Activity in U. S. objectives for economic assistance in Africa</u>

President Nixon, in his Message to the Congress of the United States entitled "United States Foreign Policy for the 1970's; a New Strategy for Peace" (H.R. Doc. No. 91-258, 91st Cong., 2d Sess. 86-87 (1970)) states:

> "Another lesson we have learned from the 1960's is the need for close regional cooperation, in order for Africa to get the most from Development resources. The United States will work with other donors and the Africans to help realize the potential for cooperative efforts ..."
>
> "... In Africa, as throughout the developing world, our goal in providing development aid is clear. We want the Africans to build a better life for themselves and their children. We want to see an Africa free of poverty and disease, and free too of economic or political dependence on any outside power."

The proposed Loan calls for regional cooperation in initiating a multi-donor financed program for improvement in livestock production and marketing. If the activity is successful, it will 1) improve marketing channels and create incentives to production; 2) provide improved financial return to producers in the rural areas; 3) help fill a rapidly growing deficit in meat for protein deficient West Africa; and

4) reduce economic dependence of the region for imports of meat from other nations.

Livestock is the sector for the Entente region with the greatest potential for contributing direct economic benefits to the population of the interior countries and one of the highest priority economic areas for region as a whole. Therefore, investment in this activity, and in others of this nature, are most closely in keeping with the U. S. objectives for economic assistance in Africa.

II. EVALUATION

A. Economic Analysis

1. Summary

The main conclusion of this analysis is that the Member States, other than the Ivory Coast, are unable to direct significant internal resources into productive investments in the livestock sector, and that without external assistance the resources cannot be found to modernize traditional livestock production and marketing.

Specifically, it is found that the Member States, exclusive of the Ivory Coast, have unfavorable trade balances and limited prospects for improvement; have not achieved substantial rates of economic growth nor significant increase in per capita income; and, even though having positive foreign exchange and internal cash reserves, must retain such reserves to demonstrate financial responsibility. Existing Government resources do not permit significant development investment in any sector, apart from external aid, and increased allocations to development investment cannot be made within existing budget constraints. Government revenues depend principally upon indirect taxes, which are already extremely high, and a significant increase in direct tax revenues is unlikely.

By contrast, the Ivory Coast has a favorable balance of trade, a remarkable level of investments in development, and a very high rate of economic growth.

Economic Data for the Member States is in Annex 4.

2. General Economic Trends

The broad diversification of agricultural output for export, together with some increase in prices, especially of cocoa and coffee, has contributed significantly to improvement of the trade balance. In fact, because of the strong position of the Ivory Coast, the Entente region as a whole has a net trade surplus and has accumulated [illegible] external reserves totalling over $177 million. However, the trade deficit of the region exclusive of the Ivory Coast (i.e. Dahomey, Upper Volta, Niger and Togo) has risen from $49.1 million in 1966 to $86.5 million in

1969. But when foreign aid and investments, military pensions paid by France, and other receipts are included, these States have been able to retain favorable reserves of foreign exchange in the form of convertible holdings of French francs.

Entente region exports of coffee, almost entirely from Ivory Coast and Togo, have remained on the order of $115 million in 1969 -- just about the same as in 1966; cocoa exports, on the other hand, from the same two countries, have doubled from about $55 million in 1966 to $110 million; Ivory Coast exports of wood also have almost doubled from about $67 million to $126 million over the same period; and the value of ground nuts exports from Niger rose from $11 million in 1966 to nearly $25 million in 1968. At the same time, palm product exports from Dahomey and Togo rose from less than $7 million in 1966 to nearly $13 million in 1968 and probably continued to rise in 1969.

Three of the five Entente States, Ivory Coast, Upper Volta and Niger, have managed, in the last few years, to build up healthy net creditor positions vis-a-vis the banking system, usually in the form of Government deposits with the central banks. Taken together, these Governments' deposits rose from a little over $50 million at the end of June 1967 to nearly $100 million equivalent by the end of June 1970. In Upper Volta, local currency Government deposits rose from less than half a million to nearly $14 million by June 1970, and Niger's increased from $4.0 million to over $7.0 million during the same period. Niger's Government budget is again receiving a modest subsidy from the French Government, as has Upper Volta's for several years. The budget support explains the pressure in these two countries for significant financial reserves.

These favorable developments, which render the area as a whole an increasingly good credit risk, also have eliminated completely or reduced to small proportions the Entente States' day-to-day dependence on the French Treasury and the Banque de France.

Within the limits set by prudent central bank practices, credit to the private sector has been extended quite liberally throughout the Entente States. Most of the domestic credit expansion over the last two years consisted of short-term financing of export crops and internal trade but there has recently been a substantial rise in domestic medium- and long-term credit for industry and housing. This type of credit amounted to almost one fourth ($75 million for all Entente States) of total domestic bank credit outstanding at the end of 1969. However, credit availabilities have not been fully utilized. For example, Niger and Upper Volta used only about 75 per cent of the medium-term credit ceilings, because of a lack of suitable projects.

With the exception of incomes in the southern half of Ivory Coast, where agricultural expansion and the participation of the rural population in the growth of output have probably been greatest, average per capita earnings, especially in the interior States, have probably risen very little in recent years. Average per capita GNP (1968) of Upper Volta and Niger, which comprise more than 50 per cent of the population of the Entente region, was $50 and $90 dollars respectively. These are among the lowest of the Entente Region, where only the Ivory Coast's per capita GNP exceeds $300 per year.

3. Foreign Aid

Entente States have been receiving substantial amounts of foreign aid for a number of years. The assistance has come primarily from FED and FAC, largely in the form of grants, Caisse Centrale de Cooperation Economique, and, more recently, the West German loan fund (Kreditanstalt fuer Wiederaufbau) and the World Bank. The area's largest single loan is the Ex-Im Bank's $36.5 million credit for hydroelectric power development at the Kossou dam in Ivory Coast.

The main thrust of the external aid furnished to the Entente States continues to be the development of cash crops for export and of transportation facilities to move these crops to market. The objective has been to increase the recipients' ability to earn foreign exchange and to raise domestic incomes where this can be done fastest.

In 1969 alone, total foreign aid expenditures in the Entente States amounted to around $85 million including an estimated $14 million from France which amounted to one-half of total French regional aid to Africa and Madagascar in that year. The figure of $85 million does not include disbursements by Ex-Im Bank ($5.1 million), Kreditanstalt or IBRD-IDA. To indicate the order of magnitude of aid from the latter two: Kreditanstalt, by December 31, 1969, had in process of implementation nearly $33 million of loans to the five Entente States and IBRD-IDA in 1969 authorized a total of $22.5 million of loans to three Entente States, i.e., Ivory Coast ($17.1 million), Dahomey ($4.6 million) and Upper Volta ($0.8 million).

A.I.D. active loans to the area total $9.0 million, Ex-Im Bank loans total more than $50 million. Foreign Aid directed to the livestock sector to date has generally been for small bilateral projects financed primarily by FAC, FED, UNDP and A.I.D. While total investments have been considerable, averaging a few million dollars per year, the principal donors have now recognized the need to increase support to this sector. Both past and projected foreign aid levels for the livestock sector for Ivory Coast, Upper Volta and Niger appear in Annex 4, Table 10.

4. Allocation of Government Budget Resources to the Livestock Sector

Commercialization of livestock constitutes 1.4% of GDP for the Entente States (see Section II. B). By contrast, the Entente States spend the following percentage of their Government budgets in the sector (see also Annex 4):

Ivory Coast	1.5%
Dahomey	1.3%
Upper Volta	1.5%
Niger	2.1%
Togo	0.8%

While these all represent a low base level, the Ivory Coast has made very marked increases in recent years and projects even more favorable increases. Niger has shown a steady and impressive increase in allocations to the sector. Upper Volta, Dahomey and Togo have less favorable records. Allocations have increased, but per cent of total budget has declined slightly.

For Upper Volta only, revenues from the livestock sector are significantly higher than expenditures, being in the range of 2.0 to 2.5 per cent of receipts. That it is the State with the lowest per capita income, and consequently with a low tax base and costly non-revenue producing sectors, explains this result.

In general, expenditures for personnel have increased at the expense of expenditures for equipment and materials, indicating an increasing number of perhaps less effectively utilized personnel. Unless budget levels can be increased, it will be difficult to change this result.

5. Availability of Government Financial Resources for Development Expenditures

Current levels of total Government expenditure, exclusive of the Ivory Coast, are rather limited. For example, for Upper Volta and Niger they are of the order of magnitude of $35 million. Development investments are 8% of total budget for Togo, 9% for Dahomey and Upper Volta, and 15 per cent for Niger, which are a very low level. By contrast, Ivory Coast achieved the remarkable level of 58%.

Given the low revenue base, the high portion of the budgets needed to cover Government administrative expenses, and the woefully low levels of support for education, health and transport, there is little prospect of shifting any significant financial resources to development investments.

6. Capacity of the Member States to Increase Tax or Other Revenues

For the coastal countries, indirect taxes, of which the largest component is import duties, amounted to about 75 per cent of Government revenues. These levies are already high, being established in part to curtail imports. For Dahomey and Togo, given the low per capita income and limited income prospects except through promotion of new cash crops, the prospect for increasing direct tax revenues is negligible.

For Upper Volta and Niger, indirect taxes represent somewhat above 50 per cent of tax revenues. The higher level of direct taxes is in large measure due to the importance of livestock in the economy. Also, there is a much higher internal cost of imports, and a consequent lower import level. Given the low level of per capita income, the prospect for increasing direct tax revenues through new tax levies is not favorable. Tax revenues have increased at about 8 per cent per year for these States compared to a 3-4 per cent increase in GDP.

For the Ivory Coast, tax revenues are very substantial. There is remarkable allocation of resources to development investment, and the economic response to these investments has been extremely favorable.

There is little prospect for expansion of the monetary resources available for development investments either through increased tax revenues or through expansion of other available Government resources.

7. Loan Repayment Prospects

The prospects for timely servicing of the Loan, since the transfer must be made in dollars, depends on the ability of the Entente Fund to have at its disposal sufficient convertible foreign exchange to make the annual payments. Assuming that the Entente States remain members of the franc zone through adherence to the Central Bank of West Africa (BCEAO) system, it is the Banque of France, as the ultimate guardian of the reserves of the zone, that stands behind the dollar obligations of zone members. The approximately $300,000 annual debt service payments, once the grace period is completed (during which time the dollar requirements amount to a maximum of $120,000) represent a fraction of 1 per cent of the zone's total annual debt obligations.

If the Entente States were to leave the franc zone, the Entente Fund would have to rely entirely on the foreign exchange earning capacity of the Member States. The required foreign exchange allocations would represent 0.03 per cent of current Ivory Coast exports, and 0.30 per cent of the current exports of the other four Entente States.

In the case of Ivory Coast, a country that already has a surplus on current account and which manages its foreign debt obligations through a semi-autonomous Caisse d'Amortissement, the additional burden is insignificant compared to total debt repayment obligations. Nor will discharging it be difficult, since Ivory Coast is expected to continue to remain externally solvent.

The situation is not the same for the other states of the Entente. Their trade deficits, even though all have been able to accumulate some foreign exchange reserves in recent years, are financed entirely by foreign aid and other transfers on capital receipts. Imports are covered only partially by these countries' own export receipts (varying in 1969 from 77 per cent for Togo down to 39 per cent for Upper Volta).

A comparison of CFA repayment requirements with the budgets of the Member States indicates the order of magnitude of the repayment burden. As an example, the total current budgets (1971) of Niger and Upper Volta are each in the order of $36.3 million (CFA 10 billion), whereas the annual repayment obligation, evenly divided between Upper Volta, Niger, Togo and Dahomey and computed on the basis of the borrowers' obligation after the grace period, amounts to about $80,100 (CFA 22 million) or about two-tenths of 1 per cent of current total budget. Compared with the 1971 budgetary provisions for debt servicing - around $2.55 million (CFA 700 million) each in Upper Volta and Niger, for example - the additional burden of about 3 per cent would not be insignificant but well within the States' domestic budgetary capacity. For Togo, the situation will be similar and even Dahomey can be expected to have put its financial house in order by the time full repayments start.

Some 30 per cent of the Loan repayments (plus partial subsidy for an additional 15 per cent) will result from sub-loan repayments which will have to be met from Government budget resources. These represent investments in public enterprises which are either non-revenue producing or which may not return sufficient revenue to fully amortize the initial investment. The annual additional financial burden is small and is expected to be more than offset by increased tax revenues resulting from expanded commercialization of livestock within the Member States.

Looking at the debt service burden of the Member States, no State has annual obligations in excess of 7% of its budget. This is a reasonable level in comparison with other lower income countries. However, given the dependence of Niger, Upper Volta, Dahomey and Togo on external aid assistance, we can only conclude that these countries will remain dependent for the foreseeable future on external aid to assure continued credit worthiness.

Within the context of the franc zone and the historic trade and support relations between Member States and the Common Market countries, there is a reasonable basis for belief that the Member States will retain adequate domestic and foreign reserves, have annual budgets fufficient to finance external obligations, and indeed improve their position vis-a-vis dependence on external assistance. Therefore, we conclude that prospects for timely repayment of the Loan are favorable.

B. Sector Analysis (Livestock)

The objectives of this section are: (1) to define the need to which the Loan is directed and to explain why this need cannot be met internally by the Member States; (2) to outline the steps which must be taken to provide for productive investments which will modernize traditional modes of livestock commercialization; and (3) to relate potential increases in commercialization to additive resource investments to the sector. This will be accomplished by:

(1) Setting forth current production levels and projected future demand for livestock;

(2) describing the existing state of commercialization of livestock;

(3) identifying the factors limiting increased commercialization of livestock;

(4) outlining the cooperation among the Member States which must precede productive investments in the sector;

(5) identifying priority areas for these investments;

(6) estimating the resource needs of the sector and relating investment of these resources to increased commercialization of livestock.

The proposed Loan will either add new resources to the region or bring about a shifting of resources to the interior countries. It will result in the allocation of $6.0 million of resources which will be additive investments not otherwise available to the sector. To be effective, the investments must be made in a climate conducive to modernization of traditional patterns of commercialization, and must be of sufficient magnitude to permit economically sustainable improvements to the production/marketing infrastructure. Thus, the critical elements of the activity's success are the agreements for mutual cooperation and the contribution of other resources to the sector.

The strategy for the Loan is to initiate investments as soon as possible (the $2.0 million first tranche of the Loan) to show support for the common market and to put the Community's efforts into operation; but to withhold the balance of the Loan (the $4.0 million second tranche) until mutual cooperation can be demonstrated among the Member States and adequate, coordinated commitment of other financial resources obtained.

The analysis which follows attempts to chart the intended evolution of the common market for meat and to explain how this evolution will be fostered by the strategy for the project. It also discusses the evolution of the common market in relation to increasing demand for external resources to improve commercialization of the sector.

1. Current Production Levels and Projected Future Demand for Meat

The Entente States meet most of their local deficit through supplies from Upper Volta, Niger and Mali. However, very large quantities of meat also flow southward from these countries to Ghana and Nigeria. Better than three-fourths of beef exports from Niger are to Nigeria, while considerable quantities of Malian cattle transit through Niger to Nigerian markets. Northern Nigeria is itself a very large producer, moving most of its surplus to Southern Nigeria, but with considerable trade in Dahomey, Togo and Ghana. Thus, we have devined a discrete geographic region for discussion of livestock trade consisting of the 5 Entente States, Mali, Ghana and Nigeria (referred to in the 1968 FAC study as Middle West Africa). Statistics on production and commercialization for the Middle West Africa region as a whole, projections for future production and demand, and more detailed statistics for the Entente States appear in Annex 5.

The region as a whole is a deficit producer of meat, but the producer countries, through exported surpluses, are currently able to supply 76 per cent of the deficit of the coastal countries with most of the remainder being imported from Tchad and Mauritania. This figure is expected to decline to 31 per cent by 1980. 1/

Using 1966 figures, (current figures, as shown in Annex 5, are not grossly different) since these form the base for the projections used herein, total animal population within the region consists of 20,316,000 head of beef and 57,850,000 ruminants (sheep, goats, pork, etc.) for a total inventory of about 3,915,150 metric tons of meat. Of this population annual commercialization within the region consists of 607,650 m.t. or about 15.5%. This figure represents a low level of utilization of existing meat resources. However, it is about the maximum commercialization that can be achieved without deterioration of herds under existing conditions of traditional production. This fact is important, because without substantial improvement in infrastructure, there is little chance of changing traditional practices, and hence, of increasing significantly commercialization of meat. Annual consumption is about 650,000 m.t., with a deficit of about 43,000 m.t. The following table compares production, commercialization and consumption within the surplus and deficit countries on a percentage basis.

	Production	Commercialization	Consumption
Nigeria	41.4%	44.2%	53.6%
Mali, Upper Volta, Niger	49.8%	45.9%	30.3%
Other coastal countries	8.8%	10.1%	16.1%
	100.0%	100.0%	100.0%

For the Entente region commercialization of meat was about 175,117 m.t. with a value of about 20 billion CFA ($80.9 million) 2/ or about 1.4% of the region's gross domestic product.

1/ Throughout this section, projections are based upon continuation of traditional practices. It will only be through significant improvement of infrastructure, strengthening of institutions, and agreements to cooperate among the Member States, that these projections may be favorably affected to a significant extent.

2/ This is based upon the 1966, pre-devaluation exchange rate of CFA 245 = $1 U.S.

It is difficult to appreciate the full impact of the changing nature of trade in livestock over the next decade. Not only is the region as a whole projected to suffer a net*500 per cent, but the deficit in the coastal zone will represent 379,800 m.t. This will necessitate an enormous increase in the quantity of livestock moving to distant markets if this deficit is to be met.

The following table summarizes projected production levels, consumption levels, and moveable surpluses, indicating percentage increase, for the surplus and deficit areas:

Production (m.t.)	1966	1970	1975	1980	% increase over 1966 base
Nigeria	278,300 (41.4%)	320,300	359,500	430,200 (46.7%)	54.6%
Mali, Upper Volta, Niger	279,300 (49.8%)	307,900	347,900	392,000 (42.6%)	40.4%
Other Coastal Countries	53,400 (8.8%)	62,300	82,100	98,500 (10.7%)	84.2%
TOTALS	611,000 (100%)	690,500	826,500	920,700 (100%)	

Consumption (m.t.)	1966	1970	1975	1980	% increase over 1966 base
Nigeria	350,691 (53.6%)	416,165	510,975	633,425 (53.6%)	80.6%
Mali, Upper Volta, Niger	197,925 (30.3%)	212,395	241,540	286,840 (24.2%)	44.9%
Other Coastal Countries	105,538 (16.1%	134,481	197,415	262,690 (22.2%)	148.9%
TOTALS	689,223 (100%)	763,041	949,750	1,182,955 (100%)	
Trade Balance					
Deficit coastal zone	158,684	196,900	281,700	379,800	139.5%
Movement from surplus to deficit zone	115,415	120,880	125,450	117,760	2.3%
Net Deficit	43,269	76,020	156,350	262,040	505.6%

* deficit of 262,000 metric tons of meat, an increase of over

The 1980 projected net deficit of 262,000 tons has an approximate value of 40 billion CFA francs ($140 million) which represents a severe foreign exchange cost to the countries of the region. The deficit for the Entente States is 53,420 metric tons with an approximate value of 8 billion CFA francs ($28 million).

The above statistics need be supplemented by three important conclusions:

(a) Under existing conditions of commercialization, while Nigeria becomes a rapidly increasing deficit producer, only Mali can increase exports of beef while exports of beef will decline in Upper Volta and Niger; there will be no significant increase in trade across national boundaries within the region; exports of ruminants will decline substantially.

(b) Exports from Africa outside the region have little or no chance of increasing and will probably decrease; and

(c) To meet the projected deficit, commercialization of meat must increase by nearly 30 per cent above projected increases, and external trade in meat must increase by 222.5 per cent above projected levels. This last figure accurately depicts the magnitude of the task not only in creating incentives for the producers to channel such quantities of meat to external markets and in reformation of the marketing system, but in the magnitude of private capital expansion necessary to achieve the increased external trade in meat.

2. Traditional Patterns of Livestock Production and Commercialization

Most livestock production occurs in the sahalian and sub-saharan zones at significant distance inland from the population centers along the coast. These zones are characterized by a mild rainy season followed by a very hot dry season. As is generally true of the savannah, soil is sandy, but productive of vegetation. During the dry season water is scarce and food supplies greatly diminished.

The effect of the dry season is dramatic. Weight losses are enormous and mortality is high. Cattle move southward as the dry season approaches, imposing severely on limited nutritive resources and producing extensive cross contact and intermixture of livestock. Given the weakened condition of the cattle and the exposure to contamination, loss due to disease is extremely high. The problem is further compounded by the lack of organized transportation, with the large majority of cattle moving on foot to the coastal region. These cattle pass from the dry interior zone through a more humid zone at the edge of the rain forest infested with tse-tse flies. Demise and debilitation of cattle en route represent a major economic loss.

Livestock production in the coastal region is not highly developed. Livestock do not fare as well in this region in the absence of more sophisticated sanitary and range management practices. Although potential is good for improving production in the coastal regions, a far greater impact on potential shortfalls in meat could be made through effective commercialization of production of the savannah areas. Particularly important are the savannah areas closest to the coastal zone.

While serious attempts have been made at disease control, the largest of which is the recently completed Africa-wide campaign against rinderpest, control is not effective. Since the benefitting Governments have not been budgeting adequate resources for their vaccine programs, including follow-up on rinderpest, later recurrence of this disease and continued high losses from other diseases will remain a constant threat.

Existing breeds of cattle are well suited to the difficult conditions of the sahalian zone and several are highly disease resistant. While significant improvements can be made through selective breeding of this stock, of greater importance is prevention of its deterioration through export of the best male stock and through premature slaughter for market during the dry season.

An excellent paper 1/ analyzing the impact of the 1969 drought in Niger on livestock production, indicates that while losses during this period averaged about 10% of total herd, losses may have been as high as 15% of bearing cows and 25 per cent of calves, with the net result that the quality and reproductive capability of the herds would be significantly diminished for at least several years.

The individual entrepreneur in any phase of production or marketing has little or no ability to adjust to changes in market conditions for livestock. He is effectively precluded from investments and new initiatives which would stimulate increased commercialization of the sector. Modern production through improved range management, conservation of forage, and ranching are not economically feasible in such an uncertain situation.

3. Factors Limiting Increased Commercialization of Livestock

There can not be effective increase in commercialization without major improvement in the conditions for exterior trade. Specifically, prejudicial tax differences and multiple taxation, unfavorable price policy, ineffective middlemen trading practices, uncoordinated and inconsistent health regulations, and the absence of information through which efforts could be launched to improve these conditions, must be corrected.

1/ "Effects of Drought on Cattle," Republic of Niger, Ministry of Rural Economy, Direction of Livestock and Animal Industries (1969).

Therefore, it is a pre-condition to productive investments in the sector that agreements for mutual cooperation be effected by the Member States, adopting uniform regional practices and providing the mechanism for their enforcement, in regard to (a) collection of statistics; (b) fiscal and customs policy; (c) Sanitary (health) regulation; (d) licensing of merchants; and (e) price.

The absence of a system of land tenure and the employment of nomadic herding practices; the absence of organized production of forage and conservation of water resources; the lack of adequate control of livestock movement to permit employment of effective sanitary measures; the absence of economical means of employing modern techniques of transportation; and the limited capital resources and hence flexibility of producers and the capital limitations of the marketing system, act as an effective barrier to the type of dramatic change in commercialization necessary to meet the needs of the next decade. While all of these barriers are susceptible to reduction through substantially increased investments, the Member States have been unable to direct significant investment resources to the sector (see Section II. A).

4. Agreements for Mutual Cooperation Among the Member States

(a) Statistics

At present, livestock statistics published by the livestock services of the Member States evidence serious discrepancies indicating considerable illicit movement of livestock principally to avoid payment of tax. Efforts to develop a reliable statistical base will be begun quickly by instituting in March, 1971 a passport for livestock, which will identify specific livestock, the merchants trading the livestock, and the path of movement for the livestock. By the end of 1971 there will be complete statistics on cattle movement, quantity, size and nature of merchants, and channels of trade.

The protocol for statistics will reflect agreement on a final version of a livestock passport, which will permit complete and accurate compilation of statistics.

The passport will have broad significance, and may also be the basis for assuring collection of tax, enforcement of sanitary regulations and control of licensed trade.

(b) Fiscal and Customs Policy

Taxes on livestock vary greatly among the Member States. Livestock crossing national boundaries are subjected to multiple taxation. Livestock are diverted to less efficient corridors or are smuggled across national boundaries to avoid payment of tax. In essence, the tax structure of the producer States limits exterior trade in much the same way as does the suppressed price controlled by the consumer States.

The objective of the protocol for fiscal and customs policy, is a single tax, levied at the first frontier crossing regardless of distance or final point of destination. Principal problems to be resolved are:

(1) Agreement on the level of taxation (with the coastal (deficit producer) countries desiring to keep the tax at a minimum); (2) fair apportionment of tax revenue, while at the same time not seriously disrupting the revenue base of existing Government budgets (Upper Volta is the principal country affected; a reduction in the tax might result in equivalent income after several years as the result of increased commercialization, but the short-term budgetary effect has considerable significance); and (3) arrangements for taxation of livestock from outside the Community, particularly as regards States who may be granted associate membership.

It is proposed that there be no tax on meat slaughtered in the producer country and exported through modern transport. This is to give every advantage to this form of commercialization of meat.

(c) Sanitary (health) Regulation

Sanitary practices vary among the Member States, and implementation by each State of its annual health program may be sporadic, and is generally limited by inadequate availability of funds. Decisions regarding the sanitary condition of cattle crossing the frontier are exercised exclusively, and sometimes arbitrarily, by the coastal countries. This produces economic loss, discourages external trade, and encourages smuggling across the frontier.

The objective of the protocol for sanitary (health) regulation will be uniform animal health legislation, uniform agreement on enforcement practices, and cooperation in establishing a system for vaccination, enforcement, and prompt action against epidemics. The use of the livestock passport will make possible consistent uniform enforcement of health standards.

(d) Licensing of Merchants

External trade in livestock is largely controlled by merchants who merely perform a middleman marketing function. They speculate in livestock, capitalizing upon the limited financial resources of the producer, particularly during the soudure (dry) season. These merchants are often under-financed, purchasing cattle on credit and then failing to fully compensate the producer. They represent a high and not very efficient marketing cost.

The objective of the protocol for licensing of merchants will be a single license to purchase and sell livestock. The cost of the license will be based on the quantity of livestock to be handled by the merchant. The price of the license would be very much elevated over existing levels to eliminate the many small, financially non-responsible traders. The higher tax will also provide an economic advantage to slaughter in producer countries and shipment by modern transport.

Currently a tax is levied on livestock when purchased in the producer countries and a second tax is levied on sale in the consumer countries. It is proposed that the single license tax be levied in the producer country and that the revenue go to the producer country. There remains to work out agreement on the tax level and the allocation of revenue.

(e) Price

Livestock prices are established and enforced by Agreement among the coastal countries. The interior producer countries are, in essence, captive producers with no alternative market outlets. Prices have not increased since 1964 and are severely out of line with the price of imports from non-African sources. There is inadequate quality differentiation and hence, no incentive for improved quality. All of the Member States recognize that there must be an adjustment in the price, but the coastal countries are trying to keep the adjustment at a minimum. A substantial adjustment is essential to achieve a rate of increase in external trade necessary to overcome projected shortfalls in the coastal countries.

The objective of the protocol for price will be to establish standards for quality differentiation and to adopt reasonable price levels for meat. It is hoped that the findings to be made by the technical advisors to the Community regarding the relation between price and external trade in meat, will result in realization by the Member States that a substantial price adjustment is in their mutual self-interest.

The protocols governing statistics and health regulation will be quickly put into effect. There is no conflict regarding their substance. The protocols for fiscal and customs policy, licensing of merchants and price involve decisions wherein the Member States have important conflicting self-interests. The success of the common market for meat is dependent upon realization by the Member States of the necessity to make difficult decisions for their long-term mutual self-interest. A.I.D. will insist that these protocols make possible a favorable investment climate before approving disbursement of the second tranche of the Loan.

The livestock passport represents the key to achieving effective cooperation among the Member States. The passport will permit identification of quantities and the pattern of movement of livestock and of the merchants performing this trade. It will assure enforcement of health standards, collection of taxes, enforcement of license fees, and apportionment of tax revenues. It will also provide valuable data for determination of investment priorities.

We have estimated that eighteen months from the signing of the loan agreement will be required for completion of the protocols. This is consistent with the time required to collect and analyze data, to provide the technical justification for the protocols, and to negotiate their terms, and with the time required for appraising the various investments in the livestock sector.

5. Investment Priorities for the Livestock Sector

The single most important priority is increase of the weight per head of beef leaving the terminal market, i.e., conservation of losses prior to slaughter. The most effective method for accomplishing this objective is to bring the point of slaughtering closest to the source of production. While considerable attention is being given to encouraging this result, limitations of existing infrastructure make this a longer-term objective and therefore, recipient of only a small portion of investments under this Loan.

The more immediately realizable objectives are:

(a) Increase weight of livestock through extending the fattening cycle for quality stock;

(b) Establish better control over paths of movement of livestock and thus, sanitary (health) control;

(c) Develop collection stations in frontier regions with efficient methods of transportation to terminal markets;

(d) Organize watering stations and rationalization of production of forage along livestock corridors;

(e) Establish fattening stations along livestock corridors and feed lots at intermediate and terminal markets; and

(f) Accelerate operation of terminal markets (slaughter houses).

Secondary attention is given to improved breeding and programs to increase numbers of livestock, except in the coastal regions, where because of the low level of development of the sector, increased production through modern production (ranching) is a priority area.

Three elements are essential to successful investments directed to any of these priorities: a coordinated plan of investments to permit the needed modernization; accomplishment of the protocols necessary for a favorable investment climate; and allocation of sufficient financial resources.

The planning originates in the National Development Plans of the Member States, and will be coordinated and brought into regional focus by the Community. For example, Upper Volta plans eight major track routes for evacuation of livestock from interior points to population centers. It has been proposed that FED finance four of these, and FAC and

A.I.D. two each of the remainder. Similarly, it has been proposed that the A.I.D. Loan finance intensive forage and watering stations along two of the FED financed routes, while FAC and FED would finance a collection park and slaughter house facilities in the vicinity of Ougadougou at the terminal point of one of the track routes proposed for A.I.D. financing. To accomplish this effort, there must be agreements for mutual cooperation for health regulation, fiscal and customs policy and price. There must also be coordination among donors, since the economic value of the track route would be greatly diminished without feeding stations and terminal collection and slaughtering facilities.

Thus, while proposed investments may be divided into two classes: those which may produce real benefit prior to execution of protocols, such as track routes and marketing facilities; and those which are not feasible in the absence of protocols, such as sanitation stations, ranches, forage stations, and modern slaughter house facilities; investments in the former will yield a greatly reduced return unless complemented by other investments.

An illustrative list of investment priorities for the proposed Loan has been offered by the Community (see Annex 3), and on this basis an allocation of investments among the Member States has been suggested by them, as follows:

	($000)	(%)
Ivory Coast	1,200	20.0
Dahomey	920	15.4
Upper Volta	1,340	22.3
Niger	1,650	27.5
Togo	890	14.8
	6,000	100

One-third of the investments would be feasible prior to adoption of the protocols, of which 25.4% are for track routes and marketing facilities. Of the remainder 27.6% is for animal health; 15.8% is for ranches in the coastal zone; 14.2% for forage improvement; and 8.4% for improvement of terminal markets. A single investment in a modern commercial slaughterhouse and refrigeration facilities has been planned for Niamey, Niger.

Based upon the illustrative list, we estimate that about 30 per cent of these investments will be in non-revenue producing infrastructure, and that an additional 15 per cent may be only marginal revenue producers. These will be for public sector investments. The remaining 55 per cent will be fully self-liquidating investments and may include both public and private sector.

6. **Estimate of Overall Financial Needs of the Sector; Prospects for Increased Commercialization of Livestock**

The proposed A.I.D. Loan would provide 11.5% of the financial needs projected for the sector in the National Development Plans of the Member States during the Loan implementation period (see Annex 3 1/). We have been able to estimate committed and planned contributions of principal donors for Ivory Coast, Upper Volta and Niger (see Annex 4, Table 10). It is probable that for these countries, investments, apart from the A.I.D. Loan, will be several times the size of the Loan. The picture is particularly favorable for the Ivory Coast where more than $35 million is projected.

With the exception of the Ivory Coast, nearly all of the proposed investments are directed to traditional priorities, i.e., infrastructure to support long distance, non-motorized movement of livestock. It is expected that the protocols will accelerate the possibility of investments in modern processing and transportation. Thus, one can expect that as commercialization increases, and as infrastructure improves, demand for external resources will increase sharply to finance more modern transportation and slaughter facilities, and related thereto, modern, intensive production. Thus, to the extent that donor inputs produce a favorable response, they may be expected to produce simultaneously increasing demand for resources from the donors. This is a result to be anticipated from successful economic development investments.

While it is not possible to correlate additive dollars invested in the livestock sector with additional pounds of meat available for consumption in terminal markets, some indication of the investment response may be offered. The efficacy of the investment response will depend principally upon the impact of the agreements for mutual cooperation and of the directed organization of investments upon the specific element of commercialization to be improved.

For example, a 12 per cent increase in gross weight per head of cattle may readily be achieved through proper conservation of beef from point of production to market. This may be accomplished most effectively through slaughter and frozen shipment or through live shipment via modern transport. Even traditional movement can be accomplished with a mere fraction of this weight loss through provision of proper forage and through proper license control. Losses in movement of livestock can be reduced by the order of 10 per cent by head (not by weight since mortality is highest among calves). An additional 10 per cent increase in head of cattle can probably be attained through conservation of animal resources at the point of production through improved forage and disease control. When these benefits are compounded geometrically, as they only can be through effective and lasting infrastructure improvements, they are enormous.

The framework for the proposed activity is directed to producing, through the protocols, a climate conducive to improvements in infrastructure for the sector; the technical capability available to the Community will make possible the planning and directing of resources inputs

1/ The figure for Ivory Coast has been revised substantially upward. See Annex 4, Table 10.

to the most important improvements in this infrastructure; and the arrangements for coordination and promotion of multi-donor contributions may be anticipated to yield resources sufficient to permit lasting and economically sustainable improvements to infrastructure for the sector. Therefore, we conclude that:

(a) The proposed investments, taken in conjunction with the agreements for mutual cooperation among the Member States, will permit a significant increase in commercialization, and will bring about a favorable investment response within the private sector of the Member States; and

(b) The economic return from the proposed investment is favorable in comparison with alternative investment opportunities in the Member States.

C. Impact on U. S. Balance of Payments

Approximately $1.0 million of the Loan will be used for importation of eligible items, principally heavy equipment, nearly all of which will come from the United States. The remainder of the Loan will be used for direct purchase of CFA francs, and consequently will have a short-term negative effect. The purchase of local currency will be deferred until the point of actual expenditure for internal investment needs within the Member States. Thus, the bulk of such disbursements may be expected to occur during the last two years of the four-year disbursement period for the Loan.

III. LOAN ADMINISTRATION

A. Financial Plan

1. Financial Framework of the Entente Fund

Capital resources (Guaranty Fund) of the Entente Fund have been contributed over several years by the Member States. The Entente Fund has a current capital of $9.9 million (CFA 2,700,000,000) which will increase to $12.2 million (CFA 3,350,000,000) in 1971. The Entente Fund has 15 guarantees outstanding, totaling $8.1 million (CFA 2,236,441,000). Two of these will be fully repaid in 1971. There has been no payment defaults to date. Interest and guaranty fee receipts on hand total $316,000 (CFA 87,000,000), and additional receipts of $811,000 (CFA 223,000,000) are estimated for 1971. Apart from a reserve of $80,000 (CFA 22,000,000) required by the internal regulations of the Entente Fund, these revenues are available for operating expenses, investments, and could be utilized, at the discretion of the Entente Fund, to meet expenses associated with the A.I.D. Loan, including perhaps meeting shortfalls. The Guaranty Fund, on the other hand, has been set up to promote private investments, and as such, will not be available as security for the A.I.D. Loan. Current Financial Statements for the Entente Fund and projections for 1971 are in Annex 2.

The Convention of the Entente Fund does not appear to authorize a borrowing or lending authority for the Entente Fund. However, the Member States have recognized this point and have indicated willingness to provide specific authorization to the Entente Fund to undertake and administer the Loan. We will discuss with the Entente Fund and the Member States during the loan agreement negotiations the possibility of amending the Convention in lieu of a separate authorization.

The absence of this authority points out that the Entente Fund is undertaking a new function in the nature of an intermediate credit institution. However, their financial review of sub-loans is no different than that currently undertaken prior to exercise of their guaranty authority. They have a highly competent staff, and will be relying upon experienced commercial bank assistance for monitoring loan disbursements. Moreover, technical administration of investment implementation will rest with the Community. Thus, the Entente Fund appears fully qualified to perform the financial administration of the Loan.

2. Alternative Sources of Financing

The Loan is the first direct financial assistance to the Community. It supplements bilateral assistance to the livestock sector, and will serve as a catalyst in attracting increasing donor contributions to the livestock sector, coordinated through the Community. The needs of the sector can effectively employ all donor assistance which may be expected to be forthcoming (see Section II.B). As such, alternative sources of financing are not available. The activity has been discussed with IBRD, FAC, and FED, all of whom felt that the assistance would be appropriate and helpful in coordinating donor efforts in the sector.

An expression of non-interest in the financing of this activity was received from Ex-Im Bank on

3. Scope of Financing

The Loan will finance the importation of commodities and services (eligible items) needed for specific investments in the sector, and will finance, through direct dollar purchase, the local currency costs of the investments. It is estimated that imports will constitute about $1.0 million (or about 15% of the Loan). The remainder of the Loan will be for direct purchase of local currency.

The Loan amount of six million dollars reflects considera-tion of several key factors: (a) the limited availability of development loan funds within the Africa Bureau; (b) the level of investments identified and under discussion with the various donors which could be appraised and put into operation within the timetable for implementation of the activity; and (c) the magnitude of financial assistance which would serve as an effective means of encouraging cooperation among the Member States, and would help attract other donor support to the sector. We have concluded that the amount of the Loan can be effectively utilized for productive investment in the livestock sector.

4. Arrangements for Disbursement of the Loan

Purchase of eligible items will be accomplished using A.I.D. standard Letter of Commitment procedures. The eligible items will be portions of the total financing for individual investments and will be drawn-down over a three-year period.

Direct purchase of CFA francs with dollars will be accomplished through the U. S. Disbursing Officer. Direct purchase will be made at the time of actual disbursement (rather than at the point of commitment of an investment). These disbursements will be accomplished over a four-year period (rather than the planned 3-year commitment period). Significantly more than half of this amount will be disbursed during the last 2 years. This reflects the time required for appraisal of the investment and in most instances for effecting of the protocols, and for importation of essential equipment prior to expenditures to put the investments into operation.

5. Loan Repayment Scheme

The A.I.D. Loan to the Entente Fund is repayable in dollars. The loan agreement merely provides that the Member States will guaranty the dollar repayment. The allocation of responsibility among the Member States will be governed by a separate agreement executed between the Entente Fund and the Member States.

Sub-loans to public or private entities are repayable to the Entente Fund in CFA francs with maintenance of value. The sub-loan repayments are guaranteed by the benefitting Member States.

Sub-loan repayments are to be from revenue generated by the investments, to the fullest practical extent. It is estimated that 55% of the investments will yield returns sufficient to fully amortize the sub-loans; 15% may require some subsidization; and the remaining 30% will need to be repaid from budgeted resources of the Member State (these being entirely sub-loans to government entities).

Sub-loan repayments will be available to the Entente Fund for re-use for investments in the sector prior to scheduled repayment.

B. Timetable for Implementation

Based on our current assessment of the rate at which key elements of the activity can be accomplished, the following timetable is suggested:

Loan Authorization	Feb., 1971
Loan Signing	March, 1971
Conditions Precedent met for first tranche	June, 1971
First Letter of Commitment opened under first tranche	June, 1971
Commitment of CFA for investments appraised prior to completion of protocols	June, 1972
Protocols on cooperation in key areas	Sept., 1972
Conditions Precedent met for second tranche	Sept., 1972
First Letter of Commitment opened under second tranche	Oct., 1972
Begin commitment of CFA for investments related to protocols	Nov., 1972
Terminal date for request for Letters of Commitment for A.I.D. Loan	June, 1973
Anticipated final commitment date for sub-loans	June, 1974
Terminal Disbursement date for A.I.D. Loan	Aug., 1974
Anticipated completion of sub-loan disbursements	June, 1975

C. Execution Plan

The Loan will be disbursed in two tranches. An initial tranche of $2,000,000 will be for investments which may be made prior to execution of protocols. The remainder of the Loan will await execution of protocols, establishment of the consultative committee for coordinating donor assistance, and satisfactory showing of other donor support for the sector (see Section II. B).

1. Accomplishment of Agreements for Mutual Cooperation Among the Member States

The Community will draft and negotiate with the Member States, protocols in the following key areas, anticipated to be completed within the timeframe indicated below:

Statistics	Jan. 1972
Sanitary (health) regulation	Jan. 1972
Fiscal and Customs Policy	June 1972
Licensing of Merchants	Aug. 1972
Price	Aug. 1972

(The substance of these protocols are discussed in Section II. B.)

It is a condition precedent to disbursement of the second tranche of the Loan that each of the Member States execute and put into effect these protocols and any others deemed essential to the program. Where legislative action may be necessary to implement one or more of the protocols, the Member States have agreed to diligently pursue such action. Based on this commitment, there is a reasonable basis for believing that any such legislative action can be achieved without undue delay in the putting into effect of the protocols or implementation of the activity. The Community will be responsible to oversee their proper enforcement. Since $5.0 million of the Loan funds will be disbursed for direct purchase of local currency when needed for investments in the sector, the capability to withhold disbursement will provide effective leverage to assure that the protocols are adhered to.

2. Investments in the Sector

Appraisal of investments will be the initial responsibility of the Community. There has already been identification of a preliminary list of investments. The individual investments will be reviewed by the Community and modified as appropriate. The Community, using the advice of its technical advisors, will analyze the technical and financial viability of each investment, and will recommend the term and grace period for financing for sub-loans. It was decided at the June 1970 Conference of the Member States (see Section I. E) that all sub-loans would bear 2 per cent interest during the grace period and 3 per cent interest during the repayment period, and that only the term would vary based upon financial viability. The Conference recognized the desirability and equity of adjusting the loan term and grace period to the requirements of the individual sub-loans. When negotiating the loan agreement, we will emphasize the necessity of also establishing interest rates, which are appropriate to revenue producing or private sector sub-loans. We will also discuss the possibility of using the Entente Fund's authority to guaranty private sector projects.

When the Community acts favorably on an investment, it will file application on behalf of the sub-borrower with the Entente Fund. The Entente Fund will approve sub-loans. They will administer disbursement of sub-loans, acting through a responsible commercial bank experienced in A.I.D. financing requirements. Technical responsibility for supervision of implementation of sub-projects, and for coordination of all donor assistance, including appropriate technical assistance will rest with the Community.

It will be necessary for the Community to continually reappraise the priorities for new investments and the success and failures of its existing activities. Effective planning will remain a key element in attracting donor support.

The Community, under the guidance of the Entente Fund will move quickly to establish the consultative committee to coordinate donor assistance to the sector. The Executive Secretary of the Community has already been authorized by the Council of the Entente to pursue this task.

Within this framework, the Community will seek to identify priorities and project investment requirements, and, working with the Entente Fund, to seek the needed resources from the consultative group members and the Member States.

3. Standards for Loan Utilization

A.I.D. will not review individual sub-loans. The essence of the Loan is the provision of financial resources to a responsible regional institution in partial support of its program of investments in the livestock sector. As such, A.I.D. will insist on a clear definition of sub-loan policy, including identification of priorities, standards for sub-loans, and investment appraisal requirements. A tentative list of proposed sub-loans for each tranche will also be required (see Section III. D, conditions precedent Sections 3.01 (e) and 3.02 (a)). The Entente Fund will certify with each sub-loan approval that the sub-loan is consistent with the policy and standards. A.I.D. will consult with the Entente Fund and the Community periodically regarding investment policy and will assist the Entente Fund and the Community upon request in its review of sub-loans.

D. Conditions Precedent and Special Covenants

1. Conditions Precedent to Disbursement

Section 3.01. Conditions Precedent to Initial Disbursement Under the First Tranche of Two Million Dollars ($2,000,000).

Prior to issuance of the first Letter of Commitment or other disbursing authorization for a first tranche of not to exceed Two Million Dollars ($2,000,000) under the Loan, the Entente Fund (Borrower) shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An opinion of the chief legal counsel for the Borrower that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all its terms;

(b) An opinion of the Minister of Justice of each of the Guarantors of (Member States) that this Agreement and the Guaranty contained herein have been duly authorized and/or ratified by, and executed on behalf of, the Guarantor, and constitute valid and legally binding obligations of the Guarantor in accordance with all its terms;

(c) The name of the person or persons who will act as representative or representatives of the Borrower pursuant to Section 9.02 together with evidence of his or their authority and a specimen signature of each person certified as to its authenticity;

(d) Evidence that the Economic Community for Meat and Livestock of the Council of the Entente States ("Community") has the capability to undertake the administration of a regional livestock program of which the activity is a part, and a commitment from the Community to undertake the regional livestock program;

(e) A plan, for utilization of the funds from the first tranche, including adoption of a basic policy for sub-loans, adoption of standards for appraisal of sub-loans,

and the procedures under which all sub-projects will be appraised as to technical and economic viability prior to approval of the sub-projects for financing by the Borrower;

(f) A specimen sub-loan agreement, including a guaranty of sub-loan repayment by the Government of the country or countries of location of the sub-project, and evidence that such agreement is in form and substance satisfactory to each of the Member States; and

(g) An operating budget for the Borrower and for the Community covering at least one full year of operation.

Section 3.02. Conditions Precedent to Disbursement of the Second Tranche of Four Million Dollars ($4,000,000).

Prior to issuance of the first Letter of Commitment or other disbursing authorization for a second tranche of not to exceed Four Million Dollars ($4,000,000) under the Loan, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) A plan for utilization of the funds from the second tranche, complementing the plan provided pursuant to Section 3.01 (e), and an indication of the modifications thereto;

(b) Executed agreements by all of the Member States to programs of cooperation for statistics, fiscal and customs policy, health regulation, licensing of merchants, price and other areas deemed essential to effective implementation of the activity;

(c) Evidence of the formation of a consultative committee for multi-donor assistance to the Member States for livestock, including agreement to coordinate assistance to the livestock sector, whether on a regional or bilateral basis through the Consultative Committee; and

(d) A plan for multi-donor support of a regional livestock program, including evidence, showing committed and planned financial assistance by other donors of sufficient magnitude to permit new investments to result in increased commercialization of livestock.

Section 3.03. Terminal Dates for Meeting Conditions Precedent to Disbursement.

(a) If all of the conditions specified in Section 3.01 shall not have been met within three (3) months from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by giving written notice to the Borrower. Upon the giving of such notice, this Agreement and all obligations of the parties hereunder shall terminate.

(b) If all of the conditions specified in Section 3.02 shall not have been met within eighteen (18) months from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the amount of the Loan and/or may terminate this Agreement by giving written notice to the

Borrower. In the event of a termination, upon the giving of notice, the Borrower shall immediately repay the Principal then outstanding and shall pay any accrued interest and, upon receipt of such payments in full, this Agreement and all obligations of the parties hereunder shall terminate.

2. Special Covenants and Warranties

Section 5.01. Assistance to Meat and Livestock Community.

The Borrower shall take all necessary actions to assist the Community to administer the livestock program, including, but not limited to, all possible assistance in formulating and obtaining agreement and continued compliance of the Member States to each of the programs of cooperation to be provided pursuant to Section 3.02 (b), and in the formation of a Consultative Committee pursuant to Section 3.02 (c). The Borrower shall also make every effort to obtain other donor assistance for the livestock program and to coordinate such assistance through the Consultative Committee.

IV. DRAFT LOAN AUTHORIZATION

A.I.D. Loan No.
(Cap.Asst. Paper No. AID-DLC/P
Project No. 689-26-130-001

CAPITAL ASSISTANCE LOAN AUTHORIZATION

Provided from: Development Loan Funds
(Africa Regional: Entente Fund;
Livestock Sector)

Pursuant to the authority vested in the Administrator of the Agency for International Development (hereinafter called "AID") by the Foreign Assistance Act of 1961, as amended, and the delegations of authority issued thereunder, I hereby authorize the establishment of a loan pursuant to Part I, Chapter 2, Title I, the Development Loan Fund, to the Mutual Aid and Loan Guaranty Fund of the Council of the Entente States (hereinafter called the "Borrower") of not to exceed SIX MILLION DOLLARS ($6,000,000.00) to assist in the establishment of a common market for meat and livestock in financing the foreign exchange costs of commodities and commodity-related services ("Eligible Items") and the direct purchase of CFA francs for the purpose of assisting the successful operation of a common market for livestock and meat in the Entente Region, this loan to be subject to the following terms and conditions:

1. Interest Rate and Terms of Repayment.

The interest on this loan shall be two per cent (2%) per annum on the disbursed balance of the loan during the first ten (10) years of the loan and three per cent (3%) per annum for the remaining thirty (30) years of the loan. The principal of the loan shall be repaid in full within forty (40) years from the date of the first disbursement under the loan, and such repayment shall include a grace period of not to exceed ten (10) years from the date of first disbursement.

2. Currency of Repayment.

Provision shall be made for repayment of the loan and payment of the interest in United States Dollars.

3. Other Terms and Conditions.

a. Equipment, materials, and services financed under the loan shall be procured from the countries included in Code 941 of the AID Geographic Code Book as in effect at the time orders are placed for such goods and services.

b. The Borrower shall agree, either in the form of appropriate conditions precedent or covenants, or both, taking into account the timing in relation to implementation for the specific actions, that:

(1) A plan shall be submitted for utilization of the Loan, including the policy and criteria for sub-loans and identification of the type of investments proposed for financing;

(2) The Member States of the Borrower will enter into protocols of cooperation for areas deemed essential to effective implementation of the Loan; and

(3) A consultative committee shall be formed for multidonor assistance to the livestock sector.

c. This loan shall be subject to such other terms and conditions as A.I.D. may deem advisable.

Assistant Administrator for Africa

Date

AID-DLC/P-947
February 5, 1971

Africa Regional: Entente Fund - Livestock Sector

LIST OF ANNEXES

PROTOCOL

of Discussion of the Nature and Utilization of a Proposed A.I.D. Sector Loan to the Entente Fund

Participants: Delegation of Entente Fund
Representatives of A.I.D.

In the course of preliminary talks held at the Agency for International Development (AID), Washington, during the week of April 17, 1970, on the subject of a possible Agricultural Sector Loan to be provided by AID to the Mutual Aid and Loan Guaranty Fund of the Council of the Entente States (Fund), the participants reached an understanding on the points set forth below. The participants are aware that these points may require further confirmation in Washington and/or by the Chiefs of State of the Entente.

1. The Loan

a. AID is prepared to consider a loan in an amount and on terms to be agreed later but of the order of $6.0 million to the Fund on the understanding that arrangements along the lines described in Sections 2 and 3 below exist or will be established.

b. The Loan would be in the nature of a Sector Loan, i.e the imports to be financed by the dollar amount need not be related to the activity for which the loan is granted. It was understood that the FCAF equivalent of the dollar amount of the Loan, including any possible amount spent on project-related items, would be devoted in its entirety to agricultural activitie under the specific program supported by the Loan.

c. The FCAF equivalent of the Loan would be deposited with designated banks, as the U.S. goods are imported.

d. The Loan would be used to finance an equivalent amount of imports from the United States to the Entente States, apportioned among them as agreed between the member states and the Fund. The authorities charged with the management of imports would make every effort to increase imports from the U.S. (e.g. above the average last three years).

e. The current minimum terms for this type of loan provides for a forty-year period of maturity, including a ten-year grace period with interest at 2% during the grace period and 3% for the remaining thirty years. Payment of principal and interest is in U.S. dollars. These terms are subject to change by Congressional action prior to signing the agreement.

f. AID will require suitable guarantees for the loan.

2. The Organizational Framework

a. Pursuant to decisions of the meeting at Lome on 25-26 April 1970 of the Chiefs d'Etats of the Entente, there has been established an Entente Economic Community for Cattle and Meat with headquarters at Ouagadougou.

b. The Fund would make loans to the States or to national or regional public bodies at concessional rates of interest. These loans would be made for separately identified projects. The maturities of these FCAF loans would be determined in accordance with the activity supported.

c. The participants understood that the management of these FCAF loans would be entirely in the hands of the Fund. On the basis of mutually agreed criteria and procedures, the loan applications will be submitted for approval to a Board of Trustees (Conseil de Tutelle). This Board would consist of two representatives from each State, one of whom would be a banking specialist, plus a representative of the Fund, an observer from AID, and such other observers as the Fund may wish to invite (e.g. IBRD and F.A.C.).

3. <u>The Program</u>

a. It was agreed that the utilization of the FCAF equivalent of the Loan would be devoted in its entirety to the financing of Entente-sponsored livestock and grain programs.

b. The specifics of the grain projects remain to be worked out and agreed.

c. The livestock program, on the other hand, would be based on the guidelines agreed by the delegations of the Conseil de l'Entente at Niamey on February 26 - March 6, 1970. The two basic objectives of these guidelines for the general program which the Loan would be intended to support were understood to be these:

(1) To work toward the creation of an Entente Common Market for livestock and meat.

(2) To have outside aid made available, to the extent possible, within a regional framework.

d. The participants confirmed that there were two categories of activities to be financed by the FCAF equivalent of the Loan:

(1) Activities or projects that could be started before the final agreements implementing the Common Market were completed and ratified, and

(2) activities or projects that would have to wait until these agreements were firmly established.

The first group would include such projects as selected track routes. The second group would include such projects as cattle markets.

The Representatives of the Fund stated their hope that a loan agreement would be concluded sometime in the first quarter of 1971. The AID representatives stated that they would be greatly helped in meeting this time schedule if the formal loan application, besides stating the objectives of the FCAF expenditures, were to indicate the time table of the other sources of assistance to the programs which the AID is intended to support.

<u>Loan Application</u>

Annex 1B

Letter No. [illegible]

December 11, 197[illegible]

United States Agency for
International Development
Department of State
Washington, D.C. (USA).

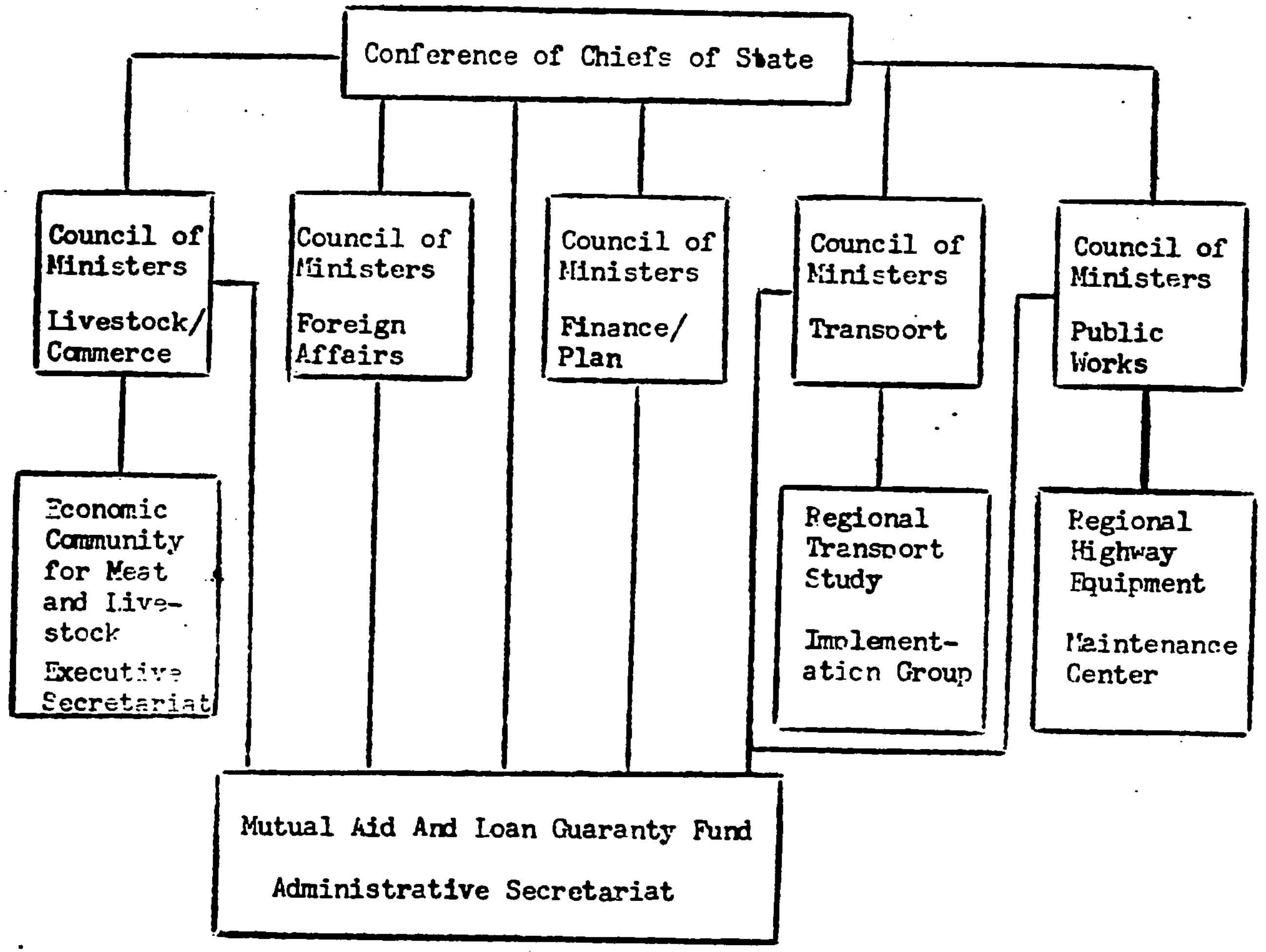
Dear Sirs:

Pursuant to the Protocol of Understanding reached in Washington, D.C. between the delegation of the Entente Guaranty Fund of the Council of the Entente and representatives of A.I.D. during the week of April [illegible], 197[illegible] and subsequent discussions relating thereto held in Abidjan, Ivory Coast between A.I.D. regional representatives and the Entente Guaranty Fund, this is to request officially that A.I.D. accord a Loan of $[illegible] on special terms for the livestock and meat sector of the economies of the Entente States.

The proceeds of this Loan will be used in connection with regional infrastructural investments in the production and marketing of livestock and meat, as envisaged in the Convention approved on May 1[illegible], 197[illegible] by the Governments of the Republic of the Ivory Coast, of Dahomey, of Niger, of Togo and of Upper Volta establishing at Ouagadougou, Upper Volta, the Economic Community of Livestock and Meat.

Sincerely,
Paul KAYA
Administrative Secretary

ORGANIZATION CHART FOR THE COUNCIL OF THE ENTENTE



Note: Council of Ministers operates as a Board of Directors and comprises representatives of particular Ministries of the Member States. The Administrative Secretariat of the Entente Fund participates in each of the Council of Ministers.

C O N V E N T I O N

creating

THE MUTUAL AID AND LOAN GUARANTY FUND

of the

ENTENTE COUNCIL

The Government of the Republic of the Ivory Coast
The Government of the Republic of Dahomey
The Government of the Republic of Upper Volta
The Government of the Republic of Niger
The Government of the Togolese Republic

- anxious to promote the economic development of their countries,
- conscious of the need for large-scale recourse to international cooperation in the financing of their economic development projects,
- wishing to provide a maximum of guaranty and security for the foreign capital invested in their countries,
- wishing to coordinate and harmonize their efforts to ensure an accelerated and uniform economic development for their countries,

have agreed on the following arrangements:

Article I. - There is instituted among the signatory States, replacing the solidarity Fund created May 29, 1959, a "LOAN GUARANTY FUND", a public International Organization, financial in character with legal status and financial autonomy.

Its headquarters shall be located in Abidjan.

Article 2. - The Fund has as its purpose the guaranteeing of productive loans from outside the Entente States:

- issued or contracted for by the States, public or semi-public institutions, or private enterprises having their registered office and main field of activity in one or more of the member States, and

- having as their purpose the financing of profitable industrial, agricultural, and commercial projects and of infrastructure projects.

Article 3. - The Fund's commitments shall be secured by liquid assets in French francs deposited in a financial institution of international reputation.

The Fund's guaranty ceiling is limited to ten (10) times the face value of its resources.
No one project may absorb more than 15% (fifteen per cent) of the Fund's guaranty potential.

Article 4. - The State in which an investment is made and for which a loan is guarantied shall sign a guaranty in favor of the Fund. It shall undertake to include in its annual budget the yearly instalment figure for such loan.

In case of default by the principal debtor the State in which the investment is made shall submit the matter to the Administrative Council of the Fund which shall advance the yearly instalment, subject to repayment and free of interest.

As long as the State referred to above shall not have satisfied the claims of the Fund, consideration of all applications for new guaranties on behalf of the said State shall be suspended.

Article 5. - The Fund's resources shall be derived:

- from an endowment constituted by the annual payments of the States, these being determined every five years by the Administrative Council;
- from subsidies and gifts;
- from the proceeds of its investments;
- from the proceeds of payment for its guaranty, the guaranty commission being determined according to the risk covered, in conformity with the provisions of the Internal Regulation.

Non-payment by a State of its participation shall preclude consideration of guaranty applications from that State.

In any case, as a provisional measure for the first two years the States are committed to provide jointly an annual contribution of 650 million CFA francs to the Fund.

Article 6. - The Fund shall be administered by an Administrative Council which delegates its powers to a Management Committee.

The Administrative Council shall be made up of the Chiefs of State of the Entente Council; it shall be presided over by the Chairman in office of the Entente Council.

The Management Committee shall be made up of two representatives for each State. Its Chairman shall be one of the representatives of the State whose President presides over the Entente Council.

An administrative secretary shall examine guaranty applications and, on behalf of the competent organs of the Fund, shall supervise the negotiation and realization of loan projects approved by the Fund as well as debt servicing. Both the Administrative Council and the Management Committee shall take decisions by the unanimous vote of their members.

Article 7. - Projects submitted to the Fund for consideration shall be accompanied by a dossier of technical, economic, and financial studies. To supplement its information the Fund may submit the dossiers of projects for which guaranties are sought to a consulting firm included in a list duly approved by member States.

An internal regulation will govern all procedures applied by the Fund.

Article 8. - All management documents committing the Fund must bear the signatures of two persons duly authorized by the Management Committee.

Article 9. - Each year a firm of accountants designated by common consent shall examine the management of the Fund and report to the Administrative Council. This report as well as the semi-annual position reports must be widely publicized.

Article 10. - Each year member States must submit to the Entente Council a report on the economic progress they have accomplished and the difficulties they have encountered.

Article 11. - In case of a State's withdrawal it may not claim payment of its share of the Fund's assets until after the liquidation of the commitments assumed by the Fund during the period when it was a member.

In accordance with Article 4 above, it shall remain equally bound by the commitments assumed by it with respect to the Fund. No compensation will be granted in favor of the State which withdraws.

Article 12. - In the event of dissolution, the Fund's resources shall remain earmarked for guaranty of its commitments.

For the Government of the Republic of the Ivory Coast:
Félix HOUPHOUET-BOIGNY

For the Government of Upper Volta:
Lt. Col. SANGOULE LAMIZANA

For the Government of the Republic of Dahomey:
General Christophe SOGLO

For the Government of the Republic of Niger:
HAMANI DIORI

For the Government of the Togolese Republic:
Nicolas GRUNITZKY

N° 10/CE/FONDS/CA/70
ANNEX 2 C

CONVENTION RELATING TO THE CREATION OF AN ECONOMIC COMMUNITY OF LIVESTOCK AND MEAT AMONG THE ENTENTE STATES

The Government of the Republic of the Ivory Coast
The Government of the Republic of Dahomey
The Government of the Republic of Upper Volta
The Government of the Republic of Niger
The Government of the Togolese Republic

- Taking into account the bonds which unite them within the Council of the Entente

- Desirous of assuring the economic development of their respective countries and particularly of the rural sphere

- Concerned to assure to their populations the satisfaction of food needs, particularly in the matter of meat

- Recording the interdependence which exists among the countries members of the Entente and among them and their neighbors on the trade in livestock and meat, and in production and animal health

- Conscious of the efficacity which international cooperation within a regional framework can have in this matter.

Affirm by the present convention their common will to cooperate among themselves and to negotiate in common with their neighbors, with the Common African and Malagasy Organization (OCAM) of which they constitute a sub-region and with the outside world in general, on problems relating to the production, the processing and the trade in livestock and meat.

To this effect they have agreed on the following arrangements:

Article 1. - The high contracting parties constitute by the present Convention an Organization called the Economic Community of Livestock and Meat of the States of the Entente hereinafter designated the Community.

Article 2. - The aim of the Community shall be to promote in common in a regional framework the production and trade in livestock and meat:

- inside their respective frontiers
- among member countries
- among member and third countries, bordering or not, notably those grouped within OCAM.

Article 3. - The Community shall be brought into being by a series of successive agreements which will be entered into

1°/- Between the member States
2°/- Between the member States and others having the right to do so.

These agreements may be:

- technical cooperation agreements
- trade agreements
- payment agreements
- financial agreements
- agreements for the harmonisation of legislation:
  - customs
  - fiscal
  - professional
  - sanitary

  and bank credit

The totality of agreements entered into and the present convention will constitute the charter of the Community.

This should lead to the creation of a true common market of livestock and meat among the member States.

Article 4. - On their request, there can be admitted in the capacity of "Associates of the Community":

1°/- States not members of the Entente Council, desirous of benefitting from the advantages of the Community and which negotiate agreements with them to this effect.

2°/- States not members of the Entente Council, or International Organizations which, without benefitting from them, are desirous of participating as friendly parties in the building of the Community, by furnishing assistance in personnel, in kind or in money.

The "Associates" shall be represented at the meetings of the Council of Ministers envisaged by article 7 of the present convention by a delegate having a consultative vote.

Article 5. - The maintenance of a contracting party in the Community shall be subordinated to the observance of obligations flowing from the agreements envisaged in article 3 of the present convention, to the payment of contributions towards the functioning of the Community and the furnishing of statistical data.

In case of grave and prolonged default, the Member State may be excluded from the Community.

Article 6. - The organs of the Community shall be:
- the Council of Ministers
- the Executive Secretariat.

Article 7. - The supreme organ of the Community shall be the Council of Ministers of the member States.

It shall be composed of two Ministers per member State or their representatives duly commissioned; one of these Ministers shall be the one concerned with problems of production and animal health. The other shall be the one concerned with problems of trade and economic affairs. It shall be presided over in turn for a period of two years.

It shall meet at least once a year, on the convocation of the Chairman.

Convocations to meetings of the Council shall be addressed at least one month before the date of these meetings.

The convocations shall be accompanied by an agenda fixed by the Chairman, as well as presentation reports concerning the questions submitted for the examination of the Council of Ministers.

Article 8. - The Council shall define general policy and shall set the contributions of member States.

It shall see to the execution of its directives

It shall sign the agreements envisaged in article 3 when these agreements concern the totality of States members of the Community.

Article 9. - Decisions of the Council shall be taken by the unanimity of its members. They shall be notified by its Chairman to the Executive Secretary. Contentious points shall be submitted to the nearest conference of Chiefs of State of the Entente Council.

Article 10. - Every deliberation of the Council shall be the subject of an official report of the minutes.

Article 11. - The Council shall give an account of its activities to the Conference of Chiefs of State of the Entente Council.

Article 12. - The Council can only deliberate validly if all the member States are present or represented.

Article 13. - The Executive Secretariat shall have the role of permitting the putting into operation of a common market of livestock and Meat among the States Members and associates of the Community, and to this effect:

- to collect, outside as well as inside the zone, all information judged useful on the physiognomy and evolution of the livestock and meat market;

- to normalize and to centralize the statistical information which the States furnish to it on:
  - livestock and animal production
  - commercial movements across and inside frontiers
  - the evolution of supply and demand
  - the prices prevailing in various periods and their mode of formation
  - the intermediary costs and, notably, the costs of transport
  - the profit margins of the interested professions
  - the sanitary situation, etc...

- to synthesize this information and to disseminate it among the interested parties;

- to coordinate the programs for the eradication of epizootic disease;

- to exploit the information collected and to draw from it lessons in the form of concrete proposals of programs of improvement to submit to the Council.

These programs shall pertain notably to the improvement of conditions of trade:

- by measures of adaptation and harmonization
  - of customs, fiscal, and sanitary laws

- of the organization of professions concerned
- of prophylaxis;
- by the putting into operation of necessary equipment - sanitation posts, markets, abattoirs;
- by the promotion of bank credit;
- by trade and payment agreements.

The present list of activities of the Secretariat shall not be restrictive. The contracting parties reserve the possibility of deciding to confide to it any study, or any intervention that they shall judge usefully enters into the subject matter of the present convention.

They agree moreover to limit their assignments for the carrying out of studies or of interventions decided conjointly, and the elaboration of programs and proposals, without assigning to it authority of any sort over the Governments. The decisions which flow from these shall be taken by each Government in so far as they concern the internal arrangements of the States and of a common agreement by the Governments concerned when it is a question of inter-state agreements.

<u>Article 14.</u> - The Secretariat shall be installed at Ouagadougou. It can be transferred at any moment to another member State of the Community.

<u>Article 15.</u> - The Secretariat shall be administered by an Executive Secretary named by the Conference of Chiefs of State of the Entente Council on the proposal of the Council

of Ministers. His functions shall be terminated under the same conditions.

Article 16. - The Executive Secretary shall hold his powers from a delegation of the Council.

Article 17. - The Executive Secretary shall assure, under the authority and the control of the Chairman of the Council, the functioning of the Secretariat. He shall be responsible before the Council for the carrying out of the decisions of the latter.

He shall have under his orders all the personnel of the Secretariat.

He shall proceed to the recruitment and to the licensing of subordinate staff, employees and workers. He shall execute the budget of the Community under the control of a financial controller.

He shall be considered as an international civil servant, and, in this capacity, shall enjoy diplomatic status.

Article 18. - The Chairman of the Council shall name senior staff of the Secretariat from among the candidates presented by the member States. He shall terminate their functions.

This senior staff must be technicians of a high level of competence and experienced in the disciplines corresponding to the programs of work fixed by the Council which shall fix their number and their qualifications.

They shall be placed under the authority of the Executive Secretary from whom they shall receive orders and to whom they shall account for their execution.

Article 19. - The salaries of the Executive Secretary and the senior staff shall be fixed by the Council.

Article 20. - The subordinate staff, the employees and the workers, shall be recruited by the Executive Secretary and placed under his authority. They shall be subject to the labor code in force in the country where they exercise their activities.

They shall not have the status of international civil servants and shall not enjoy diplomatic status.

Their number shall be fixed by the Council at the time of the establishment of the budget.

Article 21. - Each member or associated State shall designate from within its competent services an official, by preference a Veterinary-Doctor, as correspondent of the Secretariat, charged notably with gathering and transmitting to it statistical and technical information, and with receiving and disseminating information furnished by the Secretariat.

This correspondent shall not be a member of the Secretariat and shall not be remunerated by it.

Article 22. - Any independent and sovereign African State, member of the Entente Council, can notify to the presiding Chairman of the Conference of Chiefs of State, its intention to adhere to the present convention.

Seized with this request, he shall inform all the members of it. Admission shall be decided by unanimity of the members of the Community.

This decision shall be communicated by the presiding Chairman of the Conference of Chiefs of State to the State concerned.

Article 23. - Any State which desires to withdraw from the Community shall inform in writing the presiding Chairman of the Conference of Chiefs of State.

Notification of it shall be made by him to the other member States.

One year after the aforementioned notification, the present convention shall cease to apply to this State which, by that fact, shall no longer belong to the Community.

Article 24. - The present convention can be amended or revised if a member State shall address a written request to that effect to the presiding Chairman of the Conference of Chiefs of State.

He shall advise the other member States of it.

The amendment shall only take effect when it is unanimously approved by the Conference of Chiefs of State.

Article 25. - The present convention shall be ratified or approved by the signatory States in conformity with their respective constitutional procedures.

The original instrument shall be deposited with the Government of the Republic of Upper Volta which will transmit the certified copies of this document to all the signatory States.

The instruments of ratification or of approval shall be deposited with the Government of Upper Volta which will notify their deposit to all the signatory States.

Article 26. - The present convention shall enter into force one month after all the signatory States will have deposited with the Republic of Upper Volta their instruments of ratification or approval.

Done at Abidjan, the 10th of May 1970"

For the Government of the Republic of the Ivory Coast
/ss/
Félix HOUPHOUET-BOIGNY

For the Government of the Republic of Dahomey
/ss/
Hubert MAGA

For the Government of the Republic of Upper Volta
/ss/
Sangoulé LAMIZANA

For the Government of the Republic of Niger
/ss/
HAMANI Diori

For the Government of the Republic of Togo
/ss/
Etienne EYADEMA

ANNEX 2D
Page 1 of 2

MUTUAL AID AND LOAN GUARANTY FUND OF THE COUNCIL OF THE ENTENTE

Accumulated Capital and Interest

($000)

1970

	CAPITAL	INTEREST
Subscription	360	25
1967	2,364	165
1968	2,364	165
1969	2,211	154
1970	2,211	124 1/
Total	9,510	633
Miscellaneous Receipts		34
Total Receipts		667
Other Sources		316
Total		983

Guaranty Obligations

15 Guaranties outstanding totalling $8.1 million

1971

	CAPITAL	INTEREST
Subscription	360	25
1967	2,364	165
1968	2,364	165
1969	2,364	165
1970	2,364	165
1971	2,364	124 1/
Total	12,180	809

1/ Figure represents receipts for [illegible] months only.

Miscellaneous Receipts	32
Total Receipts	841
Budget Carry over from 1970	316
Total Funds available	1,157

Expenditures
($000)

1970	
Council of Ministers Operations	98
Functioning of the Secretariat	181
Construction	272
Budget Reserves	116
Total	667
1971	
Council of Ministers Operations	58
Functioning of the Secretariat	186
Construction	606
Budget Reserves	116
Meat and Livestock Community	87
Total	1,053
Budget carry- over projected	104
Total	1,157

Annex 3

Received Aug. 1970.

Anticipated Use of the A.I.D. Loan for Investment in the Livestock Sector

Part 2	Projects Under A.I.D. Credits
Ivory Coast	3 projects
Dahomey	5 projects
Upper Volta	7 projects
Niger	4 projects
Togo	4 projects

A. Place of the A.I.D. Loan in the Livestock Activities of the National Development Plans of the Member States.

State	($ 000) Total Financing for Sector in National Development Plan	Anticipated A.I.D. Financing	% of Loan	A.I.D. financing as % of Total
Ivory Coast	19,450	1,200	(20)	6%
Dahomey	3,225	920	(15.3)	29%
Upper Volta	12,400	1,340	(22.3)	11%
Niger	11,090	1,650	(27.7)	15%
Togo	5,715	890	(14.8)	16%
Total	51,880	6,000	100.0	11.5%

B. **Foreign Exchange and Local Currency of Projects.**

($ 000)

State	Local Currency Equivalent	Foreign Exchange
Ivory Coast	560	95
Dahomey	675	243
Upper Volta	1,166	172
Niger	1,273	211
Togo	616	272
Total	4,290 (82%)	993 (15%)

Breakdown not available for remaining $717,000; Ivory Coats 547,000, Niger 170,000.

C. Apportionment of Projects ready for financing upon completion of technical evaluation and of those awaiting execution of protocols.

($ 000)

State	Total Immediate Potential	Anticipated for 1972	Awaiting Protocols	Total Project
Ivory Coast	0	0	1,200	1,200
Dahomey	474	176	446	920
Upper Volta	360	267	980	1,340
Niger	975	578	675	1,650
Togo	417	212	473	890
Total	2,226	1,233	3,774	6,000

D. Breakdown of A.I.D. Loan Financing by Type of Commodity or Services.

State	Studies	Works	Equipment	Administration & Supplies	Personnel	Total
Ivory Coast	--	596	95	509	--	1,200
Dahomey	--	228	122	548	22	920
Upper Volta	--	577	172	536	55	1,340
Niger	--	1,350	300	---	--	1,650
Togo	--	408	289	160	33	890
Total	0 (0)	3,159(52.7%)	978(16.3%)	1,753(29.2%)	110(1.8%)	6,000

E. Identification of Specific Projects ($ 000)

Ivory Coast (3 Projects)
(All awaiting Protocols)

	1972	1973	1974	Total
1. Regional Program in North (Traditional Production) (Awaiting Protocol for Animal Health)	----	327	327	654
2. Extention of Breeding Ranch for N'Dama Livestock - Avou Kouamekro (Modern Production) (Awaiting Protocol on Price)	----	273	273	546
3. Extension of Breeding Ranch N'Dama livestock at Sipilon and mixed farming (Modern Production) (Awaiting Protocol on Price	----			
Total	----	600	600	1,200

DAHOMEY (5 Projects)	1972	1973	1974	Total
Immediate Implementation				
1. Commercialization Project				
Malanville Post	21	--	--	21
Livestock Post(Malanville-ParaKou)	59	60	--	119
Livestock Market	--	18	--	18
Livestock Market at Cotonou	--	20	6	26
Total	80	98	6	184
2. Processing and Distribution Project				
Equipping Retail Market -Porto-Novo	-	--	84	84
Equipping Retail Market -Para Kou			15	15
Total	--	--	99	99
3. Rescue of Young Calves - Borgou (Traditional Production)	96	--	96	192
Total Immediate Implementation	176	98	201	475
Awaiting Protocols				
4. Annimal husbandry - palm plantation (Traditional Production) (Animal health)	-	27	200	227
5. Okpara Ranch (Modern Production) (price)	-	108	110	218
Total awaiting protocols	--	135	310	445
Dahomey Total	176	233	511	920

Upper Volta (7 Projects) Immediate Implementation	1972	1973	1974	Total
1. Livestock tracks and related markets				
Niger Sabba - Puytenga track	22	20		42
Sabba livestock market	18	15	---	33
Sampelga control post (commercialization)	15	--	---	15
Total	55	35		90
2. Livestock tracks and related markets				
Mali-Diguel-Djibo -				
Bougue- Kongoussi - Kaya track	--	25	[illegible]	49
Djibo livestock market	18	15	--	33
Petegolli control post (Commercialization)	15	--	--	15
Total	33	40	[illegible]	97
3. Dori livestock market	18	15	--	33
Gorom livestock market (Commercialization)	18	15	---	33
	36	30		66
4. Ouagadougou livestock market (Commercialization)	109	--	--	109
Total Immediate Implementation	233	105		362

Awaiting Implementation	1972	1973	1974	Total
5. Pasture Fodder Koudougou (Modern Production) (Price)	--	169	53	222
6. Pasture Fodder Dedougou (Modern Production) (Price)	--	169	53	222
7. Sanitary Control				
Sanitary "hat" Mali Frontier and livestock track	--	254	250	504
Sanitary Post Tin Hakoff	--	15	---	15
Sanitary Post Soum (Traditional Production) (Animal Health)	--	15	---	15
Total		284	251	534
Total awaiting Protocols		622	356	978
Total Upper Volta		727	380	1,340

Niger (4 Projects)	1972	1973	1974	Total
Immediate Implementation				
1. Livestock tracks and Markets				
Equipment of tracks and markets in West	390	390	--	780
(Commercialization)				
2. Slaughter house, drying sheds Tahoua and Maradi (Processing and distribution)	182	--	--	182
Total Immediate Implementation	566	396	--	962
Awaiting Protocols.				
3. Slaughter house Refrigeration Equipment Niamey (Processing and distribution) (Fiscal-customs and price)	---	509	-	509
4. Intensive Pasture Land				
Peasant Pasture land	---	54	[illegible]	108
Irrigated pasture land (Modern Production) (Price)	---	36	[illegible]	71
Total	---	90	[illegible]	180
Total awaiting protocols	---	599	[illegible]	688
Total Niger	566	995	[illegible]	1,650

Togo (4 Projects)	1972	1973	1974	Total
Immediate Implementation				
1. Livestock tracks and related markets				
Livestock track-Koundjouare and Nadjoundi-Mango-Sokode	52	57	---	109
Livestock Markets-Mango, Anie Dapango and Atakpame	18	27	---	45
Livestock terminal Market-Lome (Commercialization)	50	--	---	50
Total	120	84	---	204
2. Markets and Slaughter houses				
Retail Market - Lome	--	44	---	44
Slaughter house at Gando and Slaughterhouse equipment - Sokode	10	3	---	13
Equipment - 20 Secondary Slaughter houses	36	--	---	36
Construction -26 slaughter parks	15	15	4	34
17 Secondary wholesale butcher shops (Processing and distribution)	31	31	31	93
Total	92	93	35	220
Total Immediate Implementation	212	177	35	424
Awaiting Protocols				
3. Adele Ranch (Modern Production) (Price)	---	94	94	188
4. Sanitary Operation for small ruminants				
Sorad Central and Sorad Kara	--	139	139	278

(traditional production) Animal Health)				
Total Awaiting Protocols	--	[illegible]	233	466
Total Togo	212	410	268	890

Economic Data for the Entente Region

List of Tables

TABLE 1.

ANNEX 4.

Entente States: Bank Credit To Private Sector.

(In millions of U.S. dollars)

	6/67	6/68	6/69	6/70
Ivory Coast	176.0	234.0	248.0	322.0
Upper Volta	13.0	11.6	16.4	20.1
Niger	30.0	33.7	34.8	34.8
Togo	12.6	15.3	20.7	24.4
Dahomey	16.4	17.6	23.3	25.4
Total Entente	248.0	312.2	343.2	426.7

Source: International Monetary Fund; International Financial Statistics, Oct. 1970; see Monetary Survey, Claims of Banking System on Private Sector.

TABLE 2

ANNEX 4

Entente States: Accumulation of Central Bank Foreign Assets

(In millions of U.S. dollars)

	6/67	6/68	6/69	6/70
Ivory Coast	60.8	66.8	73.0	89.0
Upper Volta	13.7	19.0	23.9	33.5
Niger	1.8	3.9	3.3	15.4
Togo	19.6	21.2	23.0	27.9
Dahomey	8.7	6.2	7.9	11.6
Total Entente	104.6	117.1	131.1	177.4

Source: International Monetary Fund; International Financial Statistics, Oct 1970.

TABLE 3

ANNEX 4

Entente States: Overall Trade Balances and Trade Balances with France

(In millions of U.S. dollars)

	Ivory Coast Total(a)	Ivory Coast France(b)	Upper Volta Total(a)	Upper Volta France(b)	Niger Total(a)	Niger France(b)	Togo Total(a)	Togo France(b)	Dahomey Total(a)	Dahomey France(b)	Total Total	Total France
1965	36.5		-19.8		-11		-16.1		-18.5		-65	
1966	46.8		-19.3		- 9.1	+3.7	-10.1		-20.6		-49.1	
1967	55.0	6.1	-20.3	- 9.7	-10.1	+3.7	-11.6	5.4	-29.4	-9.9	-71.4	- .5
1968	97.8	19.8	-17.6	-11.2	-11.2	-2.9	- 7.6	7.7	-24.5	-6.8	-60.9	-13.2
1969	115.0	57.0	-27.4	-15.2	-23.0	-[illegible].0	-11.6	4.6	N.A.	-9.7	-86.5	-28.3

Sources: (a) IMF, International Financial Statistics, October 1970

(b) BCEAO Annual Reports 1968, 1969 (all figures 9 months of year shown and 3 months of the preceding /year/

(c) Bulletin de l'Afrique Noire, November 1970

Note: Figures for totals in column (6) are not adjusted for trade between Ivory Coast and the other Entente tates and are therefore approximate.

TABLE 4 ANNEX 4

Entente States: AID Disbursements from Selected Principal Sources

October 1968 through September 1969
In million of U.S. dollars

	FAC	CCCE	FED	TOTAL	A.I.D.
Ivory Coast	3.4	7.9	9.8	21.1	0.9 a/
Upper Volta	3.5	1.4	7.4	12.3	0.7
Niger	5.2	7.0	4.2	16.4	1.4
Togo	4.1	.5	5.1	9.7	0.5
Dahomey	3.0	.3	3.2	6.5	0.3
Total, above	19.2	17.1	29.7	66.0	3.8
Regional	12.3 b/	1.9 b/	----	14.3	.6
Total	31.5	18.0	29.7	80.3	4.4

Source: 1969 Annual Report of Banque Centrale des Etats de l'Afrique de l'Ouest.

a/ Includes PL 480

b/ Estimated in each case as 1/2 of total regional aid to all of Africa and Madagascar.

Table 5 - Entente States: Output of Traditional and "New" Cash Crops for Export 1965/66 to 1968/69

(In thousands of metric tons)

Traditional Export Crops	1965/66	1968/69	Percent Change
Coffee			
Ivory Coast	272.6	210.1	-23%
Dahomey	.7	2.0	180%
Cocoa			
Ivory Coast	113.3	141.8	23%
Togo	14.8	20.0	33%
Ground Nuts			
Niger	156.1	163.7	4%
Upper Volta	8.4	10.3	21%
Togo	3.4	5.1	48%
"New" Export Crops			
Palm Kernels			
Dahomey	51.7	62.7	20%
Palm Oil			
Ivory Coast	14.8	21.6	45%
Dahomey	29.0	37.6	30%
Cotton			
Ivory Coast	10.3	42.3	315%
Dahomey	6.4	23.1	260%
Upper Volta	7.4	32.0	330%
Niger	6.1	7.0	12%

Source: Annual Report 1969, BCEAO.

TABLE 6

Entente States: Investment Budgets — Last Actual Year Available

(In millions of U.S. Dollar equivalent)

	Expenditures	Principal Financing Sources a/	Per cent of Current Budget
Ivory Coast (69)	98.8	L,T	58%
Upper Volta (71)	3.4	cbs	9%
Niger (71)	5.7	cbs b/	15%
Togo (69)	1.8	n.a.	8%
Dahomey (69)	2.4	n.a.	9%

Source:

Notes: a/ L (loans), T (Taxes) cbs (current budget surplus)

b/ About one-third financed by French aid — FAC, CCCE.

TABLE 7.

ANNEX 4

Entente States: Governments' Net Positions vis-a-vis The Banking System a/

(In millions of U.S. dollars)

	6/67	6/68	6/69	6/70
Ivory Coast	36.5	36.6	40.5	65.8 b/
Upper Volta	.4	3.2	7.9	13.8
Niger	4.0	4.0	4.9	7.3 c/
Togo	10.3	9.1	9.1	10.3
Dahomey	- .7	- 1.3	- 1.3	- .4
Total Entente	50.5	51.6	61.1	97.8

Source: International Monetary Fund; International Financial Statistics, October 1970.

a/ Monetary Survey, claims on Government (Net)

b/ End of April

c/ Of this, however, only about $ 3.5 million equivalent was with the Central Bank.

TABLE 8

ANNEX 4

Tax Revenue 1/ 2/

(In millions of U.S. dollars equivalent)

Ivory Coast

	1963	1964	1965	1966	1967	1968	1969
Direct Taxes	13.85	16.04	17.53	18.62	24.36	27.40	29.71
Indirect Taxes	75.85	79.81	87.93	101.82	106.62	116.73	125.27
Miscellaneous	10.28	10.88	10.45	11.56	13.75	12.24	10.47
Total	99.98	106.73	115.91	132.00	144.73	156.37	165.45

Dahomey

	1963	1964	1965	1966	1967	1968	1969
Direct Taxes	--	1.98	1.88	2.83	6.00	6.95	--
Indirect Taxes	--	14.31	14.27	16.12	14.36	15.03	--
Miscellaneous	--	.45	.38	.34	.35	.35	--
Total	--	16.74	16.53	19.29	20.71	22.33	--

ANNEX 4

TABLE 8 Continued

Niger

	1963	1964	1965	1966	1967	1968	1969
Direct Imports	--	—	--	—	12.41	13.53	13.02
Indirect Imports	—	—	—	--	19.16	18.89	20.13
Miscellaneous	--	—	--	--	1.02	1.12	.89
Total	--	—	—	—	32.59	33.54	34.94

Togo

	1963	1964	1965	1966	1967	1968	1969
Direct Imports	.89	—	1.44	1.57	1.82	2.19	2.60
Indirect Imports	9.95	—	10.71	14.16	14.88	16.30	16.91
Miscellaneous	1.31	—	1.49	1.53	1.64	1.62	2.00
Total	12.15	—	13.64	17.26	18.34	20.11	21.51

TABLE 8 Continued

Upper Volta

	1963	1964	1965	1966	1967	1968	1969
Direct Imports	--	--	--	7.67	7.61	7.84	--
Indirect Imports	--	--	--	17.06	15.84	18.09	--
Miscellaneous	--	--	--	6.35	5.00	5.21	--
Total	--	--	--	31.08	28.45	31.14	--

1/ Source: Memento Statistique de l'Economic Africaine, No. 557 Bulletin for Black Africa (1969).

2/ Direct Taxes include corporate, personal income, employment compensation, business and property taxes; Indirect Taxes include import duties, export duties, internal tax on value added, registry and stamp tax, and excise taxes; license taxes have been included in miscellaneous.

TABLE 9

ANNEX 4

Government Operating Budget - Livestock

Ivory Coast	Personnel	Equipment	Capital Investment	Total	Government Budget	% of Government Budget
1966	580	640	780	1990	132000	1.5%
1967	880	589	687	2156	145000	1.5%
1968	876	557	826	2259	157000	1.4%
1969	1088	691	780	2693	169000	1.6%
1970	1196	691	964	2851	179000	1.6%
Dahomey						
1966	213	77	---	290	26000	1.2%
1967	277	84	---	359	27000	1.3%
1968	327	87	---	414	30000	1.3%
1969	325	60	---	385	30000	1.2%
1970	—	—	---	---	-----	---
Upper Volta						
1966	400	77	----	477	33000	1.4%
1967	389	65	----	454	30000	1.5%
1968	400	60	----	460	31000	1.5%
1969	431	68	----	499	33000	1.5%
1970	419	69	----	488	35000	1.4%
Niger						
1966	396	159	47	602	28000	2.2%
1967	452	171	45	668	34000	2.0%

TABLE 9 (Continue)

ANNEX 4

Niger	**Personnel**	**Equipment**	**Capital Investment**	**Total**	**Government Budget**	**% of Government Budget.**
1968	449	206	45	700	35000	2.0%
1969	478	211	45	734	36000	2.0%
1970	497	277	45	819	39000	2.1%
Togo						
1966	110	13	--	123	18000	0.7%
1967	118	16	--	134	19000	0.7%
1968	149	18	--	167	21000	0.8%
1969	159	19	--	178	22000	0.8%
1970	182	20	--	208	26000	0.8%

TABLE 10

Member States and Eternal Donor Assistance To The Livestock Sector ($000)

IVORY COAST 1/	1966	1967	1968	1969	1970	1971	1974	1973	1974	1975	Total (1971-1975)
General Operating Budget	1210	1469	1433	1913	1887	1745	2073	2000	2164	2327	12196
Development Investments (BSIE)	780	687	826	780	964	1855	3327	2691	2382	2847	14066
State Company Investments (SODEPRA)						180	180				360
FAC					84	167					251
FED					182	364	727	727	909	909	3818
UNDP						276	262	265	164	73	1040
Loan Sources (External Internal, mixed)							1964	1091	182	182	3419
A.I.D.								600	600		1200
(foreign aid-cumulative)	63	452	65	1970							
Total	2053	2608	2324	4663	3117	4587	8533	7374	6401	6338	36350

1/ These represent projects firmly included in plans for financing. With respect to the large projects, such as the Abattoire at Abidjan, financing is not yet committed, but serious interest has been expressed. A very high proportion of the outlined program is expected to find financing.

TABLE 10

Member State and External Donor Assistance To Livestock Sector

($000)

NIGER

inancing	Prior Aid Total	Financing Actually Committed 1969	1970	1971	1972	1973	Total New Commitments	1969	1970	Financing Being Sought 1971	1972	1973	Tota Soug
ational Budget	393	301	107				408		75	233	372	202	[illegible]
rench AID (FAC)	809	206	115	36			357		511	501	63	63	1138
uropean AID (FED)			364	309			673			145	145		290
SRD									65	173	580	331	1149
DP	832							51	56				107
ICEF	85	40	0.4				40						
O	24	12					12						
rld Food program			7	7	7	3	24						
nadian Aid									182				182
I.D.											566	995	1561
tal	2143	559	593	352	7	3	1514	51	889	1052	1726	1591	5309

An additional $89,000 of A.I.D. assistance is scheduled for 1974, for a total of $1,650,000.

TABLE 10

Member State External Donor Assistance To Livestock Sector

$(000)

UPPER VOLTA

	FRG	FAC	FED	A.I.D.
Total Donor Assistance (1960-1970)	N.A.1/	13,699	772	793

Projected Assistance

FAC

1. Cattle Corridors (Markoy-Puytenga) (1971) (Kaya-Ougadougou)	255
2. Cattle Market - Puytenga	36
3. Regional District Development (ORD) (Sahel and Yatenga) (production and nutrition)	445 2/
4. Well drilling	186
5. Inventory of Underground Water Resources	97
6. Studies	N.A
Total (Approximate total requested 3/)	1,019

1/ 3 technical advisors for 3 years.

2/ Joint FAC/FED financing - total cost will probably be about $2,180,000, allocation of costs has not been made. The study on which the investment would be based is in process.

3/ Not all of these projects are expected to be authorized. Previous aid levels have averaged 50-60 percent of requested assistance.

FED

1.	Regional District Development (Sahel - Yatenga)	2,180 1/
2.	Track Routes	909
3.	Cattle Rehabilitation - Ougadougou 2/ (Cattle park)	360
4.	Slaughter house - Ougadougou	1,890
5.	Ranch at Banfcra 3/	1,091
6.	Development of Livestock in the Southwest 3/ (ORDs at Die bougou and Gaoua	1,818
7.	Dairy Plant - Ougadougou 3/	218
Total 4/		8,466
A.I.D.		1,340

1/ Joint FAC/FED project of which $2,180,000is total cost.

2/ This project appears economically favorable, but can only go forward if water resources are shown to be available in excess of the needs of the city of Ougadougou.

3/ Indefinite as to time and probability of financing.

4/ Projected levels for FED III, based on comparison of requests for financing and authorizations for FED I and II, are expected to be slightly less than half of total requests.

Supply Demand Projections For Edible Meats - 1966 to 1980 - (Metric Tons)

Year	Surplus Producers: Upper Volta	Niger	Mali	Northern Nigeria	Sub-Total	Deficit Producers: Ivory Coast	Ghana	Dahomey	Togo	Southern Nigeria	Sub-Total	Total
Projected Aggregate Consumption of Edible Meats (Metric Tons)												
1966	42710	60215	95000	184460	382385	43270	33346	17551	11411	166231	271809	654194
1970	46520	64475	101400	207115	419510	57528	42300	20730	13923	209050	343531	763041
1975	53050	77090	111200	239495	481035	81925	71700	26120	17670	271480	468895	949930
1980	67640	95500	123700	276995	563835	108090	99500	32800	22300	356430	619120	1182955
% Incr.	58%	59%	30%	50%	47%	150%	198%	87%	95%	108%	124%	57%
Projected Annual Production Of Livestock (Total) (Metric Tons)												
1966	57300	100400	121600	218300	497600	11000	16100	16500	9800	60000	109900	607500
1970	63200	108600	136100	235800	543700	12500	21700	17700	10400	84500	146800	690500
1975	71000	119700	157200	260500	608400	15200	31800	22000	13100	109000	187300	795700
1980	80700	130600	180700	289100	681100	18770	36500	27100	16100	141100	239500	920600
	41%	30%	49%	32%	37%	71%	127%	64%	65%	135%	118%	52%
Quantities of Meat Available For Export (Metric Tons)												
1966	14645	40165	26630	33975	115415	(34685)	(17811)	(2016)	(2296)	(101876)	(158684)	(43269)
1970	16660	39710	34700	29810	120880	(45000)	(20800)	(3100)	(3500)	(124500)	(196900)	(76020)
1975	17760	39960	45800	21930	125450	(66800)	(33700)	(4200)	(4600)	(162400)	(271700)	(156350)
1980	13020	35060	57000	12680	117760	(89700)	(63000)	(5600)	(6200)	(215300)	(379800)	(262040)

Source: "Supplying Middle-west Africa with Meat" (FAC 1968)

ANNEX 5

Production, Market, Export and Slaughter of Livestock - Entente States - (Head)

Cattle					Year	Sheep/Goats				
Upper Volta	Niger	Ivory Coast	Dahomey	Togo		Upper Volta	Niger	Ivory Coast	Dahomey	Togo
Animals Reaching Market For Sale (Head)										
201053	617667	NA	37523	NA	1969	473222	2591971	NA	43134	NA
217272	693742	134398	28189	4781	1968	569869	2772572	119262	33987	16488
221798	646737	119994	28784	NA	1967	486061	2633279	96145	24270	NA
292043	645235	NA	NA	NA	1966	448125	2806058	NA	NA	NA
280383	NA	NA	NA	NA	1965	471115	NA	NA	NA	NA
Exportation Of Livestock On The Hoof (Head)										
82811	64267	NA	(5333)	[illegible]	1969	218413	55446	NA	(995)	NA
93193	67335	(164758)	(5028)	(8692)	1968	296873	44827	(225188)	(2930)	(1478)
89833	60291	(119634)	(3057)	NA	1967	214038	60192	(180517)	(1859)	NA
114321	74695	NA	NA	NA	1966	222220	94078	NA	NA	NA
135189	NA	NA	NA	NA	1965	283171	NA	NA	NA	NA
Cattle Slaughtered In Abattoirs (Head)										
65267	75144	NA	24768	NA	1969	97762	481450	NA	14734	NA
82955	75830	101111	28192	17407	1968	157874	407050	45879	16999	39311
81160	64580	93339	26160	15693	1967	170161	412952	33079	16820	29604
73192	76353	85640	NA	14261	1966	157333	541648	34350	NA	24[illegible]57
77545	NA	84604	NA	13817	1965	130546	NA	26647	NA	28245
Total Livestock Production - 1966 (Head)						**Total Sheep/Goats - 1966 (Head)**				
2340000	4200000	305000	526000	165000		3800000	7950000	1400000	1170000	1200000

ANNEX 5

Source:

1. Upper Volta - Service des Indistries Animales, Rapport Annuel, 1969

   Niger- Direction du Service de l'Elevage et des Industries animals, Ministere de l'Economic Rurale, Rapport Statistique, 1969.

   Ivory Coast- Direction Les Services Veterinaires, Ministere de la Production Animale, Rapport Annuel, 1968.

   Dahomey- Service de l'Elevage et des Industries Animalos, Statistiques, 1969.

   Togo - Direction des Services de l'Elevage et des Industries Animales, Rapport Annuel, 1968.

2. "Supplying Middle-West Africa with Meat" (FAC 1968).

3. Cattle: Nigeria, 7,850,000; Mali, 4,500,000; Ghana, 530,000.

4. Sheep/Goats: Nigoria, 30,300,000; Mali, 10,100,000, Ghana, 2,000,000.

AGRICULTURAL SECTOR LOAN ENTENTE FUND
CERTIFICATION PURSUANT TO SECTION 611(e) OF THE FOREIGN ASSISTANCE ACT OF 1961 AS AMENDED

S.J. Littlefield, Regional Development Officer for Entente States (Ivory Coast, Togo, Dahomey, Niger and Upper Volta), having taken into account among other things:

A. The establishment of the livestock and meat community of the Entente States, hereinafter called the Community;

B. The agreement of both France and the United States to provide technical assistance to the Community;

C. The existence of a detailed program for the utilization of local currency receipts, which program has been approved in general terms by the Chiefs of State of the five Entente Countries;

D. The priority which the Entente States place on the development of a modern livestock industry.

do hereby certify that in my judgement the Community and the Entente States will have the financial capability and the human resources capability to implement, maintain and utilize effectively subject capital assistance project.

This judgment is based on the facts that:

1. The Entente States and the Community have agreed to take

the self-help measures as will be spelled out in the Capital Assistance paper and the program of activities of the Community.

2. The Entente States and the Community have prepared plans for project implementation. The technical experts to be provided by France and the US will assist the Community in the analysis and refinement of these plans to allow timely project execution.

3. The Entente States and Entente Fund have given the livestock program a high priority in their development and financial plans.

/s/
S.J. Littlefield
Regional Development Office

AGRICULTURAL SECTOR LOAN ENTENTE FUND

COUNTRY TEAMS' RECOMMENDATION

The subject loan will be of substantial economic and social benefit to the Entente States; will constitute an important portion of the United States Assistance program in the Entente States, and will be consonant with the overall United States objectives in the Entente States. Therefore approval is recommended.

/s/
Ambassador to Dahomey
Mathew Looram

/s/
S.J. Littlefield
Regional Development Office

/s/
Ambassador to Ivory Coast
John Root

/s/
Ambassador to Niger
Roswell D. McClelland

/s/
Ambassador to Togo
Dwight Dickinsen

20 Nov 1970

/s/
Ambassador to Upper Volta
William Schaufele

20 Nov. 1970

CHECKLIST OF STATUTORY CRITERIA
DEVELOPMENT LOAN FUND

I. COUNTRIES PERFORMANCE

A. Progress Towards Countries Goals

1. FAA S 201 (b) (5), 201 (b) (7), 201 (b) (8), 208
Discuss the extent to which the countries are:

(a) Making appropriate efforts to increase food production and improve means for food storage and distribution.	The project will contribute directly to increased meat production and increased meat reaching markets of the region. See Sections IA and B.
(b) Creating a favorable climate for foreign and domestic private enterprise and investment.	Through economic development of the private industries relating to meat production and marketing, and more directly through the reloan to CIDI. See Sections III B and IV B.
(c) Increasing the people's role in the developmental process.	The loan will benefit the many rural people engaged in livestock production. See Section I B.
(d) Allocating expenditures to development rather than to unnecessary military purposes or intervention in other free countries' affairs.	There is only a very low level of military expenditures within the Entente Region. The loan proceeds will build the private resource base of the region.
(e) Willing to contribute funds to the project or program.	The Member States are providing as much support as possible within their limited fiscal means to the Sector. See Section III A.
(f) Making economic, social, and political reforms such as tax collection improvements and changes in land tenure arrangement; and making progress toward respect for the rule of law, freedom of express-	The project calls for establishment of a common market for meat, and agreements for mutual cooperation in statistics, health regulation, fiscal and customs policy, licensing of merchants. . . . . The project will contribute greatly to regional cooperation and individual initiatives. See Section IV B.

ion and of the press, and recognizing the importance of individual freedom, initiative, and private enterprise.

(g) Responding to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures.

The project reaches one of the most vital economic sectors affecting the people of the region, places clear emphasis on effecting means whereby the majority of the people engaged in the sector can pursue self-help initiatives to improve production and marketing of livestock. See Section III B.

B. Relations with the United States

1. FAA S.620 (c). Are the governments indebted to any U.S. citizen for goods or services furnished or ordered where: (a) such citizen has exhausted available legal remedies, including arbitration or (b) the debt is not denied or contested by the government, or (c) the indebtedness arises under such government's or a predecessor's unconditional guarantee?

We are unaware of any cases that make the Member States ineligible under this section.

2. FAA S.620(d). If the loan is intended for construction or operation of any productive enterprise that will compete with U.S. enterprise, have the countries agreed that it will establish appropriate procedures to prevent export to the U.S. of more than 20% of its enterprise's annual production during the life of the loan?

The enterprises assisted by this loan will not compete with U.S. enterprises.

3. **FAA S.620(e)(1).** **Have the countries governments, or any agency or subdivision thereof, (a) nationalized or expropriated property owned by U.S. citizens or by any business entity not less than 50% beneficially owned by U.S. Citizens,** (b) taken steps to repudiate or nullify existing contracts or agreements with such citizens or entity, or (c) impose or enforced discriminatory taxes or other exactions, or restrictive maintenance or operation conditions? If so, and more than six months has elapsed since such occurence, identify the documents, indicating that the governments, or appropriate agency or subdivision thereof, have taken appropriate steps to discharge its obligations under international law toward such citizen or entity? If less than six months has elapsed, what steps if any has it taken to discharge its obligations?

No.

4. FAA S.620(j). Have the countries permitted, or failed to take adequate measures to prevent, the damage or destruction by mob action of U.S. property, and failed to take appropriate measures to prevent a recurrence and to provide adequate compensation for such damage or destruction?

The countries have not so permitted nor have they failed to take adequate measures.

5. FAA S.620(l). Have the governments instituted investment guaranty programs under FAA S221 (b) (1) for the specific risks of inconvertibility and expropriation or confiscation?

Yes.

6. FAA S620(o) Fisherman's Protective Act of 1954, as amended, Section 5.

No.

Have the countries seized, or imposed any penalty or sanction against, any U.S. fishing vessel on account of its fishing activities in international waters? If, as a result of a seizure, the U.S.G. has made reimbursement under the provisions of the Fisherman's Protective Act and such amount has not been paid in full by the seizing countries, identify the documentation which describes how the withholding of assistance under the FAA has been or will be accomplished.

7. FAA S620(c). Have the countries been in default, during a period in excess of six months, in payment to the U.S. on any FAA loan?

No.

8. FAA S.620(t). Have diplomatic relations between the countries and the U.S. been severed? If so, have they been renewed?

No.

9. App. S.106. Describe any attempt made by the countries to create distinction because of race or religion in granting personal or commercial access or other rights otherwise available to U.S. citizens generally.

We are aware of no such attempts.

C. Relations with Other Nations and the U.N.

1. FAA S.620(i). Have the countries been officially represented at any international conference when that representation included planning activities involving insurrection or subversion directed against the U.S. or countries receiving U.S. assistance?

We have no information as to any such representational activity.

2. FAA S.620(a), 620(n); App. S.107(a), 107(b), 116. Have the countries sold, furnished, or permitted ships or aircraft under its registry to carry to Cuba or North Viet-Nam items of economic, military, or other assistance.	No.
3. FAA. S.620(u) App. S114. What is the status of the countries U.N. dues, assessments or other obligations? Does the loan agreement bar any use of funds to pay U.N. assessments, dues, or arrearages?	None of the Member States are delinquent with respect to U.N. obligations. Yes, the loan agreement limits the use of loan proceeds to the importation of goods and services, or to purchase of local materials and services.

D. Military Situation

1. FAA S.620(i). Have the countries engaged in or prepared for aggressive military efforts directed against the U.S. or countries receiving U.S. assistance?	No.
2. FAA S.620(s). What is (a) the percentage of the countries budget devoted to military purposes, and (b) the amount of the country's foreign exchange resources used to acquire military equipment? Are the countries diverting U.S. development assistance or P.L. 480 sales to military expenditures? Are the countries diverting their own resources to unnecessary military expenditures? (Findings on these questions are to be made for each fiscal year and, in addition, as often as may be required by a material change in relevant circumstances.)	See separate classified Attachment.

3. FAA S620(v); App. S119.

Have the countries spent money for sophisticated weapons	We are aware of no such purchases.

systems purchased since the statutory limitation became effective? If so, identify either (a) the documentation which describes how the withholding of an equivalent amount of A.I.D. assistance has been or will be accomplished, or (b) the Presidential determination that such purchase is important to the national security of the U.S. so that no withholding is necessary.

II. [illegible] OF THE LOAN

A. General Soundness.

-- Interest and Repayment

1. FAA S.201(d), 201(b) (2). Is the rate of interest excessive or unreasonable for the borrower? Are there reasonable prospects for repayment? What is the grace period interest rate; the following period interest rate? Is the rate of interest higher than the country's applicable legal rate of interest?

"No. Yes." See Section III C, the loan has a ten year grace period, interest at 2% during the grace period and at 3% during a 30 year repayment period. No.

-- Financing

1. FAA S.201 (b) (1). To what extent can financing on reasonable terms be obtained from other free-world sources, including private sources within the U.S.

Financing for this program is available only through the internal resources of the Member States and through contribution of A.I.D. and other donors. Other donor contributions are an important part of the program. See Section IV D.

-- Economic and Technical Soundness

1. FAA S.201(b) (2), 201 (e)

The activity's economic and technical soundness to undertake loan; does the loan application, together with information and assurances indicate that funds

Yes. See Section III B.

will be used in an economically and technically sound manner?

2. FAA S.611(a)(1). Have engineering, financial, and other plans necessary to carry out assistance, and a reasonably firm estimate of the cost of assistance to the U.S., been completed?

Yes. See Sections II E and III B.

3. FAA S.611(b); App. S.101.

If the loan or grant is for a water or related land-resource construction project or program, do plans include a cost-benefit computation? Does the project or program meet the relevant U.S. construction standards and criteria used in determining feasibility?

Not applicable.

4. FAA S.611(c). If this is a Capital Assistance Project with U.S. financing in excess of $1 million, has the principal A.I.D. officer in the country certified as to the country's capability effectively to maintain and utilize the project?

Yes. See Annex 7.

B. Relation to Achievement of Country and Regional Goals.

-- Country Goals

1. FAA S.207, 281(a). Describe this loan's relation to:

a. Institutions needed for a democratic society and to assure maximum participation on the part of the people in the task of economic development.

The project has as its principal objective establishment of a common market for meat and livestock, it also incorporates programs for mutual cooperation among the Member States. However, the real contribution to democratic institutions is in the encouragement of individual initiative through efforts to improve the basic infrastructure of the livestock sector.

b. Enabling the countries to meet its food needs, both from its own resources and through development, with U.S. help, of infrastructure to support increased agricultural productivity.

The project is directed to increased production and marketing of meat and livestock throughout the Entente Region. See Sections I A and B.

c Meeting increasing need for trained manpower.

The project will include training in specialized skills relating to the livestock sector. See Section III B.

d. Developing programs to meet public health needs

The project will include agreement for mutual cooperation in animal health regulation throughout the Entente Region.

e. Assisting other important economic, political, and social development activities, including industrial development; growth of free labor unions; cooperatives and voluntary agencies; improvement of transportation and communication systems; capabilities for planning and public administration; urban development; and modernization of existing laws.

The project will strongly contribute to economic, political and social development. See Section I. Through the reloan to BIDI, it will contribute to industrial development in the Ivory Coast, and indirectly to improvement of African management and entrepreneurship throughout the region. See Section IV B. Cooperatives and voluntary agencies may be beneficiaries, but have not been specifically designed as such at this point. The program will lead to improvement of transportation facilities, and will help develop planning capabilities and public administration relating to the livestock sector. See Section IV B Improvement of existing laws, and a framework for mutual cooperation among Member States will be principal elements of the loan. See Section IV B.

2. FAA S.201 (b) (4). Describe the activity's consistency with and relationship to other development activities, and its contribution to realizable long-range objectives.

See Section I F.

3. FAA S.201(b)(9). How will the activity to be financed contribute to the achievement of self-sustaining growth?

See Sections IA, B and III B

4. FAA S. 201(f). If this is a project loan, describe how much project will promote the countries economic development, taking into account the country's human and material resource requirements and the relationship between ultimate objectives of the project and overall economic development.	See Sections IF and III A and B.
5. FAA S.201(b)(3). In what ways does the activity give reasonable promise of contributing to development of economic resources, or to increase of productive capacities ?	See Sections I A,B and F and III B.
6. FAA S. 281(b). How does the program under which assistance is provided recognize the particular needs, desires, and capacities of the countries' people; utilize the intellectual resources to encourage institutional development; and support civic education and training in skills required for effective participation in political processes.	Through emphasis on regional cooperation to promote self-help initiatives for the large number of persons employed in the livestock sector. See Section IA, B and F.
7. FAA S. 601(a). How will this loan encourage the countries' efforts 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) strength free labor unions?	It will stimulate international trade and commerce through a common market for meat and livestock and increased commercialization of the sector. Private initiative and possibly cooperatives, in the sector will be fostered through stimulation of self-help initiatives. See Section III B. The stimulus to commercialization of livestock will open new avenues of competition and help eliminate monopolistic pricing and trading practices. The project will improve the technical efficiency and commercialization of the livestock sector.
8. FAA S.202(a). Indicate the amount of money under the loan which is: going directly to private enterprise; going to intermediate credit institutions or other borrowers for use by private enterprise;being	For the livestock sector, there may be private sector beneficiaries, but no specific funds are programmed for specific private end users; through BIDE upto $2 million may finance private sector medium term import

used to finance imports from private sources; or otherwise being used to finance procurements from private sources.

credit. Fifty percent of the loan proceeds, $3 million, will be used to finance imports from private U.S. and lower income country sources. The remaining 50 percent or less will be used to purchase local commodities and services within the Member States.

9. FAA S. 611(a)(2). What legislative action is required within the recipient countries? What is the basis for a reasonable anticipation that such action will be completed in time to permit orderly accomplishment of purposes of loan?

Legislative action may be necessary as part of the implementation of effective protocols among the Member States. The States have agreed to put the protocols into action and to take all steps necessary to see them made effective. There is reasonable basis for belief that all legislative actions which may be necessary can be completed within the time frame contemplated for implementation of the project. See Section IV B.

-- Regional Goals

1. FAA S619. If this loan is assisting newly independent countries, to what extent do the circumstances permit such assistance to be furnished through multilateral organizations or plans?

Such assistance is being furnished through a multilateral organization.

2. FAA S.209, If this loan is directed at a problem or an opportunity that is regional in nature, how does assistance under this loan encourage a regional development program? What multilateral assistance is presently being furnished to the countries?

This is a regional development plan to establish a common market for meat and livestock. See Sections I. and IV B. See Section III .

C. Relation to U.S. Economy

--Employment, Balance of Payments, Private Enterprise.

1. FAA S.2 [illegible] (b) (6); 1 2, Fifth. What are the possible effects of this loan on U.S. economy, with special reference to areas of substantial labor surplus? Describe

A substantial portion of this loan will be used to finance exports from the U.S. At least 50% will be used for commodity import financing, but since a portion will come from [illegible]

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the extent to which assistance is constituted of U.S. commodities and services, furnished in a manner consistent with improving the U.S. balance of payments position.	941 countries, we cannot guarantee that 50% will come from the U.S. The U.S. commodities and services are being provided in a way to particularly benefit the U.S. balance of payments position. See Sections II and III D.
2. FAA S. 612 (b), 636(h). What steps have been taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. and local currencies contributed by the countries are utilized to meet the cost of contractual and other services and that U.S. foreign-owned currencies are utilized in lieu of dollars?	There are no U.S. owned excess currencies for the region. U.S. contributions to the project support activities in excess of the financing capabilities of the Member States in the livestock sector. See Sections III A and B.
3. FAA S.601 (d); App.S115. If this loan is for a capital project, to what extent has the Agency encouraged utilization of engineering and professional services of U.S. firms and their affiliates? If the loan is to be used to finance direct costs for construction, will any of the contractors be persons other than qualified nationals of the countries or qualified citizens of the U.S.? If so, has the required waiver obtained?	The loan will not finance physical construction of major facilities suitable for use of U.S. engineering and construction services. Where specialized assistance is needed, U.S. exports may be provided under loan financing. All small local construction will be by construction contractors of the Member States. Therefore no waiver is required.
4. FAA S. 608(a). Provide information on measures to be taken to utilize U.S. Government excess personal property in lieu of the procurement of new items.	The standard excess property provision is included in the loan agreement. See Annex 9.
5. FAA S.602. What efforts have been made to assist U.S. small business to participate equitably in the furnishing of commodities and services financed by this loan?	For imports into the Ivory Coast for the GOIC, there will be advertised competitive procurement, for the BIDI loan, a Colombia type list will be prepared and published. For imports for the sector, A.I.D.'s standard small business advertising requirement will be met. See Section IV B
6. FAA S.621. If the loan provides technical assistance, how is private	Technical assistance is contemplated and will be provided by contract with

enterprise on a contract basis utilized? If the facilities of other Federal agencies will be utilized, in what ways are they particularly suitable; are they competitive with private enterprise (if so, explain); and how can they be made available without undue interference with domestic programs?	private firms or by selection of qualified personnel. Where firms are selected, selection will be in accordance with A.I.D. Capital Project Guidelines for Engineering Services of U.S. Source and Origin M.O. 14[illegible]1.1 If this is done, procurement will be in accordance with Standard RFP. U.S. agencies have shown themselves to be highly advantageous for such assistance.
7. FAA s.611 (c). If this loan involves a contract for construction that obligates in excess of $100,000 will it be on a competitive basis? If not, are there factors which make it impracticable?	Not applicable.

-- Procurement

1. FAA S.6[illegible]2(a). Will commodity procurement be restricted to U.S. except as otherwise determined by the President?	Yes. Based on President's Presentation to Congress September 15, 1970, procurement will be limited to U.S. and Code 941 Country Source and Origin.
2. FAA S.604(b). Will any part of this loan be used for bulk commodity procurement at adjusted prices higher than the market price prevailing in the U.S. at time of purchase?	No.
3. FAA S.604([illegible]). Will any part of this loan be used for procurement of any agricultural commodity or product thereof outside the U.S. when the domestic price of such commodity is less than parity?	No.

D. Other Requirements

1. FAA S.201(b). Are the countries among the 20 countries in which development loan funds may be used to make loans in this fiscal year?	In view of the regional character of the proposed A.I.D. assistance and the multilateral organization of the Borrower the loan falls outside of this limitation.

2. App S.112. Does the loan agreement provide, with respect to capital projects, for U.S. approval of contract terms and firms? — Yes.

3. FAA S.620(k). If the loan is for construction of a productive enterprise, with respect to which the aggregate value of assistance to be furnished will exceed $100 million, what preparation has been made to obtain the express approval of the Congress? — Not applicable.

4. FAA S.620(b), 620(f); App. S109 (b) Has the President determined that the countries are not dominated or controlled by the international Communist movement? If the countries are Communist countries (including, but not limited to, the countries listed in FAA S.620(f)) and the loan is intended for economic assistance, have the findings required by FAA S.620 (f) and App. S.109(b) been made and reported to the Congress? — Yes.

5. App. S.109(a) Will any military assistance, or items of military or strategic significance, be furnished to a Communist nation? — No.

6. FAA S.620 (h). What steps have been taken to insure that the loan will not be used in a manner which, contrary to the best interest of the United States, promotes or assists the foreign aid projects of the Communist-bloc countries? — The standard A.I.D. loan provision will be included in the loan agreement. See Annex 9.

7. App. S.118. Will any funds be used to finance procurement of iron and steel products for use in Viet-Nam other than as contemplated by S.118? — No.

8. FAA S.636 (i). Will any part of this loan be used in financing non-U.S. -manufactured automobiles? If so, has the required waiver been obtained?	No.
9. FAA S.620(a)(1) and (2), 620(p); App. S.117. Will any assistance be furnished or funds made available to the government of Cuba or the United Arab Republic?	No.
10. FAA S.620(g). Will any part of this loan be used to compensate owners for expropriated or nationalized property? If any assistance has been used for such purpose in the past, has appropriate reimbursement been made to the U.S. for sums diverted?	No. No assistance has been used for such purposes in the past.
11. FAA S.201 (f). If this is a project loan, what provisions have been made for appropriate participation by the recipient countries private enterprise.	The loan is a sector loan. Private enterprise may be a beneficiary, but has not specificially been so designated. However, the basic infrastructure being supported is for the benefit of the privately controlled livestock sector.
12. App. S.104. Does the loan agreement bar any use of funds to pay pensions, etc., for persons who are serving or who have served in the recipient countries armed forces?	Yes. The Loan Agreement so limits the use of loan funds. See Annex 9.