

AGENCY FOR INTERNATIONAL DEVELOPMENT <b>PROJECT DATA SHEET</b>	1. TRANSACTION CODE <input type="checkbox"/> A = Add <input checked="" type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number One (1)	DOCUMENT CODE 3
2. COUNTRY/ENTITY LESOTHO 000122	3. PROJECT NUMBER 632-0065 PD-AAP-633		
4. BUREAU/OFFICE AFR <input type="checkbox"/> 06	5. PROJECT TITLE (maximum 40 characters) Farming Systems Research-Amendment		

6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 04 30 86	7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4) A. Initial FY <input type="checkbox"/> 84 <input checked="" type="checkbox"/> B. Quarter <input type="checkbox"/> C. Final FY <input type="checkbox"/> 85
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8. COSTS (\$000 OR EQUIVALENT \$1 = )						
A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	1,088	-142	1,230	9,445	1,749	11,194
(Grant)	( 1,088 )	( -142 )	( 1,230 )	( 8,450 )	( 1,749 )	( 11,194 )
(Loan)	( )	( - )	( - )	( - )	( - )	( - )
Other U.S.						
1. Host Country		146	146		1,200	1,200
2. Other Donor(s)						
<b>TOTALS</b>	<b>1,088</b>	<b>288</b>	<b>1,376</b>	<b>9,445</b>	<b>2,949</b>	<b>12,394</b>

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ARDN	140	070		7,313	-	2,886	-	10,199	--
(2) SSA				995				995	
(3)									
(4)									
<b>TOTALS</b>				<b>8,308</b>				<b>11,194</b>	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each) 080 023 063	11. SECONDARY PURPOSE CODE 141
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each) A. Code BF R/AG PART TECH B. Amount	

13. PROJECT PURPOSE (maximum 480 characters)

To create more productive agricultural enterprise mixes which are acceptable to farmers, sensitive to farmers' management ability, appropriate to the resources available, and protective of the land base and increase the capacity of the Research Division to address priority problems.

14. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY 0 3 8 5	15. SOURCE/ORIGIN OF GOODS AND SERVICES <input type="checkbox"/> 000 <input checked="" type="checkbox"/> 941/ <input type="checkbox"/> Local <input type="checkbox"/> Other (Specify)
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16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a 13 page PP Amendment.)

To continue some activities of critical assistance for two years which were included in the original PSR project; namely, technical assistance (a total of 14 person years), long-term training (2 participants), limited commodities, and a limited local salary and transport cost support for the MOA.

17. APPROVED BY	Signature Title	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY
	Date Signed MM DD YY	MM DD YY

Table of Contents

Page

I. Summary and Recommendations.....	1
II. Introduction .....	1
III. Brief Project Description.....	2
A. Project Components .....	3
B. Project Relationship to USAID/Lesotho Development Strategy.....	3
C. Environmental Considerations.....	4
D. Project Analyses.....	4
E. Recommendation.....	4
IV. Problem Identification and Relation to AID Strategy.....	4
A. Problems and Constraints.....	4
B. Relationship to CDSS.....	6
V. Detailed Project Description.....	6
A. Purpose and Goal.....	6
B. Outputs.....	7
C. Inputs.....	9
VI. Implementation.....	10
A. Implementation Schedule.....	10
B. Evaluation Plan.....	10
VII. Conditions and Covenants.....	11
VIII. Waivers.....	11
IX. Contracting Considerations.....	11

Annexes

- A. GOL Letter Request for Assistance
- B. Draft Project Amendment Authorization
- C. Detailed Project Budget - AID Contribution
- D. Detailed GOL Contribution
- E. Request to AA/AFR for Ad Hoc Delegation to Approve FSR Project Amendment
- F. Grant of Ad Hoc Delegation to Approve FSR Amendment
- G. Statutory Checklist

## PROJECT PAPER AMENDMENT

### LESOTHO FARMING SYSTEMS RESEARCH PROJECT

#### I. Summary and Recommendation

A. **Project Title:** Lesotho Farming Systems Research Project Amendment (632-0065).

B. **Costs:** This Project Amendment totals \$3,361,821. AID Grant - \$2,886,000 in U.S. Dollars; GOL - \$475,821 equivalent in local currency.

Original Project was for \$9.032 million; \$8,308 million in U.S. Dollars and \$0.724 million equivalent in local currency. The U.S. contribution has been fully obligated.

C. **Life of Project Amendment:** The proposed amendment is for two years which coincides with current PACD of March 31, 1986.

#### II. Introduction

This proposed Project Amendment will provide \$2.9 million of interim bridge financing to the Ministry of Agriculture to continue priority agricultural research efforts. The January 1983 evaluation of the Project showed that overall progress of the project was better than satisfactory; further, the evaluation report strongly recommends that USAID continue providing agriculture research assistance to the MOA for at least another 10 to 15 years. AID/W has already approved the concept of a new agriculture project, the Lesotho Agricultural Production and Institutional Support (LAPIS) Project, as presented in the PID in November 1982 which includes a Farming Systems Research Component. The Project Paper is under development and LAPIS Project execution is expected in FY 1985. Accordingly, the term of this amendment will coincide with the anticipated implementation of the LAPIS Project which is scheduled for initiation in January 1986.

This amendment to continue key institutional development and research activities will provide key technical assistance and training essential for building long-term capabilities to respond to rural farmers' needs.

This amendment is simple and straightforward; it is designed solely to continue those activities included in the original project which are deemed critical until LAPIS is executed, so as to continue the momentum of the original 5-year project and assist the MOA to achieve its agricultural research objectives. The proposed Amendment will finance the following: a) technical assistance, b) training, c) commodities, and d) budgetary support to the MOA. These components are described briefly in Section III and in more detail in Section V. Procurement of commodities under this amendment is limited. One activity which is not financed by the proposed Amendment and which was included in the original project is construction, as all construction required under the Project has been completed.

The original Project Paper demonstrated the financial, economic, technical, social, administrative and environmental feasibility of the project. These analyses, which are still valid, are not presented in the proposed amendment. For the same reason, a detailed Implementation Section is not included in this document. The reader is, however, encouraged to read both the Project Paper and the January 1983 evaluation report of the project for a fuller understanding of the entire project.

The following sections relate the proposed Amendment to A.I.D.'s strategy in Lesotho, describes the proposed Amendment in some depth, provides a detailed cost estimate for the proposed Amendment, and presents an abbreviated implementation schedule for the proposed amendment.

### III. Brief Project Description

The project goal and purpose of the proposed amendment remain unchanged from the original project. The project goal is to improve the quality of rural life through increasing rural income from agriculture; the project purpose is to create more productive agricultural enterprise mixes which are acceptable to farmers, sensitive to farmers' management ability, appropriate to the resources available, and protective of the land base. This will be done, in part, through improving the capacity of the Research Division to respond to Lesotho's priority agricultural problems.

The proposed amendment extends for two (2) years those critical technical assistance, commodities, training, and a limited amount of local budgetary support activities, which were included in the original project. These activities are listed further in this sub-section. The most recent external evaluation of the project completed in January 1983 (the latest of three major evaluations completed) stated that the participant training program was progressing at a satisfactory pace. The evaluation report also makes the following pertinent statements, "Since the last evaluation, the Contractor has provided professional assistance to the Research Division's scientists in planning, designing and monitoring experiments on the Division's stations and on-farm trials. The [evaluation] team's observations and review of research trials and experiments during this evaluation indicate progress has been achieved in improving the quality of research work being carried out. As stated in the last evaluation, the time frame for developing a purposeful agricultural research division in the country will be 15 to 20 years. This [evaluation] team supports that observation and encourages USAID to continue providing assistance to MOA for at least another 10 to 15 years" (underscoring supplied.)

The proposed amendment provides a limited amount of bridge financing to continue support for the MOA's research efforts until the LAPIS project is approved and implementation commences. LAPIS is a projectized agriculture assistance project which also includes components for agricultural planning, agricultural education (for the upgrading/retraining of extension personnel) and agricultural production. The Research Component of LAPIS is planned to be initiated in April 1986 and will undertake activities (technical assistance, participant training and commodity support) in agriculture research as required under the new project. The PID for LAPIS has been approved in AID/W and Project Paper development is scheduled for January-February 1984. Authorization and funding of the Project is anticipated in early FY 1985.

This proposed Farming Systems Research Amendment will provide bridge financing for the following technical assistance, training, commodities, and local currency support activities.

A. Project Components

(a) Technical Assistance

	<u>Category*</u>	<u>Duration</u>
1.	Agronomist	2 years
2.	Animal Sci/Range Mgt. Specialist	2 years
3.	Entomologist (Plant Protection)	2 years
4.	Extension Specialist	2 years
5.	Farm Management Specialist	2 years
6.	Horticulturalist	2 years
7.	Marketing Economist	2 years

\*One of the above to serve as Team Leader in addition to working in his specialty.

8. Short-Term Consultants 18 person months

(b) Long-Term Training

<u>Field of Training</u>	<u>Duration</u>	<u>Degree/ Non-Degree</u>
Plant Protection (Entomology)	2 years	M.S.
Animal Science	2 years	M.S.
Short-Term Training	18 person months	

(c) Commodities and Library Materials

(d) Other Budget Support (goods and services)

(e) Contingency

B. Project Relationship to the USAID/Lesotho Development Strategy

The approved USAID/Lesotho FY 1985 CDSS described the critical developmental concerns faced by Lesotho for the period 1985-1989 which are, specifically, the need to raise rural incomes and create employment opportunities. Critical to meeting these requirements is the development of the potential for high value cropping enterprises in the country. This proposed amendment will provide the means to continue applied research activities in potentially high valued vegetable, fruit, nut and pulses which are now underway, as well as continue FSRP research activities in food grains, beans and peas, and livestock.

C. Environmental Considerations

The A.I.D. Environmental Procedures (A.I.D. Regulation 16) provide in part that those procedures apply to all new projects, programs or activities authorized or approved by A.I.D. and to substantive amendments or extension of ongoing projects, programs or activities.

The project, prior to original approval, was examined to determine its technical and environmental soundness. A negative determination concerning the environmental impacts of the project was approved on December 20, 1976. The negative determination was premised on the fact that the project related primarily to research and institutional development and there would be no significant impact on the environment.

The nature of the project continues to be the same under the proposed amendment. There is no change in scope or purpose of the financing of the same types of activities as originally reviewed in the Initial Environmental Examination. In these circumstances, it is appropriate to consider that this modification is not "substantive" for purposes of the applicability statement, as noted and cited above, of the A.I.D. Environmental Procedures. Hence, no further environmental procedures are applicable to the proposed amendment and extension of this project.

D. Project Analyses

No project analyses are presented in the proposed Amendment, as the analyses included in pages 25-52 of the original Project Paper are considered satisfactory and continue to be valid (as attested to by recent January 1983 interim project evaluation report).

- E. Recommendation: It is recommended that in accordance with the ad hoc Delegation of Authority from the Acting AA/AFR dated September 11, 1983 the Director, USAID/Lesotho, with the concurrence of the Director, REDSO/ESA, approve a grant of \$2,886,000 to the GOL under the terms and conditions contained in the draft Lesotho Farming Systems Research Project Amendment Authorization (see Annex B).

IV. Problem Identification and Relation to A.I.D. Strategy

A. Problems and Constraints

The development problem faced by the original project, this proposed Amendment and the FY 1985 LAPIS is how to stimulate broad-based development that includes (i) technological changes to increase yields of staple foods, (ii) continuous introduction of cash crops (including fodders) that also preserve the resource base, and (iii) commercial development of the livestock sector given existing constraints.

The major constraints identified in the agricultural sector are: (i) a limited and declining land resource base; (ii) the relatively underdeveloped state of agricultural institutions and lack of skilled

manpower; (iii) the low level of agricultural technology; (iv) the inadequate agricultural policies; and (v) the critically short amount of public finance for recurrent costs. These major developmental constraints, which are closely linked and interdependent, are discussed below.

1. Limited and Declining Land Resource Base

Soil erosion is one of the most significant agricultural problems in Lesotho, affecting both the mountain grazing lands (75 percent of total land area) and the limited arable lands (13 percent of total land area) located primarily in the lowlands. Annual soil loss owing to sheet erosion on arable land is reported to be 70 MT per Ha in some areas. Rangelands have been severely overgrazed because of excessive overstocking, resulting in degradation of vegetative cover and consequent widespread erosion.

2. Underdeveloped Agricultural Institutions and Lack of Skilled Manpower

Organizations responsible for improving agricultural production (especially the MOA) are affected by a continual search for an effective organizational structure. A sweeping reorganization of the MOA is almost completed, which hopefully will result in improved efficiency.

Essential coordinating linkages with other organizations in ministries that play a role in the agricultural sector are frequently weak or non-existent. Moreover, many of the units within the MOA have responsibilities that overlap within the Ministry or overlap with external units.

Severely compounding these institutional weaknesses are the problems of the quality of trained manpower to direct a strengthened sector and the availability of basic educational skills related to agriculture within the farmer/herder population. If present trends continue, finding sufficient numbers of qualified candidates for higher degree training will remain difficult. Sustained progress in the agricultural sector thus will depend heavily on the development of primary, secondary and remedial programs within the education sector within the context of a long term development program.

3. Low Levels of Agricultural Technology

Inadequate and inappropriate farm technology are major contributors to stagnant production. Simple farm practices that do not require substantial capital outlay by farmers -- such as appropriate planting dates, plant population, planting depth, spacing, and weeding -- are not extensively employed, with the result that yields in Lesotho are among the lowest in the world. Where modern methods have been offered, they have generally been inappropriate for the resources and management skills of Lesotho's small-scale farmers and thus have been adopted by only a few "progressive" farmers. This is partly due to weak agricultural research and the lack of effective institutions to disseminate knowledge and provide supporting services to farmers.

4. Lack of Agricultural Policies for Long-Term Sustained Development

Lack of consistent, fully developed policies remain a major impediment to productive investment in agriculture by the majority of farmers. Inadequate domestic agricultural policies are to a large degree the result of a limited institutional capability to formulate and analyze policies and to prepare and evaluate program implications of development activities.

5. Limited Public Finance for Recurrent Costs

Funding of local recurrent and capital costs of new development projects is extremely difficult. As growth in expenditures is not being matched by increased revenues from new sources or more efficient collection from old sources, internal investment in development activities is being severely constrained. In view of the GOL budget problems, this project amendment provides for budget support for vehicle maintenance and fuel. Experience in the current project has indicated that lack of funds for these purposes has been one of the major constraining factors in the supervision and monitoring of field trials. Overall, the budget for this amendment has been carefully developed and reviewed to help assure that sufficient funds are provided to carry out the objectives envisaged.

B. Relationship to CDSS

The FY 85 CDSS stated USAID's intention to concentrate its efforts toward institution building and technology transfer centering these efforts on agriculture and education in order to raise rural incomes and provide opportunities for employment. It indicates that the USAID approach will concentrate efforts on continued institution building in the agriculture sector and providing direct support for limited scale rural agricultural production efforts. The continuation of assistance in agricultural research as planned herein responds substantially to the requirements defined in the problem and is consistent with the CDSS.

V. Detailed Project Description

A. Purpose and Goal

The purpose and goal of the proposed Amendment remain unchanged from that shown in the original Lesotho Farming Systems Research (FSR) Project Paper. The project purpose is to create more productive agricultural enterprise mixes which are acceptable to farmers, sensitive to farmers management ability, appropriate to the resources available, and protective of the land base and increase the Research Division's capacity to address priority problems. The project goal is to improve the quality of rural life by increasing rural incomes from agriculture.

Efforts to date in the current FSR Project have resulted in the completion of all construction required (Maseru offices, labs, staff housing, central warehouse and warehouses for all three FSR Project Prototype areas) and the majority of training targets set for the original project. An intensified focus on high value cash crops, in addition to continuing applied research efforts on grains, is now underway.

Good progress has been made toward the achievement of the project goal and purpose and this fact is attested to in the aforementioned January 1983 interim evaluation report; however, the full payoff from research-oriented projects comes after twenty or so years. The above evaluation report strongly recommends continuation of this effort. The project elements to be financed under the proposed Amendment constitute what is considered the highest priority items to be continued, so as not to lose the beneficial momentum generated under the Lesotho FSR Project. This proposed Amendment will, therefore, provide bridge financing for two years until the FY 1985 Lesotho LAPIS Project is initiated.

A detailed listing of the components of the project under this Amendment are presented in Section III.A. These modest, but critical and high priority inputs include technical assistance, long-term training and commodity and budget support to the MOA. These inputs are considered very necessary to the attainment of the outputs of the proposed Amendment as presented below.

## B. Outputs

### 1. Long-Term Training

The long-term academic training component of this project amendment provides for two participants to receive degrees at U.S. universities.

Upon the originally scheduled completion of this project (PACD 3/31/84), 15 participants will either be in training or will have returned to assume positions in the Research Division. During the term of this Amendment, two additional participants will be trained in animal science and entomology. This will result in a total of 17 participants who will have been sent for degree training in specialized fields such as agronomy, animal science, ag economics, rural sociology, horticulture, plant protection (entomology), ag journalism and soils. With the completion of this training, which does not include short-term or certificate training, a trained Mosotho will be placed in the majority of key positions with notable exceptions being irrigation, plant pathology, ag engineering and seed technology. With the focus under LAPIS moving to intensive high value crops, which will require supplemental irrigation, reinforcement of key positions will be absolutely essential.

The participants receiving training under the Amendment will return to the staffs of the Research and Extension Divisions of the MOA. The academic training provided for under this Amendment will be in key disciplines that complement those participants who have received their degrees during the first phase of the project.

2. Technical Assistance

The continuation of the technical assistance effort will continue to strengthen the performance of the Farming Systems program, improve the strategies for reaching farmers, and strengthen the MOA Research institution itself, which are all part and parcel of the original Lesotho Farming Systems Research Project.

a. Farming Systems Program

The Farming Systems Research Project has substantially contributed to the formation of the required capabilities in research for the MOA. Therefore, continuation of the FSR Program will permit further refinement of methodologies and expansion of the on-farm testing program. It is expected that the crop and livestock mixes now being tested and demonstrated will improve during the next two years, as research results become available after each crop cycle. Improvements in the conduct of on-farm tests and farm demonstrations have been documented in previous project evaluations, hence it can be expected that further progress will be made during the ensuing two years. With two additional years the MOA scientists will receive further practical experiences in conducting farming system research.

Applied research efforts in high value cash crops will continue to be intensified during the two year extension of the Project. With the further continuation of this focus on intensive cash cropping in the LAPIS Project, a sufficient commitment is being made by the Mission to a long-term research effort to enable the attainment of the major CDSS objective of raising rural incomes.

b. Strategies for Reaching Farmers

During the first phase of the project a large number of on-farm trials and demonstrations have been conducted on farmers' fields. Extension agents have been seconded from the Extension Division to assist with an educational program in the prototype areas. It is expected that the extension educational program will be expanded to selected areas outside of the present prototype designated boundaries. Expansion of the educational program will be possible through closer collaboration with the District level extension offices. As collaboration between the research and extension divisions improves, it is anticipated that there will be an increase in the number of on-farm trials and demonstrations conducted on farmers' fields.

c. Agricultural Research Institution

It is planned that the agricultural research capabilities of the MOA will be further developed and strengthened during the next two years. First, the core of research scientists will be increased through the return of participants who are now or will be undergoing training at U.S. universities. Participant disciplines include agronomy, horticulture, animal science, agricultural economics, extension, and rural sociology. These trained scientists, as well as those to be trained under the proposed Amendment, will form the basic research staff for the research institution. Secondly, the capacity of the research scientific staff to organize, plan, monitor and analyze research trials will be improved and strengthened. The management and administrative skills of the research staff will benefit from collaboration with the U.S. contract team as well as gaining practical experience in conducting in-country research investigations during the life of the Amendment.

C. Inputs

The inputs to attain the above-described outputs are as follows:

1. Long-Term Training

Funding is to be provided under the T.A. contract to finance two (2) MOA candidates to acquire M.S. degrees in Plant Protection and Animal Science. These long-term training programs are for a period of two years.

2. Technical Assistance

The long-term technical assistance to be provided under the proposed Amendment (see detailed listing in Section III.A.) is directed toward strengthening on-going activities described in sub-sections 2.a.b, and c. above.

3. Commodities and Budget Support to the MOA

The Contractor will procure library materials (books, periodicals, etc.) to update the MOA's agriculture Research Institution Library so that MOA scientists will have better access to pertinent scientific information.

Continued budgetary support in key areas will help to assure that MOA scientists will be able to attain the projected outputs described above. USAID/Lesotho and REDSO/ESA have determined that the amount earmarked (see below) for these categories are the minimum necessary to attain the objectives of the continuing Lesotho Farming Systems Research Project.

## VI. Implementation

### A. Implementation Schedule

#### 1. Technical Assistance

The present A.I.D.-direct technical assistance contract is planned to be extended two (2) years (collaborative assistance mode) to continue the technical assistance and other services listed in Section III.A.

USAID/Lesotho anticipates that a Project Grant Agreement Amendment can be executed in December 1983 and contracting action to be concluded in January 1984. There are no substantive changes to the Contractor's Scope of Work or other major contract provisions which would require prolonged negotiations. Consequently, no undue delays are anticipated in maintaining the momentum of research activities at headquarters in Maseru or at the three research stations outside the city.

#### 2. Long-Term Training

Two (2) participants during the period of this Amendment will undertake long-term training for the purpose of acquiring M.S. degrees, one in Plant Protection (Entomology) and the other in Animal Science.

#### 3. Commodities

A limited amount of procurement of library materials (books, periodicals, etc.) is included in the budget.

#### 4. Budget Support to the MOA

Annex C presents a breakdown of the items to be financed by AID, as well as CY disbursements, under this category. No major difficulties have been encountered in providing this support in the original Lesotho FSR Project and therefore no changes to the modus operandi are proposed herein. No major problems are envisioned regarding the provision of budget support to the MOA under the proposed Amendment.

### B. Evaluation Plan

In view of the short term of the extension only one evaluation is planned under the proposed Amendment. This evaluation will occur towards the end of the project extension period. No changes are suggested for the scope of the evaluation from what was included in the January 1983 evaluation report. Funds are provided in the proposed Amendment although REDSO/ESA and AID/W evaluation assistance will be sought.

VII. Conditions and Covenants and Negotiating Status

No conditions Precedent are considered necessary for the proposed Amendment. The same Covenants included in the original Project Grant Agreement will also apply to the proposed Amendment. USAID/Lesotho has discussed the proposed Amendment with appropriate representatives of the GOL, and consequently USAID/Lesotho foresees no obstacle to duly signing the proposed project Amendment immediately after the concurrence of the Director, REDSO/ESA, to USAID/Lesotho's authorization recommendation, receipt of fiscal data, and notification to proceed.

VIII. Waivers

A waiver of the 25% cost sharing requirement of Section 110(a) of the FAA has been requested of the AA/AFR, as permitted by Section 124(d) of the FAA, and the approved waiver including justification therefore is set forth in Annex F.

IX. Contracting Considerations

Implementation of the Farming Systems Research Project since its inception in 1978 has been through the collaborative assistance contracting method with Washington State University (Title XII, BIFAD). The plan is for a follow-on two year contract with Washington State University to ensure during this interim bridge period continuity of organizational and staff relationships within the Research Division, and to avoid duplication of costs and unacceptable delays in project implementation.



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CENTRAL PLANNING AND  
DEVELOPMENT OFFICE  
P.O. BOX MS 630  
MASERU 100  
LESOTHO

30th September, 1983

Ms. Edna Boorady  
Director USAID  
P.O. Box 333  
Maseru

Dear Mr. Boorady,

Extension of the Farming Systems Research Project

Following a review meeting held between COL and USAID representative on the 29th September, 1983 to discuss the above proposal, I am pleased to submit an official request for the extension of the above mentioned project for another 2 years (i.e. extend PACD to March 31, 1986).

This extension is meant to facilitate the implementation of the following issues:-

- (1) To allow projected training to be completed and allow continuity of AID support to Research until new USAID project is operational.
- (2) To encourage the formal approval by the PS/MOA of the Research Policy developed by the Research Division staff.
- (3) To encourage and assist MOA, to the extent possible in the establishment of an Agricultural Research and Planning Council.
- (4) Complete analysis of baseline survey.
- (5) Assist the Director of Research in strengthening the Rural sociology section of the Research Division through timely use of project consultants and strengthening the linkages between Research Extension, Agricultural information and farmer clientele.
- (6) Review extent of transportation problem within the Research Division and effect on performance of contract team and provide recommendations on how to overcome this constraints.

The project is now completely integrated into the Research Division and the Division is becoming a significant positive influence in Lesotho's agricultural programs.

The number of project personnel will be reduced. At least the following six key position will be required:-

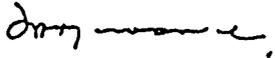
- (1) Farm Management specialist
- (2) Extension specialist
- (3) Agronomist
- (4) Horticulturalist
- (5) Livestock/Range specialist
- (6) Entomologist
- (7) Marketing specialist

This team would help us maintain and strengthen current programs and permit some additional vital effort in other areas. e.g. Horticulture and Entomology.

Looking ahead this contract could provide an effective essential bridge between the present research efforts and the proposed future overall agricultural projects. It is our desire and expectation that big strides would be made to mobilize resources towards improving on ox-drawn equipment testing and demonstration. Also the project should adopt an integrated agricultural approach in order to deal with the problems facing the poor farmers.

Thank you for your expeditious processing of the matter.

Yours sincerely,



T. Tuoane  
Acting Permanent Secretary  
Planning, Employment & Econ. Affairs.

PROJECT AMENDMENT AUTHORIZATION

Country: Lesotho  
Project Title: Farming Systems Research  
Project Number: 632-0065

1. Pursuant to Section 531 of the Foreign Assistance Act of 1961, as amended, The Farming Systems Research Project for Lesotho was authorized on April 5, 1978. That Authorization is hereby amended as follows:
2. The third and fourth paragraphs are deleted and the following paragraphs are substituted therefor:

I approve a total level of A.I.D. appropriated funding planned for this project of not to exceed Eleven Million One Hundred Ninety Four Thousand United States Dollars (\$11,194,000) in grant funds over a seven year period from date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process to help in financing foreign exchange and local currency costs for the project.

The planned life of the project is seven years and ten months from the date of original obligation.

3. The Authorization cited above remains in force except as hereby amended.

Date: \_\_\_\_\_

\_\_\_\_\_  
Name and Title

Farming Systems Research Project Extension

(Obligation Schedule - \$000)

FY 83 - FY 85

	FY 84	FY 85
<b>1. Personnel</b>		
<b>A. Long Term - Field*</b>	<u>1025.0</u>	<u>935.0</u>
1. Agronomist	140.0	140.0
2. Animal Science/Range Mgt. Spec.	125.0	125.0
3. Entomologist	130.0	130.0
4. Extension Specialist	120.0	120.0
5. Farm Mgmt. Economist	135.0	135.0
6. Horticulturalist	130.0	130.0
7. Marketing Economist	130.0	130.0
8. Administrative Asst. (Local Hire)	16.0	16.0
9. Graduate Asst. (Horticulture)	9.0	9.0
10. Extensions	90.0	
- Holland, Farm Mgmt. Econ. (5 mos)		
- Wallace, Agronomist (4 mos)		
One member of field team will also serve as Team Leader/Chief of Party		
<b>B. Short-Term Consultants</b>	<u>40.0</u>	<u>30.0</u>
<b>C. T.A. Backstop/Home Office Support</b>	<u>38.0</u>	<u>33.0</u>
1. Campus Coordinator	10.0	10.0
(2.0 p/y x 1/4 time x \$40.0 p.a.)		
2. Administrative/Financial Asst.	14.0	14.0
(2.0 p/y x 1/2 time x \$28.0 p.a.)		
3. Secretary	4.0	4.0
(2.0 p/y x 1/4 time x \$16.0 p.a.)		
4. Staff Trips (3 ea x \$5,000)	10.0	5.0
<b>D. Local Hire</b>	<u>34.0</u>	<u>36.0</u>
1. Accountant/Auditor	9.0	10.0
2. Field Extension/Evaluators (5)	15.0	16.0
3. Other (Research Center Personnel Drivers) (4)	10.0	10.0

	FY 84	FY 85
E. Miscellaneous Personnel Costs	<u>16.0</u>	<u>16.0</u>
1. Travel - Field Staff		
Consultative Travel - U.S. Home office (2 ea x \$6,000)	6.0	6.0
2. Local In-Country Travel	10.0	10.0
TOTAL Personnel Costs	<u>1153.0</u>	<u>1050.0</u>
2. <u>Training</u>		
A. Long Term - M.S.	<u>112.0</u>	-
1. Plant Protection (Entomology)	56.0	-
2. Animal Science	56.0	-
(\$2,300 p.m. for longterm M.S. training)		
B. Short Term Training	<u>32.0</u>	<u>30.0</u>
- In U.S. (short term courses)	22.0	20.0
- Local Training	10.0	10.0
3. <u>Commodities &amp; Equipment</u>	<u>69.0</u>	<u>57.0</u>
A. Library Materials/Books	5.0	5.0
B. Equipment to include:	12.0	12.0
1. Tractor(s): 35.H.P.		
2. Reproduction Equipment (replacement)		
3. Miscellaneous		
C. Vehicle: (1) ea. 4-W.D. Station Wagon	12.0	
D. Seeds, Fertilizers, Misc.	40.0	40.0
4. Miscellaneous		
Vehicle Maintenance (3 vehicles x \$3,000 p.y. (1/4 new vehicles cost p.a.)	<u>39.0</u>	<u>45.0</u>
Sub-Total	1,405.0	1182.0
Contingency - 7%	<u>93.0</u>	<u>83.0</u>

	FY 84	FY 85
Inflation - 10% in FY 85		<u>118.0</u>
TOTAL	1503.0	1,383.0
TOTAL (2 yr. Extension) \$2,886.0		

Government of Lesotho Contribution

1. Personnel

Figures used in computing GOL personnel contribution based upon the Establishment List Lesotho July 1983. Actual salary figures were used in establishing the salaries of the individuals scheduled for involvement in the project extension period. Upward adjustment of these salaries would obviously increase the GOL input. Anticipated attrition and replacement costs at a lower level will likely keep the level similar to the present figures.

<u>Item</u>	<u>Contribution</u>	<u>Comment</u>
1. <u>Personnel</u>		
Counterpart Salaries (20) 100%	M200,00 - 2 years	Estimated 20 counterparts
(Grades range from 4 through 12)		
Director's Salary	7,000	The Director of Research will spend 1/3 of his time on project activities.
Deputy Director's Salary	6,500	The Deputy Director of Research also allocates 1/3 of his time.
Research Assistants	9,600	3 Research Assistants.
Registry Typists	2,000	A minor part of the typing load is assumed by Research Division registry typists.
Total Contribution	<u>M225,000</u>	

2. Training

A. Two long term Participants' salaries	M2,400 (2 years)	GOL pays full salary to participants for the first three months of their training.
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<u>Item</u>	<u>Per Annum</u>	<u>Total 2 Years</u>	
3. <u>Other</u>			
Counterpart Contribution	M30,000	M60,000	Each quarter the Research Division bills USAID for 50% of those operating expenses which are a direct result of project activity.
Office space - (9)	11,000	22,000	This figure includes the rental value with all services supplies as cleaning, maintenance, telephones, electricity, water, sewer and parking.
Office Equipment and Supplies	3,200	6,400	
Conference Room	500	1,000	Same as office space.
Research Materials	4,000	8,000	
Farm Equipment	5,000	10,000	Includes petrol, depreciation, maintenance, operators.
Vehicles (4) @ 8,000/ vehicle	32,000	* 64,000	Est. of value of use of GOL vehicles
Farm Lands on Research Station	2,500	5,000	(Provided by GOL - Not USAID project) Experimental plots - rental value, labor.
Prototype Housing	3,000	6,000	Three sites.
Team Housing (7)	33,600	67,200	M400 per month rent, furniture included. (Estimated)
Hotel expenses to temporarily house new-hire U.S. contractors upon first arrival.	2,500		
Lebubane Range	5,700	11,400	365 hectares, caretaker, buildings, fence.
<b>TOTAL</b>	<b>M146,400</b>	<b>290,300</b>	
TOTAL GOL Contribution M528,690 (=\$475,821)			

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PAGE 01 MAFRU 02249 01 OF 02 0016257 4061 006577 AID2116  
ACTION AID-00

MASERU 02249 01 OF 02 0316252 4061 006577 AID2116  
LESOTHO IS A RELATIVELY LESS DEVELOPED COUNTRY (MLDC)  
AND THE WAIVER IS PERMITTED AS PER FAA SECTION 124 (D).

ACTION OFFICE AFCA-03  
INFO AAF-02 AFA-03 AFDR-04 FPCE-01 PPPB-02 GC-01 GCAF-01  
GCFL-01 FM-02 STAG-02 SWSI-01 AFDA-01 AGRI-01 STFA-01  
REIO-01 MAST-01 AFPH-01 /031 A4 89

A. JUSTIFICATION FOR WAIVER:

SECTION 123 (D) OF FOREIGN ASSISTANCE ACT (FAA) AUTHORIZES A WAIVER IN THE CASE OF PROGRAMS, PROJECTS OR ACTIVITIES IN RELATIVELY LESS DEVELOPED COUNTRIES. LESOTHO IS INCLUDED IN THIS CATEGORY AS SHOWN IN AID HANDBOOK 1, SUPPLEMENT B, CHAPTER 5. THE WAIVER AUTHORITY CAN BE EXERCISED WHENEVER THE INITIATION AND EXECUTION OF AN OTHERWISE DESIRABLE PROJECT IS HANDICAPPED PRIMARILY BY THE 25 PERCENT CONTRIBUTION REQUIREMENT. ANNEX 2 G OF HANDBOOK 3 SETS FORTH GENERAL CONSIDERATIONS WHICH SHOULD BE TAKEN INTO ACCOUNT. THESE INCLUDE FINANCIAL CONSTRAINTS, THE NATURE OF THE AID BEING PROVIDED AND THE GOVERNMENT COMMITMENT TO THE SECTOR.

INFO OCT-80 INR-18 AF-00 EB-02 OES-09 /072 V  
-----207860 0021142 /38

B. GENERAL CONSTRAINTS, INCLUDING FINANCIAL, WHICH SHOULD BE TAKEN INTO ACCOUNT:

LESOTHO IS AN IMPOVERISHED NATION BECAUSE THE RESOURCE BASE IS NOT SUFFICIENT TO FULLY SUPPORT THE POPULACE. THE ARABLE LAND MASS IS SMALL, 13 PERCENT, AND THERE ARE NO COMPENSATING NATURAL RESOURCES AVAILABLE. ALTERNATIVE RESOURCES ARE NOT LARGE ENOUGH TO SUPPORT AN INDEPENDENT ECONOMIC DEVELOPMENT PROGRAM. LESOTHO IS ONE OF 14 COUNTRIES IN THE WORLD IN WHICH 57 PERCENT OR MORE OF THE POPULATION ARE LIVING BELOW THE ABSOLUTE POVERTY LEVEL. IT IS CURRENTLY OPERATING UNDER AN AUSTERITY BUDGET AND IS UNABLE TO CONTRIBUTE 25 PERCENT OF PROJECT COSTS. YET THE PROJECT IS VITAL TO LESOTHO'S

R 001528Z AUG 83  
FM AMEMBASSY MASERU  
TO SECSTATE WASHDC 0632  
INFO AMEMBASSY NAIROBI  
AMEMBASSY MUBABAHE

UNCLAS SECTION 01 OF 02 MASERU 02249

AIDAC

NAIROBI FOR REDSO/ESA; MUBABAHE FOR 618800

E.O. 12355 N/A  
SUBJECT: FARMING SYSTEMS RESEARCH PROJECT (FSR) (632-0865) - PROPOSED PROJECT PAPER AMENDMENT

1. REQUEST AD HOC DELEGATION OF AUTHORITY FROM AA/AFR TO DIRECTOR USAID/LESOTHO TO APPROVE (A) AMENDMENT TO PROJECT PAPER FOR FSR PROJECT, AND (B) PROJECT AUTHORIZATION AMENDMENT WITH REDSO/ESA CONCURRENCE.

2. FSR PROJECT GRANT AGREEMENT WAS ENTERED INTO WITH GOL MAY 15, 1972, WITH LOP COST OF \$2,308,000 AND PACD OF MARCH 31, 1984. GOL CONTRIBUTION WAS \$724,800 OVER THE FIVE YEAR LOP. PROJECT HAS BEEN FULLY FUNDED. EXPENDITURES AS OF JUNE 30, 1983, TOTAL \$5,678,300. WITH THE CONCURRENCE OF REDSO/ESA, PACD WAS EXTENDED BY USAID DIRECTOR, LESOTHO, ON MAY 3, 1983 FOR TWO YEARS TO NEW PACD OF MARCH 31, 1985, ESSENTIALLY TO ALLOW ALL PARTICIPANT TRAINING TO BE COMPLETED.

3. MISSION HAS NOW CONCLUDED IT ESSENTIAL THAT CONTRACT WITH WASHINGTON STATE UNIVERSITY FOR TECHNICAL ASSISTANCE TEAM BE CONTINUED FOR TWO YEARS (FROM MARCH 31, 1984, TO THE REVISED PACD DATE MARCH 31, 1986) TO ENSURE CONTINUITY OF RESEARCH EFFORT AND PROPER PHASING AND INTEGRATION WITH NEW LESOTHO AGRICULTURE PRODUCTION AND INSTITUTIONAL SUPPORT (LAPIS) PROJECT SCHEDULED FOR FY 85 IMPLEMENTATION. BRIDGE FINANCING WILL BE REQUIRED TO CONTINUE ESSENTIAL TECHNICAL ASSISTANCE AND PRIORITY RESEARCH EFFORTS AS WELL AS TRAINING, COMMODITIES AND LOCAL CURRENCY SUPPORT UNTIL THE NEW AGRICULTURE PROJECT PLANNED FOR FY 85 IS APPROVED. PID FOR LAPIS PROJECT APPROVED NOVEMBER, 1982, AS NOTED, FOR FY 85 FUNDING AND PP IS CURRENTLY BEING DEVELOPED. ESTIMATED FUNDING REQUIRED FOR TWO YEAR FSR EXTENSION, AS PRESENTED IN FY 1985 ANNUAL BUDGET SUBMISSION (PES) WAS TWO MILLION ONE HUNDRED THIRTY THOUSAND DOLLARS ALTHOUGH THIS IS SUBJECT TO REVISION BASED ON FINAL PP AMENDMENT AND MAY NEED TO BE REVISED UPWARD TO ROUGHLY \$2.5 MILLION.

4. IN VIEW GOL TIGHT BUDGETARY SITUATION A WAIVER OF THE COST SHARING REQUIREMENT OF SECTION 110(A) OF FAA IS REQUIRED. THE PROJECT WAS AUTHORIZED ORIGINALLY WITH CSA FUNDING WITH A HOST GOVERNMENT CONTRIBUTION OF 8 PERCENT. FOLLOWING IS JUSTIFICATION FOR WAIVER FOR AA/AFR CONSIDERATION AND APPROVAL.

QUOTE: THE FOLLOWING WAIVER IS REQUIRED: A WAIVER OF THE 25 PERCENT COST SHARING REQUIREMENT CONTAINED IN SECTION 110(A) OF THE FOREIGN ASSISTANCE ACT, AS

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21

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Department of State

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TELEGRAM

PAGE 01 MASERU 02249 . 02 OF 02 081620Z 4335 006579 AID2145  
ACTION AID-00

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ACTION OFFICE AFSA-03  
INFO AAAF-02 AFEA-03 AFDR-06 PPCE-01 PPPB-02 GC-01 GCAF-01  
GCFL-01 FM-02 STAG-02 SAST-01 AFDA-01 AGRI-01 STFA-01  
RELO-01 MAST-01 AFPM-01 /031 A4 89  
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INFO OCT-00 COPY-01 INR-10 AF-00 EB-08 OES-09 /073 W  
-----207064 082245Z /72

R 081528Z AUG 83  
FM AMEMBASSY MASERU  
TO SECSTATE WASHDC 0603  
INFO AMEMBASSY NAIROBI  
AMEMBASSY MBABANE

UNCLAS SECTION 02 OF 02 MASERU 02249

AIDAC

NAIROBI FOR REDSO/ECA; MBABANE FOR BISSON

E. O. 12356 N/A  
SUBJECT: FARMING SYSTEMS RESEARCH PROJECT (FSR) (632-

ECONOMIC AND DEVELOPMENT NEEDS:

- C. NATURE OF THE PROJECT

THE PROJECT IS OF A RESEARCH AND INSTITUTIONAL DEVELOPMENT NATURE. IN SUCH AN ACTIVITY THE MAJORITY OF COSTS AFTER START UP WILL OCCUR IN LATER YEARS NOT ONLY TO MAINTAIN THE INSTITUTIONAL BASE BUT ALSO TO EXTEND THE RESULTS OF THE RESEARCH SYSTEM. BECAUSE OF THE CURRENT FINANCIAL DIFFICULTIES, THE FARMING SYSTEMS RESEARCH PROJECT PP AMENDMENT EMPHASIZES MINIMAL RECURRENT COSTS/ INCREMENTAL COST IMPLICATIONS WHEREVER POSSIBLE. THE NUMBER OF NEW EMPLOYEES REQUIRED HAS BEEN KEPT AT A MINIMUM, NO NEW INFRASTRUCTURE WILL NEED TO BE MAINTAINED OR SUPPORTED AND OVERSEAS TRAINING HAS BEEN KEPT AT A MINIMUM. TA STAFF, BOTH SHORT-TERM AND LONG-TERM, ARE FULLY FUNDED BY THE PROJECT TO AVOID ADDING TO THE RECURRENT COSTS FOR THE PROJECT.

THE GOL CONTRIBUTION DURING THE PERIOD OF THE AMENDMENT WILL TOTAL APPROXIMATELY \$495,000.

THIS REPRESENTS A CONTRIBUTION OF ROUGHLY 20 PERCENT OF TOTAL AMENDMENT COSTS. (CALCULATED ON COST OF EXTENSION OF \$2.130 MILLION)

- D. GOVERNMENT COMMITMENT

THE GOVERNMENT'S COMMITMENT TO RESEARCH IS VISIBLY STRONG AS DEMONSTRATED BY:

- - 1. THE CREATION OF THE RESEARCH DIVISION AND THE ALLOCATION OF THE NECESSARY PERSONNEL AND RESOURCES TO TAKE IT FROM INCEPTION TO EFFECTIVE FUNCTIONING WITHIN FOUR YEARS.

- - 2. INCREASED COMMITMENT WITHIN THE GOVERNMENT TO RESEARCH THROUGH THE TRAINING OF RESEARCH SCIENTISTS AND THE STRENGTHENING OF RESEARCH EXTENSION CAPACITY TO DISSEMINATE RESEARCH RESULTS. EQUALLY, THE GOL, THROUGH GENERAL TRAINING AND EDUCATIONAL EMPHASIS, IS FOCUSING INCREASED ATTENTION AND IMPORTANCE ON RESEARCH.  
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ANNEX F

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR FOR AFRICA

FROM: Director, AFR/PD, Norman Cohen

SUBJECT: Lesotho Farming Systems Research Project Paper  
Amendment

Problem: You are requested to approve: 1) an ad hoc delegation of authority to the Director, USAID/Lesotho with REDSO/ESA concurrence, to amend the Lesotho Farming Systems Research Project to provide additional funding; and 2) a waiver of the cost sharing requirement of Section 110 (A) of the Foreign Assistance Act (FAA).

PP Amendment: The Lesotho Farming Systems Research Project was authorized on 8/31/78 for a life-of-project funding level of \$8.3 million over a six-year obligating period. The original PACD was March 31, 1984 and with REDSO/ESA concurrence, the Mission Director approved a two-year extension to March 31, 1986 to allow all participant training to be completed. At that time it was determined that other institution building activities under the project would be phased into the proposed Lesotho Agricultural Production and Institutional Support Project (LAPIS). However, since then, funding for the LAPIS Project has been postponed until FY 85. Bridge financing is required for the FSR Project, therefore, in order to ensure continuity in technical assistance, research, commodities and local currency support until resources are available under the LAPIS Project.

The FY 85 Lesotho ABS estimated that \$2.13 million would be needed as bridge funding. The Mission now estimates that this amount may be revised upward to \$2.5 million, pending final PP amendment preparation. Since this amount represents an increase of more than 10 percent of LOP cost, your approval would otherwise be required.

There are no policy or other issues which would require AID/W review of this PP amendment. Furthermore, this amendment represents no significant departure from the original project purpose. Funding will be provided for activities which are already being supported under the FSR Project.

Waiver: The amended PP will include a waiver of the 25 percent cost sharing requirement of Section 110 (a) of the Foreign Assistance Act (FAA). In accordance with HB 3, appendix 2G, section 6, you are authorized to exercise the waiver provisions of Section 124 (d) of the FAA. The waiver provision restricts eligibility to those countries included in the UNCTAD list of "relatively least developed countries". Some of the factors to be considered in determining whether a waiver is appropriate include: financial constraints- overall budgetary performance, existing expenditures, and development priorities; and host government commitment to the project.



Listed below are statutory criteria applicable generally to FAA funds, and criteria applicable to individual fund sources: Development Assistance and Economic Support Fund.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FAA Sec. 481. Has it been determined that the government of the recipient country has failed to take adequate steps to prevent narcotic drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country; from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents, or from entering the U.S. unlawfully? No such determination has been made.
  
2. FAA Sec. 620(c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government?

3. FAA Sec. 620(e)(1). If assistance is to a government, has it (including government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities?

No.

4. PAA Sec. 532(c), 520(a), 620(f), 620D; FY 1982 Appropriation Act Secs. 512 and 513. Is recipient country a Communist country? Will assistance be provided to Angola, Cambodia, Cuba, Laos, Vietnam, Syria, Libya, Iraq, or South Yemen? Will assistance be provided to Afghanistan or Mozambique without a waiver?

No.

No.

5. ISDCA of 1981 Secs. 724, 727 and 730. For specific restrictions on assistance to Nicaragua, see Sec. 724 of the ISDCA of 1981. For specific restrictions on assistance to El Salvador, see Secs. 727 and 730 of the ISDCA of 1981.

Not applicable.

6. FAA Sec. 620(i). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction by mob action of U.S. property?

Security and protection measures against mob action appear adequate.

25

7. FAA Sec. 620(1). Has the country failed to enter into an agreement with OPIC? Agreement is in force (See TIAS 6227)
8. FAA Sec. 620(o); Fishermen's Protective Act of 1957, as amended, Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing activities in international waters? No such actions have taken place.
- (b) If so, has any deduction required by the Fishermen's Protective Act been made?
9. FAA Sec. 620(c); FY 1982 Appropriation Act Sec. 517. (a) Has the government of the recipient country been in default for more than six months on interest or principal of any AID loan to the country? No.
- (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the appropriation bill appropriates funds? No.
10. FAA Sec. 620(s). If contemplated assistance is development loan or from Economic Support Fund, has the Administrator taken into account the amount of foreign exchange or other resources which the country has spent on military equipment? Assistance is not development loan or from the ESF.
- (Reference may be made to the annual "Taking into
- 
- 20

Consideration memo:  
"Yes, taken into account  
by the Administrator at  
time of approval of  
Agency OYB." This  
approval by the  
Administrator of the  
Operational Year Budget  
can be the basis for an  
affirmative answer during  
the fiscal year unless  
significant changes in  
circumstances occur.)

11. FAA Sec. 620(t). Has the  
country severed  
diplomatic relations with  
the United States? If  
so, have they been  
resumed and have new  
bilateral assistance  
agreements been  
negotiated and entered  
into since such  
resumption?

No.

12. FAA Sec. 620(u). What is  
the payment status of the  
country's U.N.  
obligations? If the  
country is in arrears,  
were such arrearages  
taken into account by the  
AID Administrator in  
determining the current  
AID Operational Year  
Budget? (Reference may  
be made to the Taking  
into Consideration memo.)

Lesotho is slightly in arrears of  
of its UN obligations as of 30 Sept. 1982,  
but it is not delinquent with respect to  
such obligations for purposes of Article 19  
of the UN Charter.

This slight arrearage was taken into  
consideration by the AID Administrator in  
the FY 1983 OYB Budget.

13. FAA Sec. 620A; FY 1982  
Appropriation Act Sec.  
520. Has the country  
aided or abetted, by  
granting sanctuary from  
prosecution to, any  
individual or group which  
has committed an act of  
international terrorism?  
Has the country aided or

None known.

abetted, by granting sanctuary from prosecution to, any individual or group which has committed a war crime?

None known.

14. FAA Sec. 666. Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA?

No.

15. FAA Sec. 669, 670. Has the country, after August 3, 1977, delivered or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device, after August 3, 1977? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.)

No.

16. ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Session of the General Assembly of the U.N. of Sept. 25 and 28, 1981, and failed

Yes, it was represented at the subject meeting and to date (9/21/83)-it has failed to disassociate itself from the communique.

This factor was taken into consideration by the Administrator in approving the FY 83 OYB Budgets.

to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the Taking into Consideration memo.)

17. ISDCA of 1981 Sec. 721.  
See special requirements for assistance to Haiti.

Not applicable.

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria.

a. FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy?

No such determination has been made.

2. Economic Support Fund Country Criteria

Not an ESF Country

a. FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the country made such significant improvements in its human rights record that furnishing such assistance is in the national interest?

Not applicable.

b. ISDCA of 1981, Sec. 725(b). If ESF is to be furnished to Argentina, has the President certified that (1) the Govt. of Argentina has made significant progress in human rights; and (2) that the provision of such assistance is in the national interests of the U.S.?

Not applicable.

c. ISDCA of 1981, Sec. 726(b). If ESF assistance is to be furnished to Chile, has the President certified that (1) the Govt. of Chile has made significant progress in human rights; (2) it is in the national interest of the U.S.; and (3) the Govt. of Chile is not aiding international terrorism and has taken steps to bring to justice those indicted in connection with the murder of Orlando Letelier?

Not applicable.

## 5C(2) PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A. includes criteria applicable to all projects. Part B. applies to projects funded from specific sources only: B.1. applies to all projects funded with Development Assistance Funds, B.2. applies to projects funded with Development Assistance loans, and B.3. applies to projects funded from ESP.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

### A. GENERAL CRITERIA FOR PROJECT

1. FY 1982 Appropriation Act Sec. 523; FAA Sec. 634A; Sec. 653(d).

(a) Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project;  
(b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that amount)?

(a) A Congressional Notification will be prepared for the Amendment.

(b) Yes.

2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$100,00, will there be

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(a) engineering, financial or other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

(a) Yes.

(b) Yes.

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

No specific legislative action is required.

4. FAA Sec. 611(b); FY 1982 Appropriation Act Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973? (See AID Handbook 3 for new guidelines.)

Not applicable.

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

Project is not for capital assistance

6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.

The project is not susceptible of execution as a regional or multilateral project.

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

Improving the quality of rural life through increasing rural income from agriculture will assist Lesotho development in (b), (c), and (e). The Project would appear to have little effect with respect to (a) and (f).

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

The Project will finance U.S. source technical assistance, U.S. university participant training and some U.S. manufactured commodities.

9. FAA Sec. 612(b), 636(h);  
FY 1982 Appropriation  
Act Sec. 507. Describe  
steps taken to assure  
that, to the maximum  
extent possible, the  
country is contributing  
local currencies to meet  
the cost of contractual  
and other services, and  
foreign currencies owned  
by the U.S. are utilized  
in lieu of dollars. Lesotho is listed by the UN as a  
"relatively least developed country"  
and has limited financial resources.  
Nevertheless the Government of Lesotho  
will contribute approximately 10% of  
the total cost of the Amendment.
10. FAA Sec. 612(d). Does  
the U.S. own excess  
foreign currency of the  
country and, if so, what  
arrangements have been  
made for its release? Lesotho is not an excess currency  
country.
11. FAA Sec. 601(e). Will  
the project utilize  
competitive selection  
procedures for the  
awarding of contracts,  
except where applicable  
procurement rules allow  
otherwise? Yes.
12. FY 1982 Appropriation Act  
Sec. 521. If assistance  
is for the production of  
any commodity for export,  
is the commodity likely  
to be in surplus on world  
markets at the time the  
resulting productive  
capacity becomes  
operative, and is such  
assistance likely to  
cause substantial injury  
to U.S. producers of the  
same, similar or  
competing commodity? Not applicable.
13. FAA 116(c) and (d).  
Does the project comply  
with the environmental  
procedures set forth in  
AID Regulation 16? Does Yes.

the project or program take into consideration the problem of the destruction of tropical forests?

Not applicable.

14. FAA 121(d). If a Sabel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)?

Not applicable.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FAA Sec. 102(b), 111, 113, 281(a). Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and

(a) The Project seeks to improve the quality of rural life through increasing rural income from Agriculture. Its purpose is to create more productive agricultural enterprise mixes which are acceptable to farmers, sensitive to farmers' management ability, appropriate to the resources available, and productive of the land base.

(b) Cooperatives will be involved in the technical assistance component and will assist the rural poor toward achieving a better life.

75

otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?

b. FAA Sec. 103, 103A, 104, 105, 106. Does the project fit the criteria for the type of funds (functional account) being used?

c. FAA Sec. 107. Is emphasis on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?

(c) the Project will lead to improvements in the productivity and welfare of small-scale farmers and herders. The will support Lesotho's self-help efforts in agricultural development.

(d) Farmers, both men and women, are the Project's main beneficiaries. The Project will develop farming systems appropriate to the mass of Basotho farmers rather than a selective better endowed groups.

Yes.

Yes. Research activities will be so oriented.

A waiver of the 25% cost sharing requirement has been prepared.

e. FAA Sec. 110(b).  
Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed"? (H.O. 1232.1 defined a capital project as "the construction, expansion, equipping or alteration of a physical facility or facilities financed by AID dollar assistance of not less than \$100,000, including related advisory, managerial and training services, and not undertaken as part of a project of a predominantly technical assistance character.

No.

Lesotho is a relatively least developed country.

f. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

Yes, the Project does give reasonable promise in the improvement in the productivity and welfare of small-scale farmers and herders. This in turn should lead to a more stable and prosperous nation.

g. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage

The Project is "farmer-oriented". Rural enterprise mixes will be developed which are acceptable to farmers, sensitive to their management capability, appropriate to their resources, and protective of the country's seriously eroded land base.

institutional development;  
and supports civil  
education and training in  
skills required for  
effective participation in  
governmental processes  
essential to self-government.

2. Development Assistance Project  
Criteria (Loans Only) Not a DA loan.

a. PAA Sec. 122(b).  
Information and conclusion  
on capacity of the country  
to repay the loan, at a Not applicable.  
reasonable rate of interest.

b. PAA Sec. 620(d). If  
assistance is for any  
productive enterprise which  
will compete with U.S. Not applicable.  
enterprises, is there an  
agreement by the recipient  
country to prevent export  
to the U.S. of more than  
20% of the enterprise's  
annual production during  
the life of the loan?

c. ISDCA of 1981, Sec. 724  
(c) and (d). If for  
Nicaragua, does the loan Not applicable.  
agreement require that the  
funds be used to the  
maximum extent possible for  
the private sector? Does  
the project provide for  
monitoring under PAA Sec.  
624(g)?

3. Economic Support Fund  
Project Criteria Not ESF funded.

a. PAA Sec. 531(a). Will  
this assistance promote  
economic or political Not applicable.

stability? To the extent possible, does it reflect the policy directions of FAA Section 102?

b. FAA Sec. 531(c). Will assistance under this chapter be used for military, or paramilitary activities?

Not applicable.

c. FAA Sec. 534. Will ESP funds be used to finance the construction of the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such use of funds is indispensable to nonproliferation objectives?

Not applicable.

d. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

Not applicable.

## 5C(3) - STANDARD ITEM CHECKLIST

Listed below are the statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

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

### A. Procurement

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

Yes.

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

Yes.

3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?

The cooperating country does not discriminate against U.S. marine insurance companies.

4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(e). If offshore procurement of agricultural commodity or product is to be

Not applicable.

PAGE NO. 3M-20	EFFECTIVE DATE September 30, 1932	TRANS. MEMO NO. 3:43	AID HANDBOOK 3, App 3M
-------------------	--------------------------------------	-------------------------	------------------------

financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)

5. FAA Sec. 604(a). Will construction or engineering services be procured from firms of countries otherwise eligible under Code 941, but which have attained a competitive capability in international markets in one or these areas?

Not applicable.

6. FAA Sec. 603. Is the shipping excluded from compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent that such vessels are available at fair and reasonable rates?

The Project will comply with this Section.

7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? If the facilities of other

Yes.

Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

8. International Air Transport. Fair Competitive Practices Act. 1974. If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?

Yes.

9. FY 1982 Appropriation Act. Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?

Any AID direct contract under the Project will contain such provision.

B. Construction

1. FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services to be used?

Not a construction project.

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

Not a construction project.

PAGE NO. 3M-22	EFFECTIVE DATE September 30, 1982	TRANS. MEMO NO. 3:43	AID HANDBOOK 3, App 3M
-------------------	--------------------------------------	-------------------------	------------------------

3. FAA Sec. 520(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the CP)?

Not a construction project.

C. Other Restrictions

1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter?

Not a development loan.

2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights?

Not applicable.

3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries?

Yes.

4. Will arrangements preclude use of financing:

a. FAA Sec. 104(f); FY 1982 Appropriation Act Sec. 505: (1) To pay for performance of abortions as a method of family

(1) Yes.

- planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; (4) to lobby for abortion? (2) Yes.
- b. FAA Sec. 620(c). To compensate owners for expropriated nationalized property? (3) Yes.
- c. FAA Sec. 660. To provide training or advice or provide any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? (4) Yes.
- d. FAA Sec. 662. For CIA activities? Yes.
- e. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? Yes.
- f. FY 1982 Appropriation Act, Sec. 503. To pay pensions, annuities, retirement pay, or

PAGE NO. SM-24	EFFECTIVE DATE September 30, 1982	TRANS. MEMO NO. 3:43	AID HANDBOOK 3, App 3M
-------------------	--------------------------------------	-------------------------	------------------------

adjusted service compensation for military personnel? Yes.

g. FY 1982 Appropriation Act, Sec. 505. To pay U.N. assessments, arrearages or dues? Yes.

h. FY 1982 Appropriation Act, Sec. 506. To carry out provisions of FAA section 209(d) (Transfer of FAA funds to multilateral organizations for lending)? Yes.

i. FY 1982 Appropriation Act, Sec. 510. To finance the export of nuclear equipment, fuel, or technology or to train foreign nationals in nuclear fields? Yes.

j. FY 1982 Appropriation Act, Sec. 511. Will assistance be provided for the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? No.

k. FY 1982 Appropriation Act, Sec. 515. To be used for publicity or propaganda purposes within U.S. not authorized by Congress? Yes.