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FY 1984

Mali

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ANNUAL BUDGET SUBMISSION

FY 1984

MALI

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TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$ Thousands)

Country/Office Mali

DEVELOPMENT ASSISTANCE	FY 1982 EST	FY 1983 EST	FY 1984 REQUEST	PLANNING PERIOD		
				1985	1986	1987
SAHEL DEVELOPMENT PROGRAM						
<u>Bilateral Program</u>						
Grants (Shelf)	9,700	9,700	11,000 (950)	12,000	13,000	14,000
Loans (Shelf)	-	-	-	(3,000)	-	(7,000)
<u>Regional Program</u>						
Grants	(1,618)	(4,520)	(4,108)	(4,410)	(2,735)	(1,735)
<u>PL 480 (non add.)</u>						
Title II Sect. 206	-	(2,400)	(1,700)	(900)	-	-

TOTAL PERSONNEL (USAID/Mali)	(workyears)					
USDH - Bilateral Program	24	23	22	22	22	22
USDH - River Basins	-	1	2	2	2	2
USDH - IDI	1	1	2	2	2	2
FNDH	26	28	25	25	25	25
Part Time	.8	3.2	3.2	3.2	3.2	3.2

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LONG RANGE PLAN

I. Program Strategy: FY 1983-84

The USAID/Mali program places first priority on improved project management based on reduced implementation targets and concentration of activities. Weaknesses in Malian administrative capability and USAID staff vacancies have resulted in a current situation which is critical in several projects, due principally to inadequate management of USAID local costs financing. These complex project issues and problems take place in a long-standing difficult macro-economic setting which, as described in the CDSS, is a subject of serious negotiations between the Government of the Republic of Mali (GRM) and various external assistance donors. Recent progress in these negotiations provides some basis for optimism that improvements will occur in the economic environment, while ongoing efforts in project management improvement justify continuation of selected projects in the current portfolio through FY 1984.

Staffing. This is the most serious program management problem facing USAID/Mali. USDH positions have been reduced from 36 two years ago to a present level of 25. USDH workyears estimated to be available in FY 1982 will be 24, compared to an AID/W assigned ceiling of 23 workyears in FY 1983. Intermittent vacancies in key positions have resulted in program management gaps, well-documented in project evaluations and audits, which have required continuous revision of implementation schedules and resulted in inordinate pipeline build-ups. Budget and workforce proposals presented in previous Annual Budget Submissions have required constant revisions due to inability to fill vacated positions which had been assumed would be filled. At the same time, requirements placed on the Mission to support or manage activities in Mali programmed under centrally-financed, Africa regional and Sahel regional projects are making increasing demands on Mission staff. These projects can provide important inputs for achieving USAID/Mali program objectives, but they require Mission staff time to administer if they are to be successful. This has become a particularly critical staffing factor in the case of Senegal River Basin (OMVS) projects which amount to over \$25 million of USAID investment in western Mali. These projects are programmed outside of the bilateral budget. (See Table IVB and Annex thereto). Due principally to the added burden of managing OMVS programmed activities in western Mali, USAID proposes that one workyear of USDH staff be reinstated in FY 1983 and two in FY 1984 for regional river basin development. The FY 1984 increase would be offset by a decrease of one additional USDH workyear for the bilateral program. Details of Mission staffing requirements will be submitted with workforce schedules and sub-function categories of the Operating Expenses Budget to be submitted later.

Pipeline. The September 30, 1981 pipeline remained at \$24 million, approximately the same as a year previously. This was achieved even while several projects (Opération Haute Vallée, Rural Health and Renewable Energy) were forward funded with supplemental FY 1981 obligations to reduce the demand on the current FY 1982 budget. Because of reduced obligations this year, the pipeline as of September 30, 1982, is expected to continue to be drawn down in spite of implementation delays and suspension of disbursements for local costs under several projects due to FAA Section 121(D) requirements for certified financial management systems.

Several projects pose critical pipeline problems and are subjects of continuing negotiation with the GRM. Disbursements have been suspended since January 1981 under Action Blé (688-0213) due to inadequate control over local costs financing, even though this project has demonstrated farmers can significantly increase their production of wheat through pump irrigation in that remote chronically food-deficit northern area of the country. No new funding is proposed for this project and LOP funding has been reduced by \$2.1 million. However it probably will be necessary to keep most of the present funding in place for another two years to effect an orderly phase-out which will protect interests of both USAID and the farmers in the project area. A phaseout plan has been negotiated with the GRM and proposed to AID/W for approval to proceed.

No drawdown of funds obligated in FY 1981 for final engineering of the Kayes-Nioro Road (688-0212) has been possible because AID/W overturned a USAID C.P. determination made in February 1981 and the Mission's appeal for reconsideration has not yet been resolved. Expansion of economic activities under OMVS funding in western Mali will make this remote northwestern area more important for economic integration objectives of Mali with its neighbors, Senegal and Mauritania. Based on strong indications of interest by Canada, Yugoslavia and other potential donors, USAID is again recommending that the contract for the engineering study be executed by AID/W, which will initiate drawdown of project funds.

The Opération Mils-Mopti (688-0202) project has encountered serious operational slowdowns due to suspension of local costs financing. If current efforts to place and maintain financial management assistance for the Opération do not succeed, this project will soon be entirely shut down, just after good rainfall last year and the first year of liberalized grain marketing in the area have resulted in significant cash returns to farmers and apparent strong receptivity to improved technical inputs developed under the project with ICRISAT (688-0226) and SAFGRAD (698-0393) support.

Similar problems have been encountered in several components of USAID/Mali's other major crop production project, Opération Haute Vallée (688-0210). This project is not yet certified, pending resolution of numerous financial management problems. USAID is prepared to reprogram its proposed budget for FY 83 in connection with either an appropriate redesign of the OHV project, including possible transfer of activities from OHV to the proposed Small and Medium Agriculture/Enterprises Project. The OHV project is under intense review at the present time.

Life of Project Funding and Program Mortgage. Tight management of project disbursements and careful negotiations with the GRM touch on a wide range of U.S.-Malian relations. The results of these negotiations cannot be readily predicted nor can a timeframe be assigned to them. Therefore, while the overall program funding totals proposed for FY 1983 and 84 are probably appropriate for limited U.S. assistance objectives during these years, the specific mix of projects and the pace at which funds should be obligated will depend on the outcome of individual project negotiations.

The five-year \$17 million Livestock Sector project places a large claim on the FY 1982, 83 and 84 budgets and leaves a \$7.4 million mortgage on FY 85 and 86. It is the major new start proposed during the period of this ABS and claims 36% of the FY 1984 budget. Since other ongoing projects

will be fully funded during this period, the Mission believes that approval of the proposed Livestock Sector project will not impose an unmanageable mortgage on the future. Other new starts proposed for the FY 1983 period, as shown in Table V, are not expected to place a sizeable mortgage on future years' budgets.

PL480. USAID proposes a three year, \$5 million, Section 206 program beginning in FY 1983 to assist the Malian economy adjust to the cereals market restructuring put into effect in early 1982. As part of a multi-donor group, USAID will obtain regular end-use and financial reports and participate in regular evaluations and consultations to assess the efficacy of the market restructuring measures being implemented and their effect on Malian consumer prices and producer incentives.

II. Longer Term Issues and Objectives: FY 1985-87

The future of the USAID program in Mali is clouded by uncertainties regarding the success and pace of progress to be realized in resolving the numerous project management issues facing the Mission and the efficacy and pace of multi-donor supported economic reforms. The FY 1984 CDSS describes both of these situations. Following is a summation of events which have transpired since the CDSS was submitted in January 1982.

Project Implementation. Problems with certification of project local cost accounting systems continue to be serious in several projects. Obligation of FY 1982 funds for Operation Mills may be blocked for lack of certification and serious problems in Operation Haute Vallee must be resolved before FY 1983 budgeted funds can be obligated. Other ongoing projects require continuous monitoring to ensure that certifications are maintained. The Financial Management Workshop, directed by regional experts in late May, introduced the "Users Manual" for Sahel Development Program funded project financial management and instructed key GRM and Mission project staff on its application. This was a good start, but continuous AID/W support will be needed under the proposed Sahel Financial Management Project (625-0950) through at least FY 1985 to achieve consistent and reliable financial accountability for project local cost expenditures.

Financial management is only a pre-requisite for effective project implementation. Problems in administration of agricultural credit and inputs, road and irrigation systems maintenance and need for additional research output are serious constraints to project implementation. Our ability to deal with these constraints effects the economic viability of the design in each project, which in many cases has proven to be over-optimistic. We're seeking solutions to these constraints and will be redesigning reduced projects and/or new starts as necessary.

Macroeconomic Reforms. Progress has been made in all three areas of economic reform during recent months, but it is too early to evaluate results.

The cereals market was restructured in late 1981 and the current market appears to work freely without enforced official commercial purchases from producers. Comments from rural extension officials have been favorable and

a USAID-contracted study claims to show increased prices to farmers. Design of the Cereals Market Liberalization Project for US PL 480 contributions will provide for regular evaluation of the market and USAID will participate actively in the multi-donor food aid group. Eventual impact of the liberalized market on producers will be evaluated in USAID project-assisted areas as part of scheduled project evaluations.

The State Enterprise reform plan will be implemented with assistance of a strong World Bank-financed consultant team that has recently started work. The Government has steadily reduced operations of a few parastatals and is expected to proceed soon with divestiture of several money-losing enterprises. The impact of these measures should free investment funds in the Malian Development Bank and open opportunities for indigenous and possibly some foreign enterprises.

Progress toward fiscal reforms is indicated by the GRM/IMF standby agreement reached in April. An IMF/IBRD evaluation team will visit Mali in July and the Fund will assess progress as a basis for continued release of funds under the agreement in November 1982. USAID has not engaged in discussions of the terms of the agreement with either the GRM or IMF. Without an IMF resident representative in Mali or a donor forum other than the food aid donor group USAID does not have the means for regular consultations in this area of reform. Efforts described in the CDSS toward better GRM and donor collaboration in planning should provide a means for such consultations in the future.

Food Sector Strategy. The GRM Food Sector Strategy Committee has finished its draft proposal. Review meetings are scheduled in June following which the strategy is supposed to be submitted to the Council of Ministers for approval. USAID has requested TDY assistance of an agricultural economist to evaluate the GRM strategy and assist in formulating a proposed USAID strategy.

At the same time, the Ministry of Agriculture has embarked on a major evaluation of the Rural Development Operations (RDOs) with World Bank assistance. This comprehensive study should produce recommendations which will redefine and limit the roles of the RDOs and reorganize them. More effective RDOs, better integrated livestock sector management and increased private sector investment will provide a basis for a sound long-term USAID assistance strategy for Malian food production.

Private Enterprise Development. In the CDSS, the Mission established as a secondary objective encouraging the growth of private sector enterprises. In this regard, Mission has established the following priorities:

- a. Agribusiness activities related to AID-funded ongoing and planned agriculture projects to include:
 - fostering increased crops and animal production with emphasis on cooperatives or other private sector activities in irrigation schemes and cattle feedlots;
 - supporting greater investment in the manufacture and delivery of agricultural inputs and services;

- more efficient private marketing of outputs focusing primarily on local and regional markets.
- b. Small-scale enterprise activities related to AID-funded Renewable Energy and Reforestation projects to include:
 - production and marketing of energy devices developed through project resources;
 - development of private commercial tree nurseries.

The rationale for above emphasis is prompted by the serious political, economic and physical constraints to substantial expansion of the private sector and the prominence of agriculture in the Malian economy. We also feel that our most significant short-term contribution to local private sector enterprise development could best be accomplished within the framework of existing and planned AID-funded projects.

A senior Mission staff officer has been designated to coordinate the Mission's private sector activities. The Mission has also requested consultant assistance from AID/W to assist in the development of a private sector profile and to help identify specific opportunities for AID initiatives that may result in one or more private sector projects. A tentative design for a project to assist agricultural enterprises is proposed for FY 1984 funding.

The Ministry of Industrial Development is the GRM organization primarily responsible for private sector enterprise development but strong support is evident from the Ministry of Plan and the Ministry of Finance and Commerce. Official GRM proclamations have shown a marked increase in emphasis on private sector and individual initiatives. The Malian Development Bank is proposing incentives be provided to small and medium private enterprises. UNDP and other donors have encouraged the GRM to continue with state enterprise reform and are assisting with pre-investment studies. USAID has begun design of a project to train and assist Malian entrepreneurs.

Human Resources and Health Strategy. Inadequate education and poor health are severe constraints on a Malian's ability to produce; therefore, the Mission sees a need to continue efforts in these supporting sectors.

The Mission sees a need for continuing highly selective participant training in the U.S. to provide development leadership in future key positions in the public and private sectors. The need for middle management skills is even more critical, however. First priority, as stated above, is being given to financial management skills. In-country training of agricultural technicians and agents is even more important for long-term productivity. USAID and SDPT will start an analysis of agricultural education systems in Mali to assess their adequacy in curriculum content and quantity of appropriate-level graduates. This should provide a clearer understanding of the gap in mid-level technical and managerial skills and how to fill the ones most needed to meet productivity objectives.

Health, population growth and productivity are inter-related; but causal relationships are not clear. In cooperation with other donors and the GRM,

USAID is designing the rural health project described in the ABS. The PID for this project will examine the issue of health and productivity relationship and will propose systematic analyses of the effect of improved health services on rural productivity.

Recurrent Costs. The CDSS describes in each sector what USAID proposes to do to limit the amount of recurrent costs incurred under USAID projects or to provide for their future financing from Malian sources. A first step toward that end is, of course, the establishment and maintenance of financial management systems to keep these costs under control. An overall approach to financing recurrent costs has yet to be devised in Mali. Malian officials have participated in the CILSS-sponsored HIDD and Montreal studies and seminars and have agreed to national level workshops to work out Malian policy approaches. Timing for the first national level workshop has not been established due to first priority being given to the Food Sector Strategy. The Mission and SDPT have stated our strong support for workshops or other steps toward a national recurrent costs financing policy at the soonest possible time.

Future Options. The above approaches to strategy formulation will lead to consideration of numerous options. The USAID food sector strategy will examine basin vs. dryland agriculture development and the means of more effective integration of crops with livestock production and marketing. This will lead to consideration of projects for agro-industry development, reforestation, small scale marketing assistance, agricultural machinery, credit and extension and an agricultural sector grant in conjunction with or in lieu of PL480 assistance. Private enterprise channels will be encouraged whenever feasible. Supporting activities in literacy, health and environmental protection will be considered, either as integral parts of agricultural projects or separate projects aimed at increasing agricultural production. The USAID actions described for FY 1983 and 84 in this ABS will be designed to assist the GRM to improve project implementation and formulate optimum development policies in priority sectors.

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TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT
 FY 1982 to FY 1984
 (\$ thousands)

Country/Office MALI

APPROPRIATION ACCOUNT	FY 1982	FY 1983	FISCAL YEAR 1984
688-0202 Opération Mils	770	1,570	1,100
688-0205 Land Use Inventory	290	-	-
688-0206 Action Riz-Sorgho	500	600	-
688-0207 Ag. Officers Training	330	-	-
688-0210 Opération Haute Vallée	-	3,000	-
688-0217 Renewable Energy	470	700	-
688-0218 Livestock Sector II	5,630	2,050	4,000
688-0221 Development Leadership Trng.	1,000	1,000	1,200
688-0226 Semi-Arid Tropics Research	710	780	880
688-0227 Rural Health Systems	-	(950)	1,000
Small + Medium Agric. Enterprises	-	-	820
R + D for Sorghum + Millet Based Farming Systems	-	-	- 1,000
Operation Haute Vallée - Phase II	-	-	1,000
TOTALS	9,700	9,700	11,000

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Country/Office
MALI

TABLE IV PROJECT BUDGET DATA

BILATERAL PROJECT NUMBER	TITLE	G/L	OBLIGATION DATE		LIFE OF PROJECT COST	CUM PIPELINE AS OF 9/30/81	FY 1982		FY 1983		1984 AAPL	FUNDED TO MO/YR	FY OBLIGATIONS			ITEM #	
			INITIAL	FINAL			OBL	EXP	OBL	EXP			1985	1986	1987		FUTURE YEAR
688-0202	Operation Mills - Phase II (PC)	G	80	84	9.9	2,907	770	2,162	1,570	1,590	1,100	1/85	-	-	-	-	-
688-0203	Livestock Sector I (PC)	G	75	81	17.1	2,684	-	1,925	-	749	-	8/83	-	-	-	-	-
688-0205	Land Use Inventory	G	78	82	5.0	2,346	290	1,693	-	713	-	12/84	-	-	-	-	-
688-0206	Action Riz-Sorgho	G	76	83	3.9	248	500	187	600	451	-	6/85	-	-	-	-	-
688-0207	Agricultural Officers Training	G	77	81	7.0	2,521	330	950	-	891	-	3/85	-	-	-	-	-
688-0208	Rural Health Services Dev. (PC)	G	77	81	3.9	2,112	-	1,289	-	a/	-	6/82	-	-	-	-	-
688-0210	Operation Haute Vallée	G	78	83	18.4	5,042	-	3,632	3,000	4,398	-	10/83	-	-	-	-	-
688-0212	Kayes-Nioro Road	G	80	80	2.4	2,400	-	15	-	1,400	-	3/84	-	-	-	-	-
688-0213	Action Bié	G	78	81	4.4	760	-	151	-	307	-	9/84	-	-	-	-	-
688-0217	Renewable Energy (PC)	G	78	83	4.1	1,629	470	776	700	1,505	-	9/84	-	-	-	-	-
688-0218	Livestock Sector II	G	82	86	17.0	-	5,630	-	2,050	2,000	4,000	7/85	3,400	2,000	-	-	-
688-0220	San Pilot Fish Production (PC) (PVO)	G	78	81	0.3	43	-	43	-	-	-	9/82	-	-	-	-	-
688-0221	Dev. Leadership Training	G	81	85	4.6	350	1,000	132	1,000	581	1,200	12/84	1,000	-	-	-	-
688-0222	Higher Teachers Trng College	G	80	80	0.2	47	-	40	-	a/	-	6/82	-	-	-	-	-
688-0224	Rural Water Improvement (PVO)	G	80	80	0.3	60	-	60	-	60	-	6/82	-	-	-	-	-
688-0225	Trng Center for Rural Women	G	80	80	0.5	450	-	139	-	142	-	3/85	-	-	-	-	-
688-0226	Semi-Ar11 Tropics Research II	G	81	85	3.8	295	710	599	780	750	880	11/84	1,030	900	700	-	-
688-0227	Improving Rural Health Systems	G	83	87	-	405	-	240	(950)	(100)	1,000	6/85	900	700	-	-	-
688-0229	Sahel Wells	G	81	81	0.4	405	-	-	-	165	-	9/83	-	-	-	-	-
	Small + Medium Ag. Enterprises	G	84	87	-	-	-	-	-	-	820	6/85	1,000	2,000	2,000	6,000	-
	R + D for Sorghum + Millet Farm Systems	L	84	91	-	-	-	-	-	-	1,000	9/85	1,000	1,000	1,000	1,000	4,000
	Operation Haute Vallée -Phase II	G	84	86	-	-	-	-	-	-	1,000	9/85	1,000	1,000	1,000	-	-
	Opération Mils-Mopti - Phase II	G	85	85	-	-	-	-	-	-	-	-	670	Unknown	-	-	-
							24,299	9,700	14,033	9,700	15,642	11,000				12,000	

a/ Unexpended funds to be deobligated.

TOTAL

TABLE IV PROJECT BUDGET DATA

NUMBER	REGIONAL PROJECTS	OBLIGATION DATE		LIFE OF PROJECT COST AUTH PLAN	NEW PROJECT ANNUAL 9/30/81	FY 1982		FY 1983		FY OBLIGATIONS		1984 APPL	FUNDING TO MO/YR	1985	1986	1987	FUTURE YEAR
		INITIAL	FINAL			OBLIG.	EXPEND.	OBLIG.	EXPEND.	1984 APPL	1985						
625-0911	Reg Aid Coord/Ping (Sahel Inst)	G	1981	1984	12.7	2.7	631	150	350	645	500	603	9/85	1175	-	-	-
625-0927	Demographic Data Collection and Analysis	G	1980	1985	6.9	6.9	896	1225	1740	2000	1600	1775	6/85	-	-	-	-
625-0929	Planning Mgmt. and Research	G	Continuing				97	97	300	300	300	145	9/84	150	150	150	150
625-0936	Sahel Manpower Dev. Program	G	1979	1982	9.8	9.8	489	71	160	200	200	400	9/84	400	400	400	400
625-0937	Sahel Manpower Dev. Program II	G	1983	1987	10.0					400			12/84				
625-0937	Village Reforestation (AIP)	G	1981	1981	0.4	0.4	415		150		70						
625-0937.1	Tambacara Wells (AIP)	G	1981	1981	0.2	0.2	155		30		45		9/85				
625-0955	OMVS Manantali Resettlement	G	1982	1987	10.0					1500	300	1500	12/85	3000	2500	1500	1500
625-0991	Special Self Help	G	Continuing				36	75	70	75	80	85	1/84	85	85	85	85
625-0614	Mali Highway Loan	L	1977	1977	3.2	3.2	90		a/				12/81				
625-0929.09A	Farming Systems Research	G	1978	1978	0.2	0.2	34		34				9/82				
	TOTAL						2,746	1,618	2,631	4,920	3,095	4,508		4,810	3,135	2,135	

a/ Unexpended funds to be deobligated.

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TABLE IV

REGIONAL PROJECTS ANNEX

<u>PROJECT No.</u>	<u>TITLE</u>	<u>REMARKS</u>
625-0620	OMVS Data and Institut. Development	
625-0621	OMVS Integrated Development	FY 83-88 Mali component est. \$10,900,000
625-0657	OMVS Agronomic Research II	FY 82-87 Mali component est. \$ 4,475,000
625-0658	OMVS Groundwater Monitoring	FY 82-86 Mali component est. \$ 400,000
625-0928	Regional Food Crop Protection	
625-0944	Niger River Basin Development II	Managed by USAID/Niger
625-0940	Sahel Water Data II	Managed by USAID/Niger
625-0942	Environ. Training and Management	
625-0947	Sahel Food Security	Under Design by SDPT (Bamako)
625-0950	Reg. Financial Management	
625-9801	Human Right-Sahel	
698-0393	Semi-Arid Food Grain Research and Dev. (SAFGRAD)	USAID/Mali may propose Malian participation in FY 1983
698-0419	Regional Water Resources Development (CIEH)	Finances important agricultural operations in Mali supporting USAID bilateral Projects
698-0420	Regional Remote Sensing/West Africa	
698-0429	West African Rice Development Association	Managed by USAID/Liberian-research station in Mopti
698-0435	Strengthening African Agriculture Research	
698-0398	Strengthening Health Delivery Systems (SHDS)	Important element of USAID/Mali rural health program

<u>PROJECT No.</u> (continued)	<u>TITLE</u>	<u>REMARKS</u>
698-0399	Onchocerciasis Control	
698-0421	Combating Childhood Communicable Diseases (CCCD)	Important element of USAID/Mali rural health program.
698-0433	African Manpower Development, Phase II	
698-0434	African Development Bank	
698-0443	Africare	
932-0604	Physician Post-Grad Training in Reprod. (JH Piego)) Important element of USAID/Mali rural health) and family planning program, to be coordinated) under new bilateral project 688-0227, Improved) Rural Health Systems.)
632-0604	International Fertility Res. Program (IFRP)	
632-0644	International Training in Health (INTRAH) Univ. of N.C.	
	Resources for the Awareness of Population in Development (RAPID)	
	International Agriculture Research Centers (ILCA)	

688-0227 - Improved Rural Health Systems

Purpose: To improve the delivery of rural health care and family planning services by strengthening national health institutions and expanding the rural health system in the Fifth (Mopti) Region.

Background and Progress to Date: The experience of the Rural Health Project (688-0208) has shown that a primary health care system can work in the District of Koro in the Fifth Region at affordable costs provided there is adequate logistical and administrative support from the center and region. But, the Ministry of Health's (MOH) capacity to provide adequate logistical and administrative support is constrained by lack of trained personnel in planning, management, and operations, by poor communication and transport, by deteriorating health facilities, by lack of equipment and supplies, and by lack of an effective and affordable drug-for-sale distribution system at the national level. Without a minimal training, planning, management, and financial support base at the national level, health care cannot improve in Mali. Efforts thus far to improve health at the periphery have demonstrated the need is to return to the center to strengthen the support capacity of the MOH in order to lay the groundwork for future expansion. It is now clear that the MOH can neither pay for nor manage a rural primary health care system without long-term external support.

To build on the Rural Health Project's experience in Koro, the Phase II project will provide assistance at the national level to improve training, planning, management and operations while continuing to support primary health care in the Fifth Region. The project will work in close collaboration with other donors (especially the World Bank and European Development Fund) and will make use of existing AID/W centrally-funded projects in combination with bilateral funds. Support will be provided in the following areas:

Planned Activities:

1. Health Training Institution Improvement. The medical school and the two nursing schools in Bamako are presently producing approximately 30 physicians and 75 nurses in different categories per year who have had virtually no training in planning, management or adult education. Also, graduates leave with poor diagnostic, treatment and prescription skills. Until the curriculum is revised and teaching at the health training institutions is improved, health resources will continue to be poorly utilized. Investments in curriculum revision have practically no recurring costs, have a multiplier effect on health policies, and result in better utilization of present and future resources. The INTRAH project has been discussing curriculum revision with the MOH Division of Training and has carried out 4 training programs to improve the teaching skills of the faculty of the two nursing schools, the community development school and the preceptors of the two national hospitals. Curriculum revision will consist of using "training by objectives" approaches, assisting the faculty to improve their teaching methodology, enlarging the use of practical sessions in both rural and urban settings, strengthening the library of teaching materials and visual aids, and making some improvements in classroom, lab, and dormitory facilities.

Required Inputs

Technical Assistance	3 person years
Teaching materials	\$ 50,000
Construction	\$100,000
Training	

2. Family Planning Assistance. The experience of the Mali Rural Health Project has shown that MCH/FP services cannot be delivered at the village level in the absence of supporting services at higher levels. Assistance will help develop the necessary MCH/FP training, planning, service and support base in Bamako and in 1-2 other urban centers as the basis for subsequent expansion into rural areas. AID/W funded projects such as PIEGO, INTRAH, RAPIDS, IFRP and CDC are already functioning in Mali and it has long been clear that there is an unmet demand for MCH/FP services.

Technical assistance will help reorganize the MOH Family Health Division so that logistics training, IEC and supervision functions are appropriately delegated to existing and new staff members. A regionalized system for the distribution of FP materials will be established.

Retraining activities will be strengthened to reach the midwives currently providing MCH/FP services and the community social workers who are supposed to promote MCH/FP activities within the community. Topics include: FP user profile by method, contraindications by method, importance of female barrier methods and voluntary sterilization, referral systems and techniques for effective IEC. Other topics will be training in logistics and supervision. An outreach IEC program will be developed to reach three high risk groups: older high parity women, students and other young women, and unmarried mothers. Other IEC topics might include emphasizing barrier methods, voluntary sterilization and injectable contraceptives. Long-term and short-term training will continue to be provided through the centrally-funded projects mentioned above. Bilateral assistance will finance technical assistance, commodities, operations and facility improvement.

Required Inputs

Technical Assistance	2 person years
Commodities	\$400,000
Operations	\$100,000
Construction	\$100,000
Training	

3. Infrastructure Support. Existing health centers/dispensaries cannot be expected to handle Village Health Worker (VHW) referrals if they themselves are less than minimally functional due to lack of equipment and supplies and deteriorating facilities. By strengthening the existing health centers/dispensaries, the MOH may discover that this is the easiest, cheapest and simplest way to dramatically increase health coverabe as well. Given the estimated population within 5-10 kilometer radius of existing health units, if they are made functional, coverage may increase from 15% to 50%. Strengthening health centers/dispensaries in the Fifth Region requires a minimally functioning system at the center of customs clearance, inventory, stocking and distribution for needed equipment, supplies and drugs. USAID, along with several donors, is presently financing the study of such a system. Based on the conclusions of this study the EDF will fund a national-level project to strengthen infrastructure support. Improvements are required in transport and communications as well. USAID bilateral assistance will provide vehicles, equipment, radios, facility improvements and operations.

Required Inputs

Technical Assistance	3 person years
Commodities	\$750,000
Construction	\$150,000
Operations	\$160,000

4. Health Planning Assistance. A major project is being financed in health planning by IBRD. Long and short term training assistance could be provided under existing AID projects (SMDP, INTRAH, SHDS and other) in relevant African and U.S. training institutions. Technical Assistance in financial analysis/health economics will be provided to propose measures to put the MOH on a sounder financial footing. Expanded use of the private sector, fee for services and improved financial management will be some of the areas to emphasize.

Required Inputs

Technical Assistance	1 person year
Training	

Outputs: Trained MOH personnel, revised curriculum and improved methodologies, a wider distribution of more affordable drugs, an increased number of FP acceptors.

Beneficiaries: MOH personnel in the Division of Planning and Training, the Division of Family Health, the Malian Pharmaceutical Office, faculty and students in the health training schools will be afforded more opportunity to advance through providing better public health care. The people of the Fifth Region will receive better health care.

Budget Summary (\$000)

	<u>FY83</u>	<u>LOP (5 yrs.)</u>
Technical Assistance	340	1,300
Training	50	250
Commodities	210	1,200
Construction	100	350
Recurrent Local Costs	50	260
Contingency/Inflation	200	890
Total	950	4,250

Project Design: This project design will draw heavily from the Rural Health project (688-0208) evaluation conducted in November 1981, the expanded rural health program recently designed by the World Bank (based on experience under the USAID-funded project and other donor health activities) and the result of the just-concluded multi-donor drug study. A PID will be prepared in July/August 1982 and PP design team should be organized for first quarter of FY83.

SMALL AND MEDIUM SCALE PRIVATE SECTOR AGRICULTURAL ENTERPRISES

Purpose: To encourage and support the expansion of small and medium size private enterprises in agriculture and agribusiness activities.

Background and Progress to Date: Since independence in 1960, the Malian economy has been almost totally controlled by the State. Existing and newly created state enterprises account for more than 70% of industrial outputs, two-thirds of the country's business turnover and more than half of its exports. Their control extends into nearly every facet of economic life. Resultant government policies and controls, necessary to sustain this monopolistic bureaucracy, created serious constraints to economic development and disincentives to private economic initiatives.

Recently, with encouragement from donor agencies, the GRM has developed and published plans to reduce its involvement in those areas of the economy best suited to the private sector and has shown evidence of a sincere commitment to expand the role of private enterprise.

This project will support this GRM effort by providing technical assistance to public and private agencies and organizations involved in the private sector. Business management seminars and other training initiatives will be sponsored in order to improve management practices of private entrepreneurs. Credit/lending expertise will be provided to local lending institutions through technical assistance and training programs. Having strengthened the institutional base during the first two years of implementation, a line of credit will be provided through a local bank to make capital available for the initiation and expansion of appropriate business ventures and for the provision of small farmer credit. Preference will be given to sound ventures aimed at providing agricultural inputs (e.g seeds, fertilizers, plows and other implements) now being channeled through government operations and to the production and distribution of appropriate, viable renewable energy devices.

Beneficiaries: Primary beneficiaries will be indigeneous entrepreneurs who will receive training and assistance in improving their management practices. Local lending institutions will benefit from strengthened cadre and increased capital.

Outputs: Improved management practices of 150 indigeneous entrepreneurs through participation in three two-week business management seminars; improved support to private entrepreneurs by appropriate public and private agencies; and capital assistance to an unspecified number of entrepreneurs for initiation and expansion of business ventures.

Tentative Budget (\$000)

Technical Assistance	1,200
Training	620
Credit Window (loan)	10,000

Project Design: A reconnaissance mission of two consultants will visit USAID/Mali in September/October 1982 to help Mission define scope of effort. A PID team should be fielded early 2nd quarter FY83 and a PP design team should finish its work late in the 3rd quarter.

FY 1984 ABS

Research and Development for Sorghum and Millet Based Farming Systems

Purpose: To coordinate, support, and expand national agricultural research in Mali with the assistance of the CGIAR institutes and other international research organizations, including ICRISAT, IITA, IRRI, WARDA, ILCA and CIMMYT, and SAFGRAD. Increased emphasis will be placed upon the training of Malian researchers, the improvement of research facilities, farm level field trials, farming systems research, varietal improvement, integration of crop and animal production schemes, animal traction, rock phosphates and agro-forestry. This should result in strengthened Malian agricultural research capabilities and lead to increased food production and wiser use of Mali's limited resources.

Background and Progress to Date

Since 1976 when the Malian government incorporated agricultural research into its national program it has suffered from lack of highly trained personnel and lack of adequate financing for establishing and operating a viable research program. Since that time the GRM has received direct and indirect technical assistance and inputs from the international research centers. These associations are increasing and being strengthened following the excellent intervention of ICRISAT and SAFGRAD in Mali. The GRM has proven itself receptive to quality external assistance as provided by the CGIAR institutions.

To date USAID finances the ICRISAT/Mali program, including the technical assistance of an agronomist and a sorghum/millet breeder. The major emphasis has been in varietal improvement of sorghum and millet and the development of cropping systems best suited for the semi-arid conditions of Mali's 400-1200 mm rainfall zone. A major research station is being established in the 600-800 mm rainfall zone which will complement the network of 6 existing research sites, representing different ecological zones. Training, an identified necessity for the on-going Malian program, is a major component of the ICRISAT/Mali program.

The regional SAFGRAD (Semi-Arid Food Grain Research and Development) project has provided technical assistance to Mali since 1977. The major emphasis has been to provide a link between research, farm field trials and extension. On-farm field trials are showing that the use of rock phosphates, which Mali produces internally, is beneficial in the cropping system. SAFGRAD also has a training component.

WARDA maintains a research station in Mopti, also financed with AID regional funds and other donor contributions, to carry out multi-locational variety trials and to improve deep water rice culture. CIMMYT, IRRI, and IITA have all provided short-term technical assistance to Mali and have sent germplasm for national trials. Their relationships could be deepened through increased financing as Mali has great potential in wheat and rice production, and has areas of southern Mali where corn, cassava and yams are grown.

ILCA's program plays an important role in defining the animal production schemes in Mali and the strategy for improving and manipulating those systems. Their work in the delta of Mali should be expanded to other zones and integrated with the crops research program in Mali.

USAID with other donors has financed a Farming Systems Research unit in Sikasso for 3 years. Important data is emerging and this program should be expanded to other zones in Mali.

Beneficiaries: As 90% of Mali's population is agrarian or dependent upon agriculture, the increased productivity expected from an integrated, long-term research effort in animal and cropping systems should benefit the entire population. Small millet/sorghum based farmers will benefit most directly with increased resources and more secure food supplies.

Outputs: Upgraded research capability of Malian cadre.

Infrastructure support for research stations and sites.

Increased farm-level field trials.

Expanded farming systems research.

Increased use of improved varieties.

Integration of livestock and cropping systems through research.

Expanded use of indigenous rock phosphates.

Increased use of animal traction.

Initiation of agro-forestry research.

Coordination of data gathering and dissemination.

FY 83 and 84 Programs: \$1,000,000 funding each year. (Total LOP proposed: 8 years).

Status of Project Design: As ICRISAT/Mali has provided coordination between the Title XII programs in Mali (INTSORMIL and INTSOIL), IFDC and other international organizations, in the initial phase of this activity they will assume a primary role in further coordination.

USAID/Mali proposes that ISNAR (International Service for National Agricultural Research) participate in designing this network of collaboration among the CGIAR centers, SAFGRAD and the Malian research structure, and that ISNAR eventually assume the coordinating role initiated by ICRISAT/Mali.

GRM discussions on increased CGIAR activities and on the stated outputs have been positive. USAID/Mali seeks a means by which funding of an integrated and expanded research effort among several research organizations can be simplified and carried on over a long term.

FY 1984 ABS

Operation Hautee Vallee - Phase II

Purpose: To build the institutional capacity of this parastatal organization, enhancing it's ability to deliver essential services to the region's small farmers. Three services, extension of agricultural technology, applied research, and civil works will comprise the organization's activities.

Background and Progress to Date: The Operation has been strategically the key development institution in the Malian Agricultural Sector. USAID has provided virtually all the operational capital required to fund a wide range of development activities for Operation Haute Valle, including agricultural credit, road construction, functional literacy programs, extension, operating expenses, crop purchases, training in draft animal use, blacksmith training, irrigation works, village organization and research.

The sheer weight of the multi-focused program has plagued the support project with financial and programatic difficulties throughout the three-year project life. Accounting systems, management systems, and the level of training of Operation functionaries have been woefully inadequate to cope with the extremely complex set of implementation problems. As a result, the current program is virtually bankrupt, outputs have fallen far short of proposed levels and, project funding has been suspended pending reorganization of the basic accounting system.

Malian human resources capacity and organizational ability are not sufficiently highly developed to execute a complicated integrated rural development program such as the one conceived as Haute Valle. Thus, the proposed "Phase II" program is designed to reduce the scope of activities of the operation in FY 1984 following a period of intensive institutional reorganization, certification of the financial management system, and crucial policy negotiations vis a vis the role of the parastatal in Malian economic development.

A critical assumption underlies this proposed reordering of area development activities and the proposed shift in the role of parastatal production activities. This is that local government in Mali is ineffectual as a mode for implementing basic regional services. The parastatal, governed from the center, is thus essential to the delivery of minimal services. Furthermore, delivery of agricultural technology (extension and applied research) and civil works are the "natural domain" for this county-government-like organization.

Beneficiaries: Farmers will benefit directly from improved delivery of agricultural technology and supporting market and irrigation infrastructure. Consumers and farmers will benefit from increased efficiency of delivery of essential publically supported services toward increasing agricultural production and productivity.

Outputs: An efficient agricultural extension service effectively interfacing with applied research activities, producing output-increasing changes in farm technology, improved roads, storage facilities, and other operating infrastructure, and expanded irrigation facilities to increase production, farm incomes, and food security.

FY 1983 and FY 1984 Programs: FY 1983 will be a year of consolidating efforts to complete the phase out of the multi-faceted "Operation Haute Valle" project, instituting a sound financial management system and narrowing the role of the Operation. The FY 1984 program will center on establishing training, technical support, and financial resources for the three-faceted functional program.

Status of Project Design: Current actions on certification, audit, and the implementation of December 1981 activity recommendation, constitute the initial project redesign effort.

TABLE V - FY 1984 PROPOSED PROGRAM RANKING		Country/Office		MALI		
RANK	PROGRAM ACTIVITY	ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)	
	DESCRIPTION				INCR	CUM
1	Opération Mils - Phase II (688-0202)	O	G	SH	1,100	1,100
2	Opération Haute Vallée - Phase II	N	G	SH	1,000	2,100
3	Cereals Market Liberalization	O	G	PL 480	(2,400)	-
4	Livestock Sector II (688-0218)	O	G	SH	4,000	6,100
5	Semi-Arid Tropics Research II (688-0226)	O	G	SH	880	6,980
6	Development Leadership Training (688-0221)	O	G	SH	1,200	8,180
7	Small and Medium Agricultural Enterprise	N	G	SH	820	9,000
8	R + D for Sorghum & Millet Based Farming Systems	N	G	SH	1,000	10,000
9	Improving Rural Health Systems (688-0227)	O	G	SH	1,000	11,000

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PROPOSED PROJECT RANKING
(TABLE V)

Highest priority is assigned to funding for projects in food production and those which directly support food production. Projects serving secondary and supporting objectives should continue to receive funding assuming that progress is satisfactory and continuing AID funding will be available for these sectors.

Operation Mills. This project encountered serious local financial management problems which slowed progress at the same time that cereals market liberalization and favorable weather provided area farmers with exceptional opportunities to increase their incomes. The Mission proposes to extend the life of the project for one year within the total authorized financing to allow time for recently initiated corrective management measures to be implemented and to evaluate the impact of the cereals market liberalization on the economic feasibility of continued production increases in the Operation Mills area supported by a Phase III project.

Operation Haute Vallée. Serious implementation problems documented in an evaluation done in the fall of 1981 have not been resolved to date. We plan to schedule a final evaluation in early FY 1983 and design a second phase project to begin in FY 1984. The importance of this high potential area to national food production objectives makes it a high priority to budget funds for a second phase; however, the design of a second phase will depend on results of the evaluation.

Cereals Market Liberalization. This PL480 program should be started in FY 1983 and will require its second year of financing in FY 1984. (See Table XIII and accompanying narrative). Continuing USG support for the market liberalization will be important to the success of the above cereals production projects and will afford USAID the opportunity to continue in the multi-donor reviews of macroeconomic reform measures impacting on food production.

Livestock Sector II. Improved sector management practices should be initiated by 1984 under this new project starting in FY 1982. These measures should provide for better integration of research, animal health services and marketing to increase livestock productivity while integrating livestock raising with crop cultivation through animal traction and farmer feeding activities. It should be possible to begin proving the interdependency of crops and livestock production on a larger scale. FY 1984 funding will ensure continued availability of essential technical assistance in this sector and allow for some expanded livestock extension activities if the mid-term evaluation finds them justified.

Semi-Arid Tropics Research II. Continuation of the research output of this project will be essential to ongoing support to both the crops and livestock sectors. The Mission has found that annual grants to ICRISAT to maintain its central research operations in Mali is a very effective

method of achieving research results which directly feed into field trials and sector extension operations.

Development Leadership Training. FY 1984 will be the fourth year of financing toward the project purpose of training 60 Malians for positions of future leadership in management, economics and finance. Annual financing provides a discipline for joint USAID/GRM scheduled evaluations and phased selection of participants to ensure maximum quality of both participants and their training programs. This project is laying the basis for long-term improvement in Mali's development institutions.

Small and Medium Agricultural Enterprises. Although the Mission is still analyzing the private sector situation and seeking methods to facilitate indigenous private investment, we are confident that an initiative to finance a series of training programs for local entrepreneurs could begin in FY 1984. A new project is proposed for this purpose and will receive high priority Mission attention in its design. Also under consideration in conjunction with this project, is the provision on a long basis of a credit window which would be administered through one of the local banks.

Research and Development for Sorghum and Millet Based Farming Systems. This proposed new project to start in FY 1984 should strengthen Malian research capabilities and lead to increased food production and wiser use of Mali's limited resources. As a new project, it will build on experience gained under previous and on-going research and production projects and investigate alternative approaches to agricultural production.

Rural Health Systems. A PID will be submitted during July or August 1982 to propose this project be started with shelf funds in 1983. Serious issues remain to be resolved in design of logistical and administrative support systems, pharmaceutical policies, personnel and training and recurrent costs. USAID believes that the terminating Rural Health Services (688-0208) project has established a base from which these issues can be resolved and that the serious effort being made by the GRM and donor community will justify a continuing, limited USAID participation in this sector.

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TABLE VIII
MISSION OPERATING EXPENSES

	FY 1982				FY 1983			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	1,936.1	-	1,428.1	30.0	2,144.9	-	1,499.4	30.0
F.N. DIRECT HIRE	133.2	-	-	28.1	242.9	-	-	33.2
CONTRACT PERSONNEL	682.7	-	-	XXXXX	929.4	-	-	XXXXX
HOUSING EXPENSES	544.3	-	-	33.0	993.3	-	-	32.0
OFFICE OPERATIONS	2,078.2	-	1,184.3	XXXXX	1,615.5	-	1,100.0	XXXXX
TOTAL	5,374.5	-	2,612.4	XXXXX	5,926.0	-	2,599.4	XXXXX
RECONCILIATION	-2,612.4	-	-	XXXXX	-2,599.4	-	-	XXXXX
MISSION ALLOWANCE	2,762.1	-	-	XXXXX	3,326.6	-	-	XXXXX

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

MISSION OPERATING EXPENSES

	FY 1984 MINIMUM				FY 1984 CURRENT			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
DIRECT HIRE	2,005.8	-	1,396.7	30.0	2,005.8	-	1,396.7	30.0
DIRECT HIRE	254.1	-	-	30.2	254.1	-	-	30.2
INDIRECT PERSONNEL	827.5	-	-	XXXXX	827.5	-	-	XXXXX
OFFICE EXPENSES	509.7	-	-	30.0	1,034.7	-	-	30.0
OFFICE OPERATIONS	1,586.1	-	1,100.0	XXXXX	1,653.6	-	1,100.0	XXXXX
TOTAL	5,183.2	-	2,496.7	XXXXX	5,775.7	-	2,496.7	XXXXX
RECONCILIATION	-2,496.7	-	-	XXXXX	2,496.7	-	-	XXXXX
FOR ALLOWANCE	2,686.5	-	-	XXXXX	3,279.0	-	-	XXXXX

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

MISSION OPERATING EXPENSES

FY 1984 PROPOSED					
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	
U.S. DIRECT HIRE	2,005.8	-	1,396.7	30.0	
F.N. DIRECT HIRE	254.1	-	-	30.2	
CONTRACT PERSONNEL	827.5	-	-	XXXXX	
HOUSING EXPENSES	1,034.7	-	-	30.0	
OFFICE OPERATIONS	1,653.6	-	1,100.0	XXXXX	
TOTAL	5,775.7	-	2,496.7	XXXXX	
RECONCILIATION	-2,496.7	XXXXX	XXXXX	XXXXX	
MISSION ALLOWANCE	3,279.0	XXXXX	XXXXX	XXXXX	

NARRATIVE FOR TABLE VIII

During FY 82 the Mission has applied for 636C funds in order to exercise its option to purchase the USAID office compound (Lease AID 688-LE-80-54). The reduced cost of office operations reflected in the FY 83 Mission Budget presentation reflects the reduced rent for office space as a result of this purchase.

In preparing the FAAS I schedule, the Mission has requested full service from JAO for both residential and office renovation and maintenance. Accordingly these items have been deleted from the Mission allotment requested on Table VIII and have been included under the Mission estimate of FY 83 FAAS costs. The increase requested in contract personnel in FY 83 is due to the transfer of Foreign National Employees during FY 82 to Personal Service Contracts. These employees were previously working for the Mission under a "Body Contract" and reported under office operations. Thus an offsetting decrease has been reported under office operations.

The increase requested in the Housing Expenses Category for FY 83 is the result of planned procurement of Residential Furnishings and Equipment to replace existing Residential Furnishings and Equipment scheduled for replacement.

The exchange rate used to convert local currency budget projections in FY 83 is FM 500.00 = US\$ 1.00. The dollar value of budgeted local costs in FY 83 is 1,573,875.00.

The following table represents an illustrative breakdown of costs included in the Mission allotment for Mission Specific and non-Mission Specific Personnel in FY 83.

	<u>US DOL.</u>	<u>Related</u>
	<u>Total</u>	<u>Units</u>
U.S. Direct Hire	589.8	25.0
FN Direct Hire	228.3	31.2
Contract Personnel	659.6	XXX
Housing Expenses	909.3	27.0
Office Operations	394.9	XXX
Mission Allotment	<u>2,781.9</u>	

NON MISSION SPECIFIC - FY 83 (000's) -- (SDPT)

	<u>US DOL.</u> <u>Total</u>	<u>Related</u> <u>Units</u>
U.S. Direct Hire	55.7	5.0 ^{a/}
FN Direct Hire	14.6	2.0
Contract Personnel	269.8	XXX
Housing Expenses	84.0	5.0
Office Operations	120.6	XXX
Mission Allotment	<u>544.7</u>	

a/ Additional position for agricultural economist is proposed which will result in 10-12 additional workmonths. This position is not included in budgeted figures presented above.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE XII

P.L. 480 TITLE II Section 206 Requirements
(Dollars in Millions, Tonnage in Thousands)

COMMODITIES	FY 1983			Estimated FY 1984			Projected FY 1985		
	Agreement \$ MT	Shipments \$ MT	Carry into FY 1983 \$ MT	Agreement \$ MT	Shipments \$ MT	Carry into FY 1984 \$ MT	Agreement \$ MT	Shipments \$ MT	Carry into FY 1985 \$ MT
Title II Section 206 Authority	2.4 15	1.6 10	0.8 5	1.7 10	1.7 10	0.8 5	0.9 5	0.9 5	0.9 5
Corn/Sorghum									
Total									
Total									

COMMENT: Above projections are illustrative (See following narrative)

Mali received large quantities of U.S. and other external food assistance during the drought of 1970-75 and has continued to request and accept food assistance from the donor community, notably from the World Food Program, European Economic Community, France and Germany. In 1978 USAID provided 10,000 MT of corn and sorghum valued at \$3.6 million, which was distributed free or sold under a PL 480 Title II agreement for post-drought assistance. Delivery reports have been validated for this past assistance, and USAID has completed the verification of accounts. USAID now awaits deposit of financial proceeds from the portion sold to recipients through the GRM food distribution system.

The GRM management of the official cereals marketing system has kept grain prices artificially low to consumers while depriving farmers of an acceptable return on their production. After a series of studies and reviews of the problem, the GRM approved in principle in March 1981 a multi-donor proposal for reform of the cereals price policy. This proposal calls for a five-year price restructuring program in which official producer prices in Mali will be raised immediately to those of neighboring Sahelian countries while existing consumer price subsidies will be phased out entirely during the period. External food assistance is being provided to the GRM to finance this consumer subsidy phaseout under specified conditions tied to a restructured price policy program designed to increase producer incentives.

U.S. Food assistance under this plan will be conditioned on acceptable accounting for past PL 480 food proceeds. GRM accounts have been reviewed by the USAID Controller's Office. Upon deposit of proceeds generated by 1978 sales of PL 480 commodities, USAID will submit a Project Paper detailing the use of 25,000 MT of PL 480 Section 206 commodities. These commodities will be used to support the cereal market reform/restructuring described above.

TDY assistance from REDSO/WA and AID/W has been requested to complete the implementation section of the PP and to draft and negotiate the PL 480 agreement required for the multi-year project.

Mali needs this assistance to ensure an immediate increase in producer incentives. U.S. participation in the multi-donor cereals price reform program will have an important influence on establishing procedures and maintaining controls to ensure that food assistance is prudently administered in a manner to enhance the cereals market.

USAID recognizes that while restructuring of the market system is fundamental in a food sector strategy for increasing production, it is only one of numerous factors involved in the mix of economic incentives and technological adaptations required to achieve the level of food production increase possible from Mali's vast underdeveloped land and human resources. USAID and the GRM are preparing for the initiation of the CILSS/Club/WFC-sponsored Food Sector Strategy Study. The GRM officially concurred with such a study in August 1980 and with the proposed terms of reference and team composition as of May 15, 1981. The establishment of a major price restructuring program in combination with addressing of other economic and technical constraints to production should provide the pragmatic policy base upon which significant progress has been achieved in many of the more advanced LDCs.