

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT DATA SHEET

1. TRANSACTION CODE A = Add C = Change D = Delete
Amendment Number 15N 67615

DOCUMENT CODE 3

2. COUNTRY/ENTITY
People's Republic of the Congo

3. PROJECT NUMBER
679-0002

4. BUREAU/OFFICE
AFR 06

5. PROJECT TITLE (maximum 40 characters)
Congo Smallholder Agricultural Development

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)
MM DD YY
09 30 86

7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4)
A. Initial FY 83 B. Quarter 4 C. Final FY 86

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	996.5		996.5	3,000		3,000
(Grant)	(996.5)	()	(996.5)	()	()	(3,000)
(Loan)	()	()	()	()	()	()
Other U.S.						
1. Host Country		203	203		1,055	1,055
2. Other Donor(s)		60	60		223	223
TOTALS	996.5	263	1,259.5	3,000	1,278	4,278

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) FN	150	013				3,000		3,000	
(2)									
(3)									
(4)									
TOTALS									

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)
039 | 611 | 070

11. SECONDARY PURPOSE CODE
130

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)
A. Code BS | DEL | PVOU
B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

To increase the net income of farmers in the Lekoumou region of the Congo and to increase the total supply of internally produced food stuffs in the Congo.

14. SCHEDULED EVALUATIONS
Interim MM YY - MM YY Final MM YY
06 85 - 07 85 07 86

15. SOURCE/ORIGIN OF GOODS AND SERVICES
 000 941 Local Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)

17. APPROVED BY
Signature [Signature]
Title Acting USAID Director
Date Signed MM DD YY

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
MM DD YY

CONGO SMALLHOLDER AGRICULTURAL PROJECT

679-0002

PROJECT PAPER

July 1983

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Introductory Note

The People's Republic of the Congo Smallholder Agricultural Development Project 679-0002 is proposed to be administered by CARE, a private voluntary organization, through a Cooperative Agreement with the U.S. Agency for International Development. This project has been developed by a team of specialists provided by REDSO/WCA and CARE/Congo. The team consisted of Martin Billings and Douglas Barnett (agricultural economists, REDSO/WCA), Diana McLean (Agronomist, REDSO/WCA), Flud Van Giffen (cooperative development, CARE), and Augustus Matsimouna (projects director/CARE/Congo). Representatives of the Ministries of Plan and Agriculture accompanied the design team on the site visits, which included village interviews, assessment of existing infrastructure, coordination with other area projects, and design of project activities. The GPRC officials were Bernard Massamba and Henriette Kibinda of the Ministry of Plan and Paul Bizi Bandoki of the Ministry of Agriculture. Special thanks goes to CARE/Congo for providing logistical support and to Ambassador Kenneth J. Brown who assisted in governmental negotiations.

I. PROJECT DESCRIPTION

A. Summary

The Congo Smallholder Development Project (679-0002) is the second Smallholder Development Project in the Congo. Essentially, it follows the plan of the first project (679-0001) with some adjustments to reflect the recommendations made in the first project's mid-term evaluation. The evaluation concluded that total production and marketing in the Niari region (the first project's area of concentration) had risen as a direct result of the project and that considerable slack resources of both labor and land, which once existed in the farm sector, have now been brought into production by incentives created by the project. The argument was advanced in Project 679-0001 that if farmers could count on prompt payment for produce at the time of harvest, even a modest price would attract considerable marketing. This incentive will be repeated in Project 679-0002. In the first project this increased production was attained through the construction of warehouses at the village level and the establishment of a marketing organization capable of buying selected agricultural commodities from farmers and storing these in twenty or more project warehouses. These warehouses have a total capacity of more than 1300 tons. Similarly, Project 679-0002 will establish a marketing organization in two or three districts in Lekoumou region. It will create a local marketing management system; and will build upon the seed farm established under 670-0001 to increase the supply of improved seed in Niari and Lekoumou regions. The evaluation of the first project emphasized the need to: 1) develop a more viable warehouse management system that can survive after the end of the project, 2) have a sounder basis for selecting the sites for the warehouses, and 3) increase the involvement of the cultivators in the construction and in the management of the warehouses. The 679-0002 project design includes these and other evaluation recommendations. Generally, it has been designed to benefit from experience gained in the implementation of the predecessor project as well as from its mid-term evaluation.

The long-term goal of the project is to improve the quality of rural life in the Congo. The purpose of the project is to increase the income of farmers in Lekoumou region and to increase the total supply of internally produced foodstuffs.

The project also intends to alleviate certain major constraints to sustained economic growth in the Lekoumou Region. The major components of the project -- storage, marketing, and improved seeds -- are designed to reduce some of the principal obstacles to increased productivity and income for the small farmer. Without an infusion of project resources and skills, it is unlikely that the farmers in that region will be able to embark upon a path of sustained development.

The project is wholly consistent with Africa Bureau priorities and USAID's current development assistance strategy for the Congo. This project supports the top priority of the Africa Bureau and USAID Mission assistance strategy: food and agricultural development. There has been a decline in agricultural production since the Congo's independence in 1961. This is attributable to a variety of causes, including a reversion to traditional subsistence cropping systems as well as inadequate market incentives. At a time when the GPRC is re-evaluating its state-managed development programs

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(including the collective farming schemes that have been notably unproductive), the proposed project will serve to demonstrate an alternative approach. Hence, the project will contribute to the attainment of both U.S. and GPRC basic objectives in a region that the GPRC has targeted for priority rural development. The project will be implemented by CARE-Congo through a cooperative agreement with USAID/Zaire.

B. Perceived Problems

The Lekoumou Region of the western Congo, located slightly to the northwest of Brazzaville, is bordered by the Republic of Gabon to the north, and three rivers to the east, south and west. It's neighbor is the Niari Region, where the Congo Smallholder Development I Project (679-0001) is currently being implemented by CARE-Congo. Lekoumou's regional capital is Sibiti, located about 150 kilometers from Mossendjo, the capital of the Niari Region and headquarters for the CARE-Congo project.

Primarily forested, the Lekoumou Region is agro-climatically similar to the Mossendjo district. Farmers practice non-mechanized slash and burn agriculture, chiefly cultivating manioc, peanuts, rice and maize. The Lekoumou Region is, however, distinctive in that it leads the country in coffee production, producing 357 metric tons in 1980. Agricultural production is the major economic activity in the region.

The standard of living in the Lekoumou Region is very low. Delivery of goods and services is restricted by poor roads and communication. Unlike the Niari Region, the Lekoumou does not benefit from railways. Rural exodus is extreme and the farming population is predominantly middle-aged and female.

Improvements in rural health care, education, and the marketing and distribution systems are needed to ameliorate conditions in the village. This project's target is the improvement of a crucial link in the marketing system, which currently impedes food crop production and suppresses farm family income.

More generally, the Congo, like most sub-Saharan countries, has incurred mounting food deficits since independence. The country is well-endowed with the natural resources necessary for crop production, but it is sparsely populated, and less than two percent of the arable land is under cultivation. It has an unusually large urban population (nearly 40%) compared to other African countries. In sub-saharan Africa, only Zambia is more urbanized.

The food deficit is the consequence of policy rather than natural factors. These policies include underinvestment in the sector, and low prices paid to producers. Production and marketing have declined in some areas since independence, and the performance of agriculture overall has not kept pace with the population growth. Since 1978, the Office des Cultures Vivrieres (OCV) has had a statutory monopoly on assembly, transportation and distribution of basic perishable food commodities, including corn, rice and peanuts (the commodities that will be marketed under the project). In principle, OCV agents collect farm produce at harvest, paying the farmer a fixed price, and then transport the crops to processing plants and markets in Brazzaville, Pointe Noire, Loubomo, Nkayi, Mossendjo and Madingou. However, OCV is underfinanced and has an inadequate fleet of trucks and no local

network of storage facilities. In addition, OCV suffers from high operating costs because it attempts to collect small quantities of produce from individual farm sites or widely scattered collection points, all linked by very poor roads. The burden of these constraints is partly shifted to producers, who must wait for up to six months for OCV trucks to collect produce and pay farmers at the farm gate. The result is an unsurprising disincentive to farmers to produce for the market. There is an extra cost to the economy in all this as well: OCV must buy whatever the farmers offer, and thus pay full price for spoiled or inferior produce, and for good produce alike. Consequently, at least twenty percent of OCV's annual purchases are worthless, and must be discarded after having been paid for and transported.

There are several reasons why OCV fails to collect and pay for crops at harvest. Perhaps most importantly, OCV suffers from late receipt of budgetary funds from the Congolese Government. Poor top and middle management, and receipt of promissory notes instead of cash for the sale of collected produce to state farms, compound this difficulty.

In fact, while agricultural development is, rhetorically, national priority, only eight percent of the national budget is applied toward the agricultural sector. On a regional level, this results in a dearth of buying funds, shortages of sacks for bagging produce, shortages of operational vehicles for transporting produce, and lax district management. Collection is further complicated in the Lekoumou Region by poor roads and the absence of rail transport. FAO is currently studying the problems of OCV, and while it is unlikely that the marketing process will be greatly liberalized, some improvements in management may be adopted. If production is significantly increased through USAID's pilot efforts in marketing in the Niari and Lekoumou Regions, this would demonstrate to the Congolese government the importance of prompt payment and collection by OCV.

This project, like Project 679-0001, is an attempt to cope with the problem of commodity collection and producer incentive. Once the produce is harvested, a system is needed to store the produce until OCV can collect it. The first project established a network of locally managed storage units, and a revolving fund of sufficient size to fill the warehouses with produce bought from farmers who deliver it to the storage units and are paid on the spot from the fund. The fund is replenished when OCV collects and pays for the produce and removes it to its central warehouses. The 0001 evaluation concluded that the system tested in the Niari project will succeed, provided an effective system of management is established.

From the beginning of the first Niari project, the GPRC has hoped that the management of the crop storage system created by the project would ultimately involve the small farmers. The government is sufficiently realistic to recognize that this can only result from considerable investments in time and effort. At present, the policy and structure for establishing cooperatives exist only on paper. This document sets forth farmer ownership and operation of the warehouses as a desirable long-term objective, although it does not yet lay out a specific timetable for reaching this objective during the life of the project.

A system for the long-term management of the marketing/warehouse activities will need to be defined and established during this project. One such possible management system that should be considered provides for government, party and pre-coop participation. It is outlined further under "Implementation".

The 0001 evaluation made a number of technical recommendations involving the utilization of the revolving fund, financial management and the need for trained managers. The evaluators found the proposed management structure to be a workable one, and made no recommendation for conversion to significantly greater farmer participation during the life of this particular project. For the Niari project, the evaluators believed that a cooperative - one where farmer members owned and operated the system of warehouses - probably could not be created in the foreseeable future.

The present project attempts to address the management problem and to lay a suitable foundation for effective, long-term local operation of the storage/marketing system. Whereas the Niari project began with the construction of warehouses, in this project, construction will be delayed until a base-line survey has been conducted and its results analyzed. The survey results will shape a realistic long-term management plan, and provide guidelines for training and technical assistance. It is hoped that an effective management system can be developed during the life of the present project which will eventually permit greater farmer participation.

The overall effort in these districts must be viewed in the context of developments in the Congo as a whole. A number of efforts at centralized production and marketing of agricultural commodities have failed, or otherwise not lived up to their promise, and have caused the GPRC leadership to consider alternatives. Successful initiatives included in this second Smallholder project, i.e., decentralization of management at the crop collection stage, producer - directed incentives, and a start at local participation, could lead the GPRC to attempt to replicate the project in other regions.

C. Project Description

1. Goal:

The long-term goal of project 679-0002 is to improve the quality of rural life in the Congo. For this goal to be satisfied, it is assumed that the GPRC will act to at least sustain the present inter-sectoral terms of trade. It is also assumed that the success of this marketing model will encourage the GPRC to adopt a more decentralized marketing model approach.

2. Purpose:

The purpose of the project is to increase the income of farmers and to increase the total supply of internally produced food stuffs in the Congo. The income and production increases will be accomplished as a result of increased and more effective marketing of corn, peanuts and rice (paddy) to OCV. OCV's collection process in the project area will change from one of direct links with the producers to indirect contact through the locally-managed storage-warehouses. The system will be effective to the extent the road (and ferry) systems are maintained and improved. Roads in Sibiti district are passable during all seasons; however, most Zanaga and Bambama district roads are not passable during the rainy season. Improvements of these roads will be the responsibility of the National Road Office (RNTP).

First, the project will establish a marketing organization that is capable of buying selected agricultural commodities from farmers (both members and nonmembers of the pre-cooperatives) in two or three districts in Lekoumou region. This will be done through a revolving fund provided by the project, and by storing crops in project-built warehouses (see figure 1, in Annex 1). Produce will be held until OCV is able to collect and pay for the stock. These payments will be used to replenish the fund. A system of twenty or so warehouses ultimately will be operated by a management mechanism created under the project. Secondly, activities will be undertaken to increase the supply of improved seed in Niari and Lekoumou regions. These activities will center on the Mossendjo seed farm established under 679-0001.

At the end of the project, warehouses providing 1000 tons of absolute capacity will have been constructed. Each unit will be supported by a revolving fund of sufficient size to fill the warehouse. Management will develop a system of efficient turnover which will permit the storage capacity to be used several times during the harvest season, and allow the maximum number of farmers access to the facility and service. Assuming that 70% of the farmers are near enough to warehouses to reach them, and that all of these farmers adopt improved seeds which increase yields 20%, then warehouse management must use 300% capacity annually to absorb the entire produce. The management will need three times as much in revolving funds, and will require access to trucking capable of moving 2000 additional tons in two months time. Farmers will be paid upon delivery to the warehouses, and OCV will be charged a price that will permit financial expansion. Successful implementation of the project depends upon OCV continuing to have the money and capacity to buy from the storage units and transport it to its warehouses.

Experience in the Niari project indicates that it is reasonable to expect that:

- a) farmers will be sufficiently responsive to the incentive of prompt payment to increase marketings significantly and consequently, that warehouses will be filled from the second growing season; on and
- b) that OCV can pay a small premium (several francs per kg) to produce a small net margin to the system (see Figure 2 in annex 1).

If the revolving fund is invested in an interest bearing account during the months when no commodities are stored and if the operation of the warehouses produce a small net margin, then the system can produce an overall net revenue of about \$10,000 annually. This is about enough to build a 20 ton capacity warehouse, providing careful economies are followed and local labor used. Under good management, it seems reasonable to expect that the system could self-finance one new unit annually.

The revolving fund provided under the project, (\$250,000) will only be sufficient to fill the warehouses one time. If OCV is unable to pay for the crops collected at time of harvest, which is likely, then additional funds will be required to buy whatever crops are sold in excess of this capacity. It is estimated that three times the initial capacity will be required and that the warehouse management will have to arrange transportation to OCV warehousing and, in effect, advance credit to OCV until that organization receives its annual allocation from the government. These extra funds are not provided for in the project budget; however, some (or all) maybe supplied through the Title I counterpart fund.

3. Outputs

a. Storage and Marketing systems established.

(1) Village storage units built. The project will build an undetermined number of warehouses, with a total capacity of 1000 tons. These warehouses will range in capacity from 10 to 40 tons. Their individual capacity and location will be determined from data gathered in the base-line survey, together with the best judgement of project management. Local needs will be the primary criteria. The design of the units will benefit directly from experience acquired from 679-0001, in that they will be simpler and designed to cost less to construct. Even so, the remoteness of the project area from good roads or a railroad will bring their costs to about the same level as those in the earlier project.

(2) Training center built. A small training center will be constructed at Sibiti. It will include classroom and dormitory space. All of the in-country training to be done under the project will take place at this center

(3) Project housing and office space built. Housing for technical assistants staff and space needed for project management will be built at Sibiti. There are now virtually no suitable accomodations to be rented in the town.

(4) Phyto-sanitary equipment: The basic equipment needed to treat and preserve stored commodities will be supplied under the project. Appropriate equipment will be supplied to the seed farm to maintain seed stocks as well.

(5) In-country training provided. No academic training will be undertaken. Considerable short-term non-degree training will be provided, using short and long-term technical assistance. Training will

be provided in storage practices and various other topics to be determined after the baseline survey. The project will pay for trainees' per diem and for travel to and from the training center.

(6) Management training will be entirely on-the-job, as trainees will serve their "apprenticeships" to the project manager and technical staff. Counterpart staff with sufficient and appropriate education and background to enable them to benefit from the project will be selected. In addition, highly focused short-term training may be provided, if it is deemed necessary by project management.

(7) A base-line survey of social, economic and technical variables relevant to project implementation will be conducted during the first six months of the project. The purpose of the survey will be to: a) determine the size and location of warehouses, b) establish points of reference for subsequent monitoring and evaluation, c) provide input for the development of training materials, and d) supply useful insights into the design of the management structure and its operation.

(8) As a consequence of on-the-ground study, and of thorough discussions with counterparts and the host government, a comprehensive management system will be established and tested in the course of project implementation. Training and technical assistance will be adjusted to support this system, and evaluation and monitoring will be designed to review its progress. The Project Manager will direct the bulk of his attention to the development and implementation of this management system.

(9) A revolving fund of \$ 250,000 will be established by the project.

b. Expansion of Seed Farm:

(1) A seed storage facility will be built at Mossendjo. The farm will provide project farmers with improved seed.

(2) Local extension agents will be trained to encourage small farmers to use the new seeds.

(3) A number of multi-locational seed trials and demonstrations will be undertaken. Some farmers will be given contracts to grow seed and/or use their land for demonstration.

(4) The seed farm will have four project trucks with which to carry seed to distribution points.

4. Inputs.

(a) Financial inputs.

The following tables summarize the financial inputs of the project: US government funding, size of grant, GPRC and CARE funding, and annual obligations. Complete financial tables appear in annex 2.

SOURCE AND VALUE OF FUNDING

Source	First Year	All Years
US government (grant)	996,500	3,000,000
Gov.of Congo	203,000	1,055,000
CARE	60,000	223,000
<hr/>		
Total	1,259,500	4,278,000

b) Personnel Inputs: Expatriate (Long-term)

Detailed scopes of work for the long-term technical staff appear in Annex 8.

(1) Project Manager

In collaboration with the Congolese director of the project, he will coordinate and direct the activities of the project. His most important task will be to develop and strengthen the management of the marketing system. With help from a short-term expert, will conduct a baseline survey during his first six months with the project, on the basis of which villages will be selected for warehouse construction. The Project Manager's tour of duty will be 36 months.

(2) Business/Training Manager

Will be responsible for working with the Congolese director of the project to plan for and administer the project's financial, accounting, and procurement matters, as well as perform all other general support functions. This person will be responsible for training all project personnel in business management, planning and programming.

(3) Construction director

Will be responsible for all project construction (lodging, offices, warehouses etc.). Will supervise clearing of the land, construction work and coordinate the procurement of construction materials. Also, will direct two Congolese work supervisors.

c) Personnel Inputs: Expatriate (short-term)

(1) Consultant in baseline data gathering

The consultant will assist the Project Manager in a survey, train enumerators, supervise data collection, and prepare a report analyzing the results. The survey will provide information to be used in the selection of warehouse sites and in planning their capacity.

(2) Training Consultant

Will devise a curriculum for the training of individuals associated with the management of the storage/marketing system, and will organize training sessions.

(3) Consultant in Animal Husbandry

This person will investigate the possibility of undertaking other activities in the project area, particularly activities in animal husbandry. The consultant will take a close look at the "Ferme d'Exploitation et d'Appui Technique" (FEAT) in the village, and at the centers in Zanaga, and recommend ways to improve small farm animal raising on these farms.

d) Personnel Inputs: Congolese

(1) Project Director (In-training).

Will work with the Project Manager and the Business Training Manager to coordinate all the activities of the project. Will liaise with the Minister of Agriculture and other government organizations. Also, will be in training status during the first two years of the project. This person must be either an agronomist or a rural development specialist.

(2) Chief of Office Staff

Will be responsible for all the administrative tasks of the project, and will coordinate work of the secretaries, clerks and drivers. Will work under the supervision of the Business Manager/Trainer, and be responsible for the upkeep of project vehicles and equipment.

(3) Construction Supervisors

Under the supervision of the Director of Construction, two construction supervisors will provide technical guidance during construction. One Construction Supervisor will be based at the warehouse sites, and the other will be at Sibiti, where he/she will supervise the construction of houses and offices.

(4) The project also will secure the services of the following individuals, whose terms will last for the duration of the project only (three years):

- one accountant
- one office clerk
- two secretaries
- six drivers

- one mechanic
- one assistant mechanic
- one supply clerk

e) Materials and equipment inputs:

- (1) material and equipment (warehouses)
- (2) fumigation equipment
- (3) material and equipment (seed farm)
- (4) pesticides
- (5) fertilizers
- (6) didactic material for Training Program
- (7) Vehicles
- (8) Construction materials (offices)

(f) Revolving fund

(g) Other (administration, vehicle maintenance, CARE overhead).

5. Project Implementation

CARE will assemble a team of three long-term technicians, who will live at the project area (once housing is completed). They will be present for most of the life of the project. Reflecting the business and management orientation of the project, the job description and background of the Project Manager must include sufficient business experience to enable this person to provide solid on-the-job training to counterparts in the warehouse-storage-market operations.

The first activity undertaken after the signature of the project agreement will be the base-line survey. The purpose of the survey will be multi-fold. First, it will provide reference points for subsequent monitoring and evaluation. Second, it will provide information to be used for the selection of warehouse sites and to determine their capacity. Third, it will provide information that will be of help in optimal implementation planning and in project management. Finally, it will provide information for use in preparation of the training program.

It may be that several focused surveys will be superior to a single omnibus survey. This question will be left to the discretion of the Project Manager.

Early in the project, CARE will undertake an economic survey of the commodity assembly costs sustained by OCV. This survey should determine that the project is of material value to OCV. The assembly costs are the savings that OCV will accrue by not having to collect from dispersed points. Some of these savings, it is hoped, will be distributed to the project in the form of a net margin, and utilized to fund subsequent expansion of the system.

Once the project team is in place, and using the results of the survey, CARE will prepare a training program, begin the construction program, and put together the management mechanism.

The management system could follow the model used in 679-0001. At the outset of the project, CARE and local project staff will define a

sensible, sustained management system for the warehouse storage and marketing network, and must develop and refine it during the life of the project. For Project 679-0001 a management system was developed by the Congolese project director. Its essence is as follows:

The farm crop storage system will be owned and operated by the district pre-cooperative, the local arm of the national cooperative system. At the district level, a board of directors will be selected from the pre-coop membership, and from the OCV, agriculture and pre-cooperative district chiefs (or their representatives). The government will also appoint one representative from the district administration. The elected pre-coop members will include the president and the secretary of the local union (the union of the village level pre-cooperatives). Membership is acquired by paying a fee of CFA 1500, as well as a small, regular assessment. The board will meet at least twice a year, once before the collection of produce (April-May), and once at the time of the sale of produce to OCV (August or September).

The system will be managed by an executive committee, to be established by the board of directors. This committee will include a president, a secretary (elected from the cooperative), and a district party representative.

The primary responsibility of the executive committee will be to manage the revolving fund, which represents the operating capital of the system, as provided through the project. All checks drawn against the account must include signatures of three members of the executive committee. The committee will determine all questions of expenditure and revenue, including collection, purchase of needed supplies, transport, scheduling of commodity deliveries, reimbursements to farmers, marketing to and payment from OCV, and the keeping of accounts and records. However, at present, no one on the executive committee is expected to be full-time and no full-time, core support staff has been provided.

Within each district, CARE will construct a network of storage units, each with a capacity of between 20-40 tons. At each warehouse the local pre-cooperative will provide a warehouse manager, paid out of operating expenses, who will be full-time during the storage period and responsible for the day-to-day condition of the stored produce. In fact, one of the planned programs under the project will provide training for the managers. In addition the GPRC is making available civil servants for the positions of area zone chief. Each zone chief will be responsible for the following activities at approximately five hangars: monitoring deliveries, payments to farmers, weighing, monitoring the condition of stored produce, including conservation procedures, and its release to OCV. Project 679-0002 will use Agricultural district level chiefs, instead of establishing the positions of zone chiefs.

Collection days will be announced at each warehouse a week or two in advance. At the appointed time, the area zone chief, a clerk and the

warehouse manager, together with the necessary laborers, will process the bags delivered by the farmers, make payment on the spot, and then begin to organize the storage. Produce will be rebagged into uniform lots (40 kgs), stitched shut and fumigated. The area zone chief will make routine checks to ensure that storage controls are maintained.

The annual storage cycle will begin in February. At that time, the board of directors will meet to plan an inventory of supply needs, as well as a financial program. The buying schedule will be announced in April and sacks, needles and cord will be distributed. Crops will be delivered by farmers in May-June. In July, full fumigation will be carried out. Each month the zone chief will check the condition of produce in the warehouses. Sales to OCV can occur at any time, but any one hangar will be emptied at on a single round of crop pickups. Orders will be placed in September for the following year's sacks. By year's end, the entire inventory will be moved and the revolving fund will be replenished.

The evaluation recommended certain actions to strengthen the management system for Project 679-0001 described above, and these are worth including in the present project as well. They include:

a) Training of members of the executive board in practical principles of financial and business management. For the most part, the members are civil servants, and are unaccustomed to actions not prescribed in handbooks, precedent or directives from above. In particular, they are not accustomed to risk-taking, handling money in a manner to produce profit, worrying about turn-over, inventory and other controls, minimizing costs etc. The objectives of administration to which they are accustomed are administrative convenience or simple criteria of evaluation that are unlikely to be relevant to the sound business management approach we wish to encourage. (To encourage such an approach, consideration will be given to hiring managers under a base salary plus a percentage of turnover, or some other incentive-based arrangement).

b) development of a long-term plan to widen the scope of services provided by the system to farmers. At present the size of the revolving fund is geared to a single filling of any warehouse during a crop season. This represents a severe limitation to both farmers and to the potential of the system. Management must work out a method of rapid turnover, so as to maximize gross receipts during the crop season.

c) Establishment of appropriate controls over the use of the funds owned by the system. Between seasons it is recommended that monies in the revolving fund be invested in act so as to earn interest. Here, possibilities include an interest-bearing bank account (although earnings are limited by law to three per cent annually). Since the system should generate an annual net margin, the management mechanism will have to develop a method to analyze alternative uses for funds, as well as controls to ensure they are not used for private ends in the off season period.

d) Establishment of a permanent core staff, including a book-keeper, and an office where files can be maintained.

e) Development of a long-term development plan, based on the gradual expansion of the storage network, possibly assuming more tasks from OCV in local crop assembly and perhaps transportation.

f) Identification and development of additional benefits for cooperative members, to create more incentive for farmers to join the system.

g) Finally, arrangements so that the management staff in Mossendjo, Wayoko and Divenié, the Niari region districts addressed in the earlier project, will be able to take advantage of in-country training programs under the new project. It is likely that management innovations attempted in this project, to the extent they are successful, will be implemented in the Niari project districts as well. As a consequence, this project will have a substantial spread effect.

Under the previous project, a seed farm was established at Mossendjo. This project will add to its capacity to produce improved seed in order to satisfy the needs of farmers in Lekoumou district. These activities will begin as soon as possible after the signature of the project agreement, so that a stream of improved seeds will become available within two years.

II. COST ESTIMATE AND FINANCIAL PLAN

CARE/Congo will administer and implement the project with USAID funds, as well as financial inputs from the GPRC and CARE headquarters in New York. CARE has made a substantial pre-project investment in establishing essential operational relationships and support infrastructure. CARE expenditures will continue for the three year life of the project and will help provide project support and services, including personnel, vehicles, and materials. The project is budgeted at \$4,278,000. The AID-funded portion of this total is planned for \$3,000,000. The GPRC contribution will include project staff personnel (salaries), some construction costs and the value of in kind contributions (land). Approximately 40% of the total will support long and short-term technical assistance. About one quarter of the total financing projected is for the construction of warehouses, training center, and staff housing. Estimated component costs are detailed in Annex 2. All costs have been calculated on the basis of CARE's recent experience in the Congo, and are considered to be reasonably accurate estimates. The financing planned will be adequate to ensure completion of projected activities. USAID financing will be provided through a replenishable imprest fund. GPRC financing will be provided in accordance with the terms of the agreement to be executed between the GPRC and CARE.

III. IMPLEMENTATION PLAN

A. Administrative Arrangements

The project will be administered by CARE/Congo through a Cooperative Agreement with USAID. In rural development projects throughout Africa, CARE demonstrated its ability to administer agreements successfully and in accordance with AID standards. In the Congo, CARE has established two offices, one in Brazzaville and the other in Mossendjo. CARE currently is administering a nutrition education project, a primary health care project and the Smallholder Agricultural Development I, which is the model for this project.

This project will be centered in Sibiti, where CARE will open an office and will house its staff. CARE will augment its support staff in Brazzaville sufficiently to undertake this additional project.

A Project Manager with experience in rural development, and business and organizational management will be hired by CARE/Congo to manage the Lekounou Region activities. Administrative support will be supplied from Brazzaville. The Project Manager will have a strong business background as well as managerial skills. Along with the GPRC project director, the Project Manager will coordinate all project activities. A 36 - month tour of duty is anticipated.

A Business Manger/Trainer will be hired to manage the project's activities, together with the Congolese Director. This technician will have a 30-month tour of duty.

A full-time Construction Director will also be recruited to coordinate all construction work in the project. This includes the Sibiti training center, approximately 20 warehouses, and staff housing. The Construction Director will serve a 30 - month tour of duty.

In addition, short-term technical assistance for baseline data analysis, training, and smallholder livestock techniques is budgeted for the project.

Logistical support for the advisory personnel will be provided by CARE/Congo from its offices in Brazzaville, Mossendjo, and Sibiti. The USAID Project Officer (GDO) will monitor and coordinate project activities between CARE and USAID. CARE also will consult, as appropriate, with the American Embassy in Brazzaville.

Relationships among government, local non-government, and advisory personnel are shown in the Organizational Diagram attached. With USAID's approval, all advisors, consultants, and local non-government personnel will be recruited and hired by CARE. These will be project employees who will be financed by project funds. All other personnel will be recruited/assigned and financed by the GPRC.

CARE will assume responsibility and accountability for all AID-funded project expenditures. Throughout the life of the project, and subject to

the terms of the USAID/CARE cooperative agreement and the project agreement between CARE and the GPRC, the Country Director of CARE/Congo will have final authority on all matters of project implementation. The physical structures built during the project will become the property of the GPRC.

B. Implementation Schedule

Within three months of signing the Agreement between CARE and USAID, CARE/Congo will sign a project agreement with the GPRC.

Funds for the project will be made available upon the signature of the CARE agreement with the GPRC.

Consecutive Phases

DEC 1983 Signature of the agreement between CARE and the GPRC.

JAN - FEB Temporary office and a guest house set up at Sibiti.

- Arrival of the Construction Director
- Purchase of vehicles.
- Drawings made and construction contractor selected.

MAR - APR - Construction materials purchased

- Congolese staff recruited and selected.

Project Manager arrive on project site.

MAY JUN - Congolese Project Director selected.

- Construction site at Sibiti selected.
- Office at Sibiti organized
- Inventory performed of construction materials and facilities in Sibiti

JULY - Congolese Rural Development specialist arrives on project site.

- Congolese extension worker for improved seeds recruited.
- Specialist in baseline surveys arrives on Project Site.
- Baseline survey begins at project site.

AUG - OCT - Construction at Sibiti continues.

- Surveys to determine needs for improved seeds begun.

- Multilocal seed tests begun.
- Samples of improved seeds distributed.
- Business Manager/Trainer arrives on project site.

NOV - DEC

- Training consultant arrives on project site.
- Training of Ministry of Agriculture agents and project staff.
- Construction at Sibiti continues.

1985

JAN - FEB

- Baseline survey ended.
- Construction of warehouses at Sibiti begins.
- Warehouses prepared for the first marketing campaign.

MAR -APR -MAY

- Agricultural agents trained.
- Marketing plan prepared.
- Production and marketing needs estimated.
- Construction materials at Zanaga and Bambama temporarily stored.

JUN - AUG

- Survey done of Zanaga district villages.
- First marketing in the district of Sibiti begun.
- First evaluation of project (JUL - AUG) performed.
- Agricultural campaign prepared.

SEP - OCT

- Warehouse storage/marketing management system prepared.
- Extension of improved seeds begun.
- Multilocal seed tests performed.
- Surveys of Zanaga and Bambama district villages continue.
- Construction work in Sibiti continues.

NOV - DEC

- Multilocal test continue.
- Surveys at Zanaga and Bambama continue.

- Construction activities at Sibiti continue.
- Offices at Zanaga and Bambama refurbished or built.

1986

JAN - MAR

- Storage and marketing management system functional.
- Construction of warehouses begins at Zanaga-Bambama.
- Evaluation done of multilocational test of improved seeds.
- Harvest data collected.
- Marketing campaign prepared.

APR - JUN

- Preparation for marketing campaign done.
- Warehouses finished and equipped.
- Training of marketing agents accomplished.

JUL - SEP

Marketing continues.
Preparation of extension of improved seeds campaign.
Final project evaluation accomplished.
Warehouse construction at Zanaga and Bambama continues.

OCT - DEC

Extension of seeds continues.
End of all project construction work.

IV. Monitoring Plan

A. CARE/Congo will be responsible for making quarterly progress reports to USAID. These reports will be due at the end of December, March, June, and September. They will include:

1. A comparison of actual accomplishments with implementation objectives established for the period.

2. Other pertinent information including, when appropriate, analysis and explanation of higher than planned unit costs.

3. Financial information, pursuant to the guidance provided by the USAID/Zaire controller.

B. USAID will assign a project officer to monitor and report on program activities, to assist CARE/Congo in problem solving, and to facilitate program implementation. USAID monitoring responsibilities will include site visits and consultation with CARE/Congo's Project Advisors and the GPRC Project personnel.

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V. PROJECT ANALYSES

A. Technical Analysis: Summary

According to a survey conducted for the Ministry of Plan, and from interviews conducted with farmers during the design effort, the major constraint to increased production of food crops in the target area is marketing. As explained in the section "Project Description", OCV collects and pays for grain from 3 to 12 months after harvest (see table below). This financial disincentive results in a 10-20% loss of grain weight.

Table 3. Delays in Marketing of Coffee and Food Crops - Lekoumou Region

AXES	COFFEE (OCC)			PRODUCE (OCV)		
	<u>cultivated</u>	<u>marketed</u>	<u>delays</u>	<u>cultivated</u>	<u>marketed</u>	<u>delays</u>
Obili-Makele	7/81	1/82	5 months	3/82	7/82	4 months
Kengue-Yuomi	7/81	1/82	5 months	3/82	7/82	4 months
Sibiti-Zanaga	7/81	6/82	11 months	3/81	11/81	8 months

The project attempts to alleviate the primary marketing constraint by offering 1) cash at harvest through a GPRC - managed revolving fund; and 2) adequate storage to prevent grain weight loss and deterioration.

The second constraint to increasing food crop production in the Lekoumou Region is the unavailability of high-quality seeds. Existing seedstocks of rice, corn, and peanuts have degenerated over many years of use. In particular, heterogeneity in rice stands results in an extended period of vulnerability to birds and an abandonment of late-maturing plants.

The project proposes to expand the seed multiplication capacity of the Mossendjo seed farm to meet the demand in the Lekoumou Region. In concert with the extension effort to teach farmers better techniques of grain drying and storage, information on selecting and saving seedstocks and schedules for replenishment with new material will be made available through the extension program.

The production and storage of food grains has been practiced in the area only since colonization. Traditions of good drying and storage have not been developed. Corn, rice and peanuts must first be dried to 13.5%, 15.0%, and 13.5% moisture, respectively, before going into storage. As can be seen from Table 3, in Annex 3, March, April and May are rainy months with high relative humidity and warm temperatures. These months immediately following harvest are the most crucial for drying. As grain is generally dried outdoors and left exposed to the atmosphere, moisture can re-enter the grain through morning condensation. This prolongs the drying process which, under warm conditions, enhances fungal growth. Some fungi such as Aspergillus flavus, are extremely toxic to birds and mammals. This is a precursor of aflatoxins. Other fungi result in spoiled grain and ultimate weight loss. From field observations, some grain is entering storage wet and infested with fungi,

although some farmers manage, (somewhat remarkably given the environment) to bring grain moisture content down to appropriate levels.

Technical expertise from Project 679-0001 will be provided to this project to examine local customs in grain drying and storage, and to offer alternatives to farmers who have drying problems. One interesting possibility is the use of the "autobus" drier, a drier being used by a few coffee growers in Sibiti which is made chiefly with local materials.

A detailed technical discussion, including the agricultural milieu in Lekoumou, and the transportation and demographic characteristics of the project area, appears in Annex 3. Organizational charts of the Ministry of Agriculture and Livestock and the Ministry of Plan are annexed as well.

B. Economic Analysis: Summary and Conclusions

A computer simulation model was used to calculate a set of Internal Rates of Returns for the warehouse and seed components of the 679-0002 project. Variables such as warehouse construction and operating costs, crop prices, yields, and assumed crop storage savings were changed in value as a means to determine the project sensitivity to these variables. A detailed benefit/cost is attached (Annex 4).

For both project components, the overall internal rate of return was 7%. The warehouse component had an IRR of 9%, while the seed component showed a return slightly greater than 3%.

Two critical assumptions were used in the model for determining the benefit and cost streams: First, the warehouses will be filled to capacity only once during the season (i.e. no turnover). The implication of this is that if turnover did occur, the project's IRR could be substantially raised. However, at the same time, greater management and accounting controls would be needed. Secondly, it was assumed that the demand for certified seed was tied to the total warehouse capacity. If certified seed were sold to non-warehouse areas, the IRR for this component also would increase. In addition, if the yield increases offered by certified seeds are greater than 25%, the seed component IRR would equal 0. In the initial analyses, a 20% yield increase was assumed. The delay of project implementation lowers the overall rate by about 1%. The economic annex presents the model structure and underlying assumptions in greater detail.

Five concerns are identified as being particularly important to the success of the project:

- 1) The need to maintain the project's revolving fund. The current project allows for the provision of a revolving fund sufficient for the purchase of up to the capacity of each warehouse. Thus, turnover is not possible unless OCV or another agency provides additional funds. However, inflation may decapitalize the fund, and price raises will reduce the purchasing power of

the fund. Thus, some provision is needed to permit the revolving fund to be increased on a periodic basis.

2) Good management of the warehouse's revolving fund is a critical factor for ensuring the success of the project. The disappearance of the revolving fund (either through inflation or other means), or the poor application of storage practices, would adversely affect project benefits.

3) During project implementation, selection the location of the warehouses should take into consideration the transportation costs both by both the farmer and the OCV. This determination is a classical plant location problem that involves the minimization of warehouse location/construction and product transportation costs. Decisions about the locations and sizes of warehouses in project 679-0001 seem to have taken place without full consideration being given to these factors. Through careful planning, this problem can be avoided in 679-0002.

4) The analysis is based on a set of assumed values for the variables that determined the stream of benefits and costs. One could almost arrive at a 'desired' rate of return by choosing the right set of numbers. An accurate base line survey is needed to augment the data on which the analysis of the project was based.

C. SOCIAL SOUNDNESS ANALYSIS

The Lekoumou Region covers 20,900 km². It is populated by some 60,000 inhabitants, and has a population density of less than 3 inhabitants per square kilometer. Being primarily a forested area, there are expanses completely devoid of people. The lack of dispersion of people throughout the area is further accentuated by a government policy of the early 1970's which moved entire villages and regrouped them along primary roads, usually into large amalgamated villages of more than 400 inhabitants. This recent regrouping of villages has created some instability, and a certain difficulty in establishing authority over some of them.

The population is composed mainly of three ethnic groups: the Tékè, Obamba and Pygmée. The Pygmée represent about 10% of the total population of the region. Traditionally they cultivated food crops, primarily, manioc, bananas and peanuts. Although the Pygmée have, to some degree, taken on a more sedentary village lifestyle, there are indications that within the villages the Pygmée occupy an inferior position on the status hierarchy. Their houses are usually on the outer fringes of the village; they often hire out their labor to other villagers purportedly at very low wages; and they are referred to disparagingly by other groups.

Lineages in the region are matriarchal and matriarchal clans hold the rights over land. Permission to cultivate the land is traditionally acquired through the senior chief of the lineage or clan. As the Lekoumou Region is sparsely populated, farmers seem to have easy access to whatever land they wish to cultivate. Land as such cannot be bought or sold. However, the introduction of cash crops, (especially the increase in the cultivation of perennial crops such as coffee), combined with the proposed further concentration of the

population into "Villages Centres", may lead to an increasing scarcity of easily accessible land and a consequent deterioration in the existing land - allocation system. In the long run, this could lead to the introduction of a system of buying and selling of land, with the consequent possibility of the emergence of large landholders and groups of landless farm-labourers.

As is the case throughout the Congo, the Lekoumou Region is in the process of a modifying certain terms and traditions that were based on a subsistence economy. The changes brought about by colonial and post-colonial economic and political systems, e.g. the introduction of a cash economy and the regrouping of entire villages along the main communication routes, have led to a deterioration of traditional authority structures and the emergence of new and complicated patterns of local-level decision-making. It seems reasonable to assume that the extent to which traditional and GPRC political authority structures are amalgamated varies among villages, and that the extent to which the new political structure predominates over the traditional, vary according to the socio-economic importance of the villages at the district and/or regional level. Thus, it seems important to assume the existence of heterogeneity and special interest at both intra-and inter-village levels. These differences must be taken into account during project implementation.

Women in the Lekoumou

In the Lekoumou Region, women represent 54.5% of the total population.

Population by Sex and District - Lekoumou Region 1974

District	Male	Female	% Female	Total
Sibiti	13,520	16,150	54.4	29,670
Zanaga	6,665	7,924	54.3	14,589
Bambana	1,782	2,209	55.3	3,991
Komono	5,406	6,454	54.4	11,860

Traditionally, women have been responsible for planting, harvesting, weeding, drying, cleaning, storing, and selling peanuts, corn, manioc and other food crops. Apart from these activities they are responsible for childrearing, and they also fetch water, gather wood, prepare food and have other household duties. Women may walk many kilometers to their fields; they may remain in their fields with their youngest children for several weeks if the distance is great. Women transport crops, wood, and other items on their backs in cone-shaped baskets supported by bands tied around their foreheads.

On the other hand, men are responsible for clearing land, cutting trees and for preparing the fields. Generally, the men cultivate coffee, cocoa and rice. It should be noted that one of the possible long-term effects of the current emphasis by the GPRC and FAO upon increasing coffee production may be an increased disregard for the production of food crops, an increased labor demand upon women to work in coffee, and/or a consequent drop in the income of women. If this occurs, it would decrease the relative autonomy of women which is based upon their position as more or less independent producers. Some indications of substantial changes in the position of women would be changes in intrafamilial income distribution, marital patterns, and brideprice.

In the Lekoumou Region, the involvement of women in "Groupements Pre-cooperatives" varies from village to village. In some, the majority of pre-cooperative members are women. However, in others, they do not participate. In some, membership is restricted to wives of male members only, while in others widows and single women play a major role.

D. Environmental Analysis

Limited environmental impact from project activities is foreseen. Project elements most affecting the environment include the use of pesticides on stored grains, the construction of warehouses and a training center, and, potentially, an increased amount of acreage used for farming..

Pesticide Use

By using phostoxin (aluminium phosphate) tablets and malathion sprays and dusts, the project will train Congolese staff in the phytosanitation of stored grains and pulses. Pesticide use will be supervised by CARE/Congo advisors and instruction given in all insecticide applications, in proper storage of chemicals, in mixing and application procedures, in clean-up of equipment and a container disposal.

Phostoxin was selected for use against several species of grain beetles and insect larvae. It can be stored and transported easily under trained supervision, and it requires no elaborate mixing or disposal procedures. Malathion was selected for its low residual toxicity and effectiveness against grain beetles and rice weevils. These chemicals will not be introduced into the soil, ground water or surface water. The low concentrations to be used will preclude any measurable effect on air quality. Pesticides will not be in continued use, nor will large quantities be stored in the villages. All storage areas will be secure.

Construction

The construction elements of the project include approximately 20 40-ton capacity warehouses, a small training center in Sibiti, and staff housing in Sibiti. No forest land will be cleared for construction and minimal ground work will be necessary. Therefore, the construction element of the project poses a negligible health or environmental risk.

Increased land under cultivation

If the project is successful, cultivators will have an incentive to grow more crops and thereby clear more land for cultivation. The project will keep a close watch to assure that clearing does not become excessive.

VI. CONDITIONS AND COVENANTS

Prior to the disbursement of any AID funds, CARE/Congo shall furnish to AID a program agreement between itself and the GPRC which sets forth the responsibilities and understandings of the GPRC and CARE/Congo for program implementation.

Goods and services financed by AID under the project must be transported on flag carriers of the United States or of the People's Republic of the Congo. Exceptions to this rule can be obtained if AID agrees to them in writing.

All short and long-term technical assistance personnel, including local non-governmental personnel, who are nominated for project employment, will be mutually agreed upon by CARE and USAID prior to employment with AID funding. Personnel will be jointly selected by CARE and USAID to carry out project evaluations.

VII. EVALUATION ARRANGEMENTS

Initially, the major activities will include 1) a baseline data survey to determine the sites for the warehouses; 2) procurement of equipment; construction materials and tools; 3) selection of project basic staff (LT and ST); and 4) training. USAID will monitor this process through periodic meetings and field visits by its Project Officer.

In July 1985, there will be a preliminary evaluation to assess whether the initial objectives, and the means to achieve these objectives, continue to be appropriate. The project will be reviewed to determine actual performance, as compared with the schedule set forth in the Implementation Plan. This evaluative effort will collect additional data, analyze the data, and make appropriate recommendations. The personnel conducting these assessments will include technical consultants, representatives of USAID, and representatives of the Ministry of Agriculture.

In July 1986, an in-depth evaluation will be conducted on the effectiveness of the project, the desirability and feasibility of further activities, and possible additional funding requirements. This will be a critical assessment. The evaluation team, whose membership shall be similar to that of the first evaluation, will determine how effective project efforts have been and how likely expanded efforts are to succeed. Possibility for expansion of the project may include beginning complementary activities in the project area, as well as expansion into new areas. This may include, but not be restricted to, other districts of the Lekoumou Region. These evaluations will be financed with a portion of the funds budgeted for short-term technical assistance.

WORKING
FILE COPY

To: Arthur S. Lezin, Acting Director
From: John Babylon, Program Officer *John Babylon*
Subj: Project Authorization -- Smallholder Agricultural
Development II (679-0002)

Problem:

Your approval is required to execute a grant of \$3,000,000 from the Agriculture, Rural Development and Nutrition appropriation to the Cooperative for American Relief Everywhere, Inc. (CARE) for the Congo Smallholder Agricultural Development II (679-0002) Project. On the basis of your approval a cooperative agreement will be executed between USAID and CARE.

The purpose of the Cooperative Agreement, awarded pursuant to the Foreign Assistance Act of 1961, as amended, and the Federal Grant and Cooperative Agreement Act of 1977, is to provide partial support to CARE for its participation in a program of assistance to the Government of the People's Republic of the Congo (GPCR).

We intend to obligate \$1,000,000 in FY 1983 for this activity subject to the availability of funds in accordance with the USAID OYB/allotment process.

Discussion:

The project's goal is to improve the quality of rural life in the Congo. The project's purpose is to increase the productivity of smallholders in the Lekoumou region of the Congo. This project builds upon the lessons learned and experience gained from the Congo Smallholder Agricultural Project (679-0001), which was evaluated in May, 1983. The new project addresses the following major constraints to increased smallholder agricultural production in the Lekoumou region: The inefficient crop purchasing system; inadequate or non-existent post-harvest/pre-marketing crop storage system; and the unavailability of new seed of improved varieties. The project will institute a revolving fund for the purchase of smallholder crops; construct 20 warehouses for the crops purchased through the fund; and expand the capacity of the existing nearby Mossendjo seed farm to meet the demand for improved seed. A regional center will be constructed or an existing building refurbished to provide training facilities for village warehouse managers, farmers and Department of Agriculture employees.

Financial Summary:

The total USAID contribution to the four year, life of project cost is \$3,000,000. The GPRC will contribute the equivalent of approximately \$1,000,000 in local currency for personnel, facilities and operating costs. CARE will contribute approximately \$223,000. Total USAID/GPRC/CARE life of project cost is approximately \$4,223,000.

Socio-economic, Technical and Environmental Description:

1. The Project Review Committee found the Project to be socio-economically and technically sound.
2. The Initial Environmental Examination recommended a negative determination which has been approved.
3. The Project meets the requirements of FAA Section 611(a).

Covenants:

The following is a Condition Precedent to Disbursement: Prior to the disbursement of any AID funds, or the issuance of documentation pursuant to which such disbursement shall be made, the recipient (CARE) shall furnish to AID in form and substance satisfactory to AID an executed program agreement between the recipient and the GPRC setting forth the responsibilities and understandings of the GPRC and recipient for program implementation.

Implementation:

The project will be administered by CARE through a Cooperative Agreement with USAID. The GPRC implementing agency is the Ministry of Agriculture.

Committee Action and Congressional Notification:

The Project was reviewed by the Project Committee. As there were no unresolved issues, the Project Committee concluded that the Project should be forwarded to you for authorization. A Congressional Notification was sent to Congress on July 8, 1983, and expired on July 23, 1983.

Recommendation:

That you sign the attached project authorization and thereby authorize the proposed project.

Clearances:

CONT: TNickle DM Date: 8/11/83

DEO: HLBraddock D Date: 8/11/83

GDO: DSinger all Date: 8/11/83

PROJECT AUTHORIZATION

Name of Entity: Cooperative for American Relief Everywhere, Inc. (CARE)

Name of Project: Congo Smallholder Agricultural Development II

No. of Project: 679-0002

1. Pursuant to the Foreign Assistance Act of 1961, as amended, I hereby authorize a grant to the Cooperative for American Relief Everywhere, Inc. (CARE) for the Congo Smallholder Agricultural Development II Project which has planned obligations of not to exceed \$3,000,000 in grant funds over the planned life of project of three years. On the basis of this authorization a Cooperative Agreement will be executed between USAID and CARE.

2. The purpose of the Cooperative Agreement, awarded pursuant to the Foreign Assistance Act of 1961, as amended, and the Federal Grant and Cooperative Agreement Act of 1977, is to provide partial support to CARE for its participation in a program of assistance to the Government of the People's Republic of the Congo (GPRC).

3. The project's goal is to improve the quality of rural life in the Congo. The project's purpose is to increase the productivity of smallholders in the Lekoumou region of the Congo. This project builds upon the lessons learned and experience gained from the Congo Smallholder Agricultural Project (679-0001), which was evaluated in May, 1983. The new project addresses the following major constraints to increased smallholder agricultural production in the Lekoumou region: The inefficient crop purchasing system; inadequate or non-existent post-harvest/pre-marketing crop storage system; and the unavailability of new seed of improved varieties. The project will institute a revolving fund for the purchase of smallholder crops; construct 20 warehouses for the crops purchased through the fund; and expand the capacity of the existing and nearby Mossandjo seed farm to meet the demand for improved seed. A regional center will be constructed or an existing building refurbished to provide training facilities for village warehouse managers, farmers and Department of Agriculture employees.

4. The Agreement(s) which may be negotiated and executed by the officer(s) to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

a. Source and Origin of Goods and Services

Goods and services, except for ocean shipping, financed by A.I.D. under this project shall, except as A.I.D. may otherwise agree in writing, have their source and origin in the People's Republic of the Congo or in countries included in A.I.D. Geographic Code 941.

b. Prior to the disbursement of any A.I.D. funds, or the issuance of documentation pursuant to which such disbursement shall be made, the recipient (CARE) shall furnish to A.I.D. in form and substance satisfactory to A.I.D. an executed program agreement between the recipient and the GPRC setting forth the responsibilities and understandings of the GPRC and recipient for program implementation.

Clearances:

CONT: TNickle TAN Date: 8/11/83
DEO: HBraddock B Date: 8/11/83
GDO: DSinger KCP Date: 8/11/83

Arthur S. Lezin
Arthur S. Lezin
Acting Director
USAID/Kinshasa

FIGURES

FIGURE 1

Comparison in Produce Flows with
and without Project

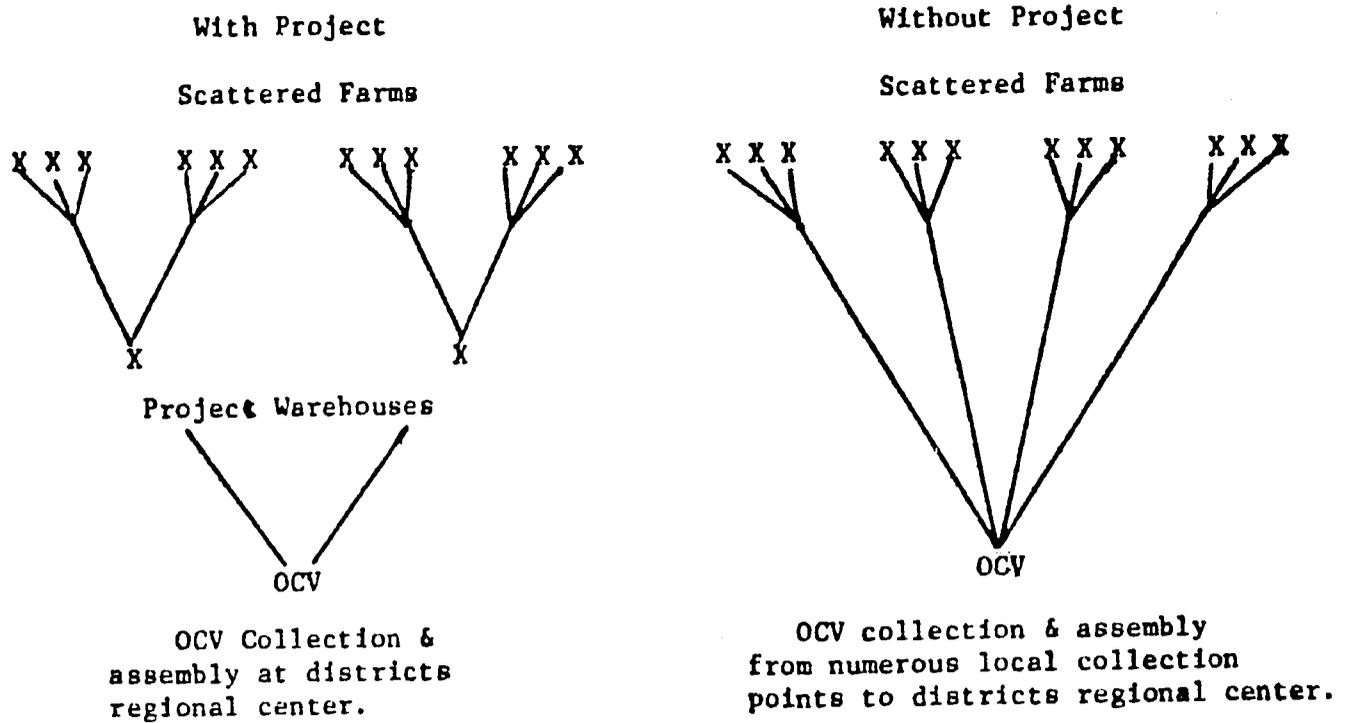
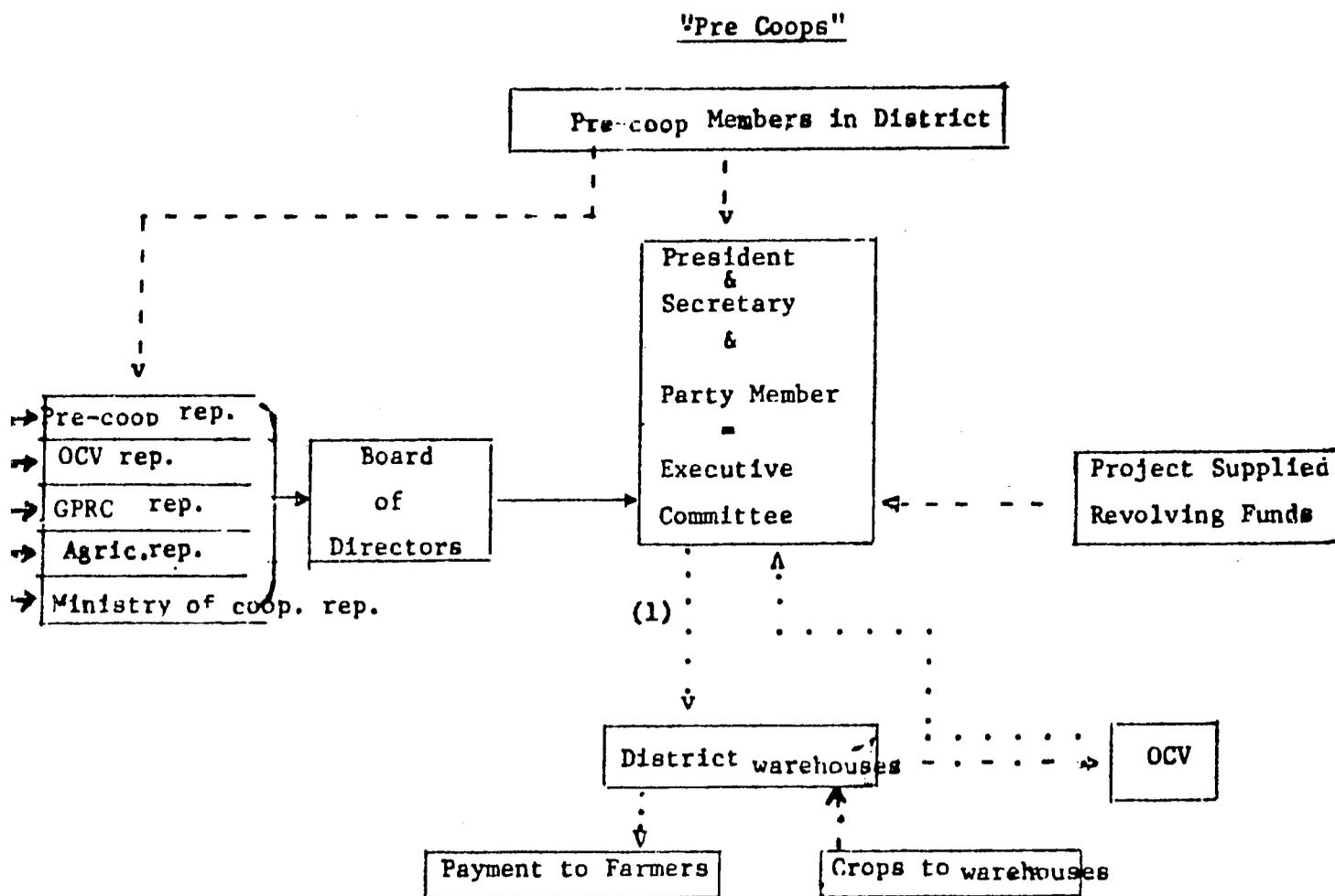


FIGURE 2



(1) Reimbursement to farmers via warehouses.

- - - - - elected
- _____ appointed
- cash disbursement
- ' - ' - crops sold

BUDGET TABLES

	YEAR 1			YEAR 2			YEAR 3			TOTAL			GRAND TOTAL
	AID	CARE	GPRC	AID	CARE	GPRC	AID	CARE	GPRC	AID	CARE	GPRC	
PERSONNEL													
Long-Term	187.5			225			187.5			600			600
Lease	79			87			96			262			262
Short-Term	30			30						60			60
Travel	78.2		13	85.5		14	88.5		15	252.2		42	294.2
-Total	374.7		13	427.5		14	372		15	1174.2		42	1216.2
DUTIES													
Material and Equip.	120			44		68	38			202		98	270
Construction	50	50		140	60	240	140	80	40	330	190	250	800
Trucks	224			86						310			310
-Total	394	50		270	60	308	178	80	40	842	190	348	1380
Admin.	55.3	10		72.5	11		81.2	12		219	33		252
Vehicle Maint.	88.3			97.1			106.8			292.2			292.2
Revolving Fund				80			170			250			250
RE Overhead	74.2			74.2			74.2			222.6			222.6
total	227.8	10		323.8	11		432.2	12		983.8	33		1016.8
CASH	996.5	60	13	1021.3	71	322	982.2	92	55	3000	223	390	3613
INVENTORY													
Commodities			90			85			40			215	215
Personnel			100			150			200			450	450
GRAND TOTAL	996.5	60	203	1021.3	71	557	982.2	92	295	3000	223	1055	4278

Budget Personnel

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	<u>1</u>	<u>2</u>	<u>3</u>	<u>TOTAL</u>
1). <u>Expatriate</u>				
- Project Manager	75,000	75,000	75,000	225,000
- Business/Training Manager	37,500	75,000	75,000	187,500
- Construction Director	75,000	75,000	37,500	187,500
➤ <u>Short term Consultant</u>				
- Baseline Data	20,000	-	-	20,000
- Training	20,000	-	-	20,000
- Animal Husbandry	-	20,000	-	20,000
<u>Sub-Total 1.</u>	227,500	245,000	187,500	660,000
2). <u>National</u>				
- Office Manager	8,000	8,800	9,6	26,400
- Accountant	6,000	6,600	7,4	20,000
- 2 Secretaries	7,000	7,700	8,5	23,200
- Procurement agent	6,000	6,600	7,4	20,000
- Office Assistant	4,000	4,400	4,9	13,300
- 2 Messengers	6,000	6,600	7,4	20,000
- Mechanic	5,000	5,500	6,1	16,600
- Mechanic Assistant	3,000	3,300	3,9	10,200
- 2 Worksite Supervisors	14,000	15,500	16,6	46,100
- 6 Drivers	20,000	22,000	24,2	66,200
<u>Sub-Total 2.</u>	79,000	87,000	96,000	262,000
<u>Total Personnel 1 + 2</u>	306,500	332,000	283,500	922,000

Material/Equipment.

1.	<u>Material and equipment: warehouses.</u>	
-	Canvas Tarp (30)	25,000
-	Scales (25)	8,000
-	Hygrometer(20)	3,000
-	Wheel barrows (300).....	25,000
-	Cotton bags (50.000)	50,000
2.	<u>Fumigation Material.</u>	
-	Insecticide (phos'oxin + malathion)	25,000
-	Sprayers /ductors	8,000
-	Protection equipment	4,000
3.	<u>Material and Equipment PAPAN (Farm-Mossendjo)</u>	
-	Tractor	30,000
-	Small grain planter	10,000
-	Ditcher	5,000
-	Pesticide seed treatment apparatus	3,000
-	Multicrop thresher for paddy	3,000
-	Corn seed sheller.....	2,000
-	Plactic bags (10.000).....	20,000
4.	<u>Pesticides.</u>	
-	Captane or thirane EC	10.000
-	Furandan EC	
-	Malathion (4001).....	2.000
5.	<u>Fertilizers</u>	
-	Chalk (20 T)	8.000
-	Urea (10 T).....	5.000
-	Superphosphate (2 T).....	1.000
5.	<u>Didactic Material of Education and Training.</u>	
-	Elaboration pamphlet extension + training.....	5.000
-	Retro-projector	1.500
-	Projector slide	1.500
-	Camera.....	1.500
-	Camera material.....	10.000
-	Film + slide	
-	Flip charts(4)	1.500
-	1.000

Detail: Vehicles

VEHICLES

Suzuki 4X4 (3) \$42,000
-- 1 coordinator
-- 1 national project
-- 1 sociologist/cooperatives

Toyota Pick-Up (4) 68,000
-- 1 Director of Construction
-- 2 Work-site supervisors (Project)
-- 1 Counterpart for extension (GPRC)

Trucks, 8-ton, 4X4 (4) Berlier 182,000
-- 2 Seeds Transport/Marketing
-- 2 Construction Support

Mobylette (13) 10,000

Bicycle (25) 8,000

\$310,000

TECHNICAL ANNEX

ANNEX 3

A. Agricultural Milieu in Lekoumou

The Lekoumou Region is primarily forested, with predominant clay-sand and sandy-clay soils. These acid soils, which are inherently low in exchangeable bases and frequently sloping, are managed through slash and burn agriculture, using no commercial inputs apart from limited use of improved seeds.

Production figures indicate that the predominant cultures are manioc, plantains, and peanuts. Although coffee production is relatively modest in the Congo, the Lekoumou Region is the leading producer.

Table I 1980 AGRICULTURAL PRODUCTION-LEKOUMOU REGION

<u>Crop</u>	<u>Hectares</u>	<u>Production (t)</u>	<u>Yield (t)/ha</u>
Manioc	5100	40800	8
Peanuts	3000	2400	0.8
(unshelled)			
Corn	600	430	0.7
Paddy rice	250	200	0.8
Plantains	660	5280	8
Bananas	280	2800	10
Yams, taro	100	500	5
Coffee	1200	357	0.3

The population generally consumes manioc, yams, plantains and bananas and sells peanuts, rice and corn .

Other sources of income are fishing, hunting, the removal of forest hardwoods, and a modest extraction of palm oil. However, agriculture is the principal factor in the economy.

Figure 1 indicates the crops marketed in 1978-1981 in the Lekoumou Region. The Sibiti district leads the region in peanut and corn production. The Zanaga district leads in rice.

According to a 1973 FAO study of the Lekoumou Region, slightly more than one half of the population is deemed "active". However, the numbers are diminishing and the mean age is high. The average area cultivated per active person is 0.47 ha.

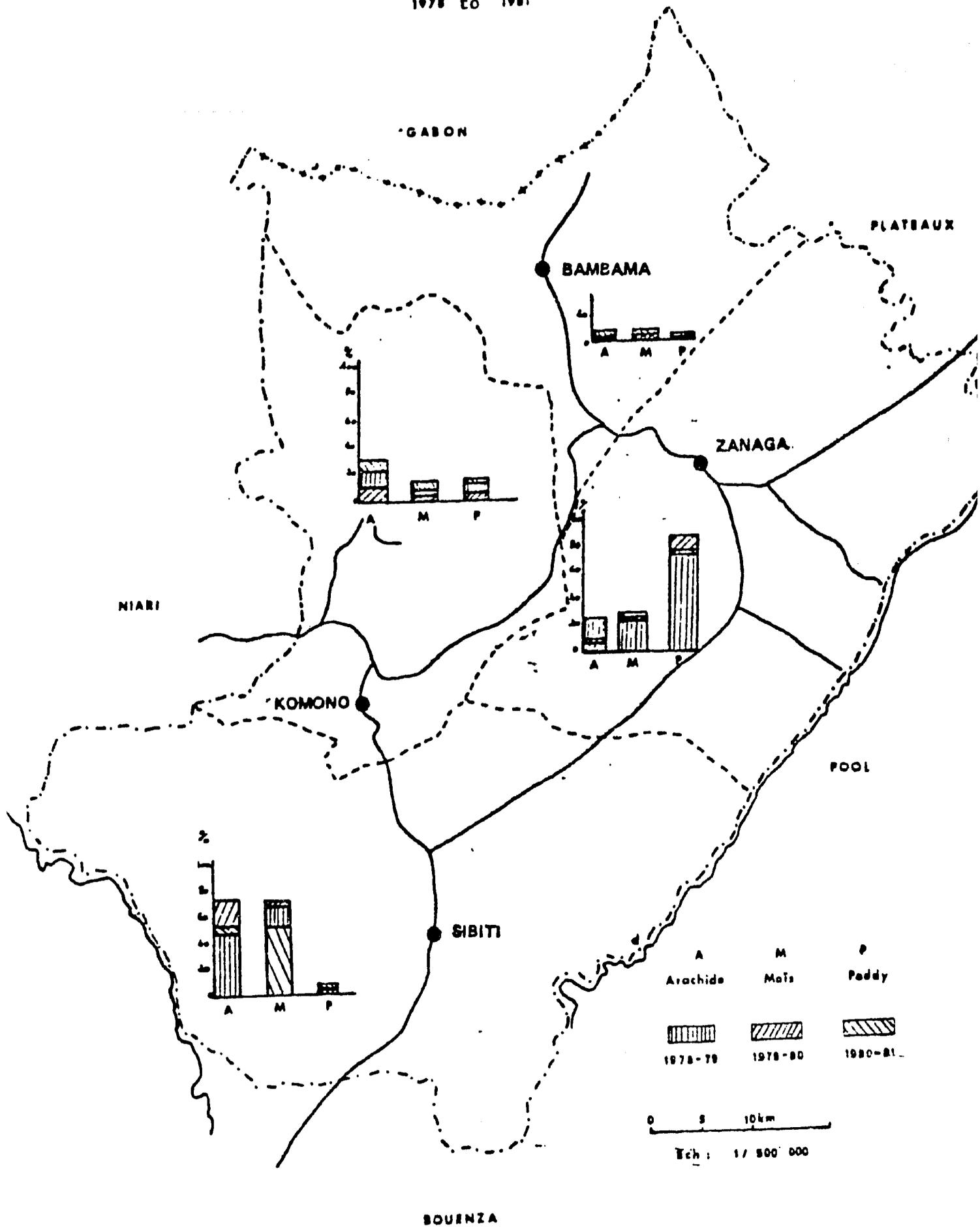
Between men and women, the division of labor is well defined. Generally, men clear the land for all crop cultures and work primarily in coffee and rice production. Women produce manioc, yams, plantains, bananas, peanuts and corn. Women also harvest rice and coffee and transport all produce.

As the population is relatively sparse, field selection and consequent fallowing of land for a year or more pose no problems. Generally, coffee and fruit trees are planted nearest to the village. Food crop fields may extend up to 3 km around the village. However, rice fields may extend 30 km. from

Figure 1.

Principal Crops Marketed.

1978 to 1981



the village in the "bas-fonds", or depressed areas, which hold water. Manioc is generally planted for 3 years, in association with yams, gourds, sugar cane, plantains, bananas and taro. The length of the subsequent fallow depends upon the following: - 3 to 4 years if followed by peanuts and maize, more than 5 years if followed by manioc. Rice is planted in a different field each year, in a rice-maize intercrop.

Coffee is frequently planted in association. Pruning and weeding are seldom practiced. This along with insect infestations, results in low production. Currently FAO has a project in the Lakoumou that encourages improved cultural practices which do not require financial inputs.

Table 2. depicts the agricultural calendar for the region.

B. FAO activities in Lakoumou

Currently, there are two FAO experts in the Lakoumou Region, plus two U.N. Volunteers who are teaching improved production techniques to farmers and extension workers. Begun in the spring of 1982, one expert deals with food crops (OCV), and the other with coffee (OCC). The experts both work with pre-cooperative members.

In the case of the OCV/FAO project, 20 villages are involved and 24 extension agents will have been trained by the end of the project. Techniques to increase production, such as in-line sowing and fertilizer application, are being taught. No activity was included to improve the storage or marketing aspect of production, and in most cases the techniques being taught are precocious and out of reach of the regional farmers (eg., no fertilizer is available and no one could afford it if it were.)

However, the FAO project does teach extension agents and regional "chefs de secteur" techniques of measuring, budgeting and work scheduling. It also conducts some multi-locational trials, using improved seeds from the Centre de Recherche Agronomique a Loudina (CRAL). A small credit fund is available to buy machetes and other tools. The chef de secteur is responsible for debt recuperation.

The OCC/FAO project based in Lakoumou operates in five other regions as well, and therefore has a limited impact in the Lakoumou. In this project, none of the technical practices involve purchased inputs. Rather they concentrate on improved pruning and training of plants, weeding, and mulching. Training of extension workers is also included.

The FAO training programs in Sibiti currently are held in part of a coffee warehouse, which has a seating capacity of 35. Short-term subsistence lodging is provided in two adjoining rooms, or with a family in Sibiti. Beyond inadequate lodging, the classroom smells strongly of pesticides from the coffee stored on the other side of the partition.

In addition to these two existing FAO activities, both of which are due to terminate in December 1983, an FAO expert currently is studying upper and mid-level management problems of OCV and OCC, and the economics of marketing.

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Table 2

AGRICULTURAL CALENDAR FOR RURAL ZANAGA

	JANVIER	FÉVRIER	MARS	AVRIL	MAI	JUIN	JUILLET	AOÛT	SEPT.	OCT.	NOV.	DÉC.
CAFÉ		<i>Plantation</i>					<i>Récolte</i>				<i>Plantation</i>	
RIZ	<i>Gardiennage</i>		<i>Récolte</i>			<i>Défrichement</i>			<i>Semis</i>			
ARACHIDES MAÏS		<i>Récolte</i>					<i>Défrichement</i>		<i>Semis</i>			
MANIOC							<i>Défrichement</i>		<i>Plantation</i>			
TABAC		<i>Récolte</i>					<i>Pépinière</i>		<i>Récolte</i>			
IGNAMES						<i>Récolte</i>			<i>Plantation</i>			

Table 3

CLIMATIC CHARACTERISTICS OF SIBITI

Tchad

		J	F	M	A	M	J	J	A	S	O	N	D	T
Pluviosité mm	SIBITI (1)	135,4	159,3	216,2	251,7	119,9	4,2	0,4	0,6	12,4	137,2	299,4	234,5	1 571
	ZANAGA (2)	158,3	216,5	253,6	254,7	209,8	14,0	3,6	0,3	36,7	158,5	270,5	236,7	1 813
Humidité en %	maxima	98,4	98,2	97,7	97,7	98,4	99,2	98,6	98,0	97,4	97,6	98,5	98,5	98,0
	minima	69,9	65,6	62,9	63,0	71,0	72,7	75,3	68,7	67,7	64,1	65,7	71,3	68,2
Température en degré C.	moyenne	24,8	24,4	24,7	24,6	23,9	21,7	20,0	20,6	22,2	23,8	24,0	24,0	23,2
	moyenne min.	20,3	20,1	20,2	20,0	20,0	18,0	16,0	16,6	18,4	19,6	19,6	20,0	19,0
	moyenne absolue	17,0	16,9	16,9	17,5	15,5	13,5	12,5	11,0	15,0	15,8	17,0	17,2	-
Insolation et nébulosité en heures.		108,1	98,0	115,2	102,9	96,7	81,1	32,8	53,3	64,5	67,1	102,8	85,0	1007,

(1) 1951-1960

(2) 1954-1968

* Nous ne possédons de renseignements pour ZANAGA que pour la pluviosité, les autres données ne concernent que SIBITI

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The results of this study were not available at the time of this writing.

Another FAO project is under study which if financed, would involve the Komono district of the Lekoumou Region. Although its design is not yet finished, the project would be centered around food crops production and marketing. Consequently to avoid duplication, USAID will not intervene in the Komono district if this FAO project begins.

C. TRANSPORTATION IN LEKOUMOU

ROADS AND MAINTENANCE

As the Lekoumou Region is not serviced by railroads, all construction materials must be transported overland. Roads in the region are not regularly maintained, and certain primary routes are impassable during the rainy season.

The primary road to Sibiti from Loudima is an all-weather one, and extends to Mapati (see map). Both routes northward to Zanaga are impassable during the rainy season. This would inhibit expansion of the project into the Zanaga and Bambama districts. The most direct route from to Sibiti-Zanaga currently is being rehabilitated by the Congolese Department of Public Works. The route Sibiti-Komono-Mossendjo is passable, but transport must rely upon a the ferry which crosses the Louéssé River. Throughout the area one must rely upon small wooden bridges which cross numerous streams.

At the regional level, the Public Works department works owns 8 large trucks, 2 water cisterns, 1 compacter and 4 graders. The attached tables indicate the 1982 road and bridge maintenance schedule of Public Works in the Lekoumou Region. There is one private transporter, Barbier, who generally operates in the region.

AIRPORTS

The Lekoumou Region has two airstrips. The Sibiti airstrip is 1800 m long and can be used at night. The Zanaga airstrip currently is under expansion. Theoretically, there are two flights per week from Brazzaville to Zanaga, via either Mossendjo or Sibiti. Actually, there usually is only one flight per week, which goes on irregular days. The plane used is a Twin Otter with a seating capacity of 18.

D. Organizational Charts

As the lekoumou Region is of particular development interest to both the Ministry of Agriculture and Livestock (FAO and CARE/Congo projects), and to the Ministry of Plan (Villages-Centres), their joint agreement has been necessary for project approval. Organizational charts are attached to depict the two ministries and their offices on the regional and district levels. The USAID/CARE project is referred to as PAPAN - Projet d'Assistance aux Petits Agriculteurs dans la Region du Niari.

LEKOUMOU REGION

== Principal road network

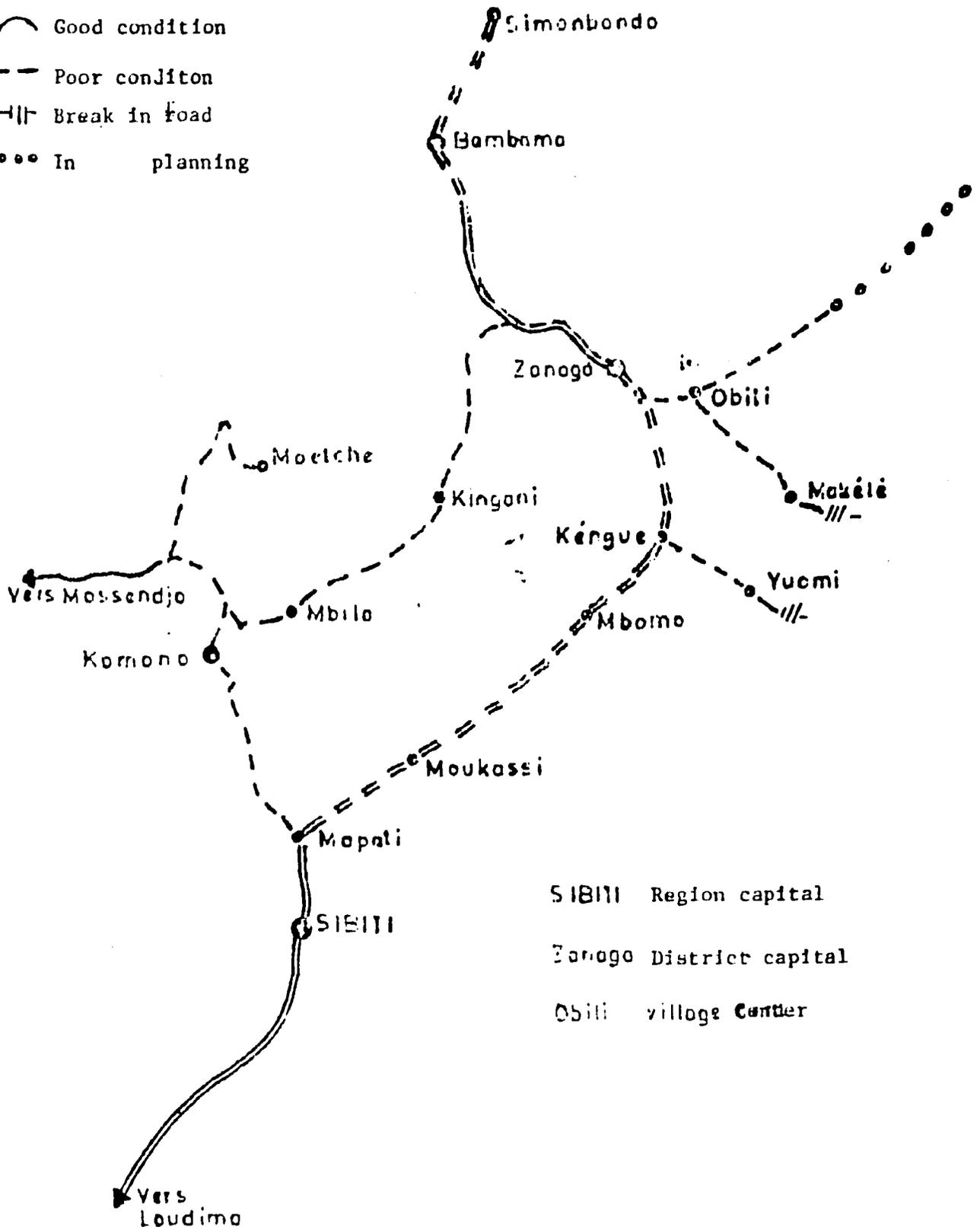
— Secondary road network

○ Good condition

- - - Poor condition

-||- Break in road

••• In planning

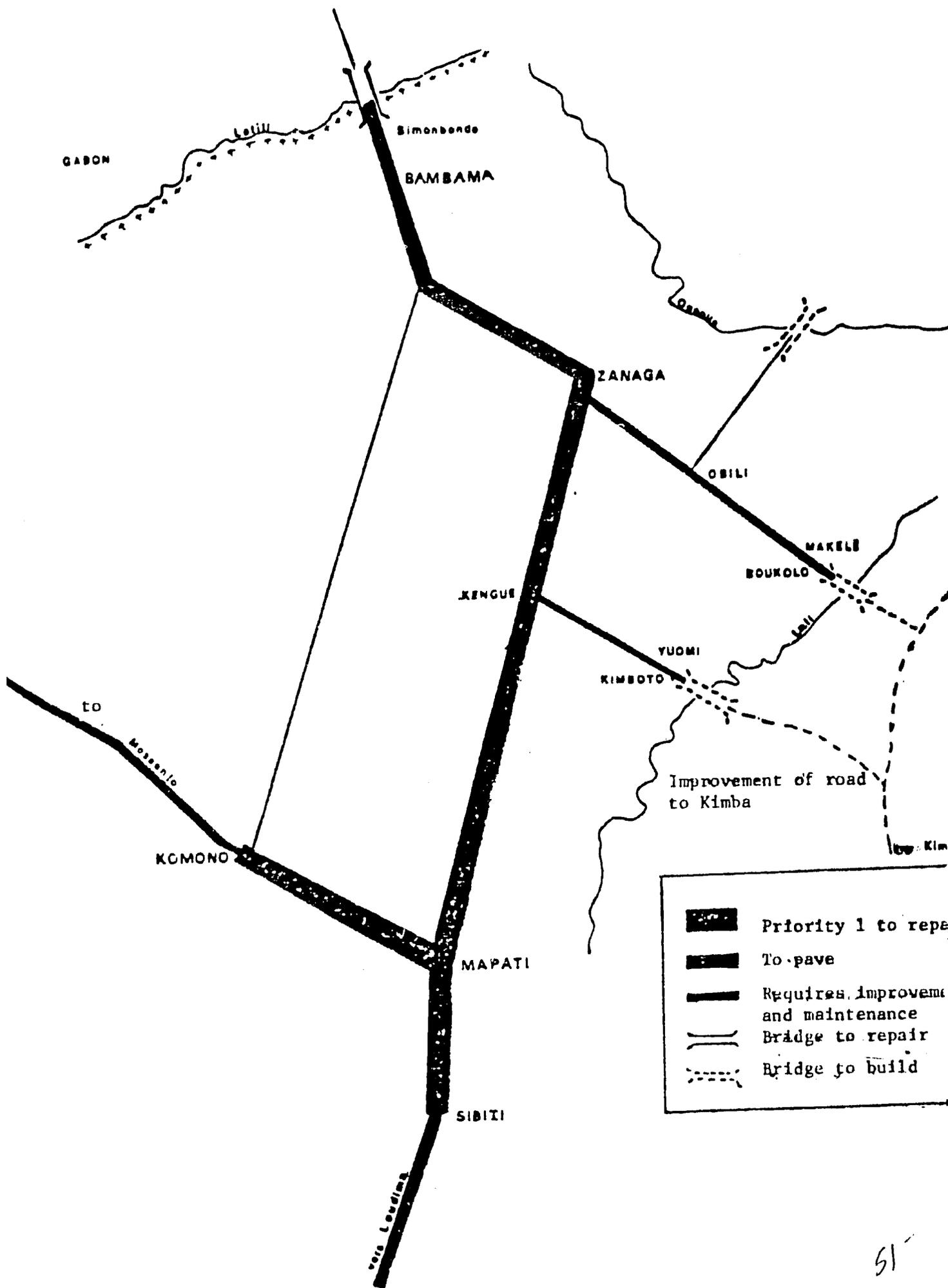


SIBITI Region capital

Zanogo District capital

Obiti village center

ROAD INFRASTRUCTURE - FUTURE ACTIONS



	Priority 1 to repair
	To pave
	Requires improvement and maintenance
	Bridge to repair
	Bridge to build

ROAD MAINTENANCE

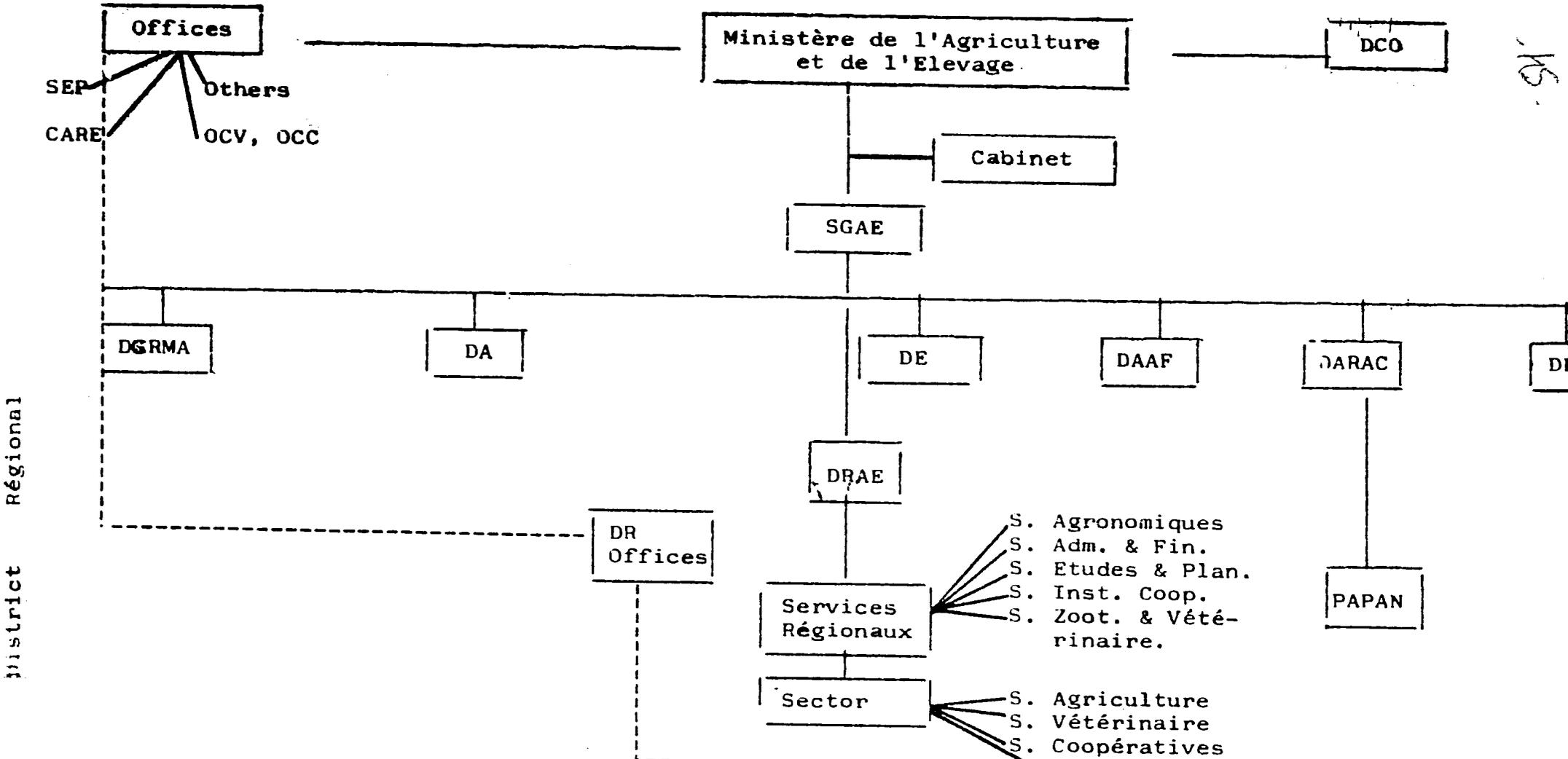
Road Sections	Activities	Kilometers planned	Kilometers improved	% of realisations	Location
Biti - Biroua		- none repaired -	-	-	
Ngala - Mbomo		- none repaired -			
Komono - Mbaya		29	7	24	
Biti-Bac Makaka				100	
Komono - Mapati		60	60	100	
Komono - Missassa		5	5	100	
Ngala - Lékouala		- none repaired -			
Kouala - Ondama		- none repaired			
	Bridge on LA FOULA			100	Komono

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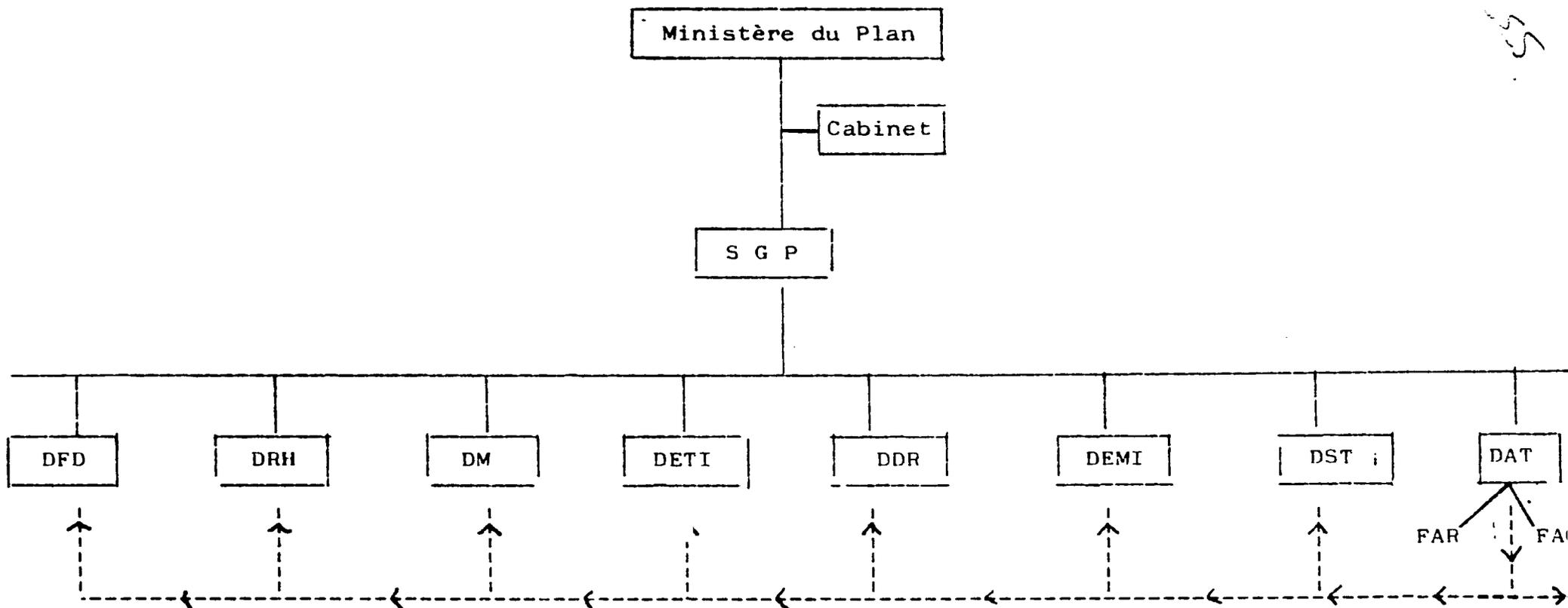
MAINTENANCE AGRICULTURAL ROADS: 1982

SECTIONS	KILOMETERS PLANNED	KILOMETERS IMPROVED	./ OF REALISATIONS
Zanaga - Bambama	82	50 Km of realignment	61
Sibiti - Mayéyé		70	100
Ingnumina - Makélé	60	-	0 %
Sibiti - Kimondou	42	52	+ 100
Kengué - Yoomi	-	-	Needed for village Centers
Zanaga - Ingolo I	100	20	20

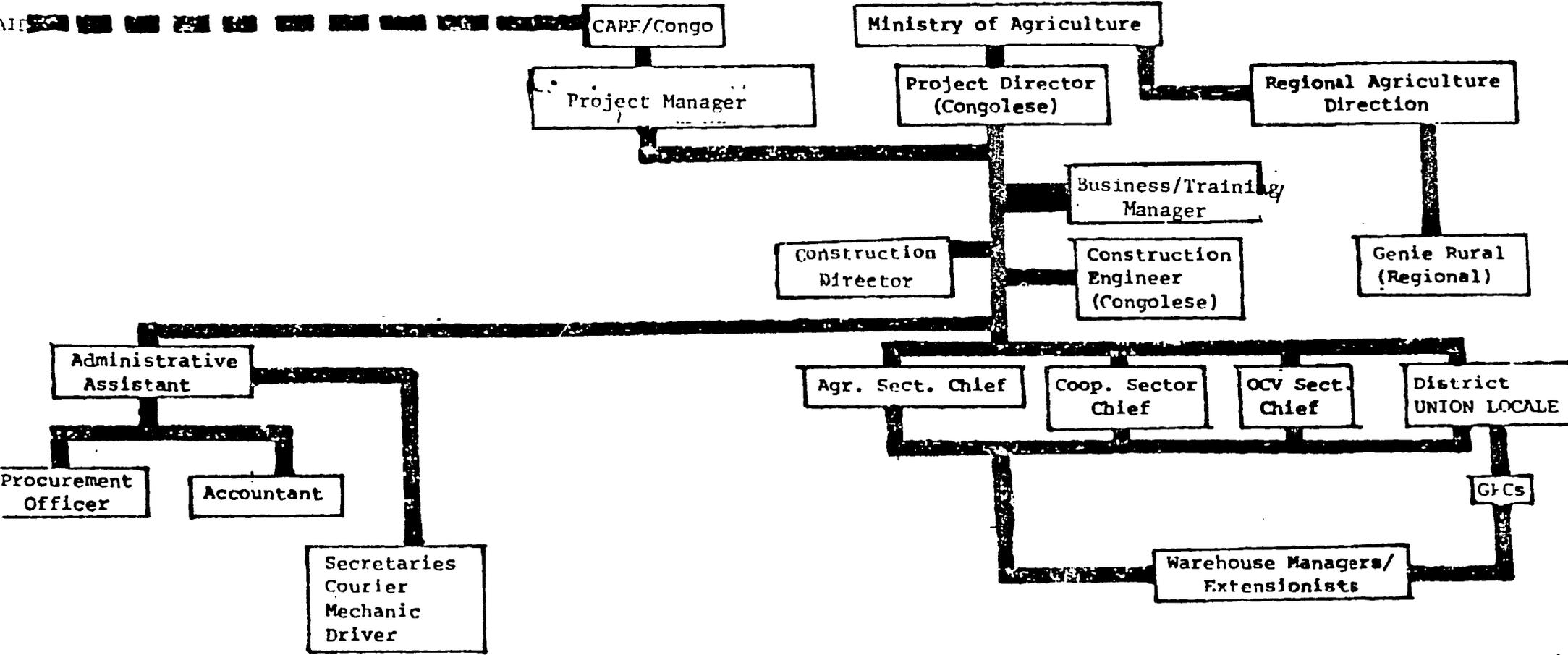
15



- DCO - Direction du Control et l'Orientation
- SGAE - Secrétariat Général de l'Agriculture et de l'Elevage
- DRAE - Direction Régional de l'Agriculture et de l'Elevage
- DGRMA - Direction Genie Rural et Méchanisme Agricole
- DA - Direction de l'Agriculture
- DE - Direction de l'Elevage
- DAAF - Direction des Affaires administratives et Financières
- DARAC - Direction de l'Animation Rurale et de l'Action Coopérative
- DEP - Direction des Etudes et Planification



- SGP - Secrétariat Général du Plan
- DFP - Direction de Financement et Développement
- DRH - Direction des Ressources Humaines
- DM - Direction Macro-économiques
- DETI - Direction des Etudes Techniques Industrielles
- DDR - Direction de Développement Rural
- DEMI - Direction Energétique, Minières et Industrielles
- DST - Direction Sectorielle Tercielle
- DAT - Direction de l'Aménagement du Territoire
- DRP - Direction Régional du Plan
- FAR - Fonds d'Action Régional
- FAC - Fonds d'Action de Construction



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E. PRE-COOPERATIVES

In the Lekoumou Region there are 111 Pre-Cooperatives (GPC's) in for 118 villages and 4 district centers.

GPC Membership - Lekoumou Region

District	No. Villages/Towns	No. of GPC's	Membership
Sibiti	54	55	2255
Zanaga	32	27	833
Komono	24	18	615
Bambama	12	11	424
TOTAL	122	111	4127
			2146 male
			1981 female

The first GPC in the Lekoumou Region was formed in 1964, and the numbers grew rapidly throughout the 1970's. The rapid development of the GPC's was largely due to the free distribution of World Food Program commodities to GPC members, membership being the only criteria for acquisition. When WFP stopped free food distribution, the membership and formation of new GPC's declined.

Of the approximately 60,000 inhabitants of the Lekoumou Region, about 40% or 60% belong to GPC's. According to this census, the average GPC had 40 members. Women outnumber men in some GPC's, and they play roles of importance depending upon the village. The majority of pre-cooperative members are greater than 45 years old. Young people have seldom joined, as they perceive no economic or social advantages to joining. For some villages, the accessibility to membership, as well as or leadership within the pre-cooperative, may depend upon lineage or ethnicity. Lying socio-economic groundwork envisaged in the project prior to village selection and warehouse construction should clarify the existing systems at work. Generally, GPC activities concern livestock raising, crop culture, commerce or artisanry. In the Lekoumou there is one pre-cooperative for carpentry, one for sewing, one for consumption, one for livestock-raising and 107 for crop production. In 1982, the acreage cultivated in the Lekoumou Region by the pre-cooperatives was primarily used for peanut production.

Table 1982 GPC Hectarage by District and Crop

District	Peanuts	Maize	Paddy	Total
Sibiti	29	12	-	41
Zanaga	38	20	14	72
Komono	23	13	15.7	51.7
Bambama	21.5	-	18	39.5
TOTAL	111.5	45	47.7	204.2

Proportionately, rice is most frequently grown collectively as labor requirements are high and fields are often far from the village, thus necessitating a group effort.

Despite their relatively small membership, the GPC's represent an important economic unit on the level. In 1982, the collected approximately 20 million CFA. (360 CFA = \$1,00). Management of these assets generally has been inadequate.

Upon joining a GPC, a member has various obligations and potential advantages. Each member must pay 1000 CFA to join, and the resulting central fund may be used for various activities. Also, GPC members are required to work in collective fields, usually 2 days per week, with a penalty for nonparticipation. Proceeds from the collective fields are divided among members. Some GPC's use the central fund as a credit source to purchase equipment (e.g., Roman balances), or to aid members in the case of grave illness or death. In some circumstances, members obtain (or obtained) agricultural tools, food, seeds or other gifts from the government.

In the Lekoumou region, several pre-cooperatives participate in literacy training. Radio Rurale, a project which broadcasts in the Lekoumou, encourages membership in the pre-cooperatives.

Yet, in spite of the advantages and public encouragement, membership is waning. This probably is due to several internal problems. Decisions on GPC activities and the use of the central fund frequently are made by an authoritarian committee structure which does not solicit the opinions of the GPC membership. This committee is elected for an indefinite period, and it is influenced by political authority. General meetings of pre-cooperative members are rare,

On the district level, the village CPG committees are grouped into a local union. In turn the "Union Locale" makes district - level decisions without consulting or informing the village constituency. Each pre-cooperative member contributes to the district level fund, but the member receives no benefits nor is involved in decisions about its use. Training of GPC's in pre-cooperative management, which is one of the functions of the "Union Locale", is inadequate.

F. DEMOGRAPHICS

Surface Area, Population, & Density - Lekoumou 1981

District	Km2	Population	Density Km2	N° of Villages	Principle town	Population o Principal town
Sibiti	6900	31,175	4.5	53	Sibiti	9,144
Zanaga	5790	17,017	2.9	31	Zanaga	3,758
Komono	4730	7,095	1.5	23	Komono	3,650
Bambama	3530	3,624	1.0	11	Bambama	1,100
TOTAL.	20,950	58,911	2.8	118		17,652

Population by sex - Lekoumou 1974

District	Male	Female ¹	% Female	Total
Sibiti	13,520	16,150	54.4	29,670
Zanaga	6,665	7,924	54.3	14,589
Komono	5,406	6,454	54.4	11,860
Bambama	1,782	2,209	55.3	3,991
TOTAL	27,373	32,737	54.5	60,110

ECONOMIC ANALYSIS

I. BACKGROUND

The People's Republic of the Congo has a population of approximately 1.4 million, an annual growth rate of 2.3 percent, and an average population density of 4.4/km². At 343,200 km², the People's Republic of the Congo, is slightly larger than the state of New Mexico. Reportedly two percent of the total cultivable land is under till. The majority of the Congolese population (about 60%) resides in urban settings.

Political power is concentrated in the Central Committee of the Congolese Labor Party (PCT), and the Council of Ministers (cabinet). The leader of the PCT also is the President of the Republic. Despite varying, and sometimes conflicting, interpretations within the country as to modes of application of this doctrine the policy objectives of the present government are broadly expressed in terms of "scientific socialism". However, Congolese leadership, is generally viewed as a moderating influence in Central Africa. Ties with Eastern bloc nations do not preclude economic relationships with Western nations. On a regional basis, the Congo has good relations with her neighbors. The Congo has helped to negotiate agreements between Angola and Zaire, and in 1979 it sent troops to Chad to serve as part of a peacekeeping force.

The Congo's geographic location at the crossroads of transit trade to and from Zaire, the Central African Republic, Chad and Gabon, and the lingering effects of Brazzaville's former position as administrative capital of French Equatorial Africa, all produce a substantial impact on the country's economy. Good customs receipts, providing much of the government's revenue, and extensive employment in service and transport industries, are the primary benefits derived from these favourable geographical and historical circumstances.

The economy presents a mixed picture. In a Socialist state, what many consider to be a relatively liberal investment code was promulgated in 1978. There is a State sector of the economy, as well as a private sector. Forestry, petroleum and manufacturing have been reserved for private enterprise. Western oil companies are involved in the development of the Congo's oil resources. Services account for 75 percent of the Congo's GNP. On a per capita basis personal income is deceptively high at 540 dollars. In fact, this figure does not appear to be valid for the rural sector, where researcher Hung estimated the real rural per capita income at 130 dollars.

Low income in the rural sector can be attributed to several factors:

- A low level of investment in agriculture. In the first five-year plan (1964-69), only five percent of all investments were made in agriculture. Loss of mining revenue and a weakness in oil production in the 1970's discouraged major investments in the rural sector. Current payments on the Congo's foreign debt, which increased in the '70's, have tied up oil revenues that might otherwise have been used for investments in the rural sector.
- A government policy of full employment for graduates of secondary

schools and universities has hastened urbanization and further bloated the service sector of the economy. By 1980, almost 60 percent of the Congo's population lived in urban areas, thus leaving an older, less productive population in the rural areas.

--A government policy has directed technical inputs for agriculture to large farms, in the hopes of bringing about a collectivized rural sector.

--A series of government-launched state marketing schemes for agricultural products have been tried, and failed.

The state farms are not major food producers in the country. Since the current government came to power in 1979, there has been a rethinking of the state farms' role. One collectivization scheme, the "champs du parti" program, has been abandoned in the face of poor performance. Government directives of 1979 give priority to the development of the traditional agricultural sector. As further evidence of the government's commitment to the small traditional farms, in February, 1981, the Council of Ministers announced the development of an extensive rural credit program to support agricultural inputs for the farmers' pre-cooperative groups. For this purpose, a credit of 300 million CFA was made available on an interest-free basis, with a two-year repayment moratorium.

The current state marketing boards, the Office des Cultures Vivrières (OCV) and the Office de Café et Cacao (OCC), are the latest in a line of similar organizations that have attempted to market agricultural products at fixed prices.

At the time of independence, two organizations, Société Indigène de Prévoyance (SIP) and Société Africaine de Prévoyances (SAP), were engaged in the marketing of crops grown by smallholders. Aside from their commercial activities, both organizations purported to give support to traditional self-employed farmers in the form of social development and agronomist techniques. In 1964, two new state enterprises were created to expand the state's role in the marketing of agricultural products. These were OFNACOM (Office National de Commerce) and ONCPA (Office National de Commercialisation des Produits Agricoles), both under the Ministry of Commerce. OFNACOM is supposed to ensure that essential foods and manufactured items are available to rural areas. Dealing mostly in imported foods, such as canned fish and basic household items, OFNACOM still is in existence. ONCPA was charged with the collection of crops grown in the traditional sector. This was limited in practice to rice, coffee, and cacao. Corn was not considered a commercial crop at that time. Peanuts were purchased by ONCPA only in the Bouenza and Niari regions for the oil factory in Nkayi.

By the mid-seventies, dissatisfaction with ONCPA had become wide-spread. Low prices and payment for crops in difficult-to-cash chits were protested. Officials within the Ministry of Agriculture were able to convince the government that ONCPA had been exploitative of the small farmers and should be broken up. This was done in 1978, with the formation of the OCV and OCC. Both organizations come under the Ministry of Agriculture. The latter office markets coffee and cacao, two of the Congo's major agricultural exports. Aided by a loan from the African

Development Bank, OCC has worked reasonably well. A renewal program for coffee and cacao trees has been started in several key regions. Crop collection and payment are comparatively prompt. Both coffee and cocoa store well. The lure of prompt payment in hard currency has even enticed a number of Zairian growers to market their crops through OCC.

II Benefit-Cost Analysis

A. Introduction

A. 1 Congo's Agricultural Marketing Problem

As mentioned earlier, the People's Republic of the Congo (GPCR) has two state-run agencies established for the purpose of purchasing and marketing selected agricultural products.

The Office de Café et Cacao (OCC) handles the two cash crops for which it is named, and delivers them for export at the country's only port, Pointe-Noire. The agency runs relatively smoothly; the financing of the coffee purchases is provided by the Banque National de Développement which, in turn, received funds from the African Development Bank. In 1982, 419 tons of coffee and cocoa was marketed by OCC in the Lekoumou region. The OCC parastatal has its own fleet of trucks that picks up the crops from farmer collection points. At certain locations, crops are moved directly by rail. Although pick-up often is late, (in 1982, delays in pick-up exceeded 5 months or more along certain routes according to the PROMOCI document "Operation Villages-Centres", Tome 1, P. 90), fortunately coffee does not deteriorate nearly as rapidly as the corn and peanuts handled by the second parastatal, Office de Cultures Vivrières (OCV).

OCV is occupied with the collection of peanuts, corn, and rice, the former two being used for oil, and/or animal food at the state-run livestock enterprises; the latter being sold for consumption in the urban areas. In theory, OCV sends out its trucks to farmer collection points and purchases the crops at government set prices immediately following harvest. In practice, the purchase/pick-up rarely happens. OCV remains short of cash until allocated funds on a (emergency) annual basis by the GPCR. Then, due to further delays, the collection starts at a date still later. OCV also has a fleet of collection vehicles, in poorer condition than the OCC fleet; hence, given the bad road conditions, collection becomes even more difficult.

For example in 1983, the cropping season ended in March-April. It was not until the middle of June that GPCR allocated 500 million CFA to OCV for the purchase of the crops. However, the trucking fleet still must be organized and sent out for the collection.

In 1982, the OCV crops were not picked up until some 4-5 months after the harvest. (PROMOCI document, p. 90) During an interview, a FAO-Congo project director mentioned that 60 tons of recently acquired corn was dumped into the Congo river because it was spoiled. This report was not verified by the economic analyst. The government, as the monopsonist, is obliged to buy the crops without regard to their condition. Thus, the farmer loses some of his crops from weight loss - by animal and insect consumption, and molds, etc. The government loses as well, because of the quality degradation of the crops from insect and micro-organism attacks, as evidenced by the recent corn loss. The farmer also incurs losses to the extent that he must wait some 4-5 months after the harvest to receive his cash, and thus incurs an opportunity cost.

For these two reasons, crop loss and delayed payments, farmers have not planted to their capacity, nor has the government benefited from higher quality crops. The result is decreased revenues (and monetary income) for the farmer, and a higher feed cost for the government-operated livestock enterprises. As a result, these enterprises must utilize the more expensive imported feeds as a means to maintain production, or they must reduce the number of livestock, thus increasing per unit production costs. In any case, according to local sources, the livestock enterprises are not profitable.

The recent evaluation of the first Congo Smallholder Development project indicated that farmers want to increase production with the promise of prompt payment. A short survey of several farms was undertaken. To quote from page 20 of the May 1983 evaluation report:

In brief the results include the following insights.

The typical farm (16 of 21 farms interviewed) has two adult workers and often one working child and had lost one person (an adolescent child) this year as an out-migrant. In only one case did such a farm hire in labor (only one person). Two farms had only one adult person. Three farms had three; two of these were the only polygamous households in the sample. Each of these typical farms had one field, but no effort was made to estimate size. On these 21 sites, 128 bags of peanuts were produced last year and 260 this year. The jump in production (the levels retained for seed and consumption remained relatively unchanged) was explained by the promise to pay on the spot. Several respondents reported that they decided to grow more as soon as the hangar was begun since this act represented a serious effort by the government. Without a single exception the 21 respondents reported they could further increase production as long the incentives justified the effort".

Further discussion with the FAO Project Manager previously mentioned indicates that there seems to be little parallel market activity for the corn, rice, and peanuts. A certain amount of the products are used for home consumption (especially peanuts), but the commodities are otherwise considered "too valuable" to be consumed. Surprisingly, while on their field visits members of the project design team pointed out that they saw relatively little corn consumption. According to them, this was either because of the commodity value, or because its taste is not preferred by the farmers themselves.

Also, the transport of crops over the poorly maintained roads by commercial operations appears to be rare, and the market limited. Private traders could not easily sell this (illicitly) purchased peanuts and corn to the government. The 679-0001 evaluation team reported seeing few, if any, trucks and bush taxis along the routes they travelled. As to the trucks they did see, most were carrying logs. Private marketing crops from the Lekoumou region may prove to be extremely expensive.

There is some reported activity of private marketers purchasing corn for local brewing activities. The extent of this is unknown, and the

activity appears to take place in an area outside the proposed project zone. However, it is important to note that the traders are reported to purchase the crops right after the harvest, and at roughly the same prices as OCV pays.

Actually, little is known about the exact consumption patterns of the rural population. Whatever amount of crop is not marketed or lost from poor storage probably is consumed.

According to the PROMOCI document, approximately 25%, 25-35%, and 95% of the peanut, corn, and rice production, respectively, in Lekoumou was marketed in 1980.(1) However, overall consumption cannot be great, since in 1980, national production for manioc was estimated to be 628.400 tons, vs. 13.800, 9.000 and 2.700 tons for peanuts, corn, and rice, respectively. Accurate farmer storage loss estimates currently are not known, but reasonable loss approximations are 20%, 15%, and 10% for peanuts, corn, and rice, respectively. The baseline surveys will be of help in providing accurate figures. However, the important question to ask is, "If the farmers could market all of their crop production, how much would they produce and how much would they keep for themselves?"

A.2 Improved Seed Program

Most farmers currently use no inputs other than land, labor, the seeds from previous crops and simple hand tools. During the evaluation, of the previous project, some of the farmers noted the need for newer, improved seed stock.

(1) These proportions were derived from using two different tables in the document (pg. 12, 91) which may have had entirely separate origins. The reader is cautioned not to place a great amount of confidence in the statistics presented

The first project included an amendment for the construction of a seed multiplication farm near Mossendjo as a means to alleviate the seed degeneration problem. Without this project's marketing component, there will be little demand for the improved seed, since farmers would have to pay a higher cost for their seed without any necessary guarantee of being able to sell the extra (or any) produce. There is some question, however, whether OCV (as it has done in the past) will provide free seed, or whether farmers will have to pay for it themselves. The extension component of the project aims at train farmers how to select seed from their own crops as a means to prevent further seed degradation and consequently to provide a way to maintain or even improve quality. Theoretically, the use of the improved seed actually could serve to reduce the amount of land (and possibly labor) put under cultivation. For the same amount of production, the higher-yielding improved seed variety requires a smaller amount of land than the local variety crops. These issues will be addressed in the section below.

B. The Analysis

The Benefit/Cost analysis for the Congo Smallholder Development II was performed through the utilization of a computer simulation model that, given the appropriate parameters, calculated the stream of benefits and costs for the storage component of the project, and the stream of benefits and costs for the certified seed program. From these value streams, the IRR was then determined. This particular mode of analysis was chosen because, as is the case in many other projects, data to perform a rigorous analysis is lacking, and the use of the simulation model provided a means to perform more easily the essential sensitivity analyses.

B. 1. Model Structure and Assumptions

B. 1.1. The Warehouse Component

The model's results are limited by the assumptions under which the results are generated. Below, these assumptions are explained, and, at the same time, essential elements of the model also will be revealed. First, it is assumed (and justified given the previous discussion) that the constraint to increasing production currently lies in marketing, and not in production. Hence, the primary benefits to be gained by the farmer will be the calculated interest on receiving the cash payment on time (about four months) and the equivalent of the estimated storage (weight) loss that he no longer is losing. The GPRC will experience additional benefits from the purchase of higher quality crops and from lower collection costs, since larger amounts of farm products will be assembled in one location. Measuring this latter benefit is not possible for the analysis because of the lack of available data. Thus, its exclusion will underestimate the benefits. A fourth benefit, also difficult to measure, is the additional hectareage the farmer will plant in knowing that he will receive on-time payments for his crops. The FAO project manager believes that farmers would double their production if they knew they will receive timely payments for their crops. However, these benefits also must have subtracted from them the

value of crops that the farmer would market without the warehouses. This factor also is unknown. In theory, total Net Benefits equal:

Value of farmer opportunity cost for early payment,
plus savings from reduced storage losses,
plus farmer increase in crop production revenues,
less the value of crops farmers would market without the project,
plus government savings on improved crop quality,
plus government savings from reduced per unit transport costs..

Furthermore, there is a per warehouse, limit, to the tonnage of crops that can be received. The project plans to have a revolving fund to purchase crops up to the limit of the warehouse capacity. If the revolving fund were larger, a warehouse could purchase a quantity of crops larger than the warehouse capacity, provided that OCV picks up the stored crops promptly and regularly.

For the years 1979, 1980 and 1981, OCV collected 711, 943, and 842 tons of crops (avg. 832) respectively, net of farmer storage losses, but not counting quality losses to OCV. The project has proposed to construct storage capacity for 1000 tons.

Assuming that the farmers will utilize 100% of the project's storage capacity, the warehouses will provide incentives to farmers to increase production beyond an extra 168 tons (1000 minus 832), since OCV can collect crops from both the old farmer collection points and from the warehouses. The range of average total production can, in the Lekoumou region, theoretically vary between 1000 tons to 1832 (1000+832), provided that government has adequate transportation, is willing to pay for larger amounts of the crops, and farmers are willing to accept both early harvest storage and immediate payment for up to 1000 tons, together with later payment and some crop loss for the remaining crops that exceed the capacity of the warehouse. In all likelihood, the effect of the warehouses will be that the amount of marketed crops will increase to a level somewhere between the two extremes (net of crop storage loss). (Note: the transport cost to the warehouses by the farmers are assumed to be zero). The method by which the benefits are calculated is shown below.

Second, the model further assumes that, over the life of the project, OCV will continue to purchase the crops at the stated prices. This project will build warehouses that will serve farmers and a parastatal organization. In fact, the project is taking over certain marketing functions that the parastatal cannot now handle. Should market/parastatal reforms come about, such as the entry of private transporters who are allowed to sell food to the government livestock enterprises, the savings/benefits to the farmers could change.

The Lekoumou region has transportation routes that are not as good as those in Mossendjo. Consequently, transport costs are estimated to be 50% higher for the former region. A move toward free trade would shift the "search" for the food crops by traders from the more expensive routes to the less expensive routes. As long as OCV remains committed to purchasing crops from each region without regard to the relative profitability

between regions, farmers in each region will benefit, and so will OCV to the extent that the goals are met and crops are preserved through storage. At some future time, the social cost of running the grain collection agency should be estimated so that the GPRC knows the social cost of the particular market strategy that it has chosen to use.

Third, the model has a number of parameters whose true values (for the Lekoumou region) are unknown. Normally, in a simulation model one starts out with a reasonable estimate of values after which sensitivity tests are performed by varying the parameter values. Here, only a range of estimates is known. Thus, a number of parameter values will be assumed with appropriate variations. Among such values are:

Yields for peanuts, corn and rice. The yield estimates in the project document and government statistics do not agree with each other. The reported yield range is as follows:

Peanuts	500-1000 kg/ha	
Corn	200-500 kg/ha	(intercropped)
Rice	500-1000 kg/ha	

The wide range between minimum and maximum yields for peanuts and rice makes it difficult to settle on any one set of figures.

Farmer Opportunity Cost: The farmer, who now has to wait some four months before collection begins, incurs the following opportunity cost:

$$\text{Crop revenue } X \frac{1 + \text{interest rate}}{12} \quad \frac{1 + \text{interest rate}}{12}$$

where i=time, j=crops

The discount factor, rate, compounded monthly for four months, is unknown. This benefit is relatively small, so a mis-estimation of the rate, will not substantially change the benefits. In this case the model will use a rate of 15% .

Increase in Production: As described in point one above, the calculation of the benefits to the government and the farmer is difficult to measure. Consequently, the following formula was used:

$$\text{Benefit in time } t = (\text{Total storage capacity } X (\text{price of crop } i) X (\text{Proportion of crop } i \text{ at warehouse}) X (\text{percentage of storage capacity functioning in time } t) X \text{Factor of crop } i. (1)$$

Where Factor $\frac{1}{12}$ =

Storage savings crop i + revenues from increased production, crop i, + govt. crop savings - production displaced by moving crops to warehouse

For example, because of the warehouse let us assume that farmers now can save 20% more of their crop. For their part, OCV saves the equivalent of

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30% of the volume (such a figure is reasonable for corn). Also, farmers now plant more crops, say, 20% of the warehouse capacity. At the same time, some of the crop originally picked up by the OCV at farmer collection sites has now been moved by the farmers to the warehouse, hence, this his amount of marketed surplus has not changed, but simply shifted in location. Thus, if we assume that another 20 % was shifted, the Factor value is now

$$.2 + 3 + .2 - .2 = 5$$

1/ Savings to OCV as a result of decreased transportation costs were excluded here, as mentioned earlier.

It is apparent that these figures can be chosen in a fairly arbitrary manner. However, if the benefits gained from decreased storage loss to the farmer and government can be shown to yield a reasonable IRR, it is not necessary to count on the production increase or subtract the displaced production because the benefits will be directly attributable to savings on a fixed volume rather than the net change in production.

B. 1.1 Storage Component Costs

The warehouse benefits will be measured against the 3 year project life investment, including warehouse construction (see Table 1), and estimated annual warehouse operating expenses. Discussions with the 679-0001 warehouse architect revealed that the costs of construction are fairly linear for warehouses, varying in size from 20 to 50 MT. 1/ The cost of materials and transport of materials is sufficiently enough to balance out any savings gained from laying a larger rather than smaller foundation. Also, location seems to have more effect on the warehouse than its size per se. The more inaccessible a location, the higher its cost. Thus, at 350CFA/1.00 US DOL, construction costs were estimated to be about \$ 522/MT. Annual warehouse operating expenses were estimated to be \$ 8.57 CFA/MT, plus \$ 535/per warehouse, according to the 679-0001 project evaluation report.

1/ It is important to note here that the total construction costs were based on establishing 25 forty-ton warehouses, although smaller or larger warehouses could be built, according to the need. At this point, however, it should be noted that in 679-0001, 40 ton warehouses also were chosen to be the standard.

C. Seed Multiplication Component

C.1 Model Structures, Benefits and Costs

The two issues that concern the Seed Multiplication Component are: a) determining how to estimate the demand for improved seed, and b) deciding by how much yields will be increased. Regarding the first issue, it was decided that for the initial model, seed demand would be determined by working backwards, using the total volume of warehouse storage as the production level for which farmers will use improved seed. Thus, seed demand for crop i =

$$\frac{1000 \text{ tons} \times \text{proportion of crop i at warehouses}}{\text{Yield} \times (1 + \text{yield increase})} \times \frac{\text{seeding rate of crop}}{3}$$

The expression in brackets represents the total number of hectares put under cultivation. The divisor is multiplied by 3 because certified seed, as a rule, is usually replaced once every 3 years. Thus, benefits from the Seed Multiplication Component are as follows:

Benefits = Yield Increase x Total Warehouse Capacity
x proportion of capacity that is available in time t
x proportion of crop i stored at warehouse.

Costs = Seed Demand
x proportion of warehouse capacity available in time t
x proportion of crop stored in warehouse
x certified seed cost
+ project set-up costs in years t=1 to 3.

This approach makes the strong assumption that only those farmers who can store their crops at the warehouse will immediately adopt the right amount of certified seeds used to fill the warehouse to capacity. This approach is used because it has generally been recognized that the constraints to increasing production have been due to marketing rather than production factors. Thus, benefits will be underestimated if other farmers, excluded from the warehouse, adopt the seeds for home consumption purposes. Also, the project's seed component costs include an extension cost (for instruction on home seed selection), whose benefits were not measured either in the above analysis.

D. Program Structure

The computer simulator model, which is now on file with USAID/Kinshasa, was organized as follows:

- Part I: Defining Model variables and arrays
- Part II: Data Input
- Part III: Calculating Seed Multiplication Component benefits and costs
- Part IV: Calculating Warehouse Component benefits and costs
- Part V: Calculating IRR for Part III and/or Part IV
- Part VI: Changing Data Values and Returning to Part III and/or Part IV, and/or Part IV, or stop.

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E. Initial Model Parameters

As one of several possible base cases, the following set of parameters was used in estimating the IRR's:

(Note: The proportions that are listed in sets of 3 refer to the peanut, corn, and rice crops, respectively.) The exchange rate of 350 CFA/1 US dollar was used to express all costs and benefits in US dollar terms).

Table 1: Base Model Parameter Values

Life of Project:	20 years
Warehouses and Capacities:	25 at 40 tons each
Crop Yields:	.8 T/ha., .3 T/ha., .8 T/ha.
Certified Seed Yield Increase:	20%, 20%, 20%
Estimated Storage Savings ("Factor"):	30%, 50%, 20%
Crop Proportion at Warehouse:	70%, 15%, 15%
Proportion of Warehouse Capacity	
Operating in year i:	.1, .5, .9, 1.0 (to year 20)
Crop Prices:	\$ 334/MT, \$ 185/MT, \$ 200/MT
Storage Costs, Variable and Fixed:	\$ 8.57/MT \$535/Warehouse
Certified Seed Price:	\$ 1200/MT, \$ 1200/MT, \$ 1200/MT
Warehouse Construction Cost:	\$ 523/MT of Capacity
Storage Component Fixed Costs:	973,320; 1,026,020; 937,720;
Seed Component Fixed Costs:	284,270; 307,480; 230,500;

There are several variables that enter into the calculation of project costs and benefits. Moreover, the values of the variables may not necessarily be the best (i.e. most accurate); however, due to lack of better information, they were selected for the initial model, as previously mentioned.

F. Results

Table 2 shows the results of the computer model IRR analysis. In the table, the calculated IRR's for changes in the model's base parameters also are presented. The following variables were changed during the course of the analysis:

- Number of Warehouses, and their respective capacities
- Warehouse Operating Costs
- Warehouse Construction Costs
- Crop Prices
- Crop Yields
- Assumed Rate of Yield Increases caused by the Use of Certified Seed
- Crop Proportion at Warehouse
- Estimated Savings from the Use of Warehouses

The calculated IRR's for the storage component, across all of the variable changes, range from 4.1% to 12.7%. (1) The assumed base case for the warehouse component had an IRR of 9%. This indicates that, although the returns were not large, they were positive. Also it should

be pointed out that the storage component analysis was done by assuming only a one-time fill-up to capacity (i.e. no turnover). Returns would remarkably increase, as shown in Table 1, if turnover took place (see

below). The seed component of the project however, appears not to yield a positive return. Under the given distribution of project costs between the seed and storage components, the seed component yields a -3.3% rate of return, with the assumption that certified seed will produce a modest 20% increase in yield. At exactly a 25% assured yield increase across all these crops, the IRR is 0, and at 40%, the IRR increased to 7.3%.(2) As mentioned earlier, the benefits of increased yield to non-warehouse users was not included in the calculation. Any additional seed sales would increase the IRR's, provided that the crops could be marketed.

Given the initial set-up and technical assistance costs, the variation in warehouse number/capacity, operating costs, or construction costs only have a small effect on changing the IRR value for the storage component. The seed component IRR is not affected because its calculation is based on total warehouse capacity. Changing the proportion of crops stored at each warehouse had a slightly larger effect in altering the IRR because of the relative value of each crop.

(1) Let the reader recall that the IRR is the exact discount rate at which the net present value of costs is equal to the net present value of benefits.

(2) Yield increases of 40% are not unusual with the use of certified seed. However, these kinds of increases are usually brought about in the conjunction with fertilizer use.

The utilization of the warehouse solely for the peanut crop raises the IRR to 11.3%. The utilization of the warehouse entirely for the corn crop lowers it to 4.1%. Likewise, crop prices influenced the returns: a 20% increase in price raised the IRR from 9% to 12%.

Lastly, the changing of the yields of certified yields has no effect on the return to the warehouses. Here, the IRR represents additional returns to the farmers who, upon using the certified seed, were fortunate enough to market their crops at the warehouse, or who were able to save an equivalent value in spent resources (i.e. reduced labor) for the same amount of output.

The overall project rate of return, when both components are combined, is 7.2%. Table 2 also shows the results of the IRR analysis for combined project components under selected scenarios. If the project were delayed by 1 year, the IRR would decline by approximately one point to 5.9%. As the table also shows, the increase of inventory turnover--even by a factor of 1--raises the IRR to much higher levels. Here, assuming a 100% savings, or increase in marketing benefits due to the warehouses, raises the overall IRR to 14%.

Table 2
Economic Results and Sensitivity Analysis (1)

<u>Warehouse Capacity</u>		<u>Warehouse Operating Costs</u>				<u>Warehouse Construction</u>			
<u>No.</u>	<u>Size</u>	<u>IRR(W)</u>	(2)	<u>Change</u>	<u>IRR(W)</u>	<u>IRR(S)</u>	(3)	<u>Change</u>	
<u>IRR(W)</u>	<u>IRR(S)</u>								
20	50	.09		-20%	.092	-.033		-20%	.095
-.033									
25	40	.09		0	.09	-.033		0	.09
-.033									
40	25	.086		+20%	.088	-.033		+20%	.86
-.033									
50	20	.84							

<u>Prices</u>			<u>Yields</u>			<u>Certified Seed Yield</u>	
<u>Increase</u>	<u>IRR(W)</u>	<u>IRR(S)</u>	<u>Yield</u>	<u>IRR(W)</u>	<u>IRR(S)</u>	<u>Increase</u>	<u>IRR(W)</u>
<u>Change</u>							
0	.09	-.033	1.0; .5; 1.0	.09	-.02	.20; .20; .20	.09
-.033							
+20%	.121	-.004	.8; .7; .8	.09	-.03	.25; .25; .25	.09
			.8; .3; .8	.09	-.033	.30; .30; .30	.09
.027							
			.5; .2; .5	.09	-.076	.40; .40; .40	.09
.072							

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<u>Crop Proportion at Warehouse</u>			<u>"Factor" Savings from Storage</u>		
<u>Proportion</u>	<u>IRR(W)</u>	<u>IRR(S)</u>	<u>Saving Rate</u>	<u>IRR(W)</u>	<u>IRR(S)</u>
1.0;0;0	11.3	-.014	.3;.5;.2	.09	-.033
.7;.15;.15	.09	-.033	.6;1.0;.4	.127	-.033
.5;.25;.25	.74	-.046	1.0;1.0;1.0	.178	-.033
0;1.0;0	.041	-.062			

Table 3

<u>Storage Savings</u>	<u>IRR(T) (4)</u>	<u>Yields</u>	<u>IRR(T)</u>
.3;.5;.2	.072	.5;.2;.5	.067
.6;1.0;.4	.103	6.8;.3;.8	.072
1.0;1.0;1.0	.14	1.0;.5;1.0	.073

Delay Implementation by 1 year:

IRR(T) .059

- (1) All other variables remain at base level values shown in Table 1
- (2) IRR (W) Internal Rate of Return for the Warehouse Component
- (3) IRR (S) IRR for the Seed Component
- (4) IRR (T) IRR for the total project

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project: From FY 83 to FY 86
Total U.S. Funding \$3,000,000
Date Prepared: 7/28/83
ANNEX 5

Project Title & Number: Bongo Smallholder Development Project (679-0002)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: (A-1)</p> <p>To improve the quality of rural life in the Congo.</p>	<p>Measures of Goal Achievement:</p> <ul style="list-style-type: none"> - Extra income derived from additional bags of crops produced. - Increased production of peanuts, corn and rice. 	<p>(A-3)</p> <ul style="list-style-type: none"> - Baseline survey data. - Post project evaluation. 	<p>PAGE 2</p> <p>Assumptions for achieving goal targets: (A-4)</p> <ul style="list-style-type: none"> - Inter-sectoral terms of trade remain as favorable as at present. - Demonstration effect of scheme has impact on national agricultural marketing policy.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Project Title & Number: Congo Smallholder Development Project (679-0002)

Life of Project:
From FY 83 to FY 86
Total U.S. Funding \$3,000,000
Date Prepared: 7/25/82

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project Purpose: (B-2)	Conditions that will indicate purpose has been achieved: (B-2)	(B-3)	PAGE 2 Assumptions for achieving purpose: (B-4)
To increase the income of farmers in Lekoumou region of the Congo and to increase the total supply of internally produced food stuffs in the Congo.	<ul style="list-style-type: none"> - 20 to 25 viable storage units function in 2-3 districts. - Management system for the operation of the storage/marketing network is established and is functioning. - Revolving fund established and operating. 	<ul style="list-style-type: none"> - End of project evaluation. - Project quarterly reports. 	<ul style="list-style-type: none"> - OCV continues to have the budget and capability to buy and transport produce from the storage units to its warehouses.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project: _____
From FY 83 to FY 86
Total U.S. Funding \$3,000,000
Date Prepared: 7/25/83

Project Title & Number: Congo Smallholder Development Project (679-0002)

PAGE 4

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Outputs: (C-1)</p> <ol style="list-style-type: none"> 1. Built and equipped: <ol style="list-style-type: none"> a) village storage units of 1000T total capacity. b) staff housing and office in Sibiti. c) training center at Sibiti. d) expansion of Mossendjo seed farm facilities. e) phyto-sanitary equipment in place. 2. Trained: <ol style="list-style-type: none"> a) district ag.sector chiefs. b) extension agents. c) village leaders. 3. Completed: <ol style="list-style-type: none"> a) base line survey(s) b) multi-locational seed trials and demonstrations 4. Provided: <ol style="list-style-type: none"> a) transport capability for seed farm plus warehouse construction b) revolving fund for each warehouse. 	<p>Magnitude of Outputs:(C-2)</p> <ol style="list-style-type: none"> 1. storage warehouses, staff housing, office space and training center built. 2. GPRC officials and villagers trained. 3. Baseline surveys and seed trials completed. 4.a) transport capability for seed farm and warehouses provided. b) revolving fund provided. 	<p>(C-3)</p> <ul style="list-style-type: none"> - quarterly reports - site inspection - project evaluations 	<p>Assumptions for achieving outputs:(C-4)</p> <ul style="list-style-type: none"> - roads must be passable, to bring in construction materials. - OCV supplies sacks, stitching materials. - GPRC-refurnishes or expands revolving fund as needed. - smallholders take seed production contracts. - GPRC agrees seed farm to operate along commercial lines.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project: _____
From FY 83 to FY 86
Total U.S. Funding \$3,000,000
Date Prepared: _____

Project Title & Number: Congo Smallholder Development Project (679-002)

PAGE 4

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project inputs: (D-1)	Implementation Target (Type and Quantity) (D-2) (\$000) <u>1st year</u> <u>all years</u>	(D-3)	Assumptions for providing inputs: (D-4)
1. Financial inputs.	<ul style="list-style-type: none"> - AID 996.5 3,000.0 - GPRC 203.0 1,055.0 - CARE 60.0 223.0 Total 1,259.5 4,278.0 	<ul style="list-style-type: none"> - Quarterly reports - Project evaluations - site visit. 	<ul style="list-style-type: none"> - GPRC provides the agreed upon project personnel. - seed production component on schedule. - all needed TA recruited in timely fashion - all project commodities procured on time. - waivers for vehicles obtained in timely fashion.
2. Personnel Inputs: Expatriate. a) Project Manager (LT) b) Business/Training Manager (LT) c) Construction Director (LT) d) Consultant in Baseline data gathering (ST) e) Training consultant (ST) f) Consultant in Animal Husbandry (ST)	2. a) 36 months of LT TA b) 30 months of LT TA c) 30 months of LT TA d) 13 weeks of ST TA e) 13 weeks of ST TA f) 13 weeks of ST TA		
3. Personnel Inputs: Congolese a) Project Director (In-training) b) Chief of office staff. c) Construction supervisors. d) one accountant e) one office clerk f) two secretaries g) six drivers h) one mechanic i) one assistant mechanic j) one supply clerk	3. Congolese personnel on Project site.		

and 10-10-11-11
SUPPLEMENT

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Title of Project:
From FY 83 to FY 86
Total U.S. Funding \$3,000,000
Date Prepared: 7/23/83 PAGE 4

Project Title & Number: Congo Smallholder Development Project (679-0002)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project inputs: (D-1)</p> <p>4. Materials and equipment inputs:</p> <ul style="list-style-type: none"> a) material and equipment (warehouses) b) fumigation equipment c) Material and equipment (seed farm) d) pesticides. e) fertilizers f) didactic material for graining Program. <p>5. Vehicles</p> <p>6. Construction materials (offices)</p> <p>7. Revolving fund</p> <p>8. In-kind (commodities and personnel)</p> <p>9. Other (administration, vehicle maintenance, CARE overhead)</p>	<p>Implementation Target (Type and Quantity) (D-2)</p>	<p>(D-3)</p>	<p>Assumptions for providing inputs: (D-4)</p>

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6C(1) - COUNTRY CHECKLIST

listed below are, first, statutory criteria applicable generally to FAA funds, and then criteria applicable to individual fund sources: Development Assistance and Security Supporting Assistance funds.

A. GENERAL CRITERIA FOR COUNTRY

1. FAA Sec. 116. Can it be demonstrated that contemplated assistance will directly benefit the needy? If not, has the Department of State determined that this government has engaged in consistent pattern of gross violations of internationally recognized human rights?

Yes. Smallholder cultivators in the rural area of the Lekoumou region will be the exclusive beneficiaries of this project
2. FAA Sec. 461. Has it been determined that the government of recipient country has failed to take adequate steps to prevent narcotics 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.
3. FAA Sec. 620(a). Does recipient country furnish assistance to Cuba or fail to take appropriate steps to prevent ships or aircraft under its flag from carrying cargoes to or from Cuba?

No.
4. FAA Sec. 620(b). If assistance is to a government, has the Secretary of State determined that it is not controlled by the International Communist movement?

Assistance is to a PVO in accordance with recent AID policy decisions concerning small country programs (p.3,SPSS)
5. FAA Sec. 620(c). If assistance is to 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) debt is not denied or contested by such government?

Assistance is to a PVO
6. 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?

Assistance is to a PVO

FAA Sec. 620(f); App. Sec. 108. Is recipient country a Communist country? Will assistance be provided to the Democratic Republic of Vietnam (North Vietnam), South Vietnam, Cambodia or Laos?

No. The Congo is a self-proclaimed Marxist-Leninist state following a course of scientific socialism. However, the country is Western-oriented economically and ideology is more and more being soft-pedalled. No assistance will be provided to the 4 countries named.

8. FAA Sec. 620(i). Is recipient country in any way involved in (a) subversion of, or military aggression against, the United States or any country receiving U.S. assistance, or (b) the planning of such subversion or aggression?

No.

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

No

10. FAA Sec. 620(k). If the country has failed to institute the investment guaranty program for the specific risks of expropriation, inconvertibility or confiscation, has the AID Administrator within the past year considered denying assistance to such government for this reason?

N/A

11. FAA Sec. 620(l); Fishermen's Protective Act, Sec. 5. If country has seized, or imposed any penalty or sanction against, any U.S. fishing activities in international waters,

No.

a. has any deduction required by Fishermen's Protective Act been made?

b. has complete denial of assistance been considered by AID Administrator?

12. FAA Sec. 620(m); App. Sec. 504. (a) Is the government of the recipient country in default on interest or principal of any AID loan to the country? (b) Is country in default exceeding one year on interest or principal on U.S. loan under program for which App. Act appropriates funds, unless debt was earlier disputed, or appropriate steps taken to cure default?

No. AID has no loan program with the GPRC at this time, only direct grants

13. FAA Sec. 620(n). What percentage of country budget is for military expenditures? How much of foreign exchange resources spent on military equipment? how much spent for the purchase of sophisticated weapons systems? (Consideration of these points is to be coordinated with the bureau for Program and Policy Coordination, Regional Coordinators and Military Assistance Staff (FPC/RC).)

In 1981, the GPRC Ministry of Defense is slated to receive 11.1% of the government's annual operating budget. No data are available on the portion of foreign exchange reserves used for military ends. The operating budget notes expenditures of 5 million CFA (\$ 16 million) for material but much of the cost of procurement probably is financed on concessional terms and does not show up as a budget item.

- FAA Sec. 620(c). 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?
15. 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?
16. FAA Sec. 620A. Has the country granted sanctuary from prosecution to any individual or group which has committed an act of international terrorism?
17. FAA Sec. 666. Does the country object, on basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. there to carry out economic development program under FAA?
18. FAA Sec. 669. Has the country delivered or received nuclear reprocessing or enrichment equipment, materials or technology, without specified arrangements or safeguards, etc.?
19. FAA Sec. 901. Has the country denied its citizens the right or opportunity to emigrate?

U.S.-GOC relations were suspended in 1965 but were resumed in 1977. Current U.S. economic assistance activities consist of an annual self-help fund (\$ 25,000 in FY 1979) and an estimated 2% contribution to a World Food Program averaging \$ 400 thousand per year. The Export-Import Bank and City Bank made their first loans to the Congo in 1979.

Congo is current on its UN payments.

No

No

No

No

B. FINDING CRITERIA FOR COUNTRY

1. Development Assistance Country Criteria

a. FAA Sec. 101(c), (d). Have criteria been established, and taken into account, to assess commitment and progress of country in effectively involving the poor in development, on such indexes as: (1) small-farm labor intensive agriculture, (2) reduced infant mortality, (3) population growth, (4) equality of income distribution, and (5) unemployment.

Yes

b. FAA Sec. 201(b)(5), (7) & (8); Sec. 208; 211(a)(4), (7). Describe extent to which country is:

(1) Making appropriate efforts to increase food production and improve means for food storage and distribution.

See following page

(2) Creating a favorable climate for foreign and domestic private enterprise and investment.

See following page

- b.1. b. (1) The GPRC revised its agricultural policy in 1979 to focus on small-holder efforts, improve rural roads, and increase credit facilities. The GPRC initiated a program to group small private farmers into pre-cooperatives, as a means of facilitating the marketing of goods.
- (2) The GPRC is conducting an active campaign to attract private investment and capital inflows in its efforts to regain economic vitality. The GPRC has a relatively liberal investment code.
- (3) The GPRC is establishing district level organisms called "Union Locales" with elected representatives, to perform liaison between the farmer pre-cooperatives and the government.
- (4) (a) In 1980 the GPRC launched a "Supplementary Development Program" to follow the two-year Action Program (1978-79) with a planned investment of CFA 72 billion (US \$ 318 million). In the current program the GPRC has accorded priority to the agricultural sector and allocated to it CFA 9.4 billion or 13% of total investment. CFA 8.7 billion or 12.1% is allocated to its social infrastructure.

(3) Increasing the public's role in the developmental process.

See previous page.

(4) (a) Allocating available budgetary resources to development.

See previous page.

(b) Diverting such resources for unnecessary military expenditure and intervention in affairs of other free and independent nations.

No such cases known

(5) Making economic, social, and political reforms such as tax collection improvements and changes in land tenure arrangements, and making progress toward respect for the rule of law, freedom of expression and of the press, and recognizing the importance of individual freedom, initiative, and private enterprise.

See B.1.(b) above

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

See previous page

c. FAA Sec. 201(b), 211(a). Is the country among the 20 countries in which development assistance loans may be made in this fiscal year, or among the 40 in which development assistance grants (other than for self-help projects) may be made?

Yes

d. FAA Sec. 115. Will country be furnished, in same fiscal year, either security supporting assistance, or Middle East peace funds? If so, is assistance for population programs, humanitarian aid, through international organizations, or regional programs?

No

2. Security Supporting Assistance Country Criteria

N/A

a. FAA Sec. 502B. Has the country engaged in a consistent pattern of gross violations of internationally recognized human rights? Is program in accordance with policy of this Section?

b. FAA Sec. 531. Is the Assistance to be furnished to a friendly country, organization, or body eligible to receive assistance?

c. FAA Sec. 604. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

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6C(2) - PROJECT CHECKLIST

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

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

A. GENERAL CRITERIA FOR PROJECT.

1. App. Unnumbered, FAA Sec. 653(b)

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

Congress was notified August 20, 198

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

Yes

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

The GPRC has been involved in all stages of the project planning and will be incorporating its financial contribution to the project into its fiscal plan.

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

N/A

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 the country's capability effectively to maintain and utilize the project?

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

No.

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

Private production initiative and cooperative marketing efforts are at the heart of the project.

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

All technical assistance will be procured in the U.S.

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

The GPRC will make a substantial local currency contribution to this project. Project funding support will be included in the national development plan.

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

No.

b. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FAA Sec. 102(c); Sec. 111; Sec. 201a. Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production, spreading investment out from cities to small towns and rural areas; and (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions?

The project will create marketing opportunities for small producers through organized sales activities.

B1

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

FAA Section 103

The goal of the project is to increase the net farm income of farmers in Lekoumou region and to increase the total supply of internally produced food stuffs.

- (1) [103] for agriculture, rural development or nutrition; if so, extent to which activity is specifically designed to increase productivity and income of rural poor; [103A] if for agricultural research, is full account taken of needs of small farmers;
- (2) [104] for population planning or health; if so, extent to which activity extends low-cost, integrated delivery systems to provide health and family planning services, especially to rural areas and poor;
- (3) [105] for education, public administration, or human resources development; if so, extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, or strengthens management capability of institutions enabling the poor to participate in development;
- (4) [106] for technical assistance, energy, research, reconstruction, and selected development problems; if so, extent activity is:
 - (a) technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;
 - (b) to help alleviate energy problem;
 - (c) research into, and evaluation of, economic development processes and techniques;
 - (d) reconstruction after natural or manmade disaster;
 - (e) for special development problems and to enable proper utilization of earlier U.S. infrastructure, etc., assistance;
 - (f) for programs of urban development, especially small labor-intensive enterprises, marketing systems, and financial or other institutions to help urban poor participate in economic and social development.

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(5) [187] by grants for coordinated private effort to develop and disseminate intermediate technologies appropriate for developing countries.

c. FAA Sec. 110(a); Sec. 209(e). Is the recipient country willing to contribute funds to the project, and in what manner has or will it provide assurances that it will provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or has the latter cost-sharing requirement been waived for a "relatively least-developed" country)?

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

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

f. FAA Sec. 2H(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

Yes. A condition precedent for disbursement is the signing of an agreement between CARE/Congo and the GPRC assuring the GPRC's contribution of 25% of the cost of the project.

No.

1). The project's objective is to support the farmer cooperatives to purchase and store their village crops on their own.

2) The primary objective of the project is to increase food production and decrease crop spoilage before marketing.

3) The project includes training in warehouse management at the village level.

4) N/A

5) The strengthening of pre-cooperatives is a component of the project.

6) Particular attention has been paid to insuring that the needs of women are appropriately met.

A major component of the project is a baseline data rather than effort to define the sites of the warehouses.

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

Yes.

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

The project will have no appreciable impact on the US economy. Both long- and short-term technical assistance will be procured in the U.S.

2. Development Assistance Project Criteria
(Loans only)

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

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

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

d. FAA Sec. 201(f). Information and conclusion on whether the project is consistent with the country's development plan, and whether the project's human and material resources requirements are consistent with the ultimate objectives of the project and overall economic development.

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b2

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

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

3. Project Criteria Solely for Security Supporting Assistance

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

4. Additional Criteria for Alliance for Progress

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

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

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

6C(3) - STANDARD ITEM CHECKLIST

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

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

A Procurement

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

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

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

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

5. FAA Sec. 604(a). Will U.S. Government excess personal property be utilized wherever practicable in lieu of the procurement of new items? Yes.

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

7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished to the fullest extent practicable as goods and professional and other services from private enterprise on a contract basis? If the facilities of other federal agencies will be utilized, Yes, the use of other federal agencies is not contemplated for this project.

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A7

are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

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

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

Yes

C. Construction

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

Yes.

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?

Yes.

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

N/A

D. Other Restrictions

1. FAA Sec. 201(d). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter?

N/A

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

There is no such fund in this project. Comptroller has audit rights.

3. FAA Sec. 620(h). Do arrangements preclude promoting or assisting the foreign aid projects or activities of Communist-Bloc countries, contrary to the best interests of the U.S.?

Yes.

4. FAA Sec. 636(i). Is financing not permitted to be used, without waiver, for purchase, long-term lease, or exchange of motor vehicle manufactured outside the U.S. or guaranty of such transaction?

Yes

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C.

5. Will arrangements preclude use of financing:

- a. FAA Sec. 114. to pay for performance of abortions or to motivate or coerce persons to practice abortions? Yes.
- b. FAA Sec. 620(g). to compensate owners for expropriated nationalized property? Yes.
- c. FAA Sec. 660. to finance police training or other law enforcement assistance, except for narcotics programs? Yes.
- d. FAA Sec. 662. for CIA activities? Yes.
- e. App. Sec. 103. to pay pensions, etc., for military personnel? Yes.
- f. App. Sec. 106. to pay U.N. assessments? Yes.
- g. App. Sec. 107. to carry out provisions of FAA Sections 209(d) and 251(h)? (transfer to multilateral organization for lending). Yes.
- h. App. Sec. 501. to be used for publicity or propoganda purposes within U.S. not authorized by Congress? Yes.

AM

CERTIFICATION PURSUANT TO
Section 611(a)(1) of the
FOREIGN ASSISTANCE ACT
of 1961
As Amended

I, **Richard Podol**, the principal officer of the Agency for International Development in Zaire and for the Congo, do herewith certify that, in my judgement, the U.S. dollar funds to be contributed to the project entitled Congo Smallholder Agricultural Development represent a reasonably firm estimate of costs to the United States Government. This judgement is based on a review of the plans and estimates developed by the team of professionals that designed the project, and of experience with similar undertakings carried out in the Congo.

Richard Podol
Director, USAID/Zaire

Date

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SCOPES OF WORK

PROJECT MANAGER-36 months, from March '84

Primary Responsibility:

To assure continuity in project activities after CARE's completion of assistance to the project.

Tasks: Act as CARE's senior representative and advisor to the project, including direction and supervision of CARE project personnel, both long term and short term.

- Lay groundwork in Sibiti and surrounding villages for introduction of project activities and for the establishment of CARE's project office in Sibiti.
- Select villages for warehouse construction and specify tonnage to be contained in each facility.
- Explore possibilities for strengthening village pre-cooperatives and increasing local control over commercialization of crops.
- Create management mechanism/system for efficient functioning of revolving funds and maintenance of warehouses.
- Take appropriate action, in other areas, as suggested by project experiences, to help achieve the objective of post-project sustainability.

Qualifications.

- Must hold at least a BA degree in Rural Economics/Planning
- At least 5 years work experience in development projects required. Half of this work experience should be in developing countries.
- Fluent French essential.
- Maintain liaison between CARE/Lekoumou and CARE/Brazzaville.

BUSINESS/TRAINING MANAGER - 30 months, from August '84

Primary Responsibility:

- To assure the smooth implementation and administration of all project-related activities.

Tasks:

- Oversee administration of the CARE-Sibiti project office.
- Manage Brazza-Sibiti and Sibiti-Mossendjo communications and logistics.
- Provide liaison with local government officials.
- Oversee management of new training center.
- Oversee training of warehouse managers and ag-sector chiefs.
- Administer all financial aspects of project, including utilization of revolving fund, and train selected Congolese to assume these responsibilities.

Qualifications

- Degree in Business Management required.

- Formal coursework and experience in training desirable.
- Prior working experience in Francophone Africa required (at least 3 years).
- Fluent French essential.

DIRECTOR OF CONSTRUCTION - 30 months, from January 1984

Responsibilities:

- Will be responsible for all construction operations associated with the project.
- Will complete the construction of all project warehouses, classrooms, and residences according to the architect's plans and specifications.
- Will plan the purchasing, transportation, and storage of all construction tools and building materials.
- Will formulate and implement a detailed construction schedule for the completion of all project buildings, and will submit regular progress reports to the CARE-Brazzaville office.
- Will devise a strategy for involving local farming families in decision-making relative to construction, and will assure significant self-help participation in the provisioning of sand and gravel and the fabrication of bricks.
- Will coordinate and monitor the work of three Congolese construction supervisors.
- Will recruit and supervise all worksite personnel, and will assure their safety and proper remuneration.

Qualifications

- Undergraduate degree in Civil engineering, architecture, or a related field.
- Five years of practical experience in construction management, two years of which were completed in a developing country.
- Fluent French.