

PD 7.02-196



UNITED STATES OF AMERICA

AGENCY FOR INTERNATIONAL DEVELOPMENT

REGIONAL ECONOMIC DEVELOPMENT SERVICES OFFICE WEST AND CENTRAL AFRICA



UNITED STATES ADDRESS
ABIDJAN (REDSO)
DEPARTMENT OF STATE
WASHINGTON, D. C. 20520

INTERNATIONAL ADDRESS
REDSO/WCA
C/O AMERICAN EMBASSY
01 B P 1712 ABIDJAN 01
COTE D'IVOIRE

December 27, 1989

Mr. Paul Rippey
Council for International Development
1000 Potomac Steet, N.W.
Washington, D.C. 20007

Subject: Cooperative Agreement No. WCA-0215-A-00-0004-00

Dear Mr. Rippey:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A. I. D.") hereby enters into a Cooperative Agreement with the Council for International Development (hereinafter referred to as "C.I.D." or "Recipient") for the sum of \$62,970 to provide support to design a Rural Enterprise Development Project in collaboration with the Government of Guinea (GOG), as fully described in Attachment 1 of this Agreement, entitled "Schedule," and Attachment 2, entitled "Program Description."

This Cooperative Agreement is effective and obligation is made as of the date of this letter, and shall apply to commitments made by the recipient in furtherance of project objectives during the period beginning December 15, 1989, and ending not later than June 15, 1990.

This Cooperative Agreement is made to the recipient on condition that the funds will be administered in accordance with the terms and conditions as set forth in this Cover Letter, Attachment 1 entitled "Schedule", Attachment 2 entitled "Program Description", and Attachment 3 entitled "Standard Provisions and Optional Standard Provisions for U.S., Non-governmental Grantees."

RECEIVED
JAN 11 1990
REGISTERED

Please sign the original and seven (7) copies of this letter to acknowledge your acceptance of the Cooperative Agreement, and return the original and six (6) copies to the A.I.D. Agreement Officer indicated below.

Sincerely,

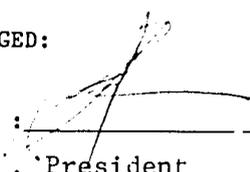


Steven G. Wisecarver
Agreement Officer
REDSO/WCA

Attachments:

1. Schedule
2. Program Description
3. Mandatory Standard Provisions, and
Optional Standard Provisions for U.S., Non-governmental
Grantees

ACKNOWLEDGED:

By : 
Title : President
Date : January 11, 1990

FISCAL DATA

Appropriation	:	72-1191014 Y920081
Budget Plan Code	:	GSSA-89-21675-KG13
Allowance	:	914-50-675-00-61-91
PIO/T No.	:	675-0510-3-90002
Project No.	:	675-0215
Total Estimated Amount:	:	\$62,970
Total Obligated Amount:	:	\$62,970
DUNS Number:	:	
IRS Employer Identification Number:	:	02-0363694
Letter of Credit No.	:	7200 1578
Paying Office	:	AID/Washington/PFM/FM/CMP/LC Room 636, SA-12 Washington, D.C. 20523
Technical Office	:	USAID/Guinea Agricultural Development Office Conakry, Guinea

SCHEDULE

I. AUTHORITY, PURPOSE AND PROGRAM DESCRIPTION

This Cooperative Agreement is entered into pursuant to the Foreign Assistance Act of 1961, as amended, and the Federal Grant and Cooperative Agreement Act of 1977 (P.L. 95-224). The purpose of this Agreement is to provide support to design a project to promote sustained economic growth in Guinea's rural sector, resulting in enhanced social welfare of Guinea's rural population. The project will contribute to this goal by supporting the development of a strong and dynamic private sector in selected rural areas of Guinea. This program is outlined in Attachment 2 of this Agreement (entitled "Program Description") and more fully described in the recipient's proposal (dated July 26, 1989,), which is hereby incorporated into and made a part of this Agreement.

II. FUNDS OBLIGATED, PAYMENT, AND ESTIMATED COSTS

A. The total estimated amount of this Agreement for the period shown in Article III below is \$62,970, as shown in the Agreement Budget found in Article IV of this Schedule.

B. A.I.D. hereby obligates the amount of \$62,970 for program expenditures during the period shown in Article III below.

C. Payment shall be made to the recipient in accordance with procedures set forth in the Optional Standard Provisions of this Agreement, entitled "Payment - Letter of Credit," as shown in Attachment 3.

D. No additional funds will be obligated under this Agreement.

III. PERIOD OF AGREEMENT

A. The effective date of this Cooperative Agreement is December 27, 1989. The estimated completion date is June 15, 1990.

B. Funds obligated hereunder are available for program expenditures for the estimated period beginning December 15, 1989 and ending June 15, 1990, as shown in the Agreement budget below.

IV. Agreement Budget

The following is the Agreement budget, including local cost financing items, if authorized. Revisions to this budget shall be made in accordance with the Standard Provision of the Agreement, entitled "Revision of Agreement Budget."

Agreement Budget
(12/15/89)-(06/15/90)

<u>Categories</u>	<u>A.I.D.</u> <u>Contribution</u>	<u>C.I.D./AMEX</u> <u>Contribution</u>
Personnel	\$14,402	\$3,601
Travel	8,972	2,243
Per diem	11,264	1,621
Subcontractor(AMEX)	<u>17,925</u>	<u>5,975</u>
Total Direct Costs	52,563	13,440
C.I.D G & A (19.8%)	<u>10,407</u>	<u>2,661</u>
Total	\$62,970	\$16,101

V. REPORTS AND EVALUATION

A. Project Proposal

The recipient will submit five (5) copies of a complete draft Project Proposal for USAID/Guinea review approximately 4 work weeks after arrival in Guinea. Following this review, the team will revise the document and submit ten (10) copies of it in final form before departure from Conakry. The document's format will follow that outlined in A.I.D. Handbook 3, and will include all required analyses and annexes. The length of the core document will not exceed 50 pages; additional detail may be provided in annexes as necessary.

B. Financial Reporting

Federal Cash Transactions Report

(a) The recipient shall submit a Federal Cash Transactions Report and its continuation form (SF 272 and 272A) for all funds advanced to the recipient through either a letter of credit or periodic Treasury check. A.I.D. will use this report to monitor cash advanced to the recipient and to obtain disbursement information for the Agreement from the recipient.

(b) The recipient shall forecast Federal cash requirements in the "Remarks" section of the report.

(c) The recipient shall report in the "Remarks" section the amount of cash advances in excess of three days' requirements in the hands of subrecipients and the amount of cash advances in excess of 30 days' requirements in the hands of non-U.S. subrecipients. The recipient shall provide short narrative explanations of actions taken by the recipient to reduce the excess balances.

(d) Recipients shall submit not more than an original and one copy of the Federal Cash Transactions Report within 15 working days following the end of each quarter.

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(e) The recipient shall submit copies of all documents sent to PFM/FM/CMPD, AID/Washington, 20523 to:

Controller REDSO/WCA/WAAC 01 B.P. 1712 Abidjan 01, Cote d'Ivoire	&	Project Officer USAID/Guinea Agricultural Development Officer Conakry, ID Department of State Washington, D.C. 20521
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VI. NEGOTIATED OVERHEAD RATES

Pursuant to Clause No. 13 entitled, "Negotiated Indirect Cost Rates - Provisional," of the Optional Standard Provisions of this Agreement, an indirect cost rate or rates shall be established for each of the recipient's accounting periods which apply to this Agreement. Pending establishment of revised provisional or final indirect cost rates for each of the recipient's accounting periods which apply to this Agreement, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rate(s) applied to the base which is (are) set forth below:

Council for International Development

<u>Type</u> <u>Base</u>	<u>Rate</u>	<u>Period</u>	<u>Base</u>
Fringe benefits	30.53%	until amended	Direct Labor
Overhead	19.8%	until amended	Total Direct Costs*

* Excluding donated food items, major construction costs, major procurement items, and major sub-contracts.

VI. Substantive Involvement Understanding

Insofar as A.I.D. would like to maintain substantive involvement in the design and implementation of this project, USAID/Guinea has selected to undertake this activity using a Cooperative Agreement rather than a Grant. The nature of this substantive involvement is provided below:

A. Applicant Selection

Experience has demonstrated the importance of French speaking and reading fluency, therefore, USAID/Guinea reserves the right to ensure that consultants working on the pre-design studies and proposal design must speak/read French at least at the FSI S-3, R-3 level.

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B. Pre-design Studies

During the period that the pre-design studies are conducted, USAID/Guinea will provide guidance regarding implementation of the studies, to direct the team towards areas which it feels should be included in the study, and to provide guidance in terms of proposal design in order to ensure that it conforms with present Mission training strategies.

C. Project Implementation

During project implementation, A.I.D.'s substantive involvement will comprise review/approval of annual training plans (for targeted short-term training) and of the plan of action for the business and production services component. It is anticipated that USAID/Guinea and the implementing PVO will maintain regular contact and USAID staff may periodically travel to project sites for project monitoring purposes. Other areas of substantive involvement may be defined once the project implementation begins.

VIII. SPECIAL PROVISIONS

A. All of the recipient's personnel must be medically fit for service in Guinea and have SOS/Medivac insurance in place prior to their arrival in the country.

B. Title to and Use of Property

Standard provisions related to title to and use of property are included in Optional Standard Provisions: "Title to and Use of Property (Grantee Title)" (November 1985).

C. Requirement for Drug-Free Workplace and Certification

The Cooperative Agreement will be subject to the newly established requirements of the Drug-Free Workplace Act of 1988 - Grant.

D. Authorized Geographic Code For Procurement

The recipient shall procure goods and services financed by the Agreement in accordance with Attachment 3, Optional Standard Provisions: "Procurement of Goods and Services"(November 1985) and "A.I.D. Eligibility Rules for Goods and Services" (November 1985). All goods and services shall have their source or origin and nationality only in "Special Free World Countries" (A.I.D. Geographic Code 935), except as specifically approved by the A.I.D. Agreement Officer or as A.I.D. may otherwise agree in writing.

E. Cost Sharing

The Recipient shall be required to make a contribution of 25% of the overall project costs in accordance with Optional Standard Provisions: "Cost Sharing (Matching)" (November 1985). This will apply for both the design cooperative agreement and any resultant cooperative agreement for implementation.

F. Logistical support

Per diem outside of Conakry will be paid according to USAID/Guinea policy, currently \$15/day plus lodging costs.

The following logistical support will be provided by A.I.D. only for the initial design phase. Subsequent support for project implementation will be the responsibility of the recipient.

- Official Vehicles
- Medical Facilities/Health Room (to the extent available)

All other logistical support shall be provided or arranged by the recipient.

G. Relationship and Responsibilities during the Design Phase

The recipient will be responsible to the Director, USAID/Guinea, or his designee.

H. A.I.D. Liaison Officials

USAID/Guinea Agricultural Development Officer.

IX. STANDARD PROVISIONS

A. The Mandatory Standard Provisions applicable to this Cooperative Agreement, and the Optional Standard Provisions which apply, are included as Attachment 3. The following Optional Standard Provisions in Attachment 3 are hereby included as being applicable to this Agreement:

- a) 1. Payment - Letter of Credit
- b) 4. Air Travel and Transportation
- c) 6. Procurement of Goods and Services
- d) 7. USAID Eligibility Rules for Goods and Services
- e) 9. Local Cost Financing
- f) 11. Publications
- g) 13. Negotiated Indirect Cost Rates - Provisional
- h) 14. Regulations Governing Employees
- i) 20. Title to and use of Property (Grantee Title)
- j) 23. Cost-sharing (Matching funds)
- k) 25. Conversion of United States Dollars into Local Currency
- l) 26. Certification of a Drug-Free Workplace

When the Standard Provisions are applicable for Cooperative Agreements, the following terms apply:

- "Grantee" means "Recipient"
- "Grant" means "Cooperative Agreement"
- "A.I.D. Grant Officer" means "A.I.D. Agreement Officer"
- "Subgrant" means "Sub-cooperative Agreement"
- "Subgrantee" means "Sub-recipient"

End of ATTACHMENT 1

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PROGRAM DESCRIPTION

I. OBJECTIVE

The objective of this Cooperative Agreement is to provide assistance to the recipient to develop a proposal for long-term activities under the Guinea Rural Enterprise Development Project (REDP).

A.I.D.'s private sector promotion strategy is to provide targeted assistance in areas which support the development of an active private sector and which support the Government of Guinea (GOG) efforts in economic policy reform. In particular, the strategy is to improve the policy and legal framework within which the private sector operates, provide training in key areas, and support activities providing business and production services.

II. BACKGROUND

Twenty-six years of central government control of the Guinean economy resulted in the effective disappearance in Guinea of a cadre of entrepreneurs with the skills necessary to effectively manage and plan private sector activities. The present government has recognized the advantages inherent in the development of a strong rural-based private sector, particularly with respect to agriculture. To date, policy reforms have been effected that, to a large extent, clear the way for the emergence and growth of private enterprise.

One result of this is the emergence in rural Guinea of various groups and organizations (local NGOs/PVOs, cooperatives, pre-cooperatives, "groupements") that bring together individuals having a common trade or interests. At the same time, there has been a resurgence of interest in investing in private sector activities amongst both Guinean and expatriate entrepreneurs. A USAID study completed in September 1988* looked at a number of these emerging groups and cooperatives. The following are but a few of the types of activities identified by this study and the design team.

- Societe Bally et Fils, a Guinean trading company, has wide experience in rice marketing and milling in West Africa. They are interested in the marketing of locally-grown rice in Guinea, and have taken some exploratory steps toward setting up a small rice milling operation in one of Guinea's major rice producing areas. Based on their experience in Mali, they believe there is great potential in Guinea for small-scale rice milling operations, and that the establishment of such operations would encourage local production and thereby decrease dependence on imported rice.

* An Assessment of Present and Potential Private Sector Activities and the Possibilities for US PVOS in Selected Areas in Guinea. by L. Stervinou & E. Dem Diarra. USAID/Conakry, Oct.4,1988. 25pp.

- The Cooperative des Paysans Modernes, located in Kankan Prefecture, is composed of 65 members. Through membership fees the group has raised capital in the amount of 130,000 Guinean francs (approximately \$260). The cooperative's goal is to put into production 20 hectares of food crops. The group has expressed interest in receiving assistance in farm management.

- In Mamou there is a seamstress' association organized around the Centre de Formation Feminine. The association has 25 members, each of whom pays a membership fee of 7000 Guinean francs (\$14). The group has a number of new sewing machines and has received assistance from the U.S. Ambassador's self-help fund. Unfortunately, the group discovered too late that its production line of baby clothes was in direct competition with imported second-hand clothes which sell for less.

- A truck gardening cooperative, comprised mostly of women, is being formed in N'zerekore. Local demand presently exceeds their production. Their efforts to expand their activities have been frustrated, however, by a dearth of necessary inputs and by a lack of the managerial expertise required to make the best use of available resources.

Groups and activities like those described above have sprung up throughout the country.* These groups, as well as individual entrepreneurs, have benefited from the removal of major policy constraints through measures undertaken by the GOG. However, policy reform alone will not reverse the effects of twenty-six years of state domination of the economy, and the resulting atrophied state of private sector skills within the rural population. A number of significant constraints to the development of the private sector remain. These constraints include:

- general lack of managerial and financial skills;
- lack of access to improved and appropriate technology;
- low levels of general education and high illiteracy rates;
- lack of access to production and/or investment credit;
- serious deficiencies in transport infrastructure resulting in isolation of production areas from both markets and supplies of inputs; and
- lack of data on the private sector, especially small-scale enterprises.

Under this project, A.I.D. intends to make available, through the recipient, training and assistance in the areas of management, accounting, production, and marketing designed to assist the rural entrepreneur to implement viable, rural-based, for-profit activities. The types of training and methods used will be determined by the recipient in collaboration with USAID/Guinea.

The project will also provide the means to a) gather first-hand information on the impact of deregulation on the rural economy, b) identify the major

* Local NGOs alone numbered 74 in June of 1988, according to a survey conducted by UNDP and the World Bank.

remaining constraints to the development of a viable rural enterprise sector, and c) demonstrate the efficacy of various interventions designed to help nascent, small scale rural enterprises.

Finally, it is anticipated that the project will contribute towards development of a viable PVO network which will over the coming years play a vital role in the country's development.

IV. PROPOSED PROJECT

The proposed project, which the recipient will research and design under this Agreement, is expected to have several components: targeted short-term training, seminars, and study tours; and provision of in-country business and production services.

While A.I.D. will allow the recipient to develop its own proposal to take advantage of the recipient's expertise and experience in private sector development, the Mission has developed several parameters within which the project should be developed. These are presented below.

A. Project Goal and Purpose

The goal of the Rural Enterprise Development Project (REDP) is to promote sustained economic growth in the rural sector, resulting in enhanced social welfare of Guinea's rural population. The project will contribute to this goal by supporting the development of a strong and dynamic private sector in selected rural areas of Guinea.

The purpose of the project is to encourage and promote the development of viable, rural-based, small-scale enterprises (SSEs). The project, acting through a U.S. PVO, should provide for the transfer of specific technical and managerial skills to private entrepreneurs, small-scale rural enterprises, and cooperatives and associations involved in for-profit activities. The project will also gather and analyze information aimed at a better assessment of the constraints that exist in the rural private sector and develop the mechanisms for their removal.

Thus, the project's purpose will be achieved through providing direct assistance to rural-based entrepreneurs and enterprises, the installation in Guinea of a U.S. PVO with a long term commitment to the development of small-scale enterprise, and the development of a better understanding of Guinea's rural economy.

B. Target Group

The target group for this project will be those engaged in rural-based, small-scale, for-profit activities. For the purposes of the project, rural-based is interpreted broadly and encompasses virtually all non-mining activities not located in the capital (Conakry). Specific entities to be assisted may be in the manufacturing and production, marketing and processing, or service sectors. Examples of activities known to exist in rural Guinea are: farming, palm oil extraction, pottery manufacture, blacksmithing, tailoring, tanning, fish smoking, grain milling, truck and small engine repair, transport, sawmills, and cloth dyeing. The project may assist individual entrepreneurs, small-scale enterprises (composed of two or more individuals), and/or cooperatives or associations (organized to promote their own or their members' for-profit activities) who wish to upgrade or expand their activities.

It is expected that most SSEs assisted will be involved in some aspect of agricultural production or marketing. However, SSEs not directly involved in agriculture should not be excluded from receiving assistance. The exception is the mining sector, which will not be eligible for assistance under the project.

The project should help entrepreneurs operating at the lowest levels to upgrade their activities to the next logical level. For example, a group of farmers might move from selling their production locally to marketing their production in the regional capital, or a grain transporter might set up a milling operation. The intent is to provide assistance under the project to those who need it most. Thus, well-established enterprises with significant resources at their disposal should not need, and therefore should not receive, project assistance. Assistance should also be designed so as to not be at a level of sophistication for which SSEs are unprepared to receive or which they are unable to sustain.

C. Expected Outputs

Under this project, the anticipated project outputs will be as follows:

- Transfer of improved and new skills (technical, organizational, managerial) to a segment of the rural population.
- Increased agricultural production, and increased production and consumption of goods and services, in the target area(s).
- Improved linkages between the rural private sector and the public and commercial sectors, PVOs, and the donor community.
- A proven and replicable assistance package for SSE development in Guinea.

V. PROJECT COMPONENTS

The REDP will serve as a pilot effort in small scale enterprise development in Guinea. The project will be implemented through a Cooperative Agreement with a registered U.S. PVO or cooperative. The anticipated life of the project is five years from initial obligation. For purposes of selecting the PVO to carry out the design and implementation of this project, the recipient is expected to present an illustrative plan of action to undertake the specific activities listed below, but is also encouraged to present other approaches or activities which will also contribute to attainment of project objectives.

The activities can also be implemented concurrently, or in phases. USAID/Guinea originally planned for the project to be developed and implemented in phases, with succeeding phases based on information and experience acquired during the previous phase. This, however, is only one methodology which the recipients can either further develop or reject. The guiding factor should be how to attain the project's goal and purpose in the most cost-effective, sustainable fashion.

A. Targeted Short-Term Training

Under this component, the recipient will be expected to arrange for short-term training courses, either locally, in the U.S., or in third-countries in topics consistent with A.I.D.'s private sector promotion strategy in Guinea, i.e., in private sector development, banking, legal structures for private sector development, marketing, loan preparation, etc. Specific training topics will be determined following studies to be carried out by the recipient prior to the design of this project.

It is expected that training under this component, which will parallel training activities provided at present under A.I.D.'s regional training projects, will be provided for participants in the private sector as well as individuals in the public and banking sectors whose positions affect private sector development in Guinea. Training to be provided under this component will relate directly to the Mission's Country Training Plan to be developed during the course of project design and must be flexible in order to take advantage of possible targets of opportunity as they may arise on the changing economic and political horizon. Training may consist of in-country seminars, third-country short-term training, or short-term training in the U.S.

B. Business and Production Services

Based on findings from pre-design studies, the recipient will develop a system to provide business and production services to small scale enterprises in targeted areas in Guinea. Such services might include, but are not limited to, the following:

- promote improved skills in such areas as bookkeeping, financial management, investment planning, marketing, and others;
- promote and/or introduce appropriate technology;
- provide assistance in management of procurement and logistics;
- increase knowledge about and access to credit, including training in filling out loan applications; and
- increase awareness among rural entrepreneurs of relevant policies and programs of the central and local government as well as of other donors and organizations.

C. Project Site Selection

There are a number of factors that affect the prospects for private sector development in a given geographic area. These factors include:

- present status of private sector and agricultural activity;
- availability of required raw materials and inputs;
- access to markets;
- general levels of education;
- availability of credit;

- availability of required energy resources (charcoal, electricity, fuel, etc.);
- availability of technical assistance and/or consultant services;
- attitude of and support provided by the local authorities; and
- presence in the area of indigenous NGOs/PVOs.

Several of these factors, e.g., availability of materials and inputs and access to markets, are in turn dependent on the state of transport infrastructure. The availability of credit is a function of the presence and level of activity of traditional credit systems, but also of the presence of commercial banks in the area, and of the presence of donor-sponsored credit activities.

In order to maximize the prospects for SSE development under the project, the site(s) for project intervention will be chosen with the following criteria in mind.

- (1) The project site(s) will be in an area with good road access to principal markets and sources of inputs, or will be in an area where road access is actively being upgraded to a satisfactory level.
- (2) The project will be located in areas with a significant amount of agricultural activity, and with potential for growth of this activity.
- (3) The project site(s) will be chosen after a review of credit opportunities, including traditional, commercial, and donor-supported credit.
- (4) The project site(s) will be chosen after thorough discussions with local authorities, both governmental and traditional. These discussions will ensure that local authorities have a clear understanding of the nature of the project, and that they support project objectives.
- (5) The selection of the project site(s) will be made after a review of the presence and activities of indigenous NGOs and cooperatives/ "groupements" in the proposed area(s).

A USAID/Guinea* survey of possible sites for REDP activities identified three areas particularly worthy of consideration (Kankan, Lola, and Fria). The ultimate decision on where to focus project activities will be made jointly by the design team and USAID/Guinea.

D. Relationship of the Project to the GOG

It is anticipated at this time that the GOG's direct involvement with the project will be limited to monitoring and evaluation responsibilities. The project may, however, give some indirect support to GOG entities involved in private sector promotion. This support would most likely take the form of contracting with the concerned entities for specific services. For example, the National Center for Management Training (CNPG), presently receiving limited support from AID under HRDA, could be engaged to provide specific training to selected entrepreneurs. Likewise, the National Center for the Promotion of Private Investment (CNPIP), created under AID's Agribusiness Preparation Project, might be called upon to help a given enterprise with market studies. This approach to involvement with GOG entities will have the advantage of providing support while avoiding any long-term commitment.

VI. SPECIFIC ACTIVITIES

The recipient will be responsible for the following:

- A. Conduct field research in Guinea (Conakry and rural towns/market centers in Guinea's interior), to determine the status of small scale enterprise development and to identify needs which could be addressed under this project.
 - B. Within the general parameters of the general project description, identify general and specific small scale enterprise development activities which will foster the continued development of the private sector in Guinea, in particular, that segment involved in the agricultural sector.
 - C. Develop a project implementation strategy to achieve project objectives.
 - D. Develop a project proposal for A.I.D. review/approval, per guidance contained in A.I.D. Handbook 3, Chapter 4 (Attachment 4).
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* An Assessment of Present and Potential Private Sector Activities and the Possibilities for US PVOS in Selected Areas in Guinea. by L. Stervinou & E. Dem Diarra. USAID/Conakry, Oct.4, 1988. 25pp.

End of ATTACHMENT 2

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