PD-ABC-547

UNCLASSIFIED

AGRICULTURE SECTOR DEVELOPMENT GRANT

(683-0246/47)

PROGRAM ASSISTANCE APPROVAL DOCUMENT

AMENDMENT III

USAID/NIGER

1989

ACTION MEMORANDUM FOR THE MISSION DIRECTOR

FROM: PDO: Erna Kerst

SUBJECT: Approval of Amendment of Program Assistance Approval Document (PAAD) and Authorization, Agriculture Sector Development Grant (683-0246/0247)

I. PROBLEM: Your approval is required to amend the PAAD and authorization for the Agriculture Sector Development Grant (ASDG). The amendment adds $7,000,000 from the Development Fund for Africa (DFA) for a new life of program value of $52,915,000. With this amendment the Agriculture Sector Development Grant funding will total $22,637,000 from SDP, $16,278,000 under Economic Support Funds and $14,000,000 from DFA. The program assistance completion date (PACD) for the program will be extended from September 30, 1989 to March 31, 1992.

II. DISCUSSION:

A. Description

The Amendment to ASDG adds policy conditionality under the program directly focusing on natural resource management, continues the existing policy reform efforts, and increases funding for the technical assistance component of the program.

B. Financial Summary

It is planned that the $7,000,000 additional funding will be programmed as follows:

Conditional Dollar Disbursement - $5,000,000
Technical Assistance - $2,000,000

The plan for total life of program budget is detailed in the Executive Summary to the PAAD Amendment (attached).

C. Project Analyses

1. The Project committee review found the macro-economic justification for dollar disbursement satisfactory.

2. There are no human rights issues.

3. Because there are no changes in the conditions of the grant regarding environmental issues, the original determination of a categorial exclusion holds. This has been revalidated by the Bureau Environmental Officer.

4. Technical analyses are sound.

5. All issues raised by the AID/W project committee (State 235491) have been adequately addressed in the PAAD amendment.

D. Implementation Plan

The implementation plan of this amendment uses the practices approved under the original ASDG PAAD and implemented in the existing program.

E. Major Implementing Agency

There is no change in major implementing agencies for the GON.

F. Procurement Plan

Of the $7,000,000, approximately $1,550,000 will be used to extend and modify the existing direct AID technical assistance contract with the University of Michigan. A further $450,000 will finance studies and short-term training outside the contract. The remainder of the funding, $5,000,000, will be in the form of a dollar resource tranfer (sector grant) to the Government of Niger.

G. Conditions and Covenants

The revised conditions are set forth in the PAAD Amendment attached to this action memorandum.

H. Section 121 (d)

Specific section 121 (d) certification procedures have been approved for ASDG.

III. PROGRAM ASSISTANCE COMPLETION DATE

The Program Assistance Completion Date for the program is extended to March 31, 1992 to allow completion of activities. The extension of time includes extension of PACD of the credit union subcomponent from 9/30/91 to 3/31/92, so that all portions of the program will have a single completion date, and to make up for unanticipated delays in recruitment of personnel under the Cooperative Agreement with the Credit Union National Association (CUNA/WOCCU).

IV. JUSTIFICATION TO CONGRESS

The Congressional Notification waiting period for this amendment expired on August 10, 1989.

V. AUTHORITY

You have been delegated authority to approve this PAAD amendment and to authorize the modifications in the program (State 235491)

You have authority under Africa Delegation of Authority 551 to extend the Program Assistance Completion Date (PACD) as long as the total life of program (LOP) does not exceed ten years. In extending the PACD to March 31, 1992 total LOP becomes slightly over 7.5 years. This is well within your authority to approve.

VI. RECOMMENDATION

It is recommended that:

A. You sign the attached PAAD Facesheet Amendment of the subject Grant to add $7,000,000, from the Development Fund for Africa. The total funds available for the Agriculture Sector Development Grant will be $52,915,000, with $22,637,000 in Sahel Development Program funds, $16,278,000 from the Economic Support Fund, and $14,000,000 from the Development Fund for Africa.

B. You sign below approving the extension of the PACD to 3/31/92 for the program as a whole.

Approved: _____

Disapproved: _____

Date: _____

AGENCY FOR INTERNATIONAL DEVELOPMENT
Ambassador
AUG 24 1989
MANAGEMENT

Draft:	PDO:EKerst		Date	8/24/1989	WG:1079b/SI
Clear:	ADO:RBloom	Draft	Date	7/25/89	
	ADOEGibson	Draft	Date	8/7/89	
	EXG:JMayer	Draft	Date	8/8/89	
	CONT:PCallen	Draft	Date	8/23/89	
	PROG:BKBeyer	Draft	Date	8/2/89	
	RLA:MAlexander	Draft	Date	7/24/89	

C

CLASSIFICATION

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROGRAM ASSISTANCE APPROVAL DOCUMENT

(PAAD)

1. PAAD Number: 683 0246 PAAD NUMBER 683 Y 601E
2. Country: NIGER
3. Category: Resource Transfer
4. Date: July 20, 1989
5. OYB Change Number
6. OYB Increase: None
7. To be taken from:
8. Approval Requested for Commitment of: $5 000 000.00
9. Appropriation Budget Plan Code: 72-1191014, GSSA 89 31683 KG39 (914 61 683 00 53 9.
10. Type Funding: Loan ☒ Grant
11. Local Currency Arrangement: ☒ Informal ☐ Formal ☐ None
12. Estimated Delivery Period: 08/89 to 09/90
13. Transaction Eligibility Date: N/A

Commodities Financed

George T. Eaton, Mission Director

From Beatrice K. Beyer, Program Officer

Permitted Source	FY89	LOP
U.S. only		
Limited F.W.		
Free World		
Cash	5,000,000 1/	44,815,000

17. Estimated Expenditures	FY89	LOP
U.S.		
Industrialized Countries		
Local	5,000,000 1/	44,815,000
Other		

Summary Description

This amendment addresses the need to increase incentives for farmers to invest in the land. Its focus on needs related to sustainable agriculture/natural resources management (SA/NRM) will be complemented by actions to consolidate previous reform gains to promote wider implementation of existing policies. This combination will improve the prospects for achieving long-term gains under the reform agenda. The counterpart generated by this amendment will be used exclusively for NRM activities. Subproject selection will based on an ability to foster and build upon the considerable policy, institutional and technical changes and accomplishments of previous Niger NRM investments, such as A.I.D.'s Guesselbodi Forest Management Program, designed and implemented under the now-terminated Forestry and Land Use Management Project, which has become a model in Niger (and the Sahel) for community-based natural forest management.

This Agriculture Sector Development Grant (ASDG) is a resource transfer with a technical assistance component. It is justified both in terms of achieving desirable and significant agricultural policy reforms which act to promote increased production and rural incomes in the long-term, and of the need to provide domestic capital to support ongoing development activities.

19. Clearances		Date
AD/OTR:Bloom		8/7/89
S/AD/OTR:Gibson		8/7/89
FDO:FKeefe		8/7/89
ECON:FMartin	(draft)	7/25/89
CONT:PCallen		
RLA:MAlexander	(draft)	7/24/89
AID/W:FN		8/24/89

20. Action: ☒ APPROVED ☐ DISAPPROVED

Authorized Signature: George T. Eaton

Title: Mission Director

Date: AUG 24 1989

AID 1180-1 (6-82) CLASSIFICATION

1/ The $5,000,000 is the AID/W Budget Plan Code portion of authorization. This excludes $2,000,000 USAID/Niger Budget Plan Code with a LOP of $8,100,000.

CLASSIFICATION: UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROGRAM ASSISTANCE APPROVAL DOCUMENT (PAAD)

1. PAAD Number: 683-K-602C; 683-Y-601B; 683-Y-601C
2. Country: NIGER
3. Category: Resource Transfer
4. Date: July 20, 1989
5. OYB Change Number:
6. OYB Increase: None
   To be taken from:
7. Appropriation Budget Plan Code: 72-1191014, GSSA-89-21683-KG13
8. Estimated Delivery Period: 08/89 to 09/90
9. Transaction Eligibility Date: N/A

To: George T. Eaton, Mission Director

From: Beatrice K. Beyer, Program Officer

Approval Requested for Commitment of: $7,000,000

Type Funding: [ ] Loan [x] Grant

12. Local Currency Arrangement: [x] Informal [ ] Formal [ ] None

13. Commodities Financed

14. Permitted Source

	FY89	LOP
U.S. only		
Limited F.W.	2,000,000 1/	8,100,000
Free World		
Cash		

17. Estimated Source

	FY89	LOP
U.S.		
Industrialized Countries		
Local		
Other	2,000,000	8,100,000

18. Summary Description

This amendment addresses the need to increase incentives for farmers to invest in the land. Its focus on needs related to sustainable agriculture/natural resources management (SA/NRM) will be complemented by actions to consolidate previous reform gains to promote wider implementation of existing policies. This combination will improve the prospects for achieving long-term gains under the reform agenda. The counterpart generated by this amendment will be used exclusively for NRM activities. Subproject selection will be based on an ability to foster and build upon the considerable policy, institutional and technical changes and accomplishments of previous Niger NRM investments, such as A.I.D.'s Guesselbodi Forest Management Program, designed and implemented under the now-terminated Forestry and Land Use Management Project, which has become a model in Niger (and the Sahel) for community-based natural forest management.

This Agriculture Sector Development Grant (ASDG) is a resource transfer with a technical assistance component. It is justified both in terms of achieving desirable and significant agricultural policy reforms which act to promote increased production and rural incomes in the long-term, and of the need to provide domestic capital to support ongoing development activities.

19. Clearances	Date
DDO: RBloom	8/7/89
S/ADO: EGibson	8/7/89
PDO: EKerst	8/7/89
ECON: FMartin (draft)	7/25/89
CONT: PCallen	8/23/89
RLA: NAlexander (draft)	7/24/89

20. Action: [x] APPROVED [ ] DISAPPROVED

Authorized Signature: George T. Eaton

Title: Ambassador, Mission Director

Date: AUG 24 1989

AGENCE AMERICAINE POUR LE DEVELOPPEMENT INTERNATIONAL

AID 1120-1 (5-82)

CLASSIFICATION: UNCLASSIFIED

1/ The $2,000,000 is the USAID/Niger Budget Plan Code portion of authorization. This excludes $5,000,000 AID/W Budget Plan Code with LOP of $44,815,000.

This amendment provides an additional $7,000,000 for a new total of $52,915,000 over the life of the ASDG. This amendment will provide the sixth increment of funds for the ASDG. The funds in this amendment consist of $7,000,000 in Development Fund for Africa funds. The total of Development Fund for Africa funds made available under the ASDG thus amounts to 14,000,000, the total of Economic Support Funds equals $16,278,000 and the total of Sahel Development Funds $22,637,000.

To date, grant (conditional dollar disbursements) have been made available in increment of $7,000,000, $8,500,000, $9,873,000, $2,627,000, $5,915,000 and $4,900,000 for a total of $39,815,000. A total of $4,200,000 has been made available to date for direct payments by A.I.D. of foreign exchange and local currency costs of technical assistance, policy studies, workshops, in-service training and support and evaluation and audit. Under the program is $1,900,000 used to fund a grant to WOCCU to implement a credit union project intervention. This Amendment, subject to the availability of funds and the mutual agreement of the parties to the terms and conditions set forth herein, provides grants (conditional dollar disbursements) of additional $5,000,000 for a new total of 44,815,000. An additional $2,000,000 will be made available by this Amendment for direct payments by A.I.D. for technical assistance and related support items listed above for a new total of $6,200,000. Each of the conditional dollar disbursements, but not direct payments for technical assistance and the credit union interventions, is tied to Conditions Precedent which confirm progress in the implementation of the policy reform program. Moreover, the Government of Niger (GON) is expected to deposit in the special local currency and Trust Fund accounts the local currency equivalent of each dollar disbursement under the grant.

The Conditions Precedent for this Amendment are that the Government of Niger will:

1) Publish, through the official channels, provisions detailing the usufruct rights granted to communities of the forest management sites (e.g., Guesselbodi, Maggia Valley). These provisions will specify that these usufruct rights will be taken into consideration in the preparation of the Rural Code. They will be publicized and disseminated to all departments and arrondissements as well as non-governmental organizations (PVOs and NGOs).

2) Publish, through the official channels, provisions granting that communities managing the sites following an approved forest management plan will profit from the same advantages as those applied to Guesselbodi (specific conditions aimed at promoting rational exploitation of natural resources). These provisions will be disseminated in the manner specified above.

3) Prepare a plan for implementation of the agreed policy changes that will be executed prior to the completion of the ASDG program. This will include:

(a) Maintaining in operation the tender and bid system for reconstituting OPVN stocks for all purchases and sales;

(b) Liberalizing, simplifying, issuing and informing the general public of procedures for cross border trade, especially for cowpeas and livestock, by eliminating legal and administrative barriers to participation in cross-border trade and relying on market forces,

(c) Continuing expansion of private and cooperative sector participation in production and distribution of agriculture inputs, cereals marketing and distribution, agriculture credit and cross border trade. This includes reliance on free market prices and continuation of the policy of not issuing official prices for cereals;

(d) Continuing implementation of the Credit Union Development Project and issuing of Ministerial Arretes or Administrative decrees that i) confirm interim status of credit unions supported by the USAID program permitting them to transact business with all rights in law including the right of enforcement of contracts and legal redress; ii) provide exemption of such credit unions from current laws or status governing banks, financial institutions and cooperatives;

(e) Continuing implementation of the Seed Plan, and issuing the statutes, arretes and/or decrees necessary for a national certification and quality control regulatory system for seeds and plant materiale.

(f) Continuing promotion of investments in natural resources management;

4) Make changes in the system of accounting and monitoring of local currency funds in order to control such funds to the satisfaction of AID.

5) Deposit local currency equal to eight percent of the fourth and fifth tranches to the Program Trust Fund in fulfillment of the requirements of Section 5.2. of this Agreement as amended.

The Grantee covenants that thirty percent of the value of the Counterpart fund sub-account created under this amendment will be set aside for activities proposed by non-governmental organizations, both expatriate and local, and that the existence of the sub-account will be publicized to PVOs and NGOs by a publicity campaign reviewed by A.I.D. prior to dissemination.

The last three paragraphs of the PAAD amendment 4 are deleted and the following is substituted.

The FY 1989 dollar disbursements or resource transfers covered in this PAAD amendment consist of: $5,000,000 from the Development Fund for Africa.

These conditional dollar disbursements or resource transfers for FY 1989 obligations will be disbursed after the Grantee has met the Subsequent Conditions Precedent for disbursement of the sixth increment or tranche as amended as set forth above.

In addition, $2,000,000 of Development Fund for Africa funds will be disbursed for technical assistance. Disbursement of these funds is not tied to meeting of subsequent conditions precedent.

All of the other Conditions Precedent and Covenants, as well as other provisions set forth in the original PAAD signed on August 14, 1984, as amended on July 10, 1986, July 23, 1986, July 2, 1987, and August 28, 1988 remain in effect.

AGRICULTURE SECTOR DEVELOPMENT GRANT

PAAD AMENDMENT III

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Agriculture Sector Development Grant (683-0246/0247)

Program Assistance Approval Document, Amendment III

I. Executive Summary and Recommendation

A. The Request

The Government of Niger (GON) has requested an amendment to the Agriculture Sector Development Grant (ASDG) emphasizing natural resources management issues. This amendment consolidates gains made under ASDG to date and sets the stage for the next generation of investments in sustainable agriculture/natural resources management (SA/NRM). It is intended to be an interim program, to be followed by a next phase of project or program assistance to begin implementation in Fiscal Year 1991. USAID/Niger is proposing an extension of the life of the grant by 2.5 years, from September 30, 1989 to March 31, 1992, and an increase in life-of-program (LOP) funding by $7,000,000 from the Development Fund for Africa (DFA). The additional funding will provide a $5,000,000 conditional resource transfer (including an eight percent program trust fund), and a $2,000,000 component for technical assistance, studies and short-term training. The LOP funding for the program will become $16,278,000 in Economic Support Funds, $22,637,000 in Sahel Development Funds, and $14,000,000 from the Development Fund for Africa.

B. Problems Addressed

The ASDG addresses policy constraints to development of the agricultural sector. This amendment will continue dialogue on ASDG policy issues, as described in section III, while increasing the program's specific attention to issues of sustainability of agricultural production and protection of the natural resource base.

It is widely acknowledged by the Government of Niger and its citizens that the resource base is deteriorating visibly, that agricultural production levels have been maintained only through extension into new, often less productive lands and reduction in fallow time. There is general agreement that something must be done to protect and, where possible, rehabilitate the resource base. However, the conditions are not in place to achieve this goal. Partnerships between communities and the government in resources management are still rare. There is evidence that the GON recognizes the importance of community involvement but community and individual rights over renewable resources remain unclear. Incentives to individual effort to conserve the natural resource base are weak. This amendment is an intermediate, policy-based effort to build on and consolidate previous USAID-sponsored gains in the domain of natural resource management and prepare for a future, large scale program or project effort.

C. Objectives and Outputs

The purpose of the ASDG remains as previously stated:

- To promote agricultural production by diminishing the policy constraints to development in the agricultural sector;

- To maintain existing investment activities and raise the level of the sector's absorptive capacity; and

- To contribute towards structural adjustment objectives through minimizing the adverse impacts of austerity and structural adjustment measures on agriculture/rural development programs.

The amendment is fully consistent with this statement of purpose. Through the program extension, it will allow continued monitoring and dialogue on the existing reform agenda, while incorporating more specific attention to issues of the government's appropriate role in promoting investment in the land.

The outputs of the amended project read as follows:

- Reorientation of the agricultural input subsidy policy and restructuring of the official input supply agency acheived.

- Promotion of competition in grain marketing through the liberalization of official marketing and pricing policies acheived.

- Appraisal of the country's agricultural credit situation, particularly in the informal credit market, acheived. Implementation of the study's recommendation for experimental program.

- Policy to promote border trade of livestock, cowpeas and other agricultural products adopted.

- Promotion of more cooperative and private trader participation in the supply of agricultural inputs; border trade of livestock, cowpeas and other agricultural products; and internal grain marketing and storage.

- Establishment of framework and preparation of action plans for restructuring and diversifying the seed and plant material production and distribution systems, including establishment of a national certification and quality control regulatory system.

- Promotion of wider implementation of natural resources management policies that increase the incentives for communities and individuals to invest in the land to increase sustainable agricultural production and rural income while maintaining and enhancing the natural resource base.

D. Inputs

The inputs of the ASDG consist of: (1) conditional dollar disbursements; (2) equivalent local currencies derived from the Grant; and (3) technical assistance, policy studies, pilot activities and implementation support. Conditional dollar disbursements are made when the GON has taken agreed policy actions. Upon receipt of the conditional dollar disbursements, the GON will deposit the

local currency equivalent in a special local currency account. A portion of the local currency generations (8 percent) will be deposited in a local currency trust fund account which USAID will administer for program and operational support activities.

The local currency generated by the conditional resource transfer will be used to support activities including pilot projects and studies which will contribute to natural resource management goals. The local currency generated by the resource transfers of this amendment (sixth and seventh tranches) will be constituted as a discrete sub-account of the Counterpart Fund which is jointly managed by the GON and USAID. This sub-account will have its own criteria for selection of projects (see Annex E).

The amendment adds a total of $7,000,000 of which $2,000,000 is for technical assistance, studies and short-term training to help the GON and USAID undertake the policy reform program and to manage the local currency program. The implementation of the policy reform program will continue to be supported by specific policy steps and the development of a policy analysis unit in the Ministry of Agriculture to help ensure the continuation of effective policy formulation and implementation. ASDG, as amended, provides a total of 7 work years of long-term resident technical assistance staff and approximately 12 person months of short-term assistance, as well as short-term training and studies.

Foreign Exchange Component	Funding Source (000 U.S.$)			
	Existing ASDG			Amendment III
	SDP	ESF	DFA	DFA
Conditional Dollar Disbursements	18,637	16,278	4,900	5,000
Technical Assistance	4,000	—	200	2,000
LSGA (WOCCU)	--	--	1,900	--
Total	22,637	16,278	7,000	7,000

Policy studies and support as well as assistance in local currency management and audit will also be funded from the local currency account, if appropriate.

E. Implementation Plan

The executing agency for this program will be the Ministry of Plan and Regional Planning. The Ministry will coordinate management of the Counterpart Fund (local currencies) from the grant through operations of the GON/USAID joint Management Committee and its secretariat. Management improvements are to be made in the Secretariat as a condition to release of local currency funds to projects. A High Committee consisting of the Secretaries General of the Office of the President and participating ministries and a Technical Committee of mid-level cadres from those same ministries, chaired by an economic advisor to the Prime Minister, monitor the progress and report on implementation of policy reform measures. The most important of these agencies participating is the Ministry of Agriculture and Environment, although implementation of the policy reforms and local currency management also involves the Ministries of Animal Resources, of Hydrology, of Commerce, Industry and Artisanship, and of Finance.

The technical assistance portion of the program includes an A.I.D direct contract for long term advisors and short term consultants. The contract is with the University of Michigan (a Title XII institution). Under the amendment, seven work years of long term assistance and additional short term assistance will be required. Procurement plans for the projectized component give precedence for U.S. source and origin with the exception of some equipment (such as vehicles) for which no repair facilities exist locally.

The PACD is extended to March 31, 1992 in order to allow the program to incorporate natural resource interventions.

F. Program Benefits

There are three kinds of benefits, and three categories of beneficiaries, from the proposed amendment.

1. Macroeconomic Benefits. The macroeconomic benefits are basically an extension of benefits already derived from the ASDG, namely, increased foreign exchange availability and the increase in budgetary resources. The main beneficiary is the GON and, by extension, the citizens and taxpayers of Niger.

2. Sectoral Benefits. This is also an extension of the benefits already derived from the ASDG in that resources which are transferred to the counterpart fund are used to support development programs and activities. The amendment will increase these funds, and will finance activities specifically intended to lead to an improvement in the sustainability of agricultural production in Niger. Direct beneficiaries from the Counterpart Fund include the Nigeriens working for the projects and the people the individual projects are designed to help, which will vary for each project but will generally be farmers, fishermen, and livestock herders.

3. Policy Benefits. The people who will benefit the most directly from the proposed policy reforms in this amendment are the participants in present and future land management programs, who will receive written assurance of usufruct rights. Indirect beneficiaries are rural inhabitants in general, who will benefit in the medium and long term from the progressive policies promoted by the program toward individual and community rights over the land and its products.

G. Summary Findings

From the review and analysis of this document, USAID/Niger has found that:

1. The proposed program sector assistance and the provisions for disbursing funds under the grant are technically, economically and administratively sound;

2. The timing and funding of the program amendment are scheduled appropriately;

3. Sufficient planning has been completed to implement, monitor and evaluate progress under the program; and

4. All statutory criteria have been met.

H. Recommendation

USAID/Niger recommends approval by the Assistant Administrator for Africa of program assistance from the Development Fund for Africa in the form of an amendment to the Agriculture Sector Development Grant for $7,000,000.

The Grant as amended will consist of $44,815,000 for conditional dollar disbursements tied to specific policy changes and $8,100,000 for technical assistance, policy studies, pilot activities (e.g. credit unions) and implementation support, for a total of $52,915,000.

II. Background

A. Macro-Economic Framework

1. Overview

The debt crisis brought on by the collapse in uranium prices along with the recession following the second OPEC price increase in 1979 will constrain Niger's economic development for years to come. The 1984 drought exacerbated the situation. The Government of Niger has nevertheless undertaken difficult stabilization policies to correct imbalances brought on by liquidity and debt crisis and drought. These efforts, together with extraordinary donor support, stabilized the external and public budget accounts but output levels, in general remain below their pre-drought levels. In 1988, due to unusually high rainfall, grain output rose to 2.3 million metric tons, leaving a surplus of 209,000 metric tons. However, high rainfall years remain the exception rather than the rule.

The five year Economic and Social Development Plan (1987-1991) has as its major policy objective an increase in rural income. This is to be accomplished through the introduction of new technologies and output diversification. The Development Plan also highlights the GON's concern about the disrupted environmental balance caused by low and uneven rainfall, drought, lack of soil fertility, excessive use of soils and loss of vegetative cover.

The Government's stabilization and structural adjustment programs have been and continue to be supported by the International Monetary Fund and the World Bank. Niger was the sixth country to gain access to the IMF's Enhanced Structural Adjustment Facility (ESAF). The three year, 50 million SDR program became operational on December 12, 1988. World Bank support to the structural adjustment program includes a structural adjustment loan (1986-88) and a sector adjustment loan (parastatal reform 1987-1989). A second structural adjustment loan is to be negotiated in 1989. The nature of the reforms and policy changes that are to be carried out with Bank, Fund and bilateral donor support are described in the Policy Framework Paper (PEP) 1989-1991. The reforms and policy changes can be grouped into four areas: public resource management (including parastatals and external debt); price, trade and incentive policies; agricultural policies; and monetary and credit policy and fiscal reform.

Progress in implementing the structural reform program has been good. Commerce has been liberalized and government intervention in economic affairs has been reduced. The government sets prices on only five commodities (bread, gasoline, electricity, water and transport), down from fifty-four in 1985. The number of commodities subject to a fixed mark-ups is down from 250 to 20 and the fixed mark-ups system will be eliminated entirely in 1990. Export and import markets are being liberalized with support from USAID, the World Bank and UNDP. The lagging area in the structural reform program has been in the rehabilitation of five parastatals. GON delay in developing Action Plans for the rehabilitation program held up the second disbursement of the sector adjustment loan for nine months. Recent indications are that the parastatal rehabilitation program is now progressing at a satisfactory rate. The economic impact of six years of stabilization/structural adjustment has been limited to correcting unsustainable imbalances and perhaps arresting the decline in the commercial sector. Growth-encouraging policies are in place but so far the response of the private sector has been negligible. Entrepreneurs no doubt need to be assured about the permanence of the reforms, but in the meantime, government officials are concerned by the inability of the reform program to get economic growth restarted.

Real GDP did increase by seven percent in 1988 (nominal GDP increased nearly ten percent), but this was due to the favorable rainfall. The rural sector share of GDP increased from 33 to 36 percent, while the shares of all other sectors declined. Increasing rural incomes and transmitting the consequent growth in demand to the non-rural sector remains the preoccupation of economic policymakers in Niger.

2. Government Finance in the Agriculture/Natural Resources Sector

The budget consolidation aspect of the GON structural adjustment program produced large reductions throughout the investment budget. The ASDG, and the earlier RSDG, by providing budgetary resources to the GON, reduced the severity of the budget cuts.

The counterpart funds are allocated to agriculture, livestock, and natural resources activities included in the investment budget. The importance of the counterpart funds can be gauged by comparing the size of the resource transfer and the planned expenditure levels for investments in agriculture and rural development. This comparison shows that during the general budget contraction, the RSDG/ASDG resource transfer to the GON agriculture investment budget was almost 10 percent of planned expenditures of the first year. The share rose to nearly 14 percent in 1985. For 1986 through 1988 the share declines as the GON substantially increases its agricultural investment and the value of the CFA increases vis-a-vis the U.S. dollar. The proposed transfer in this amendment is equal to 3.6 percent of the anticipated GON investment spending for the rural sector.

Year	GON Investment Budget Agricultural and Rural Development Investments	RSDG/ASDG Resource Transfer	RSDG/ASDG share of Column 2
1984	21,656	2,101	9.7%
1985	21,712	3,000	13.8%
1986	31,215	3,368	10.8%
1987	36,954	3,600	9,7%
1988	38,254	1,656	4.3%
1989(est.)	41,730	2,114	5.1%
1990(est.)	44,070	1,600	3.6%

(All figures in million FCFA. 1984-88 is actual; 1989-90 is planned)

These counterpart funds have a multiplier impact on investment levels since they, in many cases, finance goods and services which are prerequisites to the expenditure of donor project funds. Thus had the 1985 transfer of 3 billion FCFA not taken place the agriculture sector investment budget would have been reduced by more than 3 billion FCFA.

The impact of counterpart funds in the field of natural resources can be illustrated by the following examples:

- The Guesselbodi natural forest management experiment, which was funded by a combination of project funding (from the Forestry and Land Use Planning Project) and ASDG local currency funds, has had a spread effect, with natural forest management plans based on the Guesselbodi model started in a number of forests.

- Funding of the CARE Tahoua Agro-forestry Project, which includes the organization's landmark Majjia Valley project. Use of ASDG local currencies has allowed CARE to expand wood harvesting operations which increase individual economic incentives to invest in windbreaks.

- Design, development and support of a network of natural resources planning units at the département level (Cellules Départementales de Planification Forestière), which identify opportunities and prioritize natural resource management initiatives at the regional and sub-regional levels.

- Financing of part of the GON effort to develop a "Rural Code" for tenure and usufruct issues. This effort has not been completed.

- Development of complete mapped profiles of the forest area of the country, by forest type and by arrondissement.

- Recently approved financing of Africare's Gouré Rehabilitation Project, which includes a major NRM component. ASDG also funded feasibility studies for this PVO project.

- Support on the part of the Inventory Section of the Forestry and Land Use Planning (FLUP) section of the Ministry of Agriculture and Environment to several services and projects, on several aspects of land use planning requiring mapping or photo-interpretation. These services continue to be

provided on an ad hoc basis. (Note: while the USAID FLUP project has ended, the Ministry has chosen to continue the FLUP structure of services, and retained the name.)

- Funding of seminars on natural resource planning; funding of a forestry and land use planning documentation center in Niamey.

B. Agricultural Sector Setting and Constraints

About 12 percent of the total land area, 15 million hectares (ha) out of 126.7 million ha in Niger, is considered potentially useful for cultivation. Most of the agricultural land is a strip along the southern border where the annual rainfall varies from 350 mm to 800 mm. Studies in the Tillabery Department indicate that the 350 mm isohyete moved from 16 to 14 degrees latitude between 1968 and 1984. Outside of this area, available soil resources are too poor and the rainfall too irregular for successful cultivation. The typical agricultural production unit is a small family-cultivated plot, where rainfed crops are cultivated by traditional methods. In recent years, however, interventions sponsored by various donors (including USAID) have shown that simple water harvesting technologies can enhance cultivation despite reduced annual rainfall.

Some 61,000 ha of land are identified as potentially irrigable, of which about 13,000 ha are under the management of the state structure, Amenagement Hydro Agricole (AHA). About 24 million ha of land located in the North (i.e., north of the official boundary of cultivable land) are considered as useful pastoral lands. The forest area of Niger, according to FLUP's latest figures (1988), is approximately 10 million hectares. Overall, about 65 percent of Niger is located in the Saharan zone (characterized by less than 200 mm of rainfall at 90 percent probability).

The agricultural population is estimated at about 64% of the total population of 7,249,000 (1988 census). The balance of the population is categorized as urban dwellers and pastoralists. The distribution in the seven departments ranges from 0.2 persons per square kilometer in Agadez to about 25 persons per square kilometer in Maradi Department, with an overall estimated population density of 4.4 inhabitants per square kilometer.

Niger's principal food crops are millet and sorghum, covering about 70 percent of the area cultivated each year. Other products such as rice, peanuts, cowpeas, onions, cotton, corn, peppers, wheat, potatoes, skins and hides, live animals, firewood and fish generate an appreciable level of value added to the economy. According to Ministry of Plan statistics, the contribution of the rural sector to the gross domestic product (GDP) in 1988 was estimated to be about 44.4 percent. The contribution by sub-sector is as follows: agriculture 22.7%, livestock 17.7%, forestry and fishery 4%.

The livestock sector in Niger is the second major source of foreign exchange earnings after uranium. Niger's livestock situation is, however, made precarious by the depletion of the southern pasture which in the past provided seasonal relief for the herds in the North. Deficiencies in rainfall have reduced the potential forage which in turn has led to a reduction in the herd.

In recent years an enormous amount of literature has appeared describing and analyzing the environmental problems in the Sahel, including Niger. Under the general heading of "land degradation" several inter-related phenomena are identified - deforestation, soil erosion, overgrazing, loss of soil fertility, loss of biological diversity and others.

The fundamental problem is one of agricultural sustainability; that is, the ability of an agricultural system to meet evolving human needs without destroying and if possible, by improving, the natural resource base on which it depends. While there is general agreement that agriculture should be the primary "engine of growth" in Africa, it is also clear that this will require restoring and maintaining environmental stability. As observed in the Africa Bureau "Plan for Supporting Natural Resources," this can only be accomplished by strengthening the linkages between natural resource management and agriculture and rural development, and by fostering a participatory approach with the rural population.

These considerations are especially pertinent to Niger's agricultural-based economy that continues to struggle to provide food, feed, fuel and jobs for the nation. A high population growth rate, now estimated at 3.2 percent per year, and frequent years of low and irregular rainfall have significantly increased pressure on the natural resource base and caused reduced crop yields. Niger has managed to feed its growing population through steadily increasing the area under cultivation, not through increased productivity. The table below shows the historic trend in production and productivity of four important food crops in Niger.

Production in Selected Food Crops 1968 - 1986

Commodity	Area Change (1000 HA)	(% Change)	Production Change (1000mT)	(% change)	Productivity (Kg/HA)	(%)
Millet	1,121.5	+59%	264.3	+36%	-56	-15%
Sorghum	746.7	+125%	150.7	+70%	-88	-24%
Cowpeas	1,046.3	+140%	134.6	+180%	+17	+17%
Rice	9.5	+62%	22.4	+57%	-73	-3%

Note: Area changes for each crop are not exclusive e.g. millet and sorghum are often intercropped with cowpeas

SOURCE: 1987 Rapport Annuel des Statistiques Agricoles, MAE

In terms of per capita production, Niger's agricultural situation is equally alarming. Recent USDA statistics on annual compound growth rates of per capita food production between 1977 and 1986 show Niger's rate as - 3.6, the third worst growth rate among the 111 countries analyzed.

The causes of declining agricultural productivity are many. High among the reasons, however, is the loss of soil fertility in Niger's traditional cropping zones and the extension of farming into areas of reduced fertility. In most of Niger virtually all available arable land is under cultivation. Extensive areas of marginal land that were put under cultivation in recent decades have since been degraded to the point of being virtually unusable for agriculture without major restoration efforts. This often represents a dual loss, because the rangeland lost to agricultural expansion was generally of

better than average productivity and the ensuing agricultural use is of worse than average productivity and easily depletes the rangeland. One observer has estimated that on the rangeland remaining there has been a reduction of about one-third in overall productivity. This loss of productivity is a result of topsoil loss which is, in turn, linked to the severe reduction of ground cover. Although farmers now seem open to more intensive management techniques, government, donor and NGO assistance is necessary to begin and then accelerate the restoration of degraded lands, which is very expensive. More cost effective is the protection of land that is still productive.

The deterioration in the resource base is perhaps most visible in forest lands. In some areas, during the past 20 years, an estimated 40% of the area under forests has been lost due to land clearing, firewood cutting, uncontrolled fires and overgrazing. Wood provides 87 percent of the nation's energy requirements. Increasing population leads to increased wood consumption while forest resources continue to deteriorate.

C. USAID Agriculture Sector Strategy

The agricultural sector is the basis for the well-being of nearly 90% of Niger's population and is the sector the most likely to provide the basis for economic growth over the medium and long-term. But, production levels for most staples are erratic and uncertain.

This situation, which threatens the future of Niger's economic development, is attributed to a capricious climate and a degraded natural resource base. There are few farm level investments being made in technologies that would reduce effects of climatic vagaries and improve the productive capacity of the land. Among the reasons for lack of investment are (a) policy constraints on trade of agricultural products and inputs and (b) lack of policy, institutional, financial and human resource conditions necessary to increase the incentive for farmers to invest in the land.

To help alleviate this situation, the USAID program in Niger, as approved in the Country Development Strategy Statement (CDSS), has a long-term strategy objective of increasing agricultural production leading towards food self reliance and increased income. To support these objectives, the Mission developed the ASDG, authorized in 1984, to "assist Niger to achieve its economic and financial stabilization program currently in place under IMF auspices and to contribute to an increase in food production and farmers' incomes."

In implementation, the agricultural sector strategy stresses food production and diversification through community-based development, with emphasis on local management, private (and cooperative) sector participation and utilization of improved technical packages. Its components are:

- Implementation of policy reforms;

- Development of Niger's applied agricultural research capacities and its linkage into extension;

- Development of enterprise-based, self-managed organizations that invest in the land as well as produce income for its members; and

- Institutionalization of land use planning and measures against desertification, and integration of these activities into ongoing activities.

The CDSS approved in May 1986 states that a strategic objective of USAID's program in Niger is "increasing food production, leading to food self-reliance and increased incomes." A supplementary CDSS documents, the Natural Resource Annex amplifies on specific resource management needs of Niger related to this over-riding objective and how USAID/Niger can address these.

The Africa Bureau Plan for Supporting Natural Resources Management in Sub-Saharan Africa describes a core of three fundamental problems that lie at the heart of Africa's development crisis: rapid population growth, persistent economic stagnation and poverty, and declining agricultural productivity. The current USAID/Niger program addresses these underlying causes of environment degradation in the following manner: the Niger Family Health and Demography Project assists the GON to achieve its objectives in family planning; the ASDG and the Niger Economic Policy Reform Program (NEPRP) support liberalized trade and marketing opportunities; the CLUSA cooperative development activity (Agricultural Production Support Project and upcoming Rural Organizations Development) promotes the development of economically viable, self-sustaining rural organizations, the World Council of Credit Unions pilot activity under ASDG aims to mobilize private savings and investment in rural settings, and the Niger Applied Agricultural Research Project targets the problems of agricultural productivity. The TropSoils project carries out research on soil fertility, and has proposed a pilot research project on watershed management, to start in 1990.

The USAID/Niger Action Plan for 1989/90 features as its first strategic objective increased agricultural growth on a sustainable basis. A specific target is to establish program(s) for land and resource management, environmental restoration, resource studies and environmental assessments.

D. Relationship to the Development Fund for Africa (DFA) Action Plan:

The DFA Action Plan cites the problem of degraded natural resources as a key constraint threatening the achievement of the Plan's Strategic Objective Three, Increasing the Potential for Long-Term Increases in Productivity, given that natural resources are the long-term physical capital on which a nation builds and grows. This Amendment, with its focus on Sustainable Agriculture/Natural Resources Management, complements an Africa-wide target and reinforces a commitment to strengthen USAID's performance-based programming approach in the coming years. The section in this Amendment dealing with project monitoring and evaluation, Annex F, provides a description of the system being established for tracking and assessing impact.

The DFA Action Plan recognizes the need to seek "purposeful change," to tap the potential of participatory options, to build an African capability to plan and execute field activities, to reformulate policies which would permit greater integration of NRM and agricultural concerns and strengthen security of resource tenure. This Amendment takes these elements into consideration in laying out its plan for technical assistance inputs and counterpart resources utilization in an attempt to explicitly integrate and link DFA objectives into ASDG, consistent with AFR's guidance.

E. GON Strategy

The GON's rural development strategy as presented in its Five Year Development Plan 1987-1991 is to promote increased participation of the rural population in development efforts to achieve food self-reliance, employment and increased income. The strategy stresses increased crop and animal production through intensified anti-desertification and improved natural resources management measures, adapted (farming systems) research, the organization of the rural population for production and marketing activities through cooperative development, decentralized GON development support services and improved product processing and marketing infrastructure.

The three sub-programs of the rural development strategy are agriculture, livestock and natural resources (forests, wildlife, fisheries, soil, and water resources). In agriculture, the principal objective of the strategy is to assure food self-reliance given the vagaries and risks of the Sahelian climate and to provide the rural population with sufficient means of employment. Towards this objective, the GON has promoted regional-level productivity projects and irrigation development with a strong emphasis on dry season (contre-saison) crop production.

In the livestock sector, the principal objectives are to increase and protect the national herds with an emphasis on the provision of veterinary services and to rehabilitate the pastoral zone through more rational management of range resources and a better integration of agro-pastoral activities. Included here is an emphasis on the reformulation of the Rural Code intended to revamp and modernize existing legislation for land tenure and land and water usage for both pastoral and agricultural zones.

The Government of Niger's major policy statement on natural resource management emerged from "L'Engagement de Maradi sur la lutte contre la désertification," a national conference held in May 1984. Several policy and action recommendations were forthcoming from this conference, which focused on a wide range of rural development issues affecting resource management and desertification. These recommendations included reform of the rural code, initiation of a national program of reforestation, undertaking a program to arrest soil erosion and loss of soil fertility. increased training of foresters and environmental specialists, and adoption of policies which harmonize food production and environmental protection.

These themes have been carried over in the current GON Five-Year Plan (1987-1991) which again identifies increasing desertification as a critical national problem. The plan's long-term agricultural orientation is stated as "preserving the ecologic equilibrium so that increased agricultural production does not arise at the expense of the agro-sylvo-pastoral land base." This objective echoes the policy statement cited above from the "Engagement de Maradi" on harmonizing agricultural production and environmental protection. In the realm of natural resources, the Five-Year Plan's goals include restoration and preservation of the ecological equilibrium and satisfaction of Niger's need for fuelwood, construction materials, forage, fiber and food.

The Chief of State has repeatedly endorsed the importance to the State of environmental protection and rehabilitation, as well as security of tenure and user rights as a basis for individual investment in the land. The Government has demonstrated its determination to improve environmental conditions in very

real terms through the investment of its own (albeit limited) funds. In 1988, 100 percent of the GON's allocation to the Investment Budget was for environmental protection. While this may not re-occur, it is a clear statement of priorities to members of the civil service, a group whose endorsement of NRM objectives is needed if progress is to be made.

The Government is moving on a variety of fronts to give more responsibility and authority to the grassroots level. The central government is to decentralize decision making, and "A" level cadres (the highest technical level within the Civil Service) are starting to be assigned from the Ministry of Agriculture and the Environment at the arrondissement level. A Constitution is to be promulgated, which will make individual rights more explicit. The Rural Code development process is moving ahead slowly. In the interim the Government has shown increasing willingness to resolve tenure and use issues incrementally (establishing legal precedents for individual cases). The Chief of State has ordered that outstanding litigation on resource rights be resolved with all deliberate speed, as land use disputes disrupt productive use of the resource base. The GON's committment to local organizational autonomy has been shown by recent official recognition of local rural organizations with administrative and financial autonomy, as well as the creation of Nigerien non-profit development organizations.

F. Other Donor Assistance

Other donor macroeconomic and policy reform assistance is discussed in section II.A., above.

GON and donor activity in natural resources management has increased significantly since the 1984 "Engagement de Maradi" and will continue unabated. There are numerous other donor (interpreted to include multilateral organization and NGO) projects in sustainable agriculture/natural resource management. Most are small in size, as is typical for SA/NRM activities worldwide. Maintenance of funding levels is reportedly a problem (especially for PVOs, which are not able to mobilize the same levels of private contributions as during the drought, when most of the present projects were conceived). In addition to these projects, several substantial projects may evolve which have potential to enhance the impact of GON/USAID efforts in this domain.

The UNDP/FAO multiple purpose forest management and reforestation project will work primarily in four arrondissements in Maradi and Tillabery Departments but will also provide national level supplementary training of GON personnel.

The World Bank energy project with Danish-financed household energy component will develop a firewood trade and cutting permit system, will develop forest management plans, and will establish rural firewood markets and production areas. The Bank and GON are modifying certain aspects of this project (in particular rate of increase of cutting permit fees) following discussions with USAID. The Bank has now announced its intention to study the impact of the initial increase in cutting permit fees before pressing for further increases.

West Germany and the OAU are financing the Liptako-Gourma feasibility study of the Integrated Rural Development Project which will cover four arrondissements in Tillabery Department over a 15 to 20 year period. Natural resource management is one of the main objectives of this project.

The French volunteer organization (AFVP) projects in Niamey, Maradi and Tahoua Departments will include activities in restoration and increased fertility of soils, restoration of pasturelands, and arresting deforestation.

The GTZ proposes to provide a forestry advisor and short-term consultants to the Ministry of Agriculture environmental division.

CARE, with Danish funding, will do agro-forestry, mini-nurseries, and natural forest management in Tillabery, Maradi and Tahoua Departments over a five year period.

The World Food Program is developing a continuation of its food-for-work project, which may more than double the amount of food aid available to support NRM interventions.

Italy, through the FAO, plans to continue its showcase Keita Arrondissement rehabilitation project in a second phase.

The World Bank is designing its next phase of interventions in agriculture and natural resource management. Initial implementation efforts focus on small rural operations (including assistance to communities in designing projects), pilot resource tenure efforts, pilot Training and Visit (T&V) activities in Dosso Department. The IBRD is considering design of an agricultural sector grant to complement the next phase Structural Adjustment Program.

This amendment has been designed with full consideration to these other, complementary donor efforts. USAID maintains active contact with the major actors, although there is no formalized donor coordination in SA/NRM at the present time (the Government of Niger preferring individual contacts and issue-specific discussions). It should be noted that several other donor SA/NRM projects now underway have grown out of the FLUP model of natural forest management.

III. Program Description

A. Rationale and Major Problems

1. Rationale

The rationale for the amendment's proposed focus on sustainable agriculture and natural resources (SA/NRM) is that this emphasis is necessary to improve the long-term prospects for impacts made under the ASDG and other investments. An intent of the ASDG is to reduce policy constraints to agricultural development and to improve allocation of investments. Significant progress has been made in reducing these constraints (ASDG Evaluation, 1989). The SA/NRM focus in this amendment complements this progress by supporting and promoting wider implementation of existing policies that increase the incentive for farmers to invest in the land for beneficial mid and long-term impacts. The policy agenda of this 30-month amendment therefore emphasizes the extension and reinforcement of policy reform that is already underway rather than major new policy change. The products of the amendment are expected to provide empirical support for further policy development and refinement.

The amendment builds on USAID's considerable experience and reputation in NRM issues in Niger. The Guesselbodi Forest management program, designed and implemented under the FLUP project, is a model in Niger (and the Sahel) of community-based natural forest management. Many of the positive policies toward community control of natural resources which are beginning to be followed by the GON come out of the Guesselbodi experiment. USAID plays an influential role in NRM policy discussions. In the hiatus after FLUP's PACD, USAID has continued interaction with the government under other projects and ASDG (whose Counterpart Fund has continued to finance FLUP core activities).

The rationale for use of ASDG rather than funding a small interim project is that a) policy dialogue has proved most effective within policy based programs, b) the NRM counterpart fund can potentially reach more actors (NGOs, non-U.S. PVOs) in the short run than dollar-funded projects, and c) continued monitoring and progress on existing ASDG conditionality warrants an extension of time to allow overlap between ASDG I and its successor.

2. Description of Sectoral Constraints Addressed by Amendment

The constraint to achieving sector objectives which this amendment addresses is the degraded natural resource base in Niger. As stated previously, the productive capacity of agricultural and pastoral lands has been declining rapidly in Niger over the last several generations. Increases in production of grain staples are coming from extension of cultivation into more lands that are increasingly less productive. In 1960, it was estimated that about one million hectares were under cultivation for millet and sorghum. Today, over three million hectares are under cultivation and much of this land is much less productive and more susceptible to degradation. In another generation (when the population may be double), it is estimated that over eight million hectares will be needed to support Niger's population if current production rates are maintained. Much of this area will be much more marginal than that being cultivated today.

As farmers move into more marginal lands, several negative impacts occur. First, the risk of long-term ecological damage increases. Second, encroachment occurs into the better pasture land and herders are themselves forced into more marginal situations. Clearly, the economic future of Niger depends upon stabilization of agricultural and pastoral land uses. Specifically, sustained economic growth will depend upon farmer investments that have short, mid and long-term impacts on soil fertility, soil/moisture conservation, vegetation management, and germ plasm conservation and introduction. For these impacts to be sustainable, these investments must be both economically and ecologically sound.

Recent assessments (Sheik et. al., Opportunities For Sustained Development, 1988) show that appropriate technologies exist and are being used in a number of areas in the Sahel. However, investments in the land often are highly risky and the rate of diffusion is much too slow to have an impact on the rapidly degrading natural resource base. It has been found that farmers are usually more likely to adopt appropriate technologies when the following conditions exist:

- Tenure and usufruct policies that provide farmers the rights to the products of their investments;

- Government institutions that provide technical assistance to farmers;

- Extension systems that allow farmers to determine for themselves whether to invest in an approach;

- Financial systems that provide acceptable levels of risk and, in some cases, credit and cost-sharing;

- Local institutions that manage capital, credit and common resources; and,

- Accessible markets for the products of their investments.

To stabilize agricultural and pastoral land use in Niger, the appropriate roles of the GON and donors are (a) to establish the policy, financial, human resources, and institutional conditions that favor farmer adoption of the necessary technologies, and (b) to provide demonstrations of viable land management systems in order to allow the farmer and pastoralist to make informed decisions about investing in the land.

B. Description of the Amendment

1. Purpose

The purpose of the Agriculture Sector Development Grant is to:

- Promote agricultural production by diminishing the policy constraints to development in the agricultural sector;

- Maintain existing investment activities and raise the level of the sector's absorptive capacity; and

- Contribute towards structural adjustment objectives through minimizing the adverse impacts of austerity and structural adjustment measures on agriculture/rural development programs.

The ASDG, through promoting basic structural adjustments that have removed some constraints to economic development, has contributed to the Mission's overall agricultural strategy. While much progress has been made under the ASDG program in removing market constraints in the agricultural sector, there is a lack of evidence as to whether market forces, by themselves, provide sufficient incentives for farmers to make the medium and long-term investments in the land that are necessary for sustainable production. Thus, this amendment will evaluate natural resource management interventions which have as their purpose to increase incentives for farmer investments in the land.

2. Conditionality

This interim program will stress expansion and publicizing of positive efforts in usufruct rights for land management programs which the GON has made on a pilot basis.

The resource transfer provided by this Amendment will be in two tranches, of $3,000,000 and $2,000,000. The conditions precedent to release of the first tranche provided by this Amendment are:

a) The Government of Niger will publish, through the official channels, provisions detailing the usufruct rights granted to communities of the forest management sites (e.g. Guesselbodi, Maggia Valley). These provisions will specify that these usufruct rights will be taken into consideration in the preparation of the Rural Code. They will be extensively publicized and disseminated to departments and arrondissements.

b) The Government of Niger will publish, through the official channels, provisions specifying that communities managing the sites following an approved forest management plan will continue to profit from the same advantages as those applied to Guesselbodi (specific conditions aimed at promoting rational exploitation of natural resources). These provisions will disseminated as mentioned above.

c) The Government will negotiate with USAID a work plan with benchmarks for continued progress between September 1989 and September 1990 on policy reforms in the areas of input supply, rural credit, cross border trade, seed supply, grain marketing competition, private sector participation in marketing, as well as promotion of investments in the land. The work plan will provide detailed plans for 1989/1990, and general plans for succeeding years.

The condition precedent for the release of the final resource transfer is that the Government will negotiate with USAID a work plan with benchmarks for continued progress between October 1990 and the new PACD, March 1992, on policy reforms in the areas of input supply, rural credit, cross border trade, seed supply, grain marketing competition, private sector participation in marketing, as well as promotion of investments in the land.

The Government also covenants to publicize to non-governmental organizations (PVOs and NGOs) the text of a) and b), above, as well as the existence of a Counterpart Fund sub-account exclusively devoted to natural resource management activities. Evidence of this publicity campaign will be presented for review prior to release of the resource transfer.

The Government further agrees that thirty percent of the value of the Counterpart Fund sub-account created under this amendment will be set aside for activities proposed by non-governmental organizations/private voluntary organizations, both expatriate and local.

No local currency funds will be released to projects until negotiated changes are made by the GON in the management of the counterpart fund. The changes needed are based on previous implementation experience and are confirmed by the recently-completed final evaluation of ASDG. The specific recommendations can be found in Annex I.

The rationale for the selection of this set of conditions is the following. The Government of Niger has, over the past few years, initiated some very positive pilot programs for land use management (particularly forest management). The participants in these programs have, on a case-by-case basis, been granted usufruct rights such as right to cut live wood under

supervision, right to sell the wood and keep a portion of the proceeds (an agreed percentage being invested in a fund for the managed site, under the Guesselbodi model). These activities are permissible under the existing Forestry Code.

However, under the same code individuals and groups can also be fined for such acts as pruning trees and for clearing brush in certain areas. And the government claims ownership of common land (for which it sells permits for wood cutting to commercial woodcutters, for example), potentially impairing rational management of natural resources.

As an interim step in this amendment, USAID will require that the Government publicize more widely the positive aspects of its outreach program and of the legal code. Dissemination of this information will reinforce the natural resource management efforts underway and will affirm that these efforts require, and are officially granted, clear usufruct rights and legal protection.

Decrees or arrêtés that managed forest sites will pay a lower rate for wood cutting permits are necessary to provide incentives for local communities to invest in the sustainable management of natural forests

At present, the forest service and cooperatives involved in natural forest management enforce that all wood cut at a managed site is subject to prior payment of permit, whereas monitoring of proof of payment of permit fees by commercial woodcutters is less rigorous. In addition to requiring payment of the permit, the cooperative cedes part of its profits to a forest management fund (while commercial wood cutters, of course, keep full profits). Hence the cooperatives operating managed sites under forest agent supervision would be victimized by full application of the increasing permit fees.

The Ministry of Agriculture and the Environment has recognized this danger, and applied a lower permit rate for the Guesselbodi Woodcutters Cooperative. This action is laudable. It should now be stated as public policy, via decree or arrêté, for all approved forest management sites, present and future.

The covenants and requirements for greater involvement of non-governmental organizations in the program are introduced for two reasons. It is generally agreed that, throughout the world, non-governmental organizations can play an important role in natural resource management. This role complements, but does not compete with governmental roles. NGOs/PVOs (the distinction is not generally made in Niger) have the strengths of grassroots approach and willingness to invest resources over a long period of time. There are a number of NGOs worldwide which are devoted primarily to NRM programs. It has been the experience of the ASDG Counterpart Fund, however, that PVOs/NGOs are under-represented. Only the largest U.S. PVOs in Niger (CARE, Africare) have received funding. Non-American organizations have not formally applied for funding. This is unfortunate. There are a variety of reasons suggested for this under-representation. One, the Counterpart Fund is viewed by many as primarily a fund for the GON. PVOs often assume applying is not worth the effort. There is a perception that any funding which does go to PVOs is intended for U.S. organizations. The proposal requirements appear strict and non-governmental organizations may be discouraged from applying. There are few PVOs and NGOs in Niger. However this situation is improving and indigenous NGOs are now being permitted to establish themselves as legal entities, including for the first time a local environmental NGO.

To counter the perception that NGOs (particularly non-U.S organizations) need not apply, the GON will agree to set aside 30% of the fund for PVOs/NGOs and to publicize the fund's existence. To encourage participation, the technical assistance component of the grant will be able to assist in preparation of promising PVO/NGO proposals (through the services of the NRM advisor, and through short-term technical assistance, if warranted). The Counterpart Fund can continue to be used, as in the past, to finance feasibility studies for PVO projects.

3. Policy Outputs

The outputs of the amended project read as follows:

- Reorientation of the agricultural input subsidy policy and restructuring of the official input supply agency acheived.

- Promotion of competition in grain marketing through the liberalization of official marketing and pricing policies acheived.

- Appraisal of the country's agricultural credit situation, particularly in the informal credit market, acheived. Implementation of the study's recommendation for experimental program.

- Policy to promote border trade of livestock, cowpeas and other agricultural products adopted.

- Promotion of more cooperative and private trader participation in the supply of agricultural inputs; border trade of livestock, cowpeas and other agricultural products; and internal grain marketing and storage.

- Establishment of framework and preparation of action plans for restructuring and diversifying the seed and plant material production and distribution systems, including establishment of a national certification and quality control regulatory system.

- Promotion of wider implementation of natural resources management policies that increase the incentives for communities and individuals to invest in the land to increase sustainable agricultural production and rural income while maintaining and enhancing the natural resource base.

This amendment, by itself, will not remove the myriad constraints to increased individual investment in the land. The SA/NRM emphasis of the amendment is focused on supporting implementation of policies that are favorable to more widespread adoption of appropriate land management systems. The policy incentives which are highlighted by the conditionality of the grant are active government promotion of community investment in the land, and guaranteeing of usufruct rights and management autonomy to communities which do undertake positive actions.

4. Inputs

The inputs of the ASDG consist of: (1) conditional resource transfers; (2) equivalent local currencies derived from the Grant; and (3) technical assistance, policy studies, pilot activities and implementation support. Resource transfers are made on the basis of fulfillment of conditions related

to the policy objectives of the sector assistance program. Upon receipt of the resource transfer, the GON will deposit the local currency equivalent in a special local currency account. A portion of the local currency generations (8 percent) will be deposited in a local currency trust fund account which USAID will administer for program and operational support activities.

The local currency generated by the conditional resource transfer will be used to support activities including pilot projects and studies which will contribute to natural resource management goals. The local currency generated by the resource transfers of this amendment (sixth and seventh tranches) will be constituted as a discrete sub-account of the Counterpart Fund which is jointly managed by the GON and USAID. This sub-account will have its own criteria for selection of projects (see Annex E). The approach is cost effective, as policy reform progress is complemented by project activities funded by the local currency resulting from the resource transfer. A sizable portion (30%) of the local currency sub-account will be reserved for PVO/NGO activities which generally can be expected to feature least cost approaches to problem solving. Local currency use will be directly related to program objectives. Examples of projects likely to receive funding under the jointly programmed Counterpart Fund are land use planning programs, partial funding of PVO outreach activities such as natural forest management projects, and establishment of new local land use management sites.

The amendment adds a total of $7,000,000 of which $2,000,000 is for technical assistance, studies and short-term training to help the GON and USAID undertake the policy reform program and to manage the local currency program. The implementation of the policy reform program will continue to be supported by specific policy steps and the development of a policy analysis unit in the Ministry of Agriculture to help ensure the continuation of effective policy formulation and implementation. ASDG, as amended, provides a total of 7 work years of long-term resident technical assistance staff and approximately 12 person months of short-term assistance, as well as short-term training and studies. Based on the needs of this amendment, and the findings of the final evaluation, the existing team will be modified to include a natural resource management advisor, and to increase the team's attention to the programming of local currency funds. It is anticipated that the ASDG II T.A. team will arrive prior to the departure of the team leader/agricultural policy analyst and the NRM advisor on the ASDG team.

A separate projectized activity in ASDG is the pilot credit union program by the World Council of Credit Unions. The scope of that activity is unchanged by this amendment. It should also be noted that USAID uses trust funds to finance the services of a financial advisor to the Secretariat, who assists the GON to maintain accountability for GON-owned local currency derived from both the ASDG and the Niger Health Sector Support Grant (NHSS). Following the ASDG evaluation, the terms of reference of this position are being modified to strengthen its authority.

The new NRM advisor position will be funded for a two year period to help set up technical details of selection criteria for local currency projects, to assist organizations in preparing technical proposals, if necessary, and to serve as an advisor to the Government on NRM policy issues. A team leader/agricultural policy analyst with macro-economic background serving in the Ministry of Agriculture and Environment will continue to assist the government in monitoring the progress and impact of the program. The existing

development economist position will be extended by two years to allow completion of economic analysis guidance for counterpart fund project proposals. The seed specialist position will be extended for one year. A fifth individual, recruited locally, will be added to allow continuation of information planning/microcomputer training services if funding can be identified within the existing contract and if the Ministry of Agriculture agrees to changes in the organization of computer services.

The amendment increases funding available for studies, short-term technical assistance and short-term/in-service training. One of the findings of the final evaluation was that the long-term T.A. team did not have enough money or manpower to carry out the policy-related studies needed to support the program. Training efforts were limited under the original design, and for this USAID was criticized.

Studies proposed in the amendment period include economic analyses of GON policy, institutional, and cost-sharing options for stimulating farmer investments and reducing the GON's burden in SA/NRM development. The amendment period serves as an opportunity to collect information about the most promising initiatives and use those data for testing working hypotheses about technology impacts and diffusion and by comparing the probable impacts of various policy options on land use management. Other studies will be targeted directly at the existing conditionality of the grant. Tentative plans for studies are described in Annex E.

C. Developmental Impact

1. Impact

The intended impact of the NRM policy reform under this amendment is to contribute to stabilizing the natural resource base. Outputs will be visible at the end of the 2.5 year extension period. These include an additional 15,000 hectares under land use management plans, a 50% yield increase on farmers fields under land use management plans, 2,000 more farmers adopting improved NRM techniques and five more GON-cooperative/individual agreements for sustainable management of public lands. Impact will be monitored, but major changes in ecological conditions will mainly be visible five to ten years after intervention (viz. Majjia Valley, where demonstrable impact of windbreaks took 7-10 years to be seen).

The long-term impact of encouraging individual investment in the land through ASDG and other programs (USAID, GON, other donor, NGO) can be hypothesized based on particular examples in Niger and similar countries. Mobilizing the private initiatives in the agricultural sector has produced some remarkable impacts on increased food security and income and in increasing the cost-effectiveness of the management of natural resources. Examples of homestead and cooperative enterprises show that the GON is very much a net gainer when it has the opportunity to play the role of extending techniques to farmer entrepreneurs compared to the role of policing.

Beyond the financial impact at the level of farmer and herder, actions supported under this amendment should increase investments that will have long-term effects on soil fertility, soil and moisture conservation, vegetation management, and biological diversity. These effects will help sustain the impacts of the ASDG and other investments.

The program's developmental impact is also increased by USAID project assistance which provides direct technical and financial assistance to development of improved approaches to sustainable agricultural production. As mentioned previously, these interventions include NAAR applied agricultural research, TropSoils soils studies and planned catchment basin research, CLUSA cooperative development work (including work with cooperatives on managed sites), NEPRP's complementary policy reforms related to agricultural marketing.

More analysis of program impact is contained in Annex E.

2. End of Program Status

The end of program status for the six existing policy areas of ASDG has been described in the PAAD, as amended in 1987 and 1988. A summary of EOPS is contained in the logical framework, Annex A. The anticipated changes caused by the natural resource management aspect of the program are as follows. At the end of the amendment period, farmers and herders will have more opportunities to make informed decisions about investing in land use management, and the GON will have an enhanced capacity to support rational land use management. The land use management sites expected to be identified or established during the amendment period will permit farmers and herders to make first-hand decisions about the relative benefits and costs of management systems. Also, the land use management sites will allow GON and donors to test working hypotheses about diffusion strategies and will help them develop clearer ideas of where to invest in sustainable agriculture and natural resources. Based on economic analyses of various options, the GON will be in a better position to select policy, institutional, and financial strategies to help diffuse appropriate land-use management strategies. GON professionals will have increased their capacity to plan and support land-use management strategies, both at the local and national levels, through increased training and support to technical services. Specifically, outputs include an additional 15,000 hectares under land use management plans, a 50% yield increase on farmers fields under land use management plans, 2,000 more farmers adopting improved NRM techniques and five more GON-cooperative/individual agreements for sustainable management of public lands.

3. Sustainability

The probability of enduring impacts from this amendment will depend on the success of the GON and donors in mobilizing the energy and ingenuity of a large portion of the population to make investments that have beneficial medium and long-term impacts on the land's productive capacity. Farmers in the Sahel are involved in a wide variety of enterprises that provide them with increased production and income while maintaining or upgrading the natural resources base. These include water harvesting, pole plantations, forest and range management, windbreaks, and field trees for forage and soil enrichment. While many of these activities were initiated with GON and donor assistance, their diffusion is increasingly being carried out by farmers. The objective of this amendment is to create circumstances (through policy reform and local currency funding) in which farmers and herders will have incentives to increase the rate of diffusion of these appropriate technologies.

This amendment will contribute to more widespread adoption of policy, institutional, financial, and human resources conditions that increase the incentive for rational land-use management by farmers and herders. For example, once favorable tenure and usufruct policies become more of a rule than an exception, more farmers will invest their own resources in land use management.

Second, the local currency fund created as a result of the resource transfer will be be available to finance outreach projects. While USAID does not wish to predetermine programming of the Fund (project proposals will come from the GON and NGOs), it will aim toward support of land use management projects, based on Guesselbodi and similar models, by enforcing selction criteria, influencing proposals through technical assistance and participating in program decisions. Criteria for project selection (and informal contacts with potential applicants) will give high priority to such proposals. In mobilizing the resources of farmer entrepreneurs, land use management projects aim to provide graphic demonstrations of both the economic and ecological benefits of low-risk land use management systems that have proven sustainable elsewhere in the Sahel. This will allow farmers a chance to make informed decisions about the relative benefits and risks of various investment options. Criteria for use of the Counterpart Fund will give priority to financing activities at sites where farmers are already benefitting from particular systems or where the potential is reasonably high.

D. Groups Affected by the Program

Direct beneficiaries of this amendment (in addition to direct beneficiaries of the ASDG as a whole, as described in PAAD and its previous amendments) include cadres receiving short-term training, government employees whose services receive financial support for activities, and individuals/cooperatives involved in managed sites. Indirect beneficiaries include potential future participants in managed sites and, eventually, the rural population as a whole, which will benefit from incentives to investment in natural resource protection and restoration.

Establishment of usufruct rights for beneficiaries of land management sites may lead to some people having restricted access to grazing for animals during initial years of intervention. Most of these people will be residents in the vicinity of managed sites, who will benefit from other aspects of the programs (e.g., wages for site improvements). In most cases, managed sites are not on major transhumant routes for herders. Commercial woodcutters perceive restriction of trade when denied unsupervised access to managed sites. However, these sites are dispersed geographically and negative impact on commercial cutters is actually modest. Benefits to the environment from controlled cutting far outweigh any perceived loss to commercial woodcutters.

Detailed description of groups affected by the program is found in Annex D.

E. Linkage with Other Donors

With the possible exception of the wood cutting permit fee issue (on which the IBRD is reportedly softening its stance following discussions with A.I.D.), the program is closely aligned with other donor efforts. ASDG has, since its inception, been implemented in coordination with the World Bank, the major policy actor overall. Indeed, the IBRD acknowledges the role of ASDG in

defining its own policies in agriculture and rural development and USAID has designed and implemented its own policy reform programs to be coherent with Bank programs. In operational terms, USAID collaborates with major donors and multilateral organizations in many of the ASDG reform areas. One example is negotiations on the role of the grain marketing parastatal (OPVN), in which USAID serves on a multi-agency consultative committee.

This amendment has also been designed to take advantage of donor cooperation. Policy reform efforts and local currency programming under the amendment are facilitated by other donor project efforts.

IV. Program Implementation

A. Implementation Responsibilities

The executing agency for the grant will remain the Ministry of Plan and Regional Planning. That ministry has specific authority over management of local currency funds (Counterpart Fund).

Monitoring of policy reforms under the reform is managed at different levels. Crowning the monitoring process is a High Committee consisting of secretaries general from all concerned ministries and USAID representatives. That committee is chaired by the secretary general of the Presidency. The High Committee meets to review the implementation of policy reforms and to propose release of tranches of the resource transfer by USAID/Niger. The High Committee bases its findings on the results of a joint Technical Committee consisting of mid-level personnel of the same technical agencies, and chaired by an economic counselor to the Prime Minister. This body was created as a result of the mid-term evaluation in late 1986 and has proved an effective forum for discussions of policy issues. The Technical Committee is responsible for monitoring and reporting on implementation of the measures on a regular basis.

Monitoring of policy reforms also takes place within USAID. This aspect of the program is described in the monitoring and evaluation plan, Section IV.D.

USAID's Agricultural Development Office manages the program for USAID and coordinates its implementation under the guidance of a USAID steering committee, as with all other Mission programs. The responsibilities of the committee remain as described in the original PAAD and the Grant Agreement. USAID has a team of fulltime professional personnel in the Agricultural Development Office assigned to monitor the grant, including a Project Officer, senior Nigerien agricultural program specialist and an FN economist, coordinator for the Counterpart Fund. In addition, USAID is recruiting a NRM advisor to assist on NRM technical issues for ASDG and other programs.

Programming of local currency funds resulting from the program is the joint responsibility of the GON and USAID, in the form of a Management Committee. The role of this committee is discussed further in IV.E.1.

Contracting for the technical assistance component of the grant (the projectized component) is the responsibility of USAID. Direct contracts are used in all cases.

B. Policy Implementation Schedule

The revised indicative policy implementation schedule which covers the ASDG program extension period, September 1989 until the PACD of March 1992, is as follows:

Action	Month/Year
ASDG TA Contract amendment signed	September 1989
Credit Union registry established	September 1989
Seed quality control certification system established	September 1989
Seed demand analysis completed	September 1989
NRM Advisor, Economic Analyst arrive	November 1989
System for monitoring impact assessment in place	November 1989
Conditions Precedent for the release of the sixth tranche met and a work plan for implementation of all policy measures to be executed as of September 1990 prepared	December 1989
Average level of subsidy on agricultural inputs reduced to 15%	December 1989
Evaluation of tender and bids process completed	December 1989
Cost/benefit analysis of price information broadcasts completed	December 1989
Administrative and regulatory procedures for livestock exports simplified	December 1989
Semi-annual progress report submitted and reviewed	December 1989
Counterpart Fund NRM sub-account established	January 1990
Project approval under NRM counterpart fund begins	February 1990
Five Credit Unions established	March 1990
Semi-annual progress report submitted and reviewed	June 1990
Audit of Secretariat and Counterpart Fund	June 1990

Credit Union legislation finalized	June 1990
Seed diversification analysis completed	June 1990
Internal evaluation of seed component completed	July 1990
Implementation of Seed Action Plan completed	September 1990
Seed centers privatized	September 1990
Seed Advisor leaves	September 1990
Mid-term review of progress towards policy reforms and local currency fund TA component	September 1990
Conditions precedent for release of seventh trance met and workplan for implementation of all policy measures to be executed as of ASDG PACD prepared	September 1990
Mid-term evaluation of credit union project	November 1990
Ten Credit Unions established	March 1991
Development Economist, Economic Analyst and NRM Advisor leave	October 1991
Agricultural input supply agency an autonomous, cooperatively owned entity	December 1991
Removal of all restrictions on grain trade	December 1991
Development activities supported by counterpart fund continue to progress towards objectives	December 1991
Final progress report	December 1991
Fifteen Credit Unions established	January 1992
Final Evaluation of Credit Union activity	January 1992
Credit Union Advisor leaves	March 1992
ASDG PACD	March 1992

C. Technical Assistance/Studies/Training

A $2.00 million portion of the amendment will be applied to the projectized component of ASDG. The funds will provide the following:

- Two person/years, chief of party/economic analyst
- Two person/years, natural resource management advisor

- Two person/years, development economist (existing position)
- One person/year, seed advisor (existing position)
- 12 person/months short-term technical assistance
- Studies
- Short-term/in-service training.

Sufficient funding remains for audit requirements and evaluation, if deemed necessary. The projectized component is described in Section III.B., above.

USAID has a direct contract with the University of Michigan, a Title XII institution, which provides long and short-term personnel to the program. It is USAID's intention, and the Regional Contracting Officer has so approved, to continue the contract with the University of Michigan. A CBD notice will be issued, and if no challenges are received, USAID will proceed to negotiate an amendment with Michigan. After careful consideration of the various options, USAID has determined that terminating this contract and re-competing would have little or no advantage to the United States Government or to the Grantee. Michigan has built up a relationship with the GON and two individuals on the present team have expressed willingness to stay on.

D. Monitoring and Evaluation Plan

The Information Plan, Annex F, gives operational details of the monitoring and evaluation plan specifically for this program. To summarize, USAID is intensifying its monitoring of ASDG program impact now that data sets have been collected by the technical assistance team. Using Project Development and Support (PD&S) funds, USAID is buying in to the Agricultural Policy Analysis Project, Phase II (APAP II) for the services of a specialist in design of systems for impact monitoring who will make recommendation on design of systems for monitoring ASDG I and ASDG II. This assistance is scheduled for June/July 1989 and should yield a detailed plan by September 1989.

In effect the Mission draws on a wider range of data sources for monitoring of policy reform effects than those listed in the Information Plan. USAID is now negotiating a buy-in to the Cornell University Policy Reform Impact Study (Cooperative Agreement). Under the Agreement, an economist will work for two years in the Economic Analysis Division of the Ministry of Plan (starting in 1989). The objective of the study is to develop analytical tools and capability within the Ministry of Plan to evaluate the economic impacts of national and sectoral programs, especially their impacts on the poor. The study will also result in a better understanding of the macroeconomic structure of the national economy and especially the rural sector.

The Niger Economic Policy Reform Program (NEPRP) is financing an IFPRI (International Food Policy Research Institute) study on village-level consumption and revenue. This study will provide a baseline for examining achievement of policy reform program goals of diversifying and increasing rural income. The study will survey four villages in food deficit and intermediate zones over a one-year period. The data will be combined with existing ICRISAT data for the same villages (1982-86) and analyzed to determine the impact of agricultural policy reforms, especially in the area of food policy, on the sources and uses of income in the rural areas. The study will give USAID a detailed view of income sources and levels in these zones, current drought coping strategies, and degree of food self-reliance in the village. This information is directly relevant both to NEPRP and ASDG.

USAID has agreed to buy into APAP II for short-term policy advisor assistance (such as design of monitoring systems) and is considering undertaking collaborative research with the project. The topic among APAP research areas which is of most immediate interest to USAID, and this program, is the impact of agriculture on natural resources, including impact of government policies and institutional determinants of resource use. Final selection of research topics will be made later this year, following further discussion with that project (which is currently drafting statements of approach to the various research topics). The short-term technical advisory services available under APAP II will definitely be used by USAID over the next three years to assist in monitoring ASDG and NEPRP impact. Precise plans will be made at a later date.

Monitoring of Counterpart Fund initiatives will also be closely monitored, as noted in Annex E.

E. Financial Plan and Management

1. Local Currency Management Procedures and Implementation Schedule

With the additional $5,000,000 to be added to the local currency program by this amendment, the equivalent of $44,815,000 (less the trust fund) in CFA francs will be generated from this sector assistance program. The local currency generated from this amendment will be used to finance project activities in natural resources management. The criteria for the allocation of local currency-funded initiatives are described in Annex E.

A special sub-account will be established for the local currency. The allocations of the local currency are proposed by the Counterpart Management Committee. A local currency Trust Fund is established for USAID's use. The Trust Fund allocation is equivalent to 8 percent of the value of the resource transfer.

The Government of Niger and USAID will continue to use the Counterpart Fund Management Committee for the NRM account, as with the regular program. This committee will consist of GON and USAID representatives. The joint Government of Niger/USAID Counterpart Management Committee reviews and rank orders proposals for financing from the local currency special account. Following the review, the Committee makes written recommendations for the approval to the Minister of Plan and to USAID. Funds can be transferred from the special account only when both the USAID Mission Director and the Minister of Plan have countersigned the approval document.

2. Other Foreign Exchange Components of the Program

With this amendment, a total of $ 6.2 million is made available under the foreign exchange component of the grant for technical assistance, policy studies, seminars, in-service training, audit and evaluation. An additional $1.9 million has been provided to the World Council of Credit Unions for a pilot credit union activity (through a cooperative agreement).

3. Obligations

Table 1 shows the cumulative obligations of funds for all components of the ASDG, including this Amendment. With this Amendment, a total of $44,815,000 (less USAID/Niger's Trust Fund allotment) is planned for disbursements to the program's Counterpart fund account. These disbursements are tied to evidence of progress in the implementation of the policy reform program.

The steps for dollar disbursement are as follows:

1. AID and the Government of Niger sign the Grant Agreement Amendment which will contain certain policy performance indicators and conditions precedent to the dollar disbursements;

2. After the Government of Niger (GON) has satisfied conditions precedent, the U.S. Treasury will be requested by M/FM/PAFD, based on documentation provided by USAID/Niger, to disburse the resource transfer to the account of the Banque Centrale des Etats de l'Afrique Occidentale (BCEAO) in the Federal Reserve Bank, New York, New York.

3. The Federal Reserve Bank will electronically transfer this deposit to the BCEAO Dakar, Senegal for conversion to CFA francs. The BCEAO, in turn, will transfer the funds to BCEAO Niamey, Niger and from the BCEAO Niamey to the ASDG Counterpart Fund sub-account for NRM within the treasury.

4. Local currencies, equivalent to 8 percent of the dollar disbursements, will be deposited in the Special Local Currency Trust Fund Account with the BCEAO in Niamey, Niger for the USAID/Niger Trust Fund.

Funds have been set aside in the foreign exchange component for audits of the program. The Government of Niger will arrange for independent audits of the local currency program. Normal USG audit provisions will apply to all funds under the grant. A comprehensive audit is planned for FY 1990.

Of the $ 6.2 million budget for technical assistance, policy studies, in-service training, workshops and evaluation, $3,160,000 was obligated prior to 1984, $840,000 in 1987 via the first amendment, $200,000 with the second amendment and $2,000,000 with this amendment. Direct AID contracting is used for these activities. The method of financing is direct payment. Under the second amendment a limited scope grant agreement (LSGA) in the amount of $1.9 million was used to finance a grant to WOCCU for credit union development activities. The illustrative methods of implementation and financing are provided by Table 2.

Section 121(d) certification standards have been and will continue to be applied to the Secretariat. A 121 (d) certification review will be carried out on a semi-annual basis, which will include inspection of all books and ledgers of the Ministry of Plan and site visits of projects financed through the local currency fund. No local currency funding will be controlled by the Grantee under the technical assistance component of the grant. Direct procurement and payment will continue to be used by USAID for this component of the program.

TABLE 1

Illustrative Obligation of Funds
(000 US $)

	Previously Obligated				This Amendment			New Total			
	SDP	ESF	DFA	Total	SDP	DFA	Total	SDP	DFA	ESF	Total
Conditional Dollar Disbursement	18,637	16,278	4,900	36,800	-	5,000	5,000	18,637	9,900	16,278	44,815
Technical Assistance	3,007	-	200	3,207	-	1,550	1,550	3,007	1,750	-	4,757
Limited Scope Grant Agreement (WOCCU)	-	-	1,900	1,900	-	-	-	-	1,900	-	1,900
Policy Studies, Seminars, Workshops	722	-	-	722	-	400	400	722	400	-	1,122
Evaluation	173	-	-	173	-	-	-	173	-	-	173
Audit	60	-	-	60	-	-	-	60	-	-	60
In-Service Training and Support	38	-	-	38	-	50	50	38	50	-	88
GRAND TOTAL:	22,637	16,278	7,000	45,915	-	7,000	7,000	22,637	14,000	16,278	52,915

Table 2

Agriculture Sector Grant Amendment
Method of Implementation and Financing
(in $000) Project No. 683-0246

Type of Assistance	Method of Implementation	Method of Financing	Approximate Amount
1. Foreign Exchange Component			
Technical Assistance	Direct AID Contracts	Direct Payment	4,757
Limited Scope Grant Agreement	AID Grant	Direct Payment	1,900
Policy Studies, Workshops and Seminars	Direct AID Contracts	Direct Payment	1,122
In service Training	Direct AID Contracts	Direct Payment	88
Evaluation	Direct AID Contracts	Direct Payment	173
Audit	Direct AID Contracts	Direct Payment	60
2. Local Currency Fund	Basket of sub-projects (Disbursed by program) controlled by GON under 121 (d) standards	GON provided Local currency	44,815
		TOTAL	52,915

The Project Amendment conforms to the mission's general assessment entitled Mission Financing Policy and Procedures. There are no departures from the general assessment.

ANNEX A.

LOGICAL FRAMEWORK

Project Title and Number: Agriculture Sector Development Grant
683-2046/0247

Life of Project:
From FY 1984 to FY 1992
Total U.S. Funding: $22,637,000 SDP
$16,278,000 ESF
$14,000,000 DFA

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Program or Sector Goal:			
1. To assist the GON achieve its economic and financial stabilization program currently in place under the IMF auspices	1. No further deterioration in the country's balance of payments and budget deficits and debt situation.	GON statistics and IMF economic reports and assessment.	1. IMF program implemented and additional external donor assistance available.
2. To contribute to the goal of increasing food production and farmers income.	2. Increased crop production and farmer incomes.	GON reports, surveys, and independent evaluations and assessments.	2. GON commitment to increasing food production remains high priority. 3. Climate, rainfall, soil, and other natural environmental factors do not change drastically. 4. Higher yield seed varieties will be developed under current GON and donor-financed projects 5. Agricultural technical packages are effective in increasing production and are accepted by farmers.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Program Purpose: Promote Agricultural production by diminishing the policy constraints to development in the agricultural sector	Conditions indicating purpose has been achieved:		
	1. More agricultural inputs are made available to farmers at prices which reflect benefits to the economy.	Ministry of Agriculture and Animal Resources surveys	1. The increased use of market incentives and more competition improves resource allocation
To maintain existing investment activities and raise the level of the sector's absorptive capacity; and	2. The role of the Official Agricultural Input Supply Agency is reduced and transformed toward a cooperatively owned agency in competition with other cooperatives and private traders.	Ministry of Plan evaluation reports	2. Dollar Disbursements Program is functional and generates the local currency as planned.
Contributes towards structural adjustment objectives through minimizing the adverse impacts of austerity and structural adjustment measures on agriculture/ rural development programs.	3. Operating losses of the Grain Marketing Agency are reduced by 30 to 50 percent of the average 1981-1983 losses.	Grain Marketing Agency reports	3. Local currency generated from the program is used to finance activities which contribute directly to agricultural productivity and the sector's absorptive capacity.
	4. Cross-border trade in livestock, cowpeas, and other agricultural products increases.	Ministry of Animal Resources' Report on Export Policy	
	5. Development activities supported by the recurrent cost funding from the program continue to progress toward their objectives.	Counterpart Fund records and project evaluations	
	6. Framework established for restructuring and diversifying the seed and plant material production and distribution system. National certification and quality control regulatory system operating	Seed Action Plan, National Seed Service records	
	7. Legal framework established for Credit Union Development.	WOCCU Reports	

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Outputs:	Conditions indicating outputs have been achieved:		
1. Reorientation of the agricultural input subsidy policy and restructuring of the Official Input Supply Agency achieved.	1. Level of subsidy on any input reduced to no more than 50 percent of its full delivered cost.	Government decrees, reports and surveys from Ministries of Agriculture and Animal Resources, Commerce, Finance, Planning, Official Grain Marketing and Input Supply Agencies	1. Farmers are responsive to economic incentives both in the use of agricultural inputs and in their decision to produce and market their outputs
	2. Rate of subsidy declines to a maximum average of no more than 15 percent	Joint Program Evaluations	2. The response from cooperatives and private sector is adequate in ensuring competition in both the marketing of agricultural outputs and supplying agricultural inputs.
2. Promotion of competition in grain marketing through the liberalization of official marketing and pricing policies achieved.	3. Significant progress made in the restructuring of the official Input Supply Agency toward a cooperatively owned input supply entity.	Sector Assistance Program records, evaluation reports, and special studies.	3. The GON continues its commitment to develop self-managed cooperatives and encourage private sector development.
	4. Removal of all restrictions and fiscal impediments, except requirements for professional licensing, on the movement of grain within the country.	Grain Marketing Agency records	4. Cooperatives and private sector are responsive to the opening up of marketing opportunities in both the agricultural outputs and inputs.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
	5. The role of Official Grain Marketing Agency in urban markets is reduced toward that of managing food reserve stock at the wholesale level, food aid handler, and supplier of cereals to collective consumers.	Grain Marketing Agency statutes developed by GON-Donor Committee	5. Cooperatives have adequate storage capacity and are able to manage the grain reserve owned by the Official Grain Marketing Agency at the village level.
	6. A system of tenders and bids is established by the Official Grain Marketing Agency in order to encourage competition in the purchases and sales of grain from the Agency; the target level is 40 percent of the Agency's total transactions during the life of this sector assistance program.	Grain Marketing Agency records	6. The GON provides staff who are adequately trained in policy analysis and capable of implementing the policy reforms in appropriate offices.
	7. Village level grain storage through arrangements with cooperatives established and functional; the target level is 6,000 tons during the life of this sector assistance program.	Ministry of Agriculture, Cereals Bank Study	
	8. Radio broadcasting of grain marketing situation at the "arrondissement" level established and functional; the target level is 75 percent of all the "arrondissement" markets.		
	9. Uniform national pricing abandoned.	Price and Marketing surveys	

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
3. Appraisal of the country's agricultural credit situation, particularly in the informal credit market, achieved. Implementation of study's recommendation for experimental program.	10. In-depth study of agricultural credit in the country done and appropriate policy recommendations and experimental programs adopted.	Credit unions exempted from current laws or statues governing banks, financial institutions and cooperative; Credit unions transacting business with all reghts of law; Schedule for the development of national credit union legislation.	Village interest in credit unions maintained GON does not create competing credit institution that has unfair advantage vis-a-vis subsidized interest rates.
4. Policy to promote border trade of livestock, cowpeas, and other agricultural products adopted.	11. Reduction of administrative and fiscal requirements for obtaining trading permits and export licenses for all agricultural products. 12. System of high minimum license fees for livestock and other agricultural products is replaced by a fee system which is proportional to actual volumes.	Joint GON-AID Program Evaluation; Ministry of Commerce decrees	Terms of trade for Niger products remain favorable with Nigeria
5. Promote more cooperative and private trader participation in the supply of agricultural inputs; border trade of livestock, cowpeas, and other agricultural products; and internal grain marketing and storage.	13. Administrative decrees issued to allow cooperatives and private input straders to supply agricultural in competition with the Official Input Supply Agency. 14. Administrative decrees issued to allow cooperatives and private traders to engage in primary marketing of grain freely including during the official buying campaigns.	Cooperative statutes developed and approved.	

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
	15. The relative share of agricultural inputs marketed by cooperatives and private traders increases at an annual average rate of 2 to 5 percent during the program period.	Cooperative records.	
	16. The relative share of agricultural outputs marketed by cooperatives and private traders increases at an annual average rate of 2 to 5 percent during the program period.	Marketing surveys.	
6. Establish the framework and prepare action plans for restructuring and diversifying the seed and plant material production and distribution systems, including establishment of a national certification and quality control regulatory systems.	17. Increased availability and use of improved seed.	National Seed Service Seed use and demand survey;	Promising new varieties generated by research program;
	18. Decentralized and autonomous decision making in price and output levels for the multiplication and distribution of seed and plant materials.	Regional Seed Committee records	
	19. Reduced per unit production, distribution and recurrent costs of seed supply system.	Seed Multiplication Center records and accounting data	
7. Promote wider implementation of natural resources management policies that increase the incentives for communities and individuals to invest in the land in order to increase sustainable agriculture production and rural income while maintaining and enhancing the natural resource base.	20. Publication of usufruct rights granted to communities involved in land management sites.	GON decrees	Cooperatives and farmers are responsive to increased incentives for local responsibility for natural resources management and to new market opportunities for NRM-derived products.
	21. GON charges lower rate for wood cutting permits at managed forest sites than those charged for commercial cutting.	GON decrees	
	22. Area under land-use management plans increased by 15,000 hectares.	Counterpart fund project evaluations	

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
	23. Number of GON-Cooperative/ individual agreements to exploit natural lands in the public domains on a sustainable basis according to pre-established management plans increased by five.	GON records Cooperative records	The GON continues its commitment to develop managed forest sites.
	24. Average yield on farmers' field where improved natural resource initiatives undertaken increased by 50%.	Counterpart fund records	The GON continues decentralization efforts and strengthens regional technical offices to provide technical direction for managed sites and to better evaluate NRM policy options
	25. NRM activities supported by counterpart fund continue to progress towards objectives.	Counterpart Fund record and project evaluations	
	26. Increased participation of NGO/PVO's in NRM activities.	Counterpart Fund records	
	27. Number of farmers adopting improved NRM techniques increased by 2,000	Counterpart Fund records and project evaluations	Promising new/ existing NRM technologies prove effective.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Inputs:	Type and Quantity ($000)		
Dollar Disbursements	$18,637 (SDP funded) 16,278 (ESF funded) 9,900 (DFA funded)	Sector Assistance Program records.	Funding Available
Technical Assistance	5,207		
Policy Studies, seminars and Workshops	722		
In-service Training and Support	38		
Evaluation	173		
Audit	60		
Limited Scope Grant Agreement (WOCCU)	1,900		
Total	52,915		

ANNEX B.

INITIAL ENVIRONMENTAL EXAMINATION

AMENDMENT

COUNTRY: Republic of Niger

PROJECT TITLE: Agriculture Sector Development Grant (683-0246/47)

FUNDING: Proposed Funding (this amendment) - $7,000,000 (DFA)

PERIOD OF PROJECT: Amendment: two and one half years (9/89-3/92)
Total: 8/84-3/92

Activity Description: The program is intended to assist the government of Niger in developing and maintaining a policy environment conducive to more efficient resource allocation within the agricultural sector "and to promotion of sustainable agricultural production." The program consists of 1) dollar disbursements for policy reform and 2) the technical assistance and in-service training necessary for managing the grant, monitoring the policy implementation, conducting studies and strengthening the GON capacity for policy analysis. In addition, local currencies equivalent to the dollar disbursements will be utilized for development activities. "Local currencies provided under this amendment will be used exclusively for natural resource management objectives."

Environmental Action Recommended: Categorical Exclusion in accordance with 216.2(c)(2)(vi).

IEE Prepared by: Erna Kerst, Project Development Officer, USAID/Niger

Reviewed by: Ernest Gibson, Mission Environmental Officer, USAID/Niger

Determination: George T. Eaton, Mission Director, USAID/Niger

Approved: _____

Date: _____

Bureau Environmental Officer's Recommendation:

Approved: _____
Bureau Environmental Officer, AFR/TR

Disapproved: _____

Date: AUG 17 1989

Clearance: GC/AFR _____ DATE: 18 Aug 89

ANNEX C: Grantee Request for Assistance

OM/SD

REPUBLIQUE DU NIGER

CONSEIL MILITAIRE SUPREME

MINISTERE DU PLAN
ET DE LA PLANIFICATION REGIONALE

Secrétariat d'Etat au Plan
et à la Planification Régionale

MAY 19 RECD

Niamey, le

17 MAI 1989

683-0246

Le Secrétaire d'Etat, Chargé
de la Planification Régionale

N° 0687 /SEP/PR /DPP/SPDR

Monsieur le Directeur de l'USAID.

ACTION: ADO
INFO: DIR: DD
CHRON

DUE DATE:5-26-89

Référence :

Objet : Demande de financement d'un programme de gestion des Ressources Naturelles.

Monsieur le Directeur,

Les recommandations de la réunion annuelle des cadres de l'Agriculture et de l'Environnement tenue en Mars 1989 à Niamey ainsi que celle de l'Atelier sur la Gestion de l'Environnement Péri-Urbain de la Ville de Niamey mettent l'accent particulier sur la protection de l'environnement et la gestion des ressources naturelles.

Pour ce faire, j'ai l'honneur de vous demander de bien vouloir examiner la possiblité de financer un Programme de Gestion des Ressources Naturelles dans le cadre de la Subvention au Développement du Secteur Agricole. Ce Programme prendra la forme et le contenu des Projets ayant déjà testé et validé des techniques de protection de l'environnement et de gestion de ressources naturelles.

Je vous prie d'agréer, Monsieur le Directeur, l'assurance de ma considération distinguée.

DILLE MAHAMAN

M202212

Annex D

Feasibility Analyses

1. Institutional Analysis

Institutions Selected to Implement Reforms: Several government institutions have direct impact on natural resources management programs, particularly the Ministry of Agriculture and the Environment (MAE), the Ministry of Animal Resources (MAR), the Ministry of Hydrology (MH), and the Ministry of Plan and Regional Planning (MPRP). The national agricultural research institute (Institut National de Recherches Agronomiques du Niger, or INRAN), the national training institute for agriculture and natural resources (Institut Pratique de Développement Rural, or IPDR) and the national university (Université de Niamey) with departments for agronomy, natural sciences and social sciences also have significant effects on training human resources for the government technical services and conducting relevant research.

Each Ministry is also internally highly differentiated. For instance, the MAE currently has eight divisions (directions), including two divisions with important responsibilities directly related to natural resources management: the "Direction de l'Environnement" (covering forestry and soils) and the "Direction de la Faune, de la Pêche, et de la Pisciculture" (covering fisheries and wildlife).

The Ministries - and even administrative divisions within each Ministry - suffer from a lack of coordination of policy and actions. Horizontal linkages are lacking. Projects with different donor support and technical assistance can work in relative isolation within the same division, with only informal linkages between individuals complementing the theoretical coordination of efforts by the senior government officials. For instance, the FLUP model for forest management with community participation has only recently been applied to the Fayra state forest near Torodi, managed with assistance from the French Coopération and the World Bank.

Frequent changes in the organization of the GON administration and technical services can handicap program continuity. For instance, the Ministry hosting technical services for "the environment" has changed twice over the last few years. Government officers formerly covered natural resources management for fisheries, forestry, soils and wildlife within a single service as a special civil service professional category ("Eaux et Forêts") until the early 1980s. The distinction outlined above is actually the result of a subsequent reorganization (in 1987) of the distinction originally drawn between between forestry and wildlife (in the "Direction des Forêts et Faunes") and fisheries (in the "Direction des Pêches et de la Pisciculture"). In another recent change, officers from the two divisions belong to distinct hierarchies nationally, but fuse responsabilities at the level of the regional administration.

Frequent transfers of personnel compound the effects of periodic administrative reorganization. Staff are often moved between branches internal to technical divisions at the national headquarters, or between posts in the interior. Assignments are not always based on previous training or technical proficiency, which may reflect the low level of trained personnel. Forestry field officers assigned to extension work may be assigned to special

sections (brigades) to sanction the same communities immediately before or after such work. This is in part because of unclear tenure laws and of confusion between their extension and policing roles. Relations between government personnel and the community therefore remain reserved, at the very least. Clearly, more continuity is required not only in terms of personnel but also in terms of how they apply laws, which in most cases is rather arbitrary.

GON project staff often benefit from some training, but also often never apply new skills to the sponsoring project. Few individuals returning from long-term training actually later serve in the same project, but rather fill other administrative positions - often really requiring completely unrelated skills - based on the additional seniority in the civil service furnished by new training and credentials.

The lack of properly trained manpower is particularly acute for the lower and middle level technical staff. The model for national training (at IPDR for example) remains based on technico-scientific information - often learned by rote - followed by infrequent in-service training. The objectives and techniques for extension work have little priority in current curriculum.

USAID/Niger support to natural resources management has concentrated on building the institutional capacities of the Forestry and Land Use Planning project (FLUP), currently within the "Direction de l'Environnement." The FLUP hosts documentary, natural forest management ("model sites") and resource inventory sections that offer support to the entire forestry sector, as well as to other MAE divisions and other Ministries (for instance, for the regional development services in the MPRP). The FLUP has embarked on a program of offering similar services on the regional administrative level (in the Départements) as a complement to the MPRP regional planning units ("Cellules de Planification Régionales").

Like many other projects within the GON administrative structure, the FLUP has only nominally been incorporated into one of the six administrative sections (services) that divide the specific tasks under the responsibility of the "Direction." The FLUP Director directly responds - in fact - to the "Direction de l'Environnement" Director.

The FLUP furnishes valuable human and institutional resources for the entire natural resources sector. However, the fate of this distinct institution embedded within the "Direction" is dependent on donor financing. The MAE will have to reapportion personnel - and without doubt reorganize existing administrative sections within the forestry division - to best absorb the consituents of the FLUP, if it decides to incorporate the body into the ministry At present there are no moves in this direction and FLUP remains a quasi-autonomous, donor-supported organization.

The mandate for the Amendment is too modest - and too short - to expect important efforts to resolve the structural constraints affecting GON services devoted to natural resources (and agriculture). The program will set the stage for later initiatives under ASDG II or via project support by reinforcing local rights to resource management, encouraging local organizations, and establishing benchmarks as part of a system to monitor and evaluate the results of natural resources efforts.

Administrative and Legal Incentives: Unless rural populations have guaranteed rights to medium and long-term yields, research and experience indicate that they will not invest in improving the productive capacity - indeed even the sustainability - of local resources. There are encouraging signs that the GON is gradually recognizing the need to return specific rights and responsibilities to rural populations for natural resource management. Several examples illustrate these rights de jure and de facto.

Law 74-7, Articles 21, 24 and 25, and Decree 74-226, Article 67, from the GON Forestry Code of 1974 permit the Ministry charged with forestry services to establish agreements with individuals and groups to exploit the public domain (forêts classées and forêts protégées) in exchange for reforestation and land management. Several cases illustrate the recent application of the spirit of these articles to establish joint management and exploitation of resources.

The Guesselbodi Forestry Cooperative ("Coopérative Forestière de Guesselbodi") signed a contract with the Ministry of Hydrology and the Environment (since changed to the MAE) in 1987 to exploit a state forest (forêt classée) for firewood. The basis for the agreement is a policy document ("Document de Politique pour la forêt classée de Guesselbodi") and a cutting plan ("Plan de Coupe") developed by GON forestry services (the FLUP) in collaboration with representatives of the local communities. The contract recognizes the administrative and financial autonomy of the cooperative representing communities surrounding the forest. The GON furnished technical services, monitors exploitation and receives royalties on production. Revisions and renewals of the agreement are part of the management program. For instance, the cooperative members and government officers have focused particular attention on pastoral uses for the forest (forage production and future pasture) given local demand, use patterns and economic viability.

Guesselbodi is not the unique example for such initiatives in Niger. The Garadoumé Cooperative in the Majjia Valley has a similar agreement for harvesting wood from windbreaks. Village associations in the Dallol Maouri have started controlled cutting for timber of mature run palms (Borassus aethiopum, or rônier) in groves managed in consultation with the forestry service. Local administrative authorities in collaboration with forestry officers have granted contractual rights through local administrative decrees (Procès Verbaux) to exploit the products of baobab trees - including leaves for cooking, fruit and even live timber - planted and nurtured by individuals and family groups on the public domain in the Maradi Department.

Exploitation of private lands (owned by individuals or groups) is also explicitly recognized by Law 74-7, Articles 22 and 23, and Decree 74-226, Articles 63, 64, 65 and 66. Proprietors' have full rights to exploit the land, as long as any activities do not result in permanent environmental damage. However, forestry officers have sometimes applied protective measures on private property without reference to local motivation for investment and real rates of vegetative regeneration. As a result, rural communities have at times suffered from a loss of use rights to products of their own labor on their own land.

The results of such unilateral actions on the part of the forestry services are actually environmentally counterproductive. For instance, forestry extension officers found that the recipients of new seedlings in the Gaya region failed to protect young trees (Acacia spp.) planted in their fields

from small ruminants. As the farmers feared touching the trees because of GON sanctions, but also did not wish the trees to encroach untrimmed on their cultivated areas, they kept the trees alive at shrub-size by "not stopping" browsing. They could neither be blamed for the use of trees as a common good for animals, nor be accused of negligence for permitting the trees to die. However, they lost the long-term advantages of associating mature trees with field crops for sustainable productivity.

The GON therefore must combine contracts for exploitation of public domains with reasonable control of the use of private lands. The UNSO/SIDA-supported project for Acacia albida extension in farmers' fields in the Dosso Department may offer valuable lessons for similar efforts.

Such examples serve as important de facto precedents to guarantee the security of investments by rural populations in the land. The President of Niger has stated on several occasions this year that local precedents (including litigation) will regulate rural land use and management. Application of this model of contracts between government authorities and rural associations has started at other sites scattered throughout the country (for instance, the Baba-N'Rafi, Fayra, Kouré and Takeita forests). These precedents will later prove particularly significant as precursors and local cases to incorporate into the national Rural Code.

Local institutions: GON national policy has ostensibly supported increasing local participation and initiatives in rural production since the creation of the "National Development Society" in 1987. The government has nevertheless remained authoritarian and centralized. However, there are modest signs of real change since late 1987.

There have been virtually no autonomous local organizations in rural communities, or serving as the rural voice on the national level. The GON has incorporated local structures into a centralized, hierarchical organization through the territorial administration, and through "mass" associations (the Samaria for men, the "Association des Femmes du Niger" for women, village councils, etc.) incorporated into the National Development Society over the last few years.

The GON has embarked on an ambitious program of decentralization of regional planning and providing public services throughout the country. Of course, delegating greater authority to local government officials does not necessarily imply empowering local communities. Recent official recognition of rural organizations with (some) administrative and financial autonomy, as well as the creation of Nigerien private development firms and non-profit development organizations, furnish promising examples to emulate in the future.

USAID/Niger will have to follow carefully the future of some modest signs of devolution of authority to non-governmental organizations and local groups. Current GON and USAID negotiations concerning Rural Organizations Development focus on the creation of a Nigerien private organization for cooperative training with CLUSA technical assistance over several years. The first Nigerien private voluntary organization is in the process of obtaining official recognition in order to concentrate on environmental issues (the "Organisation Nigérienne des Volontaires pour la Préservation de l'Environnement"). The future of the various rural natural resources management groups cited above will also offer important evidence of genuine GON motivation to implement reforms.

For instance, the Guesselbodi Forestry Cooperative constitutes a legal entity with rights and obligations to the membership and the state. A committee drawn from the membership manages financial and administrative affairs. Local national administrative authorities deal with the Cooperative as an independent body. A team from the Cooperative League of the USA (CLUSA) has offered training and advice under the USAID-financed Agricultural Production Support.

The amendment will facilitate such developments by supporting expansion of natural resources management initiatives based on local and non-governmental organizations. The GON and USAID will dedicate 30% of the counterpart funds to direct use by private voluntary and/or non-governmental organizations. The GON will simultaneously multiply contracts with rural populations - as individuals and associations - in order to diffuse the joint resource management approach. CLUSA may assist any new groups through the Rural Organizations Development (ROD) project to start in 1989. WOCCU could also offer services to community credit groups associated with natural resources activities (for example, the forestry cooperatives covering woodcutting).

Conclusions

The real key to improved land use management is minimizing future risks to groups affected by the program due to a lack of institutionalization of reforms. GON guarantees to users through agreements - such as the Guesselbodi Forestry Cooperative contract or the administrative decrees (Procès Verbaux) for individual or group exploitation of baobab trees in the Maradi Department - should increase in the course of the amendment.

Such agreements will serve as precedents - and thus eventually as a foundation - for broader legal and administrative reforms. These precedents will be particularly important for the future Rural Code which will revise national land tenure rules, water and soils legislation, and natural resources codes.

USAID/Niger will also have to monitor and - as necessary - try to influence other related GON legal and administrative reforms. For instance, through dialogues under the ASDG, USAID/Niger has convinced the GON of the need to modify current legislation (a "Projet d'Ordonnance") governing rural organizations, especially cooperatives, to enable than to have increased commercial autonomy. this will have an important impact on natural resource-related user groups, as well as on the overall implementation of the ROD project.

2. Capacity for Policy Analysis

The capacity for policy analysis is weak - or at least unorganized - among the disparate technical services addressing natural resources management issues. Although envisaged several years ago, the GON has created no interministerial body devoted to this area. Common policy positions have been limited to the results of sporadic - through important - meetings on specific topics, such as animal husbandry (1985), desertification (1984 and 1985), and wildlife (1986). However, the GON has not followed the announcement of political "commitments" (engagements and recommendations), based on the results of these meetings, by consistent actions.

The MPRP is responsible for coordinating technical services and donor activities for each sector. The Ministry also produces a comprehensive program for Niger - the "Five Year Plan" - in collaboration with all GON Ministries and technical services. The position of the MPRP is being reinforced with the national decentralization program, which assigns planning officers a key role in designing and coordinating development efforts at the regional and sub-regional levels in the territorial administration.

However, the MPRP does not have the technical expertise to establish informed policies without close cooperation with the relevant Ministries. The technical services remain jealous of their autonomy and prerogatives, which are to some degree threatened by MPRP external control and authority. MPRP institutional capacities have not kept pace with rapid changes in the range and scope of new activities and responsibilities over the last few years. These limitations are reflected by the lack of elaboration and execution of more detailed sectoral programs, within the broad framework established in the "Five Year Plan."

3. Grantee Capacity for Tracking and Accounting for Program Funds

The dollar resource transfers under the Grant become part of pooled funds in the West African Monetary Union (WAMU) and are not specifically tracked. Local currency funds derived from the resource transfers are owned by the Government of Niger, which is responsible for tracking and accounting for their use. Under the program FAA Section 121 (d) standards are applied to the GON organization ("Secretariat") responsible for local currency "counterpart funds." The Secretariat has maintained certification since its inception.

However, the Secretariat is inefficient in its tracking and bookkeeping. Following the mid-term evaluation of the ASDG (late 1986), efforts were made to improve its operations. Gains were made, but were not all permanent. The Secretariat is an anomaly in the Government of Niger. It is semi-autonomous and staffed by a combination of cadres detached from normal service and by contractors. The range of authority of the Secretariat is unclear, and has tended to be viewed as extremely limited. The authority of the Executive Secretary himself has been limited. Hence, the final evaluation of ASDG (2/89) found a situation in which the operations of the counterpart fund were impaired by failure of the Secretariat to do its work on time (actual disbursement are slow, reporting is slow) or thoroughly (particularly because its mandate is unclear).

USAID and the Ministry of Plan are working to resolve this situation. Funds will not be released to counterpart funded projects under this amendment until improvements in efficiency are made.

4. Training or Technical Assistance Needed to Enhance/Sustain Management and Analytical Capacity

Given the exceedingly short period covered by the amendment as a bridge to ASDG II, the program will rely on technical assistance for design, implementation and evaluation. The University of Michigan will field a team for six person years including a team leader with expertise in macro-economics and institutional analysis (two years), a natural resources management specialist (two years), a seed specialist (one year), and a development

economist (one year). Team composition is based on the requirements of the natural resources management program, the need to maintain the impetus of policy reforms under ASDG I, and the results of the ASDG I evaluation (1989).

Social Analysis

1. Groups Affected

The Nigerien population is predominantly rural (over 80% of the total population), and - in spite of a continual increase - the urban population will only reach 30% in the next two decades. The population therefore remains directly dependent on agricultural production for subsistence and general income. Given demographic pressure (a contemporary growth rate of 3.2%) on increasingly marginal farmland, and dependency on significant variations in annual and regional precipitation, improving management of fragile Sahelian natural resources is fundamental to the entire economy and society.

The amendment will directly affect a range of activities within the rural economy. Most rural Nigerien individuals and family groups maximize opportunities by engaging in a range of activities, while trying to minimize risks. For example, the members of a household will combine rainy- and dry-season farming, animal husbandry, food processing, petty commerce and the production of handicrafts in the course of the year. Income generated by labor migration is also significant in many regions, and even critical to communities in the marginal, rainfed farming areas on the northern border with the Sahara.

A program focusing on encouraging investment in natural resources will therefore globally benefit the rural population. Given the vast dimensions of the national territory and the necessarily long-term impacts of environmental changes, the amendment will only have an immediate effect on local communities in specific geographical areas. The implementation of the specific interventions will monitor potential differences between beneficiaries.

Nigerien societies have long been highly stratified, with significant differences even in rural areas between social groups and their access to resources. "Villages" are actually heterogeneous socio-political units, with limited capacities to mobilize as a common group. However, competition for land has only been intense for richer soils with ready perennial access to water (for example, in the Niger River and Majjia Valley). As natural resources investments improve agricultural sustainability and productivity, special attention will be necessary to ensure equity in individual and group access to techniques. This will be particularly important given farmer tendencies to plant larger areas of marginal lands with decreasing average yields in order to maximize production. These farmlands are especially susceptible to environmental degradation.

There will be some differential impact of the program on (sub)groups based on combinations of identifying characteristics - including caste, class and ethnicity. For instance, a subgroup of the Fulani devoted to pastoralism - generally defined in Niger as Bororo or Woodaabe - follow patterns of annual transhumance with their animals. They pasture animals during their movements in some forest areas that would be temporarily closed to reconstitute vegetation.

Occupational specializations - sometimes associated with specific castes - are common within ethno-linguistic groups. For example, a specific Songhay subgroup (the Setye) descended from the original inhabitants of the right (Gourma) bank of the Niger River specialize in producing and working certain woods to make articles like mortars, pestles and canoes. North of Niamey in the Niger River basin, female descendents of former Tuareg captives - called Bella - cut and gather firewood in exchange for goods or for sale at local markets. Forest management programs will have to take such specializations into account according to the geographical location of sites.

Occupational categories can also straddle ethno-linguistic categories. Fishermen along the Niger River are issue of both the Songhay-Zarma and Hausa groups (respectively referred to as Sorko or Sorkawa), but recognize common descent from the same putative ancestor as uniting their socio-political organization. The development of a Niger River fisheries management plan (with FAO, UNDP and USAID technical assistance) was based on addressing the profession through these common bonds.

The amendment will particularly effect some professions or activities in specific localities. For instance, part of the program will focus on sustainable multi-use management of forest areas. In these areas, woodcutters could organize - as in the Guesselbodi example - for cutting and initial wholesale marketing rights based on developing a long-term management plan in collaboration with the forestry technical services. Pastoralists and/or agro-pastoralists would also negotiate grazing or forage rights with the communities managing the resource, with guidance from the technical staff. In spite of some short-term inconvenience for some groups, the long-term sustainability of production would ultimately benefit both the adjacent communities generally and specific user groups. For instance, pastoralists unable to settle and graze in protected areas during a certain period would later be able to obtain forage consistently without dramatically degrading the environment.

Special efforts are necessary to implicate women directly in natural resources management. Although women are key to many activities - such as firewood production, fruit tree care and cultivation, and forage collection - they remain outside the scope of most programs in Niger. The Keita project using women's labor to reconstitute a badly degraded environment is a notable exception, and CARE-sponsored efforts to associate tree nurseries with women's gardening in Tessaoua offers a modest beginning. Examples of forestry programs in neighboring countries focused on women (for example, in Cameroon and Mali) can serve as models for similar national efforts.

Rural women generally lack a direct voice in public affairs. They have more limited general rights than men with the same socio-economic status. For instance, women generally do not own cattle, lack property rights to land and have no long-term guarantees to investments in the land. Nevertheless, women generate significant income and invest capital in activites such as handicrafts, and raising small ruminants and poultry. Women are also central to petty commerce and the mobilization of rural savings (notably through informal credit associations).

The GON has shown some encouraging signs of better addressing the general status of Nigerien women. Educated women have a higher profile in government services. The Ministry of Social Affairs and Women's Status has recently been

split from the Ministry of Health. Contraception was legalized last year as part of a general program to improve infant and maternal health, and slow rapid population growth unsustainable given environmental constraints. However, these developments are still counter the interests of the mass of rural women. The national women's organization (the 'Association des Femmes du Niger') weakly reflects the needs and priorities of most rural women. The governing councils and active membership are drawn from the educated, advantaged and urban women. The ASDG Amendment program will have to collaborate with other USAID programs - such as the NAAR and the ROD - as well as with other projects to develop a joint, equitable approach to this issue.

2. Potential Social and Institutional Effects

The general thrust of the amendment should add impetus to the USAID Mission support for GON policies supporting decentralization of services complemented by allocating increasing autonomy to rural populations and organizations. The USAID-financed ROD project, as well as other donor support including the World Bank in conjunction with Swiss financing (the Small Rural Organizations project) and FAO ("Microréalisations" Training project), aim at furnishing the GON and rural Nigeriens with the appropriate skills and necessary organization.

Investments in natural resources management will certainly imply the loss of some short-term benefits to individual users and some socio-professional groups. For instance, pastoralists will lose unlimited access to managed areas. General improvement of the environment and sustainability will compensate for such costs for most users.

These programs will therefore have to be preceeded and complemented by discussions with different user groups in each locality in order to explore alternative forms of management based on various forms of organization. Given the complexity and significant variations in local ecology as well as economy and society (evident in documents such as Hagen, Brown and Sowers 1986, The Niamey Dept. Agro-ecological Zonage Study; Sidikou and Charlick 1985, a Study of Local Organizations in Niamey Dept; and Thomson 1981 Guesselbodi forest: Alternative Frameworks for Sustained Yield Management), outside specialists and local populations will have to collaborate to develop a joint approach to resource management. They will have to debate the short and long term impacts of proposed measures to reach compromises respected with active local cooperation, in order to implement genuine enforcement. An extension and monitoring program would complement the specific management plans.

For instance, from 1984 to 1986 the Niger River Fisheries project nurtured a series of discussions with senior fishermen and general, open debates in fishing communities about the nature and future of the resource. The fishermen organized "socio-professional groups" ("Groupements Socio-Professionnels") on the local administrative level (the canton) covering the entire river to voice their specific interests and concerns. Local government authorities officially recognized the constitution of these groups through Procès Verbaux. Specialists simultaneously conducted extensive ecological and socio-economic research.

The specialists and fishermen debated propositions for resource management during 1986. They sought compromises to restore the resource with the smallest possible short term negative impacts on fishermen, corresponding as far as possible with local conceptions of river ecology and fish biology. For

example, immediate restrictions on all fishing gears would have slashed production by as much as two-thirds for the first several years. Many fishermen would have suffered drastic reductions in revenues. The specialists and fishermen developed a formula for more gradual introduction of modified restrictions to reduce and better distribute the effects of these measures. Fishermen authorities also identified zones following local traditions as appropriate for fish sanctuaries under their authority, thereby combining scientific conclusions from fish biology with indigenous knowledge.

The specialists working on the Guesselbodi experimental forest site used a comparable approach to arrive at a resource management plan. The communities surrounding the state forest participated in the development - and revision - of the management plan. Short term, applied studies furnished necessary ecological and socio-economic information. Project staff have consulted the various user groups and individuals in the locality to fashion a sustainable, multi-use management program best balancing local priorities and interests. Lutheran World Relief is currently supporting the start of a similar, joint management effort at the Gorou-Bassounga state forest, based on agreement with the FLUP.

The short-term negative costs of some initiatives should not be overly dramatized. The rural Nigerien's strategy of combining a variety of activities while minimizing risk implies flexibility and adaptability in the face of frequent, radical changes in economic opportunites and in the environment. The aversion to longer-term investments in the environment partially originates with the lack of guarantees of the potential rural investor's rights. Reinforcement of precedents for local rights will best balance user costs and benefits.

3. Potential Contravention of Socio-Cultural Norms

As with other natural resources programs with a similar approach already initiated in Niger, amendment-supported activities will have to address the repercussions of long-standing disincentives for rural communities to invest in land now popularly perceived as the "public domain." Colonial and post-colonial law assigned management of these resources to officers of the technical services theoretically representing the interests of the entire nation. In fact, these services were incapable of properly managing the resources over such a vast territory, so maximal short-term exploitation of a proprietorless environment became universal. The GON has applied pertinent regulations - such as the protection of certain tree species - sporadically, unequally and often unfairly.

Concrete examples of (re)establishing local rights to exploit and manage the environment are dispersed throughout Niger. Developing viable local organizations requires time and initial investment. However, a range of precedents covering different kinds of users (individuals and groups), different kinds of activities (including woodcutting for fuelwood and timber, anti-erosive works such as dune fixation and micro-catchments, animal husbandry, fisheries and wildlife) already exist. There are therefore some institutionalized GON and local examples that can serve as models, as well as centers for the exchange of experiences.

The Nigerien populations have undergone dramatic ecological and social change during this century. The elimination of the insecurity characteristic of the immediate pre-colonial period - and of the famines and socio-political dislocations during and immediately after the French conquest - meant that large areas were sparsely populated. In other areas - particularly the zones immediately surrounding the old Hausa city-states and some settlements on the islands and river-banks of the Niger River - agriculture was intensive and sustainable.

Demographic pressure, land availability, and other factors under the colonial and independence administrations opened more marginal areas to extensive forms of cultivation. Periodic ecological crisis - particularly frequent shortfalls in precipitation - and impoverished soils have led to declining average yields over greater cultivated surfaces. Farmer strategies have not yet adjusted to intensively capitalizing on limited resources under stress. They rather pursue strategies capitalizing on a mix of diverse economic opportunities with low minimum investments.

The program therefore will encourage an evolution in rural mentalities similar to existing changes in northern Nigeria - or in more densely populated portions of Niger. Fallowing will become increasingly brief - or non-existent - as pressures for land increase. A realistic assessment of land most appropriate to agricultural, pastoral and agro-pastoral activities is also without doubt necessary. However, the GON will have to offer the incentives and opportunities to rural populations to encourage long-term investment in the land and in natural resources.

Programs to include women will require special attention given the limited access of rural women to the public arena and to sources of information. Women from privileged, often urban, socio-economic positions have dominated the national women's association. Anecdotal evidence suggests that local branches of this organization do not equitably express women's concerns, and are frequently immobilized by internal disputes arising form local politics, ethnicity, etc. Communication programs must properly identify the means and methods best adapted to addressing the range of women audiences. For instance, a recent evaluation of the Canadian-financed portion of the national crop protection program revealed that married women seldom benefited from televised extension in Hausa and Zarma. The rural community esteem their presence in the evenings in public places used for village televisions as disreputable. Under these circumstances, another strategy would have to be developed with, for example, a combination of radio transmissions (ownership is individualized, and thus information is more readily accessible within each household), small meetings for women by village district, and/or visits to each compound.

4. Availability of Disaggregated Data

The design of each activity will have to include the collection of some simple baseline information in order to monitor the impacts of the program.

The Forestry and Land Use Planning Project (FLUP) has generated some information specific to already managed forest sites, as have other organizations managing similar sites (such as Lutheran World Relief in Gourou-Bassounga, and now CARE International in Baba-N'Rafi). Further support for these or other efforts will imply periodic collection of comparable data.

The Ministry of Plan and Regional Planning has a department with a mandate to develop a centralized data base of socio-economic indicators for following projects. However, this service of the department is not at present operational.

The long-term technical assistance, special studies and any evaluations will furnish additional information for tracking the effects of the program on specific groups.

Annex E

Technical Analysis

Contents

1. Assumptions

2. Components

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3. Impact Analysis

    Scenario 1. Development of Soil Management/Agroforestry Test Site
    Scenario 2. Development of New Forest Land-use Planning Site

Attachment A Technical and Economic Impact of Various Land-use Technologies

Attachment B Partial Catalogue of Land-use Technologies.

This amendment aims at (a) helping farmers to make informed decisions about investing in the land for short, medium and long-term impacts, (b) providing evidence to help GON authorities to establish policy, financial, and institutional conditions that increase the incentive for farmers to invest in the land, and (c) increasing the capacity of GON and private institutions to plan and support land-use planning at local and regional levels. These actions contribute directly to the ASDG structural adjustment and policy strategies and improve the prospects for long-term impacts from both.

1. Assumptions for the Approach

The approach for this amendment is based on four empirically-derived assumptions:

a. The future of the agricultural sector, and hence sustained economic growth in Niger, depends upon widespread investment at the farm and village level for short, medium, and long-term impact. (The probability of macroeconomic gains made to date under the ASDG will have limited long-term impacts if farmers and farmer groups fail to increase investments in the land.)

According to the recent evaluation of ASDG, much progress has been made in increasing market incentives for production. However, there is very little evidence that these gains have led to the incentive to invest in the land. Consequently, the natural resource capital is eroding while demand is increasing. (Parallel experiences in Senegal and Tanzania show that increases in the incentive to produce that have not been accompanied by incentives to invest in the land have led to accelerated degradation [Porteres, 1952]). Thus, achieving AID long-term objectives will require that farmers have greater incentives to invest in the land as well as a healthier market climate.

b. To increase investments in the land, the appropriate roles of the GON and donors are to (a) establish conditions that increase the incentives for farmers to invest in the land for short, medium, and long-term impacts, and (b) to help farmers make informed decisions about how to most effectively invest in the land.

Conditions that have been shown to increase incentives for farmers to adopt appropriate technologies include the following:

i. Farmers have security and control over management and disposal of the products of their investments in management of natural resources;

ii. Local institutions exist that can manage benefit streams such that a portion is reinvested in the land;

iii Public or private institutions exist that provide farmers with proper and timely training and extension;

iv. Financial returns are promising and the levels of risk are acceptable.

c. Wider adoption of existing technologies will have substantial short, medium, and long-term impacts on the national as well as farm economies.

Rational management of soils and vegetation has led to both financial gain and ecological equilibrium in a number of cases in Niger and the rest of the Sahel. Sustainable systems adopted by farmers have increased yields and incomes from production of grain, forage, wood, and other products. Unfortunately, these systems are not being diffused rapidly enough to have a substantial, general impact. Degradation is progressing much more rapidly than the diffusion of promising initiatives. Analysis of successful cases shows that policy, institutional, training, and financial conditions usually exist before appropriate technologies are adopted at the farm or village level.

d. There has been a discernible change in the attitude of a portion of the Nigerien population toward their ability to do something about the effects of climatic variation and the degraded state of the natural resources base.

Twenty years ago, establishing trees outside of home concessions was done almost entirely by the Forestry Service. Not only did the GON pay for seedlings to be raised and planted, but it had to spend two years or more protecting the young tree from animals and people. Today, tree planting and forest management are becoming more and more the initiative of private farmers and cooperatives. A generation ago farm and pasture lands in the Ouriamija region above Tahoua were abandoned even though natural soil fertility was high. Today, farmers who were on the edge of ruin are reclaiming such lands by simple waterharvesting techniques. Another example of stabilizing landuse through waterharvesting include the Yatenga OXFAM Project in Burkina Faso. Over a period of seven years, waterharvesting spread from a few farmers to over five thousand. Many of these farmers are now developing strategies for increasing long-term soil fertility. Thus, there is increasing awareness by farmers that they can break out of the cycle of "being slaves to their environment".

2. Components

For the purposes of this analysis, the amendment is considered as having three components: land use management, studies, and support to GON and private institutions.

I. Component One: Land-Use Management Sites

a. Test sites. Land-use management sites will be established in a select number of sites to test and diffuse promising SA/NRM initiatives and to serve as extension models. They will be based on technologies and strategies that have shown promise in similar agroecological zones. Already in Niger a number of such sites have been established to varying degrees based on natural forest management (Guesselbodi, Gorou-Bassounga, etc.) and cooperative windbreak management (Majjia Valley). Preparations are underway for natural resource management plans in the pastoral zone. On a more local scale examples of private woodlots and water-harvesting practices exist. The Keita Valley demonstrates the rehabilitation of severely degraded lands at a watershed level. These kinds of managed sites can have a powerful demonstration effect. Activities that might be supported under this component include extension tours, on-farm training and technical assistance.

There are several potential sources of proposals for funding Land Use Management Sites, including local groups, e.g. cooperatives and GON agencies. It is expected that proposals from local groups will be more focused on testing SA/NRM initiatives in the context of cooperative enterprises while the GON agency proposals may focus more on testing the impact of a particular technology or technology system. The criteria for funding will allow support for funding a broad range of actions that contribute to testing or demonstrating diffusion of SA/NRM initiatives.

Criteria for Selecting Initiatives

The criteria for selecting initiatives to be tested under the amendment include the following:

-Empirical basis. The proposal must show reasonable expectation (empirical, if possible) of improving food security and income, while maintaining or enhancing the natural resource base, and thus should project benefits and costs over 10 to 20 years and identify benchmarks over this period of time, including those that would continue after the life of the funding from ASDG.

Each land use initiative will support local testing of promising technologies and establishment of conditions that increase the incentives for farmers to adopt the technologies. This will benefit from past and current improved NRM initiatives supported in Niger.

Detailed proposals should include specific objectives, a consistent technical approach, some form of cost-benefit analysis (particularly regarding long term impact of activities), a detailed work plan with specific tasks and responsibility assignments, a detailed budget based on an analysis of operational needs, and a plan for continued funding, if necessary.

-Long-Range Goals. Each proposal should have medium and long-term impacts to which proposed actions will contribute. The goals should be in terms of production and income. Each proposal should list the necessary inputs to achieve the projection (even though many of the inputs would not be funded by the ASDG).

-Benefit/Cost Analyses. Expected benefits and costs must be identified and should be quantified.

-Jointly-funded projects. In the case where the proposal requesting financing from ASDG is part of a larger project with other sources of funding, the entire project must be described and the component requsting ASDG financing must be clearly identified.

-Policies. If the proposal will require exemptions under the policies forming the 'conditions precedent' of the amendment, these must be clearly identified.

-Institutional Capacity. The local groups (and/or sponsors) should be able to show experience in managing enterprises.

-Credit Management. Given that many of the inputs will require credit, the proposal should identify the source of credit and how the credit will be managed.

-Post ASDG Management. The proposal should clearly show where the SA/NRM enterprise will be at the end of ASDG funding and provide plans for continuation after the ASDG funding period.

-Disbursements. ASDG funds will be used for a number of inputs in component one including local purchases, technical assistance, fuel, etc. The proposal will have to clearly identify who will be responsible for handling these funds and the grantee will have to accept responsibility for being held accountable.

-Monitoring and Evaluation Plan. A monitoring and evaluation plan will be required for each proposal detailing the data needed for the construction of indicators to monitor expected impacts, including baseline data, and how this information will be gathered. Indicators must be identifiable and cost-effective.

Thus the development of a 20 year plan for production goals with a full continuum of both processes (actions) and products (biophysical impacts) is critical. The continuum must be based on empirically devised working hypotheses that state expected levels of sustainable yields over a twenty year period and identifies actions along the way to achieve goals. Intermediate biophysical benchmarks will serve as proxies for monitoring progress toward achieving increased income and production (interventions such as windbreaks and Acacia albida plantings will not produce effects on crop yields until several years after planting). Each proposal should have a carefully developed plan for achieving goals and detailed methodologies for the collection of data required to construct and verify indicators. The selection committee will seek technical assistance to determine whether the steps proposed in each proposal have plausible correlation to achieving the stated goals.

For the test site grants, performance benchmarks would be site specific but would probably include actions that led to the following:

i. Crop Yield Increases:

- Short-Term Actual: Economic crop yield increases in response to phosphate, compost, crop residue and watercatchments;
- Medium-Term, Proxy: Windbreak and living hedge trees established at the end of two years;
- Long-Term, Proxy: Acacia albida trees established at the end of two years.

ii. Non-crop Yield Increases

- Sustainable production of fuelwood from managed natural forests and/or woodlots;
- Sustainable production of forage from managed sites;
- Production of poles from woodlots.

b. Extension Tours. In order to allow local groups to make informed decisions about undertaking SA/NRM initiatives that are expected both to pay for themselves and to generate income to the members, farmers need to have a solid idea about the expected benefits and costs of the initiatives. The ASDG will fund extension tours for farmer leaders from candidate cooperatives. These tours will be to sites where promising SA/NRM initiatives are being implemented and will allow the farmer leaders (a) to discuss the benefits and costs of the various initiatives with other farmers and (b) to receive technical advice on the biophysical and socioeconomic differences between their villages and the model sites.

Farmer leaders should see a number of sites during the tour since no one site is likely to have a complete menu of initiatives necessary for sustainable farm production. For example, it has been noted that mineral fertilizers are much more effective when used in conjunction with waterharvesting techniques. There are sites in Burkina Faso where this is being practiced (and extended) but it is not clear that any examples exist in Niger. In this case a study tour to Burkina Faso would be appropriate. Tours will include sites where initiatives are having short, medium, and long-term impacts on each of the following:

- soil fertility;
- soil and moisture conservation;
- vegetation management for sustained yields of wood, forage and soil protection.

The importance of the tour goes beyond allowing farmers to see promising technologies. The tour will also inform them about the conditions under which the technologies were adopted and about requesting assistance to establish these conditions. Therefore, the tour will also include examples of where the following conditions exist:

- tenure and usufruct rights that allow the products from SA/NRM initiatives to pay for the management and accrue to participating farmers;
- cooperative enterprises that are managed locally and are allowed to market products freely;
- credit and cost-sharing strategies that reduce the risk to farmers of investing, especially for medium and long-term impacts;
- provision of appropriate training and technical assistance for both field initiatives and for cooperative and enterprise management.

Prior to site visits, the technical team (NRM specialist and members of the technical committee) will conduct visits to potential host sites. Every effort will be made to match the biophysical conditions of the demonstration site to those of visiting farmers' own lands.

c. Assistance to Local Groups. It is expected that most local groups will receive assistance in preparing proposals and in implementing the land-use management plans. Agencies of the GON as well as international and local NGOs can be expected to contribute technical assistance and other inputs in both proposal preparation and implementation. In some previous cases, several GON agencies and NGOs have worked together in assisting cooperatives. Examples of the impact of this type of collaboration include the commercial management of the Guesselbodi National Forest, the establishment and extension of windbreaks in the Majjia Valley, establishment of waterharvesting in the Ouriamija region of Tahoua, and private pole plantations in a number of places in Niger.

Counterpart funds could be used to finance technical assistance to local groups in writing proposals, as is happening under the World Bank-financed Small Rural Operations project.

II. Component Two: Special studies

This component will collect and analyze data on the constraints to improved natural resource management and farmers willingness to invest in the land.

The products of this component will help the GON and donors to support policy, institutional and economic assistance strategies that will increase farm-level investments in the land.

Illustrative topics which may be analyzed include:

-Socio-economic study of natural forest management sites. A comparative study of the original model site at Guesselbodi with 'new' and/or other donor financed sites - such as Fayra, Gourou-Bassounga and Baba-N'Rafi.

-Technical study of management plans for the natural forests of Guesselbodi and Gourou-Bassounga. This would include follow-up of various natural resource interventions, such as stand regrowth rates and tree and grass seedling survival under different treatments, e.g. waterharvesting and zero grazing techniques. This kind of tracking would allow refinement of technical natural resource management plans to be applied to these forests and others elsewhere in Niger.

-Feasibility studies for the implementation of a natural resource management and cooperative organization plan for a land-use management site in the pastoral zone. This would build on the study carried out under the USAID-financed ILP Project and would involve a review of pilot enterprises already underway in this field (e.g. through the World Bank's Centre-Est project).

-Comparative analysis of existing SA/NRM interventions with differing cost-sharing regimes.

In addition, these analyses should provide data for GON decision-makers working on the Rural Code.

III . Component Three: Strengthening the Capacity of GON and Private Institutions to help Farmers, GON, and Donors Plan and Implement SA/NRM-investments.

These actions would support GON institutions that deal with planning and programming of SA/NRM initatives. The support may be financed through the Counterpart Fund or the technical assistance component, or both. USAID has already supported the construction and equipment of the forest planning units (Cellules de Planification Forestiere) at the departmental level through ASDG counterpart funds as well as continuing support to the FLUP units attached to the Direction de l'Environnement. In order for the cellules to become fully

operational they require additional support as well as technical backstopping from an 'updated' Inventory Section (for example through the provision of current remote sensing materials - approximately 8 million F CFA ($25,000) for satellite images,aerial photos and mapping paper was requested in the last submission). Once functional they could be valuable technical tools to assist the regional offices of the Direction de l'Amenagement de Territoire (Ministry of Plan).

On the research side, INRAN would be a candidate through its agroforestry and rural economy departments and in fact is already planning an agroforestry roundtable to coordinate approaches in this field.

3. Impact Analysis

Because the exact nature of the proposals to be funded cannot be known in advance, it is not possible to do rigorous impact analyses. However this section will present scenarios that analyze projected benefits and costs of two potential SA/NRM enterprises that have been identified. The scenarios include establishment of appropriate policy, institutional, and financial conditions as well as assistance in deploying technologies. They are intended to help guide ASDG managers and committees on the selection and monitoring process. The scenarios are:

- Development of A Soil Management/Agroforestry Test Site.
- Development of New Forest Land-Use Planning Site

The following are hypothetical cases.

Scenario One: Development of Soil Management/Agroforestry Test Site

The target is to test technologies, local institutions, policy incentives, and financial strategies in the context of a land-use system that has short, medium, and long-term impacts on soil fertility, soil/moisture conservation, and vegetative cover and is financially self-supporting. The inputs of this system include mineral fertilizer and compost, watercatchments, windbreaks, living hedges, *Acacia albida* trees, local credit cooperatives, and a management plan.

Management Plan

A management plan for the site will be developed that will include technologies, policies, cooperative development, and training schedules. This plan will be developed collaboratively by the GON, donors, and members of the farm community.

Technologies: Costs and Benefits

Based on past experiences, farmers can expect the following impacts from the following inputs:

-Grain Yields

--Short Term: In the first year, yields should rise from 450 (+/- 200) kg/ha to 800 (+/- 200) due to applications of 20 kg/ha of mineral phosphate and one ton of compost and the construction of watercatchments. The costs of these inputs are estimated to be $10.00 each. It is estimated that most fields will need phosphates at 10 kg/ha in the second and third years and then 20 kg/ha every three years up to the fifteen years (or until the Acacia albida effects become widely spread.)

--Medium-term: By the eighth to tenth year, yields should be at 1,000 (+/- 200) kg/ha as the windbreaks and living hedges begin to have effects. Costs of establishing windbreaks include $18.00/ha for seedlings and $14.00 a month for guardians during the initial two years.

--Long-term: Between the tenth and twentieth years, the Acacia albida cover will expand and yields should rise to 1,200 (+/- 200) kg/ha and be sustained with very little fallowing requirement. Field trees will provide four tons of green manure per hectare. By comparison, if the above or similiar actions are not initiated, farmers can expect average yields to decrease to less than 400 kg/ha with little forage and long-fallow requirements. Seedling costs for Acacia albida trees are estimated at $25.00/ha. Protection costs are estimated at $50.00/ha.

-Forage

--Over the mid and long-term, forage yields and quality will be substantially increased from the windbreaks and Acacia albdia trees. Based on forage data, which are very scarce, significant quantities would be available by the eighth to tenth year. By the twentieth year, the annual income from forage is estimated to be $30.

-Poles and Fuel Wood

--Poles should be harvested from the windbreaks on a ten-year rotation and the farmer should expect to receive $100 to $200 per cut.

Policies

Farmers who follow the management plan will receive the products of their investments under the Law 74-4, Articles 24 and 25 of the Forestry Code. The grant should support site visits and workshops for decision makers.

Extension and Training

Site visits and on-farm technical assistance will be the primary extension and training activities supported by the grant. Site visits will include visits by participating farmers to fields of farmers who have benefitted from windbreaks, mineral fertilizer, composting, and living hedges. Should the short-term inputs have expected benefits, the grant could prepare an audio-visual presentation about these technologies for national television.

Financing Costs

The expected benefit stream will pay for mineral fertilizers, compost, and most of the costs of the agroforestry initiatives. Participating farmers are expected to construct watercatchments. Under this scenario, the grant will support CLUSA or similar organization in assisting participating farmers to form a cooperative built on the existing "tontine" and "money keeper" systems described in the ASDG Amendment of August 1988. This cooperative will assist farmers to monetize a portion of the benefit stream from the outputs in order to pay for the inputs. And, this cooperative will assist farmers to form grain banks so that they will receive the top price from the grain sale.

Paying for the Inputs. The expected benefit stream will be 300 to 400 kg/ha of grain at $.20/kg if sold at the end of the dry season. The cost of the inputs that the farmer would be expected to pay would be about $26 in the first year, $31 in the second, and $20 in the third.

Grain Banks. Using the tontines and money keeper systems as models, the value of the grain sale could be increased. At harvest, each member of the cooperative consigns the amount of grain produced by the inputs to the grain bank. The grain bank pays each member the market value of the grain. The grain is stored until the prices are favorable and then sold. The loan is repaid, the cost of storing the grain is paid, and the remainder is returned to the member or to the cooperative. This occurs each year. CLUSA will also work with the cooperative to purchase and distribute inputs.

Protecting Seedlings. Protecting tree seedlings from animal damage is one of the principal expenses. The budget for the first three years includes $10, $20, and $10 respectively for this cost. Based on the Gao project at Dosso, the grant would share the cost of protecting these seedlings with the farmer. We have calculated this to be $0.50 per tree for two years. If the farmer protects the trees himself, then he would receive the $0.50 per tree protected.

Scenario Two: Development of New Land Use Planning Model Site

The central objective of this effort will be to manage a forest area within 60 km of Niamey on a sustained yield basis of all resources present susceptible of being commercialized, mainly wood, hay and pasture leases. In addition, the site will provide opportunities for testing wood harvesting technologies, research on stand growth, segregating the wood harvest into fuelwood and various forms of service wood, charcoal manufacturing, long distance marketing of wood and charcoal, marketing of other forest products as available, livestock carrying capacities under different kinds of pressures and various forms of marketing hay.

The area chosen will be different from the well known Guesselbodi site, in the sense that it will be considerably less degraded, reducing to a minimum (25% of the area) the non-directly profitable activities of environmental rehabilitation. In addition, in contrast to Guesselbodi, this new area will not be a National Forest. This will allow to test to what extent current policy and legislation (particularly articles 24 and 25 of Act 74-74) allow

the establishment of a clearly defined management unit in an area which is not part of the National Forest System. This is significant, since due to their limited aggregate area (200,000 ha), the National Forests cannot be counted upon to solve Niger's fuelwood problem.

As in the case of Guesselbodi, the site will be managed on the basis of a technically sound management plan (which this time will include detailed financial and economic analyses), and on a contract between the State and a cooperative villagers' enterprise. Since it will be located in a non degraded forest area, net profitability of the operation is expected in the short term, as confirmed by a preliminary financial analysis shown below.

The management plan will be based on sound ecological, social and marketing studies, as well as a detailed resource inventory, and will include a wood harvesting, merchandising and regeneration program over a 10-year period, an infrastructure program, a hay harvest and regeneration program, a range management program, a limited land rehabilitation program, and an agro-forestry program for surrounding fields. Other activities will include the establishment of the cooperative enterprise along with its training programs, and a research program. Annual activity and financial plans will also be prepared consistently with the 10-year management plan. Included in the annual financial plans will be the Cooperative's responsibility to manage its cash resources in order to ensure the payments of its obligations.

Major product yields

Based on the Guesselbodi experience and on inventory work conducted by FLUP, non-degraded wood stands in the area between Niamey and Dosso have a standing inventory of 13 merchantable steres (4.3 m3) per hectare ("Natural Forest Management in the Sahel", draft document, Heermans, Minnick and Christophersen, 1988). Assuming an area of 10,000 ha and a 10-year rotation, this operation will produce 13,000 steres of wood per year over the first 10 years of operation. Assuming a split of fuelwood/service wood of 90%/10%, and respective prices of 1,400 and 2,000 F CFA per stere, gross annual financial revenues from wood for the first 10-year rotation would be 19.5 million F CFA.

The price of fuelwood is assumed at 1,400 F CFA, rather than at the 1,500 charged at Guesselbodi, due to the longer distance to the Niamey market. These prices assume direct accessibility to a roadside woodyard, as in the case of Guesselbodi. This assumption is justified, since the Kouré forest, on which this example is based, straddles the same National Route as the Guesselbodi forest.

Although growth figures are strictly rough estimates, it is anticipated that under managed conditions, harvested stands will grow at a rate of 1.73 steres (0.56 m3) per hectare per year. These figures are based on calculations used by Sève in the construction of Niger's forest sector Model. They are based on research conducted by Clément and INRAN at the N'Dounga site near Guesselbodi.

On an area of 10,000 ha, this operation will have a long term sustainable productivity of 16,200 steres (5,800 m3) of wood annually. Assuming the same split of fuelwood/service wood and respective prices as above, long term gross annual financial revenues from wood would be 26 million F CFA, provided there are no increases in wood prices, which is likely to be conservative.

Hay revenues for this example are based on an analysis conducted in 1987 by Heermans and Minnick (Guide to Forest restoration and Management in the Sahel, 1987), in which the revenue per hectare per year for both grazing permits and hay sales was calculated at 740 F CFA per hectare.

Benefits from other products, which will depend on the species present, will be incremental to those derived from the main products.

Benefits derived from the rehabilitation program will occur only in the long run. However, according to the preliminary financial analysis detailed below, revenues from the wood and hay operations can cover all costs including those of the rehabilitation program. Based, on the Guesselbodi and Gorou-Bassounga experiences, rehabilitation such as micro-catchments, contour bunds, gully check dams and other soil and water conservation techniques are turning highly degraded areas into productive sites. It is therefore anticipated that these degraded lands, once restored, will become part of the operation as either woodland, pastureland, or both. Since short term profitability of these rehabilitation sites cannot be expected, emphasis will be on making the interventions as cost effective as possible, based on cost analyses of trials with various tools and team organization.

Potential impacts other than direct benefits

- Land clearing and eventual degradation pressure avoided
- Maintenance of vegetative cover, and therefore of bio-diversity
- Income-generating sustained resource utilization helps control rural exodus and contributes to overall economic growth
- New technologies and approaches will be derived from research program

Cost line items

a) Investments:

-Studies and plan preparation
-Nursery setup
-Forest Station Complex

b) Recurrent Costs:

-Forest manager (1)
-Cooperative agent (1)
-Stocking center manager (1)
-Driver (1)
-Guards, for forest and station complex(7)
-Temporary workers, for rehabilitation and trail blazing during 1st. 10 years. (16)
-Foreman for 1st. 10 years (1)
-Permanent workers for trail maintenance, years 11 and beyond (5)

-Operating expenses, forest station complex
-Operating expenses, cooperative
-Forest guard houses (renewed every 4 years)

-Pickup truck for forest manager (1)
-Diesel for pickup
-Maintenance for pickup
-Motorbikes for foreign volunteer and cooperative agent (2)
-Gasoline for motorbikes
-Maintenance for motorbikes
-Bicycles for guards

Figures related to these cost items are in the attached tables detailing the preliminary financial analysis.

Part of the grant can be used as a long-term loan to support costs of studies and plan preparation, infrastructure, vehicle purchase, and rehabilitation expenditures (temporary workers, tree planting and rehabilitation tools). Other recurrent charges can be sustained by the operation's revenues from the first year on, according to the preliminary financial analysis below. Since this can be a financially self-sustaining operation, a long term loan on favorable interest terms makes more sense than an outright grant. It should also be seriously considered that proceeds from loan reimbursement become part of a special fund specifically destined to provide initial capital for new investments in natural resources. In order to institutionalize this practice, models of existing "National Forestry Funds" should be examined. This concept started in France in the mid-forties, and at present there exists on in Mali. Discussions on the subject have taken place, particularly at the "Engagement de Maradi" debate, but so far, nothing has materialized.

Research

Since natural forest management in Niger is a discipline in its initial stages of development, a new management site should have a research component in order to make contribution to knowledge on the subject. The following topics constitute priority areas where knowledge needs to be acquired in order to generalize commercial natural forest management in Niger.

-Stand growth and development
-Range carrying capacity
-Wood merchandising
-Charcoal manufacturing
-Long distance wood and charcoal marketing

A site such as the one described in this example should establish a program of experiments on these topics under a rigorous research plan to be funded initially by the grant.

Extension

Extension visits and seminars will be conducted, especially in relation to research results, in order to diffuse new technologies and approaches derived from them. These events should be paid from sources of funds other than the operation itself. Joint funding between the grant and other sources dealing with extension could be one approach.

Financial/Economic analysis

The data presented at the end of this section describe a preliminary analysis conducted on a strictly financial basis, that is, using current market prices and reflecting the standpoint of the operation itself, without specific attention to the economy as a whole. Included in the analysis are the costs of initial investments, ongoing forest management operations and operating costs of a limited rehabilitation program. On the benefit side, revenues from fuelwood and service wood have been included, based on a fuelwood price slightly lower than that of Guesselbodi on account of the longer distance to markets. By the same token, payment to woodcutters has been reduced from 850 to 830F CFA. In addition, hay revenues are considered, on the same basis as Guesselbodi due to lack of detailed information.

It is important to note that a "with and without" approach was not applied. This is justified since general land deterioration trends in Niger suggest that the present condition of the resource is the best it can have without any intervention.

This analysis shows a sustainable operation, on a fully loaded basis, including rehabilitation activities, but excluding research and extension. Positive net present values are obtained with discount rates of 10 and 15% on a fully loaded (all costs considered) basis. On a recurrent cost basis, discount rates higher than 20 % can be supported.

Recommendations for action

This type of operation, on a preliminary basis appears to be technically and commercially sustainable in the long run. In addition, it can make substantial contributions to knowledge in the areas of forest management, range management wood products marketing and financial control. In addition, since it is not a National Forest (in contrast to Guesselbodi), it will allow to test the possibility of establishing permanent management sites on the "Domaine Protegé", under articles 24 and 25 of Act 74-7 of Niger's Forestry Code.

It is recommended that a site of with this potential be identified in the Kouré region and put into management through a contract between the GON and a cooperative enterprise under a rigorous management plan, including programs for wood harvesting and regeneration, rehabilitation and reforestation, and hay harvesting and range management. In addition, the plan should contain rigorous financial and economic analyses, specific programs for the marketing of all products and a cash management plan to control the seasonal nature of cash flows.

Initial funding of these commercial operations should be in the form of a long-term loan rather than a grant, and proceeds from the loan should feed into a fund dedicated to similar investments in sustainable land-use. As indicated above, similar models of funds (National Forestry Funds) operating in other countries should be examined as a first step towards institutionalizing this process.

Research and extension programs as outlined above should be a part of this operation, but should be supported by external funding.

Financial Analysis For Natural Forest Management Scenario

Major Cost Items

Nursery setup	3,000,000	in 1st year
Cost per nursery-grown tree	80	per tree
Tree fertilization	5	per tree
Grass seed	250	per sack
Forest manager's salary	7,500	per month
Cooperative agent	7,500	per month
Workers	2,400	per month
Foremen	3,500	per month
Forest guard	3,500	per month
Office/woodyard guard	3,500	per month
Drivers	3,500	per month
Stocking center manager	2,600	per month
Hand tools	1,200	per tool
Office operating costs	8,000	per year
Coop. operating costs	8,000	per year
Office/lodging/storage construction	10,000,000	in 1st year
Nursery storeroom	500	in 1st year
Lodging for forest guards	100,000	/guard/year
Pickup truck	5,000,000	every 5 yrs
Motorcycle for volunteer	750,000	every 4 yrs
Motorcycle for coop agent	750,000	every 4 yrs
Bicycles	5,000	
Diesel for pickup	500	liters/mo.
Maintenance for pickup	25%	of fuel cost
Maintenance of tractor	25%	of fuel cost
Fuel for motorcycle of volunteer	80	liters/mo.
Maintenance for moto of volunteer	25%	Of fuel cost
Fuel for moto of coop agent	80	liters /mo.
Maintenance for moto of coop agent	25%	of fuel cost
Price of diesel	185	per liter
Price of gas (motos)	225	per liter

Other Cost Assumptions

Trees per hectare to be planted	142, 1st 10 yrs, 25% of area
Sacks of seed per hectare	200 per year
Temporary workers	16 per 8-mo season:1st 10 yrs
Permanent workers	2 to maintain roads from yr 11
Foremen	1 per 8-mo season:1st 10 yrs
Forest guards	2 added per yr to total 6
Guard office/store/lodging	1
Drivers	1
Stocking center manager	1
Forest guard houses	2 added/yr, rep. every 4 yrs
Pickup truck	1
Motorcycles	2
Bicycles	1 per forest guard, rep. every 4 yrs
Land restoration tools	16 per yr: 1st 10 yrs
Contingencies	10% of costs

Major Revenue Items for Natural Forest Management

Fuelwood revenues	1400 fcfa per stere
Service wood revenues	2000 fcfa per stere
Fuelwood harvestable volume, 1st rotation	11.7 steres per ha.
Service wood harv. volume, 1st rotation	1.3 steres per ha.
Fuelwood harv. volume, other rotations	15.57 steres per ha.
Service wood harv. volume, next rotation	1.73 steres per ha.
Cutting permits	40 fcfa per stere
Less payment to woodcutter	830 fcfa per stere
Hay revenues	740 fcfa per stere

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FINANCIAL VALUE FLOW MATRIX FOR A NATURAL FOREST MANAGEMENT OPERATION OF 10,000 HECTARES

(THOUSAND $ PER)

COSTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11
Investments											
Studies and plan preparation	2500										
Nursery setup	3000										
Forest station complex	10000										
Total Investments	15500										
Recurrent costs											
Forest manager (1)	900	900	900	900	900	900	900	900	900	900	900
Cooperative agent (1)	900	900	900	900	900	900	900	900	900	900	900
Stocking center managers (1)	312	312	312	312	312	312	312	312	312	312	312
Driver (1)	420	420	420	420	420	420	420	420	420	420	420
Guard, forest station complex (1)	420	420	420	420	420	420	420	420	420	420	420
Forest guards,(up to 6)	840	1680	2520	2520	2520	2520	2520	2520	2520	2520	2520
Temporary workers (16)	3072	3072	3072	3072	3072	3072	3072	3072	3072	3072	3072
Permanent workers (5)											
Foremen (1)	280	280	280	280	280	280	280	280	280	280	576
OE Forest Station Complex	80	80	80	80	80	80	80	80	80	80	80
OE Stocking center	80	80	80	80	80	80	80	80	80	80	80
Forest guard houses	200	200	200		200	200	200		200	200	200
Fieldup truck (1)	5000					5000					5000
Diesel	888	888	888	888	888	888	888	888	888	888	888
Maintenance	222	222	222	222	222	222	222	222	222	222	222
Motorbikes (2)	1500				1500				1500		
Gasoline	216	216	216	216	216	216	216	216	216	216	216
Maintenance	54	54	54	54	54	54	54	54	54	54	54
Bicycles	100	100	100		100	100	100		100	100	100
Land restoration tools	192	96	96	96	96	96	96	96	96	96	
Seedlings planted	3017.5	3017.5	3017.5	3017.5	3017.5	3017.5	3017.5	3017.5	3017.5	3017.5	
Grass seeds	50	50	50	50	50	50	50	50	50	50	
Total Recurrent Costs	18743.5	12907.5	13827.5	13827.5	15327.5	15827.5	13827.5	13527.5	15327.5	13827.5	12888
TOTAL COSTS	34243.5	12907.5	13827.5	13827.5	15327.5	15827.5	13827.5	13527.5	15327.5	13827.5	12888

REVENUES

Fuelwood revenues	16380	16380	16380	16380	16380	16380	16380	16380	16380	16380	21798
Service wood revenues	2600	2600	2600	2600	2600	2600	2600	2600	2600	2600	3460
Revenue from wood permits	520	520	520	520	520	520	520	520	520	520	692
Total wood revenues	19500	19500	19500	19500	19500	19500	19500	19500	19500	19500	25950
Less payment to wood cutter	10790	10790	10790	10790	10790	10790	10790	10790	10790	10790	14359
Wood revenue net of payment	8710	8710	8710	8710	8710	8710	8710	8710	8710	8710	11591
Hay revenue	7400	7400	7400	7400	7400	7400	7400	7400	7400	7400	7400
TOTAL REVENUE	16110	16110	16110	16110	16110	16110	16110	16110	16110	16110	18991
NET VALUE FLOW	-18133.5	3122.5	2282.5	2582.5	782.5	-2717.5	2282.5	2582.5	782.5	2282.5	6103
VALUE FLOW NET OF RECURRENT COSTS	-2633.5	3122.5	2282.5	2582.5	782.5	-2717.5	2282.5	2582.5	782.5	2282.5	6103

NET PRESENT VALUE ANALYSIS

		FULLY LOADED BASIS	RECURRENT COSTS ONLY
NPV@	10%	15050.7	29141.61
NPV@	15%	3161.46	16639.72
NPV@	20%	-2789.8	10126.85

YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20
900	900	900	900	900	900	900	900	900
900	900	900	900	900	900	900	900	900
312	312	312	312	312	312	312	312	312
420	420	420	420	420	420	420	420	420
420	420	420	420	420	420	420	420	420
2520	2520	2520	2520	2520	2520	2520	2520	2520
576	576	576	576	576	576	576	576	576
80	80	80	80	80	80	80	80	80
80	80	80	80	80	80	80	80	80
	200	200	200		200	200	200	
888	888	888	888	5000	888	888	888	888
222	222	222	222	888	222	222	222	222
	1500			222	1500			
216	216	216	216	216	216	216	216	216
54	54	54	54	54	54	54	54	54
	100	100	100		100	100	100	
7588	9388	7888	7888	12588	9388	7888	7888	7588
7588	9388	7888	7888	12588	9388	7888	7888	7588

21798	21798	21798	21798	21798	21798	21798	21798	21798
3460	3460	3460	3460	3460	3460	3460	3460	3460
692	692	692	692	692	692	692	692	692
25950	25950	25950	25950	25950	25950	25950	25950	25950
14359	14359	14359	14359	14359	14359	14359	14359	14359
11591	11591	11591	11591	11591	11591	11591	11591	11591
7400	7400	7400	7400	7400	7400	7400	7400	7400
18991	18991	18991	18991	18991	18991	18991	18991	18991
11403	9603	11103	11103	6403	9603	11103	11103	11403
11403	9603	11103	11103	6403	9603	11103	11103	11403

Attachment A. Technical and economic impacts of various land-use technologies

The following is just a summary. More details can be found in Opportunities for Sustained Development (Shaik et al., 1988).

-Crop Production

--Short-Term: Where mineral fertilizer (primarily phosphates) and water harvesting are used together, crop yields should rise from 450 (+/- 200) kg/ha to 850 (+/- 200) kg/ha (Purdue, 1985). Compost should be added at two to four tons/ha (ISRA, 198-). Even without compost, leaving crop residues on the ground and using phosphate fertilizer can double yields (Battiono et. al., 1986)

--Medium-Term: Wind-breaks, living hedges, and/or vegetation strips should increase crop production by 10 to 15% after the system is established in the seventh to ninth year (CARE, 1987).

--Long-Term: Mature Acacia albida systems should increase yields from 450 (+ - 200) kg/ha to 900 (+/- 200) kg/ha (Felker, 1978). In addition, once this system is established, the fallow requirement is much reduced. Thus, the impacts of this system must be counted not only in production within years but in production over time. Based on observations from A. albida plantations established in the early 1970's, this system should take 17 to 20 years to establish.

Range Products.: The shrubs, trees and perennial grasses established under this component will have a substantial impact on the carrying capacity of homesteads, pasture lands and natural forests under management. Leaves and seed pods from trees and shrubs will provide new sources of dry season forage and grasses and forb production will be greater under a management plan. Depending upon the mix of species, the carrying-capacity of these lands can be expected to increase from --- to ---- units.

Poles: Poles harvested from private woodlots and windbreaks can be expected to provide a sustained income of --/ha/yr (3000 fcfa/ha/yr for windbreaks).

Fuelwood: Natural forests under management can be expected to produce between one to two cubic meters per ha. per year on a sustained basis.

Other Products: By stabilizing a major portion of agricultural lands in Niger, the initiatives supported in this SA/NRM component would have major impacts on other enterprises. Range lands, national fauna and flora reserves and game parks would be under less pressure. Stated in another way, if agricultural lands (including natural forests) are not stabilized, there is little probability that development in other sectors will have sustained impacts.

Attachment B.: Partial Catalogue of Land-Use Technologies

Technologies that show promise to contributing to a system that achieves the general objectives include the following:

(a) Soil Fertility

-Improved Composting
-*Acacia albida* establishment.
-Crop Residue Management
-Mineral Fertilizer
-N-fixation

(b) Soil/Moisture Conservation

-Watercatchments (demi-lunes, bunds etc.)
-Gully plugging, check dams
-Plowing
-Contouring, tied ridges, vegetative strips
-Mulching (with crop residues or twigs)
-Living Hedges
-Dune stabilization

(c) Vegetation Management

-Natural Stand Management
-Management Plans
-Windbreak Management
-Village Woodlots
-Boundary Plantings
-Gum Arabic Management
-Forage Management
-Reintroductions

Conditions to Diffuse Technologies

It is probable that adoption of the above technologies will depend upon actions to establish or strengthen the following conditions:

(a) Extension and Training Actions

-Model sites identified or established;
-Farmer site visits by extension workers;
-Farmer to farmer visits;
-Mass media supported.

(b) Actions Supporting Development of Policy Incentives

-Tenure and usufruct rights from products of resources management;
-Taxes reduced on products from managed lands.
-Field trips to test sites for decision-makers
-Economic analysis comparing policy options
-Workshop for decision-makers on policy options

(c) Institutional Support and Development

-Increase percentage of GON Service agents that provide technical support to farmers;
-Increase logistical support to extension agents;
-Train extension agents;
-Train farmer organization personnel;
-Support private NRM enterprises (nurseries).

(d) Provision of Financial Support

-Cost sharing in the short-term for land-use initiatives that have long-term, economic impacts;
-Provide credit conditional on implementing land-use plan;
-Support village level cooperative;
-Support marketing of NRM products;
-Conduct market research.

Annex F

Information Plan

A. Users of the Information

The principal users of data and related information generated under the ASDG program are economic policy decision makers within the Government of Niger. The policy reforms supported by the ASDG have relevance for the Ministries of Agriculture and Environment, Animal Resources and Hydrology, Plan and Regional Planning, Commerce, Industry and Artisanship, and Finance. The new policy reforms under this amendment are most directly related to the first three agencies.

The Director, USAID/Niger is responsible for determining whether conditions precedent have been satisfied. In addition, the USAID/Niger Agricultural Development Officer has responsibility for monitoring and evaluating compliance towards economic reform measures included in the program. He receives assistance in this effort from the ASDG Program Officer, the Agricultural Development Office's Agricultural Economist and the USAID/Niger Economist. They are the principal USAID/Niger monitors of ASDG data.

The information generated by the ASDG, also has relevance for other donors supporting policy reforms, most importantly the IBRD and IMF.

B. Principal Objectives:

The principal objectives of the ASDG as amended are set forth in section III. of this PAAD Amendment.

C. Priority Information Needs

Under the ASDG, funding is released in tranches after agreed upon policy reform measures have been attained by the GON. A joint USAID-GON evaluation is used to determine the degree of compliance to the policy conditionalities. Thus, the ongoing data collection and analysis activities by the participating GON organizations and contract personnel contribute directly to the joint ASDG program evaluation. The joint evaluations provide the necessary information and represent the key decision points for the release of the resource transfer to the GON. Also, the mid-term evaluation and the recently completed final evaluation have been used to identify the needed management reforms for the implementation of the overall program.

D. Management Information System (MIS)

The following table was developed by the University of Michigan (U. of M.) technical assistance (TA) team in collaboration with the various ASDG counterparts. The table illustrates the current tracking system moving from the policy reform objectives to the monitored indicators and ending with the specific data source for each policy reform area. The data sources include both standard GON statistics as well as ASDG-specific data collected in support of the ongoing efforts. These data are also complemented by special policy-specific studies as required.

TABLE V.I.

MONITOR POLICY REFORM AREAS AND OBJECTIVES		MONITORED INDICATORS OF COMPLIANCE AND IMPACT
By end of T2:	Maximum rate of subsidy = 50%	GON Ag input pricing decrees
By end of T3:	Maximum rate of subsidy = 30%	CA price schedules
By end of T4:	Maximum rate of subsidy = 25%	
By end of T5:	(not applicable)	
By end of T6:	Maximum rate of subsidy = 15%	
OPVN TENDERS/BIDS		
By end of T2:	20% of OPVN purchases and sales by tender/bid	OPVN cereal transaction reports
By end of T3:	50% of OPVN purchases and sales by tender/bid	Free market cereal prices
By end of T4:	maintain use of tender/bid system	
By end of T5:	" " "	
By end of T6:	evaluate use of tender/bid system	
VILLAGE LEVEL GRAIN STORAGE		
By end of T2:	To be promoted thru arrangements w/coops, GM,CBs	Levels of cereal bank stocks
By end of T3:	Reach 6,000 tons of storage by GMs & coops.	Levels of GON village stock programs
By end of T4:	Maintain use of these facilities	Economic viability of CBs
By end of T5:	" " "	
By end of T6:	" " "	
AGRICULTURAL CREDIT		
By end of T2:	Initiate AG credit study	Assistance to/cooperative with study team
By end of T3:	Complete Ag credit study	Publication of report
By end of T4:	Encourage development of rural financial markets	Constitution of credit policy task force
By end of T5:	Credit unions given legal status	Expansion of rural financial mkts/networks
By end of T6:	5 Credit unions in place	
LIVESTOCK/NIEBE BORDER TRADE		
By end of T2:	Reduce administrative & fiscal restrictions	GON decrees simplifying procedures
By end of T3:	" " "	GON decrees decentralizing control
By end of T4:	Complete livestock export study	
By end of T5:	Implement study's recommendations	
By end of T6:	Complete study of border trade	
CEREAL PRICES		
By end of T3:	Abolish uniform national pricing for cereals	GON decrees on marketing campaigns

CENTRALE D'APPROVISIONNEMENT		
By end of T3:	Develop the CA toward coop-owned input supply entity in competition with private sector input suppliers.	Preparation of new statutes for the CA
By end of T4:	"	
SEED		
By end of T4:	Seed Action Plan Completed	Seed center reports
By end of T5:	NA	Seed Plan's studies
By end of T6:	Satisfactory implementation of Seed Plan	Level of seed security stock Quality control system established
NRM		
By end of T6:	Usufruct rights granted communities for land mgmt. sites defined	GON decrees
	Lower rate for wood cutting permits applied to forest management sites	
	Area under land use management plans increased by 15,000 hectares.	
	Number of GON-Cooperative/individual agreements to exploit natural lands in the public domain on a sustainable basis according to pre-established management plans increased by five.	
	Average yield on famers fields where improved natural resource initiatives taken increased by 50%.	
	Number of farmers adopting improved NRM techniques increased by 2,000.	

TABLE V.I. (CONT).

IMPACT	SPECIFIC SOURCES AND DOCUMENTS
GON budgetary outlays for inputs Effective demand for Ag. inputs	CA annual reports MA/DEPSA production/input use stats Evaluation of OPVN operations
Savings realized by Office Proportion sold by producer groups Cereal price stability	OPVN audit documents Price and stock level bulletins MA/DEPSA study
Village-level cereal stock stability Village-level cereal price stability Economic gains/losses	Enquete stocks villageois, 85/86 MA/DEPSA cereal banks study
Access to credit Access to savings institutions level of investment	OSU rural financial mkts study CNE activity repots CLUSA coop guarantee fund reports WOCCU data and evaluation
Extent of exports (licenses issued, transcripts from border posts) Interviews with traders	MCIT/DCE, NO. of license issued Decrees on marketing campaigns Ch of Comm/CNCE reports Special MARH Livestock Export Study Special MAE Export Study
Farmgate and consumer prices	GON decrees - OPVN documents
Scale of new CA operations Viability of new CA User prices for inputs Reliability of delivery system	CA financial reports CA annual reports
Increased availability and use of improved seed	NSS documents
Reduced per unit production, distribution and recurrent costs of seed supply system	Seed Plan studies
Increased dissemination and application of rational forest management technologies	ASDG Counterpart Fund records Participating NGO records ASDG-supported NRM studies

Monitoring and Reporting

The monitoring and reporting of the program implementation under this sector assistance includes: (1) the policy reform program; and (2) the local currency program.

Monitoring of Policy Reforms

Monitoring and reporting on the progress (or problems) toward the implementation of the ASDG policy reform program is the responsibility of the Offices of Program and Studies within the Ministries of Agriculture and Environment, and Animal Resources and Hydrology. The policy reform measures have been and will continue to be carried out under the coordination of the "High Committee" chaired by the Secretary General of the Office of the President, with membership consisting of the USAID Director and the Secretaries General of the Ministries of Agriculture, Animal Resources, Plan, Finance, and Commerce. The "High Committee" is supported by a technical committee at mid-management level from the same agencies. The land use management policy reforms proposed under this amendment will be monitored within the Ministry of Agriculture.

Prior to the 1985 reorganization of the Ministry of Rural Development (MRD), a needs assesment was conducted with the Office of Program and Studies of the MRD to assist the ministry in setting up appropriate systems for effective monitoring, coordination, and evaluation of the program. In addition, a policy analysis unit was to be established. The policy analysis unit was been officially established in 1988 after serving informally for three years. The responsibilities are as follows:

1. identify relevant data to be used in the evaluation and determination of progress made in the implementation of the policy reform program;

2. collect the data considered above;

3. assist the Offices of Program and Studies within the Ministries of Agriculture and Environment and Animal Resources and Hydrology in the preparation of necessary reports to be used as inputs in the review, assessment, and determination of whether the conditions precedent related to policy reforms have been met;

4. assist the Office of Program and Studies prepare terms of reference for necessary policy studies, promote policy debates, seminars and workshops to increase the awareness of the significance of appropriate policy framework;

5. provide continuing analysis and evaluation of the effects of policy changes on resource allocation, government finance, and agricultural production;

6. following the analysis and evaluation, make recommendations as to the need to modify the policy reform targets and to mitigate any unforseen negative effects of the policy changes;

7. coordinate and assist other ministries or governmental agencies involved in the implementation of the policy reform program;

8. provide training aimed at transferring skills in economic policy analysis, formulation, and monitoring to the Nigerien counterparts in order to develop the policy analytic capability in the Ministry of Rural Development; and

9. prepare required reports for both the Government of Niger and USAID.

The technical assistance team will continue to assist in carrying out the functions of policy analysis and will work closely with the Agricultural Development Office of USAID/Niger in monitoring implementation of the policy reform program. The technical assistance team in collaboration with its counterparts in the Ministries of Agriculture and Environment and Plan are also developing data bases to better measure the impact of policy changes at both the macro and micro levels. The USAID steering committee will provide recommendations to USAID senior management in determining whether satisfactory policy actions have been taken to meet the conditions precedent for subsequent dollar disbursements. Short-term technical assistance from the Agricultural Policy Analysis Project Phase II (APAP II) will be provided in summer 1989 to refine monitoring systems further in order to prepare for the amendment and next phase program.

Annual review and assessment between the Government of Niger and USAID senior management will continue to be held to discuss progress or problems encountered in the policy reform program. Such reviews will provide an opportunity to make necessary adjustments to the program. Other methods of monitoring the program will include monthly progress reports, quarterly program implementation reports, joint reviews, audits and evaluations.

Monitoring of Local Currency Program

Under the direction of the joint GON/USAID Counterpart Management Committee, a secretariat has been established to monitor and account for use of counterpart funds. The responsibilities of the secretariat include technical and financial review of counterpart use proposals, regular reports on allocation and expenditure of funds, assisting in annual audits, and site visits to assess performance of counterpart-funded activities.

The March 1989 final evaluation of ASDG suggested a number of management improvements in the secretariat and granting to the secretariat of more operational autonomy. The Ministry of Plan has stated that changes will be made (the Secretary of State for Regional Planning called in relevant members of his ministry to announce this intention within days of the subject's discussion at an evaluation review meeting). USAID will continue to press on this issues, and will require proof of improvements prior to operation of the NRM sub-account.

E. Host Country Participation

The Ministries of Agriculture and Environment (MAE), Animal Resources and Hydrology, and Plan and Regional Planning are the fundamental implementing agencies for the Management Information System (MIS). The U. of M. provides a technical assistance team to the Ministry of Agriculture and Environment (MAE) and the Ministry of Plan (MP). The U. of M. has been successful in installing microcomputer capacity and in training MAE and MP counterparts in their use for data collection, analysis and retrieval purposes.

F. Operation of the MIS

Information related to ASDG falls into three main categories:

- data used for the monitoring/evaluation of policy reform areas;
- data used for specific studies in the same areas;
- data used as part of technical assistance in the normal flow of ministry activities.

Monitoring/Evaluation Data: Statistics collected from various sources by the U. of M. team (i.e., input use, input and cereal prices, etc.). These are processed and analyzed, and used to monitor progress and become part of the ASDG evaluation of policy reform compliance. These data appear in tabular form and are available to AID and Ministry staff.

Data Used for Specific Studies: These various statistics are gathered (primary or secondary collection) as specific ASDG related studies which are carried out (fertilizer use, cotton production, marketing by cooperatives, etc.). They are processed by the TA team and Ministry staff on project computers and appear in the relevant study reports. They are also archived and regularly updated. Since they include over a hundred different files on various topics, their list is organized in a data base.

Technical Assistance to the Ministry of Agriculture: In this case, the TA team is using data collected by the Ministry's field agents which includes agricultural production and price statistics and appear in tabular and graphic form in the Ministry's yearly agricultural statistics yearbook. Statistical analysis and presentation are done with constant feedback for top-level Ministry staff.

During the agricultural season, the Ministry's Direction of Studies and Programming also publishes a synthesized situation report every two weeks. It contains recent information on rainfall, prices, production and crop infestation reports. It is limited to 8-10 pages, contains tables, maps and graphs, and is sent directly to the Minister's cabinet.

Information management also covers the monitoring of various projects by the Ministry. Project budgets and activities are tracked through a simple data base system allowing the preparation of regular situation reports. Ministry staff are entirely in charge of this activity.

G. Estimated Evaluation Requirements:

The Final Evaluation of the program was conducted in early 1989. This evaluation was very comprehensive. The current amendment will be evaluated internally (by GON and USAID). Status of NRM interventions will be reviewed by the Mission on a regular basis. As it is anticipated that ASDG II will overlap with this program, and initial studies under ASDG II will review the final status of the present grant.

Budget:

The financial plan in section IV.E. depicts the necessary funding for the implementation of the Information Plan for the ASDG (see line items for Technical Assistance; Policy Studies, Seminars and Workshops; and Evaluation).

Information Plan for the NRM Interventions

Each project proposed under the counterpart fund will have a basic information plan. This plan will present proposals for baseline data collection (in the case of an "outreach" project) and monitoring. The size and type of project proposed will determine information needs and possibilities. The NRM advisor on the technical assistance team will be responsible for assisting project proposers in devising information plans and assessing benchmarks. Some proposal-specific benchmarks are to be found in Annexe E. For the purposes of ASDG examples of benchmarks could be;

Number of sites where sustainable SA/NRM interventions have been replicated.

Number of local groups practising sustainable SA/NRM interventions.

ANNEX G.

3(A)2 - NONPROJECT ASSISTANCE CHECKLIST

The criteria listed in Part A are applicable generally to FAA funds, and should be used irrespective of the program's funding source. In Part B a distinction is made between the criteria applicable to Economic Support Fund assistance and the criteria applicable to Development Assistance. Selection of the criteria will depend on the funding source for the program.

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

A. GENERAL CRITERIA FOR NONPROJECT ASSISTANCE

1. FY 1989 Appropriations Act Sec. 523; FAA Sec. 634A. Describe how authorization and appropriations committees of Senate and House have been or will be notified concerning the project.	Congressional Notification
2. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?	No further legislation is required
3. FAA Sec. 209. Is assistance more efficiently and effectively provided through regional or multilateral organizations? If so, why is assistance not so provided? Information and conclusions on whether assistance will encourage developing countries to cooperate in regional development programs.	Negative

4. FAA Sec. 601(a). Information and conclusions on whether assistance 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.

4. This is a grant targeted at encouraging agricultural sector policy reforms. The policy reforms have the overall objectives of deregulating state market controls encouraging competition and promoting private sector development. The natural resources management component will promote policy incentives for community investment in the land to maintain and enhance the natural resource base. Counterpart fund proceeds from the grant will contribute to cooperative development and increase efficiency in the allocation of agricultural sector resources.

5. FAA Sec. 601(b). Information and conclusions on how assistance 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).

5. Subsidy reductions as agricultural inputs and the overall liberalization of Nigerien product and factor markets will improve the environment for private sector activities in the agricultural sector. Private U.S. firms will participate in the Program by providing technicians and commodities.

6. FAA Secs. 612(b), 636(h); FY 1989 Appropriations Act Secs. 507, 509. Describe steps taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services.

6. N/A

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

Negative

8. FAA Sec. 601(e). Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Affirmative

9. FAA Sec. 121(d). If assistance is being furnished under the Sahel Development Program, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of A.I.D. funds?

Affirmative

10. FY 1989 Appropriations Act. Will assistance be designed so that the percentage of women participants will be demonstrably increased?

Affirmative

B. FUNDING CRITERIA FOR NONPROJECT ASSISTANCE

1. Nonproject Criteria for Economic Support Fund

a. FAA Sec. 531(a). Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA? — **Affirmative**

b. FAA Sec. 531(e). Will assistance under this chapter be used for military or paramilitary activities? — **Negative**

c. FAA Sec. 531(d). Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106? — **N/A**

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

e. FY 1989 Appropriations Act. If assistance is in the form of a cash transfer: (a) are all such cash payments to be maintained by the country in a separate account and not to be commingled with any other funds? — **Affirmative**

(b) will all local currences that may be generated with funds provided as a cash transfer to such a country also be deposited in a special account to be used in accordance with FAA Section 609 (which requires such local currencies to be made available to the U.S. governnent as the U.S. determines necessary for the requirements of the U.S. Government, and which requires the remainder to be used for programs agreed to by the U.S. Government to carry out the purposes for which new funds authorized by the FAA — **Affirmative**

would themselves be available)? (c) Has Congress received prior notification providing in detail how the funds will be used, including the U.S. interests that will be served by the assistance, and, as appropriate, the economic policy reforms that will be promoted by the cash transfer assistance?	Affirmative
2. Nonproject Criteria for Development Assistance	
a. FAA Secs. 102(a), 111, 113, 281(a). Extent to which activity will (a) effectively involve the poor in development, by expanding access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?	(a) The program is designed to have an overall macro-economic impact but will involve the poor in development through improvement availabilities of agricultural inputs to farmers. A majority of the beneficiaries of the program are subsistence farmers. (b) The program will promote policy changes in grain marketing and pricing and in crossborder trade which should encourage the evolution of cooperatives as marketing intermediaries and increase the opportunity for more private sector participation. (c) The program will support Niger's self-help efforts by contributing to Niger's present economic and financial programs. (d) A study to be financed under the program will address the question of women's access to credit (e) The program is not designed to encourage regional cooperation by developing countries.

b. FAA Secs. 103, 103A, 104, 105, 106, 120-21. Is assistance being made available (include only applicable paragraph which corresponds to source of funds used; if more than one fund source is used for assistance, include relevant paragraph for each fund source):

(1) [103] for agriculture, rural development or nutrition; if so (a) extent to which activity is specifically designed to increase productivity and income of rural poor; [103A] if for agricultural research, account shall be taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made; (b) extent to which assistance is used in coordination with efforts carried out under Sec. 104 to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value; improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people; and (c) extent to which activity increases national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

103. The program will contribute to increased productivity and rural income through increasing the availability of agricultural inputs and improved seeds, as well as promoting investment in the land which conserves the Natural Resource base.

N/A

(2) [104] for population planning under Sec. 104(b) or health under Sec. 104(c); if so, extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems, and other modes of community outrearch.	N/A
(3) [105] for education, public administration, or human resources development; if so, (a) extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, and strengthens management capability of institutions enabling the poor to participate in development; and (b) extent to which assistance provides advanced education and training of people of developing countries in such disciplines as are required for planning and implementation of public and private development activities.	N/A
(4) [106] for energy, private voluntary organizations, and selected development problems; if so, extent activity is:	See (ii) over
(i)(a) concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and (b) facilitative of research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment;	

(ii) concerned with technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;	(ii) Natural resource management component will involve cooperation with private voluntary organisations.
(iii) research into, and evaluation of, economic development processes and techniques;	
(iv) reconstruction after natural or manmade disaster and programs of disaster preparedness;	
(v) for special development problems, and to enable proper utilization of infrastructure and related projects funded with earlier U.S. assistance;	
(vi) for urban development, especially small, labor-intensive enterprises, marketing systems for small producers, and financial or other institutions to help urban poor participate in economic and social development.	
(5) [120-21] for the Sahelian region; if so, (a) extent to which there is international coordination in planning and implementation; participation and support by African countries and organizations in determining development priorities; and a long-term, multidonor development plan which calls for equitable burden-sharing with other donors;	N/A
(b) has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of projects funds (dollars or local currency generated therefrom)?	Affirmative

c. FY 1989 Appropriations Act. Have local currencies generated by the sale of imports or foreign exchange by the government of a country in Sub-Saharan Africa from funds appropriated under Sub-Saharan Africa, DA been deposited in a special account established by that government, and are these local currencies available only for use, in accordance with an agreement with the United States, for development activities which are consistent with the policy directions of Section 102 of the FAA and for necessary administrative requirements of the U. S. Government?	Affirmative
d. FAA Sec. 107. Is special emphasis placed on use of appropriate technology (defined as relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?	Affirmative
e. FAA Sec. 281(b). Describe extent to which the activity 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.	The program is designed to effect policy changes which will reduce the level of central government efforts and increase the participation of the people in local, self-managed and self-financed development activities.
f. FAA Sec. 101(a). 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?	Affirmative

5C(1) - COUNTRY CHECKLIST - NIGER FY '89

Listed below are statutory criteria applicable to: (A) FAA funds generally; (B)(1) Development Assistance funds only; or (B)(2) the Economic Support Fund only.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FY 1989 Appropriations Act Sec. 578(b). Has the President certified to the Congress that the government of the recipient country is failing to take adequate measures to prevent narcotic drugs or other controlled substances which are cultivated, produced or processed illicitly, in whole or in part, in such country or transported through such country, from being sold illegally within the jurisdiction of such country to United States Government personnel or their dependents or from entering the United States unlawfully? — No

2. FAA Sec. 481(h); FY 1989 Appropriations Act Sec. 578; 1988 Drug Act Secs. 4305-07. (These provisions apply to assistance of any kind provided by grant, sale, loan, lease, credit, guaranty, or insurance, except assistance from the Child Survival Fund or relating to international narcotics control, disaster and refugee relief, narcotics education and awareness, or the provision of food or medicine.) If the recipient is a "major illicit drug producing country" (defined as a country producing during a fiscal year at least five metric tons of opium or 500 metric tons of coca or marijuana) or a "major drug-transit country" (defined as a country that is a significant direct source of illicit drugs significantly affecting the United States, through which such drugs are transported, or through which significant sums of drug-related profits are — Not Applicable.

laundered with the knowledge or complicity of the government): (a) Does the country have in place a bilateral narcotics agreement with the United States, or a multilateral narcotics agreement? and (b) Has the President in the March 1 International Narcotics Control Strategy Report (INSCR) determined and certified to the Congress (without Congressional enactment, within 45 days of continuous session, of a resolution disapproving such a certification), or has the President determined and certified to the Congress on any other date (with enactment by Congress of a resolution approving such certification), that (1) during the previous year the country has cooperated fully with the United States or taken adequate steps on its own to satisfy the goals agreed to in a bilateral narcotics agreement with the United States or in a multilateral agreement, to prevent illicit drugs produced or processed in or transported through such country from being transported into the United States, to prevent and punish drug profit laundering in the country, and to prevent and punish bribery and other forms of public corruption which facilitate production or shipment of illicit drugs or discourage prosecution of such acts, or that (2) the vital national interests of the United States require the provision of such assistance?

3. 1986 Drug Act Sec. 2013; 1988 Drug Act Sec. 4404. (This section applies to the same categories of assistance subject to the restrictions in FAA Sec. 481(h), above.) If recipient country is a "major illicit drug producing country" or "major drug-transit country" (as defined for the purpose of FAA Sec 481(h)), has the President submitted a report to Congress listing such country as one (a) which, as a matter of government policy, encourages or facilitates the production or distribution of illicit drugs; (b) in which any senior official of the

Not Applicable.

government engages in, encourages, or facilitates the production or distribution of illegal drugs; (c) in which any member of a U.S. Government agency has suffered or been threatened with violence inflicted by or with the complicity of any government officer; or (d) which fails to provide reasonable cooperation to lawful activities of U.S. drug enforcement agents, unless the President has provided the required certification to Congress pertaining to U.S. national interests and the drug control and criminal prosecution efforts of that country?

4. FAA Sec. 620(c). If assistance is to a government, is the government indebted to any U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies, (b) the debt is not denied or contested by such government, or (c) the indebtedness arises under an unconditional guaranty of payment given by such government or controlled entity? No

5. FAA Sec. 620(e)(1). If assistance is to a government, has it (including any government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities? No

6. FAA Secs. 620(a), 620(f), 620D; FY 1989 Appropriations Act Secs. 512, 550, 592. Is recipient country a Communist country? If so, has the President determined that assistance to the country is vital to the security of the United States, that the recipient country is not controlled by the international Communist conspiracy, and that such assistance will further promote the independence of the recipient country from international communism? Will assistance be provided No

either directly or indirectly to Angola, Cambodia, Cuba, Iraq, Libya, Vietnam, South Yemen, Iran or Syria? Will assistance be provided to Afghanistan without a certification, or will assistance be provided inside Afghanistan through the Soviet-controlled government of Afghanistan?

7. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, damage or destruction by mob action of U.S. property? — No

8. FAA Sec. 620(l). Has the country failed to enter into an investment guaranty agreement with OPIC? — No

9. FAA Sec. 620(o); Fishermen's Protective Act of 1967 (as amended) Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing vessel because of fishing activities in international waters? (b) If so, has any deduction required by the Fishermen's Protective Act been made? — No

10. FAA Sec. 620(q); FY 1989 Appropriations Act Sec. 518. (a) Has the government of the recipient country been in default for more than six months on interest or principal of any loan to the country under the FAA? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the FY 1989 Appropriations Act appropriates funds? — No

11. FAA Sec. 620(s). If contemplated assistance is development loan or to come from Economic Support Fund, has the Administrator taken into account the percentage of the country's budget and amount of the country's foreign exchange or other resources spent on military equipment? (Reference may be made to the annual "Taking Into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of — No ESF is planned for Niger for FY 89.

Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.)

12. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have relations been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption? — No

13. 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 A.I.D. Administrator in determining the current A.I.D. Operational Year Budget? (Reference may be made to the "Taking into Consideration" memo.) — The GON is not in arrears in its obligations to the UN.

14. FAA Sec. 620A. Has the President determined that the recipient country grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism or otherwise supports international terrorism? — No

15. FY 1989 Appropriations Act Sec. 568. Has the country been placed on the list provided for in Section 6(j) of the Export Administration Act of 1979 (currently Libya, Iran, South Yemen, Syria, Cuba, or North Korea)? — No

16. ISDCA of 1985 Sec. 552(b). Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to section 1115(e)(2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures? — No

17. FAA Sec. 666(b). Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA?	No
18. FAA Secs. 669, 670. Has the country, after August 3, 1977, delivered to any other country or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards, and without special certification by the President? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.)	No
19. FAA Sec. 670. If the country is a non-nuclear weapon state, has it, on or after August 8, 1985, exported (or attempted to export) illegally from the United States any material, equipment, or technology which would contribute significantly to the ability of a country to manufacture a nuclear explosive device?	No
20. ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Assembly of the U.N. on Sept. 25 and 28, 1981, and did it fail to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the "Taking into Consideration" memo.)	Niger was represented at the meetings, but subsequently entered written reservations.
21. FY 1989 Appropriations Act Sec. 527. Has the recipient country been determined by the President to have engaged in a consistent pattern of opposition to the foreign policy of the United States?	No

22. FY 1989 Appropriations Act Sec. 513. Has the duly elected Head of Government of the country been deposed by military coup or decree? If assistance has been terminated, has the President notified Congress that a democratically elected government has taken office prior to the resumption of assistance? — No

23. FY 1989 Appropriations Act Sec. 540. Does the recipient country fully cooperate with the international refugee assistance organizations, the United States, and other governments in facilitating lasting solutions to refugee situations, including resettlement without respect to race, sex, religion, or national origin? — Not Applicable.

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria

FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy?	No
FY 1989 Appropriations Act Sec. 536. Has the President certified that use of DA funds by this country would violate any of the prohibitions against use of funds to pay for the performance of abortions as a method of family planning, to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilization as a method of family planning, to coerce or provide any financial incentive to any person to undergo sterilizations, to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?	No

2. Economic Support Fund Country Criteria

FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the President found that the country made such significant improvement in its human rights record that furnishing such assistance is in the U.S. national interest?	No
FY 1989 Appropriations Act Sec. 578(d). Has this country met its drug eradication targets or otherwise taken significant steps to halt illicit drug production or trafficking?	Not Applicable.

ANNEX H

PROCUREMENT PLAN

Category		Budget ($000)	Percentage US Planned
I.	Resource Transfer	5,000	N/A
II.	Technical Assistance	1,550	90
III.	Policy Studies, Seminars, Workshop	400	80
IV.	In-Service Training and Support	50	N/A In-country

METHODS OF IMPLEMENTATION AND FINANCING

Type of Assistance		Method of Implementation	Method of Financing	Budget Amount $000
I.	Local Currency Fund	Basket of sub-projects (disbursed by program) controlled by GON under 121(d) standards	Local Currency	5,000
II.	Technical Assistance	Direct AID contracts	Direct Payment	1,550
III.	Policy Studies, Seminars, Workshops	Direct AID contracts	Direct Payment	400
IV.	In-Service Training and Support	Direct AID contracts	Direct Payment	50

ANNEX I. SUMMARY: Final Evaluation of ASDG, March 1989

Executive Summary

1. Introduction

1.1 The Agriculture Sector Development Grant (ASDG) program was a very timely and necessary intervention. It was conceptually well designed, and, as long as the projects funded through the counterpart fund were of the same average impact as other USAID projects, the ASDG program was superior to those projects as it brought with it the externalities of a substantial and necessary policy reform program.

1.2 The recommendations made during the mid-term evaluation were followed with minor exceptions.

2. The Policy Reform Experience

2.1 Introduction

Most of the policy reforms required in the ASDG agreement and the project log-frame were carried out. The Government of Niger (GON) displayed great sincerity in the matter.

2.2 The Cooperative Movement

The greatest constraint to the implementation of the reforms is weakness of the cooperative movement in Niger. The movement is overly centralized and imposed from above. There is some confusion in GON circles between official efforts to mobilize the rural population and a genuine cooperative movement. The former, while being a legitimate option for the government to follow, is not a true cooperative movement. Therefore, to institutionalize the reforms there is a need to develop a strong independent cooperative movement which can play the part envisaged in the original ASDG program. Otherwise the reforms will suffer in the long run since a genuine cooperative movement lies at the heart of their success, particularly in the areas of input distribution and grain marketing. At present a reformed charter for the cooperative movement is being prepared, which may address some of the concerns expressed above.

2.3 Reforms in the Agriculture Inputs Market

2.3.1 The GON has moved to remove subsidies on agriculture inputs. Using the landed price of Nigerian fertilizer as a reference, the overall level of subsidy reduction at the Centrale d'Approvisionnement (CA) has kept well ahead of the targets identified in the ASDG program grant agreement and log-frame.

2.3.2 The government has undertaken its commitment to restructure the agriculture inputs market by moving to remove the CA's monopoly and transferring the CA to the Union Nationale des

Cooperatives (UNC). The success of this move depends on the UNC-led cooperative system becoming a genuine cooperative movement, which it is not at present.

2.3.3 The liberalization of the agriculture inputs market and the reduction of subsidies at the CA has increased the private sector share of the agriculture inputs market. During a period when the demand for fertilizer was growing due to better rainfall, CA sales of fertilizer dropped, indicating that the private sector was capturing a larger and larger share of the agriculture inputs market.

2.4 Reforms in the Grain Market

2.4.1 The Office des Produits Vivriers du Niger (OPVN) has given up its price stabilization role and has lost its monopoly of the grain trade under the terms of the ASDG agreement. The OPVN's role has been reduced to managing the emergency food reserve and handling foreign food aid.

2.4.2 Under the terms of the ASDG agreement and the World Bank Structural Adjustment Credit (SAL), OPVN has proceeded to implement a Tender and Bid System (T&B system) for its grain purchases. The first attempts were not very successful and the OPVN ended up paying higher than market prices to merchants who had earlier bought from the farmers. But, the most recent tender (January 1989) was organized by the World Bank with the help of a team experienced in such operations. This time, the T&B system achieved its objective of buying at the lowest prices prevalent in the respective markets.

2.4.3 The only failure in the operation of the T&B system was that the cooperative movement did not secure a larger share of the market. The element that hurt many cooperatives was that their legal status made it impossible for them to obtain the bank guarantees necessary to make the bids. They were required to seek special exemption from the bidding requirements.

2.4.4 The development of the Village Grain Banks has proceeded, and the target of 6,000 tons in the log-frame and grant agreement seems to have been reached well ahead of schedule.

2.4.5 Uniform National Pricing for cereals has been abandoned. The government still tries to support prices of cotton and rice, are financially supported in this by some donors.

2.4.6 A key element in the log-frame and the grant agreement has set to be achieved: the broadcasting of information on prices of key agriculture products in 75% of the arrondissements by the end

of the ASDG program.[1] The importance of this for the efficient functioning of agriculture markets cannot be over-emphasized. At present, this information is available only to large scale traders, enabling them to take advantage of variation in prices to maximize their profits. Farmers, small-scale traders and cooperatives would have access to the same information if it were broadcast widely. More competition in the markets would result. Consumers would benefit as well as farmers, small-scale traders and cooperatives. The required information is already being collected by the Ministry of Agriculture but is distributed in the limited circle of government departments and donors. Steps need to be taken to ensure that the information is available to all Nigeriens. USAID-Niamey has included a benefit/cost study of the issue in its Action Plan.

2.5 Border Trade with Nigeria

2.5.1 Border trade with Nigeria has expanded sharply in recent years. Both exports and imports have gone up, though imports have probably increased faster than exports. Nevertheless, producers and consumers in Niger have both benefited, the latter through lower prices and the former through expanded market opportunities.

2.5.2 Exports to Nigeria (primarily cowpeas and livestock) are determined by two factors. The first is production in Niger and the second is the demand for Nigerian products. Surplus production in Niger has no real market other than Nigeria. As production increases, as it has done since 1984-85, exports to Nigeria increase. At the same time, paradoxically, the falling value of the Naira has actually encouraged exports, due to the increased demand for Nigerian products and the need to pay for them in Naira.

2.5.3 ASDG policy reforms contributed to the expansion of border trade in several ways. First, restrictions on cowpea exports were removed. Second, livestock export procedures were formalized. Third, and most important, the government did not move to restrict the flow of Nigerian imports as would have been done in most countries faced with a sharp rise in imports from a neighboring country.

2.6 Rural Credit

2.6.1 The rural credit study proposed under the grant agreement was conducted by Ohio State University. The study found a number

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[1] It was not, however, a condition precedent in the agreement.

of problems at the Caisse National des Credits Agricole (CNCA), most of which were beyond the control of its management. At the same time, the study found a great pool of informal sector savings in the rural areas of Niger. Based on these findings, the study recommended that the CNCA be abolished and steps taken to set up a credit union movement in the country to formalize the large pool of informal sector savings.

2.6.2 The GON has abolished the CNCA and has agreed in principle to setting up a credit union system in Niger. At the same time, while a formal charter for a credit union movement is being developed, the GON has created an interim legal status for the development of pilot credit unions.

2.7 The Impact of Policy Reform

2.7.1 Reforms at the OPVN and the CA are expected to contribute to notional savings of over 7 billion Francs CFA during the ASDG program period (1984-89). Furthermore, unless the reforms are reversed, these savings will become permanent at approximately 3 billion Francs CFA per fiscal year. The revenue effect of the policy reform is yet to emerge clearly. As output grows due to increased economic efficiency, there should be an increase in general revenues. The reduction of restrictions on border trade of cowpeas and livestock is expected to increase the flow of this trade through legal channels, which will generate revenues even though rates will be lower.

2.7.2 More importantly, in the long run, the policies should contribute to increasing the efficiency of use of investment resources, thereby decreasing (i.e. improving) the Incremental Capital Output Ratio (ICOR). This however is a long term effect. It is too early to estimate it.

2.7.3 The policy reforms have contributed to an expansion in both imports and exports, though the former have probably increased faster. The availability of cheaper Nigerian goods has helped reduce the African Price Index, i.e. inflation has been negative.

2.7.4 The equity effect of the policy reforms is less clear due to the lack of a household income and consumption survey after 1962. The removal of subsidies on agriculture inputs was not necessarily inequitable. A study of farm budgets indicates that the bulk of millet, sorghum and cowpea farmers spend less than one percent of their cash outlay on fertilizers, fungicides and pesticides.[2] These are the poorest group of farmers in Niger,

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[2] Swinton, Scott M. Cropping Systems Budget for South Central Niger in 1984 and 1985, Department of Agriculture Economics, University of Minnesota, St. Paul, MN, U.S.A.,

they did not benefit from the input subsidies. The beneficiaries were the wealthier farmers in irrigated areas. In so far as across the board input subsidies can be considered a transfer from the Nigerien population at large to a wealthier than average group of farmers, then the removal of the subsidies actually helped improve income distribution.[3]

3. General Macroeconomic Impact of Resource Transfer

3.1 Impact of ASDG on Gross Domestic Product (GDP)

3.1.1 ASDG transfer of funds: Immediate expenditures effects: GDP increased by Francs CFA 9.5 billion, over the 1985-88 period. Productive effects: GDP increased by an amount in the range of Francs CFA 1.2 billion to Francs CFA 3.8 billion. The lag structure is not known, thus the year by year effect cannot be shown. The actual impact in the short run is likely to be closer to the lower figure (1.2 billion Francs CFA), though in the long run it should increase as the ICOR improves due to the policy reforms.

3.1.2 ASDG Policy Reforms: Long-run effects: At this stage, it is not possible to assess the long-run GDP effects of the ASDG policy reform-induced changes in the agricultural sector. Short-run effects would occur if the budget savings at CA and OPVN were invested. In that case the short run impact could be in the range from 600 million Francs CFA to 2.0 billion Francs CFA. There is however no indication that these resources were actually invested.

3.2 Impact on the Budget

3.2.1 ASDG Transfer of funds: Increase in budgetary revenues, by about Francs CFA 0.9 - 1 billion.

3.2.2 ASDG Policy Reform: Input subsidy cut by the CA saved over 1 billion Francs CFA during fiscal year 1986-87. Savings are expected to increase in future fiscal years. As a result of the re-organization of OPVN, another 1 billion Francs CFA was "saved" during fiscal year 1986-87. These notional savings are expected to be as high 3 billion Francs CFA per fiscal year. The long-run effects of ASDG policy reform cannot be quantified.

3.3 Impact on the Balance of Payments

3.3.1 ASDG transfer of funds: Imports increase by Francs CFA 11 billion through "expenditures" effects. The productive effects on imports are marginal (Francs CFA 0.2 - 0.8 billion).

January, 1988.

[3] Subject to how the money saved from subsidies is used.

3.3.2 ASDG policy reforms: It is not possible to quantify the effects of policy reforms.

3.3.3 These developments should not overshadow the fact that (1) in general, it takes time to develop export capacity and export volume, and (2) ASDG-induced imports are mainly related to investment activities. Provided that the chosen investment projects are economically sound, the Nigerien productive capacity will grow in the long run, inducing more imports, but of course, a higher growth rate of Nigerien exports. This would hopefully contribute, in the long run, to a structural improvement in the BOP deficit. It is common for developing countries to go through a protracted period of current account deficit, in order to accumulate the material required to foster the future growth of production and exports.

3.3.4 The lack of improvement in the BOP deficit should be interpreted in light of the previous qualifications. Without available external funding from ASDG, imports would need to be reduced drastically, with possible negative developments in future GDP growth. This, however, points once more to the need for "selective" spending, with investments or with imports.

4. The Counterpart Fund

4.1 Underlying Principles

Once the CPs (conditions precedents) are met, U.S. dollar resources are released which generate Francs CFA funds that constitute the Counterpart Fund. These funds allow the GON to provide local counterpart funds for projects funded by different donors or to provide complete funding for other projects.

4.2 Management of the Counterpart Fund

4.2.1 In principle, the Counterpart Fund (CF) is to be managed by the Ministry of Planning which provides the Chairman of the Management Committee. This committee is to be assisted by an Executive Secretariat which is expected to pre-screen funding requests using standard economic and technical appraisal methods and ensuring that the projects are in conformity with the policy reform package. The Secretariat does not seem to operate under a specific set of rules so that it faces problems in asserting it's authority.

4.2.2 In practice, the project selection procedures are seldom followed. Pre-screening is rather perfunctory and there is little attempt to assure that the projects conform to the ASDG policy package. This task is left to the Management Committee. Technical and financial monitoring of projects is neither complete nor systematic. The Secretariat's lack of power and the

absence of clear and obligatory procedures makes it difficult to obtain necessary information on the proposed projects.

4.2.3 The support provided by the Technical Assistance team to the Secretariat is minimal, partly because of the other tasks assigned to the team and because the team seems to have had difficulty defining a work plan.[4]

4.3 Efficiency of Operations

4.3.1 Disbursement rate was satisfactory once the CPs were met. The disbursement rate was close to 96%.

4.3.2 The lack of financial information on projects is unacceptable as it blocks effective monitoring and evaluation of operations. The TA team should make it a priority to help set up a financial data bank for the projects funded by the CF.

4.3.3 The data indicates that the CF funded about 75% of recurrent costs. This is a natural consequence of a program which included in its objectives financing of GON contributions to donor supported projects. These contributions tend to be recurrent costs. Furthermore, in its early years, ASDG funds went to finance recurrent costs of two major USAID projects, Niamey Department Development and the National Cereals Program. This was done at the request of USAID. Finally, it must be noted that in the case of small scale industry and service businesses, such as the Artisan Training Project, it is difficult to identify what are recurrent costs and what are capital costs.

4.3.4 There is less link between the ASDG reform package and the projects financed than may be desirable. On the other hand, studies and training are hardly ever funded even though they could provide an important link between the financial operations of the CF and the policy objectives of ASDG.

4.3.5 Two projects examined in detail indicate that while they correspond more or less to the goals set out in ASDG there is no clear definition of how these objectives are to be attained. The CF should fund studies specifically to develop procedures to attain these objectives.

4.4 Financial Monitoring of Projects

There is limited financial monitoring, making it impossible to exercise effective budgetary control. The Secretariat's material and human resources are limited but it is possible to make a

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[4] Particularly so at the Ministry of Planning. It must be noted that assistance to the Secretariat was not in the original terms of reference and only included in a latter amendment.

start on a selected group of projects. Expansion to financia monitoring of all projects can be done through sub-contracting.

4.5 Relationship with National Investment Budget

The Counterpart Fund served to increase the investment budge during 1985-88 by the amount disbursed. The ASDG funds appear i the Investment Budget as a special facility. As long as thi continues, there is little incentive to analyze projects for C funding more rationally.

4.6 Conclusions and Recommendations

4.6.1 Two types of problems have emerged in the management of the Counterpart Fund. The first group includes problems related to the selection of projects for funding, such as lack of necessary economic and technical analysis and conformity with the ASDG policy reform package. The second type of problems concern the technical and financial monitoring of the projects. Without such monitoring, project quality cannot be assured.

4.6.2 The Secretariat has become more an instrument for funding projects and programs outside the investment budget than an agency to implement the whole ASDG program. These problems were identified by the mid-term evaluation but they continue to persist.

4.6.3 The Evaluation Team recommends setting up stricter procedures and better utilization of existing resources:

- Secretariat Personnel should attend workshops and seminars on agriculture policy;
- a standard format for presentation of funding requests should be established;
- insist that requests should follow strict technical and economic procedures and refuse requests that do not meet set standards and format;
- create a central data bank for updated financial and technical information from projects and programs funded by the CF;
- define precisely the statutory position of the Secretariat in order to give it powers to facilitate the monitoring and evaluation of projects/programs financed or proposed for financing by the CF;
- introduce a management and budgetary control system over at least a selected number of projects.

5. The Technical Assistance Component

5.1 Objectives of the Terms of Reference

5.1.1 The TA component was designed to re-enforce GON capabilities to direct and monitor the ASDG program. It was also expected to help implement and monitor the effects of the policy reforms. It helped set up in DEPSA[5] a special section called SAPA[6] devoted to analyzing and monitoring agriculture policy. The TA component included five experts: one at the Ministry of Planning,[7] three at DEPSA and one at the National Seed Development Program. The last person was charged with seed policy.

5.1.2 The TA program as conceived was well adapted to the needs of ASDG which for USAID was a pilot program. There was a need to monitor the program as well as to assist in implementation. The team was to develop the analytic capacity in GON to define and implement the reforms. It was necessary to collect and circulate information at the highest levels of USAID and GON, to implement ASDG, to train Nigerien staff, and to develop self-contained capacity at GON. The Terms of Reference required the experts to possess strong analytic, design, conceptual and interpersonal skills.

5.2 Achievements of the Technical Assistance

5.2.1 The TA achieved several objectives:

- At SAPA/DEPSA, they put in place a system to collect and publish statistics with minimal delays. They also trained DEPSA personnel in use of computers and produced studies on several aspects of the policy reforms.

- At the Ministry of Planning, the TA participated in the development of appropriate procedures for monitoring and selecting projects financed by the CF.

- At the National Seed Program, the TA helped prepare a Seed Development Program.

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[5] Direction des Etudes, de la Programmation et des Statistiques Agricole (Directorate for Planning, Studies and Agriculture Statistics).

[6] Section d'Analyse des Politiques Agricoles or agriculture policy analysis section.

[7] Responsible for helping to analyze projects present to the CF for funding.

5.2.2 The TA team failed to achieve several objectives defined in their Terms of Reference:

- At SAPA/DEPSA, they failed to recommend specific policies. In their studies, they failed to identify projects or programs suitable for funding by the CF. Their studies did not identify key economic indicators to monitor the progress of reforms, nor did they help to develop a system at the CF Secretariat to monitor financial and technical aspects of projects. They did little to systematize an information flow system.

- At the Ministry of Planning little time was devoted to ASDG work due to constant demands from the Ministry to take up what were considered more pressing matters.[8] After a four year presence, there is as yet no help given to USAID to monitor the economic impact of the reforms, although the TA team did follow and detail events affecting the reforms.

5.3 Recommendations

5.3.1 The Evaluation Team recommends that much more attention be paid to the Terms of Reference so that the difficulties noted above can be resolved.

5.3.2 The experts should be supervised either by a Macroeconomist or by an Institutional Specialist. The Chief of Party and the Agriculture Policy Analyst are doing basically the same technical work. The data collection tasks have reached a point where it would be useful to replace one of the TA experts with an economist familiar with macro-economics. This person should focus on institutional development as well as organize information flows between the Secretariat, the Management Committee and the Technical Committee. Eventually, this person should become the Chief of Party.

5.3.3 The data collected by the team should conform to a global plan. The TA team did collect much useful information, but a lot of time was spent collecting data available elsewhere which was not related specifically to the overriding need to assess the impact of ASDG. Time could be devoted to gathering basic indicators which would be more useful in monitoring the impacts of ASDG.

5.3.4 Any future TA effort must designate a person who is responsible for training and institutional development. Also,

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[8] A framework was devised by the adviser to help the Secretariat prepare projects, but this has not yet been put into operation.

included should be an environmental specialist (short- or long-term). The systems analyst position can become short-term as the basic work has been completed.

6. Towards an ASDG II

6.1 Introduction

ASDG I has been a successful program even though it has had some problems. These problems provide insights that will allow a future program to be even more successful. The Evaluation Team strongly recommends that a similar program be undertaken (for want of a better name : ASDG II).

6.2 Policy Reforms for ASDG II

6.2.1 ASDG II should try to consolidate the policy reforms made during ASDG I by training GON staff in the benefits to their country from the reforms. Only if they perceive these benefits will they support the reforms.

6.2.2 ASDG II should consolidate the pilot moves made towards the development of credit unions. A final legal charter should be drawn up for the credit union system and the number of unions expanded.

6.2.3 ASDG II must focus on reform of the cooperative movement in the country. The legal charter must be modified to allow for independent cooperatives as in Senegal. Individual cooperatives or Groupement Mutualistes Villageois (GMVs) must also be allowed to function as independent business entities. The proposed code revisions may allow this to happen.

6.2.4 ASDG II has to push for the broadcasting agriculture prices all over the country. It is a very important element in the efficient functioning of markets and should primarily help farmers, small-scale traders and consumers. The larger scale traders already have access to this information.

6.2.5 It is ironic that the best agriculture lands in the country, i.e. the irrigated areas, are being devoted to producing subsidized crops (rice and cotton). The very area which may be suitable for growing a diverse variety of crops is tied up with growing economically inefficient crops.[9]

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[9] It was noted that the irrigated perimeters are only suitable for rice and cotton, and that the cost implications of switching to other crops are high. The validity of this assertion is difficult to verify until the distorting subsidies have been removed. Furthermore, sunk costs provide no justification in economic analysis for continuing a drain on the budget through subsidies.

6.2.6 A crucial need in the fragile environment of the Sahel is natural resource conservation. Policy reforms must be pursued in this area. Projects funded under ASDG II should be scrutinized for their environmental impact. Some policy reforms required to conserve natural resources, such as limiting grazing in marginal areas, are likely to have negative consequences for the poorest segments of the population. These groups could be compensated by projects directed specifically to their needs.

6.3 Institutional Aspects of ASDG II

6.3.1 The Counterpart Fund can play a very important role in ASDG II provided that it is managed better. The history of ASDG I indicates that the Counterpart Fund can effectively mobilize resources quickly. The other option is a simple transfer of funds, but that provides no guarantee that funds will go to investment. The benefits to GDP from investment are a major component of the benefits of ASDG.

6.3.2 The Counterpart Fund Secretariat has to be consolidated and given much more effective power in day-to-day operations. The Management Committee should continue to coordinate the investments made by the Secretariat to make sure that they fall within national priorities, but the day-to-day selection and analysis of the projects should be left to the Secretariat. The Secretariat should acquire staff trained in environmental impact analysis.

6.3.3 The Technical Assistance Team should spend a significant proportion of its time training Secretariat staff in monitoring and evaluation of projects. They should also train staff in the environmental impact analysis of projects. It may be useful to include an Environmental Specialist in the TA Team, either short term or long term.

6.3.4 The Technical Assistance team should from the very inception set up a system to monitor the impact of the program. One way to do so would be monitor a selected representative cross-section of households over time.

6.3.5 A project to strengthen grass-roots cooperatives must be funded. This project should focus on building independent cooperatives to provide competition to the official system. This should spur the existing system to much needed reforms.

JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

FROM: Erna Kerst, PDO

TO: Gerald C. Render, Regional Contracting Officer

I. PROBLEM: Your approval is required of this Justification for Other Than Full and Open Competition for limitation of competition to one source.

II. BACKGROUND: The activity for which less than full and open competition is proposed is the technical assistance contract under the Agriculture Sector Development Grant (683-0246), to allow continuation of contracting with the University of Michigan. This is a direct AID contract.

USAID/Niger is amending the Agriculture Sector Development Grant (ASDG), to extend the time period (from 9/30/89 to 3/31/92), add new conditionality and extend and somewhat modify the technical assistance (TA) component. The TA component provides a team of analysts who advise the Government of Niger on aspects of agricultural sector policy, conduct studies in support of the program, design systems for reform monitoring, provide technical advice on program and project design/analysis, and related activities. The TA component would continue three long-term positions currently funded, add a new position (natural resource management advisor), increase funding available for short-term technical assistance and training.

The University of Michigan, a Title XII institution, has been prime contractor for this program since its inception. Michigan as an institution is known and respected in the Nigerien counterpart organizations. Two of the University of Michigan advisors wish to remain if the contract is extended. University of Michigan professional home office backstops will remain affiliated to the program. The contract has previously been amended (1988). At that time notification of the intention to contract with the University of Michigan was placed in the Commerce Business Daily and no protests were received.

USAID and the Government of Niger consider that the University of Michigan is the only responsible source for this procurement based on its four years of experience under the program and the continuity of personnel available from University of Michigan for the program's continuation.

III. DECRIPTION OF THE PROCUREMENT ACTIVITY:

Name/Description of Requirement	Location	Estimated Cost US $	Period of Proposed contract
Technical Assistance Contract Agriculture Sector Development Grant	Niger	$1,550,000	2.0 years

IV. STANDARD AND JUSTIFICATION: FAR 6.302-1 provides that waiver of full and open competition is permissible when there is only one responsible source and no other type of supplies or services will satisfy agency requirements. As

stated in section II, above, there is no other responsible source which can offer the unique institutional expertise offered by the University of Michigan for this procurement (which is a continuation of an existing activity).

V. DEMONSTRATION THAT THE PROPOSED CONTRACTOR'S UNIQUE QUALIFICATIONS OR THE NATURE OF THE ACQUISITION REQUIRE USE OF THE AUTHORITY CITED: See above

VI. DESCRIPTION OF EFFORTS MADE TO ENSURE THAT OFFERS ARE SOLICITED FROM AS MANY POTENTIAL SOURCES AS PRACTICAL: The University of Michigan is the only responsible source based on its experience, as described previously. Note that it was the only responsible offeror for original procurement, and that no potential offerors challenged the previous amendment to this contract when advance notification was placed in the Commerce Business Daily. This is an amendment to an existing, ongoing procurement. A CBD notice will be issued for this amendment as well.

VII. MARKET SURVEY: A market survey was not conducted, for reasons stated in previous sections.

VIII. BARRIERS TO COMPETITION: The USAID mission makes efforts at all times to remove barriers to competition. Any technical assistance procurement under a next phase ASDG will be competed. This contract was originally competed, as well.

IX. PRICING DETERMINATION: I find the attached cost estimate(s) to the Government for these activities to be fair and reasonable. Any variation or increase will require my further approval.

Contracting Officer

X. ADDITIONAL SUPPORTING FACTS: None

XI. STATUTORY REGULATORY AUTHORITY:
1. 10 U.S.C. 2304(c)(1), 41 U.S.C. 253(c)(1)
2. Delegation FAR 6.302,

XII. TECHNICAL PROJECT OFFICER'S CERTIFICATION: In accordance with Part 6.303-1(b) of the FAR, I hereby certify that the justification is accurate and complete to the best of my knowledge and belief.

Roger Bloom
Project Officer

XIII. CONTRACTING OFFICER'S CERTIFICATION: In accordance with Part 6.303-2(a)(12) of the FAR, I hereby certify that the justification is accurate and complete to the best of my knowledge and belief.

Contracting Officer

XIV. RECOMMENDATION: Pursuant to FAR 6.302-1 which provides for waiving full and open competition when the supplies or services required by the agency are available from only one responsible source and no other type of supplies or services will satisfy agency requirements, I make a determination as to the limiting of competition as set forth above.

Approved: _____
George D. Eaton
Mission Director

AUG 23 1989

Date: _____

Drafted by:	PDO:EKerst		Date 7/27/1989 , WG:1070b/SI
Clearance:	ADO:EGibson		Date 7/27/89
	PROG:BBeyer		Date 8/8/89
	RCO:GRender		Date 8/22/89

ANNEX K

ACTION: AID INFO: AMB DCM /3

683-0246/7

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TO RUEHNM/AMEMBASSY NIAMEY IMMEDIATE 0746
INFO RUEHAB/AMEMBASSY ABIDJAN 7529
BT
UNCLAS STATE 235491

JUL 26 REC'D

LOC: 240 208
26 JUL 89 2033
CN: 36990
CHRG: AID
DIST: AID

ACTION: ADO
INFO: DIR: DD
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AIDAC ABIDJAN FOR REDSO/WCA

DUE DATE:8-2-89

E.O. 12356: N/A

SUBJECT: ASDG PAAD AMENDMENT NO. III (683-0246/0247)

1. ECPR MET ON JULY 11 TO REVIEW SUBJECT PAAD AMENDMENT. REPRESENTATIVES FROM SWA, PD/SWAP, DP, TR/ANR AND GC ATTENDED MEETING CHAIRED BY DAA SAIERS. PROPOSED 30-MONTH EXTENSION AND DOLS 7.0 MILLION INCREASE TO INTRODUCE NATURAL RESOURCES MANAGEMENT COMPONENT TO ASDG IS APPROVED BY ECPR, WHICH AGREED TO DELEGATE AUTHORITY TO USAID/N TO AUTHORIZE THE PAAD AMENDMENT.

ACTION RECORD
NIAMEY
Date
Initials

2. THIS DELEGATION OF AUTHORITY IS SUBJECT TO THE FOLLOWING TWO CAVEATS WHICH MISSION SHOULD CONFIRM PRIOR TO AUTHORIZATION.

A. CONCERN OVER ADEQUACY OF CONDITIONALITY TURNS ON INTERPRETATION OF CONDITION B) ON PAGE 18. WE ASSUME THAT THE DESIRED REFORM LIES IN EXTENDING THE BENEFITS NOW APPLIED UNDER THE GUESSELBODI MODEL TO ALL COMMUNITIES COVERED BY ACTIVITIES UNDERTAKEN UNDER THE ASDG AMENDMENT, WHICH QUALIFY BY HAVING AN APPROVED NATURAL RESOURCES MANAGEMENT PLAN. THE PUBLICATION AND DISSEMINATION OF THESE PROVISIONS WOULD BE THE CONDITION PRECEDENT TO DISBURSEMENT, AND THE REFORM WOULD BE GON FOLLOW-UP ACTION TO ENSURE THE CONTINUATION OF GON POLICY TO RECOGNIZE OR EXTEND USUFRUCT RIGHTS TO COMMUNITIES WHICH IMPLEMENT APPROVED NRM PLANS. A COVENANT TO THIS EFFECT IN THE AMENDMENT AGREEMENT WOULD STRENGTHEN THE CONDITIONALITY BY UNDERSCORING THE NEED FOR A CONTINUING GON COMMITMENT TO EXTEND USUFRUCT RIGHTS TO COMMUNITIES FOLLOWING APPROVED LAND USE MANAGEMENT PLANS. MOREOVER, WE WOULD EXPECT AN END-OF-PROJECT INDICATOR TO REFLECT AN ACTIVE, ONGOING GON ENGAGEMENT IN PROMOTING SOUND LAND USE MANAGEMENT PLANS AND EXTENDING LAND USE RIGHTS. FOR EXAMPLE, ONE FOPS MIGHT STATE THAT THE GON IS REGULARLY SIGNING LAND MANAGEMENT CONTRACTS WITH COMMUNITY REPRESENTATIVES. PLEASE CONFIRM THAT OUR INTERPRETATION OF THIS CONDITIONALITY IS CORRECT OR CLARIFY AS NECESSARY TO

001301

ADDRESS THIS CONCERN.

2. LACK OF ADEQUATE LOCAL CURRENCY MANAGEMENT AND MONITORING IS SEEN AS A MAJOR DEFICIENCY AND WAS THE PRINCIPAL CRITICISM OF THE RECENT ASDG EVALUATION. ACCORDINGLY, THE ECPR BELIEVES THAT A CONDITION PRECEDENT TO INITIAL DISBURSEMENT IS APPROPRIATE TO ENSURE THAT A SYSTEM OF MANAGEMENT, ACCOUNTING AND MONITORING OF LOCAL CURRENCY FUNDS, SATISFACTORY TO USAID/N, HAS BEEN DEVELOPED AND IS IN PLACE BEFORE THE CONDITIONAL DOLLAR DISBURSEMENT IS MADE. WHILE WE RECOGNIZE THAT THIS IS AN ADDITIONAL CONDITION NOT YET RAISED WITH THE GON, WE CONSIDER IT IMPORTANT ENOUGH TO JUSTIFY A CP AND TO TIE TO THE DISBURSEMENT PROCESS TO ENSURE HIGH PRIORITY GON ATTENTION AND EARLY COMPLIANCE.

3. THE EARMARKING OF EIGHT PERCENT OF THE PROGRAM'S LOCAL CURRENCY AS A TRUST FUND FOR MISSION SUPPORT WAS DISCUSSED, WITH THE CONCLUSION THAT THE ESTABLISHMENT OF A TRUST FUND FOR UNRESTRICTED OE SUPPORT MUST AWAIT A WRITTEN GC DETERMINATION THAT THIS IS PERMISSABLE. MEANWHILE, THE ECPR SUGGESTS THAT THE USAID-ADMINISTERED L/C TRUST ACCOUNT CONTINUE TO BE GENERATED AND UTILIZED FOR PROGRAM SUPPORT PURPOSES. HOWEVER, LANGUAGE IN AMENDED AGREEMENT GOVERNING TRUST FUND USES SHOULD, IF POSSIBLE, BE KEPT SUFFICENTLY GENERAL AND FLEXIBLE TO PERMIT, WITHOUT ANOTHER AMENDMENT, FUTURE DISBURSEMENT OF THE FUND FOR UNRESTRICTED OE PURPOSES, IF THIS IS LATER RULED AN ELIGIBLE USE.

4. ANOTHER ECPR ISSUE WAS THE QUESTION OF HOW MUCH INSTITUTIONAL SUPPORT WITHIN THE GON IS NEEDED TO ENSURE SUSTAINED FORESTRY MANAGEMENT AND LAND USE INVESTMENT BY FARMERS. IT WAS AGREED THAT THIS SUSTAINABILITY ISSUE CAN BEST BE DEALT WITH DURING IMPLEMENTATION OF THE PROPOSED AMENDMENT AND AS PART OF ASDG I DESIGN, INCORPORATNG FINDINGS OF INSTITUTIONAL ADVISOR WHO WILL ARRIVE LATER THIS MONTH FOR SHORT-TERM CONSULTING ASSIGNMENT TO EXAMINE GON INSTITUTIONAL NEEDS IN ASDG CONTEXT. INSTITUTIONAL CONSTRAINTS AND BOTTLENECKS TO THE IMPLEMENTATION OF LOCAL MANAGEMENT PLANS SHOULD BE IDENTIFIED AND ADDRESSED BY THE GON, WITH THE ASSISTANCE OF THE ASDG TA TEAM.

5. THERE WAS A DISCUSSION ON THE NEED FOR CONTINUING ECONOMIC ANALYSS, INCLUDING EFFORTS TO ESTMATE PROJECTED RETURNS OVER SAY A 20-YEAR PERIOD AND TO COMPARE WITH AND WITHOUT NRM PROGRAM SCENARIOS FOR SAMPLE COMMUNITIES, ALTHOUGH THIS APPROACH IS NOT TAKEN IN THE PAAD'S ECONOMIC ANALYSIS (PAGE 68). SUCH STUDIES CAN BE UNDERTAKEN DURING THE IMPLEMENTATION PHASE OF THE PROGRAM, BUT PERHAPS EVEN MORE IMPORTANT THAN

END-PRODUCT STUDIES IS THE NEED TO DEVELOP A SYSTEMATIC PROCESS TO COLLECT AND ANALYZE DATA ON LAND USE, IN ORDER TO BUILD WITHIN THE GON A CAPACITY TO MAKE INFORMED LAND USE DECISIONS.

6. SINCE THE AMENDMENT WILL BE AUTHORIZED IN THE FIELD, SEVERAL OTHER MINOR BUT NECESSARY ACTIONS ARE REQUIRED.

A. MISSION SHOULD PREPARE AN AMENDED PAAD FACESHEET AND PANAFAX A COPY TO SWA DESK (C/O NANCY MCKAY AT FAX NO 202-647-8518) FOR FM CLEARANCE.

B. THE IEE PREPARED IN 1984 FOR THE ORIGINAL PAAD SHOULD BE REVISED IN LIGHT OF THE NEW NRM COMPONENT. BUREAU ENVIRONMENTAL OFFICER WILL REVIEW AND AMEND AS APPROPRIATE, WITH COPY TO BE FAXED TO MISSION WHEN COMPLETED.

C. THE COUNTRY STATUTORY CHECKLIST FOR FY 1989 IS BEING COMPLETED BY AFR/SWA AND WILL BE TRANSMITTED TO THE MISSION FOR INCLUSION IN THE FINAL DOCUMENT.

D. PROCUREMENT PLAN (ANNEX H) IS DEFICIENT IN THAT IT FAILS TO DESCRIBE PROCUREMENT PROCEDURES. ANNEX H SHOULD BE REDONE TO INCLUDE A JUSTIFICATION FOR THE PROPOSED NON-COMPETITIVE EXTENSION OF UNIVERSITY OF MICHIGAN CONTRACT. RCO CONCURRENCE, WHICH WE UNDERSTAND HAS BEEN OBTAINED, SHOULD BE MENTIONED. BAKER

BT
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NNNN

1/2 UNCLASSIFIED NIAMEY 6874

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TO RUEHC / SECSTATE WASHDC 2724
INFO RUEHAB / AMEMBASSY ABIDJAN 4816
BT
UNCLAS NIAMEY 06874

AUG 14 RECD

683-0246/7

CLASS: UNCLASSIFIED
CHRGE: AID 08/10/89
APPRV: DIR:GTEATON
DRFTD: ADO/ASDG:RBLOOM:DF
CLEAR: 1.S/ADO:EFGIBSON
2.PDO:EKERST
3.PROG:BBEYER
DISTR: AMB DCM AID
CHRON

AIDAC

FOR ABIDJAN, REDSO/WCA

E.O. 12356: N/A
TAGS:
SUBJECT: ASDG PAAD AMENDMENT NO. III (683-0246/47)

REF: STATE 235491

1. THIS MESSAGE RESPONDS TO THE ECPR GUIDANCE PROVIDED BY REFTEL.

2. RE PARA. 2.A, CONDITION PRECEDENT B ON PAGE 18 OF PAAD AMENDMENT REFERS TO THE FINANCIAL BENEFITS EXTENDED TO MEMBERS OF THE GUESSELBODI WOODCUTTERS COOPERATIVE BY WHICH THEY PAY A LOWER RATE FOR HARVESTING WOOD IN THE GUESSELBODI FOREST THAN COMMERCIAL WOODCUTTERS PAY FOR HARVESTING WOOD IN OTHER FORESTS (ONLY COOPERATIVE MEMBERS ARE ALLOWED TO HARVEST WOOD AT GUESSELBODI). COOPERATIVE MEMBERS ALSO HAVE A LONGER PERIOD FOR CUTTING THEIR QUOTA AND PROVISIONS ARE MADE FOR A COOPERATIVE FUND FOR REINVESTMENTS IN THE MAINTENANCE AND REGENERATION OF THE FOREST. TO THIS END, THE WORD "FINANCIAL" HAS BEEN ADDED AT THE END OF THE LINE THREE BETWEEN "SAME" AND "ADVANTAGES". THE OTHER MAJOR BENEFIT OF THE GUESSELBODI MODEL, I.E., THE GRANTING OF USUFRUCT RIGHTS TO COOPERATIVE MEMBERS, IS COVERED IN CONDITION PRECEDENT A. THE INTENT OF BOTH CONDITIONS PRECEDENT A AND B IS TO EXTEND THE BENEFITS NOW APPLIED UNDER THE GUESSELBODI MODEL TO ALL COMMUNITIES WHICH ENTER INTO A NATURAL RESOURCES MANAGEMENT PLAN. CONDITION B. IS SPECIFIC TO PLANS INVOLVING THE MANAGEMENT OF NATURAL FORESTS WITH THE SALE OF FUELWOOD AS AN IMPORTANT ECONOMIC INCENTIVE. CONDITION PRECEDENT A. WILL BE RELEVANT IN ALL CASES. USAID/NIGER FURTHER CONFIRMS THAT THE EPCR'S INTERPRETATION IS CORRECT AND THE INTENTION IS THAT THE PUBLICATION AND DISSEMINATION OF THESE PROVISIONS REPRESENT THE CONDITIONS PRECEDENT TO DISBURSEMENT, AND THE REFORM IS THE GOVERNMENT OF NIGER'S (GON) FOLLOW-UP/MONITORING TO ENSURE THE CONTINUATION OF THE POLICY TO RECOGNIZE AND EXTEND USUFRUCT RIGHTS TO COMMUNITIES IMPLEMENTING NRM PLANS.

USAID/NIGER IS OF THE OPINION THAT A COVENANT REINFORCING THIS CONDITIONALITY FOR INSURING THE CONTINUING GON COMMITMENT TO EXTENDING USUFRUCT RIGHTS

AND FINANCIAL BENEFITS TO COMMUNITIES FOLLOWING APPROVED NRM PLANS IS NOT NECESSARY. THE RESOURCE TRANSFER FOR THIS AMENDMENT WILL BE USED EXCLUSIVELY FOR NRM ACTIVITIES WHICH MUST MEET THE CRITERIA CONTAINED IN THE PAAD AMENDMENT'S TECHNICAL ANALYSIS (ANNEX E). THE COUNTERPART FUND WILL BE CLOSELY MONITORED THROUGH THE AUSPICES OF THE ASDG SECRETARIAT AND THE ASDG COUNTERPART FUND MANAGEMENT COMMITTEE. A NRM ADVISOR WILL BE PROVIDED BY THE UNIVERSITY OF MICHIGAN TECHNICAL ASSISTANCE CONTRACT TO ASSIST IN THE MONITORING AND EVALUATION PROCESS OF THE NRM-FUNDED PROJECTS. USAID/NIGER IS ALSO PLANNING TO HIRE A PSC NRM SPECIALIST TO ASSIST IN MONITORING NRM ACTIVITIES AND TO DO NRM POLICY ANALYSIS. THESE OVERSIGHT MECHANISMS WILL ENABLE USAID/NIGER AND THE OTHER MEMBERS OF THE ASDG MANAGEMENT AND TECHNICAL COMMITTEES TO MONITOR THE GON'S COMPLIANCE TO THIS CONDITION PRECEDENT. THE COUNTERPART FUND WILL BE CLOSELY CONTROLLED AND DISBURSEMENTS BLOCKED IF THERE IS EVIDENCE OF GON "BACKSLIDING" ON ITS COMMITMENT. ALSO, AS THERE ALREADY IS A SPECIAL COVENANT IN THE ORIGINAL ASDG PROGRAM GRANT AGREEMENT WHICH STIPULATES THE GON SHALL NOT IN ANY WAY DISCONTINUE, REVERSE OR OTHERWISE IMPEDE ANY ACTION IT HAS TAKEN IN SATISFACTION OF ANY CONDITION PRECEDENT (ARTICLE 5. SPECIAL COVENANTS, SECTION 5.1.), USAID/NIGER FEELS THE PRESENT ARRANGEMENTS SHOULD ADEQUATELY RESPOND TO THIS ECPR CONCERN.

USAID/NIGER IS ALSO CONSIDERING THE ADDITION OF AN END-OF-PROGRAM INDICATOR TO RESPOND TO THE LAND USE RIGHTS QUESTION.

3. RE PARA 2 B., USAID/NIGER HAS INCLUDED A FOURTH CONDITION PRECEDENT TO DISBURSEMENT REQUIRING THE ASDG EXECUTIVE SECRETARIAT TO MAKE CHANGES IN ITS SYSTEM OF MANAGEMENT, ACCOUNTING AND MONITORING OF LOCAL CURRENCY FUNDS IN ORDER TO CONTROL SUCH FUNDS TO THE SATISFACTION OF USAID/NIGER.

4. RE PARA 4., USAID/NIGER IS FULLY COGNIZANT OF THE NEED TO IDENTIFY INSTITUTIONAL CONSTRAINTS FOR A BETTER IMPLEMENTATION OF NOT ONLY NRM POLICIES AND PROJECTS BUT THE OVERALL ASDG. INSTITUTIONAL CONSTRAINT IDENTIFICATION AND ANALYSIS WILL BE AN ONGOING EFFORT DURING THE IMPLEMENTATION OF THE CURRENT AMENDMENT AS WELL AS PART OF THE DESIGN OF ASDG II.

5. RE PARA 5., AN EXPECTED OUTCOME OF THE CURRENT ASDG AMENDMENT IS THE AUGMENTATION OF THE NRM DATA/KNOWLEDGE BASE FOR NIGER UPON WHICH FUTURE PROGRAM/PROJECT CONTENT CAN BE FORMULATED AND BETTER INFORMED DECISIONS CAN BE MADE BY GON POLICY MAKERS. A NATURAL RESOURCES MANAGEMENT ADVISOR HAS BEEN ADDED TO THE U. OF MICHIGAN TECHNICAL ASSISTANCE TEAM TO ASSIST IN THE ESTABLISHMENT OF APPROPRIATE DATA BASES TO MONITOR NRM INTERVENTIONS SUPPORTED BY THE AMENDMENT. FUNDING HAS ALSO BEEN RESERVED UNDER THE AMENDMENT FOR THE CONDUCT OF PROBLEM OR OPPORTUNITY-SPECIFIC STUDIES (INCLUDING ADDITIONAL SOCIO-ECONOMIC ANALYSES) TO COMPLEMENT THE ONGOING DATA COLLECTION AND PROJECT MONITORING AND EVALUATION EFFORTS.

6. RE PARA 6. A AND B., USAID/NIGER HAS TRANSMITTED TO AID/W THE AMENDED PAAD FACESHEET AND HAS PREPARED THE JUSTIFICATION FOR THE PROPOSED NON-COMPETITIVE EXTENSION OF THE UNIVERSITY OF MICHIGAN CONTRACT. THE NON-COMPETITIVE JUSTIFICATION WILL BE INCLUDED AS PART OF ANNEX H. CUNDIFF
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