

PD-ARI-100
86934

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT DATA SHEET

1. TRANSACTION CODE: C (A = Add, C = Change, D = Delete) Amendment Number: Four DOCUMENT CODE: 3

COUNTRY/ENTITY: SENEGAL 3. PROJECT NUMBER: 685-0260

4. BUREAU/OFFICE: AFR 5. PROJECT TITLE (maximum 40 characters): Community and Enterprise Development

6. PROJECT ASSISTANCE COMPLETION DATE (PACD): MM DD YY 11 23 11 09 31 7. ESTIMATED DATE OF OBLIGATION (Under "B." below, enter 1, 2, 3, or 4):
A. Initial FY 83 B. Quarter C. Final FY 92

8. COSTS (\$000 OR EQUIVALENT \$) =

A. FUNDING SOURCE	FIRST FY <u>83</u>			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	3,668	5,332	9,000	5,368	9,861	15,229
(Grant)	(3,668)	(5,332)	(9,000)	(5,368)	(9,861)	(15,229)
(Loan)	()	()	()	()	()	()
Other U.S. 1.						
Other U.S. 2.						
Host Country						
Other Donor(s)	0	0	0		1,706	1,706
TOTALS	3,668	5,332	9,000	5,368	1,706	16,935

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1)				10,629				16,629	
(2)				4,600				4,600	
(3)									
(4)									
TOTALS				15,229				15,229	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each) 11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code	BR	INTR	ING	PART
B. Amount				

13. PROJECT PURPOSE (maximum 480 characters):

To enable village organizations and small-scale enterprises in selected regions in Senegal to manage and sustain their own development.

14. SCHEDULED EVALUATIONS: Interim MM YY 06 87 Final MM YY 01 5 9 7 15. SOURCE/ORIGIN OF GOODS AND SERVICES: 000 241 Local Other (Specify) 935

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment)
This Project Paper Amendment No. Four increases the Government of Senegal contribution to the project by \$1,706,440 for a new LOP funding of \$16,935,440 and expands the SSE credit activities to the regions of Ziguinchor, Kolda and Tambacounda.

17. APPROVED BY: Signature Douglas J. Sheldon Title Acting Mission Director USAID/Senegal Date Signed MM DD YY 06 11 09 21

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

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ACRONYMS AND ABBREVIATIONS

ACEP	Agence de Credit pour l'Entreprise Privée
AID	Agency for International Development
CAPE	Credit Agency for Private Enterprise
CED	Community and Enterprise Development
EOPS	End-of-Project Status
GIE	Groupement d'Interet Economique
GOS	Government of Senegal
LOP	Life-of-Project
NTF	New Transcentury Foundation
PACD	Project Assistance Completion Date
PP	Project Paper
SSE	Small-scale Enterprise
TA	Technical Assistance
USAID	U.S. Agency for International Development

COMMUNITY AND ENTERPRISE DEVELOPMENT PROJECT

(685-0260)

PROJECT PAPER AMENDMENT NO. FOUR

USAID/Senegal
June, 1992

PROJECT PAPER AMENDMENT NO. 4

I. PROJECT BACKGROUND AND STATUS

A. PROJECT BACKGROUND

Since June, 1985 the Community and Enterprise Development Project has provided assistance to small-scale enterprises (SSEs), private voluntary organizations (PVOs), and village organizations (Vos) to engage in income-generating activities. The project has been amended on three occasions. The cumulative effect of the amendments has been to increase LOP funding to \$15,229,000; to extend the Project PACD to December 31, 1993, and to expand the project's geographic coverage to include a total of 7 regions. The fourth project amendment proposed herein is intended to respond to the GOS' offer to provide approximately \$1.7 million for the expansion of the Project's SSE component to the regions of Ziguinchor, Kolda, and Tambacounda.

AID signed a cooperative agreement with the New Transcentury Foundation (NTF) on August 2, 1985 to implement the project. USAID/Senegal approved PP Amendment One on April 13, 1989, to extend the original PACD for fifteen months from June 30, 1990 to September 30, 1991; increase the life-of-project (LOP) funding by \$2 million to a total of \$11 million; and revise the project goal and purpose. At the same time, the project's SSE component was extended from the original Kaolack and Fatick regions to neighboring regions in order to broaden the loan portfolio base and help the operations become profitable.

The project developed an effective model for providing credit to SSEs. This early success, and the GOS's request for donor assistance in employment generation, led to a decision to expand SSE credit activities to Dakar. The second project amendment, signed on August 30, 1989, extended the PACD for 27 months, from September 30, 1991 to December 31, 1993, and increased the LOP funding by \$2,729,00, bringing the total approved project funding to \$13,729,000. In addition, Amendment No. Two revised the project's goal and purpose by expanding the geographic scope to the Dakar region and included project inputs and outputs that adjusted for the expansion. The third project amendment extended the PVO component for six months until December 31, 1990. It also provided an additional \$1.5 million required because of delays in the project, consolidation of operations in Kaolack, and a Mission decision to revise the approach to the SSE component's extension to Dakar.

B. STATUS OF PROJECT ACTIVITIES

With the end of the PVO component in December, 1990, the project consists entirely of the SSE component, which provides credit to SSEs using strict business criteria. The performance of the SSE component has improved so

radically over the last two years, that the organization "CAPE" (or ACEP, the French acronym for Agence de Crédit pour l'Entreprise Privée) bears little resemblance with what it was in 1989. The component moved its headquarters to Dakar, more than doubled its network of branches, increased its loan portfolio by 300% (going from 259 million FCFA in FY89 to more than 1 billion FCFA in FY91), and improved the quality of its loans (write-offs for credit losses decreased from 11% in 1989 to 2% in 1991). In the same period, interest revenue grew by 370%, going from 28 million FCFA in FY89, to 131 million FCFA in FY91 -- permitting CAPE in FY91 to cover all of its local operating costs (including provisions for depreciation and credit losses), and post a small profit.

Project Paper Amendment No. 3 of May 29, 1990, recommended an extension and additional funds for CAPE in order to allow it to expand its operations to the Dakar region. The expansion to Dakar took place in early July 1990 when CAPE's headquarters moved to Dakar. By the end of July, the seven new branches (four in Dakar, two in Thies and one in Mbour) were fully functional. CAPE installed a new computerized loan tracking system, and in September 1990, CAPE granted its first loans to clients in the Dakar region. In March 1991, an additional branch was opened in the city of Rufisque, bringing the total of new branches to eight, and the total of CAPE branches to thirteen (five in the Kaolack region plus eight in the Dakar region).

By FY90, CAPE's corrective measures began paying off, and CAPE was well on the way to becoming a financially viable organization. Provisions for losses now represented 4% of the outstanding balance (compared to 11% in FY89), the volume of loans had increased by 67%, and interest revenue had gone up by 75%. These results reflected primarily an improved situation in the Kaolack branches (loans in Dakar had begun only in September 1990, the last month of FY90). The only element missing by the end of FY90, was an approval to increase CAPE's interest rates. After several vigorous debates within the National Project Committee (NPC), the NPC finally allowed CAPE, in March 1991, to align its interest rate with the maximum rate charged by banks. CAPE's interest rate was hiked to 16% "add-on" (28% APR).

The impact of the expansion to Dakar was fully felt in FY91. The volume of loans for the year passed the billion FCFA mark, and CAPE lent an average of \$325,000 per month and financed over 100 enterprises each month. This increase in volume and CAPE's ability to maintain its low default rate, plus the rise in the interest rate, changed CAPE's financial picture. With the expansion to Dakar, CAPE's costs of operation increased by 65% compared to FY90, but interest revenue went up by 260%, permitting CAPE to cover all of its local costs and post a profit. It should be noted that CAPE was thus nine months ahead of schedule in its ability to cover local costs from its revenues. For FY91, all branch offices were profitable, and branch managers received annual bonuses representing 5% of the branch's net income.

Over the last two years the composition of the loan portfolio also evolved. The portion of loans going to commerce was substantially

reduced, dropping from 44% of the volume to 27%; manufacturing went up from 9% to 17%; services went up from 28% to 40%. In response to the GAO audit of May 1990, more emphasis was given to micro-enterprises, and thus loans in the 50,000 - 500,000 FCFA represent 32% of the volume compared to 6% in 1989. Loans greater than 2,000,000 FCFA dropped to 15% compared to 47% in 1989. A special effort has been made to increase the number of female beneficiaries. Women now represent 23% of CAPE's beneficiaries compared to 10% in 1989. It should also be noted that for many entrepreneurs, a CAPE loan is the first step into the formal sector of the economy. For clients requesting loans of 1,000,000 FCFA or more, CAPE's requirements of business registry and registration of collateral push these enterprises to join the formal sector.

CAPE's performance has established it as the most efficient provider of credit to SSEs in Senegal. In terms of volume and quality, CAPE has the most important portfolio of loans to SSEs in the country. This has made CAPE an important player in the GOS's strategy to promote SSEs. Because of CAPE's success in providing credit to SSEs in the existing project area, the GOS approached USAID in August 1991 with an offer of \$1.7 million for CAPE to use to open operations in the Casamance (Kolda and Ziguinchor) and Tambacounda. The purpose of this PP amendment is to allow this infusion of funds into the project and permit CAPE to begin operations in the three new regions.

1. Institutionalization

CAPE has decided that the most appropriate institutional form for the type of activity in which it is involved is a credit union. CAPE plans to become a credit union as soon as possible (the PP calls for CAPE to become an independent institution by December 1992). The membership of the proposed credit union will consist of owners of Senegalese SSEs who are also CAPE's clients. Currently, the appropriate legal context for credit unions does not exist in the West African Monetary Union (WAMU) countries, but it is being defined by the GOS and is expected to be completed by April 1993. The preliminary recommendations of studies commissioned by the West African Central Bank contain features which are particularly attractive for potential credit unions. These features are: a) exemption of all taxes, b) decontrolled interest rates, c) reasonable reserve requirements, and d) reasonable reporting requirements. CAPE will need these features in order to maintain financial viability.

To begin transforming itself into a credit union, CAPE has retained a local attorney to write the statutes and by-laws of the new institution. The first draft of the document is completed, and the final draft of the statutes for the credit union, "Alliance du Credit, de l'Epargne et de la Production (ACEP)," will be ready by the end of September 1992. It is not certain when the legal context for credit unions will be adopted by the WAMU countries. Should CAPE be ready to become an institution before the laws are adopted, it will request the following from the GOS: authorization to be officially recognized as a credit union, tax exempt status, and an exemption from reserve and reporting requirements until the law governing credit unions is adopted. Should this prove to be too

lengthy or difficult, CAPE will become a PVO for the interim.

2. CAPE's Assets.

At the end September 1991, CAPE's assets were as follows:

Fixed assets.

The net value of fixed assets (after 1991 depreciation) was 30.642.674 FCFA. These assets consist of vehicles, computers, office equipment and furniture.

Non Fixed assets.

At the end of FY 1991, these assets totaled 857,588,602 FCFA and consist of:

- Bank deposits	187,188,602 FCFA
- Cash	400,000 FCFA
- Net receivables	670,000,000 FCFA

Net receivables are loans to clients not including provisions for losses. Usually the amount of cash on deposit in banks is much smaller, around 100 million FCFA. In September this amount was 187 million because most branch officers were on vacation and lending was low.

Transfer of Assets

Discussions are pending between the GOS, ACEP and USAID regarding final allocation of the project assets. This will be confirmed via a Project Implementation Letter.

II. JUSTIFICATION FOR THE EXPANSION

The GOS has requested CAPE to make credit available to entrepreneurs in other regions of Senegal, particularly the Casamance. The GOS is willing to finance the bulk of the expansion costs and the needed credit capital funds for the Casamance expansion.

While CAPE does not need to expand its activities to reach the project's objectives by the PACD, creating a national CAPE is certainly within the scope of the project. First, the proposed expansion will give the future CAPE institution, a national presence and a share of the national market. Second, it will give CAPE an opportunity to establish a presence in an important economic region (the Casamance). Third, it will solidify CAPE's profitability. Fourth, it will give CAPE an opportunity to diversify its portfolio and its risk by increasing loans to the agricultural sector (the Casamance presents less risk for loans in this sector) and diversifying its clientele.

III. REVISED PROJECT DESCRIPTION

A. GOAL AND PURPOSE

The project's goal and purpose were modified by PP Amendment No. 2 to encompass the Dakar expansion, and they were not changed in Amendment No. 3. Amendment No. 4 revises the project goal so that it reads "to encourage decontrol and commercialization of rural and urban production throughout Senegal." The additional funding from the GOS will be used in Ziguinchor, Kolda and Tambacounda. The project's activities will extend to these three new areas only. The project purpose is "to enable village organizations and small-scale enterprises in selected regions in Senegal to manage and sustain their own development."

B. REVISED PROJECT INPUTS

This PP supplement increases funding for the capitalization of CAPE's loan fund and CAPE's operational costs to be financed by the GOS (see Annex D).

1. Technical Assistance

This amendment does not change the project's technical assistance. The current expatriate technical assistant will continue to implement the project and hire all necessary local staff for the activities in the Casamance.

2. Commodities, Equipment, and Vehicles

Field personnel in the new areas will require three vehicles and six motorbikes. In addition a certain amount of office equipment and supplies will be required to set up the two new regional offices and five branch offices in Ziguinchor, Kolda, and Tambacounda (See Annex E for listing of vehicles and equipment). The computerized financial system will remain in Dakar and can handle the expansion without further purchases.

3. Operational Costs of SSE Credit Activities

The GOS contribution will finance all new local currency costs associated with the expansion to the Casamance through December 1993. This includes salaries for 13 new staff to be hired, vehicle maintenance and support, transport, supplies, legal fees, and other miscellaneous costs of the program. Projections show that the loan portfolio will be large enough to make the credit activities of the new sites profitable enough to cover all operating costs in the Casamance. Starting with Month 17, interests earned will cover monthly operating costs.

4. Capitalization of Credit Fund

The GOS will contribute approximately \$1.4 million (FCFA 365 million) to CAPE's revolving fund for the 17 month expansion to the regions of

Ziguinchor, Kolda, and Tambacounda beginning in August 1992.

5. Evaluation and Audit

The existing budget and plans for evaluation and audit remain as already approved by the Mission.

IV. REVISED COST ESTIMATES AND FINANCIAL SUMMARY

The total life-of-project amount was increased to \$15,229 million in Amendment Three. Amendment Four adds another \$1.706 million representing increased GOS contribution, for a new LOP of \$16.935 million.

A. FINANCIAL SUMMARY

The following table provides a summary of the Revised Financial Summary:

CED REVISED FINANCIAL SUMMARY				
	Current Project Budget \$ AID FUNDS	Current GOS Contributions	Contrib. by GOS under this Amendment	Revised Project Budget (AID & GOS)
1. NTF Coop. Agreement	14,255,739	0	1,706,000	15,962,739
2. Evaluation/Audit	260,838	0	0	260,838
3. Training	225,164	0	0	225,164
4. Other	487,259	0	0	487,259
GRAND TOTAL	15,229,000	0	1,706,000	16,935,000

The GOS will be providing the equivalent of \$1,706,440 to NTF to finance costs related to the expansion of CAPE activities to the remaining three regions. Annex D contains a budget specifying the precise breakdown of this contribution. When the GOS contribution is added to the previous budget, the total life-of-project cost is \$16,935,000.

B. Management of GOS contribution funds:

NTF will use the GOS funds allocated for this expansion's operations in a separate non-commingled local account and provide separate quarterly financial status reports on the use of these funds. NTF will use the GOS contribution for activities which are only related to this expansion operations.

V. IMPLEMENTATION

The expansion activities will begin in August 1992. NTF agreed with GOS

to make four disbursements of the funds needed for the expansion. The first disbursement of 143,674,423 francs CFA will be executed by GOS fifteen days after the signature of the protocol. This first disbursement will cover the entire payment of the operation costs and the local salaries for eighteen months; it will also cover the credit funds needed for the first three months of implementation. The other three payments will be done on a quarterly basis. CAPE will open two regional offices and five branch offices. The Ziguinchor regional office will supervise branch offices in Ziguinchor and Bignona and will serve all cities in the Ziguinchor Administrative Region. The Kolda regional office will supervise branch offices in Kolda, Velingara, and Tambacounda, and will serve the Administrative Region of Kolda as well as part of the Administrative Region of Tambacounda. Staff will be two regional managers, five branch office managers, two junior accountants, one cashier and one legal assistant. CAPE headquarters and the USAID project officer will monitor the expansion activities through regular site visits.

VI. PROCUREMENT PLAN

All equipment and vehicles required under this amendment will be financed by USAID from unearmarked funds in the NTF line item of the project budget. A total of approximately \$145,000 will be required to procure these commodities. More than \$198,000 remains unearmarked in the NTF line item and could cover the procurement of vehicles and equipment. The Regional Contracting Officer will be requested to amend the cooperative agreement with NTF to include provisions and funding for them to procure this equipment.

VII. MONITORING AND EVALUATION PLAN

As the project expands to the regions of Ziguinchor, Kolda, and Tambacounda, USAID will build on an existing monitoring system to integrate normal accounting monitoring with data collection on project performance and impact. This system will help NTF and USAID continuously assess the project's impacts (on such topics as number and value of loans by sector, employment, assets, and profits) as well as provide data for project evaluations. USAID will assess the effectiveness and impact of the first phase of the expansion to Ziguinchor in December 1992. This will also help us decide whether we need to make any adjustments to the process. The Mission will conduct a final impact evaluation for the entire project in May 1993. These evaluations will be complemented by yearly non-federal audits as well as certification audits of CAPE's financial statements.

ANNEX A

ANNEX A: COMMUNITY AND ENTERPRISE DEVELOPMENT

REVISED LOGICAL FRAMEWORK: SSE CREDIT COMPONENT

JUNE, 1992

NARRATIVE SUMMARY

OBJECTIVELY VERIFIABLE INDICATORS

MEANS OF VERIFICATION ASSUMPTIONS

PROGRAM GOAL: To progressively decontrol and commercialize production selected regions of Senegal (Dakar, Kaolack, Thies, Fatick, Louga, Diourbel, Ziguinchor, Kolda and Tambacounda.)

Project Purpose:
To enable village organizations and SSEs selected regions in Senegal to manage and sustain their own development

Private sector production growing at 5% per year; parastatal economic activities and staff constant or declining.

EOPS:
1. Institutionalization of a profitable, private financial institution, with headquarters in Dakar, to continue SSE credit activities in the project area after the PACD.
2. Profit potential of lending to small enterprises in the project region clearly demonstrated and appropriate procedures, manuals, and credit management systems established for continued replication in other, mainly urban, areas of Senegal.

Regional macro-economic analysis of selected regions of Senegal.

1. Records of CAPR.
2. Market spot checks in project area.
3. Data collected in evaluations and periodic reports.

1. GOS Economic Reform Plan implemented.
2. GOS policy continued to reflect decontrol and prioritization of agriculture-related production and services and to decentralize responsibility for SSE development assistance.

1. GOS policy and pricing policies are conducive to S: growth.
2. Senegalese institutions in the project area develop to the point that institutionalization of SSR assistance is possible.

OUTPUTS:

1. 1750 SSRs assisted. project area that have received credit, repaid loans on time, and run profitable operations.
2. Appropriate model for institutionalizing and replicating urban-based SSR lending activities within Senegalese banking law.
3. Appropriate and creative linkages between SSR credit institution and other institutions supporting SSEs and informal sector in project area, including training and outreach programs.
4. 800 new jobs.

1. Goods and services produced by project-assisted SSRs are being used in the region in urban and rural markets and elsewhere.
2. Books and records of assisted SSEs are kept according to methods taught in project.
3. Loan repayment rate remains over 95% during LOP.
4. Procedures manuals, training manuals, and credit management and accounting systems completed by year 5 of the project and are updated continuously during the LOP.

1. Business records.
2. Statistics provided by Chambre de Metiers.
3. CAPE credit records.
4. Statistics provided by MIS.

1. Goods and services produced correspond to needs of project area consumers and related SSEs' needs.
2. Credit is sufficient to improve productivity and profitability of SSRs.

INPUTS:

1. Provide credit needed for SSRs.

A. USAID Funds

1. NTF Coop. Agreement \$14,255,7392.
2. Evaluation/Audit \$260,838
3. Training: \$225,164
4. Other \$487,259
- Total \$15,229,000

1. CAPE's financial records.
- Commodity purchase records.

B. GOS Funds

1. Local Hire Salaries \$165,050
2. Other Direct costs \$62,338
3. Travel/Perdiem \$8,574
4. Loan funds \$1,403,846
5. Total G&A \$66,632
- Total \$1,706,440

Grand Total (A+B) \$16,935,440

L710T

UNCLASSIFIED

STATE 169779/01

ACTION: AID INFO: EXEC ECON RIG

VZCZCEK0061
PP RUEHDK
DE RUEHC #9779/01 1402129
ZNR UUUUU ZZH
P R 282126Z MAY 92
FM SECSTATE WASHDC
TO RUEHDK/AMEMBASSY DAKAR PRIORITY 5105
INFO RUEHAB/AMEMBASSY ABIDJAN 9009
BT
UNCLAS SECTION 01 OF 02 STATE 169779

LOC: 065 086
29 MAY 92 0624
CN: 53569
CHRG: AID
DIST: AID

AIDAC DAKAR FOR ENVIRONMENTAL OFFICER; ABIDJAN FOR

E.O. 12356: N/A
TAGS:

SUBJECT: CONCURRENCE IN IEE AMENDMENT 4 FOR SENEGAL
COMMUNITY AND ENTERPRISE DEVELOPMENT PROJECT (CED) (698-
0260)

REDSO/WCA, REG R HANCHETT

REF: (A) DAKAR 1064; (B) DAKAR 2409; (C) DAKAR 05365

SUMMARY: AFRICA BUREAU ENVIRONMENTAL OFFICER CONCURS IN
SUBJECT IEE AMENEMENT NO. 4. RATIONALE IS GIVEN FOR A
REVIEW AND UPDATING OF THE RISK-BENEFIT ANALYSIS, FOR
WHICH USAID/SENEGAL IS REQUESTED TO SUBMIT BACKGROUND
INFORMATION TO AFR/ARTS/FARA AT SOME FUTURE DATE.

1. PER REFS A AND B, AFR BUREAU ENVIRONMENTAL OFFICER
CONCURS IN NEGATIVE DETERMINATION FOR AMENDMENT FOUR OF
THE IEE FOR SUBJECT PROJECT AMENDMENT FOUR, ON THE BASIS
OF:

- A REVIEW OF AVAILABLE DOCUMENTS ON THE CED PROJECT IN
AID/W FILES;
- PREVIOUS BEO CONCURRENCES TO THE PP AND SUBSEQUENT
AMENDMENTS TO THE PP;
- THE FACT THAT THE PROJECT PURPOSE REMAINS UNCHANGED

APART FROM THE ADDITION OF NEW GEOGRAPHIC AREAS TO BE
SERVED; AND

- THAT NEW PROJECT ACTIVITIES NOT IDENTIFIED
IN PAST PROJECT DOCUMENTS ARE NOT PLANNED.

2. BEO HAS EXAMINED THE RISK-BENEFIT
ANALYSIS FOR PESTICIDE USE IN ANNEX 16 OF THE CED PROJECT
PAPER. THIS RISK-BENEFIT ANALYSIS, AS CALLED FOR IN THE
PID, ADDRESSES PESTICIDE USE IN THREE KEY ASPECTS: (1) IN
TREE PROTECTION (VILLAGE WOODLOTS ESTABLISHMENT AND
SUPPORT); (2) IN VEGETABLE GARDENING; AND (3) PROVISIONS
MADE FOR TECHNICAL ASSISTANCE AND TRAINING ON SAFE USE AND
PROPER HANDLING OF PESTICIDES. THE AMENDED IEE THEREFORE
ADEQUATELY ADDRESSES THE CONDITIONS LAID OUT IN REGULATION
216.3(B)(1)(I) OF THE A.I.D. ENVIRONMENTAL PROCEDURES.

3. SINCE THE ORIGINAL PP WAS AUTHORIZED SEPT. 6, 1983,

THE GEOGRAPHIC SCOPE OF THE PROJECT HAS BEEN CONSIDERABLY EXTENDED THROUGH FOUR AMENDMENTS (COUNTING THE PRESENT ONE), BUT NO FURTHER EXAMINATION OF THE PRINCIPLES LAID OUT IN THE IEE APPEARS TO HAVE OCCURRED SINCE IMPLEMENTATION BEGAN. YET, IN THE 8.5 YEARS SINCE PROJECT AUTHORIZATION, MUCH HAS CHANGED REGARDING THE TECHNICAL INFORMATION, PRACTICES AND REGULATIONS PERTINENT TO CROP PROTECTION AND PEST AND PESTICIDE MANAGEMENT IN THE REGION. LIKEWISE, THE A.I.D.-FUNDED REGIONAL FOOD CROP PROTECTION PROJECT AND REGIONAL IPM PROJECT HAVE LONG SINCE ENDED, AND THE CONSORTIUM FOR INTERNATIONAL CROP PROTECTION HAS CEASED ACTIVITIES, AND ARE THUS NO LONGER AVAILABLE AS SOURCES OF INFORMATION.

4. NO INFORMATION IS AVAILABLE TO AID/W CONCERNING CURRENT IMPLEMENTATION OF, AND EXPERIENCES GAINED DURING, THE IMPLEMENTATION OF THE CED PROJECT IN MATTERS PERTAINING TO PESTICIDE USE AND OTHER PRACTICES WHICH HAVE ENVIRONMENTAL IMPLICATIONS. ALSO, INFORMATION ON THE ACTUAL APPROACH IN PRACTICE TO TRAINING OF USERS AND APPLICATORS IS NOT ACCESSIBLE. AS IS STATED IN SECTION II.12 OF ANNEX 16, REGARDING THE ECONOMIC FEASIBILITY OF COSTLY INPUTS FOR SMALL ENTERPRISES SUCH AS COMMERCIAL VEGETABLE PRODUCTION, QUOTE IT IS ESSENTIAL THAT THE EFFECTIVENESS OF THE CHEMICAL TREATMENTS BE EXAMINED THROUGHOUT THE COURSE OF THE PROJECT UNQUOTE.

5. ARTS/FARA/ENV IS CURRENTLY ENGAGED IN ANALYSES OF THE CHANGING NATURE OF DEVELOPMENT ASSISTANCE AND THE ASSESSMENT OF LONG-RUN ENVIRONMENTAL IMPACT OF CREDIT, TRADE AND POLICY REFORM UNDER THE DFA. IN THIS CONNECTION, THE BEO WOULD APPRECIATE RECEIVING FURTHER INFORMATION. IT IS EXPECTED THAT REDSO/WCA REO, R. HANCHETT, WILL BE SPENDING SOME TIME IN AID/W DURING THE MONTH OF MAY 1992, AND COULD AT THAT TIME ADDRESS THE CED PROJECT'S ENVIRONMENTAL IMPLICATIONS, AND PROVIDE GUIDANCE FOR USE IN THE FUTURE FOR PROJECT STAFF.

6. DOCUMENTS WHICH THE BEO WOULD APPRECIATE RECEIVING INCLUDE:

A. EVALUATION(S) DONE ON THE CED PROJECT;

B. ANALYSES OF LOAN ACTIVITIES BY THE CED-FINANCED AGENCE DE CREDIT POUR L'ENTREPRISE PRIVE (ACEP), AS TO EXPERIENCES GAINED, AND IMPACTS ON CLIENTS, COMMUNITIES AND ENTERPRISES (WE HAVE AN ACEP DATA SUMMARY AS OF SEPT. 30, 1991);

C. DATA ON THE ACTUAL PESTICIDE USE RESULTING FROM THE PROJECT, IF AVAILABLE, AND ON THE ROLE THAT INTEGRATED PEST MANAGEMENT HAS ASSUMED IN VEGETABLE PRODUCTION AND WHETHER IT HAS INFLUENCED THE PROJECT;

D. AVAILABLE INFORMATION ON:

-- THE PRESENT AND PAST SAFE PESTICIDE USE TRAINING AND INFORMATION TRANSFER ENTITIES WHICH THE PROJECT SUPPORTS;

-- THE ROLE OF GOS AND PVC/NGO'S IN PESTICIDE SAFETY TRAINING.

-- PESTICIDE HANDLING AND APPLICATION PRACTICES AS CARRIED OUT BY THE VEGETABLE PRODUCERS FINANCED BY THE PROJECT;

-- PESTICIDES STILL USED, IF ANY, IN VILLAGE WOODLOTS, SINCE THE FIRST YEAR.

WE NOTE THAT THE ACEP DOCUMENT (REFERRED TO IN PARA 6B ABOVE), MENTIONED THAT : (1) WELL OVER 2,000 LOANS HAVE BEEN GRANTED BY THE SMALL SCALE ENTERPRISE COMPONENT (NOW ACEP) OF THE CEDP; AND (2) THE ACEP LOAN VOLUME IS APPARENTLY DRAMATICALLY INCREASING, IT IS REASONABLE TO ASSUME THAT ACTIVITIES CARRIED OUT WITH LOANS FROM THE PROJECT WILL INVOLVE THE PURCHASE AND USE OF SIGNIFICANT AMOUNTS OF AGRICULTURAL CHEMICAL INPUTS, INCLUDING PESTICIDES.

7. BEO EXPECTS TO USE THE ABOVE INFORMATION TO UPDATE THE RISK-BENEFIT ANALYSIS AND TO FORMULATE CURRENT GUIDANCE TO THE FIELD. THIS COULD INCLUDE, TO THE EXTENT APPROPRIATE, UP-TO-DATE INTEGRATED PEST MANAGEMENT PRINCIPLES

APPLICABLE TO THE SENEGAL VEGETABLE PRODUCTION SCENE. ON-THE-GROUND IMPLEMENTATION ACTIONS COULD USEFULLY BE LINKED TO COLLABORATION WITH THE PEACE CORPS, FOR EXAMPLE.

8. KINDLY DIRECT ANY AVAILABLE DOCUMENTS, SUCH AS LISTED IN PARA 6, TO AIE/AFR/ARTS/FARA, JOHN J. GAUDET, FOR USE IN THE ANALYSIS AND GUIDANCE.

9. GC/AFR HAS CLEARED THIS CABLE. PAKER

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Annex C

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LOW OF INTEREST INCOME 12 MONTHS/ ZIGUINCHOR, AND KOLDA REGIONAL OFFICES

PLAN DETAIL	1992/ AUG.	SEPT.	FY92	OCT	NOV	DEC	JAN	FEB	MARCH	APR	MAY	JUN	JUL	AUG	SEPT	FY93	OCT	NOV	DEC	
ED BALANCE	(000 CFA)																			
DR AMORTIZATION	8%	0	0	0	1,620	3,220	5,090	6,849	8,917	10,843	13,027	15,079	16,930	18,729	20,368	21,876	142,537	23,271	24,584	25,780
PREPAYS		0	0	0	298	416	652	893	1,159	1,410	1,654	1,760	1,807	1,844	1,844	1,844	18,535	19,315	20,388	21,380
WIDE-OFF	4.0%	0	0	0	64	129	224	275	357	434	521	603	679	750	815	875	5,703	931	983	1,032
CAPITALIZED INTEREST		0	0	0	11	21	35	48	64	77	92	112	130	149	168	185	1,097	194	202	209
IN LOANS		20,000	20,000	40,000	25,000	25,000	30,000	30,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	350,000	35,000	35,000	35,000	
ED BALANCE		20,000	40,000	40,000	63,619	85,956	111,463	135,535	162,841	188,425	212,248	234,241	254,599	273,445	290,692	307,047	307,047	335,927	348,624	
INTEREST PAYABLE	0%	0	0	256	532	865	1,198	1,598	1,931	2,397	2,796	3,262	3,728	4,194	4,660	27,427	4,860	5,060	5,195	
INTEREST PAID		0	0	255	511	830	1,150	1,534	1,854	2,301	2,684	3,132	3,579	4,026	4,474	20,330	4,666	4,858	4,985	
NA/FEES LATE PAYMENT		0	0	0	0	0	0	23	28	34	39	44	49	53	57	327	61	64	67	
INTEREST RATE (SPIN)		83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	
INTEREST RATE (INT)		96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	
REVOLVING FUND-CASH FLOW ANALYSIS	1992/	AUG	SEPT	FY92	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	FY93	OCT	NOV	DEC
PRINCIPAL REPAYMENTS		0	0	0	1,328	2,656	4,224	5,701	7,401	9,000	10,813	12,515	14,093	15,554	16,905	18,157	118,347	19,315	20,388	21,380
INTEREST REPAYMENTS AND FEES		0	0	0	255	511	830	1,150	1,534	1,854	2,301	2,684	3,132	3,579	4,026	4,474	26,330	4,666	4,858	4,985
REPAYMENTS TO REVOLVING FUND		0	0	0	1,583	3,167	5,055	6,851	8,935	10,654	13,114	15,200	17,225	19,132	20,932	22,630	144,677	23,981	25,246	26,366
ENDING BALANCE		162,500	162,500	162,500	142,500	118,828	96,484	70,708	46,409	20,310	175,310	151,122	128,638	107,731	88,284	70,190	390,000	37,662	35,000	35,000
NEW LOANS		20,000	20,000	40,000	25,000	25,000	30,000	30,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	390,000	35,000	35,000	35,000	
END BALANCE		162,500	142,500	142,500	118,828	96,484	70,708	46,409	18,810	175,310	151,122	128,638	107,731	88,284	70,190	53,347	37,662	23,052	9,430	
CAPITAL REQUIRED		0	0	0	0	0	0	0	152560	0	0	0	0	0	0	0	0	0	0	

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ANNEX D

Detailed Description of GOS Contribution to Project

Line Item	Current Project Budget (in USD)	GOS Contri- butions (in USD)	Revised Total Project (in USD)

I. NTF COOPERATIVE AGREEMENT			
A. Technical Assistance	2,200,784		2,200,784
B. Per Diem. Trvl, allow MSI Subcontract	871,258 1,049,368	8,574	879,832 1,049,368
C. Commodities	307,952	0	307,952
D. Mgmt Unit Ops.	3,093,832	227,388	3,321,220
E. Revolving Credit Funds For Small Entrepreneurs	2,050,000	1,403,846	3,453,846
F. PVO Subgrants	3,049,173	0	3,049,173
Subtotal Subgrants & Credit (E + F)	5,099,173	1,403,846	6,503,019
G. Certification Audit	40,000		40,000
H. NTF G&A	1,593,372	66,632	1,660,004
I. Subtotal NTF	14,255,739	1,706,440	15,962,179
II EVALUATION/AUDIT	260,838	0	260,838
III TRAINING	225,164	0	225,164
IV OTHER			
A. Commodities/Equipment			
Subtotal Other	487,259	0	487,259
=====			
GRAND TOTAL	15,229,000	1,706,440	16,935,440

ACEP CASAMANCE BUDGET/VEHICLES AND EQUIPMENTFINANCED BY USAID

<u>A. VEHICLES</u>	<u>QT</u>	<u>BRAND</u>	<u>MODEL</u>	<u>UNIT Price (FCFA)</u>	<u>TOTAL</u>
Pick up	2	Mitsubishi	L.200 4 x 4 Diesel (7CV)	5,075,000	10,150,000
Car/Wagon	1	Mitsubishi	PAJERO Wagon GL 9 pl Diesel (10 CV)	7,000,000	7,000,000
Motorcycles	6	Honda	125XLS	720,000	4,320,000
Spare parts Pignon d'attaque Chaine de transmission Couronne	6 sets			146,666	146,666
Sub-total					21,616,666
<u>B. EQUIPMENT</u>					
Telephone	2	(CGE network)		630,000	1,260,000
ACEP/Fronts	5	(local manuf.)		300,000	1,500,000
Fax	2	FITJITSU DEX 140		(*)300,000	600,000
Photocopier	2	Rank Xerox 5014		1,100,000	2,200,000
Safes	5	SUN SET SS/35		275,000	1,375,000
Air Cond.	4	2 CV		191,000	764,000
Desks	11	1,60X90 (AFRIBAT)		140,000	1,540,000
Conf. table	2	2mtsX90 (local manuf)		120,000	240,000
Chairs	21	Metal tubing		15,000	315,000
File cabinet	5	Metal with sliding doors		140,400	702,000
File cabinet	2	Metal with two doors		203,780	407,560
Sub-total					10,903,560

(*) to be purchased in USA (NTF)

Grand total: 32,520,226 Francs CFA

- or US \$125,078

US Dollar 1 = 260 Francs CFA

G&A @ 13.9% = \$17,386

Total funds needed = \$125,078 + 17,386 = \$142,464

Rounded to: \$145,000

ACTION MEMORANDUM FOR THE ACTING MISSION DIRECTOR

TO: Douglas Sheldon
FROM: Lisa Franchetti *J. Sheldon for*
DATE: June 11, 1993
SUBJECT: Community and Enterprise Development Project
(685-0260): Project Paper Amendment

I. ACTION REQUESTED: You are requested to approve Project Paper Amendment No. 4 and sign the attached Project Agreement Amendment No 6 for the Community and Enterprise Development Project:

- (1) to permit a \$1.7 million increase in the Government of Senegal (GOS) contribution to the project budget; and
- (2) to expand the project's geographic coverage to the regions of Ziguinchor, Kolda and Tambacounda.

II. DISCUSSION

The Project Paper (PP) and the Authorization for the Community and Enterprise Development project were approved by the USAID/Senegal Mission Director on September 6, 1983. The Project Grant Agreement was subsequently signed on January 4, 1984. The original project goal was to encourage decontrol and commercialization of rural production in the Kaolack and Fatick regions. The project purpose was "to enable village organizations and small-scale enterprises in the regions of Kaolack and Fatick to manage and sustain their own development." The PP further distinguished two sub-purposes related to the project components:

- To assist Village organizations (VOs) in carrying out development projects which benefit themselves and the region; and
- To increase the capacity of Small-scale enterprises (SSEs) to manage and sustain their own growth;

A.I.D. signed a cooperative agreement with the New Transcentury Foundation (NTF) on August 2, 1985, to set up a management unit that would implement the project. NTF sub-contracted with Management Systems International to provide certain long and short-term technical assistance (TA).

The project has been amended on three occasions. The cumulative effect of the amendment has been to increase LOP funding to \$15,229,000; to

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extend the project PACD to December 31, 1993, and to expand the project geographic coverage to include a total of 7 regions. The project has developed an efficient and viable model for providing credit to SSEs and has achieved loan recovery rate of 98%. In order to enhance the sustainability of the lending institution (CAPE) established under the project, its lending services need to be provided nationwide rather than to select regions. This will involve expanding to an additional 3 regions (Kolda , Ziguinchor, Tambacounda). These three regions comprise Senegal's most productive agricultural zone and thus are an ideal environment in which to assist additional SSEs and develop a strong loan portfolio.

The \$1.7 million GOS contribution will cover all the costs of the expansion of the project's activities with the exception of vehicles and office equipment which USAID will finance from existing project funds. A separate agreement will be signed between the GOS and New Transcentury Foundation to execute this expansion. The expansion will not change the PACD or increase the USAID LOP funding.

B. FINANCIAL SUMMARY

A revised financial plan is included in this amendment. The following table provides a summary of the Revised Financial Plan:

CED REVISED FINANCIAL SUMMARY				
	Current Project Budget \$ AID FUNDS	Current GOS Contributions	Contrib. by GOS under this Amendment	Revised Project Budget (AID & GOS)
1. NTF Coop. Agreement	14,255,739	0	1,706,000	15,962,739
2. Evaluation/Audit	260,838	0	0	260,838
3. Training	225,164	0	0	225,164
4. Other	487,259	0	0	487,259
GRAND TOTAL	15,229,000	0	1,706,000	16,935,000

C. COMMITTEE ACTION AND CONGRESSIONAL NOTIFICATION

The Mission Project Committee has reviewed this PP Amendment and has concluded that the project remains technically sound and that appropriate analyses exist to ensure project acceptability and feasibility. There are no human rights implications.

IEE Amendment No. Four for this project amendment, was approved by the Africa Bureau Environmental Officer in STATE 69779 dated 5/29/92. A copy

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is included in Annex B of the PP Amendment. A Notification to Congress is not required since the amendment will not change AID's contribution to the project.

D. CONDITIONS, COVENANTS, IMPLEMENTATION PLAN AND IMPLEMENTATION AGENCIES

The conditions and covenants of the PP and Project Grant Agreement remain as previously revised. This amendment does not change the implementation agencies nor the National Project Committee. All other aspects of the project remain as revised in earlier amendments.

E. PROCUREMENT AND WAIVERS

No waivers are required under this project amendment.

III. AUTHORITY TO APPROVE PP AMENDMENTS

Africa Bureau Delegation of Authority No. 551, as revised, gives you the authority to approve project amendments for up to \$30 million in AID's funds project costs for a cumulative LOP not to exceed 10 years when the amendments (a) do not present significant policy issues; or (b) do not include waivers that can only be approved by the Assistant Administrator for Africa or the Administrator. This request is within this authority.

V. RECOMMENDATIONS

That you sign the attached Project Agreement Amendment and the Project Paper Supplement.

Approved Douglas Z. Skelton
Disapproved _____
Date 7/13/92

Drafted: PDO:ALy ALy Date 07/01/92
Clearances: PDO:LFranchett LFranchett Date 7/1/92
C/PDO:JWooten, Jr. JWooten Date 7/1/92
OFM :WMcKee1 WMcKee1 Date 7-2-92
PRM:BGilson (Draft) Date 06/22/92
RLA:AAdams _____ Date _____
RCO:Scromer (Draft) Date 06/22/92
DDIR:VDVem VDVem Date 7/14/92

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