

696-0100

RWANDA

Food Storage AND MARKETING

Project PAPER

REVISION

No 1<sup>x</sup>  
2+3

(ORIGINAL MISSING)

FY 77

REVISION No. 3

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT PAPER FACESHEET

1. TRANSACTION CODE

A ADD  
 C CHANGE  
 D DELETE

PP

2. DOCUMENT CODE  
3

3. COUNTRY ENTITY

RWANDA

4. DOCUMENT REVISION NUMBER

3

5. PROJECT NUMBER (7 digits)

606-0100

6. BUREAU/OFFICE

A. SYMBOL AFR B. CODE 06

7. PROJECT TITLE (Maximum 40 characters)

FOOD STORAGE AND MARKETING

8. ESTIMATED FY OF PROJECT COMPLETION

FY 8 | 1

9. ESTIMATED DATE OF OBLIGATION

A. INITIAL FY 75 B. QUARTER 1  
 C. FINAL FY 79 (Enter 1, 2, 3, or 4)

10. ESTIMATED COSTS (\$000 OR EQUIVALENT \$) -

| A. FUNDING SOURCE      | FIRST FY |       |          | LIFE OF PROJECT |         |          |
|------------------------|----------|-------|----------|-----------------|---------|----------|
|                        | B. FX    | C - G | D. TOTAL | E. FX           | F. L.C. | G. TOTAL |
| AID APPROPRIATED TOTAL | 516      | 484   | 1000     | 674             | 985     | 1659     |
| GRANT                  | 516      | 484   | 1000     | 674             | 985     | 1659     |
| LOAN                   |          |       |          |                 |         |          |
| OTHER                  |          |       |          |                 |         |          |
| U.S.                   |          |       |          |                 |         |          |
| HOST COUNTRY           |          | 119   | 119      |                 |         |          |
| OTHER DONOR(S)         |          | 765   | 765      |                 | 167     | 167      |
| TOTALS                 | 516      | 1360  | 1874     | 674             | 1917    | 2591     |

11. PROPOSED BUDGET APPROPRIATED FUNDS (\$000)

| A. APPROPRIATION | B. PRIMARY PURPOSE CODE | PRIMARY TECH. CODE |         | E. 1ST FY 75 |         | H. 2ND FY 76 |         | K. 3RD FY 77 |         |
|------------------|-------------------------|--------------------|---------|--------------|---------|--------------|---------|--------------|---------|
|                  |                         | C. GRANT           | D. LOAN | F. GRANT     | G. LOAN | I. GRANT     | J. LOAN | L. GRANT     | M. LOAN |
| (1) FN           | 120                     | 330                |         | 616          |         | 293          |         | 342          |         |
| (2)              |                         |                    |         |              |         |              |         |              |         |
| (3)              |                         |                    |         |              |         |              |         |              |         |
| (4)              |                         |                    |         |              |         |              |         |              |         |
| TOTALS           |                         |                    |         |              |         |              |         |              |         |

| A. APPROPRIATION | N. 4TH FY 78 |         | O. 5TH FY 79 |         | LIFE OF PROJECT |         | 12. IN-DEPTH EVAL. SCHEDULED |
|------------------|--------------|---------|--------------|---------|-----------------|---------|------------------------------|
|                  | P. GRANT     | Q. LOAN | R. GRANT     | S. LOAN | T. GRANT        | U. LOAN |                              |
| (1) FN           | 1000         |         | 659          |         | 2910            |         |                              |
| (2)              |              |         |              |         |                 |         |                              |
| (3)              |              |         |              |         |                 |         |                              |
| (4)              |              |         |              |         |                 |         |                              |
| TOTALS           |              |         |              |         |                 |         |                              |

MM | YY  
1 | 7 | 8

13. DATA CHANGE INDICATOR - WERE CHANGES MADE IN THE PID FACESHEET DATA BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET

N/A YES  
NO

14. ORIGINATING OFFICE CLEARANCE

15. DATE DOCUMENT RECEIVED IN AID/W OR FOR AID/W DOCUMENTS. DATE OF DISTRIBUTION

SIGNATURE  
John A. Patterson

Louis A. Cohen

TITLE  
CDC Rwanda

Eugene Chiavarolli

Director  
REDSO/EA

DATE SIGNED

MM | DD | YY  
0 | 6 | 1 | 5 | 7 | 7

MM | DD | YY

REVISION No. 2

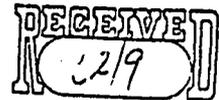
E. Smith

R W A N D A

FOOD STORAGE AND MARKETING (696-0100)

PROJECT PAPER AMENDMENT

DATE OF AUTHORIZATION: December 20, 1977



ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

FROM: AAO/Kigali, John A. Patterson *JAP*

SUBJECT: Rwanda - Food Storage and Marketing (696-0100)  
Change in Project Authorization

Problem:

To change a covenant concerning the removal by the GOR of counterpart project personnel.

Discussion:

On December 20, 1977 you (1) approved the extension of the project's termination date to December 31, 1979, (2) authorized \$1,659,000 of additional funds for the project (\$1,000,000 of which is to be obligated in FY 1978 and \$659,000 in FY 1979), (3) approved a waiver of Code 000 (U.S.) procurement source/origin policy, (4) approved the deviation from the provisions of Handbook 11 concerning Host Country Contracting and (5) approved a Negative Determination of the Initial Environmental Examination.

A covenant included in the approved Project Authorization and Request for Allotment of Funds - Part II is as follows:

The Project Grant Agreement shall contain covenants providing, in substance, as follows.....

2. That GOR will provide all required counterpart personnel on a timely basis, with qualifications satisfactory to A.I.D. Once selected and approved, the counterpart personnel will not be removed from his/her position with the Project without the prior written approval of A.I.D. (emphasis added). Additionally, the Grantee covenants that GRENAWA's cent(ral) office staff will (be) permitted to select from its warehouse staff participant trainees.

We have been informed by the Rwandan Ministry of Foreign Affairs that prior written approval or consultation runs counter to Rwandan law and practice. While understanding our point the Government considers this a question of sovereignty and must have the last say in such matters. It is agreed that if such a change is contemplated in the future the Government of Rwanda will so state to the Embassy in a diplomatic note thus affording A.I.D. the opportunity to provide a rejoinder and to open discussions on the question.

Recommendation:

After consulting with REDSO/EA, it is recommended that you approve a change of language in the relevant sentence of the paragraph of the covenant noted above as follows:

Once selected and approved, the counterpart personnel will not be removed from his/her position without prior official notice to A.I.D. (emphasis added).

Approved *DBB as amended*

Disapproved \_\_\_\_\_

Date *Jan 20, 1978*

Attachments:

1. Authorization memo to AA/AFR from AFR/DR
2. Project Authorization and Request for Allotment of Funds - Part II
3. Project Paper Face Sheet

CLEARANCES:

REDSO/EA:RLester (phone-1/17/78)  
The Ambassador: (draft-1/17/78)

DRAFT:AAO:JPatterson:1/17/78 *JP*

16 DEC 1977

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

FROM AFR/DR, John L. Withers

SUBJECT: Rwanda - Food Storage and Marketing PP Amendment

Problem:

You are requested to authorize the subject PP Amendment which extends the project termination date to December 31, 1979 and increases project funding by \$1,659,000 from \$1,251,000 to \$2,910,000.

Discussion:

The purpose of the Food Storage and Marketing Project, approved in FY 75, was to reduce seasonal and regional fluctuations in the price of basic food crops, particularly beans.

After an in-depth evaluation in June 1976, the Regional Economic Development Services Office, East Africa (REDSO/EA) in collaboration with the Government of Rwanda (GOR), accepted the recommendations which are the basis for the PP Amendment. The PP Amendment concentrates on ensuring that price stabilization concepts are institutionalized within the GOR. It also adds the creation of an efficient food storage and marketing system to the project's purpose.

The evaluation team from REDSO/EA which looked at this project a year ago stated that a prime constraint to financial viability was the inadequate margin between the purchase and sales price of grains placed in storage. The Rwandan government's sales price policy has not permitted an accumulation of working capital in the project nor generated a sufficient amount of capital to cover total costs. As the ultimate objective of this project is to create an institutional capability to deal with appropriate agricultural pricing policies and to administer a viable price stabilization program, AID officials will continue to work with local officials to change current pricing policy and put the project on a long-term self-sustaining basis. Aside from pricing policy considerations, the project has been quite successful toward creating the physical and managerial infrastructure required to institutionalize this capability.

The \$1,659,000 which this amendment adds will finance: construction of 4500 metric tons of additional warehouse storage capacity; 42 person months of technical assistance in project management, accounting and marketing/storage; U.S. participant training for a warehouse specialist; six warehouse managers and in-country training for an accountant, controller and statistician; purchase of six vehicles and miscellaneous warehouse materials; and contingency costs.

The project, as amended, is multi-donor. Of the additional funding required, the Swiss Government is contributing \$65,616, the UN World Food Program \$699,025, and the GOR \$167,250. This non-A.I.D. funding represents approximately 36% of the total additional project costs.

Issues:

Procurement Waivers:

The waivers authorized under the original project remain in effect. The project amendment is subject to the following new source and origin waivers.

- (a) A waiver of Code 000 (U.S.) procurement source/origin policy set forth in Section 636(i) of FAA 1961, as amended, so as to permit procurement of six motor vehicles from Rwandan or Kenyan source and Code 935 (Special Free World) origin.
- (b) Deviation from the provisions of Handbook 11, Host Country Contracting, to permit the use of standard Government of Rwanda (GOR) contracting rules, procedures and from including, but not limited to, Rwandan requirements applicable to contract award and bid and performance security.

Recommendations:

The Project Committee recommends that you:

- (1) Approve extension of project's termination date to December 31, 1979.
- (2) Authorize \$1,659,000 of additional funds for the project, \$1,000,000 of which will be obligated in FY 78 and \$659,000 in FY 79.
- (3) Approve a waiver of Code 000 (U.S.) procurement source/origin policy set forth in Section 636(i) of FAA 1961, as amended, so as to permit procurement of six motor vehicles from 935 source and origin.

- (4) Approval to deviate from the provisions of Handbook 11, Host Country Contracting, to permit the use of standard Government of Rwanda contracting rules, procedures and forms, including but not limited to, Rwandan requirements applicable to contract award and bid and performance security.
- (5) Approve the attached Intital Environmental Examination. The Project Committee recommends a Negative Determination.

Approved   *GTB*  

Disapproved \_\_\_\_\_

Date   *12/20/77*  

Attachments:

- 1. Project Authorization
- 2. Intital Environmental Examination
- 3. Project Paper

CLEARANCES:

AFR/DR/CAWARAP: GThompson (draft-11/27/77)  
AFR/DR/SDP : FDuncan (draft) 12/2/77  
AFR/CAWA : MWiseman *12/5/77*  
SAAA/AFR : DWachholz  
AFR/DR : JKelly  
AFR/DR/ARD : WFuglie  
AFR/DR/SDP : DDibble  
GC/AFR : JPatterson (draft-11/25/77)  
AFR/DP : CWard

DRAFT:AFR/DR/CAWARAP:RLaryea:mb:12/2/77:29066

PROJECT AUTHORIZATION AND REQUEST FOR ALLOTMENT OF FUNDS

PART II

Name of Country: Government of Rwanda      Name of Project: Rwanda Food  
Storage and  
Marketing

Number of Project: 696-0100

Pursuant to Part I, Chapter 1, Section 103 of the Foreign Assistance Act of 1961, as amended, I hereby authorize a Grant to the Government of Rwanda, the "Cooperating Country", of not to exceed one million United States Dollars (\$1,000,000), the "Authorized Amount" as an amendment to project number 969-0100 to help in financing certain foreign exchange and local currency costs of goods and services required for the amended project.

The amendment continues the basic project objectives of developing a basic foods marketing and storage program in Rwanda, and of reducing seasonal and regional fluctuations in the price of basic food crops, particularly haricot beans. In addition, the amendment seeks to establish an efficient food storage and marketing system. The amendment finances additional warehouse storage capacity, technical assistance, and participant training.

I approve the total level of A.I.D. appropriated funding planned for this amendment of not to exceed one million six hundred fifty nine thousand United States Dollars (\$1,659,000), including the funding authorized above, during the period FY 1978 through FY 79; and of the total amount approved a further increment during that period of Grant funding up to \$659,000 in FY 79, subject to the availability of funds in accordance with A.I.D. allotment procedures.

I hereby authorize the initiation of negotiation and execution of the Project Agreement by the officer to whom such authority has been delegated in accordance with A.I.D. regulations and Delegations of Authority subject to the following essential terms and covenants and major conditions; together with such other terms and conditions as A.I.D. may deem appropriate:

a. Source and Origin of Goods and Services.

Except as provided in paragraphs b and c below, and except as A.I.D. may otherwise agree in writing, goods and services financed by A.I.D. under the project shall have

their source and origin in countries included in A.I.D. Geographic Code 941 Selected Free World. Ocean Shipping financed under the Loan shall be procured in any eligible source country except the Cooperating Country.

b. Waivers.

Based upon the justifications set forth in the project paper:

(1) I approve a waiver of the procedural requirements of Handbook 11, Host Country Contracting relating to the procurement of design and construction services (reference pages 26-27 of the project paper) to permit the use of standard Government of Rwanda rules, procedures and forms.

(2) I approve a procurement source waiver (reference Annex E of the project paper) from A.I.D. Geographic Code 000 to Geographic Code 935, Special Free World, for the transportation requirements of the project including four trucks and spare parts; provided that the amount of such procurement shall not exceed \$150,000.

(3) I certify that the exclusion of procurement of the above-described transportation requirements from the requested source countries included in Code 935 would seriously impede attainment of U.S. foreign policy objectives and the objectives of the foreign assistance program; and

(4) I find that special circumstances exist to waive and do hereby waive, the requirements of section 636(i) of the Act.

c. Local Currency Costs.

I hereby approve the financing of local currency costs in the approximate amount of \$985,000 for construction goods and services, commodities and personnel.

d. Conditions Precedent.

The Project Grant Agreement shall contain conditions precedent which will provide, in substance, as follows:

1. Prior to any disbursement, or to the issuance of any commitment documents under the Project

Agreement for construction services, for a particular warehouse or related facility, the Grantee will furnish in form and substance satisfactory to A.I.D. for AID's approval:

(a) any proposed contracts for architectural or engineering services.

(b) final design plans and specifications for the construction of individual warehouses and related facilities.

e. Covenants.

The Project Grant Agreement shall contain covenants providing, in substance, as follows:

1. That GOR will enter into discussions with A.I.D. at mutually acceptable dates as confirmed in Project Implementation Letters (PILs), to determine the relationship of pertinent Rwandan governmental agencies with marketing and price stabilization entity (presently called GREMARWA) upon the termination of the Project.

2. That GOR will provide all required counterpart personnel on a timely basis, with qualifications satisfactory to A.I.D. Once selected and approved, the counterpart personnel will not be removed from his/her position with the Project without the prior written approval of A.I.D. Additionally, the Grantee covenants that GREMARWA's center office staff will be permitted to select from its warehouse staff participant trainees.

3. The GOR will continue to make available loans for working capital requirements which are not met from project or other donor sources.

H. G. T. Butcher

Assistant Administrator  
Bureau for Africa

Clearances: Same as attached Action Memo

AGENCY FOR INTERNATIONAL DEVELOPMENT

## PROJECT PAPER FACESHEET

1. TRANSACTION CODE  
 A ADD  
 C CHANGE  
 D DELETE

2. DOCUMENT CODE  
 PP  
 3

3. COUNTRY ENTITY  
 RWANDA

4. DOCUMENT REVISION NUMBER  
 2

5. PROJECT NUMBER (7 digits)  
 696-0100

6. BUREAU/OFFICE  
 A. SYMBOL: AFR  
 B. CODE: 06

7. PROJECT TITLE (Maximum 40 characters)  
 FOOD STORAGE AND MARKETING

8. ESTIMATED FY OF PROJECT COMPLETION  
 80

9. ESTIMATED DATE OF OBLIGATION  
 A. INITIAL FY: 78  
 B. QUARTER: 1  
 C. FINAL FY: 79  
 (Enter 1, 2, 3 or 4)

10. ESTIMATED COSTS (\$000 OR EQUIVALENT \$) -

| A. FUNDING SOURCE      | FIRST FY |       |          | LIFE OF PROJECT |      |          |
|------------------------|----------|-------|----------|-----------------|------|----------|
|                        | B. FX    | C - C | D. TOTAL | E. FX           | F. C | G. TOTAL |
| AID APPROPRIATED TOTAL | 516      | 484   | 1000     | 674             | 985  | 1659     |
| GRANT                  | 516      | 484   | 1000     | 674             | 985  | 1659     |
| LOAN                   |          |       |          |                 |      |          |
| OTHER                  |          |       |          |                 |      |          |
| U.S.                   |          |       |          |                 |      |          |
| HOST COUNTRY           |          | 119   | 119      |                 | 167  | 167      |
| OTHER DONOR(S)         |          | 765   | 765      |                 | 765  | 764      |
| TOTALS                 | 516      | 1363  | 1884     | 674             | 1917 | 2591     |

11. PROPOSED BUDGET APPROPRIATED FUNDS (\$000)

| A. APPROPRIATION | B. PRIMARY PURPOSE CODE | PRIMARY TECH. CODE |         | E. 1ST FY 75 |         | H. 2ND FY 76 |         | K. 3RD FY 77 |         |
|------------------|-------------------------|--------------------|---------|--------------|---------|--------------|---------|--------------|---------|
|                  |                         | C. GRANT           | D. LOAN | F. GRANT     | G. LOAN | I. GRANT     | J. LOAN | L. GRANT     | M. LOAN |
| (1) FN           | 120                     | 330                |         | 616          |         | 293          |         | 342          |         |
| (2)              |                         |                    |         |              |         |              |         |              |         |
| (3)              |                         |                    |         |              |         |              |         |              |         |
| (4)              |                         |                    |         |              |         |              |         |              |         |
| TOTALS           |                         |                    |         |              |         |              |         |              |         |

| A. APPROPRIATION | N. 4TH FY 78 |         | O. 5TH FY 79 |         | LIFE OF PROJECT |         | 12. IN-DEPTH EVALUATION SCHEDULED |
|------------------|--------------|---------|--------------|---------|-----------------|---------|-----------------------------------|
|                  | C. GRANT     | D. LOAN | F. GRANT     | G. LOAN | I. GRANT        | J. LOAN |                                   |
| (1) FN           | 1000         |         | 659          |         | 2910            |         | MM YY<br>11 78                    |
| (2)              |              |         |              |         |                 |         |                                   |
| (3)              |              |         |              |         |                 |         |                                   |
| (4)              |              |         |              |         |                 |         |                                   |
| TOTALS           |              |         |              |         |                 |         |                                   |

13. DATA CHANGE INDICATOR. WERE CHANGES MADE IN THE PID FACESHEET DATA BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

N/A

14. ORIGINATING OFFICE CLEARANCE

SIGNATURE: John A. Patterson  
 TITLE: Director REDSO/EA  
 DATE SIGNED: 06 15 77

15. DATE DOCUMENT RECEIVED IN AID/W. OR FOR AID/W DOCUMENTS. DATE OF DISTRIBUTION

MM DD YY

RWANDA  
FOOD STORAGE AND MARKETING  
PROJECT NO. 690-0100

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I. SUMMARY AND RECOMMENDATIONS

A. Face Sheet Data (see above)

B. Recommendations

1. Grant \$1,658,528

2. Determinations

a. A waiver of Code 000 (U.S.) procurement source/origin policy set forth in Section 636(i) of FAA 1961, as amended, to permit procurement of six motor vehicles from Kenyan and Rwandan source and of Code 899 (Free World) origin.

b. Concurrence is requested in deviations where applicable from the provisions of Handbook 11, Host Country Contracting, to permit the use of standard Government of Rwanda (GOR) contracting rules, procedures and forms, including, but not limited to, Rwandan requirements applicable to contract award and bid and performance security.

C. Description of the Project

Beginning in December 1974, A.I.D. has cooperated with the GOR in developing a basic foods marketing and storage program. The objective of the program has been to reduce seasonal and regional fluctuations in the price of basic food crops, principally haricot beans. Beans are a staple in the diet of much of the Rwandan population. Initial A.I.D. assistance was provided to finance the construction and equipping of storage facilities, technical assistance to initiate the project and training of local staff in management practices. During that initial phase of the project, 5,000 metric tons of warehouse capacity were completed and core project staff were trained.

In 1976, an evaluation team recommended additional project assistance to increase the available storage capacity, to train additional Rwandan staff in good business/management practices, and to extend the period of technical assistance. The recommendations were based on the fact that: a) the marketed share of bean production has greatly expanded (58,500 metric tons in 1975 versus 18,300 tons in 1973) and additional storage is required if the desired impact on reducing price fluctuations is to be achieved; and b) the training element needs to be expanded to permit more staff at the operational level to receive the necessary business skills training.

The Project Committee supports these findings and recommends that a grant of \$1,658,528 be authorized to support an expansion of the Food Storage and Marketing Project. These funds would finance the following activities: technical assistance in project management, accounting and marketing/storage (40 person months); U.S. participant training for a warehouse specialist and six warehouse managers and in-country training for an accountant, controller and statistician; commodities, including six vehicles and food storage equipment; and construction of an additional 4,500 metric tons of storage capacity.

The combination of inputs proposed for financing and the substantial human and capital resources previously invested in the project is expected to make a substantial impact on achieving the dual project purposes. By the end of the project, the trained Rwandan personnel will be operating the food storage and marketing operation on a financially self-sustaining basis.

#### D. Summary Findings

A.I.D.'s special evaluation team and GOR officials have recognized the relevancy and appropriateness of this project to Rwanda's development needs. To continue development of the National Granary of Rwanda (GRENARWA), implementing agency for the Food Storage and Marketing (FSM) Project, additional project inputs are proposed. Provision of these additional inputs does not alter the original project goals and purposes.

The proposed expansion of storage capacity will enable GRENARWA to handle approximately 15 percent of the marketed bean production, a sufficient volume to impact on wholesale price levels and help reduce the current wide price fluctuations. As designed, the project is in compliance with Section 611(a) and related sections of the FAA.

With GRENARWA, the GOR possesses an efficient institution for purchasing and selling beans and other staple foods. Over the past three years, it has demonstrated its ability to manage and utilize A.I.D./GOR-financed inputs. The Country Development Officer has taken this into account and certifies that the GOR has the human and financial resources to effectively utilize the project.

#### E. Project Issues

The evaluation team identified several project issues and made various recommendations. Perhaps the most important recommendation called for a survey to determine the existence and year-round utilization of government and non-government storage facilities. Although a formal survey was not undertaken, project personnel visits and in-depth knowledge of storage facilities in each prefecture indicates they are being fully utilized (see Part II.D.4.a., Storage Capacity).

The original storage requirement estimates were based on Ministry of Agriculture and Livestock (MAL) data for total production and marketed production of beans. More recent MAL statistics indicate that by 1975, both total and marketed bean production had greatly increased. Consequently, existing storage capacity is inadequate to handle the revised quantity of beans required to affect prices. This was also recognized by the special evaluation team which determined that the project's storage facilities in Kigali and Kibungo were inadequate (see Annex J, Storage Requirements).

The evaluation team was also in agreement with efforts to further improve the data gathering system to ensure that necessary price, market and nutritional statistics were being gathered. These data are necessary to: 1) make sound pricing policy recommendations; 2) measure project effectiveness in terms of influencing market prices and improving nutritional standards; 3) assist project management in making operational decisions. A Peace Corps Volunteer (PCV) has been assigned to the project and has been developing the statistical gathering system. After his separation from the Peace Corps, his services will be continued with project financing to ensure success of the statistical gathering system (see Annex F, PIPA/Services).

Another recommendation of the team was that GREARWA should review its operating margin in light of existing or proposed purchase prices/sales costs. GREARWA has reviewed its operating margin on the basis of anticipated increases in its volume of operations and has determined that, given an adequate spread, its financial viability can be assured (see Annex K). The Project Committee has reviewed GREARWA's financial position and is in agreement with that determination. It should be noted, however, that the purchase and sale prices are established by the GOR and, as such, are subject to the political process. The Project Committee assumes that the financial viability of GREARWA is an objective of the GOR and that the spread provided GREARWA will, therefore, reflect this objective.

The special evaluation team raised as an issue the vacant positions within GREARWA's central office for an accountant, controller and statistician. These positions were filled and the incumbents are receiving on-the-job training (see Part II.D.5., Support for Project Operations).

Requirements for a Project Manager were reviewed by the team. It recommended twenty-six additional months of technical assistance to ensure that project purposes are achieved. Since the present Project Manager does not intend to continue with the project after December 1977, a special recruitment effort will be required (see Annex F).

II. PROJECT BACKGROUND AND DETAILED DESCRIPTION

A. Changes in Project Development

While the objectives of the project remain basically the same, a number of developments have occurred which have had a significant impact on the course of project implementation. From the brief description of the project and the discussion of its funding, institutional development, construction and operation, the impact on the course of project implementation can be ascertained.

## 1. Project Description

Recognizing Rwanda has the highest population density in Africa and the country suffers from serious malnutrition, A.I.D. has assisted the GOR with increasing the nation's food supplies. A.I.D. and the GOR determined that food production would be stimulated by reducing regional and seasonal staple food price fluctuations. In so doing, producers receive higher prices which in turn encourages them to produce more for the market. To accomplish these objectives, A.I.D. and the GOR agreed to create a marketing institution with purchasing and storage centers located in strategic areas of the country.

With modern facilities and storage procedures, these centers will handle approximately fifteen (15) percent of the annual haricot bean marketed production to affect its price.

Since December 1974, when the project was initiated, A.I.D. has provided the following: technical assistance (51 person months); participant training for a Rwandan Director and six Warehouse Managers; capital assistance for the construction of five storage centers; financing for two vehicles and a portion of the project's working capital requirement. The GOR has provided financing for the central office's and storage center's local staff costs, a portion of the project's working and operating capital requirements, one storage center, designs and land for the A.I.D.-financed storage centers, and housing for the A.I.D. technicians. With these inputs, the A.I.D.-financed technicians and the Rwandan staff have been able to develop a system which is making a significant contribution towards reducing seasonal and regional price fluctuations and storage losses.

## 2. Funding

The FSM Project Agreement (ProAg) was signed December 20, 1974, by the U.S. Embassy in Kigali, Rwanda, and the GOR. This ProAg called for a total of \$1,000,000 for the three-year project life including U.S. inputs of \$716,000 or 72 percent of total costs, and GOR local costs contributions of \$284,000 or 28 percent.

In FY 1976, substantial additional funding was required to finance unexpected increases in working capital requirements and the costs for construction materials. The revised Project Paper (PP), which was approved on June 16, 1976, authorized a \$435,295 increase in U.S. funding. Total project costs thus rose from \$1,000,000 to \$1,662,443 with the U.S. and GOR contributions rising to \$1,151,295 (69 percent of total) and \$511,148 (31 percent), respectively. Adding

to the project in early 1976, by the GOR, total costs increased to \$1,767,443 with the GOR providing \$616,148 or 35 percent of the total. With the GOR's contribution substantially above the 25 percent required by Section 110(a) and the need for additional funds to finance technical assistance and operating costs until December 1977, an additional \$100,000 was requested from A.I.D. for FY 1977.

### 3. Institutional Development

The original PP stated that general policy guidelines for the FSM Project's buying and selling activities would be established by a ministerial level National Council for the Promotion of Food Crop Marketing organized under the chairmanship of the Minister of Agriculture. The revised 1975 ProAg set forth the agreement under which the National Price Commission (NPC) was permitted to develop general guidelines. However, the NPC, which assumed some of the CNPE's responsibilities, established the general guidelines. Recently, the CNPE was abolished and its successor, the National Commission for Economy and Finance (NCEF), headed by the Governor of Rwanda's National Bank, assumed its responsibilities.

The original PP also stated that operating responsibility for the FSM Project would be handled by a National Food Crop Marketing Office (NFCMO) which would be established as an adjunct of the Rwandan Development Bank (RDB). After several months of project implementation, the GOR passed Public Law 24/75, which delegated responsibility for all activities related to marketing, transportation, credit and the import/export of food crops to a National Office for the Development and Marketing of Staple Crops and Animal Production (OPROVIA). Despite the GOR's assurances that all responsibility for the FSM Project previously undertaken by the RDB would be assumed by OPROVIA, most of them have been assumed by the MAL. At present, the FSM Project is implemented by GREARWA under the central direction of the Secretary General of the MAL and the NCEF. With the recent reorganization of OPROVIA's administration, preparations are underway for negotiations between the GOR and A.I.D. on the relationship of the FSM Project and the revitalized OPROVIA. This relationship will be fully explained and set forth as a covenant in the 1978 ProAg.

### 4. Operations

The FSM Project was originally designed to enable the storage centers to purchase and sell haricot beans, sorghum and peas continuously. However, the 1976 revised PP provided for an initial concentration on the basic staple food, haricot beans, with sorghum being handled to balance warehouse operations. Moreover, it stated haricot beans would be sold during the last four months of each year, as opposed to continuously.

B. Continuing Relevancy of Project Strategy

Recognizing the continuing pressure of Rwanda's growing population on the land, the persistent problem of malnutrition, and the necessity to reduce seasonal and regional price fluctuations for the country's major staple foods, key GOR officials, the Directors of cooperatives and representatives of other donor agencies in Rwanda consider the project to be relevant and appropriate to the development needs of Rwanda. This position has also been taken by the World Bank in its 1976 "Memorandum on the Economy of Rwanda."

As stated in the original PP, the strategy of the project is to use physical facilities constructed and a market intervention system developed in an organized food grain buying and selling effort. At harvest, the stabilization program buys to keep producers prices up and later sells to keep the retail prices down. This strategy is being continued although the following modifications are proposed in light of additional experience and recent production and marketed production statistics: 1) concentration on two basic staple foods, haricot beans and sorghum; and 2) greater quantities of staple foods handled. These operational modifications do not change the project's strategy nor do they change the linkages between inputs and outputs, purposes and goal.

C. Rationale for Selection of Specific Inputs for Intensive Support

A.I.D.'s proposed inputs consist of technical assistance, U.S. and in-country participant training, funds for commodities and capital assistance. This mix of personnel, training, commodities and construction is necessary to complete the development of the price stabilization and statistical collection mechanisms.

The special evaluation team determined the staple food purchasing and selling mechanism would not be fully developed by December 1977. It recommended continuance of technical assistance to assure further development of the GOR's pricing policy and storage center's operations to reinforce them. Since market data is the basis for the GOR's pricing policies and the FSM Project's support activities, additional technical assistance is proposed to permit further development of the market data collection system.

Since the FSM Project's 1976 and 1977 storage operations were hampered by a lack of storage space, three additional storage centers and expansion of five existing ones are proposed for A.I.D. financing. The MAL's 1975 production and marketed production statistics for each prefecture indicates 4,500 metric tons of additional warehouse capacity is required to provide adequate storage facilities for the project.

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String, sacks, grain cleaners, sewing machines and moisture meters are proposed to enable the project's storage centers to handle and store the additional staple foods properly. With nine storage centers located throughout the country, the project's two existing carryalls are inadequate to satisfy the project's transportation requirements. Six additional vehicles are proposed for A.I.D. financing. Four of the proposed vehicles are eight-ton trucks. These trucks will permit the project to transport its staple food between deficit and surplus regions. The other two vehicles will permit the project's personnel and REDSO representatives to visit several storage centers simultaneously.

#### D. Detailed Description

##### 1. Project Goal

The project goal is to increase per capita food availability to meet the needs of Rwanda's growing population. Achievement of this goal is dependent on the following assumptions:

- a. Farmers respond to stabilizational program by increasing production.
- b. Population growth rate remains about 3 percent per annum.
- c. Farm inputs and credit are available and utilized.
- d. Economic and political conditions are favorable.

Achievement of the project goal will be measured by bean production increasing at a rate of 3 percent per annum by 1978. This measure of goal achievement can be verified by an examination of the GOR's "Quarterly Bulletin of Statistics."

##### 2. Project Purpose

The project purposes are to: 1) create an efficient food storage and marketing system for staple food (particularly haricot beans and sorghum); and 2) reduce seasonal and regional price fluctuations for staple food (particularly haricot beans and sorghum). Achievement of these dual purposes will occur if the following assumptions occur as planned:

- a. Prudent pricing policies directed by economic rather than political aims; GOR does not use system to generate income or subsidize lower income groups.
- b. OPROVIA operates to complement rather than compete with the project towards stabilizing prices.
- c. Favorable growing conditions for food crops.
- d. Benefits reach producers and consumers.
- e. Reduced wastage which is due to inadequate or unscientific storage procedures: Institution can resell stocks at least once a year.
- f. Adequate transportation exists.

3. Conditions Evidencing Achievement of Project Purposes

Progress toward creating an efficient food storage and marketing system and reduction in seasonal and regional price fluctuations for staple food (particularly haricot beans and sorghum) will be measured by the extent to which the project has moved toward utilizing 80 percent of optimum storage capacity and reduced from 700% to 50% seasonal and regional price fluctuations. The project's records will be utilized to verify achievement of these conditions.

4. Outputs and Magnitude

a. Storage Capacity

The project is expected to provide nine warehouse centers with capacities as shown below:

| <u>Site</u>       | Original              | Revised               |                       |
|-------------------|-----------------------|-----------------------|-----------------------|
|                   | (1)<br><u>Optimum</u> | (2)<br><u>Optimum</u> | (3)<br><u>Maximum</u> |
| Nyabisindu        | 3,500                 | 3,500                 | 4,200                 |
| Kigali (Kicukiro) | 250                   | 2,250                 | 2,500                 |
| Kibungo           | 250                   | 500                   | 700                   |
| Byumba            | 250                   | 500                   | 700                   |
| Gikongoro         | 0                     | 500                   | 700                   |
| Kibuye            | 0                     | 500                   | 700                   |
| Gisenyi           | 0                     | 250                   | 300                   |
| Cyangugu          | 250                   | 500                   | 700                   |
| Ruhengeri (Kora)  | <u>500</u>            | <u>1,000</u>          | <u>1,400</u>          |
|                   | <u>5,000</u>          | <u>9,500</u>          | <u>11,900</u>         |

During the initial phase of the project, 5,000 metric tons of warehouse capacity were provided. With the proposed 4,500 metric tons of additional warehouse capacity, 9,500 metric tons of storage space will be available.

b. Trained Rwandan Marketing Institution

Initially, personnel were trained for the following positions:

- Director (Counterpart - 1)
- Warehouse Managers (6)

During this phase of the project, additional personnel are to be trained for the following positions:

- Storage Specialist (Counterpart - 1)
- Warehouse Managers (6) \*
- Accountant (1)
- Controller (1)
- Statistician (1)

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\* With six additional trained Warehouse Managers, the project will have twelve trained Warehouse Managers. While only nine Warehouse Managers are required, training for three additional Warehouse Managers is proposed to allow for promotions to the project's central office staff and attrition.

c. Control Stock of Beans

It was originally estimated that a buffer stock equal to 15 percent of the 1973 marketed production would be sufficient to influence market prices (see Annex J, Table IV, Storage Requirements). On the basis of the 1975 marketed production data, the quantity required to influence prices is revised upward (see Annex J, Table IV, Storage Requirements).

d. Operating and Financial Procedures

During the initial phase of the project, satisfactory operating and financial procedures were developed for buying and storing staple food. Although selling and distributing procedures are developed, they have not been fully utilized.

5. Inputs

a. A.I.D.

(1) Technical Assistance - One PASA technician, 26 person months, to advise the GOR regarding price policies and manage the project's physical and human resources to reinforce them. One contract technician, 12 person months, to direct the statistical gathering system and four person months short-term consultancies to conduct nutritional surveys. (\$271,730.)

(2) Participant Training - U.S. participant training for Warehouse Specialist's counterpart and six Warehouse Managers. In-country training for one Accountant, a Controller and a Statistician. (\$50,000.)

(3) Commodities - Six vehicles and miscellaneous warehouse materials. (\$411,100.)

(4) Other Costs

(a) Capital assistance to finance expansion of five warehouses and construction of three additional warehouses.

(b) Contingency to finance cost overruns on technical assistance, participant training, commodities and capital assistance.

b. GOR

(1) Support for U.S. Technicians - Housing in accordance with the terms and standards established by the GOR for expatriate technicians. (\$11,000.)

(2) Support for Project Operations - (\$156,250.)

(a) Counterparts to U.S.-financed Project Manager and Statistician. Provide Accountant, Controller and twelve Warehouse Managers, and other local staff as required.

(b) Architectural services, design and working drawings required for construction of new and expansion of existing storage centers. All other technical services as may be required to prepare estimated quantities, listings, request for proposals, request for proposals packages, calls for proposals review and contract awards.

(c) Operating capital which may be used to provide the necessary staff to receive, properly warehouse and deliver to site all supplies, equipment and other materials financed under this project for use in the connection and equipping of facilities.

(d) Land for warehouse, staff house and workers quarters prior to issuance of request for proposals for construction services.

E. Multi-Donor Funding

The FSM Project is the recipient of considerable assistance from other donor agencies. Together with GOR funding, this represents 37.5% of the total project costs.

The Swiss Government and the U.N. World Food Programme are both contributing towards the needed working capital requirements of the project. Contributions are \$252,465 and \$849,999 respectively. In addition, the World Food Programme is contributing 4,000 metric tons of sorghum which, when sold, will generate additional working capital. The capital will be used to purchase increased amounts of the food staple (haricot beans) to be stored and marketed under the project to bring about price stabilization and promote increased production.

Annex L, Table 1, presents the working capital requirements and sources for the FSM Project. Swiss Government and World Food Programme contributions to the project total \$1,112,465.

F. Application for Assistance

In June 1977, the GOR requested A.I.D. assistance with the expansion of the FSM Project's physical facilities. It also requested continuance of assistance with local staff training, equipment and vehicles procurement. This project proposal is consistent with that request.

III. PROJECT ANALYSIS

A. GOR Development Policy

A principal objective of the GOR development policy is to intensify and improve the staple food's marketing system. This policy is expressed in the recently released Rwandan Five-Year Development Plan (1977-1981). Moreover, during the GOR/Donor Round Table, 17-19 February 1977, this objective was reaffirmed.

B. Economics of Price Stabilization

1. Size of Stock Required to Influence Prices

Ideally, with reliable statistical times series on production, it would be possible to estimate the trend in production by measuring deviations from trend, to estimate also the annual variation in production as a first approximation of the level of stocks required to keep availability on trend, knowledge of demand elasticities and assumptions about desirable price bands, e.g., the range between minimum producer and maximum retail prices permits a precise determination of the size of stocks required for given price bands and levels of assurances.

Unfortunately, Rwandan statistics on marketed production and price elasticities are inadequate at this time to employ such an approach to estimating the size of the buffer stock required to reduce seasonal and regional price fluctuations. Consequently, an alternative method is used by the FSM Project: With bean production and marketed production statistics for each prefecture, an assumption was made about the percentage of marketed beans required to have an impact on the market. The assumption that 15 percent of marketed

surplus should be held to effectively reduce seasonal and regional price fluctuations for staple food is strictly a "rule of thumb," but one that is conventionally applied in other developing countries with similar programs. Fifteen percent of the marketed surplus means that based on 1975 marketed production statistics, 8,779 tons of haricot beans should be purchased and sold to affect prices. In practice, the amount held in the storage centers will be fifteen percent of the marketed production in any given year. (See Annex J, Storage Requirements.)

## 2. Marketing Margin

With actual operation costs and projected operating costs for 1978 and 1979 for the FSM Project's storage centers and central office a RWF 5.5 per kilo margin, assuming a 4,000 metric ton stock turnover, was determined. When a stock turnover of 8,775 metric tons is assumed, a marketing margin of 4.5 RWF is required in order to break even. (See Annex K, Operating Margin and Working Capital Requirements.)

## 3. Working Capital Requirements

The FSM Project's estimated working capital requirement is determined by calculating the proposed amount of staple food to be held times their price. With the 1975 marketed production statistics as the basis, it is determined that 8,775 metric tons of staple food (principally beans and to a lesser degree sorghum) handled by the FSM Project would have a substantial effect in reducing seasonal and regional price fluctuations. The actual quantity this project should handle to affect prices and break even in any given year will vary according to the interaction of the price goals set and the abundance of the harvest (i.e., supply). The 1973 and 1975 statistics for marketed production are utilized to estimate the FSM Project's working capital requirement to purchase 15 percent of the marketed production. (See Annex K, Operating Margin and Working Capital Requirements.)

## C. Technical Analysis

### 1. Construction

#### a. Description

The construction element of this project involves the expansion of five existing warehouses and three new warehouse complexes.

It is proposed that the Buildings Division of the Ministry of Agriculture will prepare the plans and contract specifications, which will be reviewed and approved by REDSO/EA prior to bid advertisement, for: a) expansion of four existing warehouses; and b) construction of three new facilities.

Proposed expansion of the warehouse at Kicukiro for an additional 1,080 square meters will warrant the services of a professional A&E firm for preparation of design, drawings and specifications.

Locations and sizes of the proposed construction and extensions are shown below in detail:

| <u>Location</u> | <u>Facility</u>     | <u>Area</u>               | <u>Proposed Expansion or Construction</u> | <u>Additional Storage Capacity Metric Tons</u> |
|-----------------|---------------------|---------------------------|-------------------------------------------|------------------------------------------------|
| 1. Kibungo      | Warehouse Extension | 240m <sup>2</sup>         | 10 x 24 meters                            | 250                                            |
| 2. Byumba       | Warehouse Extension | 240m <sup>2</sup>         | 10 x 24 meters                            | 250                                            |
| 3. Cyangugu     | Warehouse Extension | 240m <sup>2</sup>         | 10 x 24 meters                            | 250                                            |
| 4. Kora         | Warehouse Extension | 480m <sup>2</sup>         | 24 x 20 meters                            | 500                                            |
| 5. Kicukiro     | Warehouse Extension | 1080m <sup>2</sup>        | 45 x 24 meters                            | 2000                                           |
| 6. Gisenyi      | New Warehouse       | 240m <sup>2</sup>         | 10 x 24 meters                            | 250                                            |
| 7. Kibuye*      | New Complex         | 480m <sup>2</sup>         | 24 x 20 meters                            | 500                                            |
| 8. Gikongoro*   | New Complex         | 480m <sup>2</sup>         | 24 x 20 meters                            | 500                                            |
|                 | TOTAL               | <u>3,480m<sup>2</sup></u> |                                           | <u>4,500</u>                                   |

\* In addition to the 480 square meter warehouse, one 130 square meter Manager's house and one 75 square meter worker's house.

Construction material for constructing the storage centers will consist of brick walls with steel or timber roof trusses to be supported by reinforced concrete columns. Concrete with nominal reinforcement will be used for the floors. Corrugated iron sheets (GCI) or asbestos will be used for the roofs. Sand, cement, aggregate, steel (structural and reinforcing), glass for the windows, metal sliding doors, window casements and roofing material will form the basic elements of construction. Material and methods of construction will be similar to those utilized for the existing facilities.

b. Technical Soundness

Present fluctuations in food grain prices has dictated the need for increased storage facilities to assist in stabilizing grain prices. It was, therefore, determined that expanding five warehouses and building three new facilities to provide storage for an additional 4,500 metric tons of staple food would be required. A.I.D. engineers visited the present facilities and examined site plans to determine suitable extensions. In consideration of the availability of land and site conditions (filling and cutting), the proposed extensions will be constructed along the length or width of existing facilities.

The Buildings Division of the Ministry of Agriculture does not have the capability to design the warehouse (1080m<sup>2</sup>) at Kicukiro. Consequently, design of the warehouse and extension at Kicukiro will have to be carried out by a Rwandan A&E firm. Several Rwandan firms capable of undertaking design and preparation of engineering drawings and specifications for the extension to the Kicukiro storage center are available in Kigali.

A.I.D. experience on the recently completed Food Storage and Marketing Project warehouse and related facilities reveals that:

(1) There is a sufficient number of Rwandan contractors competent to perform this type of work.

(2) Building material for the extensions and new construction is available in Rwanda.

(3) The design work for the Kicukiro warehouse extension can be carried out by a Rwandan A&E firm.

c. Construction Climate and Basis of Cost Estimates

As Rwanda is landlocked, most of the building material is imported into the country. From time to time, critical shortages of essential building material occurs. During construction of the Food Storage and Marketing complexes, extreme shortages of reinforcing steel, structural steel and cement were experienced. Although the type of structure proposed for this project is simple, construction progress will depend on the timely availability of the building material.

Transportation cost for imported building material is a major factor contributing to an increase of approximately 2.5 percent per month in construction costs from June 1975 to January 1977. There is no likelihood that prices will drop in the foreseeable future.

Current cost of construction, based on recent award for a similar type of project (February 1977), indicates that the cost per square meter averages RWF 15,000. This figure represents cost for building facilities outside the capital city of Kigali (a distance of approximately 200 kms from Kigali). Assuming a 25 percent inflation price between now and the beginning of the proposed new construction (February 1978), the price of the proposed construction is estimated at RWF 18,750 per square meter, broken down as follows:

| <u>Site</u> | <u>Area (m<sup>2</sup>)</u> | <u>Cost Rw Francs</u> | <u>Cost U.S.S</u> |
|-------------|-----------------------------|-----------------------|-------------------|
| Kibungo     | 240                         | 4,500,000             | 49,450.00         |
| Byumba      | 240                         | 4,500,000             | 49,450.00         |
| Cyangugu    | 240                         | 4,500,000             | 49,450.00         |
| Kora        | 480                         | 9,000,000             | 98,901.00         |
| Kicukiro    | 1,080                       | 20,250,000            | 222,527.00        |
| Kibuye      | 480                         | 15,000,000            | 164,835.00        |
| Gisenyi     | 240                         | 4,500,000             | 49,450.00         |
| Gikongoro   | 480                         | 15,000,000            | 164,835.00        |
| TOTAL       |                             | <u>72,750,000</u>     | <u>848,898.00</u> |

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## 2. Equipment

### a. Description

To become fully operational, the new and expanded storage centers require additional grain storage and handling equipment, consisting of grain sacks, sewing and cleaning machines, appropriate sewing fibre, moisture meters, scales and portable generators.

A detailed list of the storage and handling equipment is set forth in a PIPA/Commodities presented in Annex G.

Six vehicles comprising four eight-ton trucks, one 3/4-ton pickup and a passenger vehicle will be procured under this project. The four eight-ton trucks will permit the movement of grain among the project's storage centers and will also be utilized for collection and delivery of staple foods to and from distantly situated cooperatives. The 3/4-ton pickup will convey grain handling and cleaning equipment. The passenger car will be used by the contract technician and his counterpart in establishing and operating a countrywide statistical collection system.

With the exception of the four eight-ton trucks (which it is anticipated will be procured in Kenya), the vehicles will be purchased in Rwanda and will be models that are readily serviceable by local dealers.

### b. Technical Soundness

Based on the FSM Project personnel's experience with the utilization of the previously procured equipment and materials, each new and expanded warehouse will receive similar equipment and materials to assure optimum and efficient handling and storage of staple food. The vehicles proposed for this project are appropriate for the existing road conditions encountered throughout the country.

## 3. Participant Training

### a. Description

Six Warehouse Managers will receive U.S. participant training in food grain drying, storage, handling, transportation and marketing at Kansas State University. This training is designed to provide a complete understanding of the problems of food grain handling from farm to final consumption. (See Annex I, PIPA/Participants.)

One Storage Specialist (Assistant Director) will receive U.S. training in local development, area administration and project analysis. This training is designed to increase the participant's understanding and skills in area administration, planning and project analysis to enable him to:

(1) Use selected tools of management science and economics to analyze alternative development projects.

(2) Understand management processes and use organization skills necessary for the realization of development programs at regional and local levels.

(3) Increase his capacity for assessing the impact of the political and social environment on development in regional and local administration.

b. Technical Soundness

From previous experience gained with training six Warehouse Managers, the Kansas State University course is clearly applicable to the needs of the storage centers and appropriate for attainment of the FSM Project's goals and purposes.

The Local Development, Area Administration and Project Analysis, course was originally selected for the Rwandan Project Manager. Until he completes this course, during the summer of 1977, information regarding its appropriateness will be unavailable.

D. Environmental Determination

The Initial Environmental Determination completed on this project (see Annex D, IEE) concludes there are no significant adverse environmental consequences arising from this project and that an Environmental Assessment or Environmental Impact Statement will not be required. The recommended threshold decision is that a negative determination be made.

## E. Social Soundness Analysis (FSM)

### 1. People and Setting

Over 90% of Rwanda's 4.3 million people are small farmers living on 2 to 3 acre family homesteads dispersed across the hilly Rwanda countryside. There are few urban concentrations or markets. Population density is estimated at 23+ per km<sup>2</sup> on arable land. The IBRD estimated the per capita income in 1973 to be \$72. The country's population is growing rapidly (yearly population growth rate, 3%), but there are virtually no income generating possibilities outside the agricultural sector.

Despite the grave problems of food availability and poverty, the current government (made up primarily of the dominant ethnic group since it revolted against a minority-controlled feudal monarchy in 1959) does have some advantages. Rwanda is one of the few contemporary Africa nations which inherited a common language and sociocultural system. The traditional differences between the dominant agricultural Hutu and minority pastoral Tutsi are declining. The government itself is facing its considerable problems with determination and apparently sound policies, supported by a substantial commitment from foreign donors.

### 2. The Project

The Food Storage and Marketing Project has been in operation since late 1974. Although some of the implementation phase remains to be accomplished, it has made a significant progress towards achieving its twin purposes of: (a) creating an efficient food storage and marketing system for haricot beans and (b) stabilizing seasonal and regional prices of haricot beans. As for the overall bean marketing situation, FSM is a relatively small intervention, involving an estimated 15% of all beans marketed in Rwanda. A key difficulty in assessing the social impact of the project to date and in predicting its future impact is the project's size and scope, and stage of implementation. Another problem is the unavailability of relevant data generated either within the project, or outside, which would permit informed judgments as to the project's impact on the target population. Given these conditions, this social soundness analysis must be tentative. While it is apparent that from the "macro" view the project is socially sound, it is not possible to assert with any degree of certainty how sound the project is from the "micro" perspective--from the perspective of the small holder farmer and his family. This issue, and related issues, will be considered in the social analysis below.

a. Sociocultural Feasibility

From the overall sociocultural perspective, the project is still feasible. Farmers and traders have been buying and selling beans for some time, and the FSM Project has simply created more of an opportunity for farmers and traders to do so.

b. Spread Effect

Since the project is national in scope, and as beans are grown by the small holding bulk of the population throughout the country, the project's impact in spatial terms is widespread. A relatively well-developed countrywide system of secondary roads promotes a wide impact, as does the location of the FSM warehouse facilities which are sited throughout the country. Rwanda has 10 provinces; 8 of the 9 storage facilities will be located in provincial headquarters. The ninth storage facility serves the remaining two provinces and is situated close to the boundary of the two. While distance from an individual warehouse is a factor in predicting benefits to farmers (those living further from a warehouse are likely to get lower prices for the beans they sell), the project maximizes regional distribution.

c. Incidence of Benefits

The ultimate beneficiaries of the project comprise all bean buyers in the country--virtually the entire population. As bean prices become stabilized over time and more beans are cultivated and marketed, all will benefit.

In the short term, however, in order to generate the buffer stock necessary to stabilize prices, a smaller group directly benefits from the project. These are the middlemen/businessmen ("commercants") who buy beans on the open market and then sell them to the FSM warehouses at a fixed price of 21 FRW. The project's central office staff of favoring commercants in the initial phase of project implementation, and is taking steps to improve the short-term benefits to the rural farmer.

The steps the project is taking, in addition to increasing warehouse capacity, include the following:

(1) By promoting a condition of competition among commercants: 110 commercants received contracts to sell beans to FSM warehouses. The maximum amount of beans each commercant was permitted to sell the FSM warehouses was 25 tons. Realizing the government license fee (1000 FRW) resulted in poorer commercants being excluded from receiving

FSM contracts; the project bought small lots of beans, from 50 kgs. to 2 tons, from unlicensed commercants (350 participated).

(2) By providing the small farmers with market information, they achieve a stronger bargaining position vis-a-vis the commercant: Several radio announcements have been made by the project announcing the official government price of beans (20 FRW) and the fact that FSM was buying beans in bulk for 21 FRW. More extensive and systematic efforts to provide farmers with market information will be carried out when the FSM storage capacity is increased.

(3) By utilizing updated market and social/cultural information to develop the project's buying and selling policies and to monitor the impact of the project on farm families: Three studies have been planned to gather data on market prices, bean crop yields, and small farmer behavioral patterns. These studies will greatly improve the project's central office staff's capacity to identify and respond to negative effects of the project, such as possible reduction in on-farm nutrition levels related to bean sales or resistance of monopoly buying and selling practices carried out by commercants in remote areas.

(4) By expanding the project's marketing channels beyond commercants: The project is already buying a small portion of beans from cooperatives in certain parts of the country where cooperatives are present. As others develop, they will be given bean buying and selling contracts by FSM. In addition, the USAID-projected Local Food Storage Project, and other related local storage projects will provide the means for farmers to increase their bargaining position with commercants through organization and education.

SUMMARY:

The project is socially sound at the "macro" level. When the price stabilization mechanism is institutionalized, Rwanda's small farmers will clearly benefit. At present, data is unavailable to permit definitive statements as to the short-term "micro" impact of the project on the small farmers. Since the project is relatively small and offers an additional marketing option to what already exists, it can be assumed that a short-term negative impact on small farmers is not occurring. While there are immediate benefits accruing to the "commercants" the project has taken steps to ensure, as soon as possible, extended benefits to the small farmers. Implementation of data collection systems described in Annex N will provide the data (currently lacking) to monitor the specific impact on the small farmer during the project's implementation as well as baseline data for an evaluation of the project's long-term effectiveness.

F. Financial Analysis

1. Summary

The financial analysis presented in this section includes the following costs estimates:

- a. Cost estimates for the proposed project components.
- b. Financial programming plan (expenditures) which presents an estimate of the funds required in each A.I.D. fiscal year.
- c. Cost estimates of the principal inputs to demonstrate their proportion to expected outputs.

With the information presented in this section and Annex M, the financial analysis is adequate.

2. Implementing Agency

The implementing agency for the A.I.D./GOR FSM Project is the National Granary of Rwanda (GRENARWA). The balance sheet set forth in Annex M presents the financial position of GRENARWA as of December 31, 1976.

3. Summary Costs Estimates and Financial Plan FY 1978 and 1979

A.I.D.'s FY 1978 and 1979 contributions consist of 100 percent of the foreign exchange and 51 percent of the local costs. The GOR will contribute 9 percent of the FY 1978 and 1979 local costs. Other donors will contribute 40 percent of the FY 1978 and 1979 local costs. This will result in A.I.D. financing 64 percent, the GOR 6 percent and other donors 30 percent of the total project costs for FY 1978 and 1979.

TABLE I

Summary Cost Estimate and Financial Plan 1978 and 1979

| <u>A.I.D.</u>        | <u>Local Costs</u> | <u>Foreign Exchange</u> | <u>Total</u>     |
|----------------------|--------------------|-------------------------|------------------|
| <u>Personnel</u>     |                    |                         |                  |
| PASA                 |                    | 115,700                 | 115,700          |
| Direct A.I.D.        | 13,690             | 99,000                  | 112,690          |
| Contract             |                    | 43,340                  | 43,340           |
| <u>Commodities</u>   |                    |                         |                  |
| Vehicles             | 20,000             | 130,000                 | 150,000          |
| Miscellaneous        | 25,000             | 236,100                 | 261,100          |
| <u>Participants</u>  |                    | 50,000                  | 50,000           |
| <u>Other Costs</u>   |                    |                         |                  |
| Construction         | 848,898            |                         | 848,898          |
| Contingency          | 76,800             |                         | 76,800           |
| Subtotal             | 984,388            | 674,140                 | 1,658,528        |
| <u>GOR</u>           |                    |                         |                  |
| Housing              | 11,000             |                         | 11,000           |
| Local Staff          | 10,000             |                         | 10,000           |
| Operational          | 32,000             |                         | 32,000           |
| Engineering Services | 86,250             |                         | 86,250           |
| Land                 | 28,000             |                         | 28,000           |
| Subtotal             | 167,250            |                         | 167,250          |
| <u>Other Donors</u>  |                    |                         |                  |
| World Food Program   | 699,025            |                         | 699,025          |
| Swiss                | 65,616             |                         | 65,616           |
| Subtotal             | 764,641            |                         | 764,641          |
| <u>TOTAL</u>         | <u>1,916,279</u>   | <u>674,140</u>          | <u>2,590,419</u> |

4. Financial Programming Plan (Expenditures)

Although A.I.D. and the GOR have different fiscal years, an estimate of the funds required in each A.I.D. fiscal year is provided. The breakdown of all the components estimated annual disbursements is shown on page 23. This will result in A.I.D. financing 62 percent, the GOR 14 percent and other donors 24 percent of total life of project costs.

5. Cost of Project Outputs

Table III, which is presented on page 24, is intended primarily as a basis for reviewing the cost estimates of the principal project inputs. It demonstrates inputs are proportionate to expected outputs.

TABLE II  
FINANCIAL PROGRAMMING PLAN (EXPENDITURES)

| A. I. D.                      | <u>FY 1975</u> | <u>FY 1976</u> | <u>Interim Qtr.</u> | <u>FY 1977</u> | <u>FY 1978</u>   | <u>FY 1979</u> | <u>Total</u>     |
|-------------------------------|----------------|----------------|---------------------|----------------|------------------|----------------|------------------|
| <u>Personnel</u>              |                |                |                     |                |                  |                |                  |
| PASA                          | 20,000         | 46,000         | 39,000              | 31,000         | 51,360           | 64,340         | 251,700          |
| Direct A.I.D.                 | -              | 13,000         | 7,000               | 7,000          | 45,000           | 67,690         | 139,690          |
| Contract                      | -              | 24,000         | 12,000              | 12,000         | 43,340           | -              | 91,340           |
| <u>Commodities</u>            |                |                |                     |                |                  |                |                  |
| Vehicles                      | 22,000         | -              | -                   | -              | 150,000          | -              | 172,000          |
| Miscellaneous                 | 15,000         | 14,000         | -                   | -              | 124,300          | 136,800        | 290,100          |
| <u>Participants</u>           | 26,000         | 24,000         | -                   | -              | 50,000           | -              | 100,000          |
| <u>Other Costs</u>            |                |                |                     |                |                  |                |                  |
| Construction                  | 484,000        | 100,000        | -                   | -              | 494,200          | 354,698        | 1,432,898        |
| Working Capital               | 42,000         | 72,000         | 184,000             | -              | -                | -              | 298,000          |
| Contingencies                 | 7,000          | -              | -                   | 50,000         | 41,800           | 35,000         | 133,800          |
| <u>GOR</u>                    |                |                |                     |                |                  |                |                  |
| <u>Support U.S. Personnel</u> |                |                |                     |                |                  |                |                  |
| Housing                       | 5,500          | 5,500          | -                   | -              | 5,500            | 5,500          | 22,000           |
| Local Staff                   | 7,900          | 30,600         | -                   | 12,333         | 10,000           | -              | 60,833           |
| <u>Project Support</u>        |                |                |                     |                |                  |                |                  |
| Operational                   | 46,900         | 132,000        | -                   | -              | 32,000           | -              | 210,900          |
| Engineering                   | 21,500         | 43,000         | -                   | -              | 53,750           | 32,500         | 150,750          |
| Land                          | 18,335         | 36,665         | -                   | -              | 18,000           | 10,000         | 83,000           |
| Working Capital               | -              | 105,100        | -                   | -              | -                | -              | 105,100          |
| <u>Other Donors</u>           |                |                |                     |                |                  |                |                  |
| <u>(Working Capital)</u>      |                |                |                     |                |                  |                |                  |
| World Food Program            | -              | -              | -                   | 150,975        | 699,025          | -              | 850,000          |
| Swiss                         | -              | -              | -                   | 196,849        | 65,616           | -              | 262,465          |
| <b>TOTAL</b>                  | <b>716,135</b> | <b>645,865</b> | <b>242,000</b>      | <b>460,157</b> | <b>1,883,891</b> | <b>706,528</b> | <b>4,654,576</b> |
| <b>A.I.D. Subtotal</b>        | <b>616,000</b> | <b>293,000</b> | <b>242,000</b>      | <b>100,000</b> | <b>1,000,000</b> | <b>658,528</b> | <b>2,909,528</b> |
| <b>GOR Subtotal</b>           | <b>100,135</b> | <b>352,865</b> | <b>-</b>            | <b>12,333</b>  | <b>119,250</b>   | <b>48,000</b>  | <b>632,583</b>   |
| <b>Other Donors</b>           | <b>-</b>       | <b>-</b>       | <b>-</b>            | <b>347,824</b> | <b>764,641</b>   | <b>-</b>       | <b>1,112,465</b> |

TABLE III  
COST OF PROJECT INPUTS/OUTPUTS

| <u>PROJECT INPUTS</u>   | <u>PROJECT OUTPUTS</u>  |                      |                      |                                        |                  |
|-------------------------|-------------------------|----------------------|----------------------|----------------------------------------|------------------|
|                         | <u>Storage Capacity</u> | <u>Trained Staff</u> | <u>Control Stock</u> | <u>Operating and Fiscal Procedures</u> | <u>Total</u>     |
| <u>A.I.D.</u>           |                         |                      |                      |                                        |                  |
| Personnel               |                         | 356,730              |                      | 126,000                                | 482,730          |
| Commodities             | 122,000                 | 50,000               | 290,100              | -                                      | 462,100          |
| Participant Training    | -                       | 100,000              | -                    | -                                      | 100,000          |
| Construction            | 1,432,898               | -                    | -                    | -                                      | 1,432,898        |
| Working Capital         | -                       | -                    | 298,000              | -                                      | 298,000          |
| Contingencies           | 76,800                  | 7,000                | -                    | 50,000                                 | 133,800          |
| <u>GOR</u>              |                         |                      |                      |                                        |                  |
| Housing                 | -                       | 12,000               | -                    | 10,000                                 | 22,000           |
| Local Staff             | -                       | 50,833               | -                    | 10,000                                 | 60,833           |
| Operational Engineering | 150,750                 | 64,000               | 40,000               | 106,900                                | 210,900          |
| Land                    | 83,000                  | -                    | -                    | -                                      | 150,750          |
| Working Capital         | -                       | -                    | 105,100              | -                                      | 83,000           |
|                         |                         |                      |                      |                                        | 105,100          |
| <u>OTHER DONORS</u>     |                         |                      |                      |                                        |                  |
| World Food Program      | -                       | -                    | 850,000              | -                                      | 850,000          |
| Swiss                   | 10,000                  | -                    | 252,465              | -                                      | 262,465          |
| <b>TOTAL</b>            | <b>1,875,448</b>        | <b>640,563</b>       | <b>1,835,665</b>     | <b>302,900</b>                         | <b>4,654,576</b> |

#### IV. IMPLEMENTATION ARRANGEMENTS

##### A. Organization and Management

###### 1. GOR

The implementing agency for the A.I.D./GOR FSM Project is the National Granary of Rwanda (GRENARWA). GRENARWA is a semi-autonomous agency within OPROVIA, a parastatal organization for marketing food grain and animal products. GRENARWA's central office staff is capable of managing the project's buying and selling activities. For the past three years, under the guidance of the U.S. Project Manager (PASA), Storage Specialist (PSC) and Statistician (PC), GRENARWA has purchased approximately 2,000 metric tons of haricot beans. Over the next two years, the U.S. technical assistance will be phased out. Initially, the Storage Specialist will be replaced by a Rwandan Warehouse Manager. While the Statistician develops the statistical gathering system, he is also training a Rwandan to replace him. In December 1979, the Rwandan Director will assume the responsibilities of the Project Manager. It is anticipated the U.S. and on-the-job training will enable the Rwandan staff to buy and sell staple food efficiently.

Prior to the beginning of each harvest season, the price GRENARWA pays is established in collaboration with The National Price Commission (NPC). The basis for these prices is the statistics collected by GRENARWA's staff. Once prices are established, GRENARWA advertises them during its publicity campaign for purchases and sales of staple food.

The Warehouse Managers who operate GRENARWA's existing storage centers were trained at Kansas State University and have two years experience operating them. Moreover, the Warehouse Managers who are expected to operate the new storage centers have worked for GRENARWA and will also be trained at Kansas State University. The special evaluation team indicated the storage centers were being operated properly.

From January through March, GRENARWA's Warehouse Managers pay sellers cash for their staple food. They accept deliveries of staple food up to two tons without a formal written contract to encourage participation of small cooperatives and farmers. A prior written contract signed by GRENARWA's central office staff is entered into for deliveries over two tons.

Upon delivery to GRENARWA's warehouses, each sack is weighed and tested with a moisture meter to ensure good quality staple food is stored. Subsequently, each sack is cleaned, resacked and

treated with malathion. The sacks are stacked on pallet boards and refumigated with phostoxin. Weekly inspection by GRENDARWA's Warehouse Managers ensures the staple food is stored in good condition.

2. A.I.D.

The Country Development Officer (CDO) coordinates delivery and annual evaluations (PAR) of A.I.D.-financed inputs to the project. All project implementation documents (PIPA) and financing requests (A.I.D. Form 1034) are forwarded through him to REDSO. He also transfers checks and purchase orders to the Director of GRENDARWA for eligible A.I.D.-financed locally procured goods and services.

3. U.S. Technicians

As the Director of GRENDARWA, the A.I.D.-financed technician (PASA) molds A.I.D./GOR-financed inputs into a viable staple food buying and selling system. In so doing, he manages GRENDARWA's central office and warehouse staffs and advises the GOR as to its staple food price policies. He prepares financing requests, project implementation documents and supporting documentation for A.I.D.'s checks and purchase orders.

The A.I.D.-financed Statistician is developing the data collection system. Besides training a Rwandan Statistician to develop statistics utilizing the gathering system, he is also developing GRENDARWA's financial records and trains a Rwanda Accountant for this purpose.

B. Implementation Plans

1. Planned Performance Tracking Network (PPT)

The PPT presented in Annex B shows the relationship between technical assistance components of the project and time phasing of all significant actions critical to project completion.

C. Procurement Plan

1. Design Services

Except for the Kicukiro warehouse, technical services for design, construction documentation and supervision is carried out by the Ministry of Agriculture's Building Division. All work performed by the Ministry of Agriculture's Building Division is reviewed and approved by REDSO.

Procurement of design services for the expansion of the Kicukiro warehouse will be in accordance with Chapter 1.B.2.k(3) of Handbook 11. A Request for Proposals (RFP) will be prepared by REDSO, with offers solicited from local firms and individuals. A contract, subject to REDSO approval, will be negotiated with the firm or individual considered best qualified to perform the desired services. The designer will prepare final drawings and plans for the new construction, using standard GOR specifications to the maximum extent possible. The designer will also draft documents required for procurement of construction services in accordance with established practice in Rwanda. All work performed by the designer will be reviewed and approved by REDSO.

## 2. Construction Services

Construction services to date have been handled through the GOR's Bid Council. This has worked reasonably well. Once plans and documents have been approved by REDSO, they are presented to the Bid Council for its approval. This Council is within the Ministry of Finance and has on its board representatives of the Ministries of Plan, Public Works and Agriculture. Once approved by the Council, an invitation for Bids (IFB) is publicly announced. After a period of usually 45 days, the bids are publicly opened by the Council. AID representatives participate in these meetings. The bids are then sent to REDSO for its analysis and approval.

To utilize building cooperatives and quasi-public organizations such as AIDR, direct solicitation can also be accomplished during the IFB period. If, as has happened previously, there is no valid bid through the formal IFB procedure, the Bid Council will be asked to declare the IFB null and void and direct negotiations would be undertaken with the building cooperatives or other organizations deemed by REDSO to be the most competitive.

Supervision of day-to-day construction progress will be the responsibility of the Government Employers' Representative and the Project Manager. Monitoring will be performed by the AID CDO and/or REDSO/EA Engineers.

## 3. Commodities

The storage materials will be required before the expanded and newly-constructed warehouses become fully operational. The PIPA/Commodities presented in Annex G will subobligate \$261,100 of project funds for storage materials and miscellaneous equipment. A purchasing agent such as AAPC will be used to procure such items as grain cleaners, sewing machines, sacks and scales in the U.S. REDSO will issue purchase orders in Rwanda for such items as moisture meters and pallets.

The PIPA/Vehicles, included in Annex H, will provide for the procurement of three project vehicles. (See Annex E for the waiver justification.) Two of the vehicles, which will be procured by the CDO in Rwanda, are estimated to cost \$20,000, including \$4,000 for spares. Four eight-ton vehicles, which will be procured in Kenya by REDSO, are estimated to cost \$130,000, including \$20,000 for spares.

#### 4. Technician

In the PIPA/Services presented in Annex F, \$271,230 is provided for technical services. It calls for technical services (PASA) from November 1, 1977, to December 30, 1979. Moreover, it calls for technical services (contract) from August 1, 1977, to July 31, 1978. A PIPA/Services (consultancies) is presented in Annex F, although the dates for performance of services is uncertain.

#### 5. Participants

Several PIPA/Participants are presented in Annex I. These PIPA/Participants provide \$50,000 for participant training in the U.S. Six Warehouse Managers will receive U.S. training at Kansas State University, from June 1977 to September 1977. The Storage Specialist (Assistant Director) will receive U.S. training at the University of Connecticut or an equivalent institution from January 1978 to June 1978.

#### D. Disbursement Procedures

##### 1. Technical Assistance

The PASA technician's salary, personal benefits and transportation are funded under the PASA Agreement. His support costs are paid whenever the East African Accounting Center (EAAC) receives an A.I.D. Form 1034. All of the contract technician's eligible costs are funded whenever he submits an A.I.D. Form 1034 to the EAAC. Both PASA and contract technicians Form 1034's reflect the nature of the expense and the account into which it is paid.

##### 2. Participants

U.S. participant trainees' maintenance allowance, per diem and tuition are paid by A.I.D. from funding subobligated by A.I.D.'s PIPA's. A.I.D.'s Rwandan CDO issues travel advances to facilitate their travel to the U.S.

### 3. Commodities

Disbursements for grain cleaners, sewing machines, sacks and scales will be made pursuant to A.I.D.'s standard procedures for PIPA/Commodities with an authorized agent such as AAPC. Although a PIPA/Commodities will be issued for vehicles, moisture meters and pallets for GREARWA, purchase orders will be issued to initiate payments since these commodities will be procured locally.

### 4. Capital Assistance

The Fixed Amount Reimbursement (FAR) method was given close consideration by the REDSO/EA Project Committee & the AID CDO. It was decided this method was not appropriate for the capital component which will require construction by private contractors or cooperatives who will need to be paid for work completed as soon as REDSO/EA's Engineering Division approves it. Instead, A.I.D.'s direct reimbursement procedure will be utilized as modified to permit A.I.D. to make direct payments for construction and architectural services.

### E. Evaluation and Monitoring Plan

The Project Manager will prepare and send to A.I.D. quarterly reports of activity in the haricot bean purchasing and selling program. These reports shall include: 1) purchases by location and food grain price and quantity; 2) sales by location and food grain price and quantity; 3) project staffing and training; 4) a financial summary and profit/loss statement for the quarter; 5) a statement of working and operating capital; and 6) other relevant material.

Each year, the CDO will be responsible for assuring the completion of a Project Appraisal Report (PAR). A full-scale evaluation is planned for 1978. REDSO will assist the CDO in preparation of a scope of work for the special evaluation team.

All records of GREARWA will be available to A.I.D. for inspection and analysis.

### F. Conditions, Covenants and Negotiating Status

The components of the proposed A.I.D. Grant have been determined in consultation with the GOR. The GOR, including GREARWA, which has implementation responsibility for the FSM Program, is thoroughly familiar with the substance and scope of the A.I.D. proposal, and has provided relevant portions of the draft PP revision. Therefore, no special difficulties are expected to develop during the

course of final negotiation of the A.I.D. Grant Agreement with the following conditions and covenants:

1. Conditions

Prior to any disbursements, or issuance of any commitment documents under the Project Agreement for construction services, the Grantee will furnish, in form and substance satisfactory to A.I.D., for its approval the following:

a. In the event that the construction of any warehouse or related facility should require the services of an architectural or engineering firm, any contracts entered into by the Grantee for such services.

b. In all instances, final design plans and specifications for the construction of the individual warehouses and related facilities.

2. Covenants

a. The GOR will enter into discussions with A.I.D., at mutually acceptable dates, as confirmed in Project Implementation Letters (PILs), to determine the relationship of pertinent Rwandan governmental agencies towards the marketing and price stabilization entity (presently called GRENDARWA) upon termination of the project.

b. The GOR will provide all required counterpart personnel on a timely basis, with qualifications satisfactory to A.I.D. Once selected and approved, the counterpart personnel will not be removed from his/her position with the Project without the prior written approval of A.I.D. Additionally, the Grantee covenants that GRENDARWA's central office staff will be permitted to select from its warehouse staff participant trainees.

c. The GOR will continue to make available loans for working capital requirements which are not met from project or other donor sources.

**PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK**

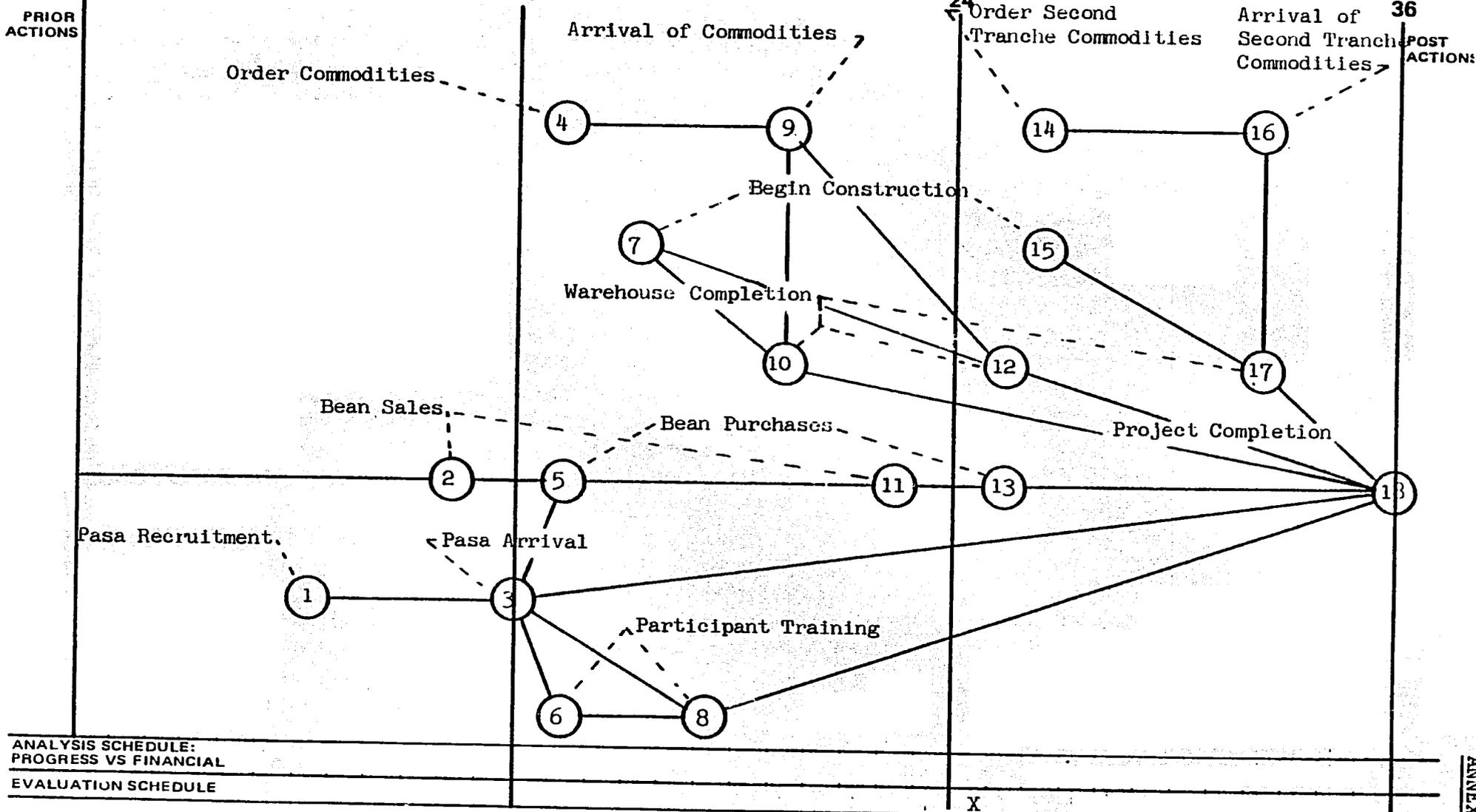
Life of Project:  
From FY 1975 to FY 1980  
Total U S Funding \$2,871,819  
Date Prepared: April 22, 1977

Project Title & Number: Rwanda Food Storage & Marketing, No. 696-0100

| NARRATIVE SUMMARY                                                                                                                                                                                                                                                                                                                                            | OBJECTIVELY VERIFIABLE INDICATORS                                                                                                                                                                                                                                                                                                                               | MEANS OF VERIFICATION                                                                                                                                                                                                                                                                                                                    | IMPORTANT ASSUMPTIONS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Program or Sector Goal:</b> The broader objective to which this project contributes:</p> <p>Increase food availability to meet the needs of Rwanda's growing population.</p>                                                                                                                                                                           | <p><b>Measures of Goal Achievement:</b></p> <p>Bean production increases at a rate over 3% per annum by 1978.</p>                                                                                                                                                                                                                                               | <p>GOR statistics.</p>                                                                                                                                                                                                                                                                                                                   | <p><b>Assumptions for achieving goal targets:</b></p> <p>Farmers respond to stabilization program by increasing production.</p> <p>Population growth rate remains than 3% per annum.</p> <p>Farm inputs and credit are available and utilized.</p> <p>Economic and political conditions are favorable.</p>                                                                                                                                                                                                    |
| <p><b>Project Purpose:</b></p> <ol style="list-style-type: none"> <li>1. Create an efficient food storage and marketing system for haricot beans.</li> <li>2. Stabilize seasonal and regional prices of haricot beans.</li> </ol>                                                                                                                            | <p><b>Conditions that will indicate purpose has been achieved: End of project status.</b></p> <p>80% optimum storage capacity utilized annually.</p> <p>Qualified Rwandan staff operating warehouses at break-even level.</p> <p>Wastage in storage centers is 5% or less.</p> <p>Temporal and special price fluctuation of beans reduced from 700% to 50%.</p> | <p>Marketing Institution Records.</p> <p>Evaluation/Audit.</p> <p>Marketing Institution Records.</p> <p>Min. Plan and Min. Agric. Statistics.</p>                                                                                                                                                                                        | <p><b>Assumptions for achieving purpose:</b></p> <p>NPC sets floor &amp; ceiling prices for beans within reasonable &amp; workable limits.</p> <p>NCEF sets prudent pricing policies directed by economic rather than political aims: GOR does not use system to generate income or subsidize lower income groups.</p> <p>OPROVIA operates to complement rather than compete with the Project towards stabilizing prices.</p> <p>Favorable growing conditions for food crops. * (Continued below/3rd.Col)</p> |
| <p><b>Outputs:</b></p> <p>Storage capacity.</p> <p>Trained Rwandan Marketing Institution</p> <p>Operating and Financial Procedures.</p> <p>Control Stock of Beans.</p>                                                                                                                                                                                       | <p><b>Magnitude of Outputs:</b></p> <p>Nine warehouses (total optimal capacity 9,500 M/T) at 9 sites constructed.</p> <p>Director &amp; 12 Warehouse Mgrs., Accountant, Controller &amp; Statistician trained &amp; assigned to positions by Sept. 19</p> <p>Management competence proved.</p> <p>At least 9,500 metric tons.</p>                               | <p>On-site inspection.</p> <p>GOR personnel records; staff in positions.</p> <p>Evaluation/Audit.</p> <p>Marketing Institution Records.</p>                                                                                                                                                                                              | <p><b>Assumptions for achieving outputs:</b></p> <p>GOR continues commitment to project.</p> <p>Participants successfully complete training.</p> <p>GOR budgeting &amp; RDB credit funds are available when needed for working &amp; operating capital.</p> <p>Farmers, traders &amp; cooperatives trade with Board.</p> <p>Sufficient quantity beans produced &amp; marketed to permit purchase of control stock.</p>                                                                                        |
| <p><b>Inputs:</b></p> <p>AID: Grain Storage &amp; Marketing Experts Training for Storage Specialist, Asst. Director (1) and Warehouse Mgrs. (6). Commodities: Vehicles (3); misc. warehouses &amp; related equipment; working capital; other.</p> <p>GOR: Staff; designs; land for warehouses Operating Capital; housing for AID technicians; warehouse.</p> | <p><b>Implementation Target (Type and Quantity)</b></p> <p>AID: 42 staff months \$271,230; 30 study months \$50,000; \$150,000; \$261,100; \$848,898 + \$76,800 contingency.</p> <p>GOR: \$10,000; \$86,250; \$28,000; \$32,000; \$11,000.</p> <p><u>Other Donors:</u> \$764,641.</p>                                                                           | <p>Reports, record checks and observations as required.</p> <p><u>*Cont'd. Assumptions for achieving purpose</u></p> <p>Benefits reach producers &amp; consumers.</p> <p>No wastage due to inadequate or unscientific storage procedures: Institution can resell stocks at least once a year.</p> <p>Adequate transportation exists.</p> | <p><b>Assumptions for providing inputs:</b></p> <p>AID/GOR, contractors, supplier &amp; shippers make inputs available on time as required.</p> <p>*BOPS: Seasonal &amp; regional price fluctuations of 700% for major subsistence crops. Traditional marketing system operating primarily through small private traders (commercants).</p> <p>*Beginning of project status.</p>                                                                                                                              |

|                   |                         |                                                    |      |                                                                                       |          |
|-------------------|-------------------------|----------------------------------------------------|------|---------------------------------------------------------------------------------------|----------|
| COUNTRY<br>RWANDA | PROJECT NO.<br>696-0100 | PROJECT TITLE<br>FOOD STORAGE & MARKETING REVISION | DATE | <input checked="" type="checkbox"/> ORIGINAL<br><input type="checkbox"/> REVISION # 2 | APPROVED |
|-------------------|-------------------------|----------------------------------------------------|------|---------------------------------------------------------------------------------------|----------|

|          |      |     |     |     |      |     |     |     |      |     |     |     |
|----------|------|-----|-----|-----|------|-----|-----|-----|------|-----|-----|-----|
| OR<br>CY | Mar  | Jun | Sep | Dec | Mar  | Jun | Sep | Dec | Mar  | Jun | Sep | Dec |
| MONTH    | 1977 |     |     |     | 1978 |     |     |     | 1979 |     |     |     |



ANALYSIS SCHEDULE:  
PROGRESS VS FINANCIAL  
EVALUATION SCHEDULE

**CRITICAL PERFORMANCE INDICATOR (CPI) NETWORK**

|                   |                         |                                                    |      |                                                                                              |          |
|-------------------|-------------------------|----------------------------------------------------|------|----------------------------------------------------------------------------------------------|----------|
| COUNTRY<br>RWANDA | PROJECT NO.<br>696-0100 | PROJECT TITLE<br>FOOD STORAGE & MARKETING REVISION | DATE | <input checked="" type="checkbox"/> ORIGINAL<br><input type="checkbox"/> REVISION # <u>2</u> | APPROVED |
|-------------------|-------------------------|----------------------------------------------------|------|----------------------------------------------------------------------------------------------|----------|

PROJECT PURPOSE (FROM PRP FACESHEET)

1. Create an efficient food storage and marketing system for haricot beans.
2. Stabilize seasonal and regional prices of haricot beans.

CPI DESCRIPTION

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"> <li>1 - AID/Washington begins recruitment of PASA technician - June 1977</li> <li>2 - GREARWA begins Bean Sales - October 1977</li> <li>3 - PASA Technician replacement takes over project management - December 1977</li> <li>4 - PIPA authorized and commodities ordered - January 1978</li> <li>5 - GREARWA begins Bean Purchases - January 1978</li> <li>6 - Storage Specialist (assistant director) departs for training - January 1978</li> <li>7 - GOR signs construction contracts for Kibungo Byumba, Gikongoro, Kibuye and Kicukiro - March 1978</li> <li>8 - Warehouse Managers depart for US training - June 1978</li> </ol> | <ol style="list-style-type: none"> <li>9 - Storage materials and project vehicles arrive - July 1978</li> <li>10 - Construction completed at Kibungo and Byumba - July 1978</li> <li>11 - GREARWA begins bean sales - October 1978</li> <li>12 - Construction at Kicukiro, Gikongoro and Kibuye completed - January 1979</li> <li>13 - GREARWA begins bean purchases - January 1979</li> <li>14 - PIPA authorized and commodities for second tranche ordered - February 1979</li> <li>15 - Construction contracts for Gisenyi, Cyangugu and Kora are signed - February 1979</li> <li>16 - Second Tranche storage materials arrive - August 1979</li> <li>17 - Construction completed at Gisenyi, Cynagugu and Kora - August 1979</li> <li>18 - Project Completed - December 1979</li> </ol> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

APPLICATION FOR ASSISTANCE - To be completed in Kigali

INITIAL ENVIRONMENTAL EXAMINATION

Project Location : RWANDA  
Project Title : FOOD STORAGE AND MARKETING  
Funding (Fiscal Year and Amount) :  
Life of the Project :  
Prepared by : Pushkar A. Brahmhatt  
Engineering Division, REDSO/EA  
Date : March 24, 1977  
Environmental Action Recommended : Negative Determination  
Concurrence : *[Signature]*  
Date : JUL 8

Assistant Administrator's Decision:

Date 12/20/77 :

*Approved*

*[Signature]*

1. Description of Project

The proposed project is a revision of the existing Food Storage and Marketing Project financed by AID during fiscal years 1974 to 1977. The major capital inputs into this project involved building three new warehouse complexes and expansion of five existing warehouses, thereby increasing the storage capacity from 5,000 to 9,500 tons. The additional storage capacity will enable the Government of Rwanda to stabilize food prices.

The project goal is to increase per capita food availability to meet the needs of Rwanda's growing population and the project purposes are to 1) create an efficient food storage and marketing system for staple food; and 2) reduce seasonal and regional price fluctuations for staple food remain valid. However, to achieve the goal and purposes, additional funding for fiscal year (FY) 78 and FY 79 is required. The sources for funding in these FYs are as follows: A.I.D. \$1,658,528; World Food Program \$699,025; Swiss \$65,616; GOR \$167,250.

Impact

A) Land Use

The proposed extensions to the existing warehouses will be within the presently allocated boundaries. Neither substantial clearing or encroachment on any natural resources will occur at the sites selected for the additional complexes.

Location and sizes of the proposed construction and extensions are shown below in detail:

| <u>Location</u> | <u>Facility</u> | <u>Area</u>              | <u>Proposed Expansion or Construction</u> | <u>Additional Storage Capacity Metric Tons</u> |
|-----------------|-----------------|--------------------------|-------------------------------------------|------------------------------------------------|
| 1. Kibungo      | Warehouse Ext.  | 240m <sup>2</sup>        | 10 x 24 meters                            | 250                                            |
| 2. Byumba       | Warehouse Ext.  | 240m <sup>2</sup>        | 10 x 24 meters                            | 250                                            |
| 3. Cyangugu     | Warehouse Ext.  | 240m <sup>2</sup>        | 10 x 24 meters                            | 250                                            |
| 4. Kora         | Warehouse Ext.  | 480m <sup>2</sup>        | 24 x 20 meters                            | 500                                            |
| 5. Kicukiro     | Warehouse Ext.  | 1080m <sup>2</sup>       | 45 x 24 meters                            | 2000                                           |
| 6. Gisenyi      | New Warehouse   | 240m <sup>2</sup>        | 10 x 24 meters                            | 250                                            |
| 7. Kibuye*      | New Complex     | 480m <sup>2</sup>        | 24 x 20 meters                            | 500                                            |
| 8. Gikongora*   | New Complex     | 480m <sup>2</sup>        | 24 x 20 meters                            | 500                                            |
|                 |                 | <u>3480m<sup>2</sup></u> |                                           | <u>4500</u>                                    |

Improved land use practices are being encouraged by the project's price incentives. It encourages small farmers to produce more for the market by reducing regional and seasonal price fluctuations in order that they can receive higher prices. Since all available land is under cultivation, other bilateral assistance projects are demonstrating improved land use techniques which will increase staple food production per hectare.

B) Water Quality

The project will not alter the use of any water resources physically, chemically, biologically and therefore no environmental impact on water quality will occur.

\* In addition to the 480 square meter warehouse, one 130 square meter Manager's house and one 75 square meter worker's house.

C) Atmosphere

Use of malathion for safe storage of the food grain is anticipated. In consideration of the size of the storage facility, selection of malathion ensures that minimum adverse effects are imparted into the atmosphere. Human contact with malathion is strictly controlled in accordance with prescribed safety regulations. Dr. Fred Wittemore of AID's Technical Assistance Bureau has determined that malathion is listed by the Environmental Protection Agency for use in this manner.

D) Natural Resources

This project does not divert or alter the use of water, neither does it disrupt, change or alter existing wildlife patterns, nor will there be any irreversible effects generated as a result of this project.

E) Cultural Impact

In consequence to the increased and safe storage for harvested grain, food losses will be minimum, prices will be stabilized, farmers will be encouraged to grow more crops and thereby strengthen marketing channels and local cooperatives without causing ill effects on cultural trends and existing patterns.

From the overall sociocultural perspectives, the project is feasible. Farmers and traders have been buying and selling beans for some time, and the FSM Project has simply created more of an opportunity for farmers and traders to do so.

F) Socio-Economic Effects

The ultimate beneficiaries of the project comprise of all bean buyers in the country--virtually the entire population. As bean prices become stabilized over time and more beans are cultivated and marketed, all will benefit.

In the short term, however, in order to generate the buffer stock necessary to stabilize prices, a small group directly benefits from the project. These are the middlemen/businessmen ("commercants") who buy beans on the open market and then sell them to the FSM warehouses at a fixed price of 21 FRW. The project's general office staff favored commercants in the initial phase of project implementation, but it is taking steps to improve the short term benefits to the rural farmers.

The steps the project is taking, in addition to increasing warehouse capacity, including the following:

1) By promoting competition among commercants: 110 commercants received contracts to sell beans to FSM warehouses. The maximum amount of beans each commercant was permitted to sell the FSM warehouses was 25 tons. Realizing the government license fee (1000 FRW) resulted in

poorer commercants being excluded from receiving FSM contracts; the project bought small lots of beans, from 50 Kgs. to 2 tons, from unlicensed commercants (350 participated).

2) By providing the small farmer with market information, they achieve a stronger bargaining position vis-a-vis the commercant: several radio announcements have been made by the project announcing the official government price of beans (20 FRW) and the fact that FSM was buying beans in bulk for 21 FRW. More extensive and systematic efforts to provide farmers with market information will be carried out when the FSM storage capacity is increased.

3) By utilizing updated market and social/cultural information to develop the project's buying and selling policies and to monitor the impact of the project on farm families: three studies have been planned to gather data on market prices, bean crop yields and small farmer behavioral patterns. These studies will greatly improve the project's central office staff's capacity to identify and respond to negative effects of the project, such as possible reduction in farm nutrition levels related to bean sales or resistance of monopoly buying and selling practices carried out by commercants in remote areas.

4) By expanding the project's marketing channels beyond commercants: the project is already buying a small portion of beans from cooperatives in certain parts of the country where cooperatives are present. As other develop, they will be given bean buying and selling contracts by FSM. In addition, the USAID- projected local food storage project, and other related local storage projects will provide the means for farmers to increase their bargaining position with commercants through organization and education.

#### G) Health

The project will not promote the movement of disease vectors, change natural environments or eliminate the existing ecosystem. Moreover, as the quantity of staple food which is available in local markets increase there will be a positive impact on nutritional intake of rural people.

### 3. Recommendation for Environmental Action: Negative Determination

The Food Storage and Marketing complex is non-industrial, deals with appropriate technology for food storage with no adverse impact on its environmental surroundings. The recommended threshold decision is that an Environmental Assessment or Environmental Impact Statement is not required.

4. Impact Identification and Evaluation FormImpact Areas and Sub AreasImpact 1/  
Identification  
and EvaluationA) Land Use

## 1. Changing the Character of the Land through

- a. Increasing the Population \_\_\_\_\_ N  
 b. Extracting Natural Resources \_\_\_\_\_ N  
 c. Land Clearing \_\_\_\_\_ L

2. Altering Natural Defences \_\_\_\_\_ N3. Foreclosing Important Uses \_\_\_\_\_ N4. Jeopardizing Man or his Works \_\_\_\_\_ NB) Water Quality1. Physical State of Water \_\_\_\_\_ N2. Chemical and Biological State \_\_\_\_\_ N3. Ecological Balances \_\_\_\_\_ NC) Atmospheric Changes1. Air Additives \_\_\_\_\_ L2. Air Pollution \_\_\_\_\_ N3. Noise Pollution (during construction) \_\_\_\_\_ LD) Natural Resources1. Diversion, Altered Use of Water \_\_\_\_\_ N2. Irreversible, Inefficient Commitments \_\_\_\_\_ N3. Wildlife \_\_\_\_\_ NE) Cultural Patterns1. Altering Physical Symbols \_\_\_\_\_ N2. Dilution of Cultural Traditions \_\_\_\_\_ N3. Damage to Primitive Cultures \_\_\_\_\_ N

F) Socio Economic Effects

- |                                            |       |          |
|--------------------------------------------|-------|----------|
| 1. Changes in Economic/Employment Patterns | _____ | <u>L</u> |
| 2. Changes in Population                   | _____ | <u>N</u> |
| 3. Changes in Cultural Patterns            | _____ | <u>L</u> |

G) Health

- |                                      |       |          |
|--------------------------------------|-------|----------|
| 1. Changing a Natural Environment    | _____ | <u>N</u> |
| 2. Eliminating the Ecosystem element | _____ | <u>N</u> |
| 3. New Pathways for Disease Vectors  | _____ | <u>N</u> |

H) General

- |                           |       |          |
|---------------------------|-------|----------|
| 1. International Impacts  | _____ | <u>N</u> |
| 2. Controversial Impacts  | _____ | <u>N</u> |
| 3. Larger Program Impacts | _____ | <u>N</u> |

1/ The following symbols apply:

- N - No Environmental Impact
- L - Little Environmental Impact
- M - Moderate Environmental Impact
- U - Unknown Environmental Impact

5

WAIVER REQUEST AND JUSTIFICATIONS

I. A waiver of Code 000 (U.S.) procurement source/origin policy set forth in Section 636(i) of FAA 1961, as amended, is requested so as to permit procurement of six motor vehicles from Rwanda source and of Code 899 (Free World) origin.

II. Concurrence is requested in deviations from the provisions of Handbook 11, Host Country Contracting, to permit the use of standard Government of Rwanda contracting rules, procedures and forms, including, but not limited to, Rwandan requirements applicable to contract award and bid and performance security.

III. Discussion

A. General

The waivers and deviations requested above are in the best interest of the United States. Not providing the identified waivers and deviations will unnecessarily delay and complicate project implementation and jeopardize the favorable impact of U.S. assistance.

B. Vehicles

1. Discussion

During the initial phase of the Food Storage and Marketing Project, A.I.D. financed the construction of five warehouses and related facilities. It is proposed that A.I.D. finance construction of three additional storage centers and expansion of five existing facilities to enable the project to reduce seasonal and regional staple food price fluctuations. The project's price stabilization activities will require use of project vehicles.

All of the storage centers are provided with storage materials and working capital by the project's central office staff. For the past three years, the central office staff has utilized the two A.I.D.-financed carryalls to service the storage centers. Another pickup type vehicle is required to enable the central office staff to service three additional storage centers.

The construction and statistical gathering activities will take place throughout Rwanda. These activities necessitate extensive travel throughout the country by REDSO engineers and project personnel. This travel requires the use of a passenger type vehicle.

To affect seasonal and regional staple food price fluctuations, it must be transported from surplus to deficit production areas throughout the year. The project's central office staff has paid local transporters and OPROVIA to haul its staple food between the storage centers. This has proven to be costly and has resulted on several occasions in short deliveries. Consequently, four eight-ton trucks are proposed to enable the project to transport staple food among the storage centers.

Each of the project's storage centers are located adjacent to extremely rough and poorly maintained dirt roads. The proposed vehicles are available in Kigali, Rwanda, and Nairobi, Kenya. They are common in Rwanda and most mechanics in the country are familiar with them. U.S.-manufactured vehicles, on the other hand, are uncommon in East Africa and almost non-existent in Rwanda.

## 2. Primary Justification

Experience with U.S.-made vehicles in Rwanda (a few in possession of the U.S. Embassy in Rwanda and the Food Storage and Marketing Project) indicates that frequent breakdowns have been the rule rather than the exception and access to adequate supply of spare parts and a competent repair service outside the U.S. Embassy is non-existent. Even minor breakdowns prevent operation of a U.S. vehicle for days or weeks while spare parts are ordered from the U.S. This situation gets more serious yearly as U.S.-made vehicles get older. At present, there are no maintenance and repair facilities in Kigali (capital of Rwanda) for U.S.-manufactured vehicles except at the U.S. Embassy, thus U.S. vehicles are effectively unavailable.

The Peugeot and Toyota dealers are the largest importers of vehicles and pick-up trucks in the country. They carry large quantities of required spare parts necessary for repairs and maintenance. Both have excellent mechanics and repair facilities in Rwanda.

The Fiat dealership in Rwanda carries required spare parts for repairs and maintenance of eight-ton trucks. It also has adequate mechanics and repair facilities. But, it is unable to guarantee delivery of the eight-ton trucks within a reasonable time. This situation does not exist in Kenya. It is proposed the project purchase its four eight-ton trucks in Kenya. The Rwandan Ministry of Finance has strongly urged the Country Development Officer (CDO) in Rwanda and REDSO/EA to request this source waiver in order to keep the project vehicles operational throughout the project life. We are of the opinion that exclusion of the procurement of the project vehicles from sources in Code 935 would seriously impede attainment of U.S. foreign policy objectives and objectives of the foreign assistance program and special circumstances exist to waive the requirements of 636(i) of FAA.

C. Standard Rwandan Contracting Procedures

An examination of Government of Rwanda (GOR) contracting procedures reveals they are slightly different than the guidelines presented in Handbook 11. However, they are considered adequate to ensure the effective and proper utilization of A.I.D. funds to achieve project construction. Standard GOR contracting procedures were utilized in the construction of storage warehouses and related facilities during the initial phase of this project. The use of these procedures has facilitated construction work on the project and are felt to be adequate to meet the needs of this project which entails a similar construction component.

|                                                                                                                                                                                         |                                              |                                                    |                                                                                                                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| DEPARTMENT OF STATE<br>AGENCY FOR INTERNATIONAL DEVELOPMENT<br><br>PROJECT IMPLEMENTATION/PROCUREMENT ADVICE<br>PIPA<br><br>SERVICES<br>(as authorized by State (AIT-1350-C) if needed) | 1. Cooperating Country:<br><br><b>RWANDA</b> | 2. Project and PIPA Number:<br><br><b>696-0100</b> | 3a. Module Letter:<br><br>3b. Page 1 of 1 Pages<br>3c. Original <input checked="" type="checkbox"/> Agreement Number |
|                                                                                                                                                                                         | 4a. Allotment Symbol:                        |                                                    | 4b. Amount:                                                                                                          |

5. SCOPE OF WORK.

To insure the availability of agriculture food products to meet the rapid population growth and develop an economically efficient price stabilization system for staple food (haracot beans, sorghum and peas).

1. Duties of Project Manager/Technician
  - a. Under the general direction of the Secretary General of the Ministry of Agriculture, he will direct GREARWA, an office within OPROVIA, and as such will direct and coordinate all FSM Project activities.
  - b. He will advise the National Commission for Economy and Finance (NCEF) and help implement the policy guidelines which are established by the Commission.
  - c. The manager/technician will participate in the formation of agriculture marketing policy through his work with the above commission and other bodies that have an interest in this aspect of the project. He will relate to and cooperate with the existing organizations, mainly cooperatives, that form an integral part of the marketing system and will have dealings with GREARWA's central office and storage centers.
  - d. The manager/technician will be responsible for developing an appropriate management system for the staple food purchasing and selling. In so doing, he will take whatever action is necessary to develop Rwandan project management capability. The long run success of the project depends on this and therefore this

(continue on page 2)

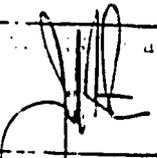
6. TECHNICIANS

|   | b. SPECIALIZED FIELD: | c. BRIDGE/SALARY | d. DURATION: |
|---|-----------------------|------------------|--------------|
| 1 | Agriculture Economics | 4(4)             | 26 MM        |

|                                                    |  |                       |                                                                          |                         |
|----------------------------------------------------|--|-----------------------|--------------------------------------------------------------------------|-------------------------|
| 7. DATES OF THE PROJECT<br>START: 10/10 END: 11/11 |  | 8. DURATION:<br>26 MM | 9. REPORTS TO BE MADE:<br>Quarterly Progress Reports<br>Annual Appraisal | 10. LOCATION:<br>RWANDA |
|----------------------------------------------------|--|-----------------------|--------------------------------------------------------------------------|-------------------------|

|                                                                                                                |                                                                                                                                    |                                                                                                                                       |                                                                                                                                                                                   |                   |
|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| 11. CHECK ONE                                                                                                  |                                                                                                                                    |                                                                                                                                       |                                                                                                                                                                                   | 12. LANGUAGE:     |
| a. Access to Classified Information:<br><input checked="" type="checkbox"/> YES<br><input type="checkbox"/> NO | b. Access to Classified Information:<br><input checked="" type="checkbox"/> WILL<br><input type="checkbox"/> WILL NOT be required. | c. Dependents:<br><input checked="" type="checkbox"/> WILL<br><input type="checkbox"/> WILL NOT be permitted to accompany contractor. | d. Type of Contract:<br><input type="checkbox"/> Construction<br><input type="checkbox"/> ASG<br><input checked="" type="checkbox"/> Reg. Serv.<br><input type="checkbox"/> Other | FRENCH S-3<br>R-3 |

13. DUTIES OF CONTRACTOR TO AID AND THE B/A:  
 The project manager/technician will work under the general direction of the Secretary General Ministry of Agriculture, functioning in the capacity of Director of GREARWA, and be coordinated by the CDO Rwanda and REDSO/EA, Nairobi Kenya.

|                                                                                                                                           |                                            |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 14. CONTRACTOR'S NAME (Name and Title):<br> CDO/Rwanda | 15. CONTRACTOR'S ADDRESS (Name and Title): |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|

|                                                                                                                                        |                                          |                                                |                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| DEPARTMENT OF STATE<br>AGENCY FOR INTERNATIONAL DEVELOPMENT<br>PROJECT IMPLEMENTATION/PROCUREMENT ADVISE<br>PIPA<br>CONTINUATION SHEET | 1. Cooperating<br>Country:<br><br>RWANDA | 2. Project and<br>PIPA Number:<br><br>696-0100 | 3. Module Period:<br><br>No. Page 2 of 2 Pages<br>3C Original <input checked="" type="checkbox"/><br>Amendment Number: |
|                                                                                                                                        | 4a. Allotment Symbol:                    | 4b. Amount:                                    |                                                                                                                        |
| PIPA<br><input type="checkbox"/> Procurement <input checked="" type="checkbox"/> Services <input type="checkbox"/> Commodities         |                                          |                                                |                                                                                                                        |
| USE THIS FORM TO COMPLETE THE INFORMATION REQUIRED IN ANY BLOCK OF THE PIPA FORM. INDICATE BLOCK NUMBER                                |                                          |                                                |                                                                                                                        |

activity will receive top priority.

- e. The manager/technician will be responsible for developing on the job training programs for GOR counterparts and other technicians in the areas of food storage and marketing, warehouse management and operations, project management, fiscal control, and other related training beneficial to the achievement of project objectives.

|                                                                                                                                                                                             |                                              |                                                 |                                                                                                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-------------------------------------------------|----------------------------------------------------------------------------------------------------|
| DEPARTMENT OF STATE<br>AGENCY FOR INTERNATIONAL DEVELOPMENT<br><br>PROJECT IMPLEMENTATION/PROCUREMENT ADVISE<br>PIPA<br><br>SERVICES<br>(See Consideration Sheet (AID-7500-01) for details) | 1. Cooperating Country:<br><br><b>RWANDA</b> | Project and PIPA Number:<br><br><b>696-0100</b> | 3a. Model Letter:<br><br>3b. Page 1 of 1 Pages<br>3c. Original <input checked="" type="checkbox"/> |
|                                                                                                                                                                                             | 4a. Allotment Symbol:                        |                                                 | 4b. Amount:                                                                                        |

5. STATE OF WORK

See Attached.

C. TECHNICIANS

5. SPECIALIZED FIELD:

6. GRADE/SALARY

8. DURATION:

1

Accounting/Statistics

7/01

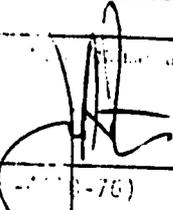
12 MM

|                                                                                        |  |                                                                                                                                                                                    |                                          |
|----------------------------------------------------------------------------------------|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| 4. DATE OF COMMENCEMENT OF THE CONTRACT<br>12/1                                        |  | 5. DURATION:<br>12 MM                                                                                                                                                              | 6. BENEFITS PROVIDED:<br><br>RWANDA      |
| 7. CHECK ONE<br><input checked="" type="checkbox"/> YES<br><input type="checkbox"/> NO |  | 8. TYPE OF CONTRACT:<br><input type="checkbox"/> Construction<br><input type="checkbox"/> ASB<br><input checked="" type="checkbox"/> Tech. Asst.<br><input type="checkbox"/> Other | 9. LANGUAGE:<br><br>FRENCH<br>5-3<br>2-3 |

10. DESIGNATION OF CONTRACTOR TO AID AND THE D/W:

Employee within GRENARWA (implementation organization for A.I.D. financed Food Storage and Marketing Project) Employee will be responsible to instruction given by the A.I.D. financed Project Manager and Country Development Officer (CDO) in Kigali, Rwanda

11. SIGNATURES

|                                                                                                                         |                   |
|-------------------------------------------------------------------------------------------------------------------------|-------------------|
| (Name and Title):<br><br> CDO/Rwanda | (Name and Title): |
|-------------------------------------------------------------------------------------------------------------------------|-------------------|

|                                                                                                                                            |                                          |                                             |                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------------|-------------------------------------------------------------------------------------------------|
| DEPARTMENT OF STATE<br>BUREAU FOR INTERNATIONAL DEVELOPMENT<br>PROJECT NAME: WPA AGREEMENT ADVISE<br>RIPA<br>SERVICES<br>(AID/AFR-100-010) | 1. Cooperating Country:<br><b>RWANDA</b> | Project and RIPA Number:<br><b>696-0100</b> | 1a. Module Letter:<br>1b. Page 1 of 1 Pages<br>1c. Original <input checked="" type="checkbox"/> |
|                                                                                                                                            | 4a. Allotment Symbol:                    | 4b. Amount:                                 |                                                                                                 |

2. STATE OF WORK

The accountant/statistician under the general supervision of the Project Manager will perform the following duties:

- a) supervise the financial operation of GREMARWA and train Rwanda counterparts in this activity;
- b) develop market data gathering systems for (i) the local prices for staple food handled by GREMARWA, (ii) projected crop production, (iii) available storage capacity, and (iv) other data relevant to the management of GREMARWA; Rwandan counterparts are to be trained to continue to carry out these activities after AID personnel have left;
- c) assist the Project Manager in development of market policy and appropriate management systems for GREMARWA;
- d) other related and appropriate activities.

3. TECHNICIANS

|   | SPECIALIZED FIELD:    | 4. GRADE/SALARY | 5. PERIOD: |
|---|-----------------------|-----------------|------------|
| 1 | Accounting/Statistics | 7/01            | 12 MM      |

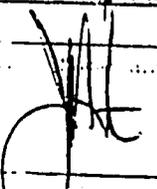
|                                                                 |                                  |
|-----------------------------------------------------------------|----------------------------------|
| 6. START DATE: 12/1<br>7. END DATE: 12/15<br>8. LOCATION: 12 MM | 9. SERVICES REQUIRED:<br>RWANDA? |
|-----------------------------------------------------------------|----------------------------------|

10. CHECK ONE

|                                                                                                             |                                                                                                                                                                           |                                                                                                                                                                                       |                         |
|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| 11. <input checked="" type="checkbox"/> Will be required.<br><input type="checkbox"/> Will not be required. | 12. Department: <input checked="" type="checkbox"/> Will be permitted to accompany contractor.<br><input type="checkbox"/> Will not be permitted to accompany contractor. | 13. Type of Contractor:<br><input type="checkbox"/> Construction<br><input type="checkbox"/> A&E<br><input checked="" type="checkbox"/> Tech. Assn.<br><input type="checkbox"/> Other | 14. LANGUAGE:<br>FRENCH |
|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|

Employee within GREMARWA (implementation organization for A.I.D. financed Food Storage and Marketing Project) Employee will be responsive to instruction given by the A.I.D. financed Project Manager and Country Development Officer (COO) in Kigali, Rwanda.

15. LIABILITIES OFFICIAL

|                                                                                                                     |                                      |
|---------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| 16. Name (Print):<br> COO/Rwanda | 17. FOR THE A.I.D. (Name and Title): |
|---------------------------------------------------------------------------------------------------------------------|--------------------------------------|

|                                                                                                                                                                                  |                                          |                                                |                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------------|-------------------------------------------------------------------------------|
| DEPARTMENT OF STATE<br>OFFICE FOR INTERNATIONAL DEVELOPMENT<br>PROJECT INFORMATION/PROCUREMENT ADVISE<br>OIPA<br>REF: 185<br>(See Instructions on Form OIPA-1100-01 for details) | 1. Cooperating Country:<br><b>RWANDA</b> | 2. Project and OIPA Number:<br><b>696-0100</b> | 3. Fiscal Year:<br>4. Period of Performance:<br>5. Amount:<br><b>\$24,000</b> |
|                                                                                                                                                                                  | 4a. Allotment Symbol:                    | 4b. Amount:                                    |                                                                               |

**6. SCOPE OF WORK**

A consultant will be made available to the Project Manager on his request to assist him in any of the following areas: 1) Price Stabilization and Market Analysis, 2) Storage Procedures, Insect and Disease Control, Storage Management and Control, 3) other areas relevant to the operation of food storage and marketing project.

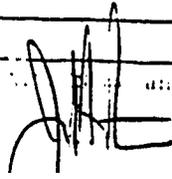
**7. TECHNICIANS**

|          | <b>8. SPECIALIZED FIELD:</b> | <b>9. GRADE/SALARY:</b> | <b>10. DURATION:</b> |
|----------|------------------------------|-------------------------|----------------------|
| <b>1</b> | Storage/Marketing food goods | \$6,000 mo.             | 4 months             |

|                                                                                                                                                           |                                                        |                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|-------------------------------------|
| 11. TYPE OF CONTRACT:<br><input type="checkbox"/> Fixed Price<br><input checked="" type="checkbox"/> Time and Materials<br><input type="checkbox"/> Other | 12. SPECIAL REQUIREMENTS:<br>13. SPECIAL INSTRUCTIONS: | 14. REPORTS REQUIRED:<br>15. OTHER: |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|-------------------------------------|

|                                                                                                                                     |                                                                                                                                        |                                                                                                                                                                                     |                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <b>16. CHECK ONE</b>                                                                                                                |                                                                                                                                        |                                                                                                                                                                                     | 17. CONTRACT VALUE:<br><b>French</b><br><b>FSI-53</b><br><b>R 3</b> |
| 18. Access to Classified Information:<br><input type="checkbox"/> WILL<br><input checked="" type="checkbox"/> WILL NOT be required. | 19. Dependents:<br><input type="checkbox"/> WILL<br><input checked="" type="checkbox"/> WILL NOT be permitted to accompany contractor. | 20. Type of Contract:<br><input type="checkbox"/> Construction<br><input type="checkbox"/> ASE<br><input checked="" type="checkbox"/> Tech. Asst.<br><input type="checkbox"/> Other |                                                                     |

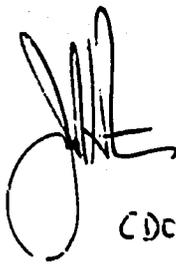
21. CONTRACTOR TO AID AND THE U/S:

|                                                                                                                                |                                  |
|--------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <b>13. LIASION OFFICIALS:</b>                                                                                                  |                                  |
| a. NAME AND TITLE:<br><br><b>CDO/Rwanda</b> | b. FOR THE U/S (Name and Title): |

|                                                                                                                               |                                          |                                                |                              |
|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------------|------------------------------|
| DEPARTMENT OF STATE<br>BUREAU FOR INTERNATIONAL DEVELOPMENT<br>FIELD IMPLEMENTATION/PROCUREMENT ADVISE<br>SIPA<br>COMMODITIES | 1. Cooperating<br>Country:<br><br>RWANDA | 2. Project and<br>SIPA Number:<br><br>696-0100 | 3a. Fiscal Year:<br><br>1978 |
|                                                                                                                               | 4a. Allotment Symbol:                    | 5b. Amount:<br><br>\$124,300                   |                              |

## 5. COMMODITY DESCRIPTION

| 5a. ITEM NUMBER | 5b. QUANTITY        | 5c. DESCRIPTION, SPECIFICATIONS, INSTRUCTIONS AND SPECIAL NOTES<br>(Include catalog name, number and price, where appropriate.) |                  |
|-----------------|---------------------|---------------------------------------------------------------------------------------------------------------------------------|------------------|
| <u>FY 1978</u>  |                     |                                                                                                                                 |                  |
| 1               | 875. m <sup>2</sup> | 1 x 2 m pallet board                                                                                                            | \$17,000         |
| 2               | 175,000 ea          | 50 kg plastic weave sacks                                                                                                       | 80,000           |
| 3               | .2 ea               | Grain cleaners similar to Seeburo Model 100                                                                                     | 6,400            |
|                 | 1 ea                | Grain cleaner similar to Clipper M2B                                                                                            | 1,500            |
| 4               | 3 ea                | Direct reading moisture meters                                                                                                  | 1,200            |
| 5               | 5 ea                | Bag closers (sewing machine)                                                                                                    | 2,000            |
| 6               | 5 ea                | Portable gas generator for bag closers                                                                                          | 2,000            |
| 7               | 36 ctn              | Thread for sewing machines                                                                                                      | 2,000            |
| 8               | 58 ea               | Bag trucks                                                                                                                      | 1,740            |
| 9               | 4 ea                | Gas tight tarps                                                                                                                 | 2,000            |
| 10              | 3 ea                | Insecticide sprayers                                                                                                            | 450              |
| 11              | 4,000 ea            | Disposable dust masks                                                                                                           | 500              |
| 12              | 9 ea                | Portable printing calculators                                                                                                   | 450              |
| 13              | 4 ea                | Direct reading 500 kg sacks                                                                                                     | 7,060            |
|                 |                     |                                                                                                                                 | <u>\$124,300</u> |

  
CDC/RWANDA

|                                                                                                                                   |                                   |                                                               |                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------------------------------|---------------------------------------------------|
| DEPARTMENT OF STATE<br>OFFICE FOR INTERNATIONAL DEVELOPMENT<br>BUREAU OF IMPLEMENTATION/PROCUREMENT ADVICE<br>PIPA<br>COMMODITIES | 1. Cooperating Country:<br>RWANDA | 2. Project and Financial Letters:<br>PIPA Number:<br>696-0100 | 3a. Fiscal Year:<br>3b. Original:<br>3c. Revised: |
|                                                                                                                                   | 4a. AIDover. Symbol:              | 4b. Amount:<br>\$136,800                                      |                                                   |

5. COMMODITY DESCRIPTION:

5a. LINE NUMBER      5b. QUANTITY      5c. DESCRIPTION, SPECIFICATIONS, INSTRUCTIONS AND SPECIAL POWER  
 (Include catalog title, number and price, where applicable)

FY 1979

|   |                    |                                             |                  |
|---|--------------------|---------------------------------------------|------------------|
| 1 | 325 m <sup>2</sup> | 1. x 2 m pallet board                       | \$ 7,500         |
| 2 | 200,000 ea         | 50 kg plastic woven sacks                   | 112,000          |
| 3 | 1 ea               | Grain cleaner similar to Seedburo Model 100 | 4,000            |
| 4 | 1 ea               | Grain cleaner similar to Clipper M2B        | 1,700            |
| 5 | 2 ea               | Direct reading moisture meters              | 1,000            |
| 6 | 4,000 ea           | Disposable dust masks                       | 600              |
| 7 | 5 ea               | Direct reading 500 kg scales                | 10,000           |
|   |                    |                                             | <u>\$136,800</u> |

  
 CDE/Rwanda

6

|                                                                                                                   |                         |                                         |                                                                  |                                                                                        |
|-------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| DEPARTMENT OF INTERIOR<br>AGENCY FOR INTERNAL<br>PROJECT IMPLEMENTATION/PROGRAMMING ADVICE<br>PIPA<br>COMMODITIES | STATE<br>AN DEVELOPMENT | 1. Cooperator<br>Country:<br><br>RWANDA | 2. Project and Associate Number:<br>PIPA Number:<br><br>696-0100 | 3. Page <u>1</u> of <u>1</u> Page                                                      |
|                                                                                                                   |                         | 4a. Allotment Symbol:                   |                                                                  | 4b. Original <input checked="" type="checkbox"/><br>Amendment <input type="checkbox"/> |
|                                                                                                                   |                         |                                         | US. Amount:<br><br>\$150,000                                     |                                                                                        |

## 5. COMMODITY DESCRIPTION

| Sa. ITEM NUMBER | Sb. QUANTITY | Sc. DESCRIPTION, SPECIFICATIONS, INSTRUCTIONS AND SPECIAL NOTES<br>(Include serial num., make and model, spare parts, etc.) |            |
|-----------------|--------------|-----------------------------------------------------------------------------------------------------------------------------|------------|
| 1.              | 1            | Pickup truck                                                                                                                | \$ 8,000   |
| 2.              | 1            | Passenger Vehicle                                                                                                           | \$ 8,000   |
| 3.              | 4            | Eight Ton Trucks                                                                                                            | \$ 100,000 |
| 4.              |              | Spare parts for pickup truck, passenger vehicle and eight ton truck                                                         | \$ 34,000  |
| TOTAL           |              |                                                                                                                             | \$ 150,000 |

RWANDA

696-0100

Food Storage And Marketing

June 1978

6

x

June 1978

x

10

25,500

10,500

3,150

11,850

Funds Obligated under ProAg No:  
Date of Obligation  
Estimated Final Contribution Date

Upon approval of project AID/W approved in substance waiver of Government of the Republic of Rwanda contribution for international travel. i.e.. Kizali Nairobi, Washington D.C. and return.

Rwanda

696-0100

The purpose of this training is to strengthen the staff of GREARWA in food drying storage, handling, transportation and marketing. The participants are presently on the staff of GREARWA. Upon completion of training they will return to GREARWA's warehouse staff. It is anticipated these managers will, after additional experience, become solely responsible for managing GREARWA's storage centers.

There is no connection or conflict with this activity and those of the United Nations (U.N.), United States Information Service (U.S.I.S.) or other bilateral and multilateral agencies.

The following participants shall undergo approximately two (2) months of training:  
(1) \_\_\_\_\_, (2) \_\_\_\_\_, (3) \_\_\_\_\_  
(4) \_\_\_\_\_, (5) \_\_\_\_\_, (6) \_\_\_\_\_

The training is designed to provide participants with a complete understanding of the problems of cereal and food grain handling from farm to final consumption. The training is directed primarily toward warehouse managers. Training will include:

1. Orientation with AID, WIC, and USDA
2. Visits to farms harvesting wheat and rice, elevators handling grain and various businesses in the grain trade.
3. Comprehensive instruction by Kansas State University on prevention of losses caused by insects rodents, weather, and other causes and basic fundamentals on drying, storage, fumigation, conditioning, transporting and marketing of grains.

Rwanda

696-0100

4. Drying, elevator and other physical machinery, including laboratory equipment
5. Grain inspection, standards, grades, and institutional services to facilitate handling and marketing.
6. Economic principles of marketing and organization and business practices of small and large firms in the grain business.
7. Oral and written report on Rwandan problems

The above mentioned participants will return to GREARWA's warehouse staff.

In accordance with Republic of Rwanda, regulations, the participants will be required for at least two and one-half years to serve with GREARWA on completion of their training.

RWANDA

696-0100  
Food Storage And Marketing

|   |          |   |   |
|---|----------|---|---|
|   | 1        | x |   |
| x | 6 Months | x | 2 |

24,500

Funds Obligated Under ProAg No:  
Date of Obligation  
Estimated Final Contribution Date

Upon approval of project AID/W approved in substance waiver of Government of Rwanda contribution for international travel, i.e., Kigali, Nairobi, Washington D.C. and return.



STORAGE REQUIREMENTS

There are three major factors which combine to determine the amount of storage required to influence and reduce price fluctuations for specific crops: total production, the percentage of production normally marketed and the percentage of marketed production which the marketing organization would have to control to influence prices.

The following tables present an analysis of these three factors. Tables 1 and 2 provide the historical production pattern (72-75) for haricot beans and a 1973/1975 production breakdown by prefectures. The 1973/1975 figures were also used in subsequent calculations. Table 3 sets forth, by prefectures, the Ministry of Agriculture 1973/1975 estimates of marketed production of haricot beans. The table shows the wide variations between prefectures in the percentage of haricot beans marketed in 1973 and 1975. To simplify and facilitate an analysis of the proposed market intervention, it was estimated that the marketing organization would need to handle about 15% of the quantities entering the market in each prefecture. This percentage was applied to the 1973/1975 estimates on marketed production in Table 4.

The final table compares estimated storage requirements in 1973, 1977 and 1979. It appears the amount of storage already constructed is insufficient. While needs appeared to be approximately 2,000 metric tons in 1973 and an estimated 5,000 in 1977 by the end of project (1979), the storage requirement is clearly over 8,000 metric tons.

With higher production and marketed production, the storage needs of the project have grown. The proposed expansion of warehouse capacity will increase the project's coverage and flexibility to meet actual demands. For these reasons, it is concluded that the warehouse facilities to be constructed are required.

I. Production of Haricot Beans

| <u>Crops</u> | <u>Years</u> |             |             | <u>Unit: Metric Ton</u> |
|--------------|--------------|-------------|-------------|-------------------------|
|              | <u>1972</u>  | <u>1973</u> | <u>1974</u> | <u>1975</u>             |
|              | 149,593      | 133,059     | 114,818     | 152,744                 |

II. Estimate Production of Haricot Beans by Prefecture

| <u>Prefecture</u> | <u>Haricot (73/75)</u> |               |
|-------------------|------------------------|---------------|
|                   | <u>1973</u>            | <u>1975</u>   |
| Butare            | 14,700                 | 16,954        |
| Byumba            | 16,418                 | 17,913        |
| Cyangugu          | 12,160                 | 15,500        |
| Gikongoro         | 8,897                  | 10,084        |
| Gisenyi           | 14,656                 | 10,604        |
| Gitarama          | 15,232                 | 14,218        |
| Kibungo           | 11,608                 | 14,814        |
| Kigali            | 13,945                 | 19,089        |
| Ruhengeri         | 15,023                 | 17,010        |
| Kibuye            | <u>9,820</u>           | <u>15,407</u> |
|                   | 133,059                | 152,744       |

SOURCE: Ministry of Agriculture Quarterly Bulletin of Statistics

III. Estimated Marketed Production (Metric Tons)

| <u>Prefecture</u> | <u>Haricots</u> |                |
|-------------------|-----------------|----------------|
|                   | <u>1973</u>     | <u>1975</u>    |
| Butare            | 2,500 (17.0%)   | 6,425 (36.0%)  |
| Byumba            | 2,500 (15.0%)   | 6,272 (36.0%)  |
| Cyangugu          | 2,543 (21.0%)   | 5,266 (38.0%)  |
| Gikongoro         | 1,246 (14.0%)   | 2,020 (20.0%)  |
| Gisenyi           | 2,052 (14.0%)   | 2,475 (18.0%)  |
| Gitarama          | 914 (6.0%)      | 5,319 (32.0%)  |
| Kibungo           | 1,625 (14.0%)   | 8,419 (56.0%)  |
| Kigali            | 2,628 (18.0%)   | 17,340 (90.0%) |
| Kibuye            | 1,375 (14.0%)   | 811 (7.0%)     |
| Ruhengeri         | 937 (6.0%)      | 4,180 (24.0%)  |

## IV.

| <u>Prefecture</u> | <u>Amount Marketed</u> |              | <u>Amount Required to Affect Prices</u> |               |
|-------------------|------------------------|--------------|-----------------------------------------|---------------|
|                   | <u>1973</u>            | <u>1975</u>  | <u>1973</u>                             | <u>1975</u>   |
| Butare            | 2,500                  | 6,425        | 375                                     | 963.75        |
| Byumba            | 2,500                  | 6,272        | 375                                     | 940.80        |
| Cyangugu          | 2,543                  | 5,266        | 381                                     | 789.90        |
| Gikongoro         | 1,246                  | 2,020        | 187.90                                  | 303.00        |
| Gisenyi           | 2,052                  | 2,475        | 308.80                                  | 371.25        |
| Gitarama          | 914                    | 5,319        | 137.10                                  | 797.85        |
| Kibungo           | 1,625                  | 8,419        | 244.75                                  | 1,262.85      |
| Kigali            | 2,628                  | 17,340       | 394.20                                  | 2,601.00      |
| Kibuye            | 1,375                  | 811          | 206.25                                  | 121.65        |
| Ruhengeri         | <u>937</u>             | <u>4,180</u> | <u>140.55</u>                           | <u>627.00</u> |
|                   | 18,360                 | 58,527       | 2,922.00                                | 8,779.05      |

SOURCE: Ministry of Agriculture Quarterly Bulletin of Statistics

ESTIMATED STORAGE REQUIREMENTS

(Unit: Metric Ton)

| <u>1973</u> | <u>1975</u> | <u>1977</u> |
|-------------|-------------|-------------|
| 2,000       | 9,500       | 11,900      |

A.I.D. proposes to finance the construction of three new and expansion of five existing warehouses and related facilities with an optimum 50-100 kilo sack storage capacity of about 10,000 metric tons or approximately 54% and 15% of the estimated 1973 and 1975 marketed production. If the bags are stacked higher and the aisles and open space reduced, up to 11,900 metric tons could be stored.

## Operating Margin and Working Capital Requirements

The nine proposed marketing centers are expected to purchase approximately 8,000 metric tons of haricot beans. The operational cost for handling 8,000 metric tons are as follows:

|                          | <u>CY 1978</u>   | <u>CY 1979</u>   |
|--------------------------|------------------|------------------|
| Central Office Salaries  | 1,620,000        | 2,330,000        |
| Warehouse Salaries       | 4,900,000        | 6,070,000        |
| Misc. Services Employees | 6,970,000        | 8,917,000        |
| Central Office Expenses  | 1,280,000        | 1,395,000        |
| Warehouse Expenses       | 400,000          | 365,000          |
| Storage Equipment        | 10,075,000       | 12,200,000       |
| Transport                | <u>5,120,000</u> | <u>6,630,000</u> |
| RFR.                     | 30,965,000       | 37,907,000       |

Assuming a throughput of 8,000 metric tons of haricots, with a storage center purchase price of 20 Rfr. per kilogram, it would require Rfr 3.87 per kilogram to cover expected costs in 1978 (a). In calendar year 1979, when the operational cost increase the cost per kilogram would increase to Rfr. 4.73 (b). However, to recover expenditures in prior years when relatively few sales were consumated, the costs per kilogram is 4.5 (c).

As the above shows, the expected costs per kilogram is very sensitive to changes in the operational costs. To prevent a wide margin requirement between buying and selling, it is important that the marketing centers strive to control operating costs while handling a 8,000 metric ton throughput.

$$(a) \frac{30,965,000}{8,000,000} = \underline{3.87}$$

$$(b) \frac{37,907,000}{8,000,000} = \underline{4.73}$$

$$(c) \frac{36,000,000}{8,000,000} = \underline{4.5}$$

To provide the necessary financial resources to purchase the grain supplies, the FSM Project needs access to financing sufficient to purchase and carry the indicated 8,000 metric tons. The following table indicates the sources of working capital for the project to ensure adequate funds are provided.

| WORKING CAPITAL REQUIREMENTS AND SOURCES FOR FSM PROJECT |                              |                        |                             |                   |                                |                                             |                                                   |
|----------------------------------------------------------|------------------------------|------------------------|-----------------------------|-------------------|--------------------------------|---------------------------------------------|---------------------------------------------------|
| (a)                                                      | (b)                          | (c)                    | (d)                         | (e)               | (f)                            | (g)                                         | (h)                                               |
| Number of Contribution                                   | Date Received or be Received | Source of Contribution | Amount of each Contribution | Running Sub-Total | Usable Storage Capacity (Tons) | Working Capital Needed @ 22RFW/Kg (24 £/Kg) | Short Fall in Working Capital (e-g) Loan from BNR |
| 1                                                        | Dec. 1975                    | USG                    | \$ 42,000                   | \$ 42,000         | 250                            | \$ 60,000                                   | \$ 18,000                                         |
| 2                                                        | Dec. 1975                    | GOR                    | 3,000                       | 45,000            | 250                            | 60,000                                      | 15,000                                            |
| 3                                                        | June 1976                    | USG                    | 257,295                     | 302,295           | 2,400                          | 576,000                                     | 273,705                                           |
| 4                                                        | Oct. 1976                    | GOR                    | 105,000                     | 407,295           | 4,250                          | 1,020,000                                   | 612,705                                           |
| 5                                                        | April 1977                   | Swiss I                | 109,361                     | 516,656           | 4,250                          | 1,020,000                                   | 503,344                                           |
| 6                                                        | April 1977                   | Swiss II               | 87,488                      | 604,144           | 4,750                          | 1,140,000                                   | 535,856                                           |
| 7*                                                       | July 1977                    | WFP I                  | 150,975                     | 755,119           | 4,750                          | 1,140,000                                   | 384,881                                           |
| 8*                                                       | Oct. 1977                    | Swiss III              | 65,616                      | 820,735           | 5,000                          | 1,200,000                                   | 379,265                                           |
| 9*                                                       | Dec. 1977                    | WFP II                 | 349,512                     | 1,170,247         | 5,000                          | 1,200,000                                   | 29,753                                            |
| 10*                                                      | Mar. 1978                    | WFP III                | 349,512                     | 1,519,759         | 8,250                          | 1,980,000                                   | 460,241                                           |
|                                                          | Dec. 1979                    | --                     | --                          | 1,519,759         | 10,000                         | 2,400,000                                   | 880,241                                           |
|                                                          | (Dec. 1979)                  | --                     | --                          | 1,519,759         | (12,000)                       | (2,880,000)                                 | (1,360,241)                                       |

\* Proposed or Projected Contributions

STATEMENT OF FINANCIAL POSITION, DECEMBER 31, 1970

(Balance sheet)

| ACTUAL AMOUNTS EXPRESSED IN RWANDAN FRANCS |                    | APPROXIMATE DOLLAR EQUIVALENTS<br>(1 US\$ = 91.44 RFW) |              |
|--------------------------------------------|--------------------|--------------------------------------------------------|--------------|
| <b>OPERATING CAPITAL</b>                   |                    |                                                        |              |
| Cash                                       | 10,899,377         | 119,203.60                                             | 14.8         |
| Loan to working Capital                    | 1,390,300          | 15,206.51                                              | 1.9          |
| <b>OPERATING CAPITAL</b>                   | <b>12,289,677</b>  | <b>134,410.10</b>                                      | <b>16.7</b>  |
| <b>FINANCIAL CAPITAL</b>                   | <b>(1,390,300)</b> | <b>(15,206.51)</b>                                     | <b>(1.9)</b> |
| Netty Cash                                 | 10,899,377         | 119,203.60                                             | 14.8         |
| <b>ASSETS</b>                              |                    |                                                        |              |
| Accounts Receivable                        | 3,269,605          | 35,760.00                                              | 4.5          |
| Accounts Payable                           | 6,405,993          | 70,054.89                                              | 8.8          |
| Inventory                                  | 11,050,326         | 120,850.44                                             | 15.4         |
| Prepaid                                    | 1,015,186          | 11,000.00                                              | 1.4          |
| <b>ASSETS</b>                              | <b>21,750,110</b>  | <b>237,665.33</b>                                      | <b>29.7</b>  |
| Less accumulated loss                      | 1,038,810          | 11,446.05                                              | 1.4          |
| <b>NET ASSETS</b>                          | <b>20,711,300</b>  | <b>226,219.28</b>                                      | <b>28.3</b>  |
| Inventory                                  | 6,590              | 72.00                                                  | 0.0          |
| Stocks                                     | 566,936            | 6,200.31                                               | 0.8          |
| Central Office Supply                      | 159,064            | 1,740.11                                               | 0.2          |
| Warehouse Office Equipment                 | 12,591             | 137.57                                                 | 0.0          |
| <b>NET ASSETS</b>                          | <b>21,462,510</b>  | <b>234,967.27</b>                                      | <b>29.1</b>  |
| <b>LIABILITIES AND EQUITY</b>              |                    |                                                        |              |
| Equity                                     | 5,040,068          | 55,150.57                                              | 7.0          |
| Accounts Receivable                        | 3,269,605          | 35,760.00                                              | 4.5          |
| Accounts Payable                           | 3,269,605          | 35,760.00                                              | 4.5          |
| Inventory                                  | 11,050,326         | 120,850.44                                             | 15.4         |
| Prepaid                                    | 6,405,993          | 70,054.89                                              | 8.8          |
| Other                                      | 4,000,000          | 43,750.00                                              | 5.5          |
| <b>LIABILITIES</b>                         | <b>21,025,592</b>  | <b>226,219.28</b>                                      | <b>28.3</b>  |
| Less accumulated Depreciation              | 684,082            | 7,400.00                                               | 0.9          |
| <b>NET ASSETS</b>                          | <b>20,341,510</b>  | <b>218,819.28</b>                                      | <b>27.4</b>  |
| Stores and equipment                       | 358,105            | 3,916.63                                               | 0.5          |
| Less accumulated Depreciation              | 20,720             | 226.60                                                 | 0.0          |
| <b>NET ASSETS</b>                          | <b>337,385</b>     | <b>3,690.03</b>                                        | <b>0.4</b>   |
| Central Office Equipment                   | 70,000             | 766.83                                                 | 0.1          |
| Warehouse Office Equipment                 | 12,591             | 137.57                                                 | 0.0          |
| Less accumulated Depreciation              | 90,000             | 977.17                                                 | 0.1          |
| <b>NET ASSETS</b>                          | <b>17,871</b>      | <b>191.23</b>                                          | <b>0.0</b>   |
| <b>OFFICE FURNITURE</b>                    | <b>512,500</b>     | <b>5,593.31</b>                                        | <b>0.6</b>   |
| <b>WAREHOUSE FURNITURE</b>                 | <b>145,000</b>     | <b>1,575.46</b>                                        | <b>0.2</b>   |
| <b>FURNITURE</b>                           | <b>657,500</b>     | <b>7,168.77</b>                                        | <b>0.8</b>   |
| Less accumulated Depreciation              | 46,000             | 500.00                                                 | 0.0          |
| <b>FURNITURE</b>                           | <b>611,500</b>     | <b>6,668.77</b>                                        | <b>0.7</b>   |
| Vehicles                                   | 1,045,000          | 11,430.00                                              | 1.5          |
| Less accumulated Depreciation              | 100,000            | 1,090.00                                               | 0.1          |
| <b>VEHICLES</b>                            | <b>945,000</b>     | <b>10,340.00</b>                                       | <b>1.3</b>   |
| <b>PLANT AND EQUIPMENT</b>                 | <b>1,045,000</b>   | <b>11,430.00</b>                                       | <b>1.5</b>   |
| <b>TOTAL ASSETS</b>                        | <b>21,750,110</b>  | <b>237,665.33</b>                                      | <b>29.7</b>  |

Annex M  
Page 2

GENERAL STATEMENT OF ASSETS AND LIABILITIES  
AS AT 31.12.76  
(Balance sheet)

| ASSETS                         |                    | LIABILITIES        |              |
|--------------------------------|--------------------|--------------------|--------------|
| Fixed Capital                  |                    |                    |              |
| American Contribution          | 17,000,000         |                    | 100.0        |
| Belgian Contribution           | 100,000,000        |                    | 13.5         |
| <b>TOTAL FIXED CAPITAL</b>     | <b>117,000,000</b> | <b>117,000,000</b> | <b>31.8</b>  |
| Operating Capital              |                    |                    |              |
| American Contribution          | 1,000,000          |                    | 0.6          |
| Belgian Contribution           | 1,000,000          |                    | 0.6          |
| <b>TOTAL OPERATING CAPITAL</b> | <b>2,000,000</b>   | <b>2,000,000</b>   | <b>0.6</b>   |
| Reserves                       |                    |                    |              |
| American Contribution          | 10,000,000         |                    | 31.9         |
| Belgian Contribution           | 10,000,000         |                    | 12.5         |
| <b>TOTAL RESERVES</b>          | <b>20,000,000</b>  | <b>20,000,000</b>  | <b>51.7</b>  |
| <b>EQUITY</b>                  | <b>137,000,000</b> | <b>137,000,000</b> | <b>100.0</b> |
| Retained earnings              | (7,000,000)        | (7,000,000)        | (5.1)        |
| <b>LIABILITIES</b>             | <b>70,000,000</b>  | <b>70,000,000</b>  | <b>50.6</b>  |

GENERAL STATEMENT OF ASSETS AND LIABILITIES  
AS AT 31.12.76

| ASSETS              | APPROXIMATE DOLLAR EQUIVALENTS | PCT 1        | PCT 2       |
|---------------------|--------------------------------|--------------|-------------|
| STOCKS              | 13,000,000                     | 36.5         | 18.3        |
| PLANT AND EQUIPMENT |                                |              |             |
| WAREHOUSES          |                                |              |             |
| Kilango             | 5,000,000                      | 38.5         | 7.5         |
| Mokore              | 5,000,000                      | 38.5         | 7.5         |
| Dyamba              | 6,000,000                      | 46.0         | 8.5         |
| Other               | 3,599,504.6                    | 27.5         | 1.1         |
| TOTAL WAREHOUSES    | <b>19,599,504.6</b>            | <b>150.5</b> | <b>23.1</b> |
| STORAGE EQUIPMENT   | 200,000                        | 1.5          | 0.4         |
| VEHICLES            | 1,000,000                      | 7.7          | 2.3         |
| PLANT AND EQUIPMENT | <b>21,799,504.6</b>            | <b>166.7</b> | <b>21.9</b> |
| <b>ASSETS</b>       | <b>34,799,504.6</b>            | <b>100.0</b> | <b>50.1</b> |

1. Calculated as of about 31.12.76. 2. Individual items as percentage of total American Contribution.  
 3. The double warehouse at Mokore was partially completed at year end. 4. Individual items as percentage of total  
 ASSETS/LIABILITIES. 5. For the contract AMR received 20% of the contract price in Belgian Francs.  
 6. Approximate Exchange Rates for 1976: 1 = 36.57 FF, 100 FF = 2.73 \$.

|                     | FF                  | \$                | PCT 1        | PCT 2       |
|---------------------|---------------------|-------------------|--------------|-------------|
| EQUITY              |                     |                   |              |             |
| WORKING CAPITAL     | 13,000,000          | 357,000.00        | 36.5         | 18.3        |
| PLANT AND EQUIPMENT | 21,799,504.6        | 596,600.50        | 64.5         | 21.9        |
| <b>LIABILITIES</b>  | <b>34,799,504.6</b> | <b>953,600.50</b> | <b>100.0</b> | <b>50.1</b> |

DESCRIPTION OF DATA COLLECTION SYSTEM

There are three information gathering systems from which the FSM Project receives baseline data for economic policy formulation and decision making. These systems provide data on price, quantity and quality of food crops marketed, food crop yields and small farmer social and economic behavioral changes. Although the small farmer behavioral data system has not been instituted, the food crop marketing and crop yields information gathering systems are operational.

The food crop marketing information gathering system is implemented by the Ministry of Agriculture and Planning (MinAg). Its extension agents observe and record the price, quantity and quality of food crops marketed at ten major rural markets each week. Their records are forwarded to and summarized by the MinAg's staff. The FSM Project's central office staff receives the MinAg summaries and utilize them in its implementation activities.

Test plots of haricot beans are established adjacent to five FSM warehouses. They are maintained by the warehouse staffs. Data from these plots are recorded and projections are made as to each region's probable food crop yields by the FSM Project's central office staff. This information is utilized by the project to estimate each warehouse's working capital requirements.

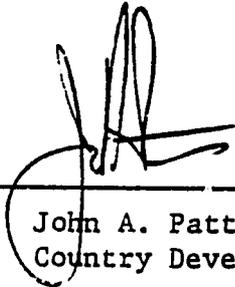
Agronomist from the MinAg will collect social and economic data from approximately eighty farm families. Initially, the data collected will indicate the following: Amount of land each family farms; location of land farmed; size and ages of farm family; tools owned and used; cash possessions; allocation of time and labor; eating habits and illnesses; allocation of cash and food crops. Periodically, the same farm families will be revisited and the data initially gathered will be updated. Quarterly summaries are anticipated which indicates social and economic behavioral changes as reflected in the differences from the initial and updated data.

RWANDA FOOD STORAGE AND MARKETING GRANT

Certification Pursuant to FAA Section 611(e)

I, John Patterson, the principal officer of the Agency for International Development in Rwanda, having taken into account, among other things, the effective manner in which the Government of Rwanda has supported the existing Food Storage and Marketing Project, and the assistance provided by other donors to the Project in the form of working capital, do hereby certify that in my judgement the Government of Rwanda has shown both the financial and human resources capability to effectively maintain and utilize the assistance provided under the Food Storage and Marketing Grant.

Signed \_\_\_\_\_

  
John A. Patterson  
Country Development Officer

Date \_\_\_\_\_

June 15, 1977

|                        |                         |                                     |                     |
|------------------------|-------------------------|-------------------------------------|---------------------|
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6C(1) - COUNTRY CHECKLIST

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

A. GENERAL CRITERIA FOR COUNTRY

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

The FSM Project seeks to stabilize food prices thereby creating incentives and increasing small farmer income. Rwanda has not engaged in a consistent pattern of violation of human rights.
2. FAA Sec. 481. Has it been determined that the government of recipient country has failed to take adequate steps to prevent narcotics drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents, or from entering the U.S. unlawfully?
 

No.
3. FAA Sec. 620(a). Does recipient country furnish assistance to Cuba or fail to take appropriate steps to prevent ships or aircraft under its flag from carrying cargoes to or from Cuba?
 

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

OR  
Rwanda is not a part of / controlled by the international Communist movement.
5. FAA Sec. 620(c). If assistance is to government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) debt is not denied or contested by such government?
 

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

No.

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

No

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

No

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

There have been no instances in which it has been necessary for the GOR to take action in this regard.

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

Not applicable.

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

Rwanda is a landlocked country. No U. fishing activities exist on Lake Kivu.

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

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

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

Not applicable.

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

For 1977 Ministry of Defence expenditures amounted to 19% of total GOR ordinary budget expenditures. This is about the same as 1976 and down from 21% in 1975. While high as a result of its volatile neighbors (esp. Burundi) expenditures have been and are projected to remain second to those for economic development. It is not possible to ascertain how much of FX resources are spent on military equipment since most equipment is granted by Belgium. There are no sophisticated weapons system.

- A
14. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have they been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption? Diplomatic relations have not been severed.
  15. FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the AID Administrator in determining the current AID Operational Year Budget? -Rwanda is not in arrears of its UN obligations within the requirements of the UN Charter.
  16. FAA Sec. 620A. Has the country granted sanctuary from prosecution to any individual or group which has committed an act of international terrorism? No
  17. FAA Sec. 666. Does the country object, on basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. there to carry out economic development program under FAA? No
  18. FAA Sec. 669. Has the country delivered or received nuclear reprocessing or enrichment equipment, materials or technology, without specified arrangements on safeguards, etc.? No
  19. FAA Sec. 901. Has the country denied its citizens the right or opportunity to emigrate? 19. No

B. FUNDING CRITERIA FOR COUNTRY

1. Development Assistance Country Criteria

a. FAA Sec. 102(c), (d). Have criteria been established, and taken into account, to assess commitment and progress of country in effectively involving the poor in development, on such indexes as: (1) small-farm labor intensive agriculture, (2) reduced infant mortality, (3) population growth, (4) equality of income distribution, and (5) unemployment.

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

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

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

1b.(1) From 1974-1976, the GOR undertook extensive preparatory work on a rural development plan (the cornerstone of the Five-Year Development Plan) which focuses on food crop intensification at the local farm level. This in turn is to be linked with soil conservation and supported by extension services and necessary infrastructure (rural roads, storage facilities, water, electricity). These improvements together with the development of simple health facilities, schools and training centers in rural areas are to rely as much as possible on local labor and other readily available local resources.

1b(2) Under present laws first sizeable US investment is now underway. In most recent 5 year plan GOR stated intent to revise investment code to make both foreign and domestic private investments even more attractive.

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

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

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

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

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

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

Yes

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

No

2. Security Supporting Assistance Country Criteria

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

Not applicable.

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

Not applicable.

c. 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?

Not applicable.

B1b.(3) Continuing feature of GOR's development strategy is local universal voluntary labor and devolution of responsibility and authority to local level administrative units.

B1b.(4) Under the circumstances of Rwanda's poverty and political situation vis-a-vis its neighbors especially Burundi and Uganda, the GOR is allocating reasonable resources to development.

(5) The GOR has indicated in its Five Year Development Plan that significant reforms are in the offing. A good deal of authority has already been delegated to local administrative units including the right to tax. An educational reform has just been announced which reorients all curricula to rural life and agriculture production. In addition, there are plans to revise the investment law to make domestic and foreign private investments more attractive.

(6) See B.1b(1) above.

6C(2) - PROJECT CHECKLIST

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

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

GENERAL CRITERIA FOR PROJECT.

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

(a) Describe how Committees on Appropriations of Senate and House have been or will be notified concerning the project; in FY 78 CP  
 (b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that figure plus 10%)? Yes.
2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$100,000, will there be (a) engineering, financial, and other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance? Yes.
3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance? Not applicable
4. FAA Sec. 611(b); App. Sec. 101. If for water or water-related land resource construction, has project met the standards and criteria as per Memorandum of the President dated Sept. 5, 1973 (replaces Memorandum of May 15, 1962; see Fed. Register, Vol 38, No. 174, Part III, Sept. 10, 1973)? Not applicable
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified the country's capability effectively to maintain and utilize the project? N/A

A.

6. FAA Sec. 209, 619. Is project susceptible of execution as part of regional or multi-lateral project? If so why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. If assistance is for newly independent country, is it furnished through multi-lateral organizations or plans to the maximum extent appropriate? No.
7. FAA Sec. 601(a); (and Sec. 201(f) for development loans). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.
- 7.(a) The project deals with subsistence crops and deals therefore only with internal markets.
- (b) The project will provide an incentive to private traders to be more competitive and discourage local monopolistic practices.
- (c) Stabilization of prices and greater income should enhance the creation of cooperatives and local credit facilities.
- (d) See b. above.
- (e) Price stabilization and increased small farmer income will lead to greater agriculture efficiency.
- (f) N/A.
8. FAA Sec. 501(b). Information and conclusion on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).
8. Internal focus of project and concern for local food production will not encourage U.S. private trade and investment.
9. FAA Sec. 612(b); Sec. 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized to meet the cost of contractual and other services.
- U.S.-owned local currencies are not available. The GOR has met its obligations through normal budgetary procedures.
10. FAA Sec. 612(d). Does the U.S. own excess Foreign currency and, if so, what arrangements have been made for its release? No.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FAA Sec. 102(c); Sec. 111; Sec. 281a. Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production, spreading investment out from cities to small towns and rural areas; and (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions?

By stabilizing prices and increasing incomes of small farmers, the latter will benefit. At the same time this should encourage the formation of small farmer groupings (cooperatives) and local credit institutions.

BI

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

(1) [103] for agriculture, rural development or nutrition; if so, extent to which activity is specifically designed to increase productivity and income of rural poor; [103A] if for agricultural research, is full account taken of needs of small farmers; (see B.1.a. above)

(2) [104] for population planning or health; if so, extent to which activity extends low-cost, integrated delivery systems to provide health and family planning services, especially to rural areas and poor; Not applicable.

(3) [105] for education, public administration, or human resources development; if so, extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, or strengthens management capability of institutions enabling the poor to participate in development; Not applicable.

(4) [106] for technical assistance, energy, research, reconstruction, and selected development problems; if so, extent activity is: Not applicable.

(a) technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

(b) to help alleviate energy problem;

(c) research into, and evaluation of, economic development processes and techniques;

(d) reconstruction after natural or manmade disaster;

(e) for special development problem, and to enable proper utilization of earlier U.S. infrastructure, etc., assistance;

(f) for programs of urban development, especially small labor-intensive enterprises, marketing systems, and financial or other institutions to help urban poor participate in economic and social development.

(5) [107] by grants for coordinated private effort to develop and disseminate intermediate technologies appropriate for developing countries

c. FAA Sec. 110(a); Sec. 208(e). Is the recipient country willing to contribute funds to the project, and in what manner has or will it provide assurances that it will provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or has the latter cost-sharing requirement been waived for a "relatively least-developed" country)?

N/A. This is a multi-donor project.

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

No.

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

The Project will

- (1) encourage the development of local level institutions (e.g. coops and credit facilities)
- (2) lead to increased food production.
- (3) N/A.
- (4) With increased food, nutritional level: could rise.
- (5) See b. above.
- (6) women play a key role in the agriculture sector

This project will impact on them directly in terms of agriculture production increases but any other impact on integration of women will be slight.

f. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

To the extent this project deals with agriculture, it recognizes the most important sector of the country. This is also true to the extent that the development of local institutions such as cooperatives and local credit facilities are encouraged.

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

The project is consistent with Rwanda's Five Year Development Plan and A.I.D.'s New Directions. The project will lead to increased food production through price stabilization and incentives to small farmer production. The project will have a long-term effect and provide lasting benefits. All of this as well as economic and technical analyses are contained in the Project Paper.

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

Not applicable.

2. Development Assistance Project Criteria (Loans only)

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

Not applicable

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

Not applicable

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

Not applicable

d. FAA Sec. 201(f). Does project paper describe how project will promote the country's economic development taking into account the country's human and material resources requirements and relationship between ultimate objectives of the project and overall economic development?

Not applicable

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

Not applicable

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

Not applicable

3. Project Criteria Solely for Security Supporting Assistance

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

Not applicable

4. Additional Criteria for Alliance for Progress

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

Not applicable

a. FAA Sec. 251(b)(1), -(8). Does assistance take into account principles of the Act of Bogota and the Charter of Punta del Este; and to what extent will the activity contribute to the economic or political integration of Latin America?

Not applicable

b. FAA Sec. 251(b)(8); 251(h). For loans, has there been taken into account the effort made by recipient nation to repatriate capital invested in other countries by their own citizens? Is loan consistent with the findings and recommendations of the Inter-American Committee for the Alliance for Progress (now "CEPCIES," the Permanent Executive Committee of the OAS) in its annual review of national development activities?

Not applicable

|                        |                         |                                     |                     |
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6C(3) - STANDARD ITEM CHECKLIST

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

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

Procurement

- |                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| 1. <u>FAA Sec. 602.</u> Are there arrangements to permit U.S. small business to participate equitably in the furnishing of goods and services financed?                                                                                                                                                                                                         | A.I.D.'s standard procedures will be applied.                                                                                   |
| 2. <u>FAA Sec. 504(a).</u> Will all commodity procurement financed be from the U.S. except as otherwise determined by the President or under delegation from him?                                                                                                                                                                                               | Procurement will be primarily from Rwanda with vehicles procured in Rwanda but of Code 935 origin. Waivers have been requested. |
| 3. <u>FAA Sec. 604(d).</u> If the cooperating country discriminates against U.S. marine insurance companies, will agreement require that marine insurance be placed in the U.S. on commodities financed?                                                                                                                                                        | Not applicable.                                                                                                                 |
| 4. <u>FAA Sec. 604(e).</u> If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity?                                                                                                                                           | Not applicable.                                                                                                                 |
| 5. <u>FAA Sec. 608(a).</u> Will U.S. Government excess personal property be utilized wherever practicable in lieu of the procurement of new items?                                                                                                                                                                                                              | Not applicable.                                                                                                                 |
| 6. <u>MMA Sec. 901(b).</u> (a) Compliance with requirement that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S.-flag commercial vessels to the extent that such vessels are available at fair and reasonable rates. | Will be complied with where applicable.                                                                                         |
| 7. <u>FAA Sec. 621.</u> If technical assistance is financed, will such assistance be furnished to the fullest extent practicable as goods and professional and other services from private enterprise on a contract basis? If the facilities of other Federal agencies will be utilized,                                                                        | Yes. It is uncertain whether facilities of other federal agencies will be used.                                                 |

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

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

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

B. Construction

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

Given the nature and size of the project A&E services will be provided by the GOR or locally

2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

Yes.

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

Not applicable

C. Other Restrictions

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

Not applicable.

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

Audit rights are contained in standard Project Agreement Provisions.

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

Yes.

4. FAA Sec. 536(i). Is financing not permitted to be used, without waiver, for purchase, long-term lease, or exchange of motor vehicle manufactured outside the U.S. or guaranty of such transaction?

Waiver has been requested.

## 5. Will arrangements preclude use of financing:

- a. FAA Sec. 114. to pay for performance of abortions or to motivate or coerce persons to practice abortions? No.
- b. FAA Sec. 620(q). to compensate owners for expropriated nationalized property? No
- c. FAA Sec. 660. to finance police training or other law enforcement assistance, except for narcotics programs? No
- d. FAA Sec. 662. for CIA activities? No
- e. App. Sec. 103. to pay pensions, etc., for military personnel? No
- f. App. Sec. 106. to pay U.N. assessments? No
- g. App. Sec. 107. to carry out provisions of FAA Sections 209(d) and 251(h)? (transfer to multilateral organization for lending). No
- h. App. Sec. 501. to be used for publicity or propaganda purposes within U.S. not authorized by Congress? No



Revision # 1

REVISED PROJECT PAPER

RWANDA FOOD STORAGE AND MARKETING

696-11-234-100

January 9, 1976

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|                                                                                                                 |                                           |                                                                                                                                                                                              |                                   |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| AGENCY FOR INTERNATIONAL DEVELOPMENT<br><b>PROJECT PAPER FACESHEET</b><br>TO BE COMPLETED BY ORIGINATING OFFICE |                                           | 1. TRANSACTION CODE<br>("X" appropriate box)<br><input type="checkbox"/> Original <input type="checkbox"/> Change<br><input checked="" type="checkbox"/> Add <input type="checkbox"/> Delete | pp<br><hr/> DOCUMENT<br>CODE<br>3 |
| 2. COUNTRY/ENTITY<br>RWANDA                                                                                     |                                           | 3. DOCUMENT REVISION NUMBER<br>1                                                                                                                                                             |                                   |
| 4. PROJECT NUMBER<br>696-11-234-100                                                                             | 5. BUREAU<br>a. Symbol: ANR<br>b. Code: 1 | 6. ESTIMATED FY OF PROJECT COMPLETION<br>FY 7/7                                                                                                                                              |                                   |
| 7. PROJECT TITLE - SHORT (stay within brackets)<br><input type="checkbox"/> FOOD STORAGE AND MARKETING          |                                           | 8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION<br>mo. yr.<br>a. INITIAL 7/5      b. FINAL FY 7/7                                                                                                |                                   |

9. ESTIMATED TOTAL COST (\$250 or equivalent, \$1 = )

| a. FUNDING SOURCE      | FIRST YEAR FY 7/7 |            |            | ALL YEARS  |              |              |
|------------------------|-------------------|------------|------------|------------|--------------|--------------|
|                        | b. FX             | c. L/C     | d. Total   | e. FX      | f. L/C       | g. Total     |
| AID APPROPRIATED TOTAL | 90                | 526        | 616        | 269        | 883          | 1,152        |
| (Grants)               | ( 90 )            | ( 526 )    | ( 616 )    | ( )        | ( )          | ( )          |
| (Loan)                 | ( )               | ( )        | ( )        | ( )        | ( )          | ( )          |
| Other                  |                   |            |            |            |              |              |
| U.S.                   |                   |            |            |            |              |              |
| HOST GOVERNMENT        |                   | 100        | 100        |            | 513          | 513          |
| OTHER DONOR(S)         |                   |            |            |            |              |              |
| <b>TOTALS</b>          | <b>90</b>         | <b>626</b> | <b>716</b> | <b>269</b> | <b>1,397</b> | <b>1,663</b> |

10. ESTIMATED COSTS/AID APPROPRIATED FUNDS (\$000)

| a. Appropriation (Alpha Code) | b. Primary Purpose Code | c. Primary Tech. Code | FY 7/7   |         | FY 7/7   |         | FY 7/7   |         | ALL YEARS |         |
|-------------------------------|-------------------------|-----------------------|----------|---------|----------|---------|----------|---------|-----------|---------|
|                               |                         |                       | d. Grant | e. Loan | f. Grant | g. Loan | h. Grant | i. Loan | j. Grant  | k. Loan |
| FN                            | 120                     | 333                   | 616      |         | 293      |         |          | 243     |           | 1,152   |
| TOTALS                        |                         |                       |          |         |          |         |          | 243     |           |         |

11. ESTIMATED EXPENDITURES      616      293      243

12. PROJECT PURPOSE(S) (stay within brackets)       Check if different from PID/PHP

TO PROVIDE THE TECHNICAL GUIDANCE AND THE STORAGE FACILITIES NECESSARY TO ENABLE THE RWANDAN GOVERNMENT TO DEVELOP A PRICE STABILIZATION POLICY WHICH WILL HELP DAMPEN WIDE FLUCTUATIONS IN FOOD PRICES IN THE COUNTRY'S FOOD MARKETS.

13. WERE CHANGES MADE IN BLOCKS 12, 13, 14, or 15 OF THE PID FACESHEET? IF YES, ATTACH CHANGED PID FACESHEET.

Yes       No

|                                  |                                |                                                                          |
|----------------------------------|--------------------------------|--------------------------------------------------------------------------|
| 14. ORIGINATING OFFICE CLEARANCE |                                | 15. Date Received in AID/W, or For AID/W Documents, Date of Distribution |
| Signature                        |                                |                                                                          |
| Title                            | Date Signed<br>mo. day yr.<br> |                                                                          |

Revised Project Paper  
Rwanda Food Storage and Marketing Project

I. Summary and Recommendations

A. Recommendations

1. It is recommended that there be authorized for fiscal year 1976 (including the interim quarter) a total of \$536,295 in additional grant funds for the project. Inclusive of funding authorized under the original Project Paper, the total amount authorized for the project would be raised to \$1,152,295.\*

2. It is recommended that approval be given to an extension of the following waivers authorized by the original Project Paper:

a. Waiver of Regulation 7 on the use of third-country nationals for technical and supervisory aspects of the construction;

b. An increase in the per transaction limitation of off-shelf items to \$3,000;

c. A waiver to allow the use of standard Government of Rwanda contracting rules, procedures and forms including, without limitation, Rwanda requirements applicable to bids, awards, and performance security.

B. Summary Project Description

The Food Storage and Marketing Project (FSM) is a cooperative, grant funded, project between the U.S. and the Government of Rwanda whose goals are:

1. to increase the availability of agricultural food products at a rate faster than the rapid growth of population; and

2. to develop an economically efficient price stabilization system for certain subsistence food crops.

To achieve these goals A.I.D. has supplied the following inputs:

a) services of a project manager; b) financing for construction of three warehouses and is prepared to finance, out of existing funds, the construction of two double warehouse units; c) financing of short-term training of Rwandan nationals in the field of grain storage and marketing practices; d) procurement of certain necessary commodities for the project and its staff, and e) a portion of the working capital for the stabilization program. This PP revision requests a further authorization of funds for the second year of this three year project. In general, it is

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\* The original PP had approved \$716,000 for the project. Subsequently, a total of \$616,000 was authorized for the first year of the project, FY 1975. It has been assumed throughout that the difference of \$100,000 will be made available for future funding of the project. Thus, the request to authorize an additional \$536,295 for the project includes the \$100,000 difference which had already been approved.

proposed that these funds be used to continue required technical assistance, to complete construction of a total of six grain storage units, to complete the participant training element of the project, and to meet the increased need for working capital. On its part, the Government of Rwanda will continue to provide the logistical support, local staff, and engineering services required by the project, as well as a substantial portion of the working capital and all of the operating capital requirements of the project.

Combined, these inputs will allow the project staff manager (and, ultimately Rwandan personnel trained under the project) to implement a price stabilization and food marketing program which will be able to purchase certain key subsistence crops at harvest time, store these crops in FSM warehouses, and sell the crops during periods of food shortage. The effect will be to thus realize the goal of reduced price fluctuations of food stuffs which have been in the past caused by certain temporal and spacial irregularities in the marketing of these commodities.

## II. Background of the Project

### A. A.I.D. Contribution

The FSM Project Agreement was signed by the GOR and the U.S. Embassy Kigali on December 20, 1974, which obligated the U.S. to spend \$716,000 and the GOR to contribute \$284,000 in local currency for the life of the project. A subsequent ProAg, dated February 28, 1975, revised these figures to \$616,000 and \$94,702, respectively.

The first input to the project was to start construction of the food storage warehouses. Therefore, on March 15, 1975, an invitation for bids was issued for the first phase of construction: three 250 metric ton storage capacity warehouses and related facilities; one each to be located in Byumba, Kibungo and Kigali (Kicukuro) Prefectures. As a result of the IFB, a local Rwandan contractor was employed to do the work at the Kigali and Byumba sites, while the contract for the third site was negotiated with a non-profit local Belgian development firm. Work on the warehouses at these sites is nearing completion. To proceed with the construction program, using present available project funds, negotiations have commenced (January, 1975) with the local Belgian development firm for the construction of the two double warehouses to be located at Butare and Gisenyi. Following approval by AID/W of the revised Project funding, an IFB will be issued for the remaining site. This will then complete the contract phase for construction of the six food storage warehouse sites in the project.

Within six months of the date of the revised ProAg six Rwandan nationals selected to be warehouse managers had received training in grain storage and marketing at Kansas State University. Unfortunately, due to budgetary problems suffered by the Government of Rwanda, as explained in the following section, these participant trainees were not able to be put to work immediately upon their return to Rwanda. However, once these budgetary problems were remedied by December of 1975, these personnel were able to

begin on-the-job training under the supervision of the project manager (and his counterpart) as was contemplated in the original PP.

Additionally, since April 1975, a PASA-funded project manager has been working in Rwanda, with a local counterpart manager, to generally oversee procurement, organizational and policy questions. To this end, the manager has been in constant touch with the Government of Rwanda National Council for Economic Policy (CNPE) to make recommendations concerning the Council's crop pricing policies.

#### B. GOR Role

As originally proposed in the PP, overall policy guidance for the program was to be provided by a Ministerial level Council for the Promotion of Food Crop Marketing. The revised ProAg recognized, in its stead, that necessary policy guidance would be provided by the CNPE. In the interim period between project authorization and signing of the revised ProAg the GOR initiated a policy establishing a minimum farm gate price of 20 RWF and a maximum retail price of 27 RWF for haricot beans, a major subsistence food crop. The GOR was responding to marked increases in the price of haricot beans due to crop failure resulting from excessive rains and the inflationary rise in the prices of farm inputs. (These prices reflect a 16 RWF valuation of farm labor, opportunity cost of 4 RWF, and a retail marketing margin of 7 RWF.)

At the very outset of the project an issue developed concerning the timing of the GOR contribution to the Project, especially in the provision of operating capital. The GOR computes its fiscal year on a calendar year basis. As a result, the Project was begun without a budgetary appropriation of funds by the GOR. It was not until October, 1975 that a supplementary budget request was approved and necessary operating funds were provided. This had one serious result already alluded to -- the six storage managers trained in the U.S. returned to Rwanda to find that they could not be paid. They were, thus, forced to return to their villages to await word on funding, and valuable training time was lost. This will not be a problem for the next fiscal year. Discussions have begun between the U.S. Embassy and the Government of Rwanda to assure that sufficient funds are budgeted and reserved to enable the GOR to promptly meet their project commitments. (The inability of the GOR to provide adequate funds until October 1975, also caused nagging problems in construction financing and logistics support for the project manager.) The GOR has, however, made available to the Project all necessary lands and engineering services.

The GOR has made one additional administrative change which effects the project. The initial PP contemplated that, within the guidelines established by the ministerial level council, operational responsibility would be the function of a National Food Crop Marketing Office -- an administrative adjunct of the Rwandan Development Bank (RDB). Several months into the Project, the GOR passed Public Law 24/75 placing responsibility for all

activities related to credit, transportation, marketing and the import/export of food crops within the purview of the National Office for the Development and Marketing of Staple Crops and Animal Products (OPROVIA). Since it was apparent that OPROVIA was succeeding to many of the functions which had been the responsibility of the RDB, it was necessary to inquire of the GOR as to the scope of authority of OPROVIA. The U.S. Embassy in Kigali raised certain questions in a diplomatic note to the Ministry of Foreign Affairs and Cooperation. The text (translated) of the GOR reply is attached as Annex A. Especially note the response to question 1 in which the GOR states that "OPROVIA will assume all obligations previously undertaken by the Rwandan Development Bank." Further, that "All obligations regarding staff, administration, ect. (sic), will be assumed by OPROVIA." The response is considered satisfactory evidence that having operational responsibility lie within OPROVIA will effect no adverse changes in the management of the project and in GOR support.

### III. Continued Relevance of Project and Project Strategy

Conditions and problems existing when the FSM project was developed and to which the project was addressed remain largely unchanged: population density is extremely high and population is growing rapidly; food production is increasing at a slightly faster average annual rate than population but not rapidly enough to have a significant effect on inadequate nutrition levels; farm incomes are very low; and agriculture still is the source of livelihood for roughly 90 percent of the population, and the country remains balanced close to famine's edge. The project was designed to affect these problems by dampening the wide fluctuations in food prices which normally occurred throughout the year and between regions. The analysis indicated that through an effective price stabilization system, production would probably be stimulated, nutrition levels improved and farm incomes raised. But it was also recognized that in Rwanda the thin infrastructure base, the limited experience with such activities and the uncertainties surrounding marketing system and farmer reaction to a stabilization program made this a high risk assistance effort.

The purpose of the project was to provide the technical guidance and storage facilities necessary in developing an effective price stabilization system. This was judged to be an appropriate purpose, attainable in a short span of time with a modest input and focusing on the key bottlenecks to an effective system of warehouse space and planning/organizational and management capabilities.

While a few month's experience has shown that implementation difficulties are greater than were anticipated, there has been no reason to change the goals or purpose of the project.\* It still appears if the infrastructure is provided that a price stabilization program can be mounted which will have development impact.

\* However, see Annex B for refinements that have been made in the logical framework for the project.

The strategy of the project as originally designed was to use physical facilities constructed and a market intervention system developed under the project in an organized food grain, buying and selling effort. At harvest the stabilization program would buy to keep the producers price up and later would sell to keep the retail price down, with commodities shifted between regions as necessary.

In our judgment this overall strategy remains sound. The only modifications, proposed now in light of additional experience, are, (1) an initial concentration on the basic food grain, haricot beans, with sorghum being handled only to balance warehouse operations and peas being largely excluded rather than equal attention being given to beans, sorghum and peas as originally proposed, (2) a slower turnover of stocks meaning greater quantities on hand in stabilization warehouses during parts of the year and (3) perhaps smaller quantities of food grains handled (only experience will determine the amount which can actually be handled). A lower quantity handled could impair the ability of the program to stabilize prices but, due to the uncertainties involved and the lack of experience, no definite judgment is possible. The quantities of haricot beans to be purchased nevertheless are equivalent to original projections and should be adequate to reduce fluctuations. The project will also be more self-sufficient and rely less on existing cooperatives to implement activities and place greater emphasis on quality and storage control. But as indicated these operational modifications do not change the overall strategy nor in our judgment do they change the if-then linkages between inputs-outputs-purpose-goal.

Nevertheless, while the objectives and strategy of the project remain valid, certain changes have occurred in the setting in which the project must operate. First, the government's decision to decree minimum farm gate and maximum retail prices for major food crops could theoretically obviate the need for a project to stabilize prices. The decree, itself, could stabilize prices and reduce farm and retail price fluctuations. But for the established prices to be observed by the market there needs to be a mechanism for enforcement. In fact, during the past year while the decree has been in effect there have still been large producer and retail price fluctuations and variations between regions indicating the mechanism does not now exist. The food storage program provides the means of enforcing minimum and maximum prices, and stabilizing them, through a systematic buying and selling effort. The effect of the increased prices on producers and consumers, which are higher than the range anticipated in the original project paper, is difficult to determine. Farm prices will be higher on the average and it would seem that retail prices would also be high. Higher farm prices would benefit producers while higher retail prices would have a negative effect on consumers. However, since most consumers are also producers the net effect is likely to be small. Eliminating the fluctuations, even at the higher price levels, could leave both producers and consumers better off, particularly in that it would allow better planning of expected income and expenditures.

Second, the establishment of the Office for the Development and Marketing of Staple Crops and Animal Products (OPROVIA) reflects greater government concern and planned involvement in food products marketing. Since the FSM operates with autonomy within OPROVIA there should be no particular operational difficulties resulting from the organization's creation. (More precise details on the FSM project's relationship with OPROVIA are provided in Annex II.) The organization does provide a logical home for the Food Storage and Marketing Project and helps ensure the after-project life of the Price Stabilization Program. Both were concerns in the original design effort. Also the organization has some resources, such as transport, which will be of use to the FSM effort. Finally, the system and procedures developed under the FSM project will probably serve as models for OPROVIA operations in other marketing areas.

## IX. Revised Project Costs

### A. Cost Estimates and Financial Plan

The total cost of the Project will increase from \$1,000,000\* to \$1,663,443, with AID's contribution increasing from the \$716,000 proposed in the original Project Paper to a revised figure of \$1,152,295. At this new level, AID will contribute 63 percent of local costs, 100 percent of foreign exchange costs and 69 percent of total costs.

The revised cost estimates for the life of the project and proposed financial plan are presented in the following tables:

\* original ProAg signed December, 1974. AID obligated \$716,000 and GOR \$284,000.

*OPROVIA created  
Food Marketing  
10/75 (Annex II)*

*Must more complete  
discussion on functions  
and institutional  
capability of OPROVIA*

Table I  
Revised Project Cost Estimates

|                      | <u>Foreign<br/>Exchange<br/>Costs</u> | <u>Local<br/>Costs</u> | <u>Total<br/>Costs</u> |
|----------------------|---------------------------------------|------------------------|------------------------|
| <u>AID</u>           |                                       |                        |                        |
| Personnel            |                                       |                        |                        |
| PASA                 | \$105,000                             |                        | \$105,000              |
| Direct AID           | 20,000                                |                        | 20,000                 |
| Contract             | 36,000                                |                        | 36,000                 |
| Commodities          |                                       |                        |                        |
| Vehicles             | 22,000                                |                        | 22,000                 |
| Miscellaneous        | 29,000                                |                        | 29,000                 |
| Participants         | 50,000                                |                        | 50,000                 |
| Construction         |                                       | 584,000                | 584,000                |
| Working Capital      |                                       | 299,295                | 299,295                |
| Contingency          | <u>7,000</u>                          | <u>          </u>      | <u>7,000</u>           |
|                      | \$269,000                             | \$883,295              | \$1,152,295            |
| <br><u>GOR</u>       |                                       |                        |                        |
| Personnel Support    |                                       |                        |                        |
| Housing              |                                       | \$16,500               | \$16,500               |
| Local Staff          |                                       | 50,833                 | 50,833                 |
| Operating Expenses   |                                       | 219,215                | 219,215                |
| Engineering Services |                                       | 64,500                 | 64,500                 |
| Land                 |                                       | 55,000                 | 55,000                 |
| Working Capital      |                                       | <u>105,100</u>         | <u>105,100</u>         |
|                      |                                       | \$511,148              | \$511,148              |
| Total AID and GOR    | <u>\$269,000</u>                      | <u>\$1,304,443</u>     | <u>\$1,663,443</u>     |

Table II  
Financial Plan

|                        | <u>FY 1975</u>    | <u>FY 1976</u>    | <u>Interim<br/>Quarter</u> | <u>Total</u>   |
|------------------------|-------------------|-------------------|----------------------------|----------------|
| Personnel              |                   |                   |                            |                |
| PASA                   | \$20,000          | \$46,000          | \$39,000                   | \$105,000      |
| Direct AID             |                   | 13,000            | 7,000                      | 20,000         |
| Technical Assistance   |                   | 24,000            | 12,000                     | 36,000         |
| Commodities            |                   |                   |                            |                |
| Vehicles               | 22,000            |                   |                            | 22,000         |
| Miscellaneous          | 15,000            | 14,000            |                            | 29,000         |
| Participants           | 26,000            | 24,000            |                            | 50,000         |
| Other Costs            |                   |                   |                            |                |
| Construction           | 484,000           | 100,000           |                            | 584,000        |
| Working Capital        | 42,000            | 72,000            | 185,295                    | 299,295        |
| Contingencies          | <u>7,000</u>      | <u>          </u> | <u>          </u>          | <u>7,000</u>   |
|                        | 616,000           | 293,000           | 243,295                    | 1,152,295      |
| GOR (Calendar Year)    | <u>CY 1975</u>    | <u>CY 1976</u>    | <u>CY 1977</u>             | <u>Total</u>   |
| Support U.S. Personnel |                   |                   |                            |                |
| Housing                | 5,500             | 5,500             | 5,500                      | 16,500         |
| Local Staff            | 7,900             | 30,600            | 12,333                     | 50,833         |
| Project Support        |                   |                   |                            |                |
| Operational            | 46,900            | 132,000           | 40,315                     | 219,215        |
| Engineering            | 21,500            | 43,000            |                            | 64,500         |
| Land                   | 18,335            | 36,665            |                            | 55,000         |
| Working Capital        | <u>          </u> | <u>105,100</u>    | <u>          </u>          | <u>105,100</u> |
|                        | 100,135           | 352,865           | 58,148                     | 511,148        |

## B. Basis for Additional Funding Requirements

Summary. The escalation in project costs is primarily the result of greater working needs and continuing increases in costs of construction and commodities. As can be seen from Table III below, 1975 increases in these two latter categories were financed by shifting funds from the original allocation for personnel and participants. Thus, a portion of the additional funds required for FY 76 and the Interim Quarter will be used to replenish these two categories.

It should be noted that in terms of total project costs, only \$436,000 of the \$536,000 shown in the preceding table as required for FY 76 and the Interim Quarter is in fact additional, the balance of \$100,000 having been originally approved for the project but not allotted for ProAg execution in February 1975.

Table III  
Summary of Cost Increases (000's)

|                 | <u>Feb. 1975</u><br><u>ProAg</u> | <u>Actual FY 75</u><br><u>Allocation</u> | <u>Change</u> | <u>Add'ly Required</u><br><u>for FY 76 &amp; IQ</u> |
|-----------------|----------------------------------|------------------------------------------|---------------|-----------------------------------------------------|
| Personnel       |                                  |                                          |               |                                                     |
| PASA            | \$25                             | \$20                                     | \$(5)         | \$85                                                |
| Direct AID      | -                                | -                                        | -             | 20                                                  |
| Tech Assistance | 50                               | -                                        | (50)          | 36                                                  |
| Commodities     | 27                               | 34                                       | 7             | 14*                                                 |
| Participants    | 50                               | 26                                       | (24)          | 24                                                  |
| Construction    | 415                              | 484                                      | 69            | 100                                                 |
| Working Capital | 42                               | 42                                       | -             | 257                                                 |
| Contingency     | <u>7</u>                         | <u>10</u>                                | 3             | -                                                   |
|                 | \$616                            | \$616                                    |               | \$536                                               |

### 1. Working Capital

The FSM project will need a substantial increase in working capital from \$52,000 in the original PP to \$404,395. The reasons for this increase are twofold 1) an increase in the estimated purchase price of haricot beans (the primary commodity to be handled) from 6 to 23 RWF/kg (\$.07 to \$.25/kg) and 2) a doubling of the estimated quantities of stored product which must be held from 800 tons to 1600 tons or from 40 percent to 80 percent of the optimal storage capacity of 2000 tons.

\* Balance of \$3,000 from contingency.

The original PP purchase price of 6 RWF for haricot beans was based on a six year average. Although each year major price fluctuations were experienced, the trend in prices was virtually horizontal. In mid-1974 after project design had been completed Rwanda experienced a dramatic jump in food prices due to a crop failure resulting from excessive rain and the effect of world-wide inflation. For example, before 1974 the 10 year average price of beans in Kigali was 13 RWF/kg with maximum of 23 RWF/kg. In November 1974 the price of beans had reached 60 RWF/kg. In response to this politically dangerous rise in basic food goods, the GOR in January 1975 decreed a minimum producer price of 20 RWF/kg for beans and a maximum of 27 RWF/kg to consumers. This price was based on the GOR's evaluation of a minimum return to farm labor -- the principal factor in cost of production of beans -- plus a small incentive to encourage increased production. Initial figures for the 1975 harvest indicate producer prices between 23 RWF/kg and 28 RWF/kg. Economists of the Ministry of Planning anticipate food prices will reach a new, higher plateau and stabilize there. At the producer level it is estimated that this will be between 20-25 RWF/kg. The 23 RWF/kg used to calculate new working capital requirements is an average of these estimates.

The second element in working capital calculations is the required maximum amount of goods to be held at any given time to achieve the price stabilization goods of the project. Working capital needs is the product of price times this quantity. It was estimated in the original PP that 2000 tons of goods (principally beans and to a lesser degree sorghum and peas) handled through the FSM project would have a substantial effect in reducing their price fluctuations. This estimate is still held as valid. However, the original PP estimated a more or less continual rotation of stock so that 2000 tons could flow through the project each year with as little as 500 tons being in stock at any given time. Subsequent data indicate this estimate is no longer valid. Small programs of buying and selling beans recently undertaken by OBM and TRAFIPRO (two major cooperative organizations in Rwanda) have indicated that farmers sell their product in the January through April period of the first harvest with few transactions taking place again until the farmers return to buy additional food goods after their own stocks are depleted in October through December. In addition an unpublished study by Mr. Gabriel, an agricultural economist at ISAR (National Agricultural Research Institute), indicates that the quantity of goods offered for sale at a local market near Butare shows a bimodal distribution with a substantial quantity on the market after the first harvest (January-April) and during the so-called "hungry season" (October-December) with a marked drop in goods offered for sale in the mid-year period of the second harvest. This information indicates a much slower turnover of stock than originally estimated. It is now anticipated that a minimum of 1600 tons of goods must be held to achieve a 2000 tons annual flow of goods.

1600 MT of goods  
 1600 MT of goods  
 1600 MT of goods

The quantity required by the project to be handled in any given year will vary according to the interaction of the price goals set by the project and the abundance of the harvest (i.e. supply). To provide flexibility to the project, an average level of goods has been estimated in calculating required working capital needs. In addition a line of short-term credit will be established from Rwandan banking sources to supplement the working capital of the project as the need arises.

## 2. Construction Costs

The cost estimates for construction were originally computed in May 1974. The original ProAg was signed in December 1974. In the intervening eight months (May-December) price escalated considerably in excess of the estimated 2.5 percent per month built into the original cost estimate. This occurred in materials, labor and other costs for the construction of the warehouses and managers' and workers' houses at each of the sites. The following price increases were reported subsequent to the initial estimates and the actual signing of the original ProAg:

| <u>Item</u>         | <u>Percentage Increase</u> |
|---------------------|----------------------------|
| POL, Transportation | 60                         |
| Cement              | 43                         |
| Reinforcing Bars    | 155                        |
| Sand                | 37                         |
| Stone               | 60                         |
| Nails, Hardware     | 200                        |
| Labor               | 44                         |
| Lumber              | 83                         |
| Paint               | 20                         |

These price increases were further compounded by an extreme shortage of construction materials in Rwanda. Consequently, when bids were actually opened in May 1975, bid prices averaged approximately 27 percent higher than the original estimates for the three sites at Kigali, Byumba and Kibungo. These contract prices have been utilized in calculating the anticipated cost of the remaining three sites at Gisenyi, Kivumu and Cyangugu. Calculations are as follows:

*as a basis for  
 items essential  
 to have  
 SDP  
 what is it  
 why not  
 100*

## a. Single warehouse unit - Cyangugu

|                                                |                  |
|------------------------------------------------|------------------|
| Average cost of three units under construction | RWF 6,382,713    |
| Plus 27% for price escalation & distance       | <u>1,723,332</u> |
|                                                | RWF 8,106,045    |

## b. Double warehouse units - Gisenyi and Kivuma

|                                                                        |                  |
|------------------------------------------------------------------------|------------------|
| Estimated cost as of May 1974                                          | RWF 8,100,000    |
| Plus 27% for price escalation to date of bid opening for first 3 units | <u>2,187,000</u> |
|                                                                        | 10,287,000       |
| Plus 26% for additional price escalation since May 1975                | <u>2,674,620</u> |
|                                                                        | RWF 12,961,620   |

Cost for 2 double units RWF 25,923,240

## c. Total cost for single and double warehouse units

|            |                   |
|------------|-------------------|
| Single     | RWF 8,106,045     |
| Double (2) | <u>25,923,240</u> |
|            | RWF 34,029,285    |

(conversion rate of RWF 91 = US\$ 1) US\$ 373,948

## d. Funds required for construction are as follows:

|                                                             |           |
|-------------------------------------------------------------|-----------|
| Total funds available per ProAg for construction of 6 units | \$484,000 |
| Contract amount for 3 sites under construction              | 210,419   |
| Balance available for remaining 3 sites                     | 273,581   |
| Estimated cost of 3 remaining sites                         | 373,948   |
| Estimated amount of additional funds required               | 100,364   |

### 3. Other Costs

#### a. Commodities

An additional \$14,000 has been added to the project to cover anticipated price increases in commodities and related shipping costs. These commodities are being purchased by AAPC under PIO/C 696-100-9-50003.

#### b. Technical Assistance

It is proposed that \$36,000 of the \$50,000 originally allocated for technical assistance be used to finance an 18-month personal services contract with an ex-Peace Corps volunteer who has been assigned to the project as a warehouse specialist. The project would have to pick up the cost of his services since he has now served the maximum five years allowed by the Peace Corps. Note that this does not represent a cost increase for the project but rather an internal replenishment of funds which in FY 75 were shifted to cover increased construction and commodity costs.

### V. Evaluation Plans

It is anticipated that the project will be evaluated periodically during its implementation period. These evaluations will draw upon available baseline data and data collected periodically during the course of the project's implementation. This data will be collected from various sources noted below and compiled by the FSM Project's Rwandan statistician. This data will include the following:

A. Market prices for principle food crops and substitutes will be collected on a bi-weekly basis, by the storage manager, in each of the areas affected by the FSM project. In addition as a check, it is anticipated that collection and exchange of information with the Missions involved in the Catholic Relief Services (CRS) Silo Program and major cooperatives such as OBM and TRAFIPRO will be undertaken by the FSM project.

B. Food crop production estimates are being collected by agricultural agents in each commune for the Ministry of Agriculture.

C. An index of prices producers pay for production inputs is calculated by the Rwandan National Bank (RNB) and the Ministry of Plan (MOP).

D. Estimates of producers cost of production will come from development projects such as AIDR's work in Kibungo and from ISAR (agricultural research station).

E. Demand indicators such as population growth and income levels are being collected by the Ministry of Plan.

F. General wholesale price trend data is being collected by RNB and MOP.

G. Estimates of quantity of selected food goods marketed will be made by the storage managers in each area.

This data will be used to evaluate the project in terms of its efficiency, effectiveness and significance in contributing to the accomplishment of project objectives.

It is anticipated that the first evaluation will occur in June 1976 after the first buying season has ended and information from it has been collected. A second evaluation will occur in January/February 1977 and a final evaluation upon completion of the project in September 1977.

These evaluations should look at the project from various points of view, ideally to aid in the continual movement of the project towards successful accomplishment of its objectives. First, the project should be evaluated in terms of the three principal outputs planned: 1) construction of six warehouse complexes of 2000 tons total capacity; 2) establishment of an effective and efficient food storage and marketing system and 3) training of Rwandan personnel to continue operation of the FSM system.

Second, the evaluation should look at the achievement of the project in obtaining its principal purpose of reduction of price fluctuation for basic food crops (haricot beans, peas, and sorghum). This can be accomplished by evaluating baseline data collected by ISAR for 3 markets near Butare for the past four years with data from the same markets collected by FSM project during its operation (assuming price fluctuation in this area is typical for the country as a whole).

Third, the valuation should look at performance in achieving the goals and subgoals of the project. This includes 1) increased food production from a supply response due to higher and more stable farm gate prices, 2) reduced nutritional-related illness, 3) reduced storage loss, 4) improved food product quality, and 5) lower marketing margins.

Fourth, the evaluations should attempt to reach some conclusions as to whether the goals and purposes of the FSM project still respond to the changing needs of Rwanda.

## VI. Other Donors

Other donor governments have expressed interest in food storage and marketing in Rwanda. The most active have been the Swiss. They have had

discussions with the GOR on possible contributions to the FEM project. These activities have also been coordinated with the American Embassy. Depending on initial results of the FEM project, the Swiss anticipate contributing 1,000,000 Swiss francs (approximately \$385,000) for construction of additional warehouse space and additional working capital for the FEM project. They also hope to make a survey of existing storage capacity in Uganda to determine the extent of unused storage capacity and location of future storage needs before making additional commitments to the FEM project.

This PP is an amended paper to the original PP which may have many of the analyses required. However, this paper does not provide economic analysis to justify the project. There are no S + D projections to indicate production, domestic consumption, exports, marketable surplus, losses, carryover or buffer stock. Consumption patterns should be examined (per capita consumption, pop. growth rate, regional or sectoral differences, etc.) if quantities of buffer stock required are going to be determined on a basis that will have a significant impact on the market (obviously gov't set prices are currently ineffectual). The effect of gov't prices (U# - 20 KWT min. farm gate and 27 KWT max. retail) should be examined. Are these advisory retail prices to farmers? to consumers? What will be impact on production?

## ANNEX A

Embassy translation of questions and answers regarding the status of the Rwandan "National Office For The Development And Marketing Of Agricultural And Livestock Products" (OPROVIA)

Questions were submitted by the Embassy's Note No. 42 of August 4, 1975; responses were received by the Ministry of Foreign Affairs and Cooperation Note 4435/04.03.B9 (c)/ TRAIT of October 1, 1975.

### Question 1.

Does OPROVIA take on the obligations (office staff, hiring employees, accounts etc.) of the Rwandan Development Bank as noted in the Rwanda-United States Agreement of December 20, 1974?

### Response:

OPROVIA will assume all obligations previously undertaken by the Rwandan Development Bank.

The American-Rwandan Project will be a financially autonomous unity, i.e., will have a separate account at its disposal within OPROVIA.

OPROVIA will act as the intermediary between the Rwandan Government and the American-Rwandan Project. All obligations regarding staff, administration ect., will be assumed by OPROVIA.

### Question 2.

What is the relationship between the National Office of Food Marketing and Storage (NOFMS), the Director of OPROVIA and the Administrative Council. What is the authority and responsibility of NOFMS?

### Response:

The NOFMS will not be created; its role will be assumed by OPROVIA. The NOFMS Administrative Council will not be created; its role will be exercised by the National Council for Economic Policy (CNPE) and by the Administrative Council of OPROVIA.

The rights and obligations of OPROVIA - as representative of the Rwandan Government - are those of the Government, in accordance with the Agreement of December 20, 1974.

### Question 3.

Will the NOFMS be operated at a break even point i.e., be self-financing? Will the operating and working capital of the NOFMS be separate from OPROVIA/ How will separation of the accounts be maintained?

### Response:

Response:

The NOFMS is replaced by OPROVIA. During its three years of operation before being integrated into OPROVIA, the American-Rwandan project will operate without profit or loss in accordance with the terms of the Agreement. The funding of the Project will be managed through a separate account within OPROVIA however OPROVIA will also prepare a consolidated balance-sheet for the Project and OPROVIA.

Question 4.

What is the role of OPROVIA regarding marketing organizations i.e., merchants and cooperatives (CMB, TRAFIPRO, AIDR, etc.)?

Response:

All these existing marketing organizations will remain independent in accordance with the general policy of the country.

Question 5.

Does the OPROVIA mandate include a role in agricultural production and credit. How will this be separate from the marketing and storage role of NOFMS?

Response:

It is anticipated that the NOFMS will need short-term credit in order to supplement working capital to finance the purchase of food products. What will be the source of such credit.

Response:

The American-Rwandan Project, during the marketing campaign, will use its working capital and will, if necessary, have recourse to the credit sources: Savings-Bank, The Rwandan Development Bank, private banks.

LOGICAL FRAMEWORK

## PROJECT PURPOSE AND SECTOR GOALS REMAIN UNCHANGED

| OBJECTIVE VERIFIABLE INDICATORS<br>IN ORIGINAL PROJECT PAPER                                                                                                            | OBJECTIVE VERIFIABLE INDICATORS<br>RECOMMENDED REVISION                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>MEASURES OF GOAL ACHIEVEMENT</u>                                                                                                                                     | <u>MEASURES OF GOAL ACHIEVEMENT</u>                                                                                                                                                    |
| 1. Production of food crops rising over 3% per year                                                                                                                     | 1. Remain unchanged                                                                                                                                                                    |
| 2. Originally set forth as a measure of purpose achievement.                                                                                                            | 2. Reduce spatial and temporary price fluctuations for food products.                                                                                                                  |
| 3. Originally set forth as a measure of purpose achievement.                                                                                                            | 3. On average, higher farm gate and lower consumer prices for subsistence food products.                                                                                               |
| 4. Not mentioned in Original PP.                                                                                                                                        | 4. Operating capital requirements financed with margin between farm gate purchase and market center selling prices, [to cover operating capital requirements.]                         |
| 5. Reduction in marketing and storage losses from current levels.                                                                                                       | 5. Re-worded under conditions that purpose has been achieved                                                                                                                           |
| 6. Establishment, development of National Office of Food Crop Marketing (initially located in Rwandan Development Bank).                                                | 6. Establishment, development and operation of National Office of Food Crop Marketing in OPROVIA.                                                                                      |
| 7. Establishment, development and operation of Ministerial level council for the promotion of food crop marketing.                                                      | 7. Policy Guidance for the Food Storage and Marketing Project provided by the National Council for Economic Policy.                                                                    |
| 8. Active involvement in Food Crop Marketing and Storage by non-government organizations utilizing government owned warehouses and employing government provided funds. | 8. Active involvement in Food Crop marketing and storage by government and non-government organizations utilizing government owned warehouses and employing government provided funds. |

PURPOSE

Conditions That Will Indicate Purpose Has Been Achieved.  
End Of Project Status (EOPS)  
Original PP

Conditions That Will Indicate Purpose Has Been Achieved. End of Project Status (EOPS) Suggested Revisions

1. Reduced spatial and temporary price fluctuations for haricot beans, sorghum and peas.
2. On the average, higher farm gate and lower consumer prices for commodities in Program
3. Government fenced food crop intervention activities operated at approximately the break even level.
4. Not mentioned in original PP.
5. Removed from measures of Goal Achievement.
6. Not mentioned in Original PP.
7. Not mentioned in Original PP

1. Suggested revision under "Means of Goal Achievement."
2. Suggested revision under "Means of Goal Achievement."
3. Omitted entirely
4. At least 1500 metric tons of marketed subsistence food crops handles by FSM project utilizing 80% of warehouse capacity. 3000
5. Wastage in storage centers is 5% or less.
6. Systematic data collection by FSM Project Statistician
7. Trained Rwandan Staff capable of Operating storage centers and establishing a margin to cover operational costs.

Submitted Under Original PP

Recommended Changes

INPUTS:

INPUTS:

1. Personnel: (i) TDI services of 12 m/months for life of project.  
(ii) GOR contribution \$41,000 local staff.
2. Vehicle and Spare Parts at costs of \$12,000
3. Buildings to be constructed for \$415,000.
4. Working Capital Requirements \$53,000

1. Personnel: (i) Personal Service Contract for 18 man/months for warehouse specialist.  
(ii) GOR contribution for local staff increased to \$ 50,833
2. Vehicles and spare parts at the cost of \$22,000
3. Buildings: Increased costs to \$537,000.
4. Working Capital: Increased to \$404,235

- |                                                |                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5. Contingency \$7,000                         | 5. Contingency increased to \$10,000                                                                                                                                                                                                                                                                                                                                                             |
| 6. Wastage Control funds not provided.         | 6. Commodities increased to \$48,000.<br><i>What is this for? (R. Achit...)</i>                                                                                                                                                                                                                                                                                                                  |
| 7. Operating Costs (GOR Contribution) \$93,000 | 7. Operating Cost (GOR Contribution) increased to \$219,275. <ul style="list-style-type: none"> <li>a. Office Supplies &amp; Equipment</li> <li>b. Transportation for personnel &amp; Stock</li> <li>c. Installation cost of utilities for warehouses and recurrent cost for the same.</li> <li>d. Storage/safekeeping of stock</li> <li>e. Wastage of Stocks</li> <li>f. Contingency</li> </ul> |
| 8. Participant Training                        | 8. No change                                                                                                                                                                                                                                                                                                                                                                                     |
- This is not a GOR contribution*

| SUBMITTED UNDER ORIGINAL PP / | RECOMMENDED CHANGES |
|-------------------------------|---------------------|
|-------------------------------|---------------------|

OUTPUTS:

1. Warehouses
2. Trained staff: 2 project Manager Counterparts
3. Office in Rwandan Development Bank capable of administering Food Storage and Marketing Program.
4. Operating procedure and method of financial control.
5. System of warehouse management.

OUTPUTS:

1. Warehouses *No project mgr. (local)*
2. Trained staff: One counterpart to be trained as project statistician.
3. Office of OPROVIA capable of administering food storage & Marketing Program.
4. Operating procedure and method of financial control.
5. Storage and marketing centers organized and managed to handle subsistence food crops efficiently.

| Assumptions for achieving outputs Original PP. | Recommended Assumptions for Achieving Outputs |
|------------------------------------------------|-----------------------------------------------|
|------------------------------------------------|-----------------------------------------------|

1. GOR will make available suitable staff for project operation and training.
2. GOR will assign trained

1. Short term training is available in area of project concentration.
2. Omitted herein

3. Not mentioned in original PP.

3. Farm Gate purchase price for haricot beans does not exceed 23 KwF per kilogram

*Do you want to be yourself the on applied figure?*

Assumptions for achieving purpose

Recommended Changes

1. There will be no constraints to project operations due to unusual weather conditions.

1. Suggested revision under assumptions for achieving goal targets.

2. The GOR will continue to have an active interest in this program and any legal steps necessary to establish ministerial level committee.

2. Omitted entirely herein.

3. Not mentioned in original PP.

3. FSM Project can resell all subsistence food crops purchased at least once a year.

4. Not mentioned in original PP.

4. Wastage is due to inadequate or unscientific storage procedures.

5. FSM project would purchase from commercant

5. Farmers will sell to FSM intermediaries.

Assumptions for achieving goal

Recommended Changes

1. National political stability

1. Not mentioned herein

2. GOR financially supports agricultural sector

2. GOR provide contribution as mentioned in financial plan

3. Not mentioned in Original PP.

3. Volume of food crops marketed sufficient to enable FSM Center's purchases of desired amounts

4. There will be no constraints to production and marketing of food crops due to unusual weather conditions.