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REPORT

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SENEGAL

PL 480, Title III Program

Joint USG/ GOS Annual Evaluation

for

US Fiscal Year 1981

(October 1, 1980 - September 30, 1981)

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PL 480 TITLE III EVALUATION
EXECUTIVE SUMMARY

A joint GOS/US Evaluation of the Senegal PL-480 Title III Evaluation was conducted from 17 August to 28 August 1981. The team consisted of two representatives of the Direction of Evaluation in the Ministry of Plan, two representatives from USDA (Export Credit and OICD) and one from FFP, AID. The team concluded that certain aspects of the program were progressing well, particularly in view of the fact that the program represents an entirely new initiative in Food For Development programming.

<u>It is therefore recommended</u> that the third tranche of this program be authorized upon the successful completion of the preconditions listed in the Commodity Issues Summary below.

An aspect of the program which is quite sound is the current procedures for receiving and reviewing quarterly project reports as well as requests for upcoming quarterly fund releases for approval by the Management Committee. In addition, on balance, the five subprojects funded by the Title-III generated local currency are progressing as well as, and in some cases better than, most donor-funded development projects in Senegal.

The Team also found, however, that problems exist in overall program management and in commodity and commodity pricing issues. The major issues and recommendations from the joint evaluation effort follow below.

<u>POLICY ISSUES</u>

Four important policy issues are signaled in the GOS/US Title III Agreement as providing an important framework within which Title III activities can have their greatest impact: 1) the decentralization of the development process through strengthening the role of the Regional Development Agencies. (This policy has been amended somewhat since the Title III program was authorized, see text below); 2) strengthening the role of cooperatives in the development process; 3) a concerted effort to manage and conserve Senegal's natural resources; and 4) a review of Senegalese marketing and pricing policies to obtain optimal results in its agricultural diversification program. Each of these issues, except conservation of natural resources which, though not explicitly mentioned, is part of a GOS on-going policy, is directly related to and supportive of the current economic reform now underway in Senegal under the general title of " de Redressement" whicl currently receiving heavy direct support from the World Bank, the IMF and the French.

The most delicate issue in the Economic Recovery Program at the current time is the price at which imported rice and wheat are sold in Senegal. As a US decision to supply either of these commodities in a new Title III tranche would have a direct impact on this pricing issue,

1) <u>It is therefore recommended</u> by the Evaluation Team that the US and the GOS consult with the IMF, the World Bank, and the French both in Washington and in Senegal before authorizing a third tranche in order to ensure that such action is understood by all parties.

The two week period to evaluate the Title III program did not allow the Team to enter into an in-depth analysis of the status of the GOS implementation in the four policy areas of major importance referred to above. Preliminary observations on progress and problems in these policy areas can be found in the body of the report. For evaluation of specific sub-projects which directly support these policy initiatives, please refer to the Project Section of the report. Several USAID bi-lateral projects are directly supportive of these policies and as a result, USAID/Senegal is fully aware of the GOS commitment to and performance in these new areas. The specific relevant policy points to be made in discussions with the GOS before a new Title III tranche is negotiated will have to be based on USAID/ Senegal assessment of the current situation.

COMMODITY ISSUES

After two years of intensive effort to try to obtain broken rice in the US, it is now evident that the US through PL 480 Title III can only provide a quality of rice (US grade 5/20% broken) that is more expensive than the quality the GOS normally imports (100% broken) from Asia. Because of the deposit requirements of PL-480 Title III, and a subsidized fixed market price in Senegal, this higher price has created budgetary problems for the GOS. Therefore, the Evaluation Team has made the following recommendations:

2) <u>It is recommended that</u>, in addition to rice, other commodities such as wheat and corn should be considered in programming for the third tranche of present Title III sales agreement. This recommendation is made with the understanding that discussions among USAID/Senegal, the GOS, the French, and other countries involved, must be

undertaken and an agreement reached on the volume of wheat sales and the wheat UMR which will allow for a possible PL 480 Title III wheat program for Senegal.

Because of budgetary constraints, the GOS has not fully met the local currency deposits which are required under the first tranche of PL 480 Title III rice sales. Therefore,

3) It is recommended that, as a precondition for authorization of the third tranche, the GOS should meet the deposit requirement of first tranche. This is to include repayment of FCFA borrowed from the account to pay transport costs of the second tranche.

4) It is recommended that, before the GOS negotiate the third tranche it should inform USAID as to when and at what price the second tranche rice, in storage at the time of the Evaluation, will be sold, and how any shortfall in local currency will be covered.

PROGRAM MANAGEMENT ISSUES

The major element which is missing from the current system of Title III management is overall programming or budgetary control of the total local currency in the Special Account. Though the Management Committee, as described in the original Agreement and in the Project Section below, can be a useful forum for meetings of Project Managers to exchange information, it is recognized by USAID and the GOS alike that it is not and cannot be a decision-making body which exercises overall program control. It should be considered, rather, as a project committee, which holds information meetings at the technical level. However, this overall control remains necessary to ensure that the individual project managers do not make commitments for expenditures that exceed life-of-project levels. With the view of instituting this programming control, both the USAID and the GOS should take on greater management responsibilities as outlined directly below.

5) It is recommended that, USAID/Senegal should appoint a Title III Coordinator who is experienced in programming, budgeting, and project monitoring and who can make the majority of work time available for this Title III program.

As the local currency generated by Title III rice sales belongs to the GOS, the GOS should also take responsibility for programming and monitoring the uses of these funds. In view of this,

6) It is recommended that the GOS should designate a counterpart to the USAID Coordinator who can dedicate the necessary time required to effective programming and who has the authority to make decisions to ensure the effective execution of the program.

7) It is recommended that the GOS and USAID/Senegal should agree on a procedure to review potential project cost over-runs or shortfalls and reach decisions on adjustments in life of individual project funding to ensure that those activities, which by consensus have the highest priority, are funded with total Title III budget availabilities.

8) It is recommended that a procedure for amending life-of-project budgets for individual projects should be worked out between the GOS and USAID/Senegal, and should be included in the FY 1982 amendment to the original PL-480 Title III Agreement.

9) It is recommended that the USAID Coordinator work with the GOS counterpart to get the underutilized Secretariat to take on more of the project reporting, monitoring, and budgeting functions now being done by USAID; if this proves impossible, the GOS should seriously consider reducing the staff of the Secretariat.

10) It is further recommended that in order to facilitate programming, the total three year Title III account (US $21 million) should be estimated in CFA francs and then be divided up into individual project accounts according to original allocations in order that individual project managers can estimate life-of-project funding, and plan activities accordingly. A possible procedure is proposed in the main text of the report.

11) The USAID has taken commendable initiative in preparing a draft handboook on Title III implementation. It is recommended that this handbook be reviewed and cleared by USAID regional legal counsel, with the particular view to determining whether PL-480 Title III comes under the 1961 Accord between the USG and GOS.

12) The Evaluation Team finds the level of reporting requirements for Title III appropriate and not excessive. Therefore no recommendations for changes in reporting have been made by the Team.

13) It is recommended that the GOS coordinator should investigate the following project implementation problems:

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i) GOS procedure to obtain tax-exempt status of material procured with Title III funds:

ii) Means of facilitating time-consuming GOS contracting procedures.

14) It is recommended that the contradictory guidance on the form the Title III Evaluation is to take be resolved to call for a Joint Evaluation with the GOS and the USG.

15) It is recommended that future yearly Evaluations of this Title III Program be scheduled for a month other than August as many of the involved parties in both the GOS and the USAID are away from post at this time.

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TITLE III EVALUATION

I. Achievement of Project Objectives

The Food for Development Agreement with Senegal provides for an annual evaluation of which part is to focus on the extent to which specific host country policies are assisting in achievement of specified program objectives. As presented in Item II of Annex B of the Agreement, they are as follows:

"The following food/agriculture policy measures which the GOS will continue to implement during the life of this Title III program provide an important framework within which activities can have their greatest impact:

- The decentralization of the development process through strengthening the role of the Regional Development Agencies;[1]

- Strengthening the role of the cooperatives in the development process;

- A concerted effort to manage and conserve Senegal's natural resources;

- A review of Senegalese marketing and pricing policies to obtain optimum results in its agricultural diversification program."

These policies are related to the GOS "Plan de Redressement", which was instituted in 1980 to meet a severe economic crisis

1 The USAID/SENEGAL has somewhat reoriented its support of this policy as explained below.

with large balance of payments and budget deficits, following two years of very poor peanut crop caused in part by drought and in part by poor performance of GOS agricultural sector agencies.

This "Plan de Redressement" includes food and agriculture measures specifically covered in the Title III Agreement as well as macroeconomic considerations that effect the ability of the GOS to carry out these agricultural development policies. Since Title III commodities provide general balance of payments program support to the Senegalese economy, it is appropriate to consider first the overall macroeconomic situation before evaluating progress on the specific agricultural policy measures, and the restructuring of agricultural institutions.

The "Plan de Redressement" as put in force in early 1980 foresaw 1980 as a year of stabilization and 1981 as a year of renewed economic growth. After extensive review and negotiations the IMF agreed to a 3 year 185 million SDR (U.S. $210 million) EFF Agreement in late summer 1980, and the World Bank made a structural readjustment loan for $60 million in November 1980. France provided extensive program aid of about $100 million. This balance of payments and budget support was to be in conjunction with succcessful implementation of the various planned measures by the GOS. The Agreement, based on the assumption of a normal 1980 peanut crop, soon came undone when the 1980 crop proved in late 1980, early 1981 to be one of the worst on record.

The change in the President of Senegal in January 1981 also led to a pause in implementation of structural changes in institutions and policies. By late Spring 1981 Senegal had lost all hope of further drawing on the EFF and the World Bank postponed a scheduled review of the structural adjustment loan in view of the changed situation.

By early summer of 1981 the balance of payments and budget situation in Senegal had become critical and the IMF returned to negotiate a one year standby for 63 million SDR ($72 million) plus a $45 million CFF (Compensatory Financing Fund) drawing to offset shortfalls in export earnings, which should become operational in September 1981. The GOS has increased retail prices of petroleum products, sugar, and other food products and taken some steps to decrease unneeded public sector employment. With a Standby Agreement assured, France is supplying large program support again in 1981 to assist the Senegalese economy.

Since the poor 1980 peanut harvest made obsolete the previous 1980 Agreements, standby and structural adjustment reviews are foreseen in December 1981 after the 1981 peanut crop harvest is completed; to determine if the EFF can be reviewed and the second tranche of the structural adjustment loan released, based on a revised GOS program. Although the third tranche of the Title III Agreement - $7 million - is not large in relation to IMR-IBRD-French assistance to Senegal, it is a sizeable part of proposed U.S. program assistance for FY 82 and should not and cannot proceed completely apart from the overall program assistance situation in Senegal.

> It is recommended that in Washington, as well as in Senegal the U.S. Government should consult with the IMF, the IBRD, the French and perhaps other program donors as well as the GOS before authorizing the third tranche.

While particular focus of these consultations would be on the specific matters of agricultural policy related to the Title III Agreement, it must be noted that the most delicate issue in the recovery program, at the time of writing, is the sale price in Senegal of imported rice and wheat. A U.S. decision to supply either of these commodities in a new Title III tranche should be discussed in advance with the Fund and Bank as well as with the GOS to ensure that such action will be properly understood by these agencies.

To the extent that implementation of GOS policies for RDAs, cooperatives, environment, and domestic agricultural prices depends on adequate GOS financing, the public finance situation in relation to the recovery program should also be reviewed, so that USG-GOS discussions on this aspect of policy can be on a realistic basis.

Policy Issues. The Evaluation Team did not have the time to enter in depth into the status of implementation in the four policy areas most relevant to Title III. The specific points to be made in discussions with the GOS before a new Title III tranche is negotiated will have to be based on discussions with the IMF and World Bank and USAID/Senegal recommendations. Some comments on progress and problems in the four specific policy areas are given below to provide preliminary information on this subject.

Strengthening of the Regional Development Agencies (RDAs) As set forth in the "Plan de Redressement", the RDAs will have reduced responsibilities, leaving room for greater farmer, Cooperative and private sector initiative, and will be reduced in Staff. The USAID/SENEGAL development strategy is in direct support of farm level, Cooperative, and private sector initiatives. At the same time certain aspects of these RDAs will be strengthened to carry out more effectively their remaining responsibilities. The vehicle for strengthening RDAs is a "CONTRAT-PLAN" to be negotiated and signed between each RDA and the GOS. Of the four major RDAs, contrat-plans have been signed with two (SAED and SODEFITEX), agreement has been reached with another (SODEVA) and negotiations have not yet been started for another (SOMIVAC). The reform and strengthening of the RDAs is seen by GOS and USG as a crucial part of the agricultural program. There is general satisfaction about overall progress to date, some concern about specific delays, and worry about the future pace of progress among the various concerned agencies and institutions. The reform of the RDAs is of importance to a number of USAID projects and the USAID has multiple channels for discussion with the GOS of its views on RDAs.

<u>Strengthening the Role of Cooperatives in the Development Process</u>. The "Plan de Redressement" foresees a much larger role for Cooperatives in the development process. Until now they have largely been instruments for ONCAD and the RDAs in credit, agricultural inputs, and crop marketing activities. Under the new plan they will take on responsibility for peanut marketing (the majority of cooperatives are in the Peanut Basin), increased responsibility for credit operations, and will become more involved with procuring and storing seeds and other inputs.

A key activity in the revival of the Coops is to review the Cooperatives' books and debt records, to put them in order, and reach an agreement on the true debts owed to the cooperatives. Once this is done, village groups are to be organized within each Coop to take collective responsibility for new credits, while existing Coops will be consolidated into larger more economic units to handle the new peanut collection and marketing functions. It is reported to take a 4 man team a month to accomplish this for a Cooperative. SODEVA, the RDA for the peanut basin, has given a high priority to this task and by March 1981 had organized 186 teams and completed the process in 126 of the 1060 Coops in the region. In recent months, a lack of funds reportedly has hindered implementation of this important reform, putting in some doubt the success of the new policy for Cooperatives.

The evaluation team met with the head of the GOS cooperative service who reported that a lack of funding has affected severely all of the activities under his direction. If the cooperative reform should fail, the consequences for agricultural development will be severe.

<u>It is recommended that</u>, in connection with Title III, the USAID/Senegal continue to closely monitor implementation of

cooperative reform and continue discussions of progress with the GOS.

Manage and conserve Senegal's natural resources. The "Plan de Redressement" does not have specific measures affecting resource management and conservation, though the GOS continues to be committed to this policy. The review of the Title III program did not disclose any related resource management policy issues. Consequently, the evaluation team cannot comment on the status of implementation of this policy. The Title III Dune Fixation sub-project addresses the GOS's ongoing concern for resource management.

Review agricultural and food marketing and pricing policies and make changes to "optimize" agricultural diversification programs. This policy is closely tied in with the Title III project to finance agricultural price and marketing studies. The delay in carrying out the studies is therefore delaying implementation of the policy. As PL 480 seeks to increase the availability of inexpensive food to host country individuals, it is particularly important that these studies be carried out to determine the effects of prices on production and consumption.

The "Plan de Redressement" states a policy of setting farm gate prices at higher levels to stimulate agricultural production and exports. Official prices have been increased; peanut prices per kg rose from 45.5 CFA to 50 CFA in 1980 and to 60 CFA in 1981. Cotton, rice, millet, corn and cowpeas prices have also been increased, officially.

The continuing maintenance of subsidized prices for imported rice and wheat severely affects the GOS Public Finances.[2] In addition, this policy of subsidized imported rice is inconsistent with stated goals of increasing irrigated rice production and may undermine the efforts of production projects along the Senegal River and in the Casamance. There are also indications that imported rice is beginning to move farther into the countryside and being consumed in the place of millet. However, until the proposed policy research reports are prepared and used in analyzing policies, it is not possible to determine to what extent the existing price incentives produce "optimum results" for agriculture.

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2 At the time of writing, imported rice prices were subsidized. Any additional, more recent information can be found in the Annex to this report.

II. PL 480 Commodi[illegible] Issues

Appraisal of Title III Rice Sales. An appraisal of U.S. Title III rice sales to Senegal is very important because (1) Senegal, as one of the first Title III programs in Africa, represents an experiment in the implementation of Food for Development (FFD) projects; (2) the PL-480 Title III rice sales program is a major component of the U.S. resource transfer and economic assistance to Senegal; (3) in a long-term perspective, Senegal may be considered a "potential market" for United States grain exports; and (4) there is need to identify areas of mutual concern in order to make program adjustments, which can facilitate the implementation of Title III program in Senegal.

Title III Rice Sales & Local Currency Generation - First Tranche. Senegal moved promptly to secure rice after the agreement was signed in May, 1980, purchasing 18,459.95 MT for $6,999,598, an average price of $379.18 per MT. The rice was loaded at U.S. ports between July 15 and September 30. At an average exchange rate of 204.458, the counterpart deposit requirement was 1,431,124,782 FCFA. FY 1980 PL-480 Title III rice started to arrive in Senegal by August 1980 and the last rice shipment arrived in Senegal from the United States by mid-October 1980.

The Caisse de Perequation et Stabilisation des Prix (CPSP), the GOS office which is responsible for rice imports and sales, has characterized the initial rate of Title III rice sales as very slow. Although Title III rice sales began on September 23, 1980, by October 7, only 10,028 tons of Title III rice had been sold, leaving a balance of 8,320 tons of unsold rice. To move this rice the CPSP decided to stop all imported 100% broken rice sales to the wholesale licensed traders. Within a few days of this decision, all Title III rice was sold.[3]

The initial low rate of Title III rice sales can be attributed to two interrelated factors. First, Senegal rice consumers prefer poor quality and inexpensive imported rice (100% broken) from Thailand and/or Pakistan. This rice is sold wholesale at about 75 FCFA per kilo in Dakar, which has become a subsidized price in the last year. As a result of subsidies, the CPSP suffered large losses this past year. Second, the CPSP

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3 The total amount actually sold was about 0.6% less than the amounts on the bill of lading. Missing sacks were almost exactly 0.5% of total sacks shipped.

fixed an intermediate wholesale price of Title III rice (U.S. grade No. 5/20% broken) at CFA francs 95,000 per ton, (95 FCFA/kg), which was about U.S. $98 (20,000 CFA) per ton (20 FCFA/kg) higher than imported Thailand rice (at CFA francs 200 = U.S. $1.00). This higher consumer price for U.S. rice had retarded the sale of FY 1980 PL - 480 Title III rice.

In accordance with the Title III Agreement and Memorandum of Understanding the counterpart deposits for each shipment must be made within six months of the day of loading at the U.S port. Three deposits totalling 1.2 billion FCFA were made by February 11, 1981. This left a short fall of 222,351,400 FCFA as shown below. The estimated loss to the CPSP on Title III rice sales, taking into account all costs and expenses, was about 110 million FCFA (or about $500,000). However, the shortfall in the account is considerably greater than this loss.

GOS DEPOSITS INTO TITLE III SPECIAL ACCOUNT[4]

	000 FCFA
Total counterpart deposit requirement of FY 1980 Title III Rice:	1,431,124.8
- Less Deposits Made	1,200,000.0
- Less Interest Earned on Deposits	8,773.4
Amount to be Deposited bv GOS into Title III Special Account	222,351.4
	or
	U.S. $1.08 million at U.S. $1=FCFA 204

4 Source: Letter from USAID/S to GOS Ministry of Finance dated June 26, 1981

The USAID wrote in February and June 1981 to the GOS requesting deposit of the remaining counterpart funds. No satisfactory replies were received. The problem was compounded in August of 1981 when the GOS took additional funds from the Title III counterpart account to pay the ocean freight for the FY 1981 rice importation. The current shortfall in the account is at this writing over 500 million CFA.

<u>It is recommended that the third tranche of the Title III Agreement not be signed until the GOS has deposited the</u>

full amount of the shortfall in the Title III counterpart account.

FY 1981 Title III Rice Importation - Second Tranche. For FY 81 the GOS purchased 12,962.17 MT of rice for $6,997,544 at an average price of $539.84 MT. The rice was loaded at U.S. ports between May 2 and May 27, 1981 and at an average exchange rate of 274,925 FCFA, the counterpart deposit requirement is 1,923,798,437 FCFA. This must be deposited by November 1981. The rice has arrived in Dakar, but as of this writing was not yet on sale. The table below compares the FY 80 and 81 Title III rice situations. It can be seen at once that the GOS faces a difficult sales situation for Title III rice.

There are three basic reasons for the present difficult situation. First, rice prices were high in the spring of 1981 and Senegal purchased at the top of the market. Rice is currently available at much lower prices. Secondly, the dollar has appreciated greatly against the CFA franc[5]. From 204 in July 1980, the rate rose to 275 in May, 1981, and was about 300 in August, 1981. Thus a fixed amount in dollars became a much larger amount in FCFA. Finally, the GOS has maintained wholesale rice sales prices constant at about 75,000 F CFA per MT (75/kg) for 100% broken Thailand and Pakistan rice. Currently world rice prices are down much from prices earlier in the year and Thai 100% brokens are selling at $225/MT FAS. However, even with subsidized transport, the CIF price Dakar for 100% brokens is over $300, or over 90,000 F CFA (90F/kg) per metric ton. The Title III rice must compete in the Dakar market against this subsidized price for the Thailand and Pakistan low quality rice.

A visit to the largest Dakar market in late August showed that the cheapest rice was selling at 90 F CFA per kilo retail (90,000 FCFA/MT) while some high quality long grain rice was retailing at 170 F CFA per kilo (170,000 FCFA/MT). At time of writing, it was not clear what price should be set for the Title III rice.[6] There were indications at the time of writing that Title III rice sales would begin in September, 1981 if supplies of broken rice ran low.

The third tranche of the Title III Agreement should not be signed until the FY 81 rice is on sale and selling at an acceptable pace. At that time, the deficit on the Title III rice

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[5] The FCFA has a tied fixed rate to the French franc of 50 FCFA to 1 French franc.

[6] Please refer to Annex for more recent sales and price information.

REVENUE (LOSS) FROM SALES OF TITLE III RICE
BASED ON WHOLESALE PRICES IN DAKAR[2]

	FY 1980 [1]		FY 1981[1]	
	US $/MT (Actual)	FCFA/MT (Actual)	US S/MT (Actual)	FCFA/MT (Actual)
ost of Commodity	379.0	77,506	539,84	148,402
ld Ocean Freight and D ribution Cost	108.50	22,188	104,0	28,590
TAL COSTS	487.50	99,694	643,84	176,992
			(estimated)	(estimated)
olesale Price of Title III Rice Sold	462.57	94,593	$618.41	170.000 (high price estimate)
kar			$363.77	100.000 (low price estimate)
tal Revenue (Loss)	(24.93)	(5,099)	(25.43)	(6,992) (high price estimate)
			(280.07)	(76,992) (low price estimate)

E: nge rates are those in effect on the date commodity goes aboard the vessel from the U.S. p : to Senegal. These rates were as follows: FY 80, F CFA 204.5 = US $1.00
FY 81, F CFA 274.9 = US $1.00

Source: Cable from Dakar-01657

sale, if any, shoulc ascertainable, and the ; should be able to indicate from wh__ source it will obtain the amount of FCFA needed to make the full FY 81 deposit requirement. It would be highly desirable to have the FY 81 rice sold and the full counterpart deposits made before the purchase authorizations are issued for new Title III rice.

The current GOS policy of subsidized rice sales appears to be creating serious difficulties for the Title III rice sales and counterpart deposit operations, and may even threaten the continuation with the third tranche of the Title III program. These problems should be discussed with the IMF, IBRD, and the GOS before their December reviews.

The Evaluation Team estimated that cumulative sub-project disbursements from the Special Account would total about 770 million FCFA by the end of FY 1981, leaving a balance of about 160 million FCFA available for FY 1982 disbursements. With the remaining FY 80 counterpart funds and FY 81 counterpart required deposits, the USAID Coordinator should prepare with the GOS counterpart an estimated disbursement schedule for FY 82 by quarter, and ensure that at a minimum, the Special Account receives sufficient deposits to meet disbursement requirements, and projects are not delayed for lack of funds.[7]

<u>Alternate Title III Commodities</u>. There is general consensus that Senegal faces a serious economic and financial crisis. Declining export receipts, increasing import bills and high debt servicing are just some of the major factors contributing to Senegal's current economic emergency. As part of this evaluation, an effort has been made to determine which commodities among those eligible under PL-480 Title I/III might be better suited to Senegal's needs, that is to allow the generation of local currencies at minimum cost to the GOS.

<u>Wheat</u>. France is the sole supplier of commercial soft wheat consumed in Senegal. This raises two issues. One is the issue of Usual Marketing Requirements (UMR). Senegal's imports of French wheat have remained relatively stable during the past five years at over 100,000 metric tons per calendar year.[8] Second is the issue of subsidized wheat sales to local flour mills. Canadian

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7 Again, the reader is directed to the Annex for more recent information on disbursements.

8 Canada donated 5,700 MT of wheat to Senegal in 1981 and Japan reportedly donated 4,200 MT of U.S. wheat. Therefore, the precedent exists for wheat exports from other than French sources.

wheat, when sold to local flour mills at the current price for French wheat C.I.F., generated much less local currency than its actual true CIF cost of importation to the Canadians at the current exchange rate. This indicates that U.S. wheat imports under Title III might also be made available at less than the CIF value. With PL 480 requirements for deposits in the Special Account of the FAS Value, GOS imports of wheat might create similar shortfalls in the Special Account as has occurred with Title III rice.

Before any serious consideration can be given to the idea of programming U.S. wheat in Senegal under PL 480 Title III, these two issues -- UMR and Subsidies -- must be thoroughly addressed and discussed with all parties concerned. The USAID/SENEGAL has held informal discussions with French Embassy officials in Dakar. The possibility exists for U.S. Title I/III concessional wheat sales to Senegal under the conditions that French suppliers give up 10-20,000 tons of their wheat export market to Senegal. This is an agricultural trade issue which will require further explorations and formal discussions among the appropriate U.S. and French agricultural and trade officials.

Other Eligible PL 480 Commodities. Other U.S. agricultural commodities on the Title I eligibility list are vegoilseeds, cotton and corn. However, both vegoilseeds and cotton do not meet the test of PL 480 Title I/III legislative requirements for export limitation that recipient countries cannot export like commodities as those received under Title I/III. Senegal exports peanut oil/ meals and cotton. Corn is also a possibility but as corn is a relatively cheap commodity, transport costs per ton are quite high. It would prove costly to Senegal to cover the ocean freight cost of shipping corn from U.S. ports to Senegal. In addition, Senegal presently has a corn UMR of 10,000 tons. In view of Senegal's current financial crisis, it is very unlikely that the country would be able to purchase commercially 10,000 tons of corn in the next 12 months. Therefore, corn does not seem an attractive alternative for the third tranche of the current PL 480 Title III Rice Sales Agreement.

Conclusions and Recommendations.

It is recommended that Title I/III issues related to programming alternate foodgrains be investigated and resolved before the third tranche is authorized.

SENEGAL PORT AND FOOD HANDLING FACILITIES

Dakar is the port of entry for cargo bound for Mali and Mauritania. The Port of Dakar has facilities to load and discharge more than four million tons of cargo per year of which ninety percent is offloaded by ships' tackle. The port has facilities to handle bulk cargo, including foodgrains. Bagged cargo is discharged by rope slings, and pallets are available at all berthing positions. It is estimated that the Port of Dakar has an additional food handling capacity of about 500,000 MT. The following tabulation gives the maximum additional port food handling capacity over and above normal imports.

Month[9]	Maximum Additional Food Handling Capacity
November	80,000 MT
December	50,000 MT
January	80,000 MT
February	100,000 MT
March	100,000 MT
April	100,000 MT
Total	510,000 MT

The Port of Dakar operates on 24 hour-basis, including Saturdays and Sundays. After the food cargo has cleared the port, it is transported by trucks to GOS warehouses, where licensed wholesale traders purchase the commodity. In conclusion, Dakar has more than adequate port handling and storage facilities to receive and handle U.S. agricultural commodities programmed under the PL 480 Title I/III sales agreement.

9 Small discharge in November through January is due to scheduled holidays. The dry season is normally eight months which is from the end of October to mid-June.

III. TITLE III PRO[illegible] MANAGEMENT[10]

A review of program management reveals a generally sound structure. One crucial element is missing. Failure to put this element in place has already caused difficulties and tensions with the GOS, and if it is not put in place in the next several months, the potential for loss of control over the projects is great. This missing element is life-of-project programming of local currency to individual projects with control to ensure that project managers do not make commitments for expenditures that exceed these life-of-project amounts. Also required is an agreed upon GOS-USAID procedure to review potential project cost overruns or shortfalls and reach decisions on adjustments in life-of-project funding or of programmed results, to ensure that the highest priority activities are carried out with total Title III life-of-program fund availabilities.

The need for better overall programming control is made urgent by the fact that Senegalese agencies have been allowed to sign construction contracts without having the full amount of the contract already available in the project account. In this way one project has already made commitments exceeding its original life of project budget. Starting in September 1981, and continuing over the next year, bids will be opened on a number of large Title III financed construction projects. The lowest bids may well exceed the originally budgeted amounts and hard decisions will have then to be made on cutting back on construction plans or on other budgeted activities to cover the higher than expected construction costs. Since A.I.D. is not required to approve construction contracts under current guidelines, either the guidelines should be changed or the USAID should ensure that the GOS is maintaining adequate control and is informing the USAID of potential budget overruns when bids are opened.

The first step in establishing programming control is to fix life-of-project CFA franc limits for each project. One suggested procedure is described directly below.

The first tranche rice has an FAS value of $6.997 million and yielded a deposit requirement of 1.431 billion francs at an average exchange rate of 204.5. The second tranche rice had an FAS value of $6.998 million and a deposit requirement of 1.924 billion at an average exchange rate of 275.0. We can assume a third tranche of almost $7 million. Since the current exchange rate

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10 For a description of the management structure please refer to the project section below.

is about 300.50, we might conservatively assume a rate of 275 for the new tra , or 1.926 billion fra This gives a total life-of-project franc funding of 528 billi... francs, plus interest on the Special Account funds. Putting the interest aside to cover cost overruns or shortfalls from estimated revenues, we can use an exchange rate of say 250 (5.25 billion divided by 21 million) to convert the dollar amounts in Annex B of the Title III Agreement into francs. Project managers can be told to convert sections of their project plans expressed in dollars into francs at the same exchange rate. Life-of-project funds for the projects (in this example) are then as follows:[11]

Project	Total Francs CFA (Million)
1. Ag Policy Studies	225
2. Coop Storage	1,000
3. Decent. Ag. Research	1,187.50
4. Rural Technical Schools	510
5. Dune Fixation	1,727.5
6. Development Fund	500
7. Program Management	100
Total	5,250.00

Since the current Agreement makes no provision for changes in life of project budgets, a procedure for amending them should be worked out with the GOS and included in the FY82 amendment to the agreement.

The following example of funding for ENEA illustrates the need for overall programming control[12]. As the table above indicates, the Rural Technical Schools Project had an original life-of-project budget for 510 billion CFA francs. The ENCR has received 40 million francs already and to complete its promised budget of 400,000 should receive 60 million additional francs, leaving 410 million francs ($1.64 million @ 250) for the ENEA original l.o.p. project. In May 1981, the total three year ENEA budget was revised upward by initial authorization of the USAID and subsequent approval by the GOS Management Committee from the original $1.640 million to $2.516 million. Discussions with the ENEA Project Manager indicated he hoped to receive additional funding which would bring his life of project budget to 511 million FCFA.

11 For actual allotments and disbursement to date see Annex.

12 For a detailed description of the ENEA budget expenditures see the Project Issues section below.

In increasing the dollar budget for ENEA, the USAID used the exchange rate for the first tranche o[illegible] [illegible]e, 204.5 so that the new life-o[illegible] [illegible]t budget of $2,516,[illegible] [illegible]ould correspond to about 514 mil[illegible] [illegible]CFA, approximately the amount the Project Manager expects to receive. However, problems may arise over the determination of the appropriate exchange rate to be used to change the revised dollar amount into francs. To avoid confusion, the life-of-project limit should be set directly in francs and communicated to the Project Director. Agreement should then be reached on the source of the approximately 100 million FCFA needed to cover the increased ENEA budget.

In May 1981 when the $876,000 l.o.p. increase for ENEA was approved, it was estimated that the deficit could be covered by surplus funds from other sub-project accounts which had been over-estimated in the original Title III budget. However, if other sub-projects encounter similar cost overruns, the overall Title III programs would risk funding problems in the final year of implementation.

The representative of the Minister of Finance on the Management Commission, who also heads the Title III Secretariat, along with other members of the Management Commission, have expressed dissatisfaction with the current programming procedures for making ad hoc changes in the original budget. The Management Commission, though intended as a decision-making body, does not have the authority to consider and decide on changes in l.o.p. budget allocations.

The AID Mission met with representatives of the Ministries of Finance and Plan and the other Project Managers in a series of meetings in June and July, 1981. As one of the items on the Agenda, it was suggested that the Rural Development Fund be implemented as planned, either in early FY 82 or at the end of FY 81. It was proposed that 65 percent of its l.o.p. funding of $2 million be committed to two USAID-sponsored projects. The USAID also suggested that the l.o.p. budget of $2 million be substantially increased - reportedly, without clear indication of the source of these additional funds - to finance additional projects which would be related to USAID-funded programs. The Management Committee did not accept these suggestions as it was determined that the programming of the Rural Development Fund should be accomplished jointly by the GOS and the USAID. The decisions on these two projects funded with this Rural Development Fund has been taken to the Ministry of Rural Development who, it is expected, will approve them.

At present, USAID responsibility for the Title III is somewhat dispersed among the offices of Food for Peace, Agricultural Development, and Project Development. The USAID should designate a senior staff member who has understanding and experience in programming and budget matters as Title III Coordinator and instruct this person to analyze the programming problem, request information and assistance as needed from mission staff handling the various aspects of Title III, prepare an analysis and options for resolving the budget and control problems, negotiate a solution with an appropriate high level GOS counterpart official, and ensure that USAID officers assist as appropriate in maintaining control over the Title III projects.

The Mission ha ›pointed project monitc for each Title III project. Title funded projects shoulc -- included in the USAID's regular quarterly project review process and project monitors should prepare quarterly reports and carry out follow-up post review assignments for Title III projects much as is done for other USAID projects.

The Food for Peace Office in the USAID has established a sound procedure to receive quarterly project financing reports and requests for coming quarterly fund releases; reviews them; and prepares proposed quarterly fund release proposals for approval by the Management Commission. Though adequate, this procedure should be reviewed by the new Title III Coordinator and revised as needed once the new programming and project budget procedures are in place. Since the Title III Agreement provides for offset of the Title I debt when funds are transferred from the Special Account to project accounts, quarterly releases must continue to be carefully controlled, and project managers must not be allowed to have more than minimal working balances in their project accounts at the end of each quarter.

The Food for Peace Office . has prepared a draft handbook on Title III implementation. This is a commendable initiative.

> <u>It is recommended that</u> the handbook should be reviewed and cleared by regional legal counsel to ensure it is in line with statutory requirements, revised if needed, and issued.

A review of required reporting disclosed that excessive reporting is not being required. Therefore, no recommendations for changes in reporting requirements have been made.

The above gives our views on USAID management of Title III. The GOS should be encouraged to take on more project responsibilities and the USAID should help GOS agencies to do this as much as possible. Discussions with other donors indicate that they find it necessary to do much monitoring, expediting and programming for their project interventions in Senegal. It is advised that the USAID should be realistic and continue to perform the necessary monitoring functions until it is sure that the GOS can take them on.

At the project level the GOS project managers bear primary responsibility for project implementation, and the evaluation team was favorably impressed with their performance to date. The USAID should continue ~~and~~ to strengthen its project monitoring and review activities. The Management Commission is a useful forum for meetings of project managers to exchange information and discuss common problems. If this committee is to continue to meet it must not be and cannot be a decision-making or controlling body. It should be considered as a technical project committee which may ratify executive decisions made jointly by the responsible GOS official and his counterpart, the USAID Title III Coordinator. Decision-making and control must be handled by the USAID Coordinator with a GOS counterpart who has decision-making authority. These together would make up an executive steering group.

The GOS has established a Title III Secretariat in the Ministry of Finance, which has been given very little to do and is under-utilized. While its employees do not have high level programming or technical skills, they should be able to take on reporting, monitoring and accounting functions that are now being done by the USAID. The new USAID project coordinator should be given the assignment of working with his counterpart in getting the Secretariat to take on additional Title III responsibilities and assessing the abilities of the Secretariat staff to perform these functions. If it is decided that the staff is not qualified to perform, the budget and number of employees should be reduced.

IV. PROJECT IMPLEMENTATION ISSUES

The two representatives from the Ministry of Planning, Evaluation Division, though in agreement that the overall control of the Title III program requires strengthening, participated more closely in the evaluation of sub-project implementation.

The following section reviews the status of the ongoing sub-projects, and compares achievements to the previously set benchmarks and goals. It attempts to analyze reasons for delay and makes recommendations for ameliorating implementation where possible. An effort has been made to revise work plans and set future benchmarkes in view of the experience to date. In general, these Title III projects contribute infrastructure and studies. Direct individual beneficiary impact is therefore somewhat limited and difficult to evaluate. In addition, there are few baseline data being collected which would make the third annual evaluation easier.

The project was signed May 1980 and Senegal purchased the first tranche of rice in June 1980. Shipment was made July to September. Counterpart local currency became available to GOS Project Managers in February 1981. The life-of-project and implementation schedule have been formally amended from the original calendar ... of 1980, 1981 and 19... o the U.S. fiscal year, begin... in October 1980 through September 30, 1983. This evaluation report, therefore, covers the first operational year of the program which includes the 17 months since the Program Agreement was signed. For that reason, conclusions of the first annual report have been included in the following to indicate the situation in October 1980, which was carried out only five months into the project. Financial status for each project is not included in the main text but can be found in the Annex of this report.

1. AGRICULTURAL POLICY STUDIES

Original Plan

The Title III project paper states that policy studies will be undertaken on 1) agricultural price policy, 2) cereals marketing policy, and 3) investment policies for cereals. The components of each study and benchmarks as originally planned are summarized below.

Agricultural Price Policy

Implementation Plan

- Review relevant literature
- Identify additional research that is needed
- Assist the GOS to implement the existing SONED/SEMA model of price determination for the agricultural campaigns for 1980-81 and 1981-82.

Benchmarks

- First year: application of SONED/SEMA price modeling analysis.
- Second year: develop analytical model for evaluating major GOS cereals production investments.

Cereal Marketing Study

Implementation Plan

- Review relevant literature
- Evaluate and determine additional research that is needed
- Set up analytical marketing structure model including production, marketing and distribution.

Benchmarks

- First year: develop an analytical model to apply to 1978-79 marketing and distribution.
- Second year: complete study on projection of inter-regional grain trade for next ten years.

Investment Policy

This study was to begin in the second year.

STATUS AS OF OCTOBER 1980

At that time, ISRA had been identified as the institution to backstop or coordinate both the price and marketing studies and the Director of Socio-Economic Studies at ISRA had been designated Project Manager.

CURRENT STATUS

The initial terms of reference (TOR) for these studies were drafted in November 1980 and were finalized in June 1981.

The final TOR includes considerably more details than those found in the original PP. In particular, the SONED/SEMA price model was judged inadequate to deal with demand and consumption factors. Considerations of consumption and nutrition will be incorporated in the model as price variations are hypothesized to have important impact on consumption patterns and possibly nutrition. The investment study was integrated into the price policy study.

The finalized TOR were submitted to ISRA July 1981. At the time of writing (Sept. 1981) the Project Director had submitted these TOR to prospective contractors and was in the process of receiving proposals from local consulting firms and the University of Dakar. He had reached an agreement with USAID that he would choose the contractors and submit a final proposal to USAID no later than 1 October 1981.

In addition to the ISRA studies, USAID is currently considering partially funding an additional policy study under the Title III Agreement. Princeton University has submitted an unsolicited proposal to study the political economy of Senegalese agricultural development entitled, "Agricultural Development in Senegal: Perspectives, Risks, and Production Strategies". The proposed study is of three years duration and would cost $412,206. Funding considerations will be dealt with below.

TIMING FACTORS

USAID: Implementation of these policy studies has encountered a series of delays. Staffing changes and resulting manpower shortages resulted in discontinuity and periods of inaction.

In addition, evaluation of competing institutions and the final selection of ISRA as the coordinating institution proved more time-consuming than anticipated.

GOS: In the intervening months between the first and present program evaluations, ISRA underwent a major reorganization in setting up two distinct operational units: one for production systems and a second for macro-economic studies. Attribution of these policy studies to the appropriate unit was accordingly delayed until the reorganization was completed.

RECOMMENDATIONS/ISSUES

The Project Director was originally under the impression that ISRA would receive the entire $900,000 allocated to policy studies in the original budget. He was informed by the Minister of Scientific and Technical Research that the Princeton Study would receive $300,000 and the total for ISRA would be reduced to $600,000. The Project Director then contacted USAID/ADO and was told his project would receive the entire $900,000. He has said that if the budget is actually $600,000, he must reduce the TOR which was prepared for the larger figure.

In response to this report, the evaluation team has the following questions for USAID, the Permanent Secretariat and the Management Committee:

1) Has USAID and/or the Management Committee formally authorized the use of Title III currency for the Princeton Study?

2) How will cost overruns for the two studies be covered?

3) The ISRA study is approximately one year behind. However, the TOR state the need for three years for the study. How will the fourth year be funded and managed?

The Evaluation Committee recommends the TOR be amended to include a mechanism for integrating the ISRA Policy Studies with high level policy decision-making both while the study is in progress and once conclusions are drawn.

2. LOCAL COOPERATIVE STORAGE

Original Work Plan

The purpose of this sub-project is to construct 100 small warehouses to be managed by local agricultural cooperatives and located at sites chosen by the GOS which meet the several criteria determined by the GOS and USAID. The unit cost of each was originally estimated to be $40,000. Construction was to be carried out in three yearly tranches: 50 warehouses in year one, 25 each in years 2 and 3.

STATUS AS OF OCTOBER 1980.

At the time of the first report, the following essentially pre-funding tasks had been completed:

- A project manager with previous experience in successfully constructing USAID-warehouses had been selected;
- 100 villages to receive warehouses had been selected through a joint USAID/GOS effort. Only Coops relatively free of debts had been chosen (see policy section);
- The USAID Engineer had assisted in preparing the architectural drawings which has been completed;
- Invitation for bids had been prepared but not issued.

CURRENT STATUS

- Actual project sites in selected villages have been determined by the GOS and accepted by USAID;
- IFB's have been issued and 32 contractors had secured bidding documents as of 26 August 1981. Bidding was to close on 7 September 1981.

TIMING FACTORS

A confluence of factors both internal and external to this storage project have resulted in considerable delays in warehouse construction. The most important cause of delay was apparently the dissolution of ONCAD (National Office of Cooperation and Assistance to Development, Ministry of Rural Development). At the time of the authorization of the PP and signing of the Title III Accord, May 1980, technical agricultural projects such as warehouse co[illegible]uction were accomplis[illegible] under the direction of ONCAD. Long plagued by financial and management problems, ONCAD ceased to function in August 1980 and was officially dissolved 31 October 1980. As a direct result, the entire Division of Technical Projects was transferred to the CAA (Commissariat a l'Aide Alimentaire). This transfer and resulting staff and managerial adjustments seemingly caused discontinuity in project implementation.

Secondly, the resignation of the President was accompanied by changes in important Ministers. The consequent concentric waves of changes in government personnel were still making themselves felt in August 1981. The Project Manager for the USAID Warehouse construction was officially changed in August 1981.

Thirdly, selection of sites took longer than expected as negotiations with private land-owners were complicated and prolonged and public possession of the sites were dependent upon land tenure laws enacted by the new government. This has now been done for the first 50 warehouse sites.

Revised Planning and Benchmarks

Now that sites have actually been identified and a new Project Manager named, it is hoped that the 50 warehouses originally planned for completion in year one can be completed in what is effectively year two. The revised benchmarks for the life of the project are as follows:

- Year 2 (FR 82) 50 warehouses
- Year 3 (FY 83) 50 warehouses

RECOMMENDATIONS/ISSUES

With new Government emphasis on Cooperatives, particularly in the roles of marketing and seed stock management, the small warehouses should be even more appropriate than originally planned. However, due to Government reorganization and general severe budgetary constraints, coop development is not currently being pursued. Lack of coop viability may be reflected in an inability to use and maintain Title III warehouses effectively. Close monitoring by the USAID Project Monitor is recommended.

?. DECENTRALIZATION OF RESERACH

Description and Original Work Plan

As a major element in the GOS Reform Plan and in keeping with the World Bank Structural Adjustment Loan, and the Title III Program Proposal Self Help Requirements, the GOS, and in particular ISRA (The National Agricultural Research Institute) with multi-donor support, is undertaking to decentralize its agricultural research along regional and climatic criteria. The World Bank sponsored the development of an overall plan for this decentralization effort and plans to authorize in September 1981, and begin implementation of Spring 1982, a $19.5 million project which is complementary to the Title III sponsored effort.

The Title III segment of the overall effort will provide infrastructure in the form of buildings and equipment for foreign and ISRA personnel involved in agricultural research. USAID is also funding two bi-lateral projects which are integrated into the total multi-donor effort: the Agricultural Research and Planning Project (685-0223) which provides foreign exchange and ex-patriate technical assistance and the Casamance Regional Development Project (685-0205).

The original benchmarks consisted of having one-third of the needed infrastructure and equipment in place, and meeting one-third of operating costs each year of the three years of the project.

Status as of October 1980

The GOS had appointed a Project Manager and an Accountant. ISRA had accomplished a considerable number of critical prefunding tasks including coordination discussions with the World Bank and USAID, site selection for research stations in conjunction with USAID and the World Bank.

Current Status

ISRA has completed the architectural design of all buildings to be built. It has also prepared IFB's for procurement o equipment.

Timing Factors

Coordination with the World Bank and other donors contributing to the overall decentralization plan - FAO, FAC and

Belgium - has proven more time consuming than originally expected. In addition the GOS bidding, contracting, and procurement procedures are apparently extremely complicated and time consuming. An additional complication is the seemingly inconsistent GOS policy towards the tax exemption status of material and equipment procured with Title III counterpart funds which has resulted in higher costs than ISRA had expected and necessitated rebidding.

Revised Planning and Benchmarks

Due to delays caused by GOS processing requirements, the choice of contractors cannot be achieved before December 1981. The largest part of the construction will not begin until March 1982.

Recommendation

1. That the Manager of Title III in USAID get a Regional Counsel determination on the tax exempt status of Title III generated local currency procurements.

2. That the GOS determine the bottle necks in bidding, contracting, and procurement that Managers of Title III subprojects have encountered, consult with those Project Managers who have had less difficulty in these areas to determine means of facilitating these procedures.

3. That ISRA disaggregate budgets for the different sources of funding in this multi-donor project in order to facilitate monitoring of the US PL 480 Title III component.

4. RURAL TECHNICAL SCHOOLS

Description and Original Work Plan

In keeping with the Title III Project Purpose of increasing the effectiveness of Senegalese development agencies and technical services working in rural areas, Title III local currencies were programmed for ENEA (National School for Applied Economics) and ENCR (National School for Rural Technical Personnel). These funds are being used to renovate old facilities, construct new buildings where needed, and supply needed equipment as specified in the PP (pp 106-124).

Original benchmarks for the two schools are as follows:

	ENEA	ENCR
1st Year	Construct dormitories	Purchase 50% of aterial and equipment
2nd Year	Construct teaching unit and documentation center	Purchase 50% of material and equipment
3rd Year	Accomplish renovations	

Status as of October 1980

ENCR

1. A Project Manager and Project Accountant, had been appointed.

2. Project Director and Accountant had reviewed and revised the proposed commodity list in preparation of IFB's.

ENEA

1. Construction: the architectural design had been completed for construction of dormitory and class rooms.

2. IFB's: document had been completed.

3. Equipment: IFB for renovation of equipment had been issued and bids had been received.

Current Status - ENCR

To date ENCR has completed the renovation of 2 dormitories 2 classroom buildings and 1 cafeteria. These renovations though not explicitly agreed to in the Project Agreement were determined by the USAID Project Monitor to be appropriate and in keeping with the purpose of the sub-project.

Along with these renovations the ENCR has procured the appropriate furnishing and equipment as described in the PP. This list includes two automobiles and a bus for transporting staff and students.

As presented in the original benchmarks, the school has spent approximately half of its l.o.p. budget during this first year (see budget section below).

Timing Factors - ENCR

IFB's were sent out in a timely manner. Bids were received and construction and procurement began as early as February 1981. The project accountant reported a period between the IFB's and beginning construction and procurement of four months.

The automobiles were purchased tax free, which reduced the cost by more than half.

Revised Planning and Benchmarks - ENCR

The ENCR project is on track and by all reports keeping up with the original schedule. It is planned to finish the remaining renovations (Director's offices, kitchen, meeting room for students and a classroom building) and procurement in the coming year. It is planned that the second half of the budget allocation will be disbursed.

Recommendation - ENCR

1. That the Management Committee determine the manner in which ENCR was able to expedite contracting procedures and obtain tax-free privileges in order that these procedures can be more generally applied.

Comments

1. The teaching staff at ENCR is largely ex-patriate (5 of 7 of the staff). The school has not been able to obtain an instructor in forestry. If in the next year this position cannot be filled, this part of the curriculum will be eliminated. With the apparent emphasis of the GOS and USAID on conserving natural resources, the lack of this technical training ability seems particularly unfortunate.

2. There are apparently no available funds at ENCR to provide for maintenance of the physical plant. The school was built with funds from the FRG in 1965 and allowed to deteriorate until Title III funds were allocated to renovate the original buildings beginning in 1980. With no operating budget the school must of necessity deteriorate again until another donor takes renovations in charge 10 or 15 years hence.

3. No women are trained at ENCR. Reasons for this were reportedly the lack of a special dormitory for women and the lack of interest by women in the technical subjects which are instructed.

4. Though the ENCR is a technical rural school, it is not integrated into the nearby agricultural research center.

5. Though part of the training given by the school takes the form of working with farmers, the students are on vacation during the summer and early fall, the most active months of the farm calendar. They do on-the-farm training in the off-season.

CURRENT STATUS ENEA

The Title III funded construction and renovation is proceeding more quickly than originally projected. The Project Manager has actively advanced the project as rapidly as possible. The school has more applicants and demands from the Government for mid-level training at ENEA than can be met. This seems a highly successful effort which is appropriate for Title III funding.

All planned renovation has been completed except for a fence along the ocean side of ENEA property. Construction is proceeding on dormitories to house 196 students, a large lecture hall, and a documentation center. Construction contracts were signed in March 1981 and work is projected to be completed by May 1982.

As mentioned in the management section above in May 1981, the overall ENEA budget for the three years of the Title III program was revised upward with the authorization of the USAID and Management Commission from $1,640,000 to a total of $2,516,400. Of this total, the ENEA has already received 191 million francs, (@$1.00 = 20+ FCFA) of which 50 million were for repairs to existing buildings; this has already been spent. A construction contract for 400 million francs has been signed and construction is well underway. Hence the ENEA is overcommitted in terms of the original project budget by 40 million francs. In addition, the project manager has requested an additional 7 million francs for repairs to be completed by September 30, 1981, and believes that his project will receive an additional 54 million francs needed to pay for necessary construction related to the 400 million francs construction contract, giving a potential overrun of the original budget of 100 million francs.

RECOMMENDATIONS

a. Change in the ENEA budget has been used in the Evaluation Report as an example to indicate the need for overall programming control. It is recommended that the GOS and USAID determine a procedure for making l.o.p. budget adjustments.

b. The Management Committee should determine the procedure used by the Project Manager of ENEA which facilitated execution of this construction and renovation in order that they may be generalized to other projects which have experienced delays.

c. The Director of ENEA requested 90 million FCFA from the GOS to furnish the newly constructed buildings. We recommend that USAID discuss this problem with the Director of ENEA to ensure that Title III-funded construction has maximum utility.

d. The USAID Engineer visited the project site in August 1981 with the Evaluation Team and made recommendations to improve certain aspects of the construction. Since USAID has retained the right to approve completed construction, periodic site visits should continue to be made.

Comments

ENEA is undertaking an internal impact evaluation to determine where its graduates are working, how well they are trained, and the level of satisfaction of employers in their work. This report will enable USAID and next years' evaluation team to assess the indirect impact of Title III funds.

5. REFORESTATION AND DUNE FIXATION PROJECT

Introduction and Summary

This is the largest Title III Project, budgeted for almost one-third of all Title III counterpart funds. The three major activities are (1) planting trees in a 200 meter strip along the primary sand dunes facing the sea; (2) planting trees on moving secondary dunes to keep them from engulfing agricultural land; (3) planting cashew trees on unused wastelands. The implementing agency performs the same activities north of the AID-funded region with FAO-UNDP and Canadian CEDA funding. The project is being implemented effectively on close to schedule, and faces no major problems. The second or possibly third year of the project will complete planting of the band of trees on the ocean-facing dunes from St. Louis to just north of Dakar and excepting for some primary dune replanting in problem areas, future activities will be secondary dune stabilization and wasteland tree planting. The executing agency plans to continue these activities for many years. There are no economic studies of the expected benefits from project activities. It is not clear what priority should be given these activities in the current severely restricted financial and economic context in Senegal.

PLANS AND REALIZATI(

The project plan targeted 550 Ha of planting in the first year - 350 Ha of primary dune stabilization and 200 Ha of wasteland planting. The actual achievement will be 550 Ha with 400 Ha of the more expensive and difficult primary dune stabilization and 150 Ha of wasteland planting.

The principal implementation problem has been a shortage of 4-wheel drive trucks for use in the sand to deliver materials for primary dune stabilization. It is desirable to place all the protective brushwood panels on the dunes prior to planting the trees. But slow delivery of trucks has forced the project to plant some trees before the wind screens can be placed.

This will result in a lower survival rate the first year of the trees planted. With the completion of the 1981 plantings, only 37,5 Km (750 Ha) of ocean front dunes remain for tree planting out of the total 3,150 Ha of planting scheduled for the middle and final years of the project.

The project budget* for FY 81 originally had 425,273,000 CFA, but only 230,735 CFA will be needed in FY 81. In part this is due to a decision to buy project vehicles over a three year period, rather than all in the first year. Also the construction component has been delayed until the second year. Finally, extension activities with the truck farmers in the project area have been slower than planned because of delays in start up. It is expected these project aspects will catch up next fiscal year.

Project Management and Organization. Project management and staff are experienced and seem competent and effective. The permanent staff works year around on project activities. At planting time and other peak periods they hire day labor at 1000 CFA/day. In August 1981 some 130 laborers planted 25 (500 Ha) Km of primary dunes in 13 days of non-stop labor after the rains made the dunes ready for planting.

RECOMMENDATIONS

The project has been well planned and is being effectively implemented. The major question is on the economic benefits which will come from the project. This is particularly true for wasteland planting, which could be carried out privately at less expense. Since current law will allow local farmers to harvest the cashews for free, this project component will provide no revenue to the GOS. It is not clear how much environmental protection the cashew trees will provide to the area.

August is the st time for project ev ation since it is tree-planting time and the busiest time in the project year. The natural end point of a project year would be in December or January. Not until then, for example, can cost data for the first year be prepared and analyzed to determine if the total funds budgeted for the three year program will be sufficient to finance the full work program for the project.

COMMENTS/ISSUES

USAID might investigate the onsite training possibilities of students from ENCR.

6. RURAL DEVELOPMENT FUND

Original Work Plan and Description

As stated in the original Program Proposal (p. 148-161) the Rural Development Fund was to be set up in the second year of the project to support small rural projects directed to conserving the natural resource base, and improving food production, processing, distribution and marketing. These small projects are intended to encourage local initiative, benefit small farmers and strengthen the role of local institutions, particularly Rural Communities. It was originally planned that these small projects would be concentrated in the Sine Saloum Region but this criteria has not been observed to date.

The original first year benchmarks for the Rural Development Fund included:

1. Training this Secretariat in the operation of fund activities;

2. Refinement of evaluation criteria;

3. Development of standard contracts for disbursement of funds to local groups to assure fiscal accountability and desired benefit distribution;

4. Elaboration of monitoring and evaluation mechanisms;

5. Development of a tentative plan of activities for years two and three.

Actual funding and implementation of projects were planned for years two and three. One million dollars were to be allocated for each year.

STATUS AS OF OCTOBE: ~~30

The status was not reported in the first evaluation report. Two potential projects had been identified. These will be discussed below.

CURRENT STATUS

The benchmarks for the first year are conditions precedent which must be met before the Rural Development projects may be implemented. USAID is currently in the process of negotiating these conditions with the Management Committee, including the Permanent Secretary. These negotiations have not proceeded as quickly as was hoped. A point of discussion has been joint programming of the Rural Development fund. Two proposed projects have been submitted to the Minister of Rural Development who, it is expected, will ratify the decision.

USAID has proposed two projects for support by this fund, the OFADEC Integrated Development Project (African Office for Development and Cooperation) and local costs of the USAID Millet Transformation Project (685-250). The OFADEC Project is an on-going project in the Wassadou area (east of the Gambia) which resettles people on new lands and seeks to increase the incomes of these newly settled small farmers by increasing productivity of diversified crops through improved production technologies including irrigation. This OFADEC project has funding from such donors as Methodist Missionaries, CRS (Catholic Relief Services), Italy, Title II commodities for Food For Work, and the US Ambassador's self-help program. The requested budget is for $250,000 over three years or a total of $750,000.

The Millet Transformation Project will work through ITA (Food Technology Institute)in Dakar to process millet into forms which are more attractive to urban consumers than unprocessed millet. If a form of processed millet can be produced which is economically viable and has a longer storage potential than does unprocessed millet, it is projected that urban sales will increase, farmers income will increase and dependence on imported cereals will decrease thereby easing balance of payments constraints. The Title III funding for this project is $543,000.

TIMING FACTORS

The conditions precedent (CP) have taken longer to enact than expected. The two projects were slated to begin by 1 October 1981 and will be delayed if negotiations of the CP are prolonged.

a. The GOS - appointed Project Manager apparently plays no role in management of this fund. The issue of project back-stopping by the GOS should be addressed.

b. A brief study of income effects on consumption and nutrition in the OFADEC project does not confirm a positive correlation between increased income and better nutrition. It is suggested that USAID continue to monitor consumption effects from this project.

c. The evaluation team was not able to visit the OFADEC site and only has access to the WFP PID - like document for information on the project. WFP reached a decision not to fund this OFADEC project because of high cost/beneficiary ratio. It was difficult for the Team to evaluate the appropriateness or potential impact of this project. It is not clear if baseline data is being collected as part of this project.

d. The Millet Transformation Project responds directly to the GOS food investment strategy to encourage consumption of inexpensive locally produced foods and is therefore a particularly appropriate use of Title III funds.

e. As both the Millet Transformation Project and the Policy Studies envisage a consumption/attitudinal survey there is the possibility of sharing methodology and survey results.

7. PROGRAM MANAGEMENT

Original Plan

Because sub-project activities cut across ministries, a Senegal Management Commission was established for the express purpose of coordinating, reporting and evaluating the execution of all projects to be financed with funds generated by the Title III program. The Commission is composed of Project Managers and other participants in the program, each representing their technical Ministry or Agency. The institutions represented are the Ministry of Plan and Cooperation, Secretary of State for Scientific and Technical Research, Ministry of Higher Education, Ministry of Rural Development, Ministry of Finance, Secretary of State for Water and Forests, and Ministry of Commerce.

As originally envisaged the chair-person of this Commission was to be appointed by the Minister of Plan.

Responsibilities of the Management Commission as outlined in the Agreement include but are not limited to: sale of commodities in Senegal, deposit of sale proceeds to the Special

Account; allocation of currency to the Project Accounts; preparation and timely submission of periodic reports; restoration of funding shortfalls; convening midyear and annual program reviews/evaluations; recommend solution to problems inhibiting the achievement of program goals; management of the Food for Development Program.

It was planned that the Commission would have to assist it in performing its functions, a Secretariat with a small staff. The Agreement states that the Secretariat will be responsible for preparing periodic and special reports; draft the annual report; approve evaluation systems for each project; assist in the implementation of the evaluation systems; and other duties as delegated by the Management Commission.

Current Status

The original management design has not been realized in practice. The first divergence became necessary when a difference of opinion developed between the Minister of Plan and Minister of Finance over which was the appropriate Ministry to take on leadership of the program. A compromise was reached by appointing a President for the commission from the Ministry of Planning and a Permanent Secretary for the Commission in the Department of Debt and Public Investment in the Ministry of Finance.

Dual management responsibility on the part of the two ministries has resulted in a lack of centralized program control on the part of the GOS. In practice the President has little power in the Commission and the Permanent Secretary in Finance has monitored financial allocation and disbursals but has not been responsible for programming decisions for the overall program. The Members of the Management Commission do not have the authority to make overall programming decisions. They are concerned more with individual project implementation than with more global programming issues. The majority of programming/ budgeting functions as well as project monitoring has been accomplished by USAID on an ad hoc basis. Major changes in budget allocations or choice of projects have apparently been made the level of AID Mission Director with agreement of representatives of the GOS, who are not always part of the Management Commission.

In addition, the USAID has taken the initiative for scheduling evaluations and ensuring that reports are submitted by the GOS, that requests for additional funds are received on a timely basis and for making allocations of funds into the project accounts.

The Secretari[illegible]aff -- on a year's co[illegible]ct and consisting of an office, [illegible], an Accountant as Of[illegible] Chief, an Assistant Accountant, 2 secretaries, a messenger, and a driver -- does not play an active role in assisting the Secretary of the Commission. Ideally, this staff should take on as originally envisaged many of the initiatives now taken by the USAID.

As presented earlier, a lack of overall programming control hampers effective implementation of the Title III Program.

<u>It is recommended</u> above that responsible parties be designated by both the USAID and the GOS who have the decision-making authority to manage the Title III Program. The originally conceived Management Committee should be recognized as a Technical Project Committee which may ratify decisions made by the USAID Coordinator and the GOS counterpart who will act as an executive steering group.

<u>It is strongly recommended</u> that these Executives seek means by which the Secretariat Staff can take on more responsibility. If this proves unworkable, the staff should be reduced.

8. **<u>PROGRAM EVALUATION</u>**

1. <u>It is recommended that</u> the next annual evaluation be scheduled in a month other than August -- perhaps June or September -- as many of the people in both USAID and GOS are absent the month of August.

2. Conflicting guidelines exist on the form the Title III Evaluation should take (see: State 319450, and Africa Bureau Headquarters Management Notice No. 80-22A). <u>It is recommended</u> here that it be a Joint Evaluation with the GOS and USG as stated in the May 16, 1981 Agreement between the two countries.

PEOPLE CONTACTED BY PL TITLE III EVALUATION TEAM

GOS
Mr Abdoul Malick Sow, Dir of Evaluation (Min Plan)
Mr Diawara, Div of Evaluation
Mr Ora Guiro, Div of Evaluation & Team Member
Mr Edward Dieme, Div of Evaluation & Team Member
Mr Daouda Niane, CAA
Mr Abba Dieme, CAA, New Director of warehouse
Mr Amadou Toure, Caisse de Perequation & Stabilisation des Prix (CPSP)
Mr Tidiane Sy, Dir ENEA
Mr Mamadou Sonko, Dir Adjoint ISRA
Mr Diallo, Chief of Administration ISRA
Mr Roger Valentin, Controller ISRA
Mr Moussa Fall, Dir of Socio-Economic Division,
ISRA/BAMBEY

Mr Mademba N'Diaye, Chairman of Title III Management Committee (Min Plan)
Mr Assane Diouf, Dir of Cooperatives
Mr Assane Samb, Pro. Mngt Accountant, Title III Secretariate
Mr Omar Sow, Management Officer, ENCR
Mr Lamine Diouf, Dir Debt & Investment

OTHER
Mr Gau, Accountant & Technical Advisor to CAA with Agro-Progress
Mr Amar Sangone, Deputy Director World Bank
Mr Jomni, Technical Advisor to CAA
Mr Fergusson, CEDA

USAID
Mr Paul Rusby, RFFPO & Coordinator of Evaluation Effort
Mr David Shear, Mission Director
Mr John Balis, Dir ADO
Mr Paul Wenger, Dir PDO
Mr Ken Steinke, USAID contractor in warehouse construction
Mr Ben Stoner, Project Monitor for ENCR
Mr Sam REA, Program & Evaluation Officer
Ms Carol Ulinski, Project Monitor Dune Fixation
Ms Mary Diop, Office of Health & Nutrition
Ms Julie Owens, PDO
Mr Barney Mosley, Projects Engineer
Mr Frank Casey, Contractor
Mr David Ridding, Contractor
Mr Lance Jepson, ADO

NOT AVAILABLE FOR CONSULTATION
Mr Mason Assane Diop, Dir CPSP (vacation)
Mr Hamidou Bocoum, Dir ENCR (vacation)
Mr Baba Diop, (Min Plan)
Dr Papa I Thiongane, Dir ISRA (vacation)
Mr N'Diaye, Dir. CAA
Mr Cheikh Hamidou Kane Dir Finance (vacation)

PL-480 TITLE III

RECAPITULATION OF ACCOUNTS

FIRST TRANCHE

			CFA
I.	Local Currency Generation Requirement (Attachment I-A):		1,431,124,782
II.	Deposits to the Special Account:		
		CFA	
	11/11/80	400,000,000	
	11/18/80	500,000,000	
	12/31/80	2,472,265	
	2/11/81	300,000,000	
	3/31/81	6,301,113	
	7/20/81	11,292,935	
	8/6/81 (Ocean Freight)	287,262,077	
		932,804,236	932,804,236
III.	Shortfall in Deposits to Special Account:		498,320,546
IV.	Allocations to Development Projects (Attachment I-B):		
	11/20/80	376,600,000	
	4/6/81	120,191,000	
	9/21/81	381,363,782	
		878,154,782	878,154,782
V.	Balance in the Special Account as of 9/21/81:		54,649,454

P L - 480 T I T L E III

October 14, 1980

1st Tranche 7 Million Dols L.C. Generation

1ère Tranche 7 Millions de dollars en monnaie locale

No de transmission USDA. USDA transmission No	Navire Vessel	Date d'Embarquement. On-Board Date	Cours des Changes à la date d'Embarquement. Exchange rate for on-board date.	Tonnage net acheté. Metric tons purchased net.	Valeurs en dollars. $ Value purchased.	Valeur en CFA (versement au comptant). CFA value purchased. (Deposit to special account).	No Sacs Bags No.
	DEL ORO	15 Juillet 1980 July 15, 1980	203.05	609.997	233,317.75 382.49	47,375,169	13,448
2	DEL SOL	24 Juillet 1980 July 24, 1980	201.65	4,500,000	1,705,275.00 378.95	343,868,704	99,207
3	DEL SOL	24 Juillet 1980 July 24, 1980	201.65	224.984	85,754.90 381.16	17,292,476	4,960
4	DEL VALLE	3 Août 1980 August 3, 1980	207.00	4,295.290	1,637,192.73 381.16	338,898,895	94,694
5	DEL ORO	30 Juillet 1980 July 30, 1980	204.55	8,399.982	3,174,773.20 377.95	649,399,858	185,186
6	DEL SOL	30 Septembre September 30, 1980	210.00	204,708	78,026.50 381.16	16,385,565	4,513
7	DEL SOL	30 Septembre September 30 1980	210.00	224,984	85,257.67 378.95	17,904,115	4,960
				18,459,945	6,999,597.75	1,431,124,782	406,968

Attachment I-B
Pièce I-B

PL-480 TITLE III
STATUS OF PROJECT ALLOTMENTS AT 9/30/81

STATUTS DES ALLOCATIONS AUX PROJETS AU 30/09/81
PL-480 TITRE III

SUBJECT/SUJET	ALLOTMENTS THROUGH 9/30/81 ALLOCATIONS AU 30/09/81			1st YEAR BUDGET 1ère ANNEE BUD.	%
	1st Allo. CFA	2nd Allo. CFA	TOTAL CFA	CFA	
Agricultural Policy Studies Etude de la Politique Agricole	-0-	5 000 000	5 000 000	32 100 000	16
Local Cooperative Storage Magasins de Stockage au Niveau des Coopéra	11 000 000	120 000 000	131 000 000	408 916 000	32
Decentralization of Research Décentralisation de la Recherche	45 400 000	52 000 000	97 400 000	310 776 000	31
Rural Technical Schools/ENEA Ecoles Techniques Rurales/ENEA	191 191 000	61 000 000	252 191 000	192 191 000	131
Rural Technical Schools/ENCR Ecoles Techniques Rurales/ENCR	40 000 000	42 000 000	82 000 000	41 505 000	198
Reforestation and Dune Fixation Fixation des Dunes et Reforestation	195 200 000	95 000 000	290 200 000	425 273 000	68
Rural Development Fund Fond de Développement Rural					
OFADEC	-0-	-0-	-0-	-0-	-
Millet Transformation/ Transformation du Mil	-0-	-0-	-0-	-0-	-
Program Management Gestion du Programme	14 000 000	6 363 782	20,363,782	20 363 782	100
Sub Total	496 791 000	381 363 782	878 154 782	1 431 124 782	61
Balance in A/C as of 9/21/81			54 649 454		
Total Deposits			932 804 236		

EMBASSY OF THE
UNITED STATES OF AMEF
USAID/Senegal
B.P. 49
Dakar

September 28, 1981

Mr. Abdoul Malick SOW
Directeur de Planification
Ministère du Plan et
de la Coopération
Dakar

Our ref: AID/FFP/81-194

Subject: PL-480 Title III - Joint Evaluation Report

Monsieur,

We transmit herewith for your approval a copy of the first PL-480 Title III Joint Evaluation Report prepared over the period August 15-30, 1981, by a team composed of Messr Diémé, Guiro, Kotati, Rhoads and Ms Rader.

We would be extremely grateful if you would furnish us your letter of approval to this report by Friday October 2, in order that we may incorporate that letter as part of the report and deliver the report to Washington via Pan-Am flight departing Monday night October 5.

The Evaluation Report will provide the basis for an inter-departmental committee review of the Senegal Title III Program on October 16, 1981 at which time decisions concerning the third and final $ 7 million of the current program will be made.

Your particular attention is directed to Annex A which is still a draft. We hope that the shortfalls of deposits to the Special Account will be adjusted before the report goes to Washington October 5, 1981. As the report indicates, accomplishing these adjustments will help to ensure a favorable decision on the part of the Committee regarding the next tranche.

Be assured, Mr. Director, of my best regards.

S/Samuel Rea, A/Director

TRANSLATION

Republic of Senegal

MINISTRY OF PLAN AND COOPERATION

Letter no. 503-MPC/DP/G_2

September 30, 1981

From: The Director of Planning

To : Samuel Rea, A/Director
USAID/Senegal
Embassy of the United States
Dakar

Under cover of your letter Ref. AID/FFP/81-194 dated September 28, 1981, you kindly forwarded to me, for review and observations, five (5) copies of the PL-480 Title III Joint Evaluation Report.

This document was reviewed by my department, and we noted no major objection with regard to either its substance or its form.

Therefore, the Government of Senegal, represented by my department within the joint evaluation team, approves this report in its present version.

S/Ndiaga DIENG
A/Director of Planning