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SENEGAL

Cereals Production

AUDIT REPORT

FY 76



Auditor General

REPORT ON EXAMINATION

OF THE

SENEGAL CEREALS PRODUCTION PROJECT

REGIONAL DEVELOPMENT OFFICE - DAKAR

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*Area Auditor General Africa
Agency for International Development*

SENEGAL CEREALS PRODUCTION - RDO/DAKAR

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SENEGAL CEREALS PRODUCTION - RDO/DAKAR

I. INTRODUCTION

The Senegal Cereals Production project was initiated in February 1975, as part of AID's medium-term response to the Sahelian drought. The project is designed to assist the Government of Senegal (GOS) increase agricultural production (primarily cereals) in the "groundnut basin", a heavily populated farming area in central Senegal. To achieve this objective, AID is assisting Senegal's Agricultural Extension Agency (SODEVA) and The Institute of Agricultural Research (ISRA) in carrying out a four-year program of crop intensification in three districts of the "groundnut basin". As a complement to the extension work, in January 1976 the project was expanded to provide AID support for the promotion of rural groups of artisans, village representatives, and women and youth in the area.

SODEVA is a semi-autonomous institution created by the GOS in 1968 to replace the extension services provided to Senegal since 1964 by a French technical assistance firm -- Societe d'Assistance Technique et de Cooperation (SATEC), which still furnishes technical assistance to SODEVA and owns 10 percent of SODEVA's capital. Other Senegalese agricultural agencies active in the "groundnut basin" are (a) the Office National de Cooperation et d'Assistance au Developpement (ONCAD), who is responsible for providing implements, fertilizers, and other inputs to farmers; and for marketing groundnuts and cereals; and (b) the National Agricultural Research Center at Bambey (CNRA), a division of the ISRA.

The purpose of our examination was to determine if AID resources were being effectively utilized to accomplish the intended objectives; and to identify conditions which could adversely affect project implementation.

II. SUMMARY

In December 1974, an AID project of \$3.8 million was approved, providing assistance for the expansion of agricultural extension activities within Senegal's "groundnut basin" to promote semi-intensive and intensive farming. The purpose of this project is to increase the production of about ten percent of the total farm acreage in the project area through expanded agricultural extension and research activities. There are, however, several conditions which have an adverse effect on cereals production; namely the shortage of farm equipment, insufficient availability of fertilizer, and the inability of ONCAD to fully implement its grain marketing policies. The project does not address these crucial issues.

The project was initiated in April 1975, some four months later than planned. This delay and the problems experienced in construction

of project facilities and procurement of commodities have impeded the attainment of objectives planned for the first year of operation. The evaluation report predicts that quantitative objectives for the second year will be met in all activities except number of farms and millet acreage intensified.

One Agricultural Engineer and one extension advisor (both expatriates) were provided by SATEC under a three-year contract with SODEV. In addition, a third expatriate has been employed as an agro-economist. A condition of approval of the project specified funding for only two non-U.S. expatriate technicians. Since the Mission took immediate action to revise the PROP, no recommendation is necessary (see page 6).

It was planned that all construction work would be completed by September 1976 at a cost of about \$275,000. We noted that construction is considerably behind schedule and costs are expected to substantially exceed the original estimates. In addition SODEV now claims the project requires a number of additional facilities which were omitted in the original plans. As a result, it now appears that project funds will be insufficient to complete the construction phase of the project. We recommend RDO/Dakar obtain a schedule of the construction work still required for project implementation -- including costs, priorities and plans (see page 7).

Both SODEV and CNRA are experiencing difficulties in obtaining exemption of customs duties and taxes on commodities procured for the project. This problem is delaying the ordering and receipt of equipment and materials required for project implementation. We recommend that RDO/Dakar obtain assurance from the GOS that AID-financed commodities be promptly accorded exemption of customs duties and taxes (see page 8).

The PROP contemplated the establishment of revolving credit funds for construction of on-the-farm storage and farm credit for purchase of equipment and supplies. As of May 1976, SODEV had not submitted specific plans and procedures for the establishment and use of these funds. The regular ONCAD credit program either does not provide for some of these items or is unable to meet all requirements. SODEV has recently submitted plans and procedures for the establishment of the revolving credit fund, therefore, we make no recommendation (see page 9).

ONCAD is currently required by law to purchase any amount of millet and sorghum offered for sale by farmers. ONCAD announced in November 1975 it would purchase up to 100,000 M.T. of millet and sorghum at CFA 30/Kg during the 1975/76 season. ONCAD, however, has not followed through on its marketing plans, allegedly due to lack of storage space. AID is aware of the problem, and the need to evaluate the effect of GOS marketing policies and procedures on the project. We noted, however, that specific action on the evaluation is lagging. We recommend that the scope of work of the mid-project evaluation

include a detailed assessment of the effect on ONCAD marketing policies and practices in the project area (see page 10).

In September 1975, AID approved a \$500,000 project add-on for non-formal rural education programs. Our review disclosed that the required comprehensive work plan for the first year of operation, and the first quarterly report had not been submitted by Promotion Humaine -- the GOS agency responsible for the program. RDO/Dakar had advanced CFA 20 million although the project agreement stipulated that no advances would be made until the work plan was approved. Also, the GOS was not furnishing the logistic support called for in the PIO/T; and the U.S. advisor's contract did not require a reporting function, whereas the PIO/T did. RDO/Dakar took the necessary action to correct certain of these deficiencies prior to issuance of this report, and initiated action on the other deficiencies. We recommend that Promotion Humaine be requested to establish procedures to ensure that quarterly progress reports are promptly submitted; and that the GOS be requested to provide the logistic support called for in the PIO/T (see page 11).

We found that the RDO/Dakar was adequately monitoring the project. The project manager had made several field visits, frequently met with the SODEVA and CNRA staff; and in general, promptly brought to the attention of AID and host country management any special issues which might delay or hamper project progress. All these actions were documented in the project files.

The project contains a covenant that the GOS will contribute annually to the program in an amount at least equal to its support during 1974. For the year ending March 1976, the GOS budgeted CFA 200 million for this purpose, or 55 percent over and above the amount allocated in the 1974/75 fiscal year. During the first year of project operation SODEVA and CNRA employed 139 persons charged to the GOS contribution, or about 90 percent of project plans. In our judgment, the covenant is being adequately fulfilled.

The findings and recommendations contained in this report were discussed with RDO/Dakar management, and a copy of our draft report transmitted to them. Their comments, as appropriate, have been included in the text of this report. In commenting on our draft report, the Mission verified that effective action had been taken on four of the draft recommendations, and that progress had been made on two others. On this basis we withdrew four of the recommendations from our final report. The Mission is to be commended for its positive attitude toward suggestions for improvement, and its prompt response to the auditors' recommendations.

III. STATEMENT OF FINDINGS AND RECOMMENDATIONS

Project Objectives

In April 1974, the GOS requested AID assistance for the expansion of agricultural extension activities within Senegal's "groundnut basin" to promote semi-intensive and intensive farming. In response to this request, AID agreed to assist in the financing of a cereals production and agricultural extension project to be located in the Thies and Diourbel Regions of Senegal. This area is just to the north of the Sine-Saloum Region where SODEVA had been implementing a similar project financed by France's loan aid agency Caisse Centrale de Cooperation Economique (CCCE).

RDO/Dakar submitted a Non-Capital Project Paper (PROP) in June 1974, requesting AID financing of \$3,815,000 to cover a four year span (1975-1978). The AID Administrator approved the project in December 1974. The PROP listed the following project objectives:

- Encourage the production of cereals in rotation with existing cash crops to provide farmers with their basic food requirements.
- Increase farmer income by introducing more rational production methods to improve productivity, leading to the commercialization of an increased millet crop.
- Assist in the expansion and strengthening of SODEVA.
- Expand the current program of applied research to village farm cooperatives and intensified farms to serve as models for more generalized agricultural development throughout the "groundnut basin."
- Develop the necessary rural infrastructure to assure the continued overall agricultural development of the area.

The overall purpose of the project is to increase the productivity of about 10 percent of the total farm acreage in the project area through expanded agricultural extension and research activities. If other non-AID inputs such as equipment, fertilizer and pesticides are available, the project should result in increased yields of groundnuts and cereals, and a larger acreage devoted to forage crops. There are, however, several constraints which have an adverse effect on cereals production; e.g., the shortage of farm equipment, insufficient availability of fertilizers, and the inability of ONCAD to fully implement its grain marketing policies. The project does not address those crucial issues.

Project Accomplishments

The project started in April 1975, some four months later than planned. This delay and the problems experienced in construction of project facilities and procurement of demonstrational commodities have impeded the attainment of the objectives planned for the first year of operations. In quantitative terms, main accomplishments for the first year were:

<u>Action</u>	<u>Planned</u>	<u>Achieved</u>	<u>Percentage of Achievements</u>
1. Personnel on Hand	268	249	93
2. Farms intensified	470	264	56
3. Farms semi-intensified	1,040	999	96
4. Hectares intensified	1,590	1,367	86
(a) Groundnuts	(690)	(727)	105
(b) Millet	(850)	(585)	69
(c) Cowpeas	(50)	(55)	110
5. Trained Ox Teams on Hand	1,510	1,341	89

In addition to difficulties in construction and procurement, the in-house evaluation report SODEVA submitted in April 1976 cited the following problems encountered in the first year:

- Insufficient time to train the newly-recruited extension agents and acquaint them with the characteristics of the project area.
- Incomplete and unreliable data collected on production yields from intensified farms.
- Prohibitive cost of millet threshing prior to marketing.
- Shortage of grain storage facilities.
- Underutilization of trained ox teams.
- Sales of some of the trained oxen for slaughtering after harvest.
- Insufficient farm implements and fertilizer.

The evaluation report predicts that quantitative objectives for 1976/77 will be met in all activities except (a) number of farms and (b) millet acreage intensified, where SODEVA anticipates 64 percent and 91 percent of project projections, respectively.

Expatriate Personnel

Section 639A(b) of the Foreign Assistance Act of 1961, as amended by the Foreign Disaster Assistance Act of 1974, permits procurement of commodities and services from non-U.S. free world source (AID Geographic Code 935) for projects financed under the Sahel medium term program. Based on this provision, the Administrator authorized project funding not to exceed \$300,000 for two non-U.S. expatriate technicians.

One agricultural engineer and one extension advisor (both expatriates) were provided by SATEC under a three-year contract with SODEVA. In addition, a third French expatriate has been employed under the research component of the project as an agro-economist. This expatriate is a full-time employee of CNRA assigned exclusively to the project since April 1975. A condition of approval of the project specified funding for only two non-U.S. expatriate technicians. Therefore the increase in the number of non-U.S. expatriate personnel, as well as any funding in addition to the \$300,000 approved for these costs, should be approved by the Administrator.

In our draft report we recommended RDO/Dakar revise the Project Paper to authorize the funding of an additional non-U.S. expatriate technician for the project, as well as any increase in funding over the \$300,000 specifically approved for these personnel costs. Since effective action was taken prior to issuance of this report, we have withdrawn the recommendation.

Construction

The project includes a construction program planned to provide SODEVA with the minimum infrastructure (offices, dormitories, storerooms, dispensaries) it needs to carry out its extension work at the farm level. It also provides for office and warehouse space required for staff, equipment and supplies to support field operations. Expansion of the CNRA main office at Bambey was also financed under the project.

It was planned that all construction work would be completed by September 1976 at a cost of about \$275,000. We noted that construction is considerably behind schedule, and costs are expected to substantially exceed the original estimates. In addition, SODEVA now claims the project requires a number of additional facilities which were omitted in the original plans, such as fencing, garages, and water supply. As a result, it now appears that the planned AID funds will be insufficient to complete the construction phase of the project.

The delays occurred primarily because (a) SODEVA awarded the construction contract for the Thies and Diourbel headquarters operations without the necessary approval from the local authorities, (b) the contractor who was awarded the bulk of construction work defaulted in January 1976 (no corrective action had been taken at the close of our review in June 1976), and (c) land had not yet been made available for one of the field warehouses.

We were told that the local authorities of Thies and Diourbel had recently authorized construction of the SODEVA facilities on the basis of modified plans that entailed substantial cost increases. SODEVA informed us that the defaulting contractor would be given two months to complete the work he started and left unfinished. However, in view of his past record, SODEVA intended (in the case of the Thies and Diourbel headquarters, which were originally awarded to him) to either make a new call for bids or negotiate with the second lowest bidder. In any event, costs of these facilities will be considerably higher than anticipated. In June 1976, SODEVA submitted to RDO/Dakar a revised project budget increasing the construction line item some 67 percent, and decreasing other line items, mainly from local personnel costs.

Recommendation No. 1

RDO/Dakar should obtain from SODEVA a schedule of the construction work still required for project implementation including (a) priorities, (b) detailed plans, costs and anticipated time of execution for each facility, (c) assurance that all land and governmental authorizations for construction have been obtained, (d) reasons and justifications for any modifications and cost increases, and (e) an analysis of the economies expected to be made in other project costs.

Prior to the conclusion of our field work, RDO/Dakar had initiated action to implement this recommendation. The type of information requested in this recommendation should enable AID to determine to what extent the Agency may finance any construction modifications, additions and cost increases which are reasonably justified, without adversely affecting the implementation of other project actions. If it is determined that a successful implementation of all project activities requires financing in excess of current AID funding, RDO/Dakar should request the GOS to contribute the required supplemental financing and revise the project agreement accordingly.

Customs Duties and Taxes

Both SODEVA and CNRA are experiencing difficulties in obtaining exemption of customs duties and taxes from the GOS on commodities procured for the project. This problem is delaying the ordering and receipt of equipment and materials required for project implementation.

RDO/Dakar believes that the obligation of the GOS to accord such exemption is clearly spelled out in Special Provision G and Standard Provision I of the project agreement. However, in view of the status of SODEVA as a semi-autonomous, "mixed-economy" company, the GOS Ministry of Finance may interpret Special Provision G as only applicable to imports

made by the GOS, and not to imports made by "mixed economy" agencies. Also, Standard Provision I calls for the implementing agency itself (SODEVA and CNRA) to defray the costs of duties and taxes out of their own budget, which in fact is what CNRA has been doing so far. We believe that the matter should be clarified at the Ministry of Finance level to promptly obtain exemption of customs duties and taxes on AID-financed commodities. If necessary, the individual requests for exoneration could be countersigned by RDO/Dakar to ensure that waivers are not extended to non-AID financed items.

Recommendation No. 2

RDO/Dakar should obtain from the GOS formal assurance that AID-financed commodities procured by the three project implementors (SODEVA, CNRA and Promotion Humaine) be promptly accorded exemption of customs duties and taxes.

Prior to the conclusion of our field work, RDO/Dakar had initiated action to implement this recommendation.

Revolving Funds

The PROP contemplated the establishment of revolving credit funds for (a) construction of on-the-farm storage, and (b) farm credit for purchase of equipment and supplies. SODEVA calculated that a fund of CFA 15 million (\$65,000) would be sufficient to meet demands for storage credit funds. It was intended to provide this sum from the Grain Stabilization Counterpart Account under a letter of agreement between GOS and AID. (The funds were generated from sale of grain provided to Senegal by P. L. 480 Title II programs.) However, this has not been done. The farm credit need was estimated at CFA 50 million (over \$200,000) to be set aside from the contingency portion of the project. This fund would only be established in case the regular agricultural credit program, administered by ONCAD, did not meet all the requirements of the Thies-Diourbel program or if sufficient special credits were not made available for this purpose to SODEVA from the Senegalese Development Bank.

Although the project agreement budget included \$20,000 for the storage fund and \$13,000 for hire-purchase of farm equipment, the narrative of the project agreement de-emphasized the credit funds -- listing them as "sub-projects that would be included as appropriate". As of May 1976, SODEVA had not submitted specific plans and procedures for the establishment and use of these funds. However, in the draft project budget for 1976/77, SODEVA proposed the addition of a third credit fund (\$20,000) for purchasing draft cattle and small implements. The proposal was based on the positive response of farmers to a pilot credit program of CFA 2 million, recently started by SODEVA in the Thies Region.

It is evident that the area is in need of grain storage facilities, draft cattle, and farm equipment. The regular ONCAD credit program either does not provide for some items (granaries and cattle), or is unable to meet all requirements. We realize that other factors have a bearing in the situation, such as the debt ceiling the GOS fixes on farm cooperatives, the possible reluctance of SODEVA to enter ONCAD's field of activity, and the unwillingness of farmers to obtain credit on terms they believe less favorable than those offered by ONCAD's program. In any event, we believe the project has reached the point where a prompt decision should be made on the establishment and use of credit funds, especially to increase grain storage capacity and animal traction in the project area. In our Audit Report No. 3-685-76-37, dated May 18, 1976, on Local Currency Programs in Senegal, we recommended that RDO/Dakar urge the GOS to promptly utilize the still unprogrammed Grain Stabilization Counterpart funds (CFA 51 million) in support of an AID medium-term agricultural project. The use of those funds for the construction of village grain storage facilities would meet the intent of the recommendation.

In our draft report we recommend RDO/Dakar request SODEVA to promptly submit complete plans and procedures for the establishment of revolving credit funds for the construction of storage facilities and acquisition of draft cattle and farm equipment and materials. Since effective action was taken prior to issuance of this report, we have withdrawn the recommendation.

Cereals Marketing

Grain yield data for 1960/73 indicates that the project area has been generally self-sufficient in millet and sorghum grains. Thus, project success is contingent upon the implementation of adequate marketing policies and procedures to provide incentives for production of surplus for commercialization and storage. The recent drought impressed the GOS with the need to promote cereals production and to assure the commercialization of the increased production and the storage of buffer stocks. ONCAD is currently required by law to purchase any amount of millet and sorghum offered for sale by farmers; and in November 1975, ONCAD announced that it would purchase up to 100,000 M.T. of millet and sorghum at CFA 30 per Kg during the 1975/76 season. ONCAD, however, has not followed through on its purchase plans allegedly due to lack of storage space.

The Mission commented that ONCAD is addressing the principal problem (lack of storage space) faced in carrying out its cereals commercialization responsibility. The audit team observed the start of 2 of 18 grain storage structures which will total 30,000 M.T. capacity. Recent advice is that structures will be complete by November 1976 -- in time for storage of the 1976 crop. Although delayed, AID's effort to enlarge and strengthen the GOS marketing and storage program through a \$4 million project of construction/training is progressing and expected to be launched in CY 1976.

AID's recently initiated project performance tracking (PPT) system called for the details of ONCAD crop buying policies (prices, quantities, transportation and storage) to be verified by January 1976 to assess their effect on the

project. We noted, however, that specific action on the evaluation is lagging. The Project Review Paper for the proposed FY 77 \$4 million AID project mentioned above contains a general description and discussion of ONCAD marketing policies. This exercise was partially responsive to the PPT requirement, but did not provide an assessment of the effect of ONCAD marketing policies and practices in the project area. We believe that such an assessment should be included in the project evaluation schedule for late 1976.

Recommendation No. 3

RDO/Dakar should ensure that the scope of work of the mid-project evaluation include a detailed assessment of the effect of ONCAD marketing policies and practices in the project area.

Human Promotion Activities

In September 1975, AID approved a \$500,000 project add-on to support several activities in the project area to be carried out by Promotion Humaine (P.H.). P.H. is an agency set up by the GOS in 1973 to promote and coordinate non-formal rural education programs. The project add-on followed a recommendation made in the Senegal Development Assistance Program (DAP) to assist P.H. through a mid-term agricultural production project. AID is financing two years of U.S. advisory services, procurement of vehicles, teaching aids, and audio-visual equipment, as well as part of the costs of establishing local artisans, literacy training, village development organizations, and complementary instruction for women and youths. These activities are designed to complement the extension work of SODEVA. This project phase started in January 1976.

Our review disclosed the following deficiencies:

- P.H. had failed to submit the required comprehensive workplan for the first year of operation and the first quarterly progress report.
- Although the project agreement stipulated that no disbursement would be made until the annual workplan was approved by GOS and AID, RDO/Dakar had advanced CFA 20 million (\$88,000) to P.H. (At the conclusion of our field examination in June 1976, P.H. and SODEVA had not yet finalized a joint plan of action.)
- GOS was not furnishing the AID contractor the logistic support called for in the Project Implementation Order for technical services (PIO/T). His contract, though, was written in such a way that AID is obligated to provide such support if the GOS is either unwilling or unable to supply it.

- The U.S. advisor's contract did not require a reporting function, whereas the related PIO/T did.

In response to our findings, the contractor assured us that he would submit reports in accordance with the PIO/T. Concerning the advance, RDO/Dakar commented:

"Although an advance has been made to P.H. and money was spent from it for project vehicles ... a moratorium has been placed on further expenditures until the workplan is approved. Actually, the vehicles served to hasten the development of the workplan by assuring regular transport for the contractor to the project area ..."

In our draft report we recommended RDO/Dakar should (a) request Promotion Humaine to promptly submit a comprehensive workplan for review and joint approval by the GOS and AID; and (b) revise Contract No. 76-1 to include the reporting requirements set forth in PIO/T No. 685-201-3-60001. Since effective action was taken prior to issuance of our report we have withdrawn those recommendations.

Recommendation No. 4

RDO/Dakar should request P.H. to establish procedures to ensure the next quarterly progress report is submitted in a timely manner.

Recommendation No. 5

RDO/Dakar should request the GOS to provide the contractor the full logistic support stipulated in the PIO/T.

AID Monitoring

We found that RDO/Dakar was adequately monitoring the project. The project manager had made several field visits, frequently met with the SODEVA and CNRA staffs to discuss implementation procedures and problems, and promptly brought to the attention of AID and host country management any special issues which might delay or hamper project progress. All these actions were documented in the project files. RDO/Dakar management recently participated with the GOS and SODEVA staff in an in-house review meeting of an evaluation submitted in April 1976 by SODEVA of the first year of project operations. An in-depth external evaluation is scheduled to be performed around September/October 1976 for the purpose of preparing a Project Appraisal Report (PAR), and to provide a basis for the revalidation (or re-planning) of project purposes, objectives, and program goals. This is the first project implemented by RDO/Dakar in which the new planning and evaluation techniques (project performance tracking, critical performance indicators) are being utilized.

Financial Management

During our examination we found that (a) \$48,000 of project funds remained un-allocated; (b) RDO/Dakar had not followed through on the payment to AID of interest earned on the advances made to implementing agencies, and (c) SODEVA had submitted a claim for reimbursement for construction work not yet performed. RDO/Dakar took prompt remedial action on these findings before the close of our field review.

Host Country Support

The project contains a covenant that the GOS will contribute annually to the program in an amount at least equal to its support during 1974 for SODEVA operations in the Thies and Diourbel Regions. For the year ending March 31, 1976, the GOS budgeted CFA 200 million for this purpose, which was 55 percent over and above the amount allocated in the 1974/75 fiscal year. (Actual expenditures should be included in the financial report SODEVA is required to submit in July of each year). During the first year of project operation, SODEVA and CNRA employed 139 persons charged to the GOS contribution -- or about 90 percent of project plans. In our judgement, the covenant on GOS support is being adequately fulfilled.

The implementing agencies have designated Senegalese technicians as counterparts to the Project Manager. In the case of SODEVA, however, it appeared to us that a substantial amount of decision-making is entrusted to expatriate staff. This may be unavoidable until more Senegalese managerial skill becomes available.

IV. BACKGROUND AND SCOPE

Background

Senegal is primarily an agricultural country, with 75 percent of the labor force engaged in agriculture. As such, it was seriously affected by the recent prolonged drought conditions in the Sahel. Furthermore, Senegal had tended to shift its emphasis away from agriculture, even though some 60 percent of its exports are agricultural in origin. The exigencies of the drought and the effect on the economy made the weakness of the oversight alarmingly evident.

While per capita Gross National Product of Senegal amounts to some \$300, the income of the rural population is still only one tenth of the income of urban dwellers. Thus, if the Senegalese economy is to be developed and the standard of living of the mass of people improved, priority must be given to agriculture. In this context, the GOS requested AID assistance to expand agricultural productivity in the "groundnut basin" of West Central Senegal, a densely populated area, where most of Senegal's groundnuts and millet are grown.

In April 1974, AID approved the scope of work for an agricultural extension and cereals production project to be carried out in three districts of the Thies and Diourbel Regions in the "groundnut basin". The proposed project, prepared in close collaboration with SODEVA, was approved in December 1974 as part of AID's medium-term assistance programs for the Sahel. In September 1975, AID approved an additional \$500,000 to support Promotion Humaine in carrying out several training production-linked activities complementary to SODEVA's extension work in the area. These included promotion of artisans, village organization, literacy, and women and youth training. The project is expected to be completed in 1978.

Obligations and expenditures as of May 31, 1976 amounted to \$3,847,000 and \$232,000, respectively. Since RDO/Dakar computes accrued expenditures only at the end of each quarter, the expenditure figure represents net reimbursements to the implementing agencies. Considering that the implementing agencies are tardy in submitting reimbursement requests (due to the bureaucratic procedures of the GOS), we estimate accrued expenditures at May 31, 1976 to be in the vicinity of \$800,000.

Scope

We have performed an initial audit of the Senegal Cereals Production Project (No. 685-11-130-201). The purpose of our examination was to (a) determine if AID funds were being used for the intended purposes, and (b) identify any problem areas requiring management attention.

We reviewed pertinent records at RDO/Dakar, SODEVA and CNRA/Bambey; held discussions with AID, host country and contract project personnel; and made a visit to several project sites in the Thies and Diourbel Regions. Our audit covered the period from inception through May 31, 1976.

SENEGAL CEREALS PRODUCTION - RDO/DAKAR

Contractor Personnel

<u>Name</u>	<u>Position</u>	<u>Date</u>	
		<u>Arrival</u>	<u>Departure</u>
<u>AID PERSONAL SERVICES CONTRACT</u>			
<u>Contract RDO/Dakar-76-1</u>			
Eugene Lerner	Human Promotion Advisor	1/1/76	*
<u>HOST COUNTRY CONTRACT</u>			
<u>SODEVA/SATEC Contract</u>			
Gerard Huet (French)	Agricultural Engineer	4/15/75	*
Didier de la Mettrie (French)	Extension Training Advisor	4/25/75	*

*On board as of May 31, 1976

SENEGAL CEREALS PRODUCTION - RDO/DAKAR

Acronyms Used in Report

- AID** - Agency for International Development
- CCCE** - "Caisse Centrale de Cooperation Economique" -- France's loan aid agency
- CFA** - "Communaute Financiere Africaine Franc" -- the currency used in most Francophone Black African countries (\$1 = CFA 230 is the rate used throughout this report).
- CNRA** - "Centre National de Recherches Agronomiques", a Senegalese agricultural research center
- DAP** - Development Assistance Program
- GOS** - Government of Senegal
- ISRA** - "Institut Senegalais de Recherches Agronomiques" -- the GOS' agricultural research agency
- ONCAD** - "Office National de Cooperation et d'Assistance au Developpement" -- a GOS agency for agricultural supply and marketing
- PAR** - Project Appraisal Report
- P.H.** - "Promotion Humaine" -- a GOS agency in charge of rural non-formal education.
- PIO/T** - Project Implementation Order for Technical Services
- PPT** - Project Performance Tracking System
- ProAg** - Project Agreement
- PROP** - Non-Capital Project Paper
- RDO/Dakar** - AID's Regional Development Office in Dakar, Senegal
- SATEC** - "Societe d'Assistance Technique et de Cooperation" -- a French technical assistance firm
- SODEVA** - "Societe de Vulgarisation Agricole" -- GOS' agricultural extension agency

SENEGAL CEREALS PRODUCTION - RDO/DAKAR

List of Recommendations

Page No.

Recommendation No. 1

7

RDO/Dakar should obtain from SODEVA a schedule of the construction work still required for project implementation including (a) priorities, (b) detailed plans, costs and anticipated time of execution for each facility, (c) assurance that all land and governmental authorizations for construction have been obtained, (d) reasons and justifications for any modifications and cost increases, and (e) an analysis of the economies expected to be made in other project costs.

Recommendation No. 2

8

RDO/Dakar should obtain from the GOS formal assurance that AID-financed commodities procured by the three project implementors (SODEVA, CNRA and Promotion Humaine) be promptly accorded exemption of customs duties and taxes.

Recommendation No. 3

10

RDO/Dakar should ensure that the scope of work of the mid-project evaluation include a detailed assessment of the effect of ONCAD marketing policies and practices in the project area.

Recommendation No. 4

11

RDO/Dakar should request P.H. to establish procedures to ensure the next quarterly progress report is submitted in a timely manner.

Recommendation No. 5

11

RDO/Dakar should request the GOS to provide the contractor the full logistic support stipulated in the PIO/T.

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