

698-0410.2

Africa Regional

Somalia Artificial Insemination

Pro Ag

FY79

For File

A.I.D. Project No. 698-0410.20

PROJECT GRANT AGREEMENT

Date: June 28, 1979

Between -

Somalia Democratic Republic ("Grantee")

And

The United States of America, acting through
the Agency for International Development ("A.I.D.")

ARTICLE I

The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described below, and with respect to the financing of the Project by the Parties.

ARTICLE II

The Project

SECTION 2.1. Definition of Project. The Project which is further described in Annex 1, will consist of the financing of certain foreign exchange and local currency costs of goods and services to assist the Ministry of Livestock, Forestry and Rangelands to change over their present artificial insemination system from fresh liquid semen to frozen semen. A.I.D.'s contribution will be made mainly through working with small dairy farmers and cooperatives in Mogadishu, Afgoi, and Lower Shabelle Regions to allow them to improve the strain of milking cattle which can increase the supply of fluid milk for the Mogadishu metropolitan area. Annex 1, attached, amplifies the definition of the Project contained in this Section 2.1. Within the limits of the definition of the Project in this Section 2.1, elements of the amplified description stated in Annex 1, may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2 without formal amendment of this Agreement.

SECTION 2.2. Financial Nature of Project.

(a) - It is anticipated that A.I.D.'s contribution over the life of the project (one year) will be approximately \$340,000.

(b) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D., based upon consultation with the Grantee may specify in Project Implementation Letters appropriate time periods of the utilization of funds granted by A.I.D. under an individual increment of assistance.

ARTICLE III

Financing

SECTION 3.1. The Grant. To assist the Grantee to meet the cost of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed three hundred forty thousand dollars (\$340,000) ("Grant"). The Grant may be used to finance foreign exchange costs, as defined in Section 6.1, and local currency costs, as defined in Section 6.2. of goods and services required for the Project.

SECTION 3.2. Grantee Resources for the Project.

(a) The Grantee agrees to provide or cause to be provided for the Project, all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by Grantee for the Project will be not less than the equivalent of U.S. \$630,000, including costs borne on an "in-kind" basis.

SECTION 3.3 Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is September 30, 1980, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in Section 7.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

ARTICLE IV

Conditions Precedent to Disbursement

SECTION 4.1. Disbursement. Prior to the disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) The MLFR will provide assurance by letter to USAID that arrangements have gone forward to put the liquid nitrogen facility into operation and sufficient supply of liquid nitrogen is being provided.

(b) A statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.2 and of any additional representatives, together with a specimen signature of each person specified in such statement;

(c) Other conditions that may be satisfied separately for each Project component:

(1) Plans and specifications, bid documents, cost estimates and time schedules for carrying out the Project.

(2) An executed contract for construction or other services for the Project acceptable to A.I.D. with a firm acceptable to A.I.D.

(d) The conditions specified in paragraph (b) above are subject to the provisions of Article C, Section C.3 of the Standard Provisions Annex.

SECTION 4.2. Notification. When A.I.D. had determined that the conditions precedent specified in Section 4.1 have been met, it will promptly notify the Grantee.

SECTION 4.3. Terminal Dates for Conditions Precedent. If all of the conditions specified in Section 4.1 (a) and (b) have not been met within 90 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

ARTICLE V

Special Covenants

SECTION 5.1. Project Evaluation. The Parties agree to establish an evaluation program as an integral part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

(a) Evaluation of progress toward attainment of the objectives of the project;

(b) Identification and evaluation of problem areas or constraints which may inhibit such attainment;

(c) Assessment of how such information may be used to help overcome such problems, in this or other projects; and

(d) Evaluation to the degree feasible of the overall development impact of the Project.

SECTION 5.2. Implementation of Project. During the implementation of the Project, the Grantee agrees:

(a) To make such institutional reforms as may be agreed to by the Parties as necessary to assure that the objectives of the Project are achieved;

(b) To nominate candidates for training in a timely and efficient manner;

(c) To retain returned participants at levels within the Government commensurate with their enhanced qualifications for a period twice as long as their training, and in the case of undergraduate degree returnees who were in training for three or more years, for a period not less than five years;

(d) To name qualified counterparts for the A.I.D. sponsored technicians in a timely manner, and to also assure selection of key personnel in the various ministries and agencies concerned required to support Project activities; and

(e) To assure that capable trained staff will take over from U.S. technicians upon Project completion.

ARTICLE VI

Procurement Source

SECTION 6.1. Foreign Exchange Costs. Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods and services ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1 (b) with respect to marine insurance.

Ocean transportation costs will be financed under the grant only on vessels under flag registry of the United States or Somalia; except as A.I.D. may otherwise agree in writing. If A.I.D. determines that there are no vessels under flag registry or Somalia generally available for ocean transportation, or Somalia has no access to U.S. flag service, A.I.D. in a Project Implementation Letter may agree to finance under the grant ocean transportation costs on vessels under flag registry of any country included in A.I.D. Geographic Code 941.

SECTION 6.2. Local Currency Costs. Disbursements pursuant to Section 7.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Somali Democratic Republic ("Local Currency Costs"). To the extent provided for under this Agreement, "Local Currency Costs" may also include the provision of local currency resources required for the Project.

ARTICLE VII

DisbursementSECTION 7.1. Disbursement for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with terms of this Agreement by such of the following methods as may be mutually agreed upon:

(1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (a) requests for reimbursement for such goods or services, or (b) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project; or

(2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (a) to one or more U.S. banks satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (b) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers through Letters of Credit or otherwise for such goods or services.

(b) Banking charges incurred by Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

SECTION 7.2. Disbursement for Local Currency Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained:

(1) by acquisition by A.I.D. with U.S. Dollars by purchase (or from local currency already owned by the U.S. Government); or

(2) by A.I.D. requesting the grantee to make available the local currency for such costs, and thereafter making available to the

Grantee, through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Grantee or its designee an amount of U.S. Dollars equivalent to the amount of local currency made available by the Grantee, which Dollars will be utilized for procurement from the United States under appropriate procedures described in Project Implementation Letters.

The U.S. Dollar equivalent of the local currency made available hereunder will be, in the case of subsection (b)(1) above, the amount of U.S. Dollars required by A.I.D. to obtain the local currency and in the case of subsection (b)(2) above, an amount calculated at the rate of exchange specified in the applicable Special Letter of Credit Implementation Memorandum hereunder as of the date of the opening or amendment of the applicable Special Letter of Credit.

SECTION 7.3. Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 7.4. Rate of Exchange. Except as may be more specifically provided under Section 7.2, if funds provided under the Grant are introduced into Somalia Democratic Republic by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of Somali Democratic Republic at the highest rate of exchange which, at the time the conversion is made, is not unlawful in the Somali Democratic Republic.

ARTICLE VIII

Miscellaneous

SECTION 8.1. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed only given or sent when delivered to such Party at the following addresses:

To the Grantee:

Mail and Cable Address: State Planning Commission
Mogadishu, Somalia

To A.I.D.:

Mail Address: Director
USAID/Somalia
Mogadishu, Somalia

Alternate address for cables: AMEMBASSY MOGADISCIO

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving notice. The Grantee, in addition, will provide the USAID Mission with a copy of each communication sent to A.I.D.

SECTION 8.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the Office of Chairman, State Planning Commission; and A.I.D. will be represented by the individual holding or acting in the Office of Director, USAID/Somalia each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of the Grantees, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" is attached to and forms part of this Agreement. (See Annex 2.)

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

SOMALIA DEMOCRATIC REPUBLIC

BY:

Ahmed Habib Ahmed

TITLE: Chairman

State Planning Commission

BY:

Abdirahman Haji Nur

TITLE: Director General

Livestock, Forestry and Range

UNITED STATES OF AMERICA

BY:

Donald K. Petterson

TITLE: United States Ambassador
to Somalia

BY:

Charles P. Campbell

TITLE: Director

USAID/Somalia

DATE: 28 June 1979

PROJECT DESCRIPTION

The proposed project will utilize liquid nitrogen to freeze semen to minus 100° Centigrade. Semen held at this temperature maintains its fertilizing capacity for an indefinite period of time. The semen containers that will be located in the various subcenters will hold sufficient liquid nitrogen for a period in excess of thirty days so that it is only necessary to recharge them at this interval. This will reduce the transportation requirement from the present 8-10 visits per month with liquid semen to less than once a month with frozen semen.

The key to the whole project will be the production of liquid nitrogen by the machine that is to be installed in the A.I. center at Afgoi. This machine was purchased in 1975 but has never been placed in operation because of the loss in shipment of certain essential items. These are to be recorded and when they have arrived, a factory representative of Phillips, the manufacturers of the equipment, will put it into operation. This plant will produce 6 liters of liquid nitrogen per hour when functioning properly and will be able to supply in excess of the requirements of the artificial insemination project that is planned under this project proposal.

In order to insure the proper operation of the liquid nitrogen-producing equipment, two technicians will be sent under this proposed project to the factory to learn proper maintenance and servicing procedures. These technicians will be assigned to the project by the MLFR. They will be graduates of the government-operated secondary technical school and will also be utilized to service laboratory equipment and machinery utilized by the project.

The plan is to establish, in Mogadishu, 12 subcenters in the various parts of the city where the largest numbers of cattle are concentrated. It is expected that each one of these subcenters will service 1,000 cows. A technician will be located at each of the subcenters and the cows that are ready to be inseminated will be brought by the owner to the subcenter. Hours for the service will be established during the early morning and late afternoons. A simple shelter with a thatched roof will be required to hold the animals until they are inseminated. A small squeeze chute will be required for the actual operation. A small building will be needed to serve as a storage area for the semen in its liquid nitrogen container and for the inseminating equipment. These subcenters will be established through self-help programs under the supervision of the municipal authorities. The idea being that the people who will be receiving the benefits of the program will be willing to provide their labor to make it possible. The necessary building materials will be provided from government sources.

In addition to the 12 subcenters that will be established in Mogadishu, four other additional subcenters will be established in the rural areas, north and south of the Afgoi A.I. center. One such subcenter will be located at Giohar, 75 km. north of Afgoi. The Giohar area has a large number of cattle with many of them taken out for grazing during the day and brought back to the town at night. Milk from Giohar is sent to the milk plant in Mogadishu. The town is on the Snebelli River and there is good grass throughout the year. This location has a tremendous potential as a future major source of milk for the Mogadishu market. It is expected that 1,000 - 1,500 cows will be available for insemination during the first year of the project.

About the same distance southwest of Afgoi the MLFR has a substation at Gorgoley. The cattle at this station are presently inseminated with semen from the A.I. center. In the future, with the frozen semen program, the same technician will also inseminate cows for private owners at a subcenter to be established as part of this station. This will provide service to the private livestock owners, without increasing the costs of the program.

A subcenter will be established at Genale, located between Afgoi and Gorgoley. This is an important area of irrigated farming and livestock production. There has been considerable interest from livestock owners who have requested the artificial insemination service to be made available in their area.

The final subcenter will be established near Afgoi. This region has a number of cattle and in the future will become a major source of milk for the Mogadishu market. In fact, it is probable that eventually the cattle presently kept in the City of Mogadishu will be displaced to the Afgoi area and the zone will become the center of dairy production. There already exists a considerable amount of interest in the program and the service has been requested by a group of cattle owners. There will, therefore, be established under this proposal 19 locations that will utilize frozen semen. There will be 15 subcenters exclusively established to inseminate the cows of the private livestock owners. Four subcenters that in effect will simply change over existing operations at government farms from liquid to frozen semen and one subcenter that will inseminate cows on the MLFR government farm at Gorgoley and also cows brought by private livestock owners.

Following the procedures above, it will be possible to effectively inseminate cows of both private individuals and the cattle on the government farms. The use of Friesian and Sahiwal bulls will provide the genetic material that through cross-breeding with the local cattle will produce animals with greater production potential. This is, of course, a long-term activity and increased economic return will only result after the third or fourth year when the F₁ crossbred animals begin to produce. However, a more immediate return will be realized even during the early stages of the project because of improved dairy practices.

An important justification for this proposed project is the utilization of the artificial insemination project as a vehicle to carry improved technology to the private livestock owners. The organization of each of the subcenters will require the involvement of the private livestock owners. It will be necessary to identify the individual animals and records will be maintained on the breeding history of the cows that are brought for insemination. Reproductive diseases will be identified and treated. The general health of the animals will be controlled and they will be vaccinated against the various endemic diseases. A brucellosis control program will be initiated including a calfhood vaccination if this disease proves to be a major problem. The problem health work will be carried out by the existing veterinary service of the MLFR but the A.I. technicians will be responsible for organizing the activity. Programs will be developed in various aspects of livestock and dairy management. The problem of adequate nutrition of both mature producing cows and young stock will receive major attention under the extension activities of the project. The training of the technicians to carry out this phase of the project will be an important function of the technician to be furnished under the proposed project. Audio-visual aids will be furnished under the project to assist in group demonstration. Various other techniques will also be utilized in the educational phase of the expanded artificial insemination program.

The project will also attempt to improve the management practices of the government farms. Through the record keeping systems to be initiated, the breeding efficiency of the herds will be improved. Greater attention will be paid to the treatment of reproductive diseases and the elimination of sterile non-productive animals. Cows will be bred back sooner so the calving interval will be reduced.

The government presently has programs for the distribution of improved cross-bred heifers from the MLFR farms to various parts of the country. This proposed project will identify zones within the areas where the artificial insemination program is being conducted that cannot be reached effectively by the insemination program. Bulls that are being produced on the government farms will be distributed under the supervision of the personnel of the A.I. program.

The primary beneficiaries of the project will be the livestock owners in the districts serviced by the subcenters to be operated by the project. These people generally own 1-5 cows with the milk production from these animals being their principal source of income. These are usually family oriented enterprises with the women and children assisting with the herding, care and milking of the animals. The women usually do the marketing of the milk and often peddle it from house to house. The increased milk production obtained through this activity will increase the family income and consequently be beneficial to all family members.