AFR/PD/IPS:TLee (2485 N.S.)
PDBAN 715

NOTICE OF MEETING

TO: See Distribution

FROM: AFR/PD, Norman Cohen

SUBJECT: ECPR Meeting

Monday, August 22, 1983
2:00 P.M.
Room 1205

AGENDA

SMALLHOLDER PRODUCTION PREPARATION PROJECT
(675-0204)

Distribution:
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AFR/CCWA:JColes (2668 N.S.)
GC/AFR:TBork (2) (6889 N.S.)
M/SER/COM/ALI:PJHagan (511/SA 14)
DAA/PRE:EJHarrell (2) (5897 N.S.)
AFR/TR/ENGR:JSnead (2) (2491 N.S.)
BIFAD:JOweis (5318 N.S.)
SAA/S&T:NCBrady (2) (4942 N.S.)

GUINEA: SMALLHOLDER PRODUCTION PREPARATION PROJECT (675-0204)

I S S U E S P A P E R

An issues meeting was held on Aug. 17, attended by representatives of AFR/TR/ARD, GC/AFR/ AFR/PD/CCWAP, AFR/CWA, PPC/PDPR, BIFAD, AAO/Conakry and AFR/DP. The following issues were identified for review at an ECPR to be held on Aug. 22 (Note: the short review time for the issues meeting and the ECPR are in view of an Aug. authorization).

1. Since preparatory projects are to be authorized for the smallholder agricultural program and for private agribusiness development, will AID be willing/able to absorb the resultant projects when they are presented for financingin FY 85?

The technical services scheduled for each project indicate a gestation period of 15 to 18 months. Accordingly, obligations in FY 84 are expected to be modest, comprising small add-ons for the preparatory projects. FY 85 would bring forth the centerpiece smallholder program, if preparations are successful, and would present, too, the question of whether to continue funding for the agribusiness program. The AAPL for FY 84 is $2.3 m and for FY 85 is $2.6 m. Therefore, it is recommended that a two year level of about $5.0 million be anticipated, with nearly the entirety to be authorized and obligated in FY 85.

2. What should AID be communicating to the GOG as regards the nature of future assistance, the direction of the future program and the relation of that program to the Guinean institutions with which AID has been working?

The decision to undertake an interim project does not reflect a lesser interest in smallholder agricultural production nor a lessening of support to Guinea. It does imply that AID feels the need to more thoroughly define a strategy for impacting upon smallhoder producers in Guinea, a strategy which it would like to take the time to develop with Guinean leaders. The interim project provides logistic support and maintenance training to protect the facilities established at the two core research and training centers and there is technical support provided to the centers. However, it should be stressed with the Government that while the program wishes to strengthen and use capacities at the centers, it will not undertake to underwrite their recurrent costs. Local currency costs for the program, other than salaries for GOG personnel, will be met

with P.L. 480 counterpart funds. The preparatory project will be obligated through the Ministry of Higher Education and Scientific Research (MHESR), but from inception a working group is anticipated, which at a minimum would include a key role for the Ministry of Agriculture (MinAg) and would involve the Ministry of Livestock, FAPAs and Water & Forestry. Emphasis in any forward program will also include outreach to smallholder producers.

3. What is the appropriate funding level for the project? Is project funding adequate? Will the GOG provide necessary local financing?

The PID and the congressional notification are for $1.5 million. The project is estimated to cost $1.8 million, assuming resident technical services for a duration of 18 months. While it would be possible to carry out the project at the $1.5 million level, two other options might be considered: (1) amending the project authoization in FY 84 to add the additional funding requested, at which time the amounts required may be more precisely estimated based upon actual contract costs; and (2) fund all or part of the design costs for the project with PDS funds. AFR/DP recommends holding to the $1.5 million dollar level, drawing upon PDS funds for design costs as necessary.

Project funding will not be used for GOG salaries and local costs. The former will be paid by the GOG general budget, the latter with P.L. 480 counterpart funds. Annual reviews with the GOG will make certain that sufficient local funding is provided.

4. Is the technical assistance properly described and is the mode of contracting appropriate?

The technical assistance calls for a three person logistics contract of 42 person months, three resident advisors in the areas of research, institutional analysis and project design and management of the Tindo experiment station and for approximately twenty person-months of short term assistance. The research advisor at Foulaya and the design leader have now been scheduled for eighteen month assignments with the field research station advisor reduced to twelve months. The level of effort is considered appropriate to the task.

AAO proposes to provide the technical assistance through two personal service contracts (the research advisor at Foulaya and the experimantal farm manager) and contracts with a logistic firm and a university and/or agribusiness firm for the design/analysis services. Alternatively, the logistics contract complemented by a single contract for all remaining services is proposed. AAO prefers

the PSC mode because of the speed and the flexibility it provides. The committee emphasized the continuity which would derive from a single contract.

5. Does the mission have the capacity to manage the project?

The day to day support which the up-country technicians will require, and which previously have been provided by the AID project manager, will be provided under the logistic contract. The mission's project manager will now be in a position to devote nearly full time to this project. With the addition of a third direct hire staff member to OAR/Conakry, the arrangement should be adequate to manage the project.

6. Does the preparation project stand on its own?

There are three clearly defined outputs: (1) a logistic support and maintenance training capability which will leave a better ability to protect facilties; (2) technical support to two functioning institutions which will help them establish linkages and order there priorities; and (3) a strategy and the conception of a future smallholder agricultural program. All three will leave lasting benefits, even if a decision is taken to not go forward with a future program and actual project design work is not undertaken. The rupture of technical support will leave the institutions with less evolution of their own substantive and management capacities than would be hoped, but if technical assistance is forthcoming from other sources, they will be able to build upon progress from the project.

601K

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE: A = Add, C = Change, D = Delete — Amendment Number

DOCUMENT CODE: 3

2. COUNTRY/ENTITY: Guinea (AID Affairs Office)

3. PROJECT NUMBER: 675-0204

4. BUREAU/OFFICE: AFR/PD/CCWAP

5. PROJECT TITLE (maximum 40 characters): Smallholder Production Preparation

6. PROJECT ASSISTANCE COMPLETION DATE (PACD): MM 09 DD 30 YY 86

7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4)
A. Initial FY 83 B. Quarter 4 C. Final FY 83

8. COSTS ($000 OR EQUIVALENT $1 =)

A. FUNDING SOURCE	FIRST FY B. FX	C. L/C	D. Total	LIFE OF PROJECT E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	(1,500)	( )	(1,500)	(1,500)	( )	(1,500)
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S. 1.						
Other U.S. 2.						
Host Country	400		400	400		400
Other Donor(s)						
TOTALS	1,900		1,900	1,900		1,900

9. SCHEDULE OF AID FUNDING ($000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE 1. Grant	2. Loan	D. OBLIGATIONS TO DATE 1. Grant	2. Loan	E. AMOUNT APPROVED THIS ACTION 1. Grant	2. Loan	F. LIFE OF PROJECT 1. Grant	2. Loan
(1)	FN	141	070			1,500		1,500	
(2)									
(3)									
(4)									
TOTALS						1,500		1,500	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each): 080

11. SECONDARY PURPOSE CODE: 111

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

A. Code	BS	XII				
B. Amount						

13. PROJECT PURPOSE (maximum 480 characters)

To improve the capacity and effectiveness of existing agricultural research and training institutions in assisting smallholder producers.

14. SCHEDULED EVALUATIONS
Interim MM YY MM YY Final MM YY

15. SOURCE/ORIGIN OF GOODS AND SERVICES
☒ 000 ☐ 941 ☐ Local ☐ Other (Specify):

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a ____ page PP Amendment.)

17. APPROVED BY
Signature: Edward T. Costello
Title: AID Affairs Officer/Conakry
Date Signed: MM 08 DD 16 YY 83

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

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GUINEA

Project Paper Outline

Smallholder Production Preparation Project

(675-0204)

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B. Project Rationale

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Annex III - Economic Analysis

A. Economic Consideration

B. The Value of Agricultural Research

C. Economic Overview

Annex IV - Statutory Checklist

Part I: Summary and Recommendations:

A. Grantee and Executing Agencies:

The grantee will be the Government of Guinea (GOG) represented by the Ministry of Higher Education and Scientific Research (MHESR) The primary executing agency will be the (MHESR) represented by a Guinea/USAID Project Office. A representative from the Ministry of Agriculture will be appointed by the GOG for purposes of liason and coordination between the Project Office and the Ministry of Agriculture. The project design effort proposed as a component of this project will undertake a detailed institutional analysis of the roles played by these ministries in smallholder production, and will make recommendations as to the implementation roles of involved GOG ministries in future A.I.D. funded smallholder production activities.

B. Recommendations:

1. A grant in the amount of $1,500,000 should be authorized to the Government of Guinea for the preparation and execution of the Smallholder Production Preparation Project described in Part V of this project paper. (FY 83 Authorization; 2-year LOP.) The GOG contribution to the project will amount to the U.S. dollar equivalent of $500,000 (30% of total cost).

2. A waiver permitting sole-source procurement of 5 vehicles of U.S. source/origin ($85,000) is requested to conform with the mission vehicle standardization policy.

C. The Project:

The project will support GOG efforts to increase agricultural production by rural farm family units. The project will provide technical assistance, training and limited commodity support to two key agricultural research and training centers in Guinea with a view to assisting them to improve their performance in agricultural research and training directed to smallholder farming, particularly of foodcrops, and to develop a strategy for increasing the production of smallholders in Guinea. Of particular significance will be the development of a strong logistical/administrative base at the institutions, and assistance in the organization and operation of facilities previously constructed with A.I.D. financing.

D. Summary Findings:

The Project Committee has reviewed the various analyses carried out for the proposed project. The analyses are

appropriate for a preparatory project leading to a strategy for smallholder production and a comprehensive design effort. The project is also found appropriate within the framework of official USAID country program and sector strategies. Project approval, therefore, and early execution are recommended.

E. Legal Criteria:

The project meets all applicable statutory criteria (see Statutory Checklist Annex IV). No construction activities are contemplated. Host country contribution to the project is estimated at 30% of total cost.

Part II. Overview and Relevance of Project:

A. Economic Context:

Guinea's agricultural sector has a substantial unrealized potential for development. Soil, water and climatic conditions are favorable. With proper resource utilization and adequate incentives to producers, outputs of rice, corn, peanuts, fruit, palm oil and livestock could rise to levels which would not only make Guinea self-sufficient in food, but also permit exports.

Despite this potential, actual production continues to decline. Over 80% of the population are occupied in small scale agricultural production, yet agriculture provides only about 40% of GDP and less than 5% of export income. Average per capita agricultural production declined at the rate of about 2.6% per annum between 1970 and 1980. One impediment to increasing productivity has been the lack of improvements in technology for small farmers. Having little or no access to fertilizer, improved seeds, better techniques and equipment, and adaptive research and extension services, Guinean peasants continue to use traditional practices which require more extensive acreage and are generally ecologically and economically more costly than improved higher-yield techniques. This point is demonstrated below where the crop production costs are discussed in further detail. This has created a vicious circle. Practicing low-yield forms of agriculture, the peasants seek increased amounts of food and fuel for a growing population (2.9% per year) by shortening fallow periods and cutting down valuable tree cover. This has led to erosion, river silting, declining soil fertility and still lower crop yields.

Low official producer prices also add to the small farmer's disincentives. A current study shows that in Guinea the cost of producing major crops such as rice, corn, manioc and coffee is well in excess of official producer prices. Rice, for example, costs between 14.8 and 44 sylis/kg. to produce, while the official producer price is 9 sylis/kg. Further, the study estimates that 72% of rice production is consumed by the farmer, with only 28% left over for marketing. Twenty five percent of that surplus is then sold to the Government, while 75% is traded on the parallel market. Similar proportions exist for other local crops such as corn, groundnuts and coffee.

Thus, inadequate production inputs, costly traditional practices and low official producer prices have in the past combined to depress small farmer production. Agricultural sector development is one of Guinea's major goals, but the Government has been emphasizing large-scale mechanized operations and state farms as a means to this end rather than direct aid to the small farmer.

Recent Policy Improvements:

Only recently, the government changed its orientation from highly mechanized collective agricultural programs towards development of smallholder private sector farms. As of 1981, a series of measures were aimed at reducing the official monopoly on imports and internal distribution of all but a few priority goods.

Despite market and informational barriers, the mere existence of legally functioning private markets represents a quantum improvement over five years ago when all legal marketing and distribution was done by the central government. Because of major changes that have taken place in the years since this agriculture research project's inception, chances of eventually achieving a successful research-extension program are now much enhanced.

The wide spectrum of recent policy improvements include:

-- legalized private trade for all but the most "essential" foods: i.e., rice, flour, sugar and cooking oil;

-- presence and tolerance of parallel markets;

-- introduction of better management techniques in state run enterprises with use of more explicit performance criteria;

-- active examination of a reform of the banking system;

-- more receptiveness to technical assistance for project preparation and investment programming;

-- increasing awareness of the importance of economic market factors in agricultural markets;

-- doubling of interest rates to better reflect capital scarcity;

-- creation and expansion of a Ministry of Small and Medium Enterprises that provides technical and financial assistance to a burgeoning private sector especially in areas of trade and construction;

-- removal of some marketing quotas requiring workers to sell to the government at a low fixed price;

-- diminishing importance of state-run purchasing points as private traders play a larger role in urban food distribution;

-- cooperation with various donors, including the World Bank, on policy dialogue aimed at enhancing the role of the private sector in Guinea;

-- reduction of entry rates of young agricultural specialists who are in excess supply;

- suspension of employment guarantee (generally to work on large-scale mechanized state farms) to all new graduates and thus a shift of the work force away from the public sector;

-- cooperation with Chase Manhattan Bank for provision of financial counseling to the Government and preparing the basis for gathering statistics and other information needed by U.S. banks and prospective investors.

B. Consistency with A.I.D. Strategy:

A.I.D. strategy gives priority to food production and distribution. The A.I.D. strategy in Guinea is to improve the well-being of the rural poor by concentrating on the parallel development of incentives and technology aimed at increasing agricultural production through increased productivity of the small farmer. The Africa Bureau Agricultural Research Strategy Paper states: "The strategy will encourage and reenforce the emerging reorientation of adaptive research programs to address more directly the problems of the small African farmer. This means setting research priorities and seeking technical solutions

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to food crop and livestock productivity problems in the context of the whole farm/living system, as well as external factors which determine incentives." Since the proposed project both strengthens the capacity of key agricultural research institutions to conduct basic research, and provides technical assistance for the purpose of assisting in the development of a long-term strategy for conducting research aimed at smallholder producers, the proposed Guinea Smallholder Preparation Project (675-0204) is consistent with A.I.D. strategy.

Part III: Project Goal Structure

A. Project Goal:

To develop a strategy for increasing the productivity of smallholders in Guinea and to design a project to implement that strategy and to bring to an efficient operational level previously constructed agricultural research and training facilities.

B. Project Purpose:

To improve the capacity and effectiveness of existing agricultural research and training institutions in assisting smallholder producers.

C. End of Project Status:

The Foulaya laboratory building (including all four analytical reseach laboratories) will be an integral and functioning component of the Foulaya Agricultural Research Institute.

A strong logistical/administrative base at project sites established and approximately 40 GOG personnel trained in warehousing, inventory control, vehicle and equipment maintenance, fiscal administration, commodity procurement and reception, record keeping, and general office management.

Five participants trained to the masters level in the fields of crop science/agronomy, crop science/extension, agricultural economics/rural sociology, agricultural statistics, and agricultural research administration (possibly short-term training of participants already at masters level).

A thorough analysis completed of potential of Tindo Center as a base for farming systems research in future smallholder productivity activities; the analysis will include organizational, personnel and commodity needs, as well as a comprehensive analysis of necessary linkages between the Tindo Center, Foulaya Research Institute, and the Faranah Agricultural College.

A design completed for future development of the Tindo perimeter, including construction of an irrigation system appropriate to applied research.

A comprehensive design completed of a Smallholder Productivity Project based on the utilization of FSR methodology and linked to the agricultural research andd training institutions being strengthened by the Smallholders Productivity Preparation Project; of particular importance will be the outreach approaches to smallholders.

Part IV: Analysis Section:

A. Economic Analysis:

As discussed in Annex 3, Part B (The Value of Agricultural Research) there is considerable evidence to show that agricultural research offers a high rate of economic return when farmers are able to take advantage of the technological advances provided. Unfortunately, to date there has been virtually no research in Guinea aimed at the problems of the smallholder, and there is no outreach mechanisms to extend relevant research results which may have been developed in neighboring countries. This project lays the foundation to permit two research institutions: (1) To develop the human resource capability to undertake research; (2) to gather information from outside Guinea and to organize the basis for conducting varietal cropping techniques and farming systems research in Guinea; and (3) to build a basis for linking research to application. The return on this badly needed long-term activity in a country where agricultural potential is so high and productivity is so low, is likely to be more than sufficient to justify the project. (see Annex III, Part C).

B. Technical Analysis

The project does not involve construction. It does provide logistics support and maintenance to protect and to facilitate operation of research facilities financed by AID under the previous project. It also prepares the basis: (1) to test varieties and cropping techniques; (2) to gather information leading to a basis for conducting farming systems research; (3) to provide for the utilization of the facilities at the Tindo Experimental farm and Foulaya Laboratory; and (4) to develop a strategy for working with existing institutions and for bringing technological advances to smallholders including the design of a follow-on project. It is a careful and defensable approach to

protecting and utilizing facilities and installations in place, then taking the time to design a project which delivers research results and new technologies to smallholders in Guinea.

The core of the project is the provision of technical services to assist two institutions to become operational. The technical assistance plan is appropriate to the task and draws upon the range of institutions in the U.S. capable of providing the services. (see Part V).

C. Environmental Analysis:

The preparatory and largely technical assistance and training orientation of the project precludes the necessity for an analysis of environmental impact at this stage; however a comprehensive analysis will take place, with the participation of the REDSO/WCA Environmental Advisor, as part of the project design activities to be funded by this project.

D. Institutional Analysis:

1. Foulaya Research Station (147 kilometers north of Conakry):

The National Agricultural Research Institute at Foulaya (INRAF) was created by the French Colonial Administration in 1936 to conduct research on export crops. Closed to the outside from 1958 to 1978, the Institute until recently has not benefitted from research advances made at various international research centers such as IITA and WARDA in neighboring West African countries; budget constraints have precluded original, basic or applied research.

Foulaya Institute's research capabilities have been aided by USAID - financed construction of four laboratories: biology, physiology, genetics/cytogenetics and soils. The labs, all located in one building, include facilities for drying, storage, soil sterilization, dry plant washroom and grinding rooms. FAO has recently contributed to the construction of a second laboratory which will include facilities that will permit entomological and animal science research to be carried out in addition to applied research programs.

In addition to being a research station, INRAF also instructs approximately 1,200 students per year in agriculture, rural development, and animal science. The station is organized into 3 parts which cover production, research and instruction. Part of the stations resources are devoted to

raising of crops for exports including bananas and pineapples. The research and training components come under the authority of the Ministry of Higher Education and Scientific Research (MHESR), while the production component is responsible to the Ministry of Agriculture.

2. Faranah Agricultural Institute (465 kilometers north and east of Conakry):

Expanded in 1978 from a three-year agricultural junior college, Faranah Agricultural Institute now offers both a three-year first degree program and the five-year program leading to the second degree.

Faranah has a total enrollment of 1,200; approximately 60% study for the first degree only. Women students figure prominently (30%) in the first degree program, but only a tiny fraction go on to the second degree.

The academic year is divided into two semesters; the first extends from October to February; the second from mid-February to the end of July. Students attend classes for 8 hours per day, five days per week, and spend one full day in production activities such as in cultivating the schools 30 hectares of transplanted rice.

Enrollment at Faranah Institute almost doubled from 1975 to 1980 with no concomitant expansion of facilities. To help alleviate the overcrowding, USAID financed the construction of three teaching labs (botany, chemistry, and animal biology), classrooms, a library, an infirmary, and water, electrical and waste disposal systems. In addition, USAID constructed a large scale farm (not to be confused with Tindo Farm) for pedagogical and demonstration purposes but obviously to be used for school production.

Faranah Institute is under the ministerial jurisdiction of MHESR which appoints all personnel of the Institute and takes policy decisions.

3. Tindo Training Center and Farm (12 kilometers from Faranah):

Tindo Center consists of a 38 ha. enclosed perimeter (irrigation system not constructed), 50 ha. of potentially cultivable dryland, cattle stalls for limited livestock experimentation, housing for researchers and farm workers, and a dormitory/classroom facility that has a capacity to hold 34 people.

The center was designed to be an integrated part of a farming systems research effort. In association with Faranah Institute it falls under the MHESR. Some construction is still going on; the mode of operation and the estimated budget for running the facility will be determined during the preparatory project.

Under the proposed Smallholder Productivity Preparation Project, activites will be initiated at two of the three facilities discussed above (Tindo and Foulaya). At the present time, the research laboratory at Foulaya and the Tindo training center and farm are not operational. Without the technical and material assistance proposed under the project they will not be able to fulfill their role in supporting increases in smallholder production in Guinea. Activities at the third facility--the Faranah institute--are continuing and its role in supporting smallholder production will be addressed as the Smallholder Productivity Project is designed.

Another important institutional consideration is the relationship between the Ministry of Higher Education, which is the proposed grantee, and the Ministry of Agriculture, which is the ministry charged with smallholder production activities. There are also other ministeries whose spheres of influence will be touched by the project, i.e., FAPAs, Livestock and Fisheries, and Water and Forestry. To assure proper coordination of activities, it has been proposed to set up an interministerial coordination unit. This concept has been discussed with the two principal ministers and agreement in principal to coordinate project activities has been reached. The functioning of the coordination unit will be essential to the implementation of the follow-on Production Project. Thus, during the design of the Production Project the structure and role of the unit will be determined, and the formation of the unit will be a condition precedent to the first disbursement under the follow-on Production Project.

Part V: The Project:

A. Project Background

Before independence Guinea was one of the most advanced French African colonies. A well-established agricultural research network flourished and the country had one of the most productive agricultural sectors in Africa. Consequent to the abrupt manner in which the country received independence and after years of neglect, poor management, idealogically inspired policies and

confusion the network totally collapsed and the agricultural sector itself declined to an alarming degree. Guinea is now a net importer of foodstuffs; rice is especially short but food crops as a whole are insufficient to supply both subsistence producer and the urban areas.

It will take many years to recover to 1958 levels, let alone satisfy all national needs. It is anticipated that the GOG will at least partially accept recommendations being made by the IBRD and the IMF, and that this will result in short-term actions by the GOG and the donor community. In the long term, however, agricultural recovery is dependent upon fundamental changes in GOG agricultural policies. There is evidence that these policies are being modified in the right direction; as policies and economic climate improve, the development and diffusion of appropriate farm technologies, suitable to Guinea's economic, physical and other conditions will be a critical factor in the long-term improvement in smallholder productivity. This will require the restoration of a national applied agricultural research network and eventually establishment of an effective means of transferring technology and inputs to the smallholder producers which make up over 80% of the population.

Following a request from the Government of Guinea in the mid-1970s for a reengagement of U.S. assistance in development of the agricultural sector, A.I.D. designed an extremely ambitious project to strengthen and expand two of the major agricultural institutions in Guinea, INRAF and the Faranah Agricultural Institute (see institutional background section). The Guinea Agricultural Production Capacity and Training Project (Guinea Ag Project) was designed prior to establishment of an in-country A.I.D. presence, and therefore did not give sufficient weight to Guinea' extremely weak logistical and administrative infrastructure. In addition a plethora of design and implementation mistakes were made which resulted in cost escalation and slippage of project completion date.

Under the Guinea Ag Project, facilities were constructed at the two target institutions, as well as the construction of a major training center and farm for applied research at Tindo (12 kilometers from Faranah). Although the project was planned to provide a much broader spectrum of support to the institutions, construction cost overruns resulted in the elimination of all non-construction activities, with the exception of participant training.

B. Project Rationale:

As a follow-on project to the Guinea Ag Project, the mission proposed the Guinea Agricultural Research Extension and Training Project; a five year grant project with $9.9 million LOP funding, which proposed to establish in Guinea a capacity to conduct applied and analytical research in food crops and to disseminate results as tested packages to meet the needs of the small-scale private producer. The project was to be the beginning of a national applied research program in support of farm systems centered on food crops.

The Guinea Agricultural Research, Extension and Training PID was submitted to AID/W by the AAO and REDSO/WCA in April 1983 and was reviewed by the project committee at an issues meeting on April 19 and a follow-up meeting on May 6. These meetings resulted in three principal conclusions:

1. There is a basis for a decision to proceeding with agricultural research and training directed to smallholder farmers without awaiting specific actions by the Government to resolve debt, currency, price and market policy and administrative constraints which impede smallholder production generally and the implementation of technological advances which may result from the proposed project.

2. While the Guinea Ag Project (675-0201) was conceived as construction and then technical assistance to two research/training centers and to experimental facilities attached to them, the latter objective must be reconsidered in designing the folow-on project because of two overriding considerations: a) given the financial position of the Government generally and of the two centers specifically, project funds are not sufficient to support the full technical assistance needs of the two centers as presently constituted; and b) U.S. interests are served by accenting impact through outreach to smallholder farmers.

   There is now a history of U.S. Guinean efforts to improve the centers and strong anticipation by the institutions. They must be consulted if a shift in emphasis occurs.

3. There was not sufficient specificity in the proposed PID regarding the nature of the activity and the proposed accomplishments and the components which were to make up a farming systems research, training and extension activity. Accordingly, it was proposed that the PID be approved to

allow design for an interim project of $1.5 million for: establishment of a logistical/administrative base; initial participant training; start-up activities at the two recently completed institutions; and the development of a strategy for increasing smallholder productivity and incorporating that strategy into a long-term follow-on project (Smallholder Productivity, 675-0210).

C. Perceived Problem:

The perceived problems are: (i) to prepare the basis for a Smallholder Agricultural production program in Guinea and (ii) to respond quickly, following essential completion of construction of A.I.D. financed facilities at Foulaya and Faranah centers and Tindo farm, so as to have an on-going presence, protect assets in place, to make use of facilities at the centers and to plan the use of Tindo Farm. The project will thoroughly reconsider the design of the Smallholder Productivity Project (675-0210) which will be AID's centerpiece activity in Guinea for the foreseeable future.

D. Project Description:

The proposed Smallholder Preparation Project (675-0204), $1.5 million 2-year LOP funding, is designed to assist the GOG in its efforts to increase agricultural production by rural farm family units. AID's development strategy for Guinea recommends emphasis in agriculture generally, and support to two key agricultural institutions in particular (INRAF and the Faranah Institute). The project will provide logistics support, technical assistance, training and limited commodity support to these institutions. The project will also provide resources to design a strategy for reaching smallholder farmers and formulate a project which will utilize farming systems research methodology and new approaches of transferring technology to increase production among targeted groups of smallholder producers.

Specifically, the project will:

1. Provide expatriate technical assistance to the two research centers so as to contribute to activities and planning pertinent to development of a strategy aimed at increasing production of smallholder farmers.

2. Foster maintenance of the facilities and protection against deterioration; to plan for maintenance, parts and support needs and to train personnel to maintain facilities and equipment.

3. Set in place a logistics, procurement, arrival accounting and financial management capability needed for continued operation of the facilities and in preparation for start-up of a future project.

4. Begin participant training of needed research, training and extension personnel therefore reducing the delay for their assumption of positions of responsibility; the need for and anticipated utility of these individuals is established on the basis of requirements independent of the future Smallholder Productivity Project (675-0210).

5. Provide immediate technical support in research administration to the Foulaya research center in the form of a research advisor.

6. Provide technical support to the Tindo Training Center through provision of a research station manager.

7. Foster a close working relationship between the Government and a U.S. university/private sector consortium which will provide technical services for the design of the Smallholder Productivity project.

8. Begin information-gathering for the preparation of a practical program for smallholder farming systems research, including contacts and exchange of information with other research centers, importation and experimentation with seed and plant materials, conduct of modest survey work and seed trials in the Faranah area, etc.

9. Develop an appropriate plan for the agricultural development of the Tindo Farm (both the diked perimeter and adjacent plain).

10. Undertake a project design which will result in a comprehensive program to increase production of smallholder producers.

E. Project Inputs:

1. Technical Assistance:

Project technical assistance will be procurred through four separate contracts: (1) a PSC for the services of a Research Advisor to be stationed at Foulaya for a period of 18 p/m; (2) a PSC for the services of a Research Station Manager to be stationed at Tindo for a period of 12 p/m; (3) a contract with a private U.S. firm to provide 58 p/m of logistical and administrative support; and (4) a contract with a U.S. university and/or private firm to provide 28 p/m of technical assistance for the preparation of the PID and PP for the Smallholder Productivity Project. The technical assistance contract will provide for a resident Project Design Officer (18 p/m), short-term technical assistance (6 p/m), and a PP design team (4 p/m). It is preferable that technical assistance for PID and PP design be provided through a joint contract with a U.S. university and a private firm as the best means of ensuring quick access to qualified personnel.

2. Participant Training:

Five participants will receive master level training in crop science/agronomy, crop science/extension, agricultural economics/rural sociology, agricultural statistics, and research administration/project management (this may involve short-term training of someone already at the masters level).

3. Logistics Support:

A separate logistical/administrative support contract (A.I.D. direct contract) will be negotiated with a qualified firm specializing in francophone West Africa. The contract will be separated from the T.A. contract for the following reasons: (1) logistics support will be under the direct control of the A.I.D. project officer; and (2) it is important to get logistics support personnel in the field as quickly as possible; the ability to quickly field qualified personnel will be of paramount importance in the contractor selection process.

The total amount of Logistics/administrative support to be funded is 38 p/m consisting of a logistics administrator (20 p/m) a vehicle maintenance specialist (15 p/m) and a fiscal administration assistant (3 p/m).

4. Commodities:

Commodities will be financed ($275,000) primarily for the purposes of supporting the activities of technical assistance personnel and leaving a base for start-up activities of the Smallholder Productivity Project. Shortly after obligation, the AAO will begin procurement of items required to provide a minimum of support to initial personnel, (2 passenger vehicles, pick-up truck, and some furniture and appliances). All remaining commodity procurement will be performed by the Logistics Support Contractor. (See Budget for a list of commodities.)

F. Project Implementation:

The project will be implemented through the Ministry of Higher Education and Scientific Research. Project Offices will be maintained in Conakry and Faranah. It is anticipated that the individual fulfilling the role of GOG Project Director for the Guinea Ag Project will continue in the same role for the Smallholder Production Preparation Project. His counterpart will be the USAID Agricultural Development Officer. The GOG will alo appoint a Ministry of Agriculture official to act as liason between the project office and the Ministry of Agriculture; this official will play an important role in the project design process.

Immediately following project approval, PIO/Ts will be drawn-up by AAO staff and technical personnel from REDSO/WCA for the PSCs and the Logistics Support Contract. The PSC personnel may be procurred on a proprietary procurement basis should qualified individuals be identified. The Logistics Support Contract will go through the AID competitive bidding process.

Following project approval, the AAO Project Manager will begin work on the PIO/T for the technical assistance for project design. The Project Manager will work closely with project personnel and REDSO/WCA to define the scopes of work for the Project Design Officer and short-term technical assistance; this technical assistance will assist the Project Manager in the development of a PID for the Smallholders Production Project. The scopes of work for members of the project paper design team will be defined in detail in the PID. The actual fielding of the project design team will be dependent on PID approval. The contract for technical assistance will be divided into two parts: (1) The provision of the Project Design Officer and short-term technical assistance (approximately 24 p/m) to: (a)

gather and analyze rural data preliminary to project design activities; and (b) provide technical expertise to assist the AAO Project Manager to develop a PID for the Smallholders Production Project (675-0210). (2) The fielding of a project design team (approximately 4 p/m) who will work under the supervision of the AAO Project Manager and with GOG project personnel and technical personnel from REDSO/WCA.

Implementation Schedule

83 August	AID/W Project Approval
83 September	Signing of Project Agreement PIO/Cs Issued PIO/Ts for PSCs Issued PIO/T Logistics Support Issued
83 October	PIO/T T.A. Issued RFP PSCs RFP Logistics Support
83 November	RFP T.A. Contract Bids Evaluated - Logistics Support PSCs Contracted
83 December	Logistics Support Contract T.A. Responses Assessed
84 January	Logistics Administrator Arrives Guinea PSCs Arrive Guinea Remaining PIO/Cs Issued
84 February	Commodities Begin Arriving T.A. Contract Finalized
84 March	Other Logistics Personnel Arrive Initial Vehicles and Commodities Received Resident T.A. P.D.I. Arrives Vehicle Maintenance Specialist Arrives
84 April	Short-Term Personnel Arrive
84 May-June	PID Completed and Approved

84 July	Project Design Takes Place
84 September	PP Approved

G. Project Financing:

1. Technical Assistance:	
a) PSCs:	
1) Research Advisor Foulaya 18 p/m	140,000
2) Research Station Manager Tindo 12 p/m	100,000
Subtotal PSCs	240,000
b) Project Design Contract:	
1) Project Design Officer 18 p/m	180,000
2) Short-term Consultants 6 p/m	90,000
3) PP Design Team 4 p/m	(60,000)[a]
Subtotal Design Contract	270,000
b) Logistics Support Contract	
1) Logistics Administrator 20 p/m	180,000
2) Vehicle and Equipment Maintenance Specialist 15 p/m	130,000
3) Fiscal Administration Assistant 3 p/m	40,000
	350,000
Total T.A. and Logistics	860,000
2. Participant Training:	
a) long-term U.S. (5 participants)	230,000
b) in-Country	20,000
Total Training	250,000
3. Commodities and Equipment:	
(a) (1) 3-5 ton load truck with either powered wench or rear platform	40,000
(b) (4) passenger vehicles (4 WD)	65,000
(c) (1) pick-up (4 WD)	20,000
(d) (3) household furniture and appliances	60,000

a/ Non add item. To be funded from PD&S.

	(e) generator (15 KVA) and accessories	10,000
	(f) garage tools and equipment	20,000
	(g) office supplies and equipment	10,000
	(h) tractor and farming equipment	40,000
	(i) materials for housing improvements	10,000
	Total Commodities	275,000
4.	Fuel (T.A. support)	40,000
5.	inflation and contingency	75,000
	Total Project Financing	1,500,000

GOG Funding LOP (24 months)

personnel	200,000
POL	130,000
housing and utilities	50,000
transportation of commodities	30,000
misc. supplies	30,000
contingency	60,000
Total	500,000

Table I

Project Funding by Source
($000)

Source		1st FY	All Years
U.S. Govt.			
A.I.D.	Loan	-	-
	Grant	1,500	1,500
Guinea			
	Budget	100	200
	PL 480	150	300
Other		-	-
Total		1,750	2,000

Table II

A.I.D. Funding by Components

Description	Cost ($000)
1. Technical Assistance	
a) logistics support contract (38 p/m)	350
b) PSCs (2) resident (24 p/m)	240
c) project design contract (34 p/m)	270
Total	860
2. Training	
a) long-term	230
b) in-country (short-term)	20
Total	250
3. Commodities	
a) U.S. origin	265
b) non U.S. origin	10
Total	275
4. POL	40
Subtotal Components	1,660
5. Contingency and Inflation	75
Grand Total	1,500

Table III

Foreign Exchange and Local Currency Expenditures

	Initial Year (FY 83)				LOP(2 Years)			
Source	$	FX	LC	Total	$	FX	LC	Total
A.I.D.	1,490	10	-	1,500	1,490	10	-	1,500
GOG	-	-	250	250	-	-	500	500
Total	1,490	10	250	2,750	1,490	10	500	2,000

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ANNEX I

SOCIAL CONSIDERATIONS

A. Physical and Socio-economic Context

The Faranah region, covering approximately 12,125 square kilometers, is situated on gently undulating terrain several hundred meters above sea level in the western part of the greater Niger River drainage basin zone of the country which is called Upper Guinea. The Niger River, which flows northward through the region inundates its adjacent floor plans throughout the surrounding area each year during the rainy season, making both irrigated and flood recession agriculture possible. Faranah region is covered by wooded and scrub savannah vegetation, with only a few trees from the original forests still standing.

Rainfall figures from recent years indicate that Faranah receives around 1400 to 1500 mm. of precipitation annually (Table I). There is a single rainy season, from April to November, and a dry period from December to March. The heaviest rainfall occurs in July and August, with as much as 500 mm. in a single month.

According to the 1976 census, Faranah region had a population of 133,400, or an average of only 11 persons per square kilometer, a low density for West Africa, especially in relation to the relatively abundant arable land in the region. The town of Faranah, the only urban center and the administrative and commercial capital of the region, had around 20,000 inhabitants in 1976. The town is 475 kilometers from Conakry on all-weather tarred roads. From Faranah, the paved road continues southward through the region to Kissidougou, 139 kilometers away: all other thoroughfares in the region are improved dirt roads or simple two-lane tracks. The only bridge across the Niger River is at the town of Faranah, with canoes (pirogues) traversing the river at numerous other points.

Administratively, the region is divided into 11 arrondissements and further, into 77 PRLs (pouvoir revolutionnaire local), which in turn regroup several secteurs composed of a handful of villages or hamlets. The arrondissement have an average of around 12,000 inhabitants:

TABLE I

RAINFALL AT FARANAH - 1976-198
(Rainfall in mm.)

MONTH	1976	1977	1978	1979	1980
January	8.6	9.5	29.5	0.4	0
February	6.5	0	1.5	0	10.8
March	1.1	17.9	3.8	8.4	0
April	151.8	75.7	92.6	25.5	54.2
May	186.6	132.6	105.7	166.5	81.2
June	294.5	197.5	271.5	375.8	189.6
July	143.5	217.3	226.5	572.1	310.4
August	280.6	276.7	283.3	200.2	378.1
September	410.0	267.1	281.0	193.4	182.4
October	NA	NA	NA	NA	144.0
November	NA	NA	NA	NA	118.7
December	NA	NA	NA	NA	0
TOTAL	(1483.2)	(1194.3)	(1295.4)	(1524.3)	1469.4

TABLE II

Arrondissements	1976 Population
Faranah Center	20,000
Banian	23,000
Tiro	11,300
Nialia	12,200
Heremankono	11,000
Beindou	8,900
Sandenia	9,200
Sangoyah	7,300
Passaya	11,100
Marella	9,900
Kobikoro	9,500
TOTAL	133,400

Nearly the entire population of the region belongs to the Malinke ethnic group, related to the larger Mande or Malinka-speaking cluster. In addition, there are probably several thousand non-Malinke, mainly Fula and Susu traders and civil servants in the town of Faranah, plus some semi-nomadic Fula cattle herders and a small Diallonke (or Yalunka) group in the southern part of the region near the border with Sierra Leone.

There are three main types of farm units in the Faranah region, as throughout Guinea:

1. State Farms, Fermes Agro-Pastorales d'Arrondissement (FAPA)

   FAPA, staffed mainly by young graduates of Guinea's Agricultural Colleges and provided with two tractors, is required annually to grow 90 hectares of rice, 20 hectares of maize, 20 hectares of cassava, and 20 hectares of fruit trees, and to deliver its produce to the government. In practice, the FAPAs have fallen

short of their targets due to numerous difficulties, including tractor breakdowns, shortages of seed, fertilizer, and pesticide, and inexperienced management.

2. Village Collective Farms (FAC)

The FACs, created in the mid-1970's to encourage the use of tractors and animal traction, provide each PRL with a tractor and a plow, to be utilized by a so-called "production brigade." By 1980, the government had largely abandoned this approach to agricultural development because of low productivity, with the still operational FAC tractors mainly hired out by private farmers to prepare their lowland rice fields. It appeared that in the Faranah region, these tractors were not engaged in farm activities for enough hours annually to make their use profitable, because of mechanical breakdowns, the small size and geographical dispersion of fields, and the lack of mechanical attachments for harrowing, leveling, seeding, and other farm operations.

3. Peasant Farming (ferme paysanne)

Peasant farming in small family units is the most common type of agricultural production unit in Guinea, and in the Faranah region involves cultivation of a wide range of crops including rice, cassava, fonio, peanuts, and vegetables, on small plots of land, mainly for consumption, with the limited surplus marketed. The government estimates that peasant farmers grow an average of one hectare of rice and cassava, and half a hectare of peanuts and fonio, or a total of three hectares per peasant unit. Most peasant farming in the region relies on family and other non-wage forms of labor, except on the few private tractor-plowed farms, where wage laborers are employed.

The vast majority of peasants appear to use exclusively hoe-power (daba) on their fields. One official in Faranah said that only 10-20 percent of small farmers in the region employ animal traction in preparing lowlands for rice cultivation: for upland farming, plowing is not adapted to the bush--fallowing systems currently practiced. Almost certainly, less than 10 percent of peasant farmers own or hire tractors for plowing, with tractor-hire costing around 3,000 sylis ($150) a day.

Crude estimates of the numbers of each of these types of agricultural production units, their areas cultivated, output and associated farm equipment, are given in Table III.

The 1980 livestock census counted 14,283 cattle, 5,653 sheep and 3,477 goats in the region. The director in Faranah claimed that these figures underestimated the number of cattle by 25 percent and the numbers of small ruminants by 200-300 percent since a government livestock tax (15 sylis for cattle, five sylis for sheep and goats) induced farmers to conceal some of their animals.

B. GOG Administrative Units

At the administrative level, all government services to agriculture in the Faranah region come under the jurisdiction of the Regional Directorate for Rural Development, which brings together a wide range of departments with affiliations to various ministries n Conakry, including the Ministries of FAPA, Agriculture, Llvestock and Fisheries, and Water and Forest Conservation.

TABLE III

FARM PRODUCTION UNITS IN FARANAH REGION, 1980

	FAPAs	FACs	Peasant Farms
Number of Units	11	77	12,600
Population Involved	275	?	113,400
Hectares Planted and Output of:			
1. Rice	777 ha 204.9 tons	820 ha 492 tons	12,600 ha 10,080 tons
2. Cassava	33 tons 66 tons	597 tons 1194 tons	12,600 ha 25,200 tons
3. Fonio	-- --	67 ha 40.6 tons	6,300 ha 3,150 tons
4. Peanuts	-- --	41 ha 20.5 tons	6,300 ha 3,150 tons
TOTAL	810 ha	1525 ha	37,800 ha
	2%	3.8%	94.2%
Number of Tractors	22	76	163
Fertilizer	None	None	None
Seed from Government	16.1 tons	1.5 tons	6.8 tons
Insecticide	None	None	None
Pesticide	None	None	None

Departments relevant to farm production in the region are:

1. The Directorate of Agriculture, responsible for all services to the FACs and to peasant farming. Without vehicles, fertilizer, insecticide, or seed, the Directorate of Agriculture is in a poor position to deliver extension services to these small private farmers. As the assistant director of agriculture in Faranah admitted frankly, his agents in the PRLs are largely restricted in their activities to collecting crude descriptive information on agriculture in their respective zones.

2. The Directorate of Livestock (Elevage) is in charge of all livestock-related services in the Faranah region.

3. AGRIMA handles the government distribution and maintenance of all farm implements, including tractors and plows. FAPAs and FACs receive these implements, plus all repairs and servicing, on credit, and are supposed to repay their depts in the form of rice delivered to the state commercial enterprise ERCOA.

   Private farmers can purchase plows and tractors from AGRIMA for cash, or on credit if they obtain a loan from the national agricultural bank, the BNDA. Officials in Faranah said, however, that only well connected persons "who the BNDA knows will repay their debts" actually receive such loans.

   AGRIMA's only garage in the region is located in the town of Faranah. This means that when machines break down on farms, they must either be towed into town, or FAPAs, FACs and private owners must wait for AGRIMA to send a mechanic out to their farm. This may help to explain the long "down-time" on so many FAPA tractors in the region.

C. Physical and Socio-Economic Context: Conclusions

This rapid overview of the physical and socio-economic context of the Faranah region indicates the following conclusions, which the Guinea Smallholder Production Preparation Project must keep in perspective:

1. Most agricultural output in the region comes from small farmers, with an average of three hectares of crops. The collective farms, FACs, are virtually defunct, and the state farms, FAPAs, are in serious difficulty. Support for either of these institutions would be a waste of scarce resources and must be avoided.

2. Low agricultural productivity is common among small farmers, due in part to a lack of inputs (seed, fertilizer, pesticide), animal traction, water control structures, and crop-processing equipment (peanut shellers, rice threshers, etc.). Incentives for increased production exist at the moment, but need to be improved through evolution of agricultural policies more favorable to small farm production.

3. The Government Agriculture and Livestok Departments are not at present able to offer necessary services. Lack of incentives, extension, input supply, and credit combine to keep small farm production and productivity from increasing.

D. Identification of Needs

The project responds to the perceived needs of Guinea, supported by these conclusions, in the areas of agricultural research, training, and extension services. The needs have been identified as follows:

1. For undertaking basic research and providing agricultural laboratory analysis, the country's prime national agricultural institute at Foulaya does not possess the capacity to carry out basic research or analytical laboratory support in soil science, entomology, plant pathology, nematology, plant protection, or seed testing. As for applied research, at present there is no station in the entire upper Guinea agro-ecological zone conducting adaptive research on agricultural problems, as there are no research institutions in Guinea following a farming systems approach.

2. In extension education, concepts and techniques of farm extension are currently not taught in Guinea's agricultural colleges including Faranah College, even though students are supposed to learn how to help improve peasant agriculture. Moreover, agents of the agriculture and livestock departments receive no practical training in extension, since at present, Guinea does not have an extension training facility.

3. The need for an effective extension service in the villages of Faranah region is pressing, since peasants now have the incentive to raise their output above local consumption needs and for the market, yet they have no access to technical information, selected seed, credit, or other inputs.

F. Project Benefits and Beneficiaries

The project is a preparation effort to lay the groundwork for and design a comprehensive smallholder production project that will address the needs of the more than 10,000 smallholder farmers in the Faranah region and ultimately, through liaison with specific private sector agriculture projects (see Private Agribusiness Preparation Project, 675-0212), a large number of smallholder producers in targeted areas.

This two year preparation project will directly benefit the following:

1. The National Agricultural Research Institute at Foulaya will benefit from long-term training of personnel (2) in the disciplines of crop and soil science; in-country training of personnel (approximately 10) in inventory control, laboratory organization and management, and fiscal administration; and the provision of long-term (12 p/m) of technical assistance in the form of an experienced research administrator who will assist presonnel to organize and commence operation of laboratory facilities constructed under the Guinea Ag I project.

2. The Faranah Agricultural Institute and associated Tindo, will benefit from long-term training of personnel (3) in the disciplines of agricultural economics, ag. extension methodology and ag. education administration; the provision of technical assistance (42 p/m) for establishment of a strong logistical/administrative base; including in-country training of personnel (approximately 30) in warehousing, inventory control, vehicle maintenance, record keeping, and fiscal administration; the provision of technical assistance (12 p/m) in the form of a Research Station Manager to assist in the technical planning and organization of initial activities at the Tindo Center; the provision of A and E services for the design of a plan for the development of the 38 hectare Tindo perimeter.

G. Participation

Because of the preparatory nature of the project, the participation of the ultimate beneficiaries, small farm family units, will necessarily be limited to input to the design of the follow-on Smallholder Production Project. Every effort will be made by the design team to consult with smallholder producers so as to tailor project design to the actual conditions and needs of the participating family units. In particular, due to the important agricultural role played by Malinke women in the Faranah region, project design must identify constraints to agricultural production by women and possible interventions.

ANNEX II
TERMS OF REFERENCE

I. The AAO Project Manager will be assigned to Conakry, but will make frequent visits to Faranah and Foulaya. The Project Manager will perform the following tasks:

A. The drafting of all project implementation documentation.

B. The overall responsibility for the PID and PP for the Smallholders Productivity Project.

C. Coordination of AID financed activities with GOG project management staff.

D. Will work closely with GOG Project Management and the Logistics Administrator to ensure the adequate and timely support of AID financed personnel.

E. Will work with GOG personnel, REDSO/WCA staff and project technical assistance personnel to develop a strategy for assisting smallholder agriculture in Guinea.

F. Will be responsible for supervision of AID financed personnel and activities.

II. Research Station Manager Tindo (12 p/m)

A. Qualifications: a minimum M.S. in agronomy; two years experience in agricultural research directed at small-scale family farm production in Africa; extensive hands-on experience in low technology farm management; experience in land-use planning; an FSI-rated S-2, R-2 or equivalent in French.

B. Scope of Work:

1. Will assist GOG project personnel in the organization and staffing of the Tindo Center.

2. Will assist GOG personnel in training (where possible) of Tindo personnel and in the planning and organization of staff training; including recommendations as to long-term and short-term training.

3. Will serve as an on-site advisor to GOG personnel as to the daily operation of the Tindo Center.

4. Will work closely with project logistics personnel and the AAO Project Manager to facilitate operations at the Tindo Center.

5. Will become familiar with other research programs in the area to avoid redundancy in research (e.g., rice research at the Yatia research center near Faranah).

6. Will draw up a tentative plan of applied and adaptive research for Tindo, based on major program thrusts, component activities and lines of research, including for example:

   a. plant introduction and screening;

   b. local and introduced crop variety performance trials;

   c. cultural practices and cropping systems (land preparation, timing, population, spacing, intercropping, etc.

   d. soil fertility and plant nutrition (composts, manure fertilizers);

   e. tools and equipment improvement and utilization (manual and traction);

   f. seed multiplication;

   g. yield potential trials (with improved inputs and management);

   h. pasture and forages.

7. Will draw up a preliminary land use plan for the diked perimeter and the upland area; including site identification and lay-out for field trials, crop land and pasture for livestock, and use of laboratories and equipment.

8. Will work with logistics personnel to identify commodity requirements at Tindo, with due regard for the relative emphasis on appropriateness of methods to small farm agriculture.

9. Will begin preliminary field trials using improved varieties which will be procured from regional research centers. The purpose of these trials will be primarily to train staff and workers and assist in the organization of the center rather than yield results that will have an ag research impact.

III. Research Advisors Foulaya (18 p/m)

A. Qualifications: A minimum M.S. (Ph.D. preferred) in agronomy or soil science with considerable experience in laboratory and field research; will be capable of organizing basic research and service laboratories in soil science, plant genetics, plant pathology, nematology and entomology; a minimum S-2, R-2 in French.

B. Scope of Work:

1. Will assist GOG personnel in the organization and operation (both facilities and personnel) of the Foulaya laboratory.

2. Will assist AAO Project Manager and project design personnel in development of an institutional analysis of the Foulaya Institute; including possible role in the Smallholder Production Project.

3. Will identify long and short-term training needs of the Foulaya Institute.

4. Will conduct a detailed inventory of commodities and equipment (assisted by logistics personnel) at the Foulaya Institute; and make recommendations as to future procurement.

5. Will serve as a general advisor to Foulaya management personnel.

IV. Project Design Team Leader (Faranah)

A. Qualifications: Minimum B.S. with preferencce given to advanced degree; extensive experience in the design, administration and implementation of agricultural research, training and extension activities; extensive experienece in project implementation in the third world (preferably Africa); an FSI S-3, R-3 or equivalent in French; in addition he/she must be capable of living in a remote post under difficult conditions.

B. Scope of Work:

1. Will organize and supervise short-term consultants and the Project Design Team.

2. Will work closely with the AAO Project Manager and GOG personnel to develop ~~a strategy~~ and program for reaching smallholder producers.

3. Will complete a detailed institutional analysis of GOG agricultural research and training institutions; including recommendations and alternatives re amount and type of support that should be continued in any future activities.

4. Will be responsible for timely completion of all project design activities; including gathering and analysis of rural economic data, plans for development of Tindo perimeter (ag engineering input of short-term consultant), timely completion of PID, and completion of PP design activities.

5. Will be directly responsible to the AAO Project Manager, and will work closely with logistics personnel to ensure adequate support of design consultants.

V. Short-Term Consultancies

Short-Term Consultancies will be utilized by the Project Design Team Leader to gather and analyze data, requisite socio-economic data and to assist in preparation of the PID. Short-term consultants will consist of an Agricultural Social Scientist, an Assistant (possibly graduate student) Agricultural Social Scientist, and others to be determined by the Project Design Team Leader in consultation with the AAO Project Manager.

Agricultural Social Scientist (3-4 p/m)

A. Qualifications: He/she will have a minimum M.A. or M.S. in agricultural economics and/or economic anthropology; two years of field research in micro-level small scale family farm production in francophone West Africa which will have included data collection and analysis of economic and social aspects; and FSI-rated S-3, R-3 or equivalent in French, working knowledge of a Mande language (Dioula, Bambara, Malinke) is highly desirable.

B. Scope of Work:

1. Will organize and supervise a rural economic survey in the Nialia aviondissement of the Faranah region (possibly working with a scientifically selected sample of small-scale family production units) that will gather data on:

   a. land tenure (land use rights andd land distribution);

   b. production systems (land use patterns, major crops, farm size, livestock production, technology employed, division of labor, labor time allocation, diet and general nutrition); and

c. non-farm economic activities (small-scale enterprise, out-migration, food processing, marketing and other activities).

2. Conduct an analysis of the survey and complete a descriptive document which will outline the basic features of small-scale family production in the Nialia aviondissement; document to be completed prior to PP design.

3. Will assist, wherever possible, in the PID development process; including authorship of the social considerations section of the PID.

4. Will train Guineans in rural-economic survey techniques at the village level.

Assistant Agricultural Social Scientist (2-3 p/m)

A. Qualifications: He/she will have a minimum B.A. with some work completed toward M.A. or M.S. in agricultural economics and/or economic anthropology; experience working in francophone West Africa; FSI-rated S-3, R-3 in French, working knowledge of a Mande language highly desirable.

B. Scope of Work:

Will assist the Agricultural Social Scientist in all tasks assigned to him/her.

VI. Project Design Team (4 p/m)

Following and dependent upon PID approval, a comprehensive project design effort will take place. The team will include personnel with a wide range of expertise. The mix of personnel and scopes of work will be provided in the PID. It is anticipated that contract personnel will include the following: FSR Agronomist, Ag Extension Specialist, Ag Engineering/Irrigation Specialist, Ag Education/Administration Specialist, Livestock, Specialist and a bilingual secretary.

VII. Logistics Support Contract:

The project will fund an A.I.D. direct contract with a firm specializing in logistics support for 38 p/m of technical assistance consisting of: a Logistics Administrator (20 p/m); a Vehicle Maintenance Specialist (15 p/m); and a Fiscal/Administration Assistant (3 p/m).

The contractor must be an experienced firm specializing in logistical and administrative support operations. The firm must have extensive experience in Africa and all personnel must possess a minimum FSI S-3, R-3 or equivalent in French. The contractor must have prior experience in field level support of A.I.D. contractors. The ability to quickly place qualified people in the field will be of paramount importance, and for this reason no language training of personnel will be permitted.

The contractor will perform the following tasks:

1. Assist GOG personnel in the organization and administration of project offices (including fiscal accounting systems and record keeping).

2. Assist project personnel in the establishment and supervision of a garage at Tindo Center.

3. Assist project personnel in warehouse organization (including inventory control systems).

4. Assist project personnel and AAO/Conakry in all operations associated with commodity procurement, reception and transportation.

5. Assist project personnel in organization of vehicle, equipment and building maintenance operations.

6. Train GOG personnel in all of above.

7. Carry out all necessary support of project technical assistance personnel.

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ANNEX III

ECONOMIC ANALAYSIS

Economic Considerations

A. Economic Context

Guinea's agricultural sector has a substantial unrealized potential for development. Soil, water and climatic conditions are favorable. With proper resource utilization and adequate incentives to producers, outputs of rice, corn, peanuts, fruit, palm oil and livestock could rise to levels which would not only make Guinea self-sufficient in food, but also permit exports.

Despite this potential, actual production continues to decline. Over 80 percent of the population are occupied in small scale agricultural production, yet agriculture provides only about 40 percent of GDP and less than 5 percent of export income. Average per capital agricultural production declined at the rate of about 2.6 percent per annum between 1970 and 1980.

One impediment to increasing productivity has been the lack of improvements in technology for small farmers. Having little or no access to fertilizer, improved seeds, better techniques and equipment, and adaptive research and extension services, Guinean peasants continue to use traditional practices which require more extensive acreage and are generally ecologically and economically more costly than improved higher-yield techniques. This point is demonstrated below where the crop production costs are discussed in further detail. This has created a vicious circle. Practicing low-yield forms of agriculture, the peasants seek increased amounts of food and fuel for a growing population (2.9 percent per year) by shortening fallow periods and cutting down valuable tree cover. This has led to erosion, river silting, declining soil fertility and still lower crop yields.

Low official producer prices also add to the small farmer's disincentives. A current study shows that in Guinea the cost of producting major crops such as rice, corn, manioc and coffee is well in excess of official producer prices. Rice, for example, costs between 14.8 and 44 sylis/kg to produce, while the official producer price is 9 sylis/kg. (see Table 1). Further, the study estimates that 72 percent of rice production is consumed by the farmer, with only 28 percent left over for marketing. Twenty five percent of that surplus is then sold to the Government, while 75 percent is traded on the parallel market. Similar proportions exist for other local crops such as corn, groundnuts and coffee.

Thus, inadequate production inputs, costly traditional practices and low official producer prices have in the past combined to depress small farmer production. Agricultural sector development is one of Guinea's major goals, but the Government has been emphasizing large-scale mechanized operations and state farms as a means to this end, rather than direct aid to the small farmer. In 1979, it decided to create 320 agro-pastoral farms (FAPAs). Staffed by young graduates of the agricultural schools, the FAPAs were intended not only to produce a surplus of cereals (see Table 1), vegetables and livestock, but also to provide extension services to the private producer. However, inadequate capital and financial means, poorly trained staff, lack of research and extension support from the Government, high costs, and scarcity of spare parts, fertilizers and other inputs turn the odds against the FAPAs.

TABLE 1

OFFICIAL PRODUCER PRICES AND ACTUAL COST-PRICE RANGES
(sylis per kg.)

CROPS	OFFICIAL PRODUCER PRICE	COST PRICE RANGE
Rice (paddy)	9	14.3-44.0
Maize	10	11.3-31.6
Manioc	5	10.0
Groundnuts	15	12.8-42.2
Pineapples	9	7.2- 8.7
Coffee	45	58.3-62.1
Cotton	20	16.8-25.1

The GOG also favors large joint-venture agro-industrial operations, such as SOAGRI, formed with Western Cereals (USA) in 1979. The objective of SOAGRI is to cultivate 30,000 hectares of rice and 150,000 hectares of soya within 12 years after project launching. However, serious doubts about the feasibility of this and similar projects have been raised, and SOAGRI has not yet gotten off the ground. Among the reasons for caution are high costs due in part of an overvalued exchange rate, and unseasoned management and technical staff.

Despite the emphasis on state farms and large scale production, there has been a recent shift of attention to the small farmer. During 1981, in a series of actions aimed at stimulating the flow of agricultural goods to markets, the government abolished both the state-run regional food distribution outlets and the marketing quota that the producer had been required to sell to the Government at a low fixed price. The state-run rural purchasing points have been retained, but they are expected to wither away as their role--feeding the cities--is gradually taken over by

private marketers. As further proof to this situation, interior food markets were observed on a trip recently taken by the PID design team to Faranah Institute in September 1982, to be operating, at public market sites, fully without government restraints. Although the Government has set up road blocks to prevent the interior shipments of PL 480 rice from Conakry, this type of rice was observed to be sold in the Faranah market place at a price no different than the local varieties. There still exist, however, restrictions on the kinds of goods which can be imported, and the exchange rate is still highly overvalued.

There is still an identifiable shift in the GOG emphasis from dogmatic state control and collective farming to policy reforms to encourage private initiatives, production initiatives and small farmers' income. Although we do not have written evidence from the World Bank, from private conversations it is confirmed that GOG has agreed to implement some of the Bank recommendations (the Stryker-Tuluy Report) on prices and rural producer incentives. The Stryker-Tuluy Report recommend substantial increases in price incentives to producers and productivity increases for small farmers. The report demonstrates the high cost and extremely low productivity of the FAPAs. The Bank price incentives study is likely to lead to some reforms especially since the Bank will make this a condition of agricultural sector assistance.

Some reforms have already been undertaken at the suggestion of the Bank. For example, a 30-40 percent reduction in agricultural college entry rates will curb the overproduction of young agricultural generalists which has posed an employment problem.

Second, according to a recent GOG pronouncement, two-thirds of the FAPA's will become autonomous and self-supporting in May 1983. The remaining third will become autonomous in May 1984. This is a clear indication of a shift in GOG's policy toward the large state run farms, as they will be required to support themselves or go out of business.

Third, a new fertilizer mixing plant is in the planning stage. This latter action offers some hope for input availability to contribute to increased production.

What has not yet happened is a raising of official producer prices.[1] Revision of price policy is a complex and delicate question which will take time to work out since other factors such as consumer prices, wages, and foreign exchange rates also are involved. However, even in the absence of increased production prices, a few improvements in cultivation practices and the provision of improved seeds and other inputs could cut the cost of small farm production in terms of units of output by about one-fourth to one-third from the cost of traditional methods.

1/ Although in a 14 February 1983 speech, the President mentioned the need to raise producer prices.

For example, the cost of producing upland rice under traditional manual methods is 30.2 sylis/kg. With the improved manual method (without animal traction or without mechanization), the cost is 21.2 sylis/kg. For inland swamp rice, maize and groundnuts, the costs are 29.4, 26.6 and 31.0 sylis/kg respectively under the traditional manual method as compared with 22.6 sylis, 17.3 sylis, and 19.1 sylis/kg respectively under improved manual method (Stryker/Tuluy 1982). Given the fact that farmers no longer face a delivery quota and are generally free to sell their surplus production privately, such cost-cutting improvements would provide an incentive to increase output and hence farm family well-being.

In selection and implementation of this project we are aware of the policy environment in which the project activity will take place. It is hoped that if the project is successful in improving small farmers' productivity and production, it will help positively influence the Guinean policy environment as called for in the Africa Bureau "Food Sector Strategy Paper" (10/81, p. 11) and in the Bureau's "Agricultural Research Strategy Paper" (9/82, p. 6). The building of basic institutions, such as those for agricultural training, research and extension for the support of agricultural development, are top priority items in the Bureau's strategy. "AID must be prepared to sustain its efforts in the long-term venture and not back away prematurely." (See p. 7) This two year project with the strong likelihood of continued support for five additional years will offer an adequate timeframe during which desired changes in policies may take place in Guinea. However, without further indication from GOG that these policy changes are actually going to occur, AID runs the risk of maintaining a project whose results will be disseminated into a less than optimal policy environment.

B. Alternative Investments: What are the Options?

The long-run goal of the project is to increase GOG capacity to effectively research and disseminate improved agricultural techniques and crop varieties which will contribute to the increase of productivity of Guinea's small-scale private producer sector.

The valuation of the increased productivity is a task that is difficult to do with any degree of accuracy. There are many independent variables and it would be difficult to assign value to them at the present time. For example the breeding of higher yielding weed, or disease, or insect resistant plant varieties is a task that could take up to 8-10 years to accomplish, therefore values cannot be estimated until the results are known. The direction of change in other variables which cannot be predicted with any accuracy include: exchange rate fluctuation input availability to farmers and the discovery of solutions to problems such as the banana nematode which caused the decline of banana exports. Any benefit/cost analysis undertaken for this project would grossly underestimate the returns if only direct potential benefits are applied against costs.

Because of the inherent difficulty of conducting a benefit/cost analysis of a project of this type, the more usual approach to an economic evaluation is to use a least cost approach which poses the question "What are the alternative investments that could increase agricultural productivity in Guinea?"

Potential project ideas would include the following:

1. One alternative would be to immediately begin an Agricultural Production Project to supply credit and inputs, such as fertilizer and improved seeds, to farmers.

   However, for this alternative to be employed, some applied agricultural research would be needed to develop appropriate packages, a task for the follow-on Smallholder Production Project. Further, such a project would rely on a mechanism of dissemination, most likely an extension service, which does not currently exist in Guinea. This project's design of a Smallholder Production Project will explore alternative methods of transferring technology and extending inputs to smallholder producers.

2. A second alternative project would be to support, in the form of recurrent costs, the agricultural research facilities as they now exist. However, these facilities now lack essential guidance and management for beginning basic and analytic research activities and have no capacity for applied research which is relevant to small-scale private producers. To not take advantage of the accomplishment of Guinea Ag. I (infrastructure and trained personnel) the project would fail to build upon the steps that have already been taken to strengthen the national agricultural research capacity for Guinea, would precent USAID from fulfilling its obligation stated in the first project, and would fail to assist in orienting Guinean agriculture research and institutions towards the problems of the small farmer.

3. An entirely different set of projects could be considered, such as literacy or health project, but given the priority of the GOG to reduce its foreign exchange drain and dependence on food imports, and USAID's priority on agriculture and food production, these projects would not directly contribute to those priorities.

   Thus, given the setting provided by the Guinea Ag. I project, the priorities of the GOG, the USAID policy of helping the small farmer, and building up indigenous research institutions, the proposed project will help meet and fulfill these goals and priorities.

TABLE II

A	B	C	D	E
CROP	AREA CULTIVATED (ha)	AVERAGE YIELD (kg/ha)	AVERAGE PRICE (sy.)	($) a/
Rice	18,200	700	66	.44
Maize	2,120	1,150	50	.333
Fonio	5,750	500	22	.146
Peanuts	4,860	650	29	.193
Manioc	2,500	4,500	20	.133
TOTAL	33,430 ha			

a/ $1 = 150 sylis (parallel market rate)

C. The Value of Agricultural Research

Returns on agricultural research have been known to be high, producing benefits for both farmers and consumers. To quote: "A wide range of carefully conducted studies demonstrate that in both developed and developing countries, economic returns to research are frequently in excess of 50 percent per annum and rarely fall below 20 percent." (Scobie: i). However, agricultural research is a long term investment: returns may not be realized for several years after the research has first begun and large expenditures in resources have been made.

The luxury of affording an agricultural research system is often precluded by more pressing needs in the lesser developed countries which are now finding that is is increasingly difficult to meet their annual budgets. Generally, the tighter the budget, the shorter the planning horizon will be, including the cutting back on investments into items that don't produce immediate, short-term payoffs. Consequently, agricultural research, in general, has suffered from under investment. The foreign donors have not, until recently, filled in this gap created by a lack of resources as well (to qoute): "All too much foreign aid for agricultural development has undervalued agricultural research. When it has supported such research it has been, in general, short-term aid not withstanding the

fact that a gestation period in research is a matter of years and it should for this reason be approached as a long-term investment." (Schultz, p. 5).

The increasing importance of the international agricultural research centers (IARC) can be seen as the response to helping the LDC's in overcoming the obstacles to agricultural research. However, Schultz argues further to say that these centers "are not a substitute for national agricultural research enterprises. Nor are they capable of doing more than a small part of the required basic research in this area." (Schultz, p. 3). Domestic institutional research programs are more able to meet country specific needs than a regional IARC.

D. Cost Effectiveness of the Research Methods

A second problem, in addition to underinvestment, is that even in cases where limited agricultural research programs are underway, the structure in which the research has taken place has been less than optimal. The traditional agricultural research station approach has often been cited as having poor linkages with the extension service, and for developing improved agricultural packages, practices or varieties without direct and substantial input from the farmer under his conditions of operation. The classical examples usually noted include the development of higher yielding varieties that have a greater variability in yield than the traditional crop, or the introduction of an animal traction package without taking into consideration the labor constraint or debt load faced by farmers.

Indeed, a recent review of animal traction projects by Sargent et al. revealed that out of 27 projects examined in detail, not one showed a positive net increase in benefits to farmers, and in general, acceptance of the packages was not, overall, up to the plan levels. Though perhaps indicative of a need for better project design, the origins for some of these packages should have been based on research. In the cases where research was performed, as Sargent et al. notes, results were more often cloaked in the form of maximum potential benefits rather than in the harsher reality of the farmer's environment.

E. Farming Systems Research (FSR)

Having realized these shortcomings, a newer form[1/] of research has evolved in which the farmers become not just the recipients of the results, but are one of the focal points of observation. The experimental station researcher's field trials are expanded to include the farmers'

1/ The form, actually, is not new: it merely recognizes the weakness of the past system and incorporates components to strengthen the weaknesses.

plots. With the aid of the extension worker, the researcher is kept in closer communication to the farmer. FSR essentially reduces the feedback time to the researcher regarding the efficacy of agricultural innovations. Instead of waiting to see if a suggested technique is accepted, after a season or two of operation, the researcher monitors the use and farmers' experience with the technique more frequently, and is thus able to quickly respond and search for any necessary adjustments. In some ways, the difference between the experiment station methodology and the above described FSR is not unlike the differences between research programs of laboratory synthesis and commercial manufacturing of chemical compounds. Both types of studies are necessary and complementary, but concentration on the latter will increase the rate of generated results that are more useful to "manufacturers." Since the researcher can respond more quickly to farmer feedback less time (and henc, resources) is wasted and lengthy variety trials or other experimental station research can either be shortened or re-focused to meet farmers' needs.

In terms of cost effectiveness of FSR (over the traditional agricultural research station approach), a recent memo by the Agricultural Development Officer of REDSO/WCA to the ADO in Mali best explains the tradeoffs:

"1. It is the judgment of persons close to the subject that FSR overall costs are less than conventional experiment station research, although nowhere has this been qualified. This conclusion is valid to the extent FSR complements an existing core of experiment station capacity and reduces the rate of expansion of station activity--on farm experimentation replacing installations and equipment. Work in farmers' fields is generally less expensive in terms of staff but likely will entail somehwat outlays in vehicles, incentives and other operating costs (which may be a serious problem given Mali's budget constraint). The impression is that the continued and recurring costs of FSR are less than comparable levels of activities conducted in experiment station when full account is given initial capital outlays. In this sense, some displacement of experiment station activities especially when new facilities are considred, seems justified.

2. The rate of adoption of improved technologies by specific groups of farmers is higher. A study from ICTA reports, taking farmers into consideration from the beginning of the technology generating process has increased the speed and efficiency with which (ICTA) produces technology appropriate to farms. The probability of spending several years producing a new variety that has very limited geographical adaptability or that is rejected for not having chraacteristics important to the producers is greatly reduced under the FSR methodology." Memo from the RAO/REDSO/WCA, Feb. 15, 1983.

Thus, in the above brief statements, it was pointed out that: (1) returns to agricultural research are high, (2) there has been a general underinvestment in agricultural research, (3) research that has been performed in the past has been less than optimal, (4) FSR is an attempt to overcome the weakness in linkages with the extension service and feedback from farmers, and (5) from a cost effectiveness standpoint, FSR, being a relatively new attempt at solving farmers' problems, has not fully been costed, though it is thought to be, overall, cheaper than conventional sorts of research, but somewhat higher in vehicle costs, etc., because of the increased time spent in the field.

ECONOMIC OVERVIEW[1/]

Declining Agriculture

Guinea's agricultural sector provides a livelihood for 80 to 90 percent of Guinea's 5.4 million population and contributes approximately 40 percent to the Gross Domestic Product (GDP). Despite enormous potential offered by Guinea's diverse and fertile national resources, agricultural performance has been extremely disappointing since independence. Sectoral productivity declined 4 percent annually in the 1970s. In 1958, Guinea was the major exporter of bananas in West Africa (about 100 thousand metric tons [MT] annually) and an exporter of other agricultural commodities including pineapples, coffee and palm kernels. Subsequently, official agricultural exports declined to negligible amounts: from US$22 million in 1960 to US$11 million in 1970 and to virtually zero by the late 1970s.

The decline in Guinean agricultural exports was directly related to the fall in total agricultural production. To compensate for its decline in capability in feeding the urban population, food imports (primarily rice, but also wheat, flour and sugar) increased from US$6 million in 1957 to about US$18 million in the early 1970s and amounted to over US$30 million in the late 1970s. Guinea, formerly self-sufficient in food and a major exporter of agricultural products, has gradually turned into a substantial importer of staple foods. Imports of rice, the principal crop and staple food, has reached 90 thousand MT annually.

1/ This report relies heavily on recent World Bank and IMF studies cited in the Bibliography, particularly IMF (1981b).

This disappointing rural sector performance is not surprising in view of the neglect of the agricultural sector and the active repression and extraction of funds from agriculture to support a grossly inefficient industrial complex. This neglect has translated itself into:

-- a lack of adequate trained manpower at all levels, including low levels of literacy among the population, and the absence of institutions capable of designing and effecting appropriate rural development policies;

-- a distorted economy and an official pricing system providing farmers with no incentives to produce for the market and in particular to sell to the government. The most important distortion is the overvalued domestic currency;

-- the low past investment levels in the sector and the exclusive promotion of large capital intensive collective agriculture rather than more appropriate technologies aimed at the small private farmer; and

-- the virtual absence at the farm level of critical inputs including improved seeds, fertilizers, pesticides, medicaments and vaccines for cattle and smaller animals.

As a result, crop yields and livestock productivity are generally low and farmers produce only for subsistence of sales on parallel markets. Exports of agricultural products have all but disappeared.

Sharp Rise and Leveling Off of Bauxite Exports

Guinea is now the world's leading bauxite exporter. Bauxite production and exports rose at least threefold in the 1970s. By 1978 Guinea exported 10.5 million tons of bauxite, which constituted 29 percent of total world exports and over 90 percent of total African exports of bauxite. The increase was due primarily to the Western managed CBG mine.[1/] Twenty-four percent originated in the Soviet built OBK mine at Debele. Seventy-six percent is produced at the CBG mine at Boke and exported to North America and Western Europe. Bauxite exports were valued at US$223 million and US$260 million respectively in 1978 and 1979, of which over 80 percent was received in hard currency. GOG's foreign exchange earnings from bauxite exports exceed US$100 million per year. Alumina exports of 65 thousand MT in 1979 earned over US$90 million, of which US$25 million was in hard exchange.

1/ A more detailed discussion of these operations is given below in the section on Mining.

The agricultural sector produces a small fraction of its potential because of misguided and wasted investment spending and inadequate incentives, inputs, extension services, marketing facilities, etc. Guinea is neither increasing its standard of living nor generating domestic savings for self-sustained growth and development.

Recent Policy Improvements

Only recently, the Government changed its orientation from highly mechanized collective agricultural programs towards development of smallholder private sector farms. As of 1981, a series of measures were aimed at reducing the official monopoly on imports and internal distribution of all but a few priority goods.

Despite market and informational barriers, the mere existence of legally functioning private markets represents a quantum improvement over five years ago when all legal marketing and distribution was done by the central goverment. Because of major changes that have taken place in the years since this agriculture research project's inception, chances of eventually achieving a successful research-extension program are now much enhanced.

The wide spectrum of recent policy improvements include:

-- Legalized private trade for all but the most "essential" foods:

-- Existence of active food commodity markets;

-- Presence and tolerance of illegal markets outside Conakry;

-- Deconrolled prices in parallel markets;

-- Introduction of better management techniques with use of more explicit performance criteria;

-- Elimination of sectoral holding companies and control over state-owned enterprises permitting firms to manage themselves;

-- Active examination of a reform of the banking system;

-- More receptiveness to technical assistance for project preparation and investment programming;

-- Increasing awareness of the importance of economic market facto-- in agricultural markets;

-- Doubling of interest rates to better reflect capital scarcity;

-- Increase of subsidized electricity tariffs;

-- Creation and expansion of a Ministry of Small- and Medium Size Businesses that provides technical and financial assistance to a burgeoning private sector that supplies essential services for the small farmer;

-- Abolition of state agricultural food distribution outlets;

-- Removal of some marketing quotas requiring workers to sell to the government at a low fixed price;

-- Diminishing importance of state-run purchasing points as private traders play a larger role in urban food distribution;

-- AID funded women in an agribusiness pilot project involving credit support to womens vegetable cooperatives;

-- Cooperation with various donors, including the World Bank, on policy dialogue aimed at enhancing the role of the private sector in Guinea;

-- Reduction of entry rates of young agricultural specialists who are in excess supply;

-- Discussion of creation of a Chamber of Commerce based on the French system;

-- Discussion of the development of a statistical base for making informed public and private sector decisions;

-- Increasing private sector trade activity for all but the most sensitive products. These firms are now free to borrow and hold foreign exchange;

-- Suspension of employment guarantee (generally to work on large-scale mechanized state farms) to all new graduates and thus a shift of the work force away from the public sector;

-- Current rewriting of investment laws to encourage foreign capital inflow;

-- Creation of a National Savings bank;

-- Bank authorization to finance private sector enterprises; and

-- Cooperation with Chase Manhattan to provide statistics and other information required by U.S. banks and prospective investors.

5C(1) - COUNTRY CHECKLIST

Listed below are statutory criteria applicable generally to FAA funds, and criteria applicable to individual fund sources: Development Assistance and Economic Support Fund.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FAA Sec. 481. Has it been determined that the govenment of the recipient country has failed to take adequate steps to prevent narcotic drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents, or from entering the U.S. unlawfully? No

2. FAA Sec. 620(c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government? No

3.	FAA Sec. 620(e)(1). If assistance is to a government, has it (including government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities?	No
4.	FAA Sec. 532(c), 620(a), 620(f), 620D; FY 1982 Appropriation Act Secs. 512 and 513. Is recipient country a Communist country? Will assistance be provided to Angloa, Cambodia, Cuba, Laos, Vietnam, Syria, Libya, Iraq, or South Yemen? Will assistance be provided to Afghanistan or Mozambique without a waiver?	The recipient is a socialist country with increasing economic ties and cooperative political relations with Western Nations. No assistance will be provided to Communist countries.
5.	ISDAC of 1981 Secs. 724, 727 and 730. For Specific restrictions on assistance to Nicaragua, see Sec. 724 of the ISDCA of 1981. For specific restrictions on assistance to El Salvador, see Secs. 727 and 730 of the ISDCA of 1981.	N/A
6.	FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction by mob action of U.S. property?	No

7.	FAA Sec. 620(l). Has the country failed to enter into an agreement with OPIC?	No
8.	FAA Sec. 620(o); Fishermen's Protective Act of 1967, as amended, Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing activities in international waters?	--
	(b) If so, has any deduction required by the Fishermen's Protective Act been made?	No
9.	FAA Sec. 620(q); FY 1982 Appropriation Act Sec. 517. (a) Has the government of the recipient country been in default for more than six months on interest or principal or any AID loan to the country? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the appropriation bill appropriates funds?	No
10.	FAA Sec. 620(s). If contemplated assistance is development loan or from Economic Support Fund, has the Administrator taken into account the amount of foreign exchange or other resources which the country has spent on military equipment? (Reference may be made to the annual "Taking into	N/A

Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.)

11. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have they been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption?

No

12. FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the AID Administrator in determining the current AID Operational Year Budget? (Reference may be made to the Taking into Consideration memo.)

Guinea is one year in arrears but has not been precluded from voting

13. FAA Sec. 620A; FY 1982 Appropriation Act Sec. 520. Has the country aided or abetted, by granting sanctuary from prosecution to, any individual or group which has committed an act of international terrorism? Has the country aided or

No

abetted, by granting sanctuary from prosecution to, any individual or group which has committed a war crime?

14. FAA Sec. 666. Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA?

No

15. FAA Sec. 669, 670. Has the country, after August 3, 1977, delivered or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device, after August 3, 1977? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.)

No

16. ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Session of the General Assembly of the U.N. of Sept. 25 and 28, 1981, and failed

Guinea was present and did not disassociate itself, but was one of the countries included in then Secretary Haig's Taking into Consideration memo

to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the Taking into Consideration memo.)	
17. ISDCA of 1981 Sec. 721. See special requirements for assistance to Haiti.	N/A
B. FUNDING COURSE CRITERIA FOR COUNTRY ELIGIBILITY	
1. Development Assistance Country Criteria.	
a. FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy?	Guinea's record of human rights violations in the 1970s did not lead to such a finding. There has been marked improvement in the human rights area; further, the thrust of this project, planned in collaboration with GOG, is aimed at benefiting the rural poor.
2. Economic Support Fund Country Criteria	
a. FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the country made such significant improvements in its human rights record that furnishing such assistance is in the national interest?	Same as 1.a.

b. ISDCA of 1981, Sec. 725(b). If ESF is to be furnished to Argentina, has the President certified that (1) the Govt. of Argentina has made significant progress in human rights; and (2) that the provision of such assistance is in the national interests of the U.S.?

N/A

c. ISDCA of 1981, Sec. 726(b). If ESF assistance is to be furnished to Chile, has the President certified that (1) the Govt. of Chile has made significant progress in human rights; (2) it is in the national interest of the U.S.; and (3) the Govt. of Chile is not aiding international terrorism and has taken steps to bring to justice those indicted in connection with the murder of Orlando Letelier?

N/A

5C(2) PROJECT CHECKLIST

Listed below are statutory criteria appliable to projects. This section is divided into two parts. Part A. includes criteria applicable to all projects. Part B. applies to projects funded from specific sources only: B.1. applies to all projects funded with Development Assistance Funds, B.2. applies to projects funded with Development Assistance loans, and B.3 applies to projects funded from ESF.

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

A. GENERAL CRITERIA FOR PROJECT

1. FY 1982 Appropriation Act Sec. 523; FAA Sec. 634A; Sec. 653(b).

   (a) Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project; (b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than $1 million over that amount)?

   A Congressional Notification went forward on July 14, 1983 and expired on July 29.

   Yes

2. FAA Sec. 611(a)(1). Prior to obligation in excess of $100,000, will there be

(6)

(a) engineering, financial or other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?	Yes Included in this PP.
3. FAA Sec. 611(a)(2). If further legislative action is required within recipient countr, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?	N/A
4. FAA Sec. 611(b); FY 1982 Appropriation Act Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973? (See AID Handbook 3 for new guidelines.)	No construction is contemplated.
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed $1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project?	Not a capital assistance project.

6.	FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project no so executed? Information and conclusion whether assistance will encourage regional development programs.	No. However, during implementation, contacts will be established with regional agricultural research organizations such as IITA.
7.	FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; and (c) encourage development and use of cooperatives, and credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.	(a) there will be no perceptable impact on the flow of international trade; (b) working with private smallholders, project activities will foster private initiative and competition; (c) the design of the follow-on project will explore the role of production, credit and marketing cooperatives; (d) project activities will increase and diversify production, thus tending to encourage greater competitiveness; (e) through a transfer of appropriate technology the efficiency of agricultural production will be improved; (f) N/A
8.	FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).	U.S. commodities valued at $310,000 will be purchased under the project. As Guinea's agricultural production increases and marketing systems improve, the prospects for U.S. and investment will also improve.

9.	FAA Sec. 612(b), 636(h); FY 1982 Appropriation Act Sec. 507. Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.	GOG owned counterpart funds generated under PL 480 Title I agreements will be used to cover the 25% GOG contribution to the project. Only $10,000 of project funds will be used for local costs. The local currency will be purchased from the U.S. owned excess currency account, thus reducing U.S. excess currency holdings.
10.	FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?	Yes. See above.
11.	FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?	Yes
12.	FY 1982 Appropriation Act Sec. 521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?	It is not anticipated that the basic food crops produced under the project will be exported.
13.	FAA 118(c) and (d). Does the project comply with the environmental procedures set forth in AID Regulation 16? Does	Yes

the project or program take into consideration the problem of the destruction of tropical forests?	
14. FAA 121(d). If a Sahel project, has a detemination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)?	N/A
B. FUNDING CRITERIA FOR PROJECT	
1. Development Assistance Project Criteria	
a. FAA Sec. 102(b), 111, 113, 281(a). Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and	(a) The Smallholder Production Project will be focused on the small private Guinean farmer and will provide him access to new appropriate technologies, stimulate farm level investment, and encourage the widest possible participation of the poor in the benefits of development (b) During the design of the Smallholder project the role of cooperatives will be explored

otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?

(c) Under the Smallholder project there will be many opportunities for farmers and their families to undertake operations to improve their welfare
(d) Women are an esssential element in the family production unit. The GOG has strongly supported the role of women and womens groups in development of the economy. As the smallholder project is designed, the role of women will be addressed. (e) The GOG is committed to encouraging regional institutions, i.e. ECOWAS, NBA, OMVG, etc. This project will not directly involve the regional institutions.

b. FAA Sec. 103, 103A, 104, 105, 106. Does the project fit the criteria for the type of funds (functional account) being used?

ARDN Yes

c. FAA Sec. 107. Is emphasis on use of appropriate technology (relataively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

Yes

d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?

Yes

e. FAA Sec. 110(b). Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed?" (M.O. 1232.1 defined a capital project as "the construction," expansion, equipping or alteration of a physical facility or facilities financed by AID dollar assistance of not less than $100,000, including related advisory, managerial and training services, and not undertaken as part of a project of a predominantly technical assistance character.	No
f. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?	Yes, see Economic Analysis, Annex III
g. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage	Increasing food production is a prioroity national goal. The country has the human and physical resources to increase production, but lacks the material and institutional infrastructure to realize its potential. This project will lay the foundation for sustained

institutional development; and supports civil education and training in skills required for effective participation in governmental processes essential to self-government.	increases in production.
2. Development Assistance Project Criteria (Loans Only)	
a. FAA Sec. 122(b). Information and conclusion on capacity of the country to repay the loan, at a reasonable rate of interest.	N/A
b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan?	N/A
c. ISDCA of 1981, Sec. 724 (c) and (d). If for Nicaragua, does the loan agreement require that the funds be used to the maximum extent possible for the private sector? Does the project rovide for monitoring under FAA Sec. 724(g)?	N/A
3. Economic Support Fund Project Criteria	
a. FAA Sec. 531(a). Will this assistance promote economic or political	N/A

	stability? To the extent possible, does it reflect the policy directions of FAA Section 102?	
b.	FAA Sec. 531(c). Will assistance under this chapter be use for military, or paramilitary activities?	N/A
c.	FAA Sec. 534. Will ESF funds be used to finance the construction of the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such use of funds is indispensable to nonproliferation objectives?	N/A
d.	FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?	N/A

5C(3) - STANDARD ITEM CHECKLIST

Listed below are the statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

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

A. Procurement

1.	FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed?	Yes
2.	FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him?	Yes
3.	FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?	N/A
4.	FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If offshore procurement of agricultural commodity or product is to be	N/A

	financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)	
5.	FAA Sec. 604(g). Will construction or engineering services be procured from firms of countries otherwise eligible under Code 941, but which have attained a competitive capability in international markets in one of these areas?	Yes
6.	FAA Sec. 603. Is the shipping excluded from compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent that such vessels are available at fair and reasonable rates?	No
7.	FAA Sec. 621. If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? If the facilities of other	Yes

	Federal agencies will be utilized, are they partaicularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?	
8.	International Air Transport. Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?	Yes
9.	FY 1982 Appropriation Act Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?	Yes

B. Construction

1.	FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services to be used?	This is not a capital project
2.	FAA Sec. 511(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?	N/A

3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed $100 million (except for productive enterprises in Egypt that were described in the CP)?	N/A
C. Other Restrictions	
1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter?	N/A
2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by a international organization, doe Comptroller General have audit rights?	N/A
3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries?	Yes
4. Will arragements preclude use of financing:	
a. FAA Sec. 104(f); FY 1982 Appropriation Act Sec. 525: (1) To pay for performance of abortions as a method of family	Yes

planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; (4) to lobby for abortion?	Yes Yes Yes
b. FAA Sec. 620(g). To compensate owners for expropriated nationalized property?	Yes
c. FAA Sec. 660. To provide training or advice or provide any financial support for police, prisons, or other law enforcement forces, except for narcotics programs?	Yes
d. FAA Sec. 662. For CIA activities?	Yes
e. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained?	Yes
f. FY 1982 Appropriation Act, Sec. 503. To pay pensions, annunities, retirement pay, or	Yes

adjusted service compensation for military personnel?	
g. FY 1982 Appropriation Act, Sec. 505. To pay U.N. assessments, arrearages or dues?	Nes
h. FY 1982 Appropriation Act, Sec. 506. To carry out provisions of FAA section 209(d) (Transfer of FAA funds to multilateral organizations for lending)?	Yes
i. FY 1982 Appropriation Act, Sec. 510. To finance the export of nuclear equipment, fuel, or technology or to train foreign nationals in nuclear fields?	Yes
j. FY 1982 Appropriation Act, Sec. 511. Will assistance be provided for the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights?	No
k. FY 1982 Appropriation Act, Sec. 515. To be used for publicity or propaganda purposes within U..S. not authorized by Congress?	Yes