PD-BAP 174

OFFICIAL PROJECT DOCUMENT

PAAD

NIGER RURAL SECTOR DEVELOPMENT GRANT (683-0247)
FY 1983 COMMODITY IMPORT PROGRAM (CIP)

AGENCY FOR INTERNATIONAL DEVELOPMENT

ACTION MEMORANDUM FOR THE DIRECTOR

OFFICIAL PROJECT DOCUMENT

Thru : Program Officer USAID/Niger, A. Fessenden

From : AFR/PD/SWAP, W. J. King

Subject: PAAD Authorization - Niger Rural Sector Development Grant (683-0247)
FY 1983 Commodity Import Program (CIP)

Problem: Your approval is requested for a grant of $2,000,000 from the Economic Support Fund appropriation to the Government of Niger (GON) for the Niger Rural Sector Development Grant (683-0247). We plan to obligate $2,000,000 by August 31, 1983.

Discussion: This Grant constitutes the first tranche of U.S. assistance to the GON for the Rural Sector Development Grant which is designed to be helpful in meeting urgent balance of payments and providing local currency required to carry out essential programs in the agricultural and rural sector that are being implemented to assist the GON meet its long-term development objectives. The sector assistance format is chosen because it provides greater development focus than projects which have characterized A.I.D. assistance to Niger in the past. The program sector grant provides a vehicle to address key problems in the agricultural sector without relying on individual projects which would require heavy direct A.I.D. involvement to implement and thus a larger A.I.D. presence in Niger than is considered desirable. The concept of sector assistance in Niger is innovative and should be approached with caution because of burdens placed on the host Government and difficulties inherent in translating policy reforms into action programs. Notwithstanding these difficulties, Niger occupies a similar position as other developing countries in Africa. Among its assets are a developed agricultural infrastructure and, by any African standard, adequately staffed agricultural institutions, both public and private. Although the GON may need outside technical expertise in specialized areas on a relatively short-term basis, there are skilled administrators in government. The GON has demonstrated that it possesses a degree of sophistication in the planning and management of government operations. After careful consideration, we have determined that program sector assistance is the most appropriate mode to provide resources to the GON for the rural sector.

Program Description

The framework for this Sector Grant is based largely on A.I.D.'s agricultural sector assessment, conducted in 1979. In that analysis, constraint areas were identified in agriculture, all of which impact on the GON's efforts to increase food production and to move toward the goal of food self-sufficiency. The constraint areas are Government subsidies to agricultural inputs; Government controls on the prices paid to farmers for sale of farm products; restrictions on the private sector and individual cooperatives abilities to produce and distribute farm equipment, animal traction and other agricultural inputs; management

2X

and policy of agricultural credit systems; and policies governing livestock and grain trade with Nigeria. The agricultural sector assessment showed that GON budgetary resources were inadequate to finance the activities necessary to address the constraint areas. This resource gap has in part been addressed by foreign assistance provided by several donor agencies. The GON has contributed to these programs, sometimes as much as 40 percent (40%) of the project costs. However, in recent years the GON's capacity to finance its portion of the cost of activities necessary to address the constraint areas has been weakened substantially by a severe economic downturn brought on by a sharp drop in uranium revenue. The Grant is designed to provide support to the GON's National Investment Fund (FNI). The Direct Reimbursement method of assistance will generate the equivalent of $2.0 million in CFA francs. These funds will be deposited into a Special Local Currency Account and be programmed in support of development purposes for which A.I.D. and the GON mutually agree. These funds will be considered as part of the FNI and decisions as to its use shall be in accordance with priorities and standard rules, procedures, and instructions issued by the GON on the use of FNI funds. In view of limitations which may be agreed upon between the GON and the International Monetary Fund (IMF), the GON will not substitute local currency generated from the Grant for ordinary funds the GON plans to include in the FNI. Local currency generated from the Grant and deposited in the Special Local Currency Account will be in addition to, and an add-on to, FNI funds provided by the GON. Priority will be given to supporting ongoing programs for which infrastructure, staff, and technical requirements are already in place. The activity will also provide funds to support analysis and definition of reforms.

Evaluation Criteria

A sector assistance program is generally useful in influencing desirable policy changes. In this case, the initiative for the reforms must come from the GON, with A.I.D. playing a supportive role. Since the Rural Sector Development Grant will be spread over four years, A.I.D. will retain a major degree of leverage by tying obligation and disbursement of foreign exchange and local currency generated by the Grant to satisfactory evaluations of the program, based on evidence of progress in areas of policy reform. First year funds will be disbursed from the Special Local Currency Account to cover budgetary shortfalls in the FNI for ongoing development programs for which infrastructure, staff, and technical requirements are already in place. Prior to the disbursement of funds for these programs, evidence of an adequate accounting system must be provided. Moreover, the administrators of these programs shall be required to provide quarterly fiscal reports as to the disposition of funds disbursed from the FNI.

The program document (PAAD) and the Grant Agreement which obligated funds authorized thereby, identifies specific policy reforms which reflect the direction in which the GON is moving. The joint GON/USAID Counterpart Management Committee will carry out a joint review annually for the purpose of establishing, reaffirming, and/or altering priorities governing the uses of funds and reviewing achievements against plans with respect to the policy reforms. Moreover, USAID's Program Economist will keep under continuous review the macro-economic aspects of

the Grant and will further monitor the GON's performance in meeting the covenants and targets agreed to between the IMF and the GON.

With the information obtained from the exercises described above, senior management of USAID will meet annually (or more often if required) with their senior counterparts in the Niger Government to discuss balance of payments, other macro-economic issues, and progress of the Economic Reform Plan agreed with the IMF. This annual policy level review and evaluation will provide a sound basis on which USAID can recommend to A.I.D./Washington further program assistance. It will also provide a concrete opportunity for USAID to encourage the Government to take specific but difficult policy actions needed to achieve their goals in the agricultural sector.

Responsiveness to A.I.D. Directives

The sector program grant contributes to action in several of A.I.D.'s current policy priority areas:

(a) as discussed above, support for GON policy reform in the agricultural sector, with special emphasis on constraint areas which impact on efforts to increase food production and to move toward the goal of food self-sufficiency;

(b) support to Niger's private sector through use of the Commodity Import Program mechanism and through strengthening the private sector's participation in distribution of agricultural inputs;

(c) technology transfer through probable technical services purchased through the foreign exchange element of the program; and

(d) strengthening of Niger's agricultural marketing mechanisms through activities in constraint areas financed under the program sector grant's local currency element.

Conclusion

We have concluded from the analyses in the Program Assistance Approval Document (PAAD) that:

(a) the proposed approach--program sector assistance--and the provisions for disbursing funds under the Grant are technically, economically, and administratively sound;

(b) the funding and timing of the program are appropriately scheduled;

(c) sufficient planning has been completed to implement, monitor, and evaluate progress under the program; and

(d) all statutory criteria have been met.

This program is excluded from the requirement for an Initial Environmental Examination under Section 216.2(c)2(ix) of A.I.D. Regulation 16. The determination for a categorical exclusion is in Section V.C. of the PAAD.

The Grant Agreement will contain two Conditions Precedent, in substance, as follows:

(1) Prior to the first disbursement of U.S. dollars under the Grant, the Grantee will furnish the Grantor an allocation plan which sets forth the procedures for determining importer eligibility and foreign exchange allocations for all procurement financed under the Grant;

(2) Prior to the first disbursement of U.S. dollars under the Grant, the Grantee will furnish the Grantor evidence that a "Special Local Currency Account" has been established in a bank of the Government's choice for the deposit of local currency generated under the Grant.

The following two Conditions Precedent to disbursement of local currency from the Special Local Currency Account will be set forth in the Grant Agreement:

(1) No funds will be released from the Special Local Currency Account until arrangements for a joint GON/USAID Counterpart Management Committee have been finalized;

(2) No funds will be released from the Special Local Currency Account until criteria and procedures for approving allocations to projects determined to be eligible recipients of local currency financing have been mutually agreed to in writing.

The following two covenants will also be included in the Grant Agreement:

(1) The Grantee will adhere to the following tenets with respect to local currency uses:

(a) local currency will be programmed in support of development purposes A.I.D. and the GON mutually agree to;

(b) priority will be given to supporting ongoing programs for which infrastructure, staff, and technical requirements are already in place;

(c) priority will be given to supporting analysis and definition of reforms that will be subject of the Niger Rural Sector Development Grant;

(d) local currency generated from the Grant will be considered as part of the FNI and decisions as to its use shall be in accordance with priorities and standard rules, procedures, and instructions issued by the Grantee on the use of FNI funds; and

(e) in view of limitations which may be agreed upon between the Grantee and the IMF, the Grantee will not substitute local currency generated from the Grant for funds the GON plans to include in the FNI. Local currency generated from this Grant and deposited in the Special Local Currency Account will be in addition to, and an add-on to, FNI funds provided by the Grantee.

(2) The Grantee will continue to negotiate with A.I.D. the following policy reforms:

(a) further reduction in Government subsidies to agricultural inputs;

(b) further freeing up by the Government on controls on the prices paid to farmers for sale of farm products;

(c) continued opening-up to the private sector and individual co-operatives, the ability to produce and distribute farm equipment, animal traction and other agricultural inputs;

(d) improvement in the management and policy of agricultural credit systems; and

(e) further review of the policy governing livestock and grain trade with Nigeria.

The Congressional Presentation 1983, set forth a description of the CIP component of the Rural Sector Development Grant. In so doing, Congress was notified and the waiting period has expired.

The responsible officers in USAID/Niger will be the Mission Director, Irving Rosenthal; Program Economist, Kiertisak Toh; and the Agricultural Economist, Thomas Olson. The A.I.D./Washington Project Officer is Wayne King, AFR/PD/SWAP.

There are presently no significant human rights issues in Niger.

Recommendation:
posed program i

Attachment: PA

draft:AFR/PD/SWAP:WKing:lg:31Aug83

clearance:D/DIR:JSnyder Date: 8/31/83
CONT:BWhipple Date: 8/31
ADO:JLepson Date: 8/31
31 Aug 83

9/30/75 (TM 4:1)

CLASSIFICATION: Att . :o App 3B, Ch 3, HB 4

AID 1120-1 (8-66)

PAAD

DEPARTMENT OF STATE
AGENCY FOR
INTERNATIONAL DEVELOPMENT

PROGRAM ASSISTANCE
APPROVAL DOCUMENT

1. PAAD NO. 683-0247

2. COUNTRY Niger

3. CATEGORY Commodity Financing - Direct Reimbursement and Standard Procedures

4. DATE

5. TO: Irving Rosenthal, Mission Director USAID/Niger

6. OYB CHANGE NO.

7. FROM: Wayne King AFR/PD/SWAP

8. OYB INCREASE

TO BE TAKEN FROM: Economic Support Fund

9. APPROVAL REQUESTED FOR COMMITMENT OF: $2,000,000

10. APPROPRIATION - ALLOTMENT 337-61-683-00-59-72-1131037 GESA-83-31683-KG32

11. TYPE FUNDING [ ] LOAN [X] GRANT

12. LOCAL CURRENCY ARRANGEMENT [ ] INFORMAL [X] FORMAL [ ] NONE

13. ESTIMATED DELIVERY PERIOD

14. TRANSACTION ELIGIBILITY DATE

15. COMMODITIES FINANCED

Unless A.I.D. agrees otherwise in writing, commodities declared eligible under A.I.D. Commodity Eligibility Listing will be eligible for financing.

16. PERMITTED SOURCE

U.S. only:
Limited F.W.: $2,000,000
Free World:
Cash:

17. ESTIMATED SOURCE

U.S.:
Industrialized Countries:
Local:
Other: Code 941 - $2,000,000

18. SUMMARY DESCRIPTION

This Grant represents U.S. assistance to the Government of Niger (GON) to make available foreign exchange in order to help overcome a serious balance of payments problem and generate local currency to support development projects mutually agreed upon by A.I.D. and the GON, particularly in agricultural and rural development sectors. The proposed grant will provide foreign exchange through the Direct Reimbursement procedures.

A grant to the GON is hereby authorized in the amount of $2,000,000 for financing public and private sector imports Direct Reimbursement, subject to the following terms and conditions:

1. Procurement of goods, insurance, freight, and technical services will be restricted to A.I.D. Geographic Code 941 countries source and origin.

2. Unless A.I.D. agrees otherwise in writing, no commodities or commodity-related services may be financed under this Grant if they were procured

19. CLEARANCES

	DATE
REG/DP	
REG/GC	
AA/PC	
A/CONT	
AA/MR	
AA/DFPE	

20. ACTION

[X] APPROVED [ ] DISAPPROVED

Irving Rosenthal Aug 31, 1983

AUTHORIZED SIGNATURE DATE

Mission Director, USAID/Niger

TITLE

CLASSIFICATION:

7 X

pursuant to orders or to contracts firmly placed or entered into prior to the date of this Authorization.

3. This Grant may be used to finance Direct Reimbursement to the GON for the value of Eligible Items which have their source and origin in A.I.D. Geographic Code 941 countries as in effect at the time the orders are placed or contracts entered into for such Eligible Items, except as A.I.D. may otherwise agree in writing.

4. The minimum transaction value shall be established at $5,000.

5. USAID/Niger is given authority to sign and issue Implementation Letters for this Grant, and to approve/disapprove all transactions to be financed under this Grant.

6. This Grant and the procurement and utilization of commodities and commodity-related services financed under it are subject to the terms and conditions of A.I.D. Regulation 1 as from time to time is amended and in effect, except as A.I.D. may otherwise specify in writing.

7. The Grantee may request waivers and determinations as to A.I.D. Regulation 1 requirements and the A.I.D. Commodity Eligibility Listing (to add commodities not reflected as eligible).

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I. Executive Summary and Recommendation

A. The Request

The Government of Niger (GON) has requested program type assistance in the amount of $5.0 million to help meet its immediate balance of payments requirements which will provide local currency generated by the Grant for support of development purposes, particularly in agriculture and rural development projects mutually agreed to by A.I.D. and the GON. Unless A.I.D. agrees otherwise in writing, the Grant will finance Direct Reimbursement and Letters of Commitment (L/COM) for imports from countries of Code 941 source and origin undertaken since the date of signing the Grant Agreement. The $5.0 million equivalent generated in local currency will be deposited in a Special Local Currency Account.

B. Background

The Niger Republic is a landlocked nation in West Africa with an area of about 1,267,000 square kilometers. Niger shares borders with Nigeria and Benin on the south, Upper Volta and Mali on the west, Algeria and Libya on the north, and Chad on the east. Three-fourths of the total area receives less than 300-350 mm of rainfall per year, with about half of the nation falling in the Sahara Desert.

The national capital is Niamey, on the Niger River in the southeast corner of the nation. The total population reported as of the 1977 census was 5,098,428. For 1979 the estimated GNP was $1,410 million, or $270 per capita, which falls within the UN category of low income countries. Niger became a self-governing member of the French community on December 18, 1958, and gained independence on August 3, 1960. General Seyni Kountché serves as Chief of State, President of the Supreme Military Council (CMS) and President of the Council of Ministers. Under his guidance Niger's centrist approach to international affaires has earned it the esteem of many Third World, Arab, and Western nations, including the United States, giving it an influence in international forums far beyond its size.

(Section V. provides more information on the overall political scene, the GON Development Setting and Strategy, U.S. Assistance Strategy and the USAID program elements.)

C. Unfinanced Balance of Payments Deficit

Niger's overall balance of payments was in general equilibrium from 1975 through 1981. It had a small surplus during 1975-1978, small deficits in 1979-1980, followed by a surplus in 1981. The country experienced its largest recent deficit of 43 billion CFA francs ($199 million) in 1981, but until 1982 the current account deficits were financed by surpluses in the capital account which reflected high levels of foreign direct investment and project-related capital inflows associated with mining and the Five Year Development Plan. In

1982, the drop in uranium export earnings was not adequately offset by a reduction of imports, the substantial deficit in the services account remained (including increased debt-servicing payments). Net capital inflows fell about 73 percent in 1982, due to a large decline in long-term inflows and a sharp increase in short-term outflows.

Between 1979 and 1980 net foreign exchange reserves fell by 43 percent and climbed in 1981; these fluctuations were due to foreign liability shifts of commercial banks. Niger's foreign exchange reserves fell from $117 million in 1979 to $14.6 million in 1982. Niger's gross international reserves were equivalent to only four weeks of imports at the end of 1982.

Because the CFA franc is freely convertible with the French franc, one may tend to overlook the balance of payments problems on the grounds that CFA franc zone members have more credit availability and in effect possess a hard currency. This would only be true when the current account is not in deep and persistent deficit and there is no confidence problem. However, with the reduced long-term capital inflows and increased short-term capital outflows in 1982, the overall balance of payments deficit rose dramatically, foreign exchange reserves fell to a critically low level and external debt-servicing payments grew. The balance of payments liquidity problem became serious and confidence in the country's economic management weakened, which could result in capital flight and further aggravation of the problem. The liquidity problem is less serious in the private sector than in the public sector because Niger's exchange system remains relatively free of restrictions and because of the free convertibility of the CFA franc.

In the short- and medium-term, the foreign exchange shortage, particularly in the public sector, will necessitate balance of payments support in order to stabilize the situation and avoid further deterioration in the external debt situation. (Section III, "Macro-Economic Justification," describes this situation in detail.)

D. Program Assistance Description

The USAID has been asked to expand its help from project assistance to include P.L. 480 food products and program assistance. Program assistance will be used to meet urgent balance of payments needs by providing essential imports (in this case a Standard Financing program of Direct Reimbursement for commodities imported from Code 941 countries during GON fiscal year 1983). Talks with GON officials responsible for handling documentation of Nigerien imports have been very positive and no difficulty is envisaged in obtaining appropriate documentation for Direct Reimbursement. The Direct Reimbursement of financing is expected to provide prompt balance of payments relief in late 1983 and early 1984.

The Direct Reimbursement method of assistance will generate the equivalent of $2.0 million in CFA francs. These funds will be deposited into a

Special Local Currency Account and programmed in support of development purposes with which A.I.D. and the GON mutually agree. These funds will be considered as part of the Nigerien National Investment Fund (FNI) and decisions as to its uses shall be in accordance with priorities and standard rules, procedures, and instructions issued by the GON on the use of FNI funds. In view of limitations which may be agreed upon between the GON and the International Monetary Fund (IMF), the GON will not substitute local currency generated from the Grant for ordinary funds the GON plans to include in the FNI. Local currency generated from the Grant and deposited in the Special Local Currency Account will be in addition to, and an add-on to, FNI funds provided by the Grantee.

E. Program Assistance Benefits

Niger will benefit from the program assistance provided under this PAAD in the following ways:

-- Foreign Exchange ($5.0 million in U.S. dollars) will be provided under the Direct Reimbursement procedure described above, and will generate an equivalent amount of local currency.

-- Local currency generated will be given to supporting ongoing programs for which infrastructure, staff, and technical requirements are already in place. The activity will also provide funds to support analysis and definition of reforms that are to be negotiated by the GON and A.I.D.

To help assure that the funds deposited into the Special Local Currency Account are properly managed, the Grant Agreement will contain a Condition Precedent that no funds will be released from the Special Local Currency Account until arrangements for a joint GON/USAID Counterpart Management Committee have been finalized. Moreover, another Condition Precedent will be included in the Grant Agreement that no funds will be released from the Special Local Currency Account until criteria and procedures for approving allocations to projects determined to be eligible recipients of local currency financing have been mutually agreed to in writing.

In addition, a Covenant will be included under which the Government promises to continue negotiations with A.I.D. the following policy reforms: (a) further reduction in Government subsidies to agricultural inputs; (b) further freeing up by the Government of controls on the prices paid to farmers for sale of farm products; (c) continued opening-up to the private sector and individual cooperatives, the ability to produce and distribute farm equipment, animal traction and other agricultural inputs; (d) improvement in the management and policy of agricultural credit systems; (e) further review of the policy governing livestock and grain trade with Nigeria.

The present economic circumstances in Niger are especially suitable for negotiating policy reforms with the help of the proposed assistance. The

GON is aware of the drawbacks both of policies that require large outlays (e.g., subsidies to suppliers of agricultural inputs that are required by price controls) and of policies that reduce Niger's capacity to import (e.g., restrictions on exports). Furthermore, the GON is increasingly appreciative of assistance that will offset part of the losses of uranium revenues. In this environment, pursuit of USAID/Niger's goal of increased food self-sufficiency for Niger can best be accelerated not, primarily, by increased assistance to projects, which are already hampered by the GON's policies and financial stringency, but by encouragement of policy reforms through non-project assistance and use of that non-project assistance to assure success of already planned and ongoing development projects. Given Niger's pattern of international trade, a Commodity Import Program is a practical form of non-project assistance and is desirable from both the GON's and USAID's point of view.

F. Recommendations

The Project Committee recommends approval by the Director, USAID/Niger, of this request for program assistance from Economic Support Funds in the form of a Grant of $5.0 million. Unless A.I.D. agrees otherwise in writing, the $2.0 million Grant will provide Direct Reimbursement of commodities imported from Code 941 countries from the date of the Grant Agreement's execution.

II. Program Assistance Description

The GON has requested program assistance in the amount of a $5.0 million Grant which will help meet its immediate balance of payments requirements and provide local currency generated, thereby, to support development purposes mutually agreed upon by A.I.D. and the GON, particularly in agricultural and the rural sectors. Priority will be given to supporting ongoing programs for which infrastructure, staff, and technical requirements are already in place. Local currency will also be used to support analysis and definition of the following policy reforms: (a) further reduction in Government subsidies to agricultural inputs; (b) further freeing up by the Government of controls on the prices paid to farmers for sale of farm products; (c) continued opening-up to the private sector and individual cooperatives, the ability to produce and distribute farm equipment, animal traction and other agricultural inputs; (d) improvement in the management and policy of agricultural credit systems; (e) further review of the policy governing livestock and grain trade with Nigeria.

(Section V. provides more information on the overall political scene, the GON Development Setting and Strategy and the U.S. Assistance Strategy for Niger.)

A. Background

Niger lies on the southern fringe of the Sahara Desert, 1,200 miles from the Mediterranean seacoast and nearly 1,000 miles inland from the South Atlantic Ocean. The country is bordered by Algeria, Libya, Chad, Mali, Upper Volta, Nigeria, and Benin. Three-fourths of Niger is arid desert. The climate is hot and dry, especially in April and May. Most of Niger's population of approximately 5,098,428 (1977 census) are concentrated in a relatively narrow bank along the southern border. A country of small villages, Niger has only five cities (Niamey, Zinder, Maradi, Tahoua, and Agadez) with populations of 30,000 or more.

The economy of Niger is highly concentrated in the primary sector: agriculture, pasturage and mining. All are highly dependent upon the gifts of nature: deposits of uranium and rainfall both for pasturage and the three crops that cover more than 90 percent of the cultivated land--millet, sorghum, and cowpeas. Irrigated agriculture is of a minor importance, and the skills of the labor force are those of tradition. Over 90 percent of the population is considered illiterate.

Niger experienced an extraordinarily favorable economic performance from 1976 to 1980, when the annual growth took place in agriculture, livestock, uranium mining, and construction. The major factors contributing to the rapid growth were the favorable climatic conditions, and the buoyant world demand for uranium, which almost doubled its price between 1976 and 1980. Uranium had an increased dominance in the economy, while the relative share of agriculture and livestock declined.

The botton fell out of the uranium boom in 1981, and real GDP increased by only 1.1 percent, while 1982's growth rate was negative (-0.5 percent). The poor economic performance was attributed to depressed world demand for uranium as well as the overall worldwide recession. The price dropped by nearly a fifth in absolute terms between 1980 and 1981, and then remained steady in dollar terms. The poor economic performance was aggravated by mediocre to poor harvests due to climatic conditions. Food crop production dropped somewhat and almost all cash crops fell by 30 percent while livestock and investment activities stagnated. Taking into account the severe world economic crisis and Niger's terms of trade, Niger's economy is in far more trouble than what is indicated by the GDP figures alone.

The present crisis situation in Niger's economy has three major aspects: rising budget deficits (with a sharply reduced FNI); large external imbalance with declining public sector foreign exchange reserves and growing net negative foreign assets; and increasing debt service payments.

Niger has had severe budget deficits since 1980, increasing from 14 billion CFA francs in 1979 to 66 billion CFA francs in 1981. The estimated 1982 deficit was 46 to 50 billion, while planned 1983 deficit was to be 42 billion CFA francs. However, the entire reduction was due to planned cuts in expenditure, not increased revenue. The poor revenue performance reflected the slowdown in general economic activities, Niger's narrow tax base, and a relatively inefficient tax administration in terms of the effectiveness of tax collection and enforcement. The increases in budget deficits were the consequences of large increases in expenditures, particularly extrabudgetary expenditures and poor revenue performance. Current expenditures remained at a relatively constant percentage of about 8.6 percent of GDP between 1979 and 1982, but it should be noted that public debt service payments grew from 6 percent of current expenditure to 29 percent in 1983.

Capital expenditures under the FNI increased by 51 percent between 1979 and 1981, but were cut by more than 55 percent in 1982, and will be cut at least in half again in 1983. All categories of development expenditure were reduced, but education suffered the most. Extrabudgetary spending tripled during 1979-1981, but declined an estimated one-third from 62 billion CFA francs in 1981 to an estimated 41 billion in 1983.

Although the Nigerien Government announced a number of fiscal measures aimed at reducing the budget deficit in 1983, the full effect of these actions will not be obtained until 1985 because of the lags in their implementation. The austerity program involves both revenue-raising and expenditure-reduction measures. Revenue increasing measures include tax increases on petroleum products, a new levy on private sector cereals imports, a new 7.5 percent tax on income and profits, and a 14 percent increase in international trade taxes. The GON's actions to reduce expenditures include immediate withdrawal and eventual sale of most civil official vehicles (with the exception of a few assigned to high ranking Governmental officials); reduced expenditures on

scholarships for secondary education; taking steps to eliminate teachers with a high rate of absenteeism: and reducing indemnities and similar salary supplements.

As mentioned above, the GON has already managed to hold the recurrent budget steady as a percentage of GDP, but at the cost of reducing sharply the percentage spent on agriculture, rural development, roads, and general public services. While education expenditures dropped slightly, health remained constant and public debt servicing quadrupled. Development expenditures, both in the FNI and the capital outlays (especially pre-financing), have been severely curtailed in all categories except roads and infrastructure, with education reduced sixfold and health, mining, industry, water, and electricity being almost totally wiped out.

In addition to its own self-help efforts, Niger has sought support from multilateral and bilateral donors including the IMF, World Bank, EEC, UN, France, Arab countries, United States, and Germany. New assistance to Niger has come from the OPEC Fund for International Development. The OPEC Fund has lent Niger U.S.$16.75 million in four separate balance of payments loans. The terms of these loans are very generous: interest free, with a 1/2 of 1 percent service charge per year. The maturity period is ten years with a three-year grace period.

The French Government, as it has done in the past, through the CCCE (Caisse Centrale de Coopération Economique) provided "emergency" assistance loans to Niger in 1981 and 1982, but these were earmarked for specified projects. In July of 1983, the CCCE granted the GON a loan of 5 billion CFA francs for the purposes of improving the Government's fiscal and budgetary systems and improving the financial situation of certain public and parastatal organizations. This loan represents the first time the GON has been given such broad latitude regarding the activities on which the loan money can be spent.

The Canadians now have an $18.0 million pilot commodity import line of extremely concessional credit which is used for imports of equipment (e.g., agricultural and mining) and other items.

It is within the context of the above fiscal environment that A.I.D. has been requested to expand its help from project assistance and P.L. 480 Title II to include program type assistance. This form of assistance will be most helpful in meeting urgent balance of payments and providing local currency required to carry out essential programs in agricultural/rural sector--activities which are being implemented to assist the GON meet its long-term development goals.

B. Program Benefits Summary

1. Niger benefits from the program assistance provided under this PAAD in the following ways:

a. Balance of payments support will be provided in two ways. Commodities, needed by the Nigerien economy and financed by A.I.D. under a general import program can be brought in by public and private sector importers thus saving the GON foreign exchange. In addition, foreign exchange can be provided under the Direct Reimbursement procedures for imports from countries of Code 941 (from the date of Grant Agreement signing, unless A.I.D. agrees otherwise in writing).

b. Local currency. Both the general import and Direct Reimbursement programs will generate local currency in the equivalent of $2.0 million. The local currency so generated will be deposited into a Special Local Currency Account and programmed in support of ongoing programs for which infrastructure, staff, and technical requirements are already in place. They will also generate local currency which will be used to support analysis and definition of reforms that will be subject of the Niger Rural Sector Development Grant.

2. USAID benefits from the program assistance provided in this PAAD in the following ways:

a. Macro-economic policy level dialogue, as it continues between the GON and A.I.D. will become more meaningful with the provision of this $5.0 million in balance of payments support, especially when taken in view of the standby agreement and compensatory financing facility the GON is negotiating with the IMF. A.I.D. will be in a position to support whatever terms the GON and IMF agree to as conditions to its assistance.

b. Sectoral level influence is important since the $2.0 million in local currency will provide resources that would not have been available and permit the GON to meet commitments it could otherwise be unable to meet. The local currency generated by the Grant will be considered as part of the FNI, although it will be deposited into a Special Local Currency Account which will be managed by the GON and A.I.D. In view of the limitations which may be agreed upon between the GON and the IMF, the GON will not substitute local currency generated from the Grant for funds the GON plans to include in the FNI. Priority will be given to supporting ongoing programs for which infrastructure, staff, and technical requirements are already in place. Local currency will also be used to support analysis and definition of the following policy reforms: (a) further reduction in Government subsidies to agricultural inputs; (b) further freeing up by the Government on controls on the prices paid to farmers for sale of farm products; (c) continued opening-up to the private sector and individual cooperatives, the ability to produce and distribute farm equipment,

animal traction and other agricultural inputs; (d) improvement in the management and policy of agricultural credit systems; (e) further review of the policy governing livestock and grain trade with Nigeria.

To assure that the funds deposited into the Special Local Currency Account are properly managed, the Grant Agreement will contain Condition Precedent that no funds will be released from the Special Local Currency Account until arrangements for a joint GON/USAID Counterpart Management Committee have been finalized. Moreover, another Condition Precedent will be included in the Grant Agreement that no funds will be released from the Special Local Currency Account until criteria and procedures for approving allocations to projects determined to be eligible recipients of local currency financing have been mutually agreed to in writing.

C. Balance of Payments and Budgetary Support and Related Reforms

Section III, "Macro-Economic Justification," analyzes the current economic crisis, corrective measures which have been introduced, donor support for these corrective measures, and the prospects for economic recovery.

1. Conclusions

a. In addition to a stagnant economy, the present near-crisis situation in Niger has three major economic aspects; large external imbalance with declining foreign exchange reserves in the public sector and growing negative net foreign assets; increasing debt service payments; and rising budget deficits.

b. The deteriorating balance of payments situation has drastically reduced Niger's foreign reserves.

c. In the short and medium run, Niger's foreign exchange shortage, particularly in the public sector, will require some balance of payments support in order to stabilize the situation and avoid further deterioration in the external debt situation.

d. An IMF program, involving a standby agreement and compensatory financing facility, is expected to reduce Niger's overall balance of payments deficit through the following measures: (1) cutbacks in capital and extrabudgetary spending; (2) increased export earnings in uranium and livestock and cutbacks in capital and extrabudgetary outlays; (3) slowdown in growth of domestic bank credit.

e. The increases in budget deficits were the consequence of large increases in expenditures, based upon the assumption of rapid growth fueled by continued high uranium earnings. The expenditure

increase is especially noticed in the extrabudgetary (pre-project expenditure) and FNI category as well as poor revenue performance.

f. An IMF tax reform program is expected to improve the GON's revenues through the following: (1) administrative changes in tax administration ranging from changes in custom valuation, more control of tax assessment and collection, particularly in income, profit, business and property taxes to the reorganization of the tax department and the establishment of a customs headquarters to keep abreast of trade flows; (2) reduction of tax exemptions to wage earners and property owners; (3) increasing excise tax on products like petroleum, alcoholic beverages, tobacco, soft drinks, public utilities services (electricity, telephone, and telegraph); (4) improvements in the international trade system by (a) abolishing the use of administratively set values as taxable bases and in calculating transport costs and substituting in its place actual values of products; (b) reducing the number of exemptions from import taxes granted to investment projects and individual enterprises.

g. The fall in world uranium demand and its negotiated price has lowered Niger's export earnings receipts for investment expenditures and reduced its debt-servicing capacity.

h. The effect on debt-servicing capacity would have been lessened if Niger's exports were more diversified and had it not committed in the previous years a substantial amount of investment in increasing mining productive capacity and in energy intended for the expanded mining capacity.

i. The GON may have to negotiate some direct bilateral debt relief to reduce its additional debt service payments arising from Société Nigérienne du Charbon d'Anon Araren (SONICHAR).

j. The overall acceleration of investment beyond the level that could be supported by domestic savings and budgetary resources together with the practice of pre-financing projects in anticipation of exceptional foreign assistance, which finally could not be mobilized, had contributed significantly to the rising extrabudgetary capital expenditure and growing deficits after 1980.

2. Background

On the balance of payments side:

-- Until 1982, the current account deficits were financed by surpluses in the capital account, reflecting mainly foreign direct investment and project related capital inflows associated with the expansion in the mining sector and in public investment activity under the Five-Year Development Plan.

-- With reduced long-term capital inflows and increased short-term capital outflows in 1982, the overall balance of payments deficit rose dramatically, foreign exchange reserves fell to a critically low level and external debt-servicing payments grew.

-- Since Niger is a member of the West African Monetary Union, it cannot make any exchange rate adjustment unilaterally, thus monetary and fiscal policies and trade restrictions are the only viable mechanisms for reducing the balance of payments deficit.

-- Niger's overall balance of payments deficit is expected to decline in 1983 as a result of anticipated reduction in the imports induced by the planned cutbacks in investment activity, both in the public and private sector, and increase exports.

With respect to the public finance situation:

-- Although the Nigerien Government announced a number of fiscal measures aimed at reducing the budget deficit in 1983, their full effects will not be realized until 1985 because of lags in their implementation.

-- Revenue increasing measures are expected to generate additional revenues of 6-9 billion CFA francs over a period of three to four years.

-- Spending cuts are estimated to save 2-3 billion CFA francs.

3 Major Features of the GON Economic and Financial Reform

Appropriate policies, particularly in dealing with the financial imbalances and in reorientation of investment to promote growth in agriculture and livestock will be important. As the conditionality for the IMF stabilization package, which is in the final stage of approval, Niger will be asked to adopt an austerity program involving:

a. restrain public investment and reorient it to the productive sector;

b. take necessary steps for tackling the financial problems of the parastatal sector;

c. implement a comprehensive reform of the tax system and make serious attempts to control and restrain expenditures, particularly extrabudgetary expenditures;

d. lower the rate of overall domestic credit expansion and stop short-term foreign borrowing; and

e. consider the possibility of seeking debt relief through the Paris Club or bilateral agreement.

4. Policy Dialogue and Reforms

In the context of discussions with the IMF and taking full advantage of A.I.D.'s substantial field presence to maintain a continuing dialogue with the GON, A.I.D. can demonstrate its full support for Niger's efforts to negotiate and implement the IMF stabilization package. It is the Mission's view that the most effective means of pursuing this course is by seeking regular consultations with the IMF on the types of macro-economic reforms which are compatible with political stability in Niger and as appropriate designing U.S. program assistance which coincide and facilitate achievement of the IMF stabilization package.

In addition to cooperating with the IMF and GON to identify and implement macro-economic policies aimed at reducing the financial imbalance, the Mission shall also assist the Government to pursue policies that are conducive to growth, especially in the rural sector. In particular, in its negotiations with the GON, emphasis will be given to various projects which are aimed at increasing agricultural yields, both in food crops as well as cash crops, and raising productivity as well as commercialization in the livestock sector. A.I.D. will encourage the GON to view expansion of availability of agricultural technical input packages in terms of its impact on increase cash crop production. It will also encourage the GON to pursue more outward-looking trade policies especially with regard to trade with Nigeria. The roles of public marketing agencies and input suppliers, like OPVN, UNCC, and CNCA, as price setters and distribution agents for output, input, and credit, will also be reviewed. The financial loss incurred by these agencies diverted funds that could otherwise be made available for direct productive investment. Moreover, the role of the private sector will be reviewed with the GON with a view to expand it beyond what has been envisaged thus far.

D. Commodity Import Program and Direct Reimbursement

Essentially two forms of balance of payment support are envisaged under this PAAD. The first is a general commodity import program which will be worked out with public and private Nigerien importers--particularly those who have had previous imports from countries within A.I.D. Geographic Code 941. Based on commercial imports in 1980 (the last year for which information has been published), approximately one-third of Niger's commercial imports in 1980, about $60 million were from countries eligible for procurement under a Commodity Import Program (CIP) (Code 941). The major imports that year were all admissible under the A.I.D. Commodity Eligibility Listing. Niger's main official imports were capital goods, heavy construction equipment, and the like. The principle

non-agricultural commodities imported from the United States in 1980 were auto parts, graders, and scrapers. (The composition of imports is likely to change, however, because of reduced demand from the uranium sector.) The potential for importation of agricultural chemicals from the United States is good. Such United States exports to Niger in 1980 were competitive with those of other countries.

The second method is designed to provide immediate balance of payments relief through Direct Reimbursement of imports already made from Code 941 countries since the execution of the Grant Agreement, unless A.I.D. agrees otherwise in writing. Contacts made with importers and the FNI indicate that the documentation is available. Under this system it is planned to have the documentation in, processed, and approved by January 1984. (See Section IV, "Proposed Commodity Import Program," for a full analysis and description of how the two methods will be implemented.)

Local currency (counterpart) will be generated in the following fashion. For the general import program, the importer will be required to make a deposit of 25 percent of the dollar value of the Letter of Credit in local currency. The applicant bank will transfer these funds to the Special Local Currency Account set up for this purpose. The importer will be required to arrange for a bank guarantee for the remaining 75 percent payment which will come due six (6) months after the shipping documents have been received. This six month delay in deposit of the remaining counterpart is designed to offset, to a degree, the added expense of shipping a substantial part of the commodities on United States flag vessels.

For the Direct Reimbursement, once the documentation has been approved by A.I.D./Washington, dollar checks for the amount approved will be issued in the name of the GON. The Government will be required to deposit the equivalent amount of local currency (counterpart funds) in the Special Local Currency Account set up for this purpose as of the day the dollar check is received. Alternatively, USAID will request a CFA franc check to be issued directly.

E. Local Currency Use

Local currency generated under this program, approximately $2.0 million in CFA francs, will be used in support of development purposes, particularly in agriculture and rural development. Priority will be given to supporting ongoing programs for which infrastructure, staff, and technical requirements are already in place. The program will also provide funds to support analysis and definition of the following policy reforms: (a) further reduction in Government subsidies to agricultural inputs; (b) further freeing up by the Government of controls on the prices paid to farmers for sale of farm products; (c) continued opening-up to the private sector and individual cooperatives, the ability to produce and distribute farm equipment, animal traction and other inputs; (d) improvement in the management and policy of agricultural credit systems; (e) further review of the policy governing livestock and grain trade with Nigeria.

To ensure that the funds deposited into the Special Local Currency Account are properly managed, no funds will be released until arrangements for a joint GON/USAID Counterpart Management Committee have been finalized. Moreover, no funds will be released until criteria and procedures for approving allocations to projects determined to be eligible recipients of local currency financing have been mutually agreed to in writing.

F. Development Impact and Policy Change

In view of Niger's present economic difficulties and severe financial constraints, assistance in the form of fast disbursable aid is appropriate if development efforts are to continue and past investment is not to be wasted. Niger has requested, and is currently negotiating, the IMF standby and compensatory financing arrangements for a total of approximately $38 million ($25.3 million for the standby agreement and $12.7 for the compensatory financing facility). The IMF program will be for the balance of payments support and it will be tied to the conditions mentioned in Section II.C.1. above. These conditions are aimed at reducing the external imbalance and maintain financial stability which is a necessary pre-condition for long-term development efforts.

To assist Niger meet the IMF conditions and at the same time continue ongoing development activities, USAID proposes non-project type assistance in the form of a Sector Grant for the rural sector, mainly to support ongoing projects related to agriculture and livestock. Its benefits during this difficult period of severe foreign exchange shortage and budget deficit are particularly valuable. The CIP component of the Sector Grant can be used to finance development project-related imports without adversely affecting the balance of payments situation. The CIP component could also be used for raw materials imports aided at raising capacity utilization of viable agro-industrial plants. This portion of the CIP will be designed carefully so that the CIP will not be used to support inefficient and economically unviable enterprises.

The counterpart funds generated by the Sector Grant will also be extremely valuable to the Nigerien Government in reducing the need to resort to short-term, expensive commercial borrowing or excessive domestic credit expansion. The counterpart contributions to foreign-financed projects. There are indications that the large reductions in the FNI spending in 1982 and 1983 have affected significantly project implementation and the ability of the Nigerien Government to absorb foreign assistance effectively. Furthermore, some of the local currency generated by this Grant may also be used to finance the shortfall in recurrent costs of ongoing Nigerien projects in the rural sector. The project resource gaps are based on the difference between estimated revenues and projected recurrent costs in different sectors together with expenditures on public debt, general services, investment, and transfers. On the revenue side, the projections are based on the assumption that a

comprehensive reform of the tax system as recommended by the IMF will be implemented during fiscal years 1984-1985.

It is recognized that non-project assistance in the form of budgetary support is not without risk and difficulties and should not be used simply to release short-term budgetary pressure. In order to assure long-term benefits of this form of assistance, conditionalities are appropriate. This comes about because of the fungibility of non-project assistance. The concern is, therefore, with the net impact at the margin of the amount of the recipient's own resources released by non-project assistance. Unlike project assistance, the direct impact on the non-project assistance is difficult to measure. The only evidence of non-project assistance in general is, therefore, improved overall economic performance. The most effective way for increasing the likelihood that economic performance will be improved is to link non-project assistance to reforms of existing policies that are considered to be obstacles to improved economic performance and support those policies which are moving the overall economy ahead. This Grant is, therefore, tied to the following policy reforms: (a) further reduction in Government subsidies to agricultural inputs; (b) further freeing up by the Government of controls on the prices paid to farmers for sale of farm products; (c) continued opening-up to the private sector and individual cooperatives, the ability to produce and distribute farm equipment, animal traction and other agricultural inputs; (d) improvement in the management and policy of agricultural credit systems; (e) further review of the policy governing livestock and grain trade with Nigeria.

G. Conditions Precedent and Covenants

Apart from the usual statutory and administrative requirements, there follows a list of Conditions Precedent (CPs) and Covenants especially for this Grant Agreement (see Annex for the full text) proposed under this PAAD:

> SECTION 2.1. Conditions Precedent. Prior to the first disbursement of U.S. Dollars under the Grant, or to the issuance of A.I.D. documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:
>
> (a) an opinion of counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms;
>
> (b) a statement representing and warranting that the named persons have the authority to act as the representative or representatives of the Grantee pursuant to the following SECTIONS:
>
> (1) allocation of foreign exchange - SECTION 2.1.(c);

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(2) allocations of local currency - SECTION 2.2.(a) and (b);

(3) official correspondence regarding Grant - SECTION 7.2.;

together with a specimen signature of each person certified as to its authenticity.

(c) An allocation plan which sets forth the procedures for determining importer eligibility and foreign exchange allocations for all procurement financed under the Grant;

(d) evidence that a "Special Local Currency Account" has been established in a bank of the Government's choice for the deposit of local currency generated by the Grant.

SECTION 2.2. Conditions Precedent to Disbursement of Local Currency Generated.

(a) No funds will be released from the "Special Local Currency Account" until arrangements for a joint Government of Niger/USAID Counterpart Management Committee have been finalized. (See SECTION 5.2.)

(b) No funds will be released from the "Special Local Currency Account" until criteria and procedures for approving allocations to projects determined to be eligible recipients of local currency financing have been mutually agreed to in writing.

Article 5: General Covenants

SECTION 5.1. Use of Local Currency. Pursuant to SECTION 2.1.(d) the Grantee will establish a "Special Local Currency Account" in the bank of its choice and deposit therein currency of the Government of the Republic of Niger in amounts equal to the proceeds accruing to the Grantee as a result of its submission of requests for reimbursement which are supported by appropriate documentation. Funds in the "Special Local Currency Account" may be used for such purposes as are mutually agreed upon by A.I.D. and the Grantee, except that 5 percent (5%) of the funds in the "Special Local Currency Account" shall be made available to A.I.D. by transfer to an A.I.D. Local Currency Trust Fund Account to meet local requirements of the United States. Five percent (5%) of these funds shall be solely controlled by A.I.D.

SECTION 5.2. Tenets Governing Local Currency Use. The Grantee will adhere to the following tenets with respect to local currency uses:

(a) local currency will be programmed in support of development purposes A.I.D. and the Government of Niger mutually agree to;

(b) priority will be given to supporting ongoing programs for which infrastructure, staff, and technical requirements are already in place;

(c) priority will be given to supporting analysis and definition of reforms that will be subject of the Niger Rural Development Sector Grant;

(d) local currency generated from the Grant will be considered as part of the National Investment Fund ("FNI") and decisions as to its use shall be in accordance with priorities and standard rules, procedures and instructions issued by the Grantee on the use of FNI funds; and

(e) in view of limitations which may be agreed upon between the Grantee and the IMF, the Grantee will not substitute local currency generated from the Grant for funds the Government of Niger plans to include in the FNI. Local currency generated from this Grant and deposited in the "Special Local Currency Account" will be in addition to, and ad add-on to FNI funds provided by the Grantee.

SECTION 5.3. Linkages with Rural Development Sector Grant. The Grantee will continue to negotiate with A.I.D. the following policy reforms:

(a) further reduction in Government subsidies to agricultural inputs;

(b) further freeing up by the Government of controls on the prices paid to farmers for sale of farm products;

(c) continued opening-up to the private sector and individual cooperatives, the ability to produce and distribute farm equipment, animal traction and other agricultural inputs;

(d) improvement in the management and policy of agricultural credit systems; and

(e) further review of the policy governing livestock and grain trade with Nigeria.

H. Compliance and USAID Position

The Embassy/USAID position on compliance is clear. In the unlikely event that the GON does not live up to its agreements concerning either the dollar import side or local currency use agreements, and if all dialogue and negotiations fail, USAID could cut off funding of the specific activity, or if the money was already spent, refuse to consider any future funding. If a

fundamental issue was at stake in which the principle could not be compromised, or modified, the entire USAID program would be put in abeyance pending resolution.

Having said this, one should stress that if the USAID continues its policy of financing activities where the objectives are the same or complementary to the Government's goals, this eventuality need not arise. Should differences appear, sound analytical rationale would be furnished to the Government explaining the United States' position. This would be coupled with a readiness to listen to the Government's side where there are disagreements.

III. Macro-Economic Justification

A. The Current Economic Crisis (1976 to the Present)

The combined impact of adverse external factors and inappropriate Government policies led to the emergency of an economic crisis in 1982, which continues to persist despite concerted efforts on the part of the GON to take corrective action. An examination of Niger's current account since 1977 reveals a deficit. These current account deficits until 1982 were financed by capital inflows from direct investments and project related investments associated with the expansion in the mining sector and in public investment activity. In 1982 the situation changed. The decline in uranium exports was not adequately offset by import reductions; there was also a continually sizable deficit in the services account due to rising freight and insurance costs and interest payments on foreign debt. Furthermore, there was a drastic fall in net capital inflows from 74.1 billion CFA francs in 1981 to 20.3 billion CFA francs in 1982 (a reduction of 72.6 percent). Most of the reduction in capital inflows was attributed to a large decline in long-term capital inflows due to unanticipated reduction in project-related capital and a large increase in short-term capital outflows. Consequently, the capital account fell far short of the level capable of financing the current account deficit, resulting in a large overall balance of payments deficit. The sections below deal with: the principal causes of the economic crisis and the balance of payments and public finance situations followed by a description of the corrective measures taken by the GON and the external support for these measures; and a prognosis regarding the prospects for economic recovery.

1. Principal Causes of the Emergence of the Crisis

The causes of the emergence of the crisis were several. First, the drop in uranium export earnings was not adequately offset by a reduction of imports. Second, the poor economic performance was aggravated by a mediocre to poor harvest due to climatic conditions. Finally, poor management in the public sector, including the parastatals, further contributed to Niger's economic and fiscal crisis.

Niger's economic difficulties since 1981 can be characterized as follows:

-- real GDP stagnated in 1981 and probably declined in 1982; real purchasing power of GDP declined by more than 6 percent in 1981;

-- terms of trade deteriorated by more than 30 percent because of lower uranium export prices relative to increasing import costs.

2. Underlying Factors Explaining the Emergence of the Crisis.

A number of factors contributed to the debt problem. It is partly due to Niger's economic and structural limitations, and partly to

sources. Most of this debt is on non-concessional terms. Its debt servicing will be especially high in the future years. The Nigerien Government may have to negotiate some direct bilateral debt relief to reduce its additional debt service payments arising from SONICHAR.

The debt problem is further aggravated by miscalculations on certain policies related to fiscal and debt management. In particular, the over-acceleration of investment beyond the level that now can be supported by domestic savings and budgetary resources together with the practice of pre-financing projects in anticipation of exceptional foreign assistance, which finally could not be mobilized, had contributed significantly to the rising extrabudgetary capital expenditure and growing budget deficits during 1979-1982. Because of the difficulties involved in lowering capital expenditures and the difficult decision required by the Government to cut current expenditure spending, no attempt was made prior to 1983 to bring spending in line with revenues. Instead, the budget deficit problem was postponed by resorting to foreign borrowing and domestic credit expansion. The debt situation deteriorated; and as medium- and long-term loans on concessional terms became more difficult to obtain; debt of short maturity on non-concessional terms were easier to obtain and were quickly disbursable. When the export situation did not improve at the rate compatible with increasing debts, foreign reserves were drawn down to meet debt service payments and a liquidity crisis has been set in motion.

3. The Present Balance of Payments Situation

a. The Current Account

Most recent developments in the balance of payments situation differ slightly from the structural trends that have explained the general inability of the Nigerien economy to pull out of the crisis over the last year. In 1982, a drop in uranium exports contributed importantly to a substantial widening of the external current account gap. Mainly because of a 10 percent drop in uranium exports, total exports of goods and non-factor services declined by 7 percent. Imports of the non-uranium sector continued to rise by 6 percent, partly because of new plan-related investments. The debt service ratio rose to 31 percent of exports (goods and non-factor services) because of higher payments on interest and principal (particularly for the public debt). The current account deficit of the non-uranium sector deteriorated only slightly, but the current surplus of the uranium sector fell by 17 percent. This, combined with a lower gross capital inflow, resulted in a large overall balance of payments deficit of 4.4 percent of GDP. The net foreign assets of the banking system declined to a negative position, and gross official reserves fell from the equivalent of seven weeks of imports of goods and non-factor services in 1981 to two weeks of imports in 1982.

b. The Capital Account

A main feature of the capital account since 1980 is the declining trend of net capital inflows to compensate for the trade deficit. Thus, net capital inflows have declined from 74.1 billion CFA francs in 1981 to 20.3 billion CFA francs in 1982 (a reduction of 72.6 percent). Most of the reduction in capital inflows was attributed to a large decline in long-term capital inflows due to unanticipated reduction in project-related capital and a large increase in short-term capital outflows. Consequently, the capital account fell far short of the level capable of financing the current account deficit, resulting in a large overall balance of payments deficit.

c. Impact of the Balance of Payments on Reserves

The deteriorating balance of payments situation has drastically reduced Niger's foreign reserves. In 1982, foreign reserves were negative, estimated to be about $64 million; it is projected to decline further to $86 million in 1983. Niger's foreign assets, which consist of SDR holdings, reserve position in the IMF, and foreign exchange (largely held in French francs in the operations account of the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO) with the French Treasury) declined steadily from 1979-1982.

d. Implications of Niger's Membership in the West African Monetary Union on the Balance of Payments

Niger's membership in the West African Monetary Union and this Union's agreement with France have special implications for the conduct of monetary policy and the balance of payments. On the positive side, member states pool their foreign exchange earnings and reserves in a common Central Bank, the BCEAO. Thus, although a member's foreign exchange payments may be greater than its reserves plus foreign exchange receipts, it may draw on the excess reserves of other member states to finance its payments. More importantly, France guarantees the full convertibility of the CFA franc against the French franc at a fixed rate of 1 CFA franc equals .022 French francs. Therefore, as long as the West African Monetary Union members possess CFA franc they may obtain foreign exchange through France's exchange market in Paris. In practice, the guarantee is ensured through an operations account with the French Treasury which provides overdraft facilities to the BCEAO.

There are, however, a number of mechanisms used to limit domestic credit expansion within the West African Monetary

Union which, in effect, through the limitation on CFA franc availability, place a ceiling on the BCEAO's access to overdraft facilities on the operations account. First, whenever the average amount of the BCEAO's net foreign assets falls short of 20 percent of its liabilities for three consecutive months, the BCEAO must reduce its rediscount ceilings. Second, regardless of the Central Bank's net foreign asset position, the BCEAO must give its approval for any request for a bank loan in Niger which exceeds the CFA equivalent of approximately $206,000. During 1978 through 1982, despite these mechanisms the BCEAO experienced difficulty in limiting credit expansion.

Deposit money banks have been confronted by a growing demand for credit generated by the deficit operations of the Government, and this increase has strained the liquidity situation of the banks.

Direct credit by the banks to the Government has increased rapidly on a net basis, at the expense of credit to the private sector. The Government moved from a net creditor position of 8.1 billion CFA francs at the end of 1978 to a net debtor position vis-à-vis the deposit money banks of 8.7 billion CFA francs at the end of September 1982. More than two-thirds of the increase in banks claims on Government was financed by long-term foreign liabilities contracted by the banks and on-lent to the Government.

The Government was also indirectly responsible for a large part of the increase in domestic bank credit to the rest of the economy. Banks provided enterprises--mainly in the construction sector--with pre-financing for Government extrabudgetary investment projects, in anticipation of ultimate reimbursement by the Government from exceptional foreign aid receipts. Moreover, financial difficulties of the public enterprises--especially the official marketing agencies--accounted for an increasing part of the demand for credit. As these borrowings were backed by implicit Government support, it was difficult for the banks to apply cautious banking criteria to such lending.

The increase in credit caused considerable liquidity difficulties for banks. Until 1981 the yearly growth in banks deposits had been increasingly large, which enabled banks to limit their recourse to refinancing from the Central Bank and to foreign borrowing. Nevertheless, the liquidity position of the banks tightened; both the ratio of bank credit to deposits and the share of total bank credit to the private sector financed by the Central Bank rose. Between 1978 and September

1981 deposit money banks alternated between recourse to foreign borrowing and use of Central Bank refinancing to alleviate their tight resource situation. From September 1981, however, the liquidity position of the banks deteriorated very sharply, because deposits with banks dropped by 12 billion CFA francs as a result of a large draw down of deposits by public enterprises. Consequently, the deposit money banks relied on both Central Bank rediscounts and foreign borrowing to finance their expansion of credit. They utilized fully their lines of credit under the Central Bank rediscount ceiling and turned abroad for heavy borrowing, mostly at market terms and for short maturity periods. Gross short-term external liabilities of the banks increased by 17 billion CFA francs between September 1981 and September 1982. Consequently, banks are now facing serious problems with the servicing and the renewing of their foreign debt.

4. The Present Public Finance Situation

Paralleling the external imbalance, there have been severe budget deficits since 1980. The deficit was more than doubled from 14 billion CFA francs in 1979 to 35 billion CFA francs in 1980. It reached 66 billion CFA francs in 1981. According to the most recent estimates, the 1982 budget deficit was between 46 to 50 billion CFA francs. Based on the available data for the first six months, the 1983 budget deficit is expected to decline to about 42 billion CFA francs. It reflects the reductions in the capital and extrabudgetary expenditures; however, revenues are expected to remain at the 1982 level.

Although the Nigerien Government annouced a number of fiscal measures aimed at reducing the budget deficit in 1983, their full effects will not be realized until 1985 because of the lags in their implementation. The austerity program involves both measures intended to raise Government revenues and reduce Government spending. Specific revenue-increasing measures include tax increases on petroleum products, a new levy on cereal imports by the private sector, a tax increase of 7.5 percent on income and profits, and a 14 percent increase in international trade taxes. These measures are expected to generate revenues of 6-9 billion CFA francs over a period of three to four years.

On the spending side, most civil official vehicles, with the exception of few assigned to high-ranking Government officials, have been withdrawn and will be sold; spending on scholarships for secondary education has been reduced; and steps were taken to eliminate teachers with high rates of absenteeism. These measures are estimated to cut spending in current expenditures by two to three billion CFA francs.

a. Government Expenditure

Total central Government expenditure is grouped into three categories: current, capital, and extrabudgetary expenditure.

Current expenditure budget includes outlays on wages and salaries, materials and supplies, subsidies and transfers, and public debt service payments. Capital expenditure budget is the FNI. The FNI is earmarked mainly for investment activities. It has been financed largely by revenues from different taxes on earnings from uranium. The FNI constitutes only a part of Niger's development effort; in addition to the FNI there are extrabudgetary outlays. Extrabudgetary outlays also involve mostly capital spending. A large portion of these outlays, about 70-75 percent, represents local counterpart contributions to foreign financed projects. The remaining is known as the "dette occulte," which is incurred in pre-financing spending of projects in anticipation of exceptional foreign assistance, most of which did not materialize. According to available data, the "dette occulte" incurred during the period 1979-1982 is estimated at approximately 27-33 billion CFA francs. It resulted in a large accumulation of arrears to various suppliers and enterprises and to domestic banks. The domestic banks in turn borrowed substantial amounts from abroad.

The increases in budget deficits were the consequence of large increases in expenditures, particularly in the extrabudgetary expenditure category, and poor revenue performance. During the period 1979-1982, current expenditures increased by 40 percent with an annual rate of growth of 11-13 percent, with the exception of the year 1980 in which current expenditure rose by 31 percent. As a percentage of GDP, current expenditures remained relatively constant at 8.6 percent during this period. The share of wages and salaries in the current budget remained unchanged at about 37 percent; the share of subsidies and transfer outlays was constant at 24 percent for the period 1979-1981, but decreased to 19 percent in 1982. The share of spending on materials and supplies showed a declining trend from 33 percent in 1979 to 20 percent in 1982. Public debt service payments rose during this period from 7 percent of current expenditures in 1979 to 26 percent in 1982.

The share of current expenditure spending in agriculture and rural development decreased steadily from almost 6 percent in 1979 to about 3 percent in 1983. Spending on roads has also shown a declining trend from 3 percent in 1981 to less than 2 percent in 1983. Education and training accounted for an average share of 20 percent during 1979-1983. Its share remained at about 18 percent during the last two years. Health spending remained at about 6 percent during this period. General public services remained at about 6 percent during this period. General public services spending declined

27 percent in 1980 to less than 20 percent in 1983. Of noticeable increases are public debt service payments which have increased from 7 percent of current expenditures spending in 1979 to almost 29 percent in 1983.

Capital expenditures under the FNI grew by 54 percent over a two-year period, 1979-1981. The sharp increase reflected the exceptional growth of uranium revenues and the Government's vigorous effort to implement the 1979-1983 Development Plan. As the uranium situation changed in 1981, the FNI spending was cut by more than half, from 27 billion CFA francs in 1981 to less than 12 billion CFA francs in 1982. It was much below the planned level of 26 billion CFA francs. It is expected to fall to about 6 million CFA francs in 1983. Other severe reductions include roads and infrastructure, mining and industries, and agriculture and rural development. The 1983 FNI budget is reduced to 7 billion CFA francs. Actual spending, however, is projected to be only about 6 billion CFA francs. There are further spending cuts in education, agriculture and rural development, health, and other economic services.

Associated with the rapid increase in the FNI spending from 1979-1981 and a sizable fall in uranium revenues in 1982 were growing capital outlays under the extrabudgetary expenditure category. Extrabudgetary spending tripled during 1979-1981; it declined from 62 billion CFA francs in 1981 to 50 billion CFA francs in 1982. For 1983 the extrabudgetary spending is expected to be lower than the 1982 level; it is estimated at about 41 billion CFA francs.

b. Government Revenue

On the revenue side, there were large increases of 26 and 24 percent in total revenue in 1979 and 1980, respectively. The growth of revenue came to an end abruptly in 1981 with an annual growth rate of 5 percent, much less than the 25 percent rate of inflation in 1981. Total revenue declined by 5 percent in nominal terms or about 18 percent in real terms in 1982. As a percentage of GDP, Government revenues have shown a declining trend since 1980 to less than 12 percent in 1982. The poor revenue performance reflected the slowdown in general economic activities, Niger's narrow tax base, and a relatively inefficient tax administration in terms of the effectiveness of tax collection and enforcement.

The major sources of Government revenues are taxes on international trade, turnover taxes on goods and services, and taxes on income and profits. International trade taxes

contributed more than one-third of total Government revenues in 1978; it remained the principal source for Government revenues in 1983, estimated to contribute 43 percent of Government revenues. The increasing share in 1983 probably reflects the increasing tax rate. Next to international trade taxes are turnover on goods and services and income and profit taxes. In 1982, they accounted for 24 and 26 percent of Government revenues, respectively. In 1983, taxes on goods and services are expected to replace income and profit taxes as the next largest source of Government revenues; their share is estimated to be almost 32 percent whereas income and profit taxes are projected to fall to about 19 percent. The contribution from the uranium sector declined from 23 percent of Government revenues in 1978 to an estimate of 9 percent in 1983.

In view of the poor revenue performance since 1980, the Nigerien Government requested an IMF mission to study its tax system with the purpose of improving its revenue performance. The study was completed in August 1982; it provided a set of recommendations, some of which had already been adopted by the Government. They involved: (1) administrative changes in tax administration ranging from changes in custom valuation, more control of tax assessment and collection, particularly in income, profit, business and property taxes to the reorganization of the tax department and the establishment of a customs headquarters to keep abreast with trade flows; (2) reduction of tax exemptions to wage earners and property owners; (3) increasing exercise taxes on products like petroleum, alcoholic beverages, tobacco, soft drinks, public utilities services (electricity, telephone, and telegraph); (4) improvements in the international trade system by (a) abolishing the use of administratively set values as taxable bases and in calculating transport costs and substituting in its place actual values of products, (b) reducing the number of exemptions from import taxes granted to investment projects and individual enterprises. A major portion of the potential benefit from the tax reform effort, in terms of improved revenue performance should materialize in 1985.

5. External Debt Servicing Problem

Another aspect of the present economic difficulties is the increases in the burden of external debts relative to the country's debt servicing capacity. During the period 1979-1982 the total outstanding and disbursed external debt had increased by 136 percent, from 115 billion CFA francs to 272 billion CFA francs. If short-term debts (less than one year maturity) are included, the total external debt would be in the neighborhood of 300 billion CFA francs or approximately 46 percent of GDP in 1982. The increased indebtedness reflected

a quadrupled increase in the external public debt (Government and Government-guaranteed debts) during this period. External private debt fluctuated slightly between 57 to 63 billion CFA francs. However, short-term borrowings on commercial terms increased substantially. No data on private short-term external debts outstanding are available; the interest payments on these debts doubled from 7.5 billion CFA francs in 1979 to 15 billion CFA francs in 1982. Total debt service payments increased by 18 billion CFA francs (about 35 percent) in 1983 with the increase divided equally between public and private debt. The debt servicing continues to be at a high level in 1984. It is not expected to fall until after 1985. The ratio of total debt servicing to export earnings is estimated to increase from 37 in 1982 to almost 46 in 1983; the ratio for the interest payments alone is approximately 20.

B. Corrective Measures

The difficult issue facing the Nigerien Government is how to contain the large financial imbalances and at the same time adjust the economy to a lower and more likely sustainable growth path without excessively undue dislocations. The problem is doubly difficult because of the abrupt change from an extra-budgetarily high growth period to a period of negative growth in a short time. To restore external and internal balances as well as avoiding the liquidity and confidence crisis, external quick disbursable financial assistance will be required for the next few years. It will make up some of the shortfall in export earnings and allow the necessary adjustment process to proceed in a less disruptive manner. With foreign assistance a moderate recovery could be achieved. The prospects for recovery will, however, be determined by the developments in the world uranium market, the possibility of increasing non-uranium exports, and the policies adopted by the Government.

1. Uranium Exports

Uranium export-led growth is, to a large extent, beyond Niger's control. The prospects for uranium hinge on the developments in the nuclear energy industry. Due to the recent problem in the nuclear energy industry, world uranium consumption declined by 17 percent during the period 1980-1982, from 26,300 tons to 21,700 tons. During the same period, production decreased by only 6 percent; consequently, worldwide uranium stockpiles reached 120,000 tons at the beginning of 1983. The excess supply situation caused the spot market price to fall from the peak of $113 per kg. to about $53 per kg in 1982. The contract price for Niger's uranium declined from $107 per kg. in 1978 to $62 in 1981 and went up to $73 and $75 in 1982 and 1983, respectively. Although the price for Niger uranium is administratively set, the contract price has followed closely the trend of market prices. The spot price appears to have already reached its floor in 1982; the average 1983 price as of the end of April has increased by 8 percent.

While the uranium price has recovered slightly, the consumption, according to a report by the Nuclear Exchange Corporation (NUEXCO), is estimated

to increase only marginally at less than 4 percent annually from 1984-1990. Furthermore, uranium stockpiles will not be reduced significantly until 1988-1989 when they would have fallen from the 1980 level of about 120,000 tons to approximately 60,000 tons. However, in view of the technical uncertainties associated with nuclear energy industry, the new level of uranium stockpiles demand may be adjusted downward so that the demand may be lower than the 1980 level. Consequently, Niger cannot depend on uranium as the growth locomotive to the same degree that it had been in the late 1980's; even though it will undeniable still be the most important source of foreign exchange earnings in the foreseeable future.

2. Non-Uranium Exports

Although uranium exports will continue to be the most important source of export earnings for Niger, the need to diversify its exports is evident. Next to uranium, livestock exports are the major source of foreign exchange earnings; they accounted for approximately 17 percent of Niger's exports in 1982. Other exports, consisting mostly of agricultural products--mainly cowpeas, onions, string beans, and to a lesser extent, groundnuts--accounted for 7 percent of exports in 1982. Most of these exports go to Nigeria. According to a 1981 survey conducted by the Ministry of Rural Development about 94 percent of livestock exports, consisting almost entirely of cattle on the hoof, went to Nigeria. Groundnuts and groundnut products, which used to account for nearly half of Niger's exports prior to the early 1970's, have practically disappeared as a source of export earnings since 1980.

As a long-term strategy to achieve external balance and to lower the country's dependence on uranium as a source for development finance, it would be necessary to promote export growth in agriculture and livestock. A reorientation of public investment towards the development of agriculture and livestock, to bring about export diversification and viable import substitution in foodstuffs, is desirable. Baring any natural catastrophe like the early 1970's drought, agriculture and livestock exports can be expected to contribute to a moderate recovery in the medium run provided appropriate Government policies are adopted.

3. Policy Environment

Appropriate policies, particularly in dealing with the financial imbalances and in reorientation of investment to promote growth in agriculture and livestock will also be important. As the conditionality for the IMF stabilization package, which is presently under consideration, Niger will be asked to adopt an austerity program involving: (a) restrain public investment and reorient it to the productive sector; (b) take necessary steps for tackling the financial problems of the parastatal sector; (c) implement a comprehensive reform of the tax system and make serious attempts to control and restrain expenditures, particularly extrabudgetary expenditures; (d) lower the rate of overall domestic credit expansion and stop short-term foreign borrowing; (e)

consider the possibility of seeking debt relief through the Paris Club or bilateral arrangement.

In addition to the macro-economic policies aimed at reducing the financial imbalances, it is also necessary for Niger to pursue policies that are conducive to growth, especially in the rural sector. In particular, more emphasis should be given to the various projects which aimed at increasing agricultural yields, both in food crops as well as cash crops, and raising productivity as well as commercialization in the livestock sector. Extension of the agricultural technical input packages should also incorporate the possibility of increasing cash crop production. Less restrictive trade policies in livestock and grain should be adopted. Niger should pursue more outward-looking trade policies, especially with regards to trade with Nigeria. The roles of public marketing agencies and input suppliers, like OPVN, UNCC, and CNCA, as price setters and distribution agents for output, input, and credit, should also be reviewed. The financial loss incurred by these agencies diverted funds that could otherwise be made available for directly productive investment. Efforts must be made to allow the private sector to play a larger role that has been envisaged thus far.

IV. Proposed Commodity Import Program

A. Objectives

There are three objectives to this proposed CIP.

1. Balance of Payments Support

As mentioned in the "Macro-Economic Justification" Section III, Niger's balance of payments situation is in serious difficulty for the time being and the amount of dollars which will be saved by this CIP will assure the capacity of the GON to meet its most urgent import requirements.

2. Promotion of Trade Between Niger and Code 941 Countries

Although the Nigerien market is small, this program should also be an occasion for United States exporters and other Code 941 countries to test their products in a traditionally French-oriented import market, and to create new commercial relations which could, hopefully, be expanded over time.

3. Generation of Local Currency Funds

The local currency generation will be utilized to finance the shortfall in recurrent costs of ongoing projects in the rural sector. The counterpart funds generated by the Grant will also be extremely valuable to the Nigerien Government in reducing the need to resort to commercial borrowing or excessive domestic expansion. Some of the counterpart funds generated by the Grant will be used to support the shortfall in the FNI budget, a substantial part of which is earmarked for local counterpart contributions to foreign financed projects. Priority will be given to A.I.D. financed projects in agriculture and livestock.

B. Commodities to be Financed

All items listed as eligible in the A.I.D. Commodity Eligibility Listing - 1981 Edition, as revised (Handbook 15, Appendix B), will be eligible for financing under this Grant. Special emphasis will be placed on the expansion of the agriculture equipment sector, to meet the expected demand as this sector expands, in conjunction with the GON's overall goals. From time to time A.I.D. will consider including items not listed in the Commodity Eligibility Listing for financing provided the GON requests the same within a reasonable time before submitting its request for disbursement. In addition, insurance, transportation, and related technical services will be eligible for financing. A.I.D. Regulation 1 applies to commodities, insurance, and transportation unless A.I.D. agrees otherwise in writing.

C. Environmental Rationale for Categorical Exclusion

The Determination of Categorical Exclusion (Annex) recommends that a categorical exclusion be granted because this is a CIP Grant which can be excluded from the environmental procedures requirements, in accordance with A.I.D. Regulation 16, Section 216.2(c)2(ix). The program will provide balance of payments support to the GON. A.I.D. will not have prior "knowledge of specific commodities to be financed nor control during implementation of the commodities or their use in the host country."

Local currencies generated from this CIP will be used to support ongoing projects in the rural sector. Priority will also be given to supporting analysis and definition of reforms that will be the subject of the Niger Rural Development Sector Grant. In order to ensure that the GON is advised on A.I.D. environmental concerns, the joint GON/USAID Counterpart Management Committee will be briefed on A.I.D. environmental guidelines with such materials as the USAID publication "Environmental Design Considerations for Rural Development Projects" (Chapter I and a brief French translation of Regulation 16.

D. Program Implementation, Administration, and Evaluation

1. Program Implementation

a. Authorized Source of Procurement for CIP and Eligible Items

1. The authorized source and origin of commodities to be financed under this Grant is A.I.D. Geographic Code 941.

2. Unless A.I.D. agrees otherwise in writing, the commodities listed as eligible in the A.I.D. Commodity Eligibility Listing are eligible for financing under the Agreement subject to the restrictions indicated therein. Upon receipt of the GON's request, A.I.D. will decide whether to approve commodities not listed in the Commodity Eligibility Listing for financing.

3. Procurement under the Direct Reimbursement is expected to be carried out in accordance with the provisions set forth below. The GON will be requested to ensure that sufficient copies of Project Implementation Letter No. 1, which repeats the procedures set forth below, are distributed among its offices with instructions that importers using the Direct Reimbursement method are required to strictly comply with the provisions contained therein.

4. It is anticipated that the GON will request the following waivers and determinations:

(a) pursuant to A.I.D. Handbook 4, Chapter 5C5D and Appendix 3B, a waiver to permit transactions to be eligible for financing even though they were prior to the date of the Grant Agreement and the authorization of the PAAD;

(b) pursuant to A.I.D. Handbook 1, Supplement B, Chapter 8D, a waiver to remove the requirement for a Supplier's Certificate (A.I.D. Form 282) whenever documents are submitted in accordance with the Direct Reimbursement procedure;

(c) pursuant to A.I.D. Regulation 1, Section 201.60(c), a waiver of the requirement for post audits of transactions submitted for reimbursement; and

(d) a determination that electricity is authorized as an eligible item under the A.I.D. Commodity Eligibility Listing applicable for Niger.

b. Implementation Plan

1. USAID PAAD authorization schedule:

	Date
PAAD Design Team Fielded (Niger)	08/12/83
PAAD Design Completed	08/29/83
PAAD Authorized (Niger)	08/30/83
Grant Agreement Signed (Niger)	08/31/83

2. CIP Schedule - $2.0 Million

It is not anticipated that additional commodities will be imported under this program. Subject to A.I.D.'s approval of a waiver, $2.0 million will be used for commodities already imported since January 1, 1982. Should this program be amended to provide additional funding in FY 1983, or should the GON decide to import new commodities, the following procedures will be used unless A.I.D. agrees otherwise in writing:

Steps	Action
1	Commodity Procurement Instructions (CPI) issued by A.I.D.
2	GON issues instructions to importers regarding requirements for standard import financing.
3	Financing Requests (FR) submitted by GON to A.I.D./Washington via USAID separately for issuance of L/COM.
4	A.I.D./Washington issues L/COM.
5	L/COM received by USAID and furnished to GON.
6	Initial Letters of Credit (L/C) initiated by importers, 25 percent deposit made by importers, and bank guarantee for remaining 75 percent deposit obtained. Funds transferred to Special Local Currency Account.
7	Payment made by correspondent bank to supplier under L/COM against initial L/C.
8	Importer notified by approved applicant bank (local bank) that goods shipped and suppliers paid. Importer informed that remaining 75 percent deposit due.

3. Direct Reimbursement Procedure

Steps	Action	Date
1	Direct Reimbursement procedure submitted to GON by A.I.D.	09/01
2	GON submits allocation plan to A.I.D. together with request for waivers and determination.	09/01
3	USAID requests A.I.D./Washington to process waivers and determination requested by GON.	09/05
4	Initial package of documentation submitted by GON to A.I.D./Washington through USAID for review together with a request for reimbursement.	09/10
5	Documentation reviewed and approved by A.I.D./Washington and USAID advised.	10/10
6	USAID requests RFC/Paris to issue CFA franc check for equivalent of $2,000,000.	
7	RFC/Paris issues check and sends to USAID.	

Steps	Action	Date
8	USAID turns check over to GON which deposits FCA into Special Local Currency Account established for that purpose.	
9	GON instructs bank to transfer 5 percent of amount of Special Local Currency Account to A.I.D. account established by USAID for that purpose	

2. Program Administration

a. Administrative Responsibility

1. USAID/Niger

(a) Program Office

The USAID/Niger Program Office, under the direction of USAID/Niger Director, and in cooperation with support offices in A.I.D./Washington, will have direct responsibility for USAID coordination with the Ministry of Plan, Commerce and Transport in monitoring and expediting procurement of commodities and related services under the CIP. Specific responsibilities include:

(1) drafting information brochures for potential suppliers in Code 941 countries and for importers in Niger about the opportunities and financing procedures of the CIP;

(2) reviewing with the Ministry of Plan, Commerce and Transport documentation being submitted for reimbursement, and advise, as necessary;

(3) maintaining contact with the private sector importer community to motivate use of the available A.I.D. funds in the interest of promoting trade expansion and to assist in resolving problems that may arise between importer and suppliers and banks;

(4) maintaining frequent communication with M/SER/COM/SE in A.I.D./Washington on documentation and credit matters, and request assistance in contacting suppliers when problems in interpretation of A.I.D. procurement regulations arise, or when special documentation is required.

(b) Office of the Controller

The Controller will be responsible for maintaining all records of activities financed under the Grant including movement of commodities (and transportation thereof) dollars and local currencies. Specific responsibilities include:

(1) reviewing with local banks the status of L/C and maintenance of local currency deposits into the Special Local Currency Account;

(2) reviewing expenditures from the Special Local Currency Account for approved activities; and

(3) preparation of reports for USAID and A.I.D./ Washington as to all activities financed with foreign exchange and local currencies generated under the Grant.

(c) Agricultural Development Office

The USAID Agricultural Development Office will be responsible for coordinating, in conjunction with other USAID offices, the program implementation and use of the local currency generated by this Grant. The Agricultural Economist (USAID) will be the chairman of the United States delegation for the joint GON/USAID Counterpart Management Committee set up for this purpose. Specific responsibilities will include:

(1) assisting the GON in preparation of its proposals to the Committee for assistance;

(2) participating in the evaluation of the Grant as scheduled in the overall GON/USAID Evaluation Plan.

2. Government of Niger

The entity directly responsible for the administration of procedures to be used in this CIP will be the Ministry of Plan, Commerce and Transport. The utilization of this office will help ensure preparation and submission of the reimbursement packages and after being reimbursed by A.I.D., the immediate generation of local currency.

b. A.I.D. Procurement Procedures

For the Standard Financing portion of this PAAD, if any, private sector procurement procedures, in accordance with A.I.D. Regulation 1, Section 201.23 calls for competitive negotiated procurement. It is required that the importer solicit quotations or offers from a reasonable number of prospective suppliers, and considers all quotations received. Solicitation of offers from more than one supplier is not required when the importer is already the supplier's authorized distributor or dealer. (Note: No procurement involved for Direct Reimbursement--see Section IV. D.1.b.3.

c. Related Technical Services

Commodity-related services will be eligible for financing under the Standard Financing portion of this Grant provided that the cost does not exceed 25 percent of the cost of the commodities, or $50,000, whichever is less. Services directly related to commodity purchases include training for operation and maintenance, equipment installation and start-up.

All costs covering these services must be included on the proforma for all commodities being purchased, and both will be paid for by one L/C.

d. Value of Transaction

The minimum transaction value has been established at United States $5,000. No maximum limitation has been specified. USAID reserves the right to concur on any transaction in excess of 25 percent of the standard procedures for allocation of foreign exchange allocated under the Grant.

e. Financing Procedures

Procurement and financing procedures may be implemented in two ways simultaneously: the Direct Reimbursement method of financing and the Standard Financing procedures.

1. The Direct Reimbursement method is proposed to generate foreign exchange quickly for immediate needs. A.I.D. will reimburse the GON for imports, subject to the approval of a waiver, that were purchased beginning on January 1, 1982. These imports must be eligible items, unless A.I.D. otherwise agrees in writing, from A.I.D.'s Commodity Eligibility Listing, 1981 edition.

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The GON will submit to USAID invoices for eligible products imported from Code 941 countries beginning January 1, 1982 (if the waiver is approved). M/SER/COM/SE will review these documents for compliance with applicable A.I.D. regulations. The Controller/Niger will advise RFC/Paris to issue a check for the approved amount to be sent to USAID who, in turn, will transfer it to the bank designated by the GON, and will require a receipt which indicates it was deposited into the Special Local Currency Account established for this purpose. The GON will instruct the bank to transfer 5 percent of this amount to an account established by USAID for its operations in Niger.

2. The Standard Financing procedures, under A.I.D. Regulation 1, may be simultaneously implemented with the Direct Reimbursement procedure. Negotiated procurement procedures as applicable to private sector CIP (Regulation 1, Section 201.23), will apply. With respect to procurement by the public sector, the formal competitive bid procedures will apply (Regulation 1, Section 201.22), unless A.I.D. agrees otherwise in writing. More detailed procedures will be worked out with the GON if the Standard Financing procedures are requested to be used for this Grar

3. Program Monitoring and Evaluation

a. USAID Program Office, in conjunction with the Office of the Controller and the Agricultural Development Office, will ensure preparation of a monitoring plan that will provide quarterly and annual reports by project on implementation of the Grant. The reports will be designed to provide information to the GON and USAID on the composition and arrival of commodity imports, the generation of local currency, the establishment of local currency accounts, and on disbursements, by the GON and USAID.

b. The Program Economist will keep under continuous review the macro-economic aspects of this Grant and will further monitor the GON's performance in meeting the Covenants and targets agreed to between the IMF and the GON. Quarterly reports will be made to the USAID/Niger Director as to the results of the monitoring, or more frequently, should developments make it desirable.

c. The joint GON/USAID Counterpart Management Committee will carry out a joint review annually for the purpose of establishing, reaffirming, and/or altering priorities governing the uses

of funds and reviewing achievements against plans. The USAID Agricultural Economist will call on USAID resources for any additional help and guidance needed for this evaluation meeting.

d. Following the meeting, the Agricultural Economist will make any adjustments deemed necessary for local currency funded activities.

e. Based on the information obtained from the exercises described in a. and b. above, senior management of the USAID will meet annually (or more often if required) with their senior counterparts in the Niger Government to discuss balance of payments, other macro-economic issues, and progress of the Economic Reform Plan agreed with the IMF. This annual policy level review and evaluation will provide a sound basis on which the USAID can recommend to A.I.D./Washington further project and program assistance. It will also provide a concrete opportunity for USAID to encourage the Government to take specific but difficult policy actions needed to achieve their goals in the agriculture sector.

V. Background Description

A. Political Framework

Niger's importance to the United States stems primarily from its position as an impediment to Libyan expansionism in West Africa. In recent years Qadhafi has threatened Niger both directly and indirectly. Currently, Niger finds its position even more precarious as the result of Libya's invasion of Chad and Qadhafi's close personal ties to the new government of Upper Volta. Considering that Libya also has good relations with Benin, Niger finds itself confronted on four of its six borders by Libya itself or countries where Libyan activity is strong.

Despite the Libyan threat, the GON has not wavered so far from its moderate pro-Western policies. The relationship between the United States and Niger is among the best we have in Africa. The two Governments regularly consult on bilateral, regional, and international affairs and have a common appreciation of a wide range of issues. President Kountché is an experienced, respected African leader whose counsel is highly valued by the United States.

In recent months Niger's capacity to remain a stabilizing force in the region has been weakened substantially by a severe economic downturn brought on by a sharp drop in uranium revenues. Low prices and demand are likely to characterize the world market for uranium for some time. With no substitute earner of foreign exchange in sight in the short- or medium-term, the GON is experiencing a serious balance of payments deficit, fiscal difficulties, high debt service obligations, and major cutbacks in development spending as well as in ordinary government spending. Niger has consequently had to turn to its friends such as the United States and the IMF for assistance beyond the generally long-term assistance ordinarily provided.

The Embassy believes that Niger's financial situation can be managed successfully through a program of economic stabilization support which includes non-project assistance as a key element. This assistance will minimize the potentially serious adverse social and domestic political consequences which can accompany an economic crisis. The assistance will also serve to maintain the confidence of the GON to continue its moderate policies at home and abroad. A third benefit is that this assistance will complement similar quick-disbursing aid provided to Niger by other donors. Niger's record of normally prudent economic management and sound development strategy argues well for the success of the non-project assistance program, which has been carefully designed in close collaboration with GON authorities.

B. GON Development Setting and Strategy

1. Overall Objectives of the 1979-1983 Development Plan

The Plan's major goals are: (a) the achievement of self-sufficiency in food production; (b) improvement of basic infrastructure;

(c) improvement of social services; and (d) further development of the mining sector. The Plan's aims were also to achieve annual growth rate of real GDP of 9.5 percent through investments totaling 727 billion CFA francs (in constant 1979 prices) over the five-year period. Of the total investment target, the share of the public sector was expected to amount to somewhat more than one-half (53 percent), and the remainder represented the share of the private sector. While the targets for private investment were set for a limited number of branches of activity and in terms of total amounts for the entire five-year period of the Plan, the targets for public investments were specified on both a sector-by-sector and year-by-year basis. The major institutional vehicle for the Government's investment program is the FNI, which is financed from domestic budget resources, domestic borrowings, and foreign resources.

The public investment program for 1979-1983 (totaling 384.5 billion CFA francs at constant 1979 prices) attached a high priority to the development of economic, social, and administrative infrastructure (with its allocation representing a share of 54.2 percent). The planned share of agriculture, livestock, and rural infrastructure was set at 23.9 percent; that of industry, mining, and energy was 18.3 percent; and the remainder (3.6 percent) was the allocation for the services sectors.

In the Plan for financing the public investment program, the contribution of budgetary resources (or FNI) was expected to cover about 40.5 percent of the total financing need and the corresponding share of foreign resources was to be roughly 59.5 percent. The major part of foreign assistance was to be mobilized in the form of concessional loans and grants.

2. Implementation of the Plan During 1979-1981

The investments implemented during 1979-1981 are estimated to have totaled 336.0 billion CFA francs, of which by far the major part (about 267.3 billion CFA francs or 79.6 percent) was executed by the public sector. The Plan's investment targets for 1979-1981 total 199.8 billion CFA francs in constant 1979 prices and an estimated 225.3 billion CFA francs if the constant price targets were adjusted by an annual inflation factor of 10 percent. Thus actual public investment during 1979-1981 exceeded the planned target for this period by about 48 percent.

Within the total investments implemented during 1979-1981, the sector that absorbed by far the largest share (about 52.8 percent) was economic, social, and administrative infrastructure. This heavy emphasis on infrastructure development was well above its planned allocation (of 33 percent) within the total target for private and public investment. By contract, the share of total investment in the key productive sectors have been well below planned allocations. The major shortfalls occurred in mining (19.3 percent compared with a planned share of 36 percent); in agriculture, livestock, and rural infrastructure (9.9 percent compared with a planned share of 12.7 percent); and in industry and services (4.9 percent as against a planned share of

8.9 percent). Investments in the mining sector showed a declining trend during 1980-1981 due to the depressed levels of world demand and prices of uranium. In the energy sector, there was a higher-than-planned allocation of investments because of the rapid execution of investments related to the new coal plant (SONICHAR).

During 1979-1981 roughly 61 percent of the public investment was financed by foreign resources and the remainder (39 percent) by domestic resources. About two-thirds of the foreign resources were mobilized in the form of loans and the rest were official grants. This pattern of financing was roughly what was envisaged under the Plan (the planned ratios of foreign and domestic financing were 59.5 percent and 40.5 percent, respectively).

3. The Plan Targets for 1981-1983

For 1982 the Plan calls for an investment target that is 8.2 percent less than the 1981 level (137.7 billion CFA francs), and in 1983 investments are targeted to increase slightly above the 1981 level. The key feature of the 1982-1983 tranches of the investment plan is a doubling in the share of investments allocated to agriculture, livestock, and rural infrastructure (up from 9.9 percent to an average annual share of 22.4 percent). The share of investments in industry and services is expected to show a slight increase, while the proportions allocated to mining and to energy are expected to drop. The share of planned investments in economic, social, and administrative infrastructure projects (52.5 percent) is roughly the same as during 1979-1981.

Owing to the recent setbacks in uranium exports and the related shortfall in FNI resources, in 1982 the authorities began to set aside certain of the programs and projects of the Five-Year Plan that had not yet been initiated. At the same time, they directed their efforts and financial resources to the completion of high-priority projects. For the immediate years ahead, the planned levels of investment (especially in the public sector) are expected to be reviewed with the technical assistance of the World Bank. In view of the unfavorable short-term prospects for uranium exports and related Government receipts, the future public investment effort is expected to be formulated within the context of the changed financial constraints.

C. USAID Assistance Strategy

USAID/Niger's program has a short-, medium-, and long-term focus. Our short-term strategy is directed to economic and financial stabilization, maintenance of existing investment activities, and more effective use of available resources. In the medium-term, USAID's strategy will involve continuing efforts to increase food production and to move toward the goal of food self-sufficiency. Furthermore, the medium-term strategy will add a focus on planning and institutional development in irrigated agriculture. The long-term strategy will focus on the development of human resources and on identifying

appropriate technical packages for Niger's fagile agricultural base through research and training. The development of irrigated agriculture will remain part of USAID's long run strategy.

1. Short-Term

To achieve economic and financial stability in the short run (two to three years), non-project assistance, such as the Rural Sector Development Grant, Economic Support Fund, and P.L. 480 food are being planned. Non-project assistance will be used to provide budgetary as well as balance of payments support and to encourage policy adjustments.

The counterpart funds generated by non-project assistance will be valuable to the GON in reducing the need to resort to commercial borrowing or to budgetary financing by inflationary borrowing from the Central Bank. In fact, as a condition for the likely IMF standby and compensatory financing facilities, Niger will have to stop short-term commercial borrowing. The non-project assistance will help Niger meet this IMF condition and at the same time mitigate the negative impact of the condition. The counterpart resources generated by non-project assistance will be earmarked to support the local costs components of ongoing development projects. This will serve the dual objectives of reducing budget pressures and retaining worthy development activities. Among the criteria which will be used to determine which project or project components should be continued are strong economic justifications and the impact of A.I.D.-financed activities on the public sector. USAID and the GON has already agreed to jointly examine and evaluate each ongoing A.I.D.-financed activity to determine those projects or project components which are most productive and those the GON can no longer afford.

In addition to the use of counterpart funds to finance development activities, non-project assistance will be used as leverage to encourage certain policy adjustments. USAID has already defined certain areas where policy adjustments are needed. They include the following: (a) further reduction in Government subsidies to agricultural inputs; (b) further freeing up by the Government of controls on the prices paid to farmers for sale of farm products; (c) continued opening-up to the private sector and individual cooperatives, the ability to produce and distribute farm equipment, animal traction and other agricultural inputs; (d) improvement in the management and policy of agricultural credit systems; (e) further review of the policy governing livestock and grain trade with Nigeria. Specific recommendations on these policies will follow studies conducted under the Joint Program Assessment and the Rural Sector Development Grant.

2. Medium-Term

In the medium-term (three to five years), USAID will continue to support the development of the agriculture and livestock sectors through project activities which finance institutional development training and

technology transfer. Title XII universities will be responsible for much of the implementation of the Cereals Research (Purdue University) and Integrated Livestock Production (Tufts University) Projects. The strategy emphasis will be to shift, where feasible, the financial burden of certain sector roles to the private sector, cooperatives, or local community groups. Indicators of the achievement of this objective will be the degree of increased availability and efficiency of food delivery systems, services and technical inputs along with greater availability of related credit and local financial resources. The medium-term strategy will aid the planning and institutional development of irrigated agriculture. USAID's medium-term strategy also recognizes the importance of health to agricultural productivity. USAID will continue to assist the development of Niger's rural health care system with emphasis on increased efficiency and greater accessibility to both curative and preventative health services. The importance of a strategy to manage population growth is also recognized. USAID will incorporate family health activities through the Rural Health Improvement Project.

3. Long-Term

USAID's long-term strategy objectives will entail a new major initiative in human resource development along with a new emphasis on a search for improvements in agriculture and livestock production technology. In human resource development, emphasis will be placed on improving the quality of education, building on existing infrastructure, and on training components within other projects. One important progress indicator will be an increase in Niger's literacy rate at an annual average 2 percent over the next ten-year period.

The Nigerien Government and USAID also recognize the increasing significance of mobilizing more resources in the private sector to development needs, particularly at a time of declining public sector resources. In the short- and medium-term, USAID's strategy will focus on increasing private sector involvement in the agricultural and livestock sectors. USAID has proposed an experiment to shift the production of farm implements from the public to the private sector. At the same time, USAID will finance a study to identify the potential areas of commerce and agriculture and health related services.

The Nigerien Government has also expressed an interest in reviewing its investment code with the objective of making it more conducive to private foreign investment. The Government views private foreign investment as an additional source of capital as well as a vehicle for technological transfer. To encourage more private sector involvement, USAID's strategy also includes an indirect approach to private sector development through promoting public policies conducive to private sector initiatives. Of particular importance at present is the need to maintain financial stability and avoid a confidence crisis. To avoid such a crisis, it is important that Niger follow IMF recommendations, particularly in regard to debt. USAID's proposed stabilization program will help contribute to financial stability and improve the environment for private development. Other policies to be encouraged include less restrictive practices and controls by the Government, especially in the areas of commerce and investment.

136.4

Monsieur le Directeur de l'USAID

BEST AVAILABLE DOCUMENT

- NIAMEY -

Objet : Requête de subvention (ligne de credit).

Monsieur le Directeur,

J'ai l'honneur de solliciter duprès du Gouvernement des Etats Unis, une subvention d'un montant de Cinq (5) millions de dollars, necessaire avant le 30 septembre pour financer les coûts en devises étrangères de certaines fournitures et services en rapport avec les "fournitures" ou "articles admissibles" et pour générer la monnaie locale en vue de promouvoir la croissance économique, la stabilité politique et le développement de la République du Niger.

Afin de permettre la soumission de documents pour le remboursement des commandes ou des contrats fermement passés ou signés avant la date de signature de l'Accord de subvention, le Gouvernement du Niger apprécierait l'assistance de l'USAID pour obtenir une dérogation. Cette dérogation devrait permettre le remboursement des contrats ou des commandes passés après le 1er Janvier 1982.

Je tiens à vous faire savoir que le Niger souhaite aussi une dérogation aux exigences des règlements N° 1 de l'AID demandant que le Formulaire 282 de l'AID soit soumis avec notre requête de remboursement, de même, je vous demande une dérogation aux exigences des règlements n°1 en ce qui concerne les post-audits. Enfin, je vous demande que l'USAID obtienne les approbations nécessaires pour inclure l'électricité comme "article admissible" et susceptible d'être financé dans le cadre de la liste des Fournitures admissibles de l'AID.

55X

En espérant une réponse assez rapide à notre requête pour une subvention de 5 Millions de dollars pour un "non projet", ce qui je comprends dépend de la disponibilité des fonds, mes services restent à votre disposition pour tout renseignement que vous jugerez nécessaire et qui aiderait l'AID à approuver notre requête relative à la dérogation.

Veuillez agréer, Monsieur le Directeur, l'expression de ma haute considération.

SECRETARIAT D'ETAT AU PLAN
LE SECRETAIRE D'ETAT

AB HOUSSEINI MOUTOUL

BEST AVAILABLE DOCUMENT

Examination of Nature, Scope and Magnitude of Environmental Impacts

I. Description of the Project

The project proposes to provide a commodity import grant of $5.0 million to the Government of Niger (GON) from Economic Support Funds on standard AID terms. The primary purpose of the Grant is to provide balance of payments assistance by financing commodities to be selected from the list of eligible commodities (Handbook 15, app. B). AID has no knowledge of the specific goods to be imported, other than ensuring that no pesticides will be imported under the proposed project and the USAID will inform GON of any potentially hazardous material or uses once these become known.

The local currencies generated from this CIP will be used to finance the development activities which USAID/Niger and the GON mutually agree to.

II. Recommended Environmental Action

In accordance with AID Regulation 16, Section 216.2(c) 2 (ix), assistance under a Commodity Improgram is eligible for categorical exclusion from environmental procedures if "prior to approval, AID does not have knowledge of the specific commodities to be financed, and when the objective in furnishing such assistance requires neither knowledge at the time assistance is authorized, nor control during implementation, of the commodities or their use in the host country."

So as to ensure that the GON is advised on AID environmental concerns, the Joint GON/USAID Special Local Currency Committee will be given a list of AID environmental guidelines.

As the subject assistance fulfills the qualifications cited above, it should be granted a categorical exclusion and be exempt from any further environmental procedure

Examination of Nature, Scope and Magnitude of Environmental Impacts

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TABLE 1A

Niger: Gross Domestic Product at Current Market Prices, 1976-83
(in billions of CFA francs)

	1976	1980	1981	1982	Projections 1983
Rural Sector	124.5	229.0	278.7	314.1	338.6
Agriculture	(71.1)	(120.8)	(152.0)	(169.0)	---
Livestock	(41.4)	(85.2)	(100.3)	(115.3)	---
Forestry & Fishing	(12.0)	(23.0)	(26.4)	(29.8)	---
Mining	16.9	65.6	54.3	51.1	46.5
Industry, Handicrafts & Energy	20.6	27.9	36.0	41.3	48.0
Manufacturing	(3.5)	(6.3)	(7.5)	(8.0)	---
Handicrafts	(16.0)	(20.0)	(23.4)	(26.3)	---
Energy	(1.1)	(1.6)	(5.1)	(7.0)	---
Construction & Public Works	8.1	37.2	34.0	30.3	27.2
Commerce, Transport & Services	53.7	101.1	120.9	125.7	42.1
Commerce	(33.0)	(52.7)	(65.2)	(67.9)	---
Transport	(7.5)	(21.5)	(25.5)	(23.7)	---
Services	(13.2)	(26.9)	(30.2)	(34.1)	---
Government	17.2	38.6	45.4	51.5	54.1
Import Taxes & Duties	10.0	29.1	28.3	28.1	28.9
GDP at Current Market Prices	251.0	528.5	597.6	642.1	685.4
(annual rate of growth)	(31.9)	(19.4)	(13.1)	(6.9)	(6.3)
GDP at Constant 1976 Prices	251.0	322.2	325.7	321.2	315.8
(annual rate of growth)	(18.1)	(4.9)	(1.1)	(-1.3)	(-1.7)
Implicit GDP Deflator Index	100.0	164.0	183.5	199.9	217.9
(annual percentage change in GDP Deflator)	(15.5)	(13.8)	(11.9)	(9.0)	(9.0)

Sources: Ministry of Planning and the IMF

TABLE 1B

Niger: Gross Domestic Product at Current Market Prices, 1976-83
(In percent)

	1976	1980	1981	1982	1983
Rural Sector	49.6	43.3	46.6	48.5	49.4
Agriculture	(28.3)	(22.9)	(25.4)	(26.1)	---
Livestock	(16.5)	(16.1)	(16.8)	(17.8)	---
Forestry & Fishing	(4.8)	(4.3)	(4.4)	(4.6)	---
Mining	6.7	12.4	9.1	9.2	6.8
Industry, Handicrafts & Energy	8.2	5.3	6.0	6.4	7.0
Manufacturing	(1.4)	(1.2)	(1.3)	(1.2)	---
Handicrafts	(6.4)	(3.8)	(3.9)	(4.0)	---
Energy	(0.4)	(0.3)	(0.8)	(1.1)	---
Construction & Public Works	3.2	7.0	5.7	4.0	4.0
Commerce, Transport & Services	21.4	19.2	20.2	19.4	20.7
Commerce	(13.1)	(10.0)	(10.9)	(10.5)	---
Transport	(3.0)	(4.1)	(4.3)	(3.6)	---
Services	(5.3)	(5.1)	(5.0)	(5.3)	---
Government	6.9	7.3	7.6	8.0	7.9
Import Taxes & Duties	4.0	5.5	4.8	4.5	4.2
GDP	100.0	100.0	100.0	100.0	100.0

Source: Table 1A

60x

TABLE 2

Niger: Balance of Payments Summary, 1979-83
(in billions of CFA francs)

	1979	1980	1981	1982	Projections 1983
I. Current Account Balance	-46.2	-56.3	-65.4	-63.5	-36.6
Trade Balance	-14.7	-17.7	-23.4	-20.3	4.7
Exports, f.o.b.	(100.8)	(125.0)	(130.5)	(119.8)	(131.9)
Imports, f.o.b.	(-115.5)	(-142.7)	(-153.9)	(-140.1)	(-127.2)
Net Services	-48.0	-55.9	-62.2	-65.6	-64.7
Net Transfers	16.5	17.3	20.2	22.4	24.0
II. Capital Account, net	40.2	51.4	74.1	20.3	25.7
Long-Term	40.2	51.4	74.1	32.2	37.1
Short-Term	---	---	---	-11.9	-11.4
III. Errors and Omissions	4.2	3.5	0.7	---	---
IV. SDR Allocation	0.5	0.5	0.5	---	---
V. Overall Balance (deficit -)	-1.3	-7.9	9.9	-43.2	-10.3
Memorandum Items:					
Gross International Reserves					
(in SDRs)	100.4	99.1	94.5	25.9	---
(in weeks of imports)	(13.0)	(10.0)	(10.0)	(4.0)	---
Exchange Rate (annual average)					
CFA francs per U.S. dollar	212.72	211.30	271.73	328.62	365.33
CFA francs per SDR	274.84	275.01	320.41	361.95	388.44
Terms of Trade (average 1978-83 = 100)					
Export Price Index	121.0	126.8	85.6	84.0	92.3
Import Price Index	95.1	115.8	107.8	103.1	101.8
Terms of Trade	127.2	109.5	79.4	81.5	90.6

Source: IMF

TABLE 3

Niger: Foreign Reserves, 1979-83
(in millions of U.S. dollars)

	1979	1980	1981	1982	Projections 1983
Foreign Assets	164.4	146.5	22.4	46.3	47.7
of which: Foreign Exchange	(117.1)	110.8)	(89.6)	(14.6)	
Foreign Liabilities	-66.1	-91.5	-40.8	-110.8	-133.6
Net Foreign Reserves	98.3	55.0	81.6	-64.5	-86.1

Source: IMF

62x

TABLE 4

Niger: Central Government Budget, 1979-83
(in billions of CFA francs)

	1979	1980	1981	1982	Projections[1/] 1983
I. Total Revenue	59.00	73.13	76.48	75.05	75.00
Tax Revenue	51.06	65.23	64.13	63.09	66.00
(of which: mining sector)	(12.24)	(9.58)	(7.37)	(5.66)	(6.00)
Nontax Revenue and Other[2/]	7.94	7.90	12.71	11.96	9.00
(of which: mining sector)	(0.50)	(1.50)	(3.40)	(1.25)	(1.00)
II. Total Expenditure	73.10	108.64	143.25	123.64	117.00
Current Expenditure	36.67	47.88	53.97	61.18	69.70
Wages and Salaries	(13.48)	(17.42)	(19.71)	(21.82)	(25.00)
Materials and Supplies	(11.98)	(13.55)	(12.39)	(12.21)	(13.40)
Subsidies and Transfers	(8.64)	(11.64)	(13.16)	(11.45)	(12.00)
Public Debt Services	(2.57)	(5.27)	(8.71)	(15.70)	(19.30)
Capital Expenditure (FNI)	17.60	23.91	27.09	11.82	6.00
Extrabudgetary Expenditure	18.83	36.85	62.19	50.64	41.30
(of which: foreign financed project[3/])	(14.29)	(22.08)	(43.26)	(35.45)	(30.00)
III. Budget Deficit (=I-II)	-14.10	-35.51	-66.41	-48.59	-42.00

Sources: Ministry of Finance and Ministry of Planning

1/ USAID/Niger estimates based on the most recent data from the Ministry of Planning, the Ministry of Finance, and the IMF.
2/ Including exceptional receipts from uranium.
3/ On a calendar-year basis.

TABLE 5

Central Government Current Expenditure Spending
by Functional Classification, 1979-83
(in billions of CFA francs)

	1979	1980	1981	1982	1983 1/
Total Current Expenditure	36.67	47.88	53.97	61.18	69.70
Agriculture and Rural Development	2.19	2,65	2.67	2.97	2.16
Mining	0.59	0.66	0.71	0.49	0.23
Roads	0.94	1.25	1.64	1.51	1.39
Transport and Communication	0.34	0.37	0.27	0.27	0.33
Education and Training	8.21	11.41	11.65	11.06	12.66
Health	2.67	3.14	3.39	3.61	4.36
Social and Community Services	0.66	0.55	0.57	0.59	0.97
National Defense	2.60	3.22	3.63	3.77	4.44
General Public Services	9.38	13.09	13.02	13.02	13.60
Others	9.09	14.19	16.42	23.89	29.56
of which: Public Debt Servicing	(2.57)	(5.27)	(8.71)	15.70)	19.94)
	(in percent of current expenditure)				
Agriculture and Rural Development	5.97	5.53	4.95	4.85	3.10
Mining	1.61	1.38	1.32	0.80	0.33
Roads	2.56	2.61	3.04	2.47	1.99
Transport and Communication	0.93	0.77	0.50	0.44	0.47
Education and Training	22.39	23.83	21.59	18.08	18.16
Health	7.28	6.56	6.28	5.90	6.26
Social and Community Services	1.80	1.15	1.06	0.96	1.39
National Defense	7.09	6.73	6.73	6.16	6.37
General Public Services	25.58	27.34	24.12	21.28	19.51
Others	24.79	29.64	30.42	39.05	42.41
of which: Public Debt Servicing	(7.01)	(11.01)	(16.14)	(25.66)	(28.61)

Sources: Ministry of Finance and Ministry of Planning

1/ Estimates based on 1983 budgetary expenditure allocations.

TABLE 6

Capital Expenditure Budget (FNI)
by Functional Classification
(in billions of CFA francs)

	Fiscal Year				
	1979	1980	1981	1982	1983 1/
General Public Services	3.01	3.35	2.43	2.19	1.29
Education	3.94	6.36	8.05	2.26	1.13
Health	0.66	0.84	1.56	1.33	---
Social and Community Services	1.16	1.49	2.12	0.89	0.74
Agriculture and Rural Development	1.86	2.71	2.55	1.75	1.23
Roads and Infrastructure	1.76	1.24	1.93	0.52	1.97
Mining and Industries	1.29	2.50	2.01	0.23	0.07
Water and Electricity	0.87	1.40	1.69	0.82	0.12
Other Economic Services	2.67	3.38	3.97	1.15	0.45
Unallocable	0.38	0.64	0.78	0.68	---
TOTAL	17.60	23.91	27.09	11.82	7.00

Sources: Ministry of Planning and Ministry of Finance

1/ Planned budget allocation.

TABLE 7

Niger: Composition of Government Revenue
(as percent of total revenue)

	1978	1983
Taxes on Income and Profits	29.0	18.9
Taxes on Goods and Services	24.1	31.8
Taxes on International Trade	36.2	43.5
Taxes on Property	7.7	4.4
Other Receipts 1/	3.0	1.8
TOTAL	100.0	100.0
Memorandum Items:		
Taxes from the Uranium Sector	23.3	9.1
Tax Revenue excluding Uranium	76.7	90.9

Source: Ministry of Planning

1/ Including stamp and other taxes and nontax revenues such as property transfer and service charges and fees, and fines and forfeits.

TABLE 8

Niger: External Debt[1/] and Debt Service Payments, 1979-84
(in billions of CFA francs)

	1979	1980	1981	1982	Projections[2/] 1983	1984
Total Outstanding,						
Disbursed	115.3	149.5	223.7	272.4	---	---
Public	(54.8)	(86.0)	(166.7)	(211.5)	(242.9)	---
Private	(60.5)	(63.5)	(57.0)	(60.9)	---	---
Total Debt Servicing	15.7	26.4	46.4	52.0	70.1	---
Public	2.6	8.8	17.1	26.8	35.9	36.9
Principal	(1.3)	(5.2)	(7.9)	(12.7)	(20.7)	(21.0)
Interest	(1.3)	(3.6)	(9.2)	(14.1)	(15.2)	(15.9)
Private	13.1	17.6	29.2	25.2	34.2	---
Principal	(5.6)	(7.3)	(15.5)	(10.0)	(19.0)	---
Interest[3/]	(7.5)	(10.3)	(13.7)	(15.2)	(15.2)	(21.0)
	(in percent of exports of goods and non-factor services)					
Total Debt Servicing	14.3	19.0	30.9	37.1	45.7	37.7
Public	(2.4)	(6.3)	(11.4)	(19.1)	(23.4)	(24.0)
Private	(11.9)	(12.7)	(19.5)	(18.0)	(22.3)	(13.7)
Interest Payments Only	8.1	10.0	15.2	20.9	19.8	13.1
Public	(1.3)	(2.6)	(6.1)	(10.1)	(9.9)	(8.5)
Private	(6.8)	(7.4)	(9.1)	(10.8)	(9.9)	(5.0)

Sources: IBRD and IMF

1/ Medium- and long-term debts (exceeding one-year maturity).

2/ Based on total debt outstanding at the end of 1982.

3/ Interest payments on debts of less than one-year maturity.

TABLE 9

Uranium Consumption, Exports and Price

	1978	1979	1980	1981	1982	1983	Projections 1985	Projections 1990
Price								
spot price (in dollars per kg.)	96.13	93.74	69.00	55.15	44.98	48.55	--	--
contract price for Niger (in CFAF per kg.)	23,500	24,500	24,500	20,000	24,000	27,500	--	--
contract price for Niger (in dollars per kg.)	106.82	115.17	89.09	62.42	73.03	75.27	--	--
World Consumption 1/ (in thousands of tons)	17.9	21.07	26.3	25.0	21.7	29.0	31.2	37.1
Uranium Exports from Niger (in billions of CFA francs)	46.77	79.17	96.34	101.50	91.49	99.45	--	--
(in percent of total exports)	64.60	78.5	77.1	77.8	76.4	75.9	--	--
(in metric tons)	,034	3,304	3,956	4,971	3,832	3,677	--	--

Sources: Ministry of Planning and NUEXCO Report

1/ Including all market economies.

BEST AVAILABLE DOCUMENT

PROJECT

GRANT AGREEMENT

between

THE REPUBLIC OF NIGER

and the

UNITED STATES OF AMERICA

for

RURAL SECTOR DEVELOPMENT

GRANT

ACCORD

DE SUBVENTION

entre

LA REPUBLIQUE DU NIGER

et

LES ETATS-UNIS D'AMERIQUE

pour la

SUBVENTION AU DEVELOPPEMENT

DU SECTEUR RURAL

Clearances: W. King AFR/PD
A. Fessenden PROG
B. Whipple CONT
J. Snyder D/DIR
I. Rosenthal DIR

Dated:

Appropriation 72-1131037
Allotment 337-61-683-00-69-31
Date B.PC GESA-83-31683-KG32

AID Project Number 683-0247

RURAL SECTOR DEVELOPMENT GRANT

Dated:

Between

The REPUBLIC OF NIGER

and

THE UNITED STATES OF AMERICA, through the Agency for International Development ("A.I.D.")

Article 1: The Grant

To finance the foreign exchange costs of certain commodities and commodity-related services ("Eligible Items") and to generate local currencies necessary to promote economic growth and development as well as political stability of the Republic of Niger, the United States, pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Government of Niger (the "Grantee") under the terms of this Agreement not to exceed Two Million United States Dollars ($2,000,000) (the "Grant").

This Agreement provides the first tranche for the Commodity Import Program ("CIP") which A.I.D. will use as the mechanism for generating local currency under the Niger Rural Sector Development Grant. It evidences the United States commitment to immediately assist the Government of Niger with its present economic stabilization program designed to overcome the negative impact of worldwide recession and the direct loss of revenues as a result of reduced prices of uranium.

Projet de l'AID No. 683-0247

SUBVENTION AU DEVELOPPEMENT DU SECTEUR RURAL

En date du:

Entre

La REPUBLIQUE DU NIGER

et

LES ETATS-UNIS D'AMERIQUE, représentés par l'Agence pour le Développement International ("A.I.D.")

Article 1: La Subvention

Pour financer les coûts en devises étrangères de certaines marchandises et services s'y rapportants (Articles admis à bénéficier du financement de l'A.I.D.) nécessaires pour promouvoir la stabilité économique et politique de la République du Niger, les Etats-Unis, conformément à la loi de 1961 sur l'Aide aux Nations Etrangères, telle qu'elle est amendée, acceptent d'octroyer à la République du Niger (le "Bénéficiaire"), conformément aux termes du présent Accord de Soutien Economique, des fonds d'un montant total n'exédant pas deux millions de dollars ($2.000.000) américains (ci-après dénommés la "Subvention").

Cet Accord fournit la première tranche du Programme d'Importation de Fournitures ("PIF") que l'A.I.D. utilisera comme mécanisme pour octroyer de la monnaie nationale dans le cadre de la Subvention au Développement du Secteur Rural. Cela met en relief l'engagement des Etats-Unis à aider immédiatement le Gouvernement du Niger à mettre en oeuvre son programme de stabilisation économique conçu pour surmonter l'impact négatif de la recession mondiale et les pertes directes de revenus résultant de la baisse du prix de l'uranium.

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In subsequent fiscal years ("FY") 1984-1987, subject to the authorization of funds, the Niger Rural Sector Development Grant will make available to the Government of Niger approximately $23 million for the CIP which will generate an equivalent amount of local currency; $1 million in technical assistance (e.g. a commodity specialist to acquaint Nigerien importers with American suppliers and establishing trading relationships; and $1 million to carry out a number of policy studies in the agriculture and rural development sector to develop an improved policy framework in Niger which encourages greater efficiency in use of development resources.

Au cours des années budgétaires ("A.B.") suivantes 1984-1987, compte tenue de l'autorisation d'avoir des fonds, la Subvention au Développement du Secteur Rural du Niger permettra au Gouvernement du Niger d'avoir 23 million de dollars environ pour le PIF. qui procurera un montant équivalent en monnaie nationale un million de dollars sous forme d'assistance technique (exemple un expert en fournitures pour familiariser les importations nigériens aux fournisseurs américains et établir des relations commerciales) et 1 million de dollars pour élaborer un certain nombre d'études dans les secteurs de l'agriculture et du développement rural portant sur la politique à suivre pour développer au Niger un meilleur cadre de politique qui encourage une plus grande efficacité en matière d'utilisation des ressources du développement.

Article 2: Conditions Precedent to Disbursement of U.S. Dollars

SECTION 2.1. Conditions Precedent. Prior to the first disbursement of U.S. Dollars under the Grant, or to the issuance of A.I.D. documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

(a) an opinion of counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms;

(b) a statement representing and warranting that the named persons have the authority to act as the representative or representatives of the Grantee pursuant to the following SECTIONS:

Article 2: Conditions préalables au déboursement des dollars E.U.

SECTION 2.1. Conditions préalables. Avant le premier déboursement des dollars E.U. sur la Subvention ou la délivrance du document de l'A.I.D. auquel on se conformera pour effectuer le déboursement, le Bénéficiaire, à moins que les Parties n'en conviennent autrement par écrit, fournira à l'A.I.D., en forme et substance jusqu'en satisfaisantes par l'A.I.D.:

(a) un opinion de conseil acceptable à l'A.I.D. selon laquelle cet Accord a été dûment autorisé et ratifié, et exécuté au nom du Bénéficiaire et qu'il constitue une obligation valable et entraînant des obligations juridiques conformément à l'ensemble de ses termes;

(b) un document représentant et attestant que les personnes dénommées ont pouvoir d'agir en qualité de représentants du Bénéficiaire conformément aux SECTIONS suivantes:

(1) allocation of foreign exchange - SECTION 2.1.(c)

(2) allocations of local currency - SECTION 2.2.(a) and (b);

(3) official correspondence regarding Grant - SECTION 7.2.;

together with a specimen signature of each person certified as to its authenticity.

(c) An allocation plan which sets forth the procedures for determining importer eligibility and foreign exchange allocations for all procurement financed under the Grant;

(d) evidence that a "Special Local Currency Account" has been established in a bank of the Government's choice for the deposite of local currency generated by the Grant.

SECTION 2.2. Conditions Precedent to Disbursement of Local Currency Generated.

(a) No funds will be released from the Special Local Currency Account until arrangements for a joint Government of Niger/USAID Counterpart Management Committee have been finalized. (See SECTION 5.2.)

(b) No funds will be released from the Special Local Currency Account until criteria and procedures for approving allocations to projects determined to be eligible recipients of local currency financing have been mutually agreed to in writing.

SECTION 2.3. Notification. When A.I.D. determines that the conditions specified in SECTIONS 2.1. and 2.2. above have been met, it will promptly notify the Grantee.

(1) allocations de dévises étrangères - SECTION 2.1.(c)

(2) allocations de monnaie nationale - SECTION 2.2.(a) et (b);

(3) correspondance officielle relative à la Subvention - SECTION 7.2.;

en même temps que la signature de chaque personne certifiée quant à son authenticité.

(c) Un plan d'allocation qui stipule les procédures déterminant l'éligibilité de l'importateur et les allocations de dévises étrangères pour tous les achats financés dans le cadre de la Subvention;

(d) le preuve attestant qu'un "compte spécial en monnaie nationale" a été ouvert dans une banque au choix du Gouvernement pour le dépôt de la monnaie nationale générée par la Subvention.

SECTION 2.2. Conditions préalables au déboursement de la monnaie nationale obtenue.

(a) Aucun fonds ne sera déboursé du compte spécial en monnaie nationale jusqu'à ce que les mesures nécessaires relatives au Comité Conjoint de gestion USAID/Gouvernement du Niger ne soient établies. (Cf. SECTION 5.2.)

(b) Aucun fonds ne sera déboursé du compte spécial en monnaie nationale jusqu'à ce que les critères et procédures pour l'approbation des allocations aux projets susceptibles de recevoir le financement en monnaie national aient été établis de common accord et par écrit.

SECTION 2.3. Notification. Quand l'A.I.D. a déterminé que les conditions spécifiées aux SECTIONs 2.1. et 2.2. ci-dessus ont été satisfaites, l'A.I.D. en informera immédiatement le Bénéficiaire.

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SECTION 2.4. Terminal Date for Conditions Precedent.

If all the conditions specified in SECTION 2.1. have not been met within ninety (90) days from the date of this Agreement, or such later date as A.I.D. may specify in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

SECTION 2.4. Date limite des conditions préalables.

Si toutes les conditions spécifiées dans la SECTION 2.1. n'ont pas été satisfaites dans les quatre vingt dix (90) jours qui suivent la date du présent Accord, ou à une date ultérieure que l'A.I.D. aura spécifiée par écrit, l'A.I.D., à son choix, peut résilier cet Accord par notification écrite adressée au Bénéficiaire.

Article 3: Procurement, Eligibility, and Utilization of Commodities

SECTION 3.1. A.I.D. Regulation 1.

This Grant and the procurement and utilization of commodities and commodity-related services financed under it are subject to the terms and conditions of A.I.D. Regulation 1 as from time to time amended and in effect, except as A.I.D. may otherwise specify in writing. If any provision of A.I.D. Regulation 1 is inconsistent with a provision of this Agreement, the provision of this Agreement shall govern.

SECTION 3.2. Eligible Items.

The commodities eligible for financing under this Grant shall be those mutually agreed upon by the Parties and specified in the Implementation Letters issued to Grantee in accordance with SECTION 7.1. of this Agreement. Commodity-related services as defined in A.I.D. Regulation 1 are eligible for financing under this Grant. Eligible Items will be subject to the requirements and Special Provisions of Parts I, II, and III of the Commodity Eligibility Listing ("CEL") which will be transmitted with the first Implementation Letter. Other commodities or services shall become eligible for financing only with the written agreement of A.I.D. A.I.D. may decline to finance any specific commodity or commodity-related service when in its

Article 3: Acquisition, admissibilité et utilisation des articles

SECTION 3.1. Règlement No. 1 de l'A.I.D

Cette Subvention ainsi que l'acquisition et l'utilisation des articles et des services s'y rapportant financés sur cette Subvention sont sujets aux termes et conditions du Règlement No. 1 de l'A.I.D. tel qu'il est amendé de temps à autre et en vigueur, à moins que l'A.I.D. n'en convienne autrement par écrit. Si une disposition du Règlement No. 1 de l'A.I.D. est incompatible avec une disposition du présent Accord la disposition du présent Accord fera foi.

SECTION 3.2. Articles susceptibles.

Les articles susceptibles d'être financés sur la présente Subvention seront ceux dont les Parties conviennent de commun accord et spécifiés dans les Lettres d'Exécution adressées au Bénéficiaire conformément à la SECTION 7.1. du présent Accord. Les services se rapportant à ces articles tels que définis dans le Règlement No. 1 de l'A.I.D. sont susceptibles d'être financés sur cette Subvention. Les articles susceptibles d'être financés feront l'objet des exigences et des clauses spéciales des Parties I, II, et III de la Liste Enumérant les Articles ("LEA") admis pour être financés par l'A.I.D. qui sera adressée en même temps que la première Lettre d'Exécution. Les autres articles ou services ne seront admis à être financés par l'A.I.D. que par accord écrit de l'A.I.D.

judgment such financing would be inconsistent with the purposes of the Grant or of the Foreign Assistance Act of 1961, as amended.

SECTION 3.3. Procurement Source.
All Eligible Items shall have their source and origin in the "United States" (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such Eligible Items), except as A.I.D. may otherwise agree in writing.

SECTION 3.4. Eligibility Date.
No commodities or commodity-related services may be financed under this Grant if they were procured pursuant to orders or to contracts firmly placed or entered into prior to the date of this Agreement, except as A.I.D. may otherwise agree in writing.

SECTION 3.5. Procurement for Public Sector.
With respect to procurement under this Grant by or for Grantee, its departments and instrumentalities, the provisions of Section 201.22 of A.I.D. Regulation 1 regarding formal competitive bid procedures will apply unless A.I.D. otherwise agrees in writing.

SECTION 3.6. Procurement for Private Sector.
Procurement by private importers will be subject to the negotiated procurement procedures of Section 201.23 of A.I.D. Regulation 1, except as A.I.D. may otherwise agree in writing.

SECTION 3.7. Direct Reimbursement.
This Grant may be used to finance direct reimbursement to the Government of Niger for the value of Eligible Items which have their source and origin in

L'A.I.D. peut refuser de financer article ou service s'y rapportant elle estime qu'un tel financement incompatible avec les fins de la ou la loi de 1961 sur l'Aide aux Etrangères, telle qu'elle est amen

SECTION 3.3. Source des f
Toutes les fournitures fin 1'A.I.D. doivent avoir pour sou origine les "Etats-Unis" (Code de Code Géographique de l'A.I.D. au moment où les commandes sont les contrats sont signés pour à moins que l'A.I.D. n'en convi ment par écrit.

SECTION 3.4. Date d'admis
Aucun article ou service tant ne peut être financé sur Subvention s'ils avaient été ac formément à des commandes ou à définitivement passés ou signés date de cet Accord, à moins que n'en convienne autrement par éc

SECTION 3.5. Acquisition Secteur publ
Concernant l'acquisition de cette Subvention par ou pour Bénéficiaire, ses départements les dispositions de la Section l'A.I.D. Règlement No. 1 concer procédures formelles d'offre co seront applicables à moins que n'en convienne autrement par éc

SECTION 3.6. Acquisition Secteur pr
L'acquisition par des imp privés fera l'objet des procé d'acquisition de la Section l'A.I.D. Règlement No. 1 à mo n'en convienne autrement par

SECTION 3.7. Rembourse
Cette Subvention peut le remboursement direct au Niger pour la valeur des art qui proviennent des "Etats

the "United States" (Code 000 of the A.I.D. Geographic Code Book as in effect at the time the orders are placed or contracts entered into for such Eligible Items), except as A.I.D. may otherwise agree in writing.

SECTION 3.8. Special Procurement Rules.

(a) None of the proceeds of this Grant may be used to finance the purchase, sale, long-term lease, exchange or guaranty of a sale of motor vehicles unless such motor vehicles are manufactured in the United States, except as A.I.D. may otherwise agree in writing.

(b) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(c) All international air shipments financed under this Grant will be on carriers holding U.S. certification to perform the service, unless shipment would, in the judgment of the Grantee, be delayed an unreasonable time awaiting a U.S.-flag carrier either at point of origin or transshipment. The Grantee must certify to the facts in the vouchers or other documents retained as part of the Grant records.

SECTION 3.9. Utilization of Commodities.

(a) Grantee will assure that commodities financed under this Grant will be effectively used for the purposes for which the assistance is made available. To this end, the Grantee will use its best efforts to assure that the following procedures are followed:

au Manuel de Code Géographique de l'A.I.D. en vigueur au moment où les commandes sont poussées ou les contrats sont signées pour ces articles), à moins que l'A.I.D. n'en convienne autrement par écrit.

SECTION 3.8. Règles d'acquisition spéciales.

(a) Aucune partie de cette Subvention ne peut être utilisée pour financer l'acquisition, la vente, le bail à long terme, l'échange ou la garantie d'une vente de véhicules à moins que ces véhicules n'aient été fabriqués aux Etats-Unis, à moins que l'A.I.D. n'en convienne autrement par écrit.

(b) La source et l'origine du transport aérien et maritime devront être le pays des navires ou aéronefs d'enregistrement au moment du transport.

(c) Tous les transports aériens internationaux financés sur cette Subvention s'effectueront sur des transporteurs portant la certification américaine pour rendre ce service, à moins que, de l'avis du Bénéficiaire, le transport serait retardé pour un délai important en attendant un transporteur battant pavillon des Etats-Unis soit au point d'origine ou de transport. Le Bénéficiaire doit attester les faits dans les bordereaux ou autres documents retenus comme faisant partie des documents de la Subvention.

SECTION 3.9. Utilisation des articles.

(a) Le Bénéficiaire prendra toutes les dispositions nécessaires pour s'assurer que les articles financés sur cette Subvention seront effectivement utilisés aux fins pour lesquelles la Subvention a été accordée. A cet égard, le Bénéficiaire veillera à ce que les procédures suivantes soient suivies:

(i) accurate arrival and clearance records are maintained by customs authorities; commodity imports are promptly processed through customs at ports of entry; such commodities are removed from customs and/or bonded warehouses within ninety (90) calendar days from the date the commodities are unloaded at the customs post unless the importer is hindered by force majeur or A.I.D. otherwise agrees in writing; and

(ii) the commodities are consumed or used by the importer not later than one (1) year from the date the commodities are removed from customs, unless a longer period can be justified to the satisfaction of A.I.D. by reason of force majeure or special market conditions or other circumstances.

(b) Grantee will assure that commodities financed under this Grant will not be reexported in the same or substantially the same form, unless specifically authorized by A.I.D.

SECTION 3.10. Shipping.

(a) Commodities which are to be transported to the territory of the Grantee may not be financed under this Grant if transported either: (1) on an ocean vessel or aircraft under flag registry of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment, or (2) on an

(i) les régistres d'arrivage et de douanes sont tenues par les responsables de la Douane, les importations d'articles subissent rapidement les formalités de douanes aux ports d'entrée ces articles sont sortis de la douane et entreposés dans les quatre vingt dix (90) jours qui suivent la date à laquelle les articles sont déchargés au poste Douanier à moins que l'importateur n'ait été contraint par un cas de force majeure ou que l'A.I.D. n'en convienne autrement par écrit; et

(ii) les articles sont consommés ou utilisés par l'importateur dans un délai d'un an à compter de la date à laquelle les articles sont sortis de la douane, à moins qu'une période plus longue ne puisse être justifiée à la satisfaction de l'A.I.D. par une raison de force majeur ou les conditions spéciales du marchés ou d'autres circonstances.

(b) Le Bénéficiaire veillera à ce que les articles financés sur cette Subvention ne soient pas réexportés sous la même ou substantiellement la même forme, à moins d'une autorisation spéciale délivrée par l'A.I.D.

SECTION 3.10. Transport.

(a) Les articles à transporter jusqu'au territoire du Bénéficiaire ne peuvent pas être financés sur cette Subvention si le transport est effectué: (1) sur un navire ou aéronef battant pavillon d'un pays ne figurant pas dans le Code Géographique 935 de l'A.I.D. tel qu'il est en vigueur au moment du transport, ou (2) sur un navire

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ocean vessel which A.I.D., by written notice to the Grantee has designated as ineligible, (3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Unless otherwise authorized, A.I.D. will finance only those transportation costs incurred on aircraft or ocean vessels under flag registry of a country included in the Geographic Code authorized in SECTION 3.3. of the Agreement, except that when Geographic Code 941 is authorized, A.I.D. will finance only those transportation costs incurred on aircraft or ocean vessels under flag registry of the United States and the cooperating country. When Geographic Code 941 is authorized and there is a general unavailability of cooperating country flag aircraft or ocean vessels, A.I.D. will specifically authorize in Implementation Letters the financing of transportation costs incurred on aircraft or ocean vessels of any country included in Code 941.

(c) Unless A.I.D. determines that privately owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels (1) at least 50 percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately owned United States-flag commercial vessels, and (2) at least 50 percent (50%) of the gross freight revenue generated by all shipments financed by A.I.D. and transported to the Republic of Niger on dry cargo liners shall be paid to or for the benefit of privately owned United States-flag commercial vessels. Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to both cargo transported from U.S. ports and cargo transported from non-U.S. ports, computed separately.

que l'A.I.D., par notification écrite adressée au Bénéficiaire, a estimé inadmissible, (3) sur un affrètement maritime ou aérien n'ayant pas reçu l'approvation préalables de l'A.I.D.

(b) A moins qu'il n'en soit autrement convenu, l'A.I.D. ne prendra en charge que les frais de transport s'appliquant aux aéronefs et navires battant pavillon d'un pays appartenant au Code Géographique autorisé dans la SECTION 3.3. de l'Accord, à moins que le Code Géographique 941 ne soit autorisé, l'A.I.D. ne financera que ces frais de transports s'appliquant aux aéronefs et navires battant pavillon des Etats-Unis et du pays hôte. Quand le Code Géographique 941 est autorisé et qu'il y a constatation de l'indisponibilité d'aéronefs ou de navires battant pavillon du pays hôte, l'A.I.D. autorisera spécifiquement par Lettres d'Exécution le financement des frais de transport s'appliquant aux aéronefs et aux navires de tout pays appartenant au Code 941.

(c) A moins que l'A.I.D. ne constate une indisponibilité de navires de commerce battant pavillon des Etats-Unis à des tarifs justes et raisonnables pour ces navires (1) au moins cinquante pour-cent (50%) du tonnage brut de toutes les marchandises (estimées séparément pour les navires transportant des marchandises sèches en vrac, les bateaux de lignes régulières transportant des marchandises sèches et les bateaux citernes) financées par l'A.I.D. et qui peuvent être transportées sur des navires de commerce battant pavillon des Etats-Unis, et (2) au moins cinquante pour-cent (50%) des recettes brutes provenant de tous les matériaux financés par l'A.I.D. et transportés vers la République du Niger sur des bateaux de lignes régulières seront payés aux navires de commerce battant pavillon des Etats-Unis ou à leur profit. Les prescriptions relatives aux points (1) et (2) s'appliquent à la cargaison transportée des ports américains et à la cargaison transportée des ports non-américains, estimée séparément.

SECTION 3.11. Insurance. Marine insurance on commodities financed by A.I.D. under this Grant may also be financed under this Grant provided that such insurance is placed in a country included in the Geographic Code authorized in SECTION 3.3. of this Agreement, or if Geographic Code 941 is authorized, also in the Grantee country, in accordance with the applicable provisions of A.I.D. Regulation 1, Subparts B and C.

SECTION 3.11. Assurance. L'assurance maritime pour les articles financés par l'A.I.D. sur cette Subvention peut également être financée sur cette Subvention pourvue que cette assurance s'applique à un pays figurant dans le Code Géographique autorisé dans la SECTION 3.3. du présent Accord, ou si le Code Géographique 941 est autorisé, également dans le pays Bénéficiaire, conformément aux dispositions appropriées du Règlement No. 1 de l'A.I.D., alinéa B et C.

Article 4: Alternative Disbursement Procedures

SECTION 4.1. Letters of Commitment ("L/COM") to Banks. After satisfaction of the conditions precedent, the Grantee may obtain disbursements of funds under this Grant by submitting Financing Requests to A.I.D. for the issuance of L/COM for specified amounts to one or more banking institutions in the United States designated by Grantee and satisfactory to A.I.D. Such letters will commit A.I.D. to reimburse the bank or banks on behalf of the Grantee for payments made by the banks to suppliers or contractors, under Letters of Credit or otherwise, pursuant to such documentation requirements as A.I.D. may prescribe. Banking charges incurred in connection with L/COM and disbursements shall be for the account of Grantee and may be financed by this Grant.

SECTION 4.2. Direct Reimbursement. After satisfaction of the conditions precedent, the Grantee may obtain disbursements under this Grant by submitting an A.I.D. Form 1034 (supported by appropriate documentation) which requests reimbursement. After review and approval of the documentation, A.I.D. will cause to be issued a check to the Government of Niger Special Local Currency Account for the amount approved.

Article 4: Les méthodes alternatives du déboursement

SECTION 4.1. Lettres à Engagement ("L/EN") auprès des banques Après avoir satisfait les conditions préalables, le Bénéficiaire peut obtenir des déboursements de fonds sur cette Subvention en soumettant des demandes de financement à l'A.I.D. pour la délivrance de L/EN pour des montants spécifiés à une ou plusieurs institutions bancaires des Etats-Unis désignés par le Bénéficiaire et jugées satisfaisantes par l'A.I.D. Ces lettres engageront l'A.I.D. à rembourser les banques au nom du Bénéficiaire pour les paiements effectués par les banques aux fournisseurs ou contractants, par lettres de crédit ou autrement conformément aux exigence de la documentation que peut prescrire l'A.I.D. Les frais bancaires se rapportant aux L/EN et aux déboursements serait à la charge du Bénéficiaire et peuvent être financés sur cette Subvention.

SECTION 4.2. Remboursement direct. Après avoir satisfait aux conditions préalables, le Bénéficiare peut obtenir des déboursements sur cette Subvention en soumettant un Formulaire 1034 de l'A.I.D. (document justificatif à l'appui) pour la demande de remboursement. Après avoir examiné et approuvé les documents, l'A.I.D. demarrera les procédures d'émission d'un chèque libellé au Gouvernement du Niger du montant approuvé.

SECTION 4.3. Other Forms of Disbursement Authorizations.

Disbursements of the Grant may also be made through such other means as the Parties may agree in writing.

SECTION 4.4. Terminal Date for Requests for Disbursement Authorizations.

No L/COM or other disbursement authorization will be issued in response to a request received after eighteen (18) months from the date of signing this Agreement, except as A.I.D. may otherwise agree in writing.

SECTION 4.5. Terminal Date for Request for Disbursement. No disbursement of Grant funds shall be made against documentation received by A.I.D. after twenty-four (24) months from the date of signing this Agreement, except as A.I.D. may otherwise agree in writing:

SECTION 4.6. Date of Disbursement.

Disbursements by A.I.D. shall be deemed to occur on the date on which A.I.D. makes a disbursement to the Grantee, or its designee pursuant to SECTION 4.1.

SECTION 4.7. Documentation Requirements. A.I.D. Regulation 1 specifies in detail the documents required to substantiate disbursements under this Agreement by L/COM or direct reimbursement. The document number shown on the L/COM or other disburseing authorization document shall be the number reflected on all disbursement documents submitted to A.I.D. In addition to the above, the Grantee shall maintain records adequate to establish that commodities financed hereunder have been utilized in accordance with SECTIONS 3.5. and 3.6. of this Agreement.

SECTION 4.3. Autres formes d'autorisations de déboursement.

Les déboursements peuvent également être effectués par d'autres moyens dont les Parties peuvent convenir par écrit.

SECTION 4.4. Date limite des demandes d'autorisations de déboursement.

Aucune L/EN ou d'autres autorisations de déboursement ne sera produite en réponse à la demande reçu après dix huit (18) mois à compter de la date de signature du présent Accord, à moins que l'A.I.D. n'en convienne autrement par écrit.

SECTION 4.5. Date limite des demandes de déboursement. Aucun déboursement ne sera effectué sur les fonds de la Subvention contre documents reçus par l'A.I.D. après vingt quatre (24) mois à compter de la date de signature du présent Accord, à moins que l'A.I.D. n'en convienne autrement par écrit.

SECTION 4.6. Date de déboursement.

Les paiements par l'A.I.D. devront s'effectuer à la date à laquelle l'A.I.D. effectue un paiement au Bénéficiaire, ou à une autre date convenue conformément à la SECTION 4.1.

SECTION 4.7. Exigences de documentation. Le Règlement No. 1 de l'A.I.D. spécifie de manière détaillée les documents nécessaires pour justifier les paiements dans le cadre du présent Accord par L/EN ou par remboursement direct. Le numéro du document indiqué sur L/EN ou tout autre document d'autorisation de déboursement sera le numéro mentionné sur tous les documents de paiement soumis à l'A.I.D. En outre, le Bénéficiaire devra garder des pièces justificatives pour prouver que les articles financés ont été utilisés conformément aux SECTIONS 3.5. et 3.6. du présent Accord. Le Bénéficiaire

Moreover, documents specified in A.I.D. Regluation 1 may be waived by A.I.D. and the Grantee will be notified in Implementation Letters.

peut solliciter une dérogation des documents spécifiés dans le Règlement No. 1 de l'A.I.D. conformément aux instructions stipulées dans les Lettres d'Exécution.

Article 5: General Covenants

SECTION 5.1. Use of Local Currency.

Pursuant to SECTION 2.1.(d) the Grantee will establish a Special Local Currency Account in the bank of its choice and deposit therein currency of the Government of the Republic of Niger in amounts equal to the proceeds accruing to the Grantee as a result of its submission of requests for reimbursement which are supported by appropriate documentation. Funds in the Special Local Currency Account may be used for such purposes as are mutually agreed upon by A.I.D. and the Grantee, except that 5 percent (5%) of the funds in the Special Local Currency Account shall be made available to A.I.D. by transfer to an A.I.D. Local Currency Trust Fund Account to meet local requirements of the United States. Five percent (5%) of these funds shall be solely controlled by A.I.D.

SECTION 5.2. Tenets Governing Local Currency Use

The Grantee will adhere to the following tenets with respect to local currency uses:

(a) local currency will be programmed in support of development purposes A.I.D. and the Government of Niger mutually agree to;

(b) priority will be given to supporting ongoing programs for which infrastructure, staff, and technical requirements are already in place;

(c) priority will be given to supporting analysis and definition of

Article 5: Conventions générales

SECTION 5.1. Utilisation de monnaie nationale.

Conformément à la SECTION 2.1.(d) le Bénéficiaire ouvrira un compte spécial en monnaie nationale dans la banque de son choix et y déposera la monnaie de la République du Niger en montants équivalents aux sommes versées au Bénéficiaire à titre de sa soumission des demandes de remboursement accompagnées de pièces justificatives. Les fonds du compte spécial en monnaie peuvent être utilisés à des fins dont sont mutuellement convenus l'A.I.D. et le Bénéficiaire, sauf que cinq pour-cent (5%) des fonds du compte spécial en monnaie nationale seront mis à la disposition de l'A.I.D. par transfert dans un compte spécial en monnaie nationale de l'A.I.D. pour satisfaire aux exigences nationales des Etats-Unis. Cinq pour-cent (5%) de ces fonds seront uniquement contrôlés par l'A.I.D.

SECTION 5.2. Principes régissant les utilisations de la monnaie nationale.

Le Bénéficiaire souscrit aux principes suivants régissant les utilisations de la monnaie nationale.

(a) la monnaie nationale sera prévu pour appuyer les aspects du développement dont l'A.I.D. et le Gouvernemnt du Niger sont convenus de commun accord;

(b) la priorité sera accordée aux programmes en cours pour lesquels l'infrastructure, le personnel et les exigences techniques sont déjà en place;

(c) la priorité sera accordée au soutien de l'analyse et de la définition des réformes

80x

reforms that will be subject of the Niger Rural Development Sector Grant;

(d) local currency generated from the Grant will be considered as part of the National Investment Fund ("FNI") and decisions as to its use shall be in accordance with priorities and standard rules, procedures and instructions issued by the Grantee on the use of FNI funds; and

(e) in view of limitations which may be agreed upon between the Grantee and the IMF, the Grantee will not substitute local currency generated from the Grant for funds the Government of Niger plans to include in the FNI. Local currency generated from this Grant and deposited in the Special Local Currency Account will be in addition to, and an add-on to FNI funds provided by the Grantee.

SECTION 5.3. Linkages with Rural Development Sector Grant.

The Grantee will continue to negotiate with A.I.D. the following policy reforms:

(a) further reduction in Government subsidies to agricultural inputs;

(b) further freeing up by the Government of controls on the prices paid to farmers for sale of farm products;

(c) continued opening-up to the private sector and individual cooperatives, the ability to produce and distribute farm equipment, animal traction and other agricultural inputs;

(d) improvement in the management and policy of agricultural credit systems; and

(e) further review of the policy governing livestock and grain trade with Nigeria.

qui serviront de base pour la Subvention au Secteur du Développement Rural au Niger;

(d) la monnaie nationale résultant de la Subvention sera considérée comme faisant partie du Fonds National d'Investissement ("FNI") et les décisions relatives à son utilisation seront conformes aux priorités et règles, procédures et instructions standard établies par le Bénéficiaire concernant l'utilisation des fonds du FNI; et

(e) compte tenue des limitations dont peuvent convenir le Bénéficiaire et le FMI, le Bénéficiaire ne remplacera pas la monnaie nationale provenant de la Subvention par les fonds que le Gouvernement du Niger se propose d'inclure dans le FNI. La monnaie nationale provenant de la Subvention et deposée dans le compte spécial en monnaie nationale sera fournie par le Bénéficiaire en plus des fonds du FNI auxquels elle s'ajoute.

SECTION 5.3. Rapports avec la Subvention au Secteur du Développement Rural.

Le Bénéficiaire poursuivra le dialogue avec l'A.I.D. concernant la politique à suivre dans les domains suivants:

(a) une réduction supplémentaire des subventions du Gouvernement pur les intrants agricoles;

(b) une plus grande liberté donnée par le Gouvernement pour le contrôle des prix payés aux fermiers pour la vente des produits agricoles;

(c) un appel continu au secteur privé et aux coopératives individuelles, la capacité de produire et de distribuer des équipements agricoles, la traction animale et d'autres intrants agricoles;

(d) l'amélioration de la gestion de la politique des systèmes de crédit agricole, et

(e) un examen supplémentaire de la politique régissant le commerce du bétail et des céréales avec le Nigeria.

SECTION 5.4. Taxation. This Agreement and the Grant will be free from any taxation or fees imposed under laws in effect in the Republic of Niger.

SECTION 5.5. Reports and Records. In addition to the requirements in A.I.D. Regulation 1, the Grantee will:

(a) furnish A.I.D. such reports and information relating to the goods and services financed by this Grant and the performance of Grantee's obligation under this Agreement as A.I.D. may reasonably expect;

(b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, such books and records relating to this Grant as may be prescribed in Implementation Letters. Such books and records may be inspected by A.I.D. or any of its authorized representatives at all times as A.I.D. may reasonably require, and shall be maintained for three years after the date of last diburseement by A.I.D. under the Grant.

(c) Permit A.I.D. or any of its authorized representatives at all reasonable times during the three-year period to inspect the commodities financed under the Grant at any point including the point of use.

SECTION 5.6. Completeness of Information. The Grantee confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Grant, are accurate and complete, and include all facts and circumstances

SECTION 5.4. Imposition. Cet Accord et la Subvention seront exonerés de tous taxes ou droit imposés en vertu de la législation en vigueur dans la République du Niger.

SECTION 5.5. Rapports et fiches. En plus des conditions stipulées dans le cadre du Règlement No. 1 de l'A.I.D., le Bénéficiaire devra:

(a) fournir à l'A.I.D. tous les renseignements et rapports relatifs aux biens et services financés dans le cadre de la présente Subvention et à l'exécution des obligations du Bénéficiaire au titre du présent Accord, à la demande de l'A.I.D.;

(b) conformément aux principes et practique de comptabilité généralement admis et en application tenir ou faire tenir des registres et fiches relatifs à la présente Subvention tel que définis dans les Lettres d'Exécution. Ces dossiers et fiches peuvent être inspectés par l'A.I.D. ou ses représentants agréés à tous moments sur requête de l'A.I.D. et ils seront maintenus pendant trois an à l'effet de la date du dernier déboursement par l'A.I.D. dans le cadre de la Subvention.

(c) Permettre à l'A.I.D. ou ses représentants agrées à tout moment ou cours de la période des trois années d'inspecter les produits financés sur la présente Subvention dans tous les endroits, y compris le lieu d'utilisation.

SECTION 5.6. Validité des informations. Le Bénéficiaire atteste:

(a) que les éléments et les circonstances faisant objet de ses informations à l'A.I.D. lors de la signature d'un accord avec l'A.I.D. sur la Subvention sont exactes et complètes, et qu'elles comportent tous les faits et circonstances pouvant

that might materially affect the Grant and the discharge of responsibilities under this Agreement; and

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Grant or the discharge of responsibilities under this Agreement.

SECTION 5.7. Other Payments. Grantee affirms that no payments have been or will be received by any official of the Grantee in connection with the procurement of goods or services financed under the Grant, except fees, taxes or similar payments legally established in the country of the Grantee.

SECTION 5.8. Minimum Size of Transactions. No foreign allocation issued pursuant to this Agreement shall be in an amount less than Five Thousand United States Dollars ($5,000), except as A.I.D. may otherwise agree in writing.

Article 6: Termination Remedies

SECTION 6.1. Termination. This Agreement may be terminated by mutual agreement of the Parties at any time. Either Party may terminate this Agreement by giving the other Party thirty (30) days written notice.

SECTION 6.2. Suspension. If at any time:

(a) Grantee shall fail to comply with any provision of this Agreement; or

(b) any representation or warranty made by or on behalf of Grantee with respect to obtaining this Grant or made or

matériellement intervenir dans la Subvention ainsi que dans l'exécution des obligations convenues dans le cadre du présent Accord; et

(b) qu'il tiendra à informer l'A.I.D. en temps opportun sur tous les éléments et circonstance ultérieurs qui pourraient matériellement intervenir ou que l'on pense pouvoir intervenir dans la Subvention ou l'exécution des obligations convenues dans la cadre du présent Accord.

SECTION 5.7. Autres paiements. Le Bénéficiaire attest que, à l'exception des impôts, taxes ou paiements de ce genre applicables dans le pays du Bénéficiaire aucun paiement n'e été, ou ne sera reçu par un responsable du Bénéficiaire concernant l'acquisition des biens et services financés sur la Subvention.

SECTION 5.8. Volume minimum des transactions. Aucune allocation des dévises étrangères octroyées conformément à cet Accord ne sera d'un montant inférieur à cinq mille de dollars E.U. ($5.000) à moins que l'A.I.D. n'en convienne autrement par écrit.

Article 6: Résiliation recours

SECTION 6.1. Recours à la résiliation. L'Accord mutuel des Parties concernées peut mettre fin à ce contrat à tout instant. L'une ou l'autre des deux Parties peut casser ce contrat en avisant, par écrit, l'autre Partie trente (30) jours à l'avance.

SECTION 6.2. Suspension. Si à un moment quelconque:

(a) le Bénéficiaire ne se conform pas à une disposition quelconque de l'Accord; ou

(b) une attestation ou justification fournie par le Bénéficiaire ou en son nom en vue d'obtenir la présente Subvention ou

required to be made under this Agreement is incorrect in any material respect; or

(c) an event occurs that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purposes of the Grant will be attained or that the Grantee will be able to perform its obligations under this Agreement; or

(d) any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.; or

(e) a default shall have occurred under any other agreement between Grantee or any of its agencies and the Government of the United States of any of its agencies.

Then, in addition to remedies provided in A.I.D. Regulation 1, A.I.D. may:

(1) suspend or cancel outstanding commitment documents to the extent that they have not been utilized through irrevocable commitments to third parties or otherwise, or to the extent that A.I.D. has not made direct reimbursement to the Grantee thereunder, giving prompt notice to Grantee thereafter;

(2) decline to issue additional commitment documents or to make disbursements other than under existing ones; and

(3) at A.I.D.'s expense, direct that title to goods financed under the Grant be vested in A.I.D. if the goods are in a deliverable state and have not been offloaded in ports of entry.

fournie ou exigée dans la cadre du présent Accord serait incorrecte à certains égards; ou

(c) s'il se produit en événement qui selon l'A.I.D. donne naissance à une situation exceptionnelle rendant improbable soit la réalisation des objectifs de la Subvention soit l'exécution des obligations dans le cadre du présent Accord; ou

(d) que tout déboursement par l'A.I.D. serait une violation de la législation régissant l'A.I.D.; ou

(e) qu'il y a eu manquement sous tout autre accord passé entre le Bénéficiaire ou une de ses agences et le Gouvernement des Etats-Unis ou une de ses agences.

Alors, en plus des dispositions indiquées dans les Règlement No. 1 de l'A.I.D., l'A.I.D. peut:

(1) suspendre ou annuler les documents concernant les engagements financiers en suspens dans la mesure où ces fonds n'ont pas été irrévocablement engagés chez des parties tiers ou autrement, ou dans la mesure où l'A.I.D. n'a pas fait de remboursement direct au Bénéficiaire notifiant promptement le Bénéficiaire par la suite;

(2) refuser de produire d'autres documents d'affectation de fonds ou de faire des déboursements autres que selon les documents existants; et

(3) aux frais de l'A.I.D., demander que la propriété des marchandises financées sur la Subvention soit assignée à l'A.I.D.; si les marchandises sont dans un état livrable et n'ont pas été déchargées dans les ports d'entrée.

SECTION 6.3. Cancellation by A.I.D.
If, within sixty (60) days from the date of any suspension of disbursements pursuant to SECTION 6.2., the cause or causes thereof have not been corrected, A.I.D. may cancel any part of the Grant that is not then disbursed or irrevocably committed to third parties.

SECTION 6.4. Refunds.

(a) In addition to any refund otherwise required by A.I.D. pursuant to A.I.D. Regulation 1, if A.I.D. determines that any disbursement is not supported by valid documentation in accordance with this Agreement, or is in violation of United States law, or is not made or used in accordance with the terms of this Agreement, A.I.D. may require the Grantee to refund the amount of such disbursement in United States dollars to A.I.D. within sixty (60) days after receipt of request therefor. Refunds paid by the Grantee to A.I.D. resulting from violations of the terms of this Agreement shall be considered as a reduction in the amount of A.I.D.'s obligation under the Agreement and shall be available for reuse under the Agreement if authorized by A.I.D. in writing.

(b) The right to require such a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three (3) years from the date of the last disbursement under this Agreement.

SECTION 6.5. Nonwaiver of Remedies.
No delay in exercising or omitting to exercise, any right, power or remedy accruing to A.I.D. under this Agreement will be constructed as a waiver of such rights, powers or remedies.

SECTION 6.3. Annulation de l'A.I.D.
Si, dans les soixante (60) jours qui suivent la date de toute suspension de déboursement conformément à la SECTION 6.2., la ou les causes de cette suspension n'ont pas été corrigées, l'A.I.D. peut annuler n'importe quelle partie de l'Accord qui n'est pas alors déboursée ou révocablement affectée à de tierces parties.

SECTION 6.4. Remboursement.

(a) En plus de tout remboursement autrement exigé par l'A.I.D., conformément aux Règlement No. 1 de l'A.I.D., si l'A.I.D. détermine qu'un déboursement n'est pas appuyé par des pièces justificatives valables conformément à cet Accord, ou est en violation des règlementations des Etats-Unis, ou n'est pas exécuté ou utilisé conformément aux termes de cet Accord, l'A.I.D. peut exiger que le Bénéficiaire rembourse, en dollars E.U., le montant de cette somme à l'A.I.D. dans les soixante (60) jours qui suivront la réception de cette demande. Les remboursements faits par le Bénéficiaire à l'A.I.D. et dûs aux violations des clauses de cet Accord seront déduites du montant des obligations de l'A.I.D., dans le cadre de cet Accord, et, seront disponibles pour être utilisés de nouveau dans le cadre de cet Accord, si l'A.I.D. l'autorise par écrit.

(b) Le droit d'exiger un tel refinancement d'un déboursement continuera, nonobstant toute autre disposition de cet Accord, pendant trois (3) ans, à partir de la date du dernier déboursement dans le cadre de ce Accord.

SECTION 6.5. Observance des recours.
Aucun retard dans l'exercice ou le non exercice des droits, pouvoir ou recours afférant à l'A.I.D. dans le cadre de cet Accord ne constituera une dérogation à ces droits, pouvoirs ou recours.

Article 7: Miscellaneous

SECTION 7.1. Implementation Letters. From time to time, for the information and guidance of both Parties, A.I.D. will issue Implementation Letters describing the procedures applicable to the implementation of the Agreement. Except as permitted by particular provisions of this Agreement, Implementation Letters will not be used to amend or modify the text of this Agreement.

SECTION 7.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the office of Minister of Plan

and A.I.D. will be represented by the individual holding or acting in the office of Director, USAID/Niger, each of whom, by written notice, may designate additional representatives. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 7.3. Communications. Any notice, request, document or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following address:

To the GON: Mail address:

Ministry of Plan

Niamey, Republic of Niger

To A.I.D.: Mail Address:

USAID/Niger
B.P. 11201
Niamey, Republic of Niger

Article 7: Divers

SECTION 7.1. Lettres d'Exécution. L'A.I.D. produira de temps à autre pour information ou directives aux deux Parties, des Lettres d'Exécution décrivant les procédures imputables à l'application de l'Accord. A moins qu'une clause particulière de cet Accord ne l'autorise, les Lettres d'Exécution ne pourront pas servir à amender ou modifier le texte de cet Accord.

SECTION 7.2. Représentants. Aux fins du présent Accord, le Bénéficiaire sera représenté par la personne occupant le poste de ou agissant en son nom Ministre du Plan

et l'A.I.D. sera représentée par la personne occupant le poste de Directeur de la Mission USAID/Niger ou agissant en son nom, chacun d'eux pouvant, par avis écrit, désigner d'autres représentants. Les noms des représentants du Bénéficiaire accompagnés des spécimen de signatures seront communiqués à l'A.I.D. qui peut accepter comme dûment agréé tout document signé par de tels représentants en application du présent Accord jusqu'à réception de l'avis écrit de la révocation de leur autorité.

SECTION 7.3. Communications. Tout avis, demande, document ou autre communication présenté par une Partie à l'autre dans le cadre du présent Accord sera présenté par écrit par télégramme ou par cable, et sera considéré comme dûment remis ou envoyé lorsqu'il parviendra à cette Partie intéressée aux adresses ci-après au Bénéficiaire adresse postale:

Au GON: Adresse Postale:

Ministère du Plan

Niamey, République du Niger

A l'A.I.D.: Adresse Postale:

USAID/Niger
B.P. 11201
Niamey, République du Niger

86X

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

SECTION 7.4. Language of Agreement. This Agreement is prepared in both English and French. In the event of ambiguity or conflict between the two versions, the English language version will control.

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

REPUBLIC OF NIGER

By: _____

Title: _____

Date: _____

UNITED STATES OF AMERICA

By: _____
E. Michael Southwick
Title: Charge d'Affairs, a.i.

Date: _____

By: _____
Irving Rosenthal
Title: Director, USAID/Niger

Date: _____

Toutes ces communications seront rédigées en anglais à moins les Parties n'en conviennent autrement par écrit. Ces adresses peuvent être remplacées par notification écrite. Le Bénéficiaire fournira en outre à la Mission de l'A.I.D. une copie de toute communication envoyée à l'A.I.D./Washington.

SECTION 7.4. Libellé de l'Accord. Le présent Accord est préparé en anglais et en français. En cas d'ambiguité ou de conflit entre les deux versions, la version anglaise seule fera foi.

EN FOI DE QUOI, le Bénéficiaire et les Etats-Unis d'Amérique, chacun agissant par l'intermédiaire de son représentant dûment mandaté, ont fait signer le présent Accord en leur nom et l'ont fait remettre à la date et l'année susmentionnée.

REPUBLIQUE DU NIGER

Par: _____

Titre: _____

Date: _____

ETATS-UNIS D'AMERIQUE

Par: _____
E. Michael Southwick
Titre: Chargé d'Affaires, p.i.

Date: _____

Par: _____
Irving Rosenthal
Titre: Directeur, USAID/Niger

Date: _____

PRG

31 AUG 1983

The Minister
Ministry of Plan, Commerce
and Transport
Niamey, Niger

Dear Mr. Minister:

Subject: A.I.D. Rural Development Sector Grant,
Commodity Import Grant Agreement (683-0247)
Project Implementation Letter No. 1

This letter, issued in accordance with Section 7.1. of the Agreement, sets forth the procedures for utilizing the proceeds of the subject Grant and provides information to assist you in implementing the program. A.I.D. Regulation 1, as from time to time amended and in effect as of the time of each relevant transaction (Attachment 8), also applies to the Grant as set forth in Section 3.1. unless otherwise provided in this of future Implementation Letters. Except as permitted by the Agreement, nothing in this letter or its attachments modifies the Agreement. This letter and the attachments may be supplemented or modified as necessary by subsequent Implementation Letters.

PART ONE - Grant Description:

The purpose of the Grant is to assist the Government of Niger (GON) with its present economic stabilization program designed to overcome the negative economic impact on Niger of the worldwide recession and the direct loss of revenues to the Republic of Niger as a result of the reduced prices for Nigerien uranium. USAID proposes to provide assistance which will assist Niger with its development efforts and which will complement other development assistance already made available by the United States, particularly in the agricultural and rural sectors. This assistance will beiin a form which will assist the GON meet urgent balance of payments and help meet local currency requirements of development projects.

BEST AVAILABLE DOCUMENT

BEST AVAILABLE DOCUMENT

PART TWO - Grant Implementation:

I. Conditions Precedent to Disbursement:

After satisfaction of the conditions precedent prescribed in Section 2.1. of the Agreement and explained below have been met, the GON may obtain disbursements under the Grant by submitting an A.I.D. Form 1034 (supported by appropriate documentation):

A. Legal Opinion - Section 2.1.(a)

Information to aid in preparing such opinion is transmitted herewith as Attachment 3.

B. Designation of Grantee's Representative(s) - Section 2.1.(b)

Specimen signatures and authority of the person or persons who will act for the Grantee pursuant to the following Sections:

(1) allocation of foreign exchange - Section 2.1.(c);
(2) allocations of local currency - Section 2.2.(a) and (b);
(3) official correspondence regarding the Grant - Section 7.2.;

of the Agreement may be certified by the person who renders the legal opinion or the person who executes the Agreement.

C. Allocation Plan - Section 2.1.(c)

A.I.D. representatives will assist in preparing the required allocation plan.

D. Special Local Currency Account - Section 2.1.(d)

In accordance with Section 2.1.(d) of the Agreement, the funds in the Special Local Currency Account will earn interest at the official rate in force in the bank in which they are deposited. The interest earned will become part of the funds available for use in accordance with criteria and procedures for approving allocations to projects determined to be eligible recipients of local currency financing. The GON will arrange to have the bank submit monthly reports to the authorized representatives of A.I.D. and the GON.

In accordance with Section 2.4. of the Agreement, the conditions precedent established by Section 2.1.(a)-(d) must be met within ninety (90) days from the date of the Agreement.

II. Procurement Source and Origin - Section 3.3.

Section 3.3. of the Agreement is hereby amended to as follows:

"All Eligible Items shall have their source and origin in countries of Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for Eligible Items,"

except as A.I.D. may specify in Implementation Letters or as it may otherwise agree in writing.

The list of countries included in Code 941 of the A.I.D. Geographic Code Book is transmitted herewith as Attachment 2.

III. Procurement Procedures

A. A.I.D. agrees that the commodity categories listed as eligible in the Commodity Eligibility Listing (CEL), Attachment 3, are eligible for financing under the Agreement subject to the restrictions indicated therein. Upon receipt of the GON's written request, A.I.D. will decide whether to approve commodities not listed in the CEL for financing. A.I.D. will indicate its approval/disapproval to include a commodity (e.g. electricity imported from Nigeria), by indicating the same in an Implementation Letter.

B. The codes of the U.S. Department of Commerce, Schedule B, will be used on all pertinent documentation. A.I.D. representatives will assist interested GON agencies to identify the appropriate codes. The latest version of the Schedule B will be made available to interested GON agencies upon request.

C. Procurement under the Direct Reimbursement shall be carried out in accordance with the provisions of Paragraph IV (A) and (B) below, except as A.I.D. may otherwise agree in writing. The Grantee shall ensure that sufficient copies of this Implementation Letter are distributed among GON offices with instructions that importers using the Direct Reimbursement method are required to strictly comply with the provisions set forth herein regarding it.

D. Public sector procurement shall be through formal competitive bid procedures in accordance with Section 201.22 of A.I.D. Regulation 1, unless A.I.D. and the Grantee agree otherwise in writing.

E. Negotiated procurement, when authorized, shall be in accordance with good commercial practice. Solicitations by importers for quotations and offers shall be made uniformly to a reasonable of prospective suppliers and all quotations and offers received whether or not specifically solicited, shall be given consideration before making an award or placing an order.

F. Procurement shall not be from suppliers whose names appear on A.I.D.'s list of "Ineligible Suppliers," as from time to time is amended. (To be provided.)

G. Compliance with the shipping requirements set forth in Section 3.8.(a)-(c) is solely the responsibility of the Grantee. Transportation costs incurred on aircraft or ocean vessels of any country included in Code 941 are eligible for financing under the Grant. A.I.D./Washington will monitor compliance through a quarterly report submitted by the GON.

H. Air and sea charters, whether or not financed by A.I.D., must have prior approval of A.I.D./Washington in order to move A.I.D.-financed cargo. Requests for charter approvals should be submitted by airmail or telegram to the Transportation Support Division, Office of Commodity Management, Agency for International Development, Washington, DC 20523.

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I. In accordance with Section 201.11, A.I.D. Regulation 1, commodities otherwise eligible for financing under this Grant will not be so financed if shipped on transportation media owned, operated, or under the control of any of the following countries:

Albania, Bulgaria, People's Republic of China, Cuba, Czechoslovakia, Estonia, East Germany, Hungary, North Korea, Latvia, Lithuania, Outer Mongolia, Poland, Rumania, North Vietnam, and the Union of Soviet Socialist Republics (USSR).

IV. Disbursement:

A. Direct Reimbursement Procedures and Documentation

1. Procedures:
The procedures for Direct Reimbursement Financing are as follows:

a) Direct Reimbursement Procedure submitted to GON by USAID;
b) GON submits allocation plan to USAID together with request for waivers of standard CIP procedures and determination that electricity if an eligible item;
c) USAID requests A.I.D./W to issue waivers for the following;
   1) reimbursement for commodities ordered prior to execution of Grant Agreement;
   2) A.I.D. Form 282 Requirement and Post Audit;
d) USAID requests A.I.D./W to determine electricity is an eligibl item;
e) initial package of documentation submitted by GON to A.I.D./W through USAID for review together with (A.I.D. Form 1034) request for reimbursement;
f) documentation reviewed and approved by A.I.D./W and USAID notified;
g) USAID requests RFC/Paris to issue CFA check for equivalent of $2,000,000;
h) RFC/Paris issues check and sends it to USAID;
i) USAID turns check over to GON which deposits CFA in Special Trust Fund established for that purpose;
j) GON instructs bank to transfer 5 percent (5%) of amount to USAID account established for that purpose.

2. Documentation:
The following documents are required to authorize direct reimbursement:

a) a supplier's invoice and a purchase order (or comparable documents) fully describing commodities and commodity related services (if any) involved in the transaction; commodities must be clearly identified including specifications and quantity;

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b) a payment authorizing document such as a letter of credit;

c) verification that payment has been made, such as a wire transfer or check; payment may also be verified by bank debit, nevertheless, documentary evidence adequate to verify foreign exchange payment of the commodities must be provided and should (at least) be available from purchaser;

d) export and import licenses are required in order to verifty the items were shipped from an authorized source country and that the commodities entered the Republic of Niger; if import or export licenses are not issued by the source or recipient country then alternate documentation which verifies the above will be required;

e) bill of lading (B/L) - also, if reimbursement is to be made for freigh costs, a paid recipient or other verification that payment has been made for transport costs will be required. A B/L stamped "paid" is frequently only an indication that payment requirements of the shipping or transport company have been satisfied by a credit arrangement providing for future payment; therefore, verification that payment of transport costs have been made is necessary;

f) insurance certificate verifying that insurance was secured from authorized source, excluding the Republic of Niger;

g) normally under a Commodity Import Program (CIP) the documentation requirements include the commodity eligibility A.I.D. Form 11, and the Supplier's Certification Form 282. With direct reimbursement financing of eligible transactions already paid for by the Grantee from its own foreign exchange resources, the above A.I.D. forms are not available as they would not have been included in the Grantee's documentation requirements for the trancaction. However, the A.I.D. Form 282 gives A.I.D. refund rights against suppliers in circumstances (determined through post audit) where transactions do not meet A.I.D. funding requirements. In the absence of A.I.D. Form 282 post audit as required by A.I.D. Regulation 1, Section 201.60 (c), becomes impractical as A.I.D. does not have recourse against suppliers. The direct reimbursement procedure gives A.I.D. an opportunity for full review of the transaction, including price audit, before A.I.D. funds are disbursed. Therefore, the documentation submitted under this form of financing must be adequate to determine that the transactions they represent comply with A.I.D. eligibility requirements. Documents that are inadequate to make this determination will be returned unpaid.

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h) Documents supporting eligible transactions are to be submitted to USAID for review and transmitted to A.I.D./W at one time. The documents submitted should be for an aggregate dollar amount higher than that approved for reimbursement in order to allow substitution for any transaction found to be eligible.

B. Waivers

1. In order to permit this CIP to be implemented according to the procedures and documentation requirements as set forth above, the GON must request in writing the following waivers:

a) pursuant to A.I.D. Handbook 1, Supplement E, Chapter 8D, the requirement for a Supplier's Certificate (A.I.D. Form 282);

b) A.I.D. Regulation 1, Section 201.60 (c) requirement for post audit of transactions;

c) pursuant to A.I.D. Handbook 4, Chapter 5C, 5D and Appendix 3B, a waiver to permit the financing of transaction (orders or contracts) firmly placed or entered into prior to the date of the Grant Agreement.

2. Moreover, as mentioned in PART TWO III above, the GON should also request A.I.D. to add commodities not listed in the CKL which it intends to request reimbursement for to be approved for financing.

C. Eligibility Date

Unless A.I.D. agrees otherwise in writing, the eligibility date for transactions which will be financed under this Grant is August 31, 1983. No commodity or commodity-related services eligible for financing under this Agreement which were the subject of a contract entered into prior to this date.

D. Pursuant to Section 3.8.(c) of the Agreement, the Grantee must provide A.I.D. a written declaration as to non-availability of U.S. flag air carrier before using Code 935 air carrier to transport commodities and requesting that transportation be financed by the Grant.

V. Commissions, Service Payments and Discounts:

Eligibility for financing of commissions, service payments, and discounts is governed by the provisions of Section 201.65 of A.I.D. Regulation 1.

Payments to purchasing agents, including charges by an agency of the GON purchasing on behalf of another agency of the GON, are ineligible for financing under the Grant.

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VI. Records - Section 5.5.

The records required to be maintained by the GON under the Agreement concerning the arrival and utilization of the Eligible Items financed by A.I.D. must accomplish the following:

A. ascertain whether commodities are received in the quantity and condition for which payment was made by A.I.D.;

B. assure that A.I.D. financed commodities clear customs within ninety (90) days from date commodities arrive at port of entry;

C. permit determination of the amount, nature and value of A.I.D. financed commodities not cleared from customs and the reasons for their failure to clear;

D. have the capability of indicating adjustments resulting from importers' claims for loss, shortages, or damages to A.I.D. financed commodities;

E. assure availability of data for end-use verification, including information needed to monitor A.I.D.'s prohibition of reexports. (Section 201.42 of A.I.D. Regulation 1.)

VII. Reporting

You are requested, in accordance with Section 5.5. of the Agreement, to furnish A.I.D. with the reports described in Attachment 4 to this letter.

In accordance with Section 7.3. of the Agreement, communications may be in French.

A.I.D. will be glad to discuss with your representatives any problem or questions you may have concerning the implementation of the Agreement, or relative to this letter or attachments to is.

Sincerely,

Irving Rosenthal
Mission Director
USAID/Niger

Attachments

draft:PROG:WKing:lg:25Aug83

clear:PROG:AFessenden _____

CONT:BWhipple _____

D/DIR:JSnyder _____

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TRADUCTION OFFICIELLE

31 AUG 1983

PIL N°. 1/Subvention de l'AID pour le Développement Rural. Accord de Subvention pour l'Importation de biens (683-0247)

Son Excellence,
Monsieur le Ministre du Plan, du Commerce et des Transports.
D/ I A M E Y

Monsieur le Ministre,

Cette lettre produite conformément à la Section 7.1. de l'Accord établit la marche à suivre pour employer la subvention et vous apporter des informations pour vous aider à mettre en oeuvre le programme. Le règlement N°. 1 de l'AID, tel qu'il a été amendé et qui entre en vigueur au moment de chaque transaction applicable (voir annexe 1) s'applique également à la subvention décrite à sa section 3.A. à moins que cette lettre d'exécution ou une lettre ultérieure ne stipule autrement. Sauf les modifications autorisées par l'Accord, cette lettre et son annexe ne modifient en rien l'accord. Cette lettre et son annexe subiront éventuellement des ajouts ou des modifications par le biais de lettres d'exécution ultérieures.

1. Une Partie Description de la Subvention. Cette subvention est destinée à soutenir le programme de stabilisation économique, actuellement mis en place par le Gouvernement du Niger, en vue de surmonter les impacts économiques négatifs qu'ont sur le pays la récession mondiale et les pertes directes de revenus induites par le fléchissement des prix de l'uranium nigérien. L'USAID propose une assistance pour appuyer le Niger dans ses efforts de développement et compléter l'assistance qu'apporte les Etats-Unis en particulier dans le secteur agricole et rural. Cette aide permettra au Gouvernement Nigérien de répondre aux besoins urgents de sa balance des paiements et en monnaie nationale pour les projets de développement.

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Deux Partie. Mulication de la subvention
I. Conditions préalables au déboursement

Après avoir rempli les conditions préalables décrites à la section 2 de l'Accord et décrites ci-dessous, le Gouvernement Algérien obtiendra la subvention en soumettant à l'AID le formulaire 1034 (documents à l'appui)

A. Avis juridique. Section 2.1. (a)

L'annexe 3 ci-jointe fournit les renseignements nécessaires pour préparer cet avis.

B. Nomination du représentant(s) du bénéficiaire. Section 2.1. (b)

1) allocations des devises étrangères - Section 2.1. (c);

2) allocations de monnaie nationale - Section 2.2. (a) et(b)

3) correspondance officielle relative à la subvention - Section 7.2.

de l'Accord peuvent être certifiées par la personne ayant un pouvoir légal ou la personne qui exécute l'Accord.

C. Plan d'Affectation. Section 2.1. (e)

Les représentants de l'AID aideront à préparer le plan d'affectation des fonds.

D. Compte spécial en Monnaie nationale. Section 2.1. (d)

Conformément à la Section 2.1. (d) de l'Accord les Fonds déposés dans le compte spécial rapporteront un intérêt au taux officiel récit par la banque où ils sont déposés. L'intérêt rapporté fera partie des fonds disponibles, en accord avec les critères et procédures à suivre pour approuver les affectations aux projets qui sont susceptibles de recevoir un financement en monnaie nationale. Le Gouvernement du Niger s'organisera de manière à ce qu'une banque soumette des rapports mensuels aux représentants autorisés de l'AID et du Gouvernement. Conformément à la Section 2.1. de l'Accord les conditions préalables établies à la Section 2.1. (a) - (d) seront remplies dans les quatre-vingt dix jours (90) après la signature de l'Accord.

II Sources et origine des fournitures - Section 3.3.

La Section 3.3. de l'Accord est amendée comme suit:

"tout article admis aura sa source et son origine dans les pays figurant sur la liste du Code 941 tiré du "AID Geographic Code Book" en vigueur au moment des commandes ou de la passation des contrats pour les articles susceptibles d'être achetés à moins que l'AID ne le spécifie dans des lettres d'exécution ou n'en convienne autrement par écrit.

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Ci-joint, comme annexe, vous trouverez les pays figurant sur la liste du Code 941 tiré du "AID Geographic Code Book".

III Procédures d'Acquisition:

A. L'AID convient que les catégories de fournitures considérées comme achetables dans la liste des Fournitures Admissibles sont susceptibles d'être financées dans le cadre de l'Accord, sujet aux restrictions indiquées à cet égard. Sur demande écrite du Gouvernement du Niger, l'USAID décidera si elle doit approuver ou non les fournitures qui ne font pas partie de la Liste des Fournitures Admissibles (LFA) susceptibles d'être financée. L'AID indiquera son accord/désaccord pour l'inclusion d'une fourniture (ex. électricité importé du Nigéria) en l'indiquant dans une Lettre d'Exécution.

B. Les réglementations du Ministère Américain du Commerce Annexe B, seront appliquées à tout document intéressé. Les représentants de l'AID aideront les agences intéressées du Gouvernement du Niger à identifier les réglementations appropriées. Sur demande, la plus récente version de l'annexe B sera mise à la disposition de ces agences gouvernementales.

C. L'Acquisition de biens dans le cadre du remboursement direct sera effectuée conformément aux dispositions du Paragraphe IV (A) et (B) ci-dessous à moins que l'AID n'en conviennent autrement par écrit. Le Bénéficiaire s'assurera que suffisamment de copies de cette Lettre d'Exécution sont distribuées dans les bureaux du Gouvernement du Niger, avec des instructions disant que les importateurs utilisant la méthode de remboursement direct doivent se conformer strictement aux dispositions indiquées à cet égard.

D. L'Acquisition de biens du Secteur public se fera par des procédures officielles et compétitives d'appel d'offres, conformément à la Section 201.22 des Règlements N°. 1 de l'AID, à moins que l'AID et le Bénéficiaire n'en conviennent autrement par écrit.

E. L'Acquisition négociée, si elle est autorisée, se fera conformément aux pratiques commerciales des marchandises. Les sollicitations des importateurs pour les prix et les offres seront faites uniformément pour un nombre raisonnable de fournisseurs futurs et tous les prix et les offres reçus, qu'ils soient spécifiquement demandés ou non, seront étudiés avant d'adjuger un marché ou placer une commande.

F. L'Acquisition de biens ne se fera pas auprès des fournisseurs dont les noms apparaissent sur la liste des "Fournisseurs non acceptables" de l'AID, telle qu'elle est de temps en temps amendée (voir Annexe).

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G. Le Bénéficiaire à l'entière responsabilité de se conformer aux exigences applicables aux expéditions énoncées dans la section 3.G. (a) - (c). Les frais de transport aérien ou maritime encourus sur aéronefs ou bateaux d'un pays figurant sur la liste du Code 941 sont susceptibles d'être financés sur la Subvention. AID/Washington veillera à cette conformité au moyen d'un rapport trimestriel soumis par le GON. Gouvernement du Niger.

H. Les affrètements maritimes ou aériens, financés en non par l'AID, doivent être préalablement approuvés par l'AID/Washington pour expédier la cargaison financée par l'AID. Les demandes pour solliciter l'approbation des affrètements doivent être envoyées sous forme de lettre ou de télégramme à la Division des Transports. Bureau de gestion des Fournitures. Agence pour le Développement International, Washington D.C. 20523.

I. Conformément à la section 201.11, Réglementations 1 de l'AID, les fournitures susceptibles d'être financées sur cette subvention ne le seront pas si elles sont expédiées sur des moyens de transport appartenant, fonctionnant ou sous le contrôle d'un des pays suivants: Albanie, Bulgarie, République Populaire de Chine, Cuba, Tchécoslovaquie, Estonie, Allemagne de l'Est, Hongrie, Corée du Nord, Lettonie, Lithuanie, Mongolie extérieure, Pologne Roumanie, Vietnam du Nord et Union des Républiques Socialistes Soviétiques (URSS).

A. <u>Procédures et Documents pour le Remboursement Direct</u>

1. <u>Procédures</u>:

Les procédures pour le remboursement direct sont les suivantes:

a) Procédure de remboursement direct soumise au Gouvernement du Niger par l'USAID

b) Le Gouvernement du Niger soumet à l'USAID un plan d'allocations ainsi qu'une demande pour les dérogations des procédures standard du PIP et la décision que l'électricité est un article achetable:

c) L'USAID demande à l'AID/Washington de produire des dérogations pour les dispositions suivantes

1) Le remboursement pour les fournitures commandées avant l'exécution de l'Accord de Subvention

2) Exigences du formulaire 282 de l'AID et du Post audit

d) L'USAID demande à l'AID/Washington de déterminer si l'électricité est un article achetable

e) La quantité initiale de documents soumis par le Gouvernement du Niger à l'AID/Washington par l'intermédiaire de l'USAID pour être révisée en même temps que la demande de remboursement (Formulaire 103L de l'AID)

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c) Les documents examinés et approuvés par l'AID/Washington et notifiés par l'USAID.

g) l'USAID demande à la BCF/Paris d'émettre un chèque en CFA pour la somme équivalente à $2.000.000;

h) La BCF/Paris émet le chèque et l'envoie à l'USAID;

i) L'USAID remet le chèque au Gouvernement du Niger qui dépose les CFA dans le compte spécial créé à cet effet.

j) Le Gouvernement du Niger donne des instructions à la banque pour transférer cinq pour-cent (5%) de la somme dans le compte de l'USAID créé à cet effet.

3. Documentation.

Les documents suivants sont exigés pour autoriser un remboursement direct.

1) une facture du fournisseur et un ordre d'achat (ou des documents semblables) décrivant entièrement les fournitures et les services qui s'y rattachent (s'il y en a) impliqués dans la transaction, les fournitures doivent être clairement identifiées en mentionnant leurs caractéristiques et la quantité voulue.

2) un document autorisant le paiement tel qu'une lettre de crédit

3) la vérification que le paiement a été fait, tel qu'un transfert télégraphique ou un chèque: le paiement peut aussi être vérifié par compte bancaire. Néanmoins une preuve écrite adéquate pour vérifier le paiement en devises étrangères des fournitures doit être fournie et devrait (au moins) pouvoir être obtenue des acheteurs.

4) Les licences d'importation et d'exportation sont exigées afin de vérifier que les articles étaient transportés d'un pays source autorisé et que les marchandises sont arrivées en République du Niger. Si les licences d'importation et d'exportation ne sont pas délivrées par la source ou le pays récipiendaire, un autre document vérifiant ce qui précède sera exigé.

5) Bordereau d'envoi (B/E). Par ailleurs, les coûts de fret doivent être remboursés, il sera exigé une quittance de paiement ou toute autre preuve attestant que les frais de transport ont été payés. Un B/E portant le cachet "payé" n'est souvent qu'une indication selon laquelle les modalités de paiement de la société du transport ont été satisfaites par un accord de crédit en attendant un paiement ultérieur. Par conséquent, il est nécessaire de procéder à une vérification attestant que le paiement des frais de transports a été effectué.

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c) Un certificat d'assurance attestant que l'assurance a été contractée auprès d'une source autorisée, à l'exception de la République du Niger.

7) Formalement, dans le cadre d'un Programme d'Importation de Fournitures, les exigences du document comprennent le Formulaire N°. 11 de l'AID portant sur l'admissibilité des fournitures, et le Formulaire 282 de l'AID portant sur le certificat du fournisseur avec le financement d'un remboursement direct des transactions admissibles pour lesquelles le bénéficiaire a déjà payé, au moyen de ses propres devises. Les formulaires de l'AID ci-dessus énumérés ne sont pas disponibles dans la mesure où ils n'auraient pas été inclus dans les exigences du document du bénéficiaire pour la transaction. Toutefois, le Formulaire 282 de l'AID donne à l'AID les droits de remboursement au détriment des fournisseurs dans les circonstances (déterminées par le processus du port audit) où les transactions ne satisfont pas aux exigences de financement de l'AID. En l'absence du formulaire 282 de l'AID, le post audit, conformément au Règlement N°. 1 de l'AID Section 201.60 (c) devient inapplicable dans la mesure où l'AID n'a pas de recours contre les fournisseurs. La procédure de remboursement direct donne à l'AID la possibilité de procéder à un examen total de la transaction, ainsi que de la vérification du prix avant que les fonds de l'AID ne soient déboursés. Par conséquent le document soumis dans le cadre de ce formulaire de financement doit pouvoir déterminer que les transactions qu'ils représentent sont conformes aux conditions requises pour bénéficier du financement de l'AID. Les documents qui ne sont pas convenables pour établir cette détermination seront renvoyés impayés.

8) Les documents contenant les transactions susceptibles de financement doivent être soumis à l'USAID pour examen et transmission à l'AID/Washington en une seule fois. Les documents seuls devront être d'un montant total en dollars, supérieur à celui approuvé pour le remboursement afin de permettre de procéder à une substitution pour toute transaction qui ne serait pas autorisée à bénéficier du financement de l'AID.

B. Dérogations

1) Afin de permettre la mise en oeuvre du Programme d'Importation de Fournitures conformément aux exigences des procédures et de la documentation susmentionnées, le Gouvernement du Niger doit formuler par écrit les dérogations suivantes:

(a) Conformément au Manuel N° 1 de l'AID, Supplément B, Chapitre 9 D, l'exigence d'un certificat du fournisseur (formulaire 282 de l'AID)

(b) Réglementation N°. 1 de l'AID, Section 201.60 (c) exigence d'un post audit de transaction.

(c) Conformément au Manuel N°. 4 de l'AID, Chapitre 70.5D et appendice 21A, une dérogation pour permettre le financement des transactions (commandes ou contrats formellement passés ou signés) avant la date de l'Accord de Subvention.

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Par ailleurs, comme l'indique la Partie III, ci-dessus, le Gouvernement du Niger devra également demander à l'AID d'ajouter les articles ne figurant pas sur la liste des articles admis à bénéficier du financement de l'AID et pour lesquels il voudrait demander un remboursement afin d'être approuvé pour financement.

D. Date d'admissibilité au financement: A moins que l'AID n'en décide autrement par écrit, la date d'admissibilité au financement pour les transactions qui seront financées sur la présente subvention est le 31 août 1983. Aucun article ou service s'y rapportant ne peut être admis à être financé dans le cadre du présent Accord pour avoir été l'objet d'un contrat signé avant cette date. Conformément à la Section 3.3. (e) de l'Accord, le bénéficiaire doit fournir à l'AID une déclaration écrite indiquant la non-disponibilité d'aéronefs battant drapeau U.S. avant d'utiliser des aéronefs du Code 935 pour transporter les fournitures et demander que le transport soit financé par la Subvention.

V. Commissions, paiements de service et décomptes

L'admissibilité pour le financement des commissions, paiements de service et décomptes est régie par les dispositions de la Section 201.45 du Règlement N°. 1 de l'AID. Les paiements aux agents d'achats, y compris les taxes par une agence du Gouvernement du Niger effectuant des achats au nom d'une autre agence du Gouvernement du Niger, ne sont pas admissibles pour être financés sur la subvention.

VI. Régistres - Section 5.4.

Les régistres qui devront être tenus par le Gouvernement du Niger dans le cadre de l'Accord concernant l'arrivage et l'utilisation des articles financés par l'AID devront satisfaire aux conditions suivantes:

a- s'assurer que les articles sont reçus conformément aux quantités et conditions pour lesquelles l'AID a effectué un paiement

b- s'assurer que les articles financés par l'AID sont dédouanés dans les 30 jours calendaires qui suivent leur arrivage au port d'entrée;

c- permettre de déterminer le montant, la nature et la valeur des articles financés par l'AID qui n'ont pas été dédouanés et les raisons pour lesquelles ils n'ont pas été dédouanés.

d- pouvoir indiquer les ajustements résultant des plaintes formulées par les importateurs pour perte, manque ou dommage causé aux articles financés par l'AID

e- s'assurer de la disponibilité de données pour vérification de fier d'utilisation, y compris les informations nécessaires pour contrôler la prohibition de ré-exportation par l'AID (Section 201.42 du Règlement N°. 1 de l'AID).

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VII Rapport

Conformément à la section [illegible] de l'Accord il vous est demandé de fournir à l'AID les rapports décrits dans l'Annexe - à la présente lettre

Conformément à la Section [illegible] de l'Accord, les communications peuvent être rédigées en français.

L'AID se tient à votre disposition pour discuter avec vos représentants de tout problème ou de toute question que vous auriez concernant la mise en oeuvre de l'Accord ou se rapportant à cette lettre ou à ses annexes.

Veuillez croire, Monsieur le Ministre, à l'assurance de mon profond respect.

Irving Rosenthal
Directeur de la Mission
USAID/Niger

Drafts: WKing: sf: 26/8/83

Clearances: PROG: AFeesenden _____
D/RIR: JSnyder _____
CONT: DWhipple _____
DIR: IRosenthal _____

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I - COUNTRY CHECKLIST

A. GENERAL CRITERIA FOR COUNTRY

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

2. FAA Sec. 620(b). If assistance is to a governement, has the Secretary of State determined that it is not controlled by the international Communist movement? **Yes.**

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

4. 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 obligations toward such citizens or entities? **No.**

A. 5. FAA Sec. 620(f); App. Sec. 108. Is recipient country a Communist country? Will assistance be provided to the Democratic Republic of Vietnam (North Vietnam), South Vietnam, Cambodia, or Laos? — No. No.

6. FAA Sec. 620(i). Is recipient country in any way involved in (a) subversion of, or military aggression against, the United States or any country receiving U.S. assistance, or (b) the planning of such subversion or agression? — No.

7. 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.

8. FAA Sec. 620(l). If the country has failed to institute the investment guaranty program for the specific risks of expropriation, inconvertibility or confiscation, has the AID Administrator within the past year considered denying assistance to such government for this reason? — No.

9. FAA Sec. 620(o); Fishermen's Protective Act, Sec. 5. If country has seized, or imposed any penalty or sanction against, any U.S. fishing activities in international waters. — N/A Niger is a land locked country.

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

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

10. FAA Sec. 620(q); App. Sec. 504. (a) Is the recipient country in default on interest or principal of any AID loan to that country? (b) Is country more than one year in default on interest or principal on U.S. loan made pursuant to program for which funds appropriated under Approp. Act. unless debt was earlier disputed, or appropriate steps taken to cure default? — No. No.

A. 11. FAA Sec. 620(s). What percentage of country budget is for military expenditures? How much of foreign exchange resources spent on military equipment? How much spent for the purchase of sophisticated weapons systems? (Consideration of these points is to be coordinated with the Bureau for Program and Policy Coordination, Regional Coordinators and Military Assistance Staff (PPC/RC).)

Defense expenditure is 5.4 percent of national budget. As far as available data indicate, very litt foreign exchange reserves are spen on military equipment, as most equipment purchases since 1981 are believed to have been on grant or credit basis from donor countries. Niger has no sophisticated weapons systems.

12. 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.

13. 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?

Current.

14. FAA Sec. 620A. Has the country granted sanctuary from prosecution to any individual or group which has committed an act of international terrorism?

No.

15. FAA Sec. 659. If (a) military base is located in recipient country, and was constructed or is being maintained or operated with funds furnished by the United States, and (b) U.S. personnel carry out military operations from such base, has the President determined that the government of recipient country has authorized regular access to U.S. correspondents to such base?

There are no U.S. bases.

16. FAA Sec. 666. Does the country object, on basis of race, religion, national origin any employee of the U.S. there to carry out economic development program under FAA?

A. 17. FAA Sec. 669. Has the country delivered or received nuclear reprocessing or enrichment equipment, materials or technology, without specified arrangements on safeguards etc.? — No.

18. FAA Sec. 670. Has the country delivered or received nuclear reprocessing, equipment, material or technology? Is the country not a "nuclear-weapon state" as defined in Article IX(3) of the Nuclear Non-Proliferation Treaty and on which detonates a nuclear explosive device? — No / No

19. FAA Sec. 901. Has the country denied its citizens the right or opportunity to emigrate? — No.

B. FUNDING CRITERIA FOR COUNTRY

1. FAA Sec. 502B. Has the Department of State made findings which indicate that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, is program in accordance with policy of this Section? — No.

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

3. 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? — Yes.

4. FY79 App. Act Sec. 113. Will assistance be provided for the purpose of aiding directly 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.

II- NONPROJECT ASSISTANCE CHECKLIST

A. GENERAL CRITERIA FOR NONPROJECT ASSISTANCE

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

(a) Describe how committees on Appropriations of Senate and House have been or will be notified concerning the nonproject assistance;	Proposed CIP/Grant was included in the FY 1983 Congressional Presentation. Normal Congressional Notification procedures will be followed.
(b) is assistance within (Operational Year Budget) country or international organization allocation reported to the Congress (or not more than $1 million over that figure plus 10%)?	Yes.
2. FAA Sec. 611(a)(2). If further legislative action is required within recipient country what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?	No further legislation is required.
3. FAA Sec. 209, 619. Is assistance more efficiently and effectively given through regional or multilateral organizations? If so why is assistance not so given? Information and conclusion whether assistance will encourage regional development programs. If assistance is for newly independent country, is it furnished through multilateral organizations or in accordance with multilateral plans to the maximum extent appropriate?	No. Program will not encourage regional development programs. Multilateral donors can only provide a limited amount of balance of payments and budget support to policy reforms. Niger has been independent for more than 20 year

A.	4. FAA Sec. 601(a);(and Sec. 201(f) for development loans). Information and conclusions whether assistance will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions.	This is grant. Program will increase the flow of international trade by providing the necessary foreign exchange for importation of goods. The program also encourages consideration of policy reforms that will facilitate private sector development and discourage nonpolistic practices. Counterpart proceeds will contribute to cooperative development and increasing the effectiveness of agriculture and commerce.
	5. FAA Sec. 601(b). Information and conclusion on how assistance 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).	The commodities financed by the program will contribute to a revitalization of the economy. This, plus the requirement that commodities be procured with grant proceeds and the resulting increased familiarity with products should lead to further trade with the U.S.
	6. FAA Sec. 612(b); Sec. 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the United States are utilized to meet the cost of contractual and other services.	Program provides foreign exchange assistance for commodity imports. The local currency generated is to be programmed into sub-projects.
	7. FAA Sec. 612(d). Does the United States own excess foreign currency and, if so, what arrangements have been made for its release?	At present Niger is not a country in which the U.S. owns excess foreign currency.

B. FUNDING CRITERIA FOR NONPROJECT ASSISTANCE

1. FAA Sec. 531. How will this assistance support promote economic or political stability? Is the country among the 12 countries in which Supporting Assistance may be provided in this fiscal year?

The program will provide commodities necessary to the increased production of food and agricultural exports and thus contribute to the revitalization of the Nigerien economy, a key factor in future economic and political stability.
is one of the countries eligible for assistance from Economic Support Funds.

III - STANDARD ITEM CHECKLIST

A. PROCUREMENT

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of goods and services financed?	Yes, AID Regulation 1 procedures will apply.
2. FAA Sec. 604(a). Will all commodity procurement financed be from the United States except as otherwise determined by the President or under delegation from him?	Yes.
3. FAA Sec. 604(b). Will all commodities in bulk be purchased at prices no higher than the market price prevailing in the United States at time of purchase?	Yes, AID Regulation 1 procedures will apply.
4. FAA Sec. 604(c). Will all agricultural commodities available for disposition under the Agricultural Trade Development & Assistance Act of 1954, as amended, be procured in the United States unless they are not available in the United States in sufficient quantities to supply emergency requirements of recipients?	Yes.
5. FAA Sec. 604(d). If the cooperating country discriminates against U.S. marine insurance companies, will agreement require that marine insurance be placed in the United States on commodities financed?	Yes.
A. 6. FAA Sec. 604(e). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity?	There will be no offshore procurement of agricultural commodities.

7. FAA Sec. 604(f). Are there arrangements whereby a supplier will not receive payment under the commodity import program unless he/she has certified to such information as the Agency by regulation has prescribed?	Yes, using AID Regulation I procedures.
8. FAA Sec. 608(a). Will U.S. Government excess personal property be utilized wherever practicable in lieu of the procurement of new items?	No, not under the terms of private sector CIP.
9. FAA Sec. 603. (a) Is the shipping excluded from compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at lease 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, but AID Code 941 source and origin of commodities approved for this project may preclude application of this requirement.
10. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished to the fullest extent practicable as goods and professional and other services from private enterprise on a contract basis? If the facilities of other Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?	Yes. Facilities of other Federal Agencies will not be utilized.
10. International Air Transport. Fair Competitive Practices Act, 1974 If air transportation of persons or property is financed on grant basis, will provision be made that U.S.-flag carriers will be utilized to the extent such service is available?	Yes.

11. FY 79 App. Act Sec. 105. Does the contract for procurement contain a provision authorizing the termination of such contract for the convenience of the United States?	Yes.
B. Construction	No construction will be financed by this Grant.
C. OTHER RESTRICTIONS	
1. FAA Sec. 620(h). Do arrangements preclude promoting or assisting the foreign aid projects or activities of Communist-Bloc countries, contrary to the best interests of the United States?	Yes.
2. FAA Sec. 636(i). Is financing prohibited from use, without waiver, for purchase, long-term lease, exchange, or guaranty of sale of motor vehicle manufactured outside the United States?	Yes.
3. Will arrangement preclude use of financing:	
a. FAA Sec. 114. to pay for performance of abortions or involuntary sterilizations or to motivate or coerce persons to practice abortions? to pay for performance of involuntary sterilizations as method of family planning or to coerce or provide any financial incentive to any person to practice sterilizations?	Yes. Yes.
b. FAA Sec. 620(g). to compensate owners for expropriated nationalized property?	Yes.
c. FAA Sec. 660. to finance police training or other law enforcement assistance, except for narcotics programs?	Yes.
d. FAA Sec. 662. for CIA activities?	Yes.
e. App. Sec. 103. to pay pensions, etc., for military personnel?	Yes.

f. App. Sec. 106. to pay U.N. assessments?	Yes
g. App. Sec. 107. to carry out provisions of FAA Sections 209(d) and 251(h)? (transfer to multilateral organization for lending).	Yes.
h. FY 79 App. Act Sec. 112. To finance the export of nuclear equipment, fuel, or technology or to train foreign nations in nuclear fields?	Yes.
i. FY 79 App. Act Sec. 601. To be used for publicity or propaganda purposes within U.S. not authorized by Congress?	Yes