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EQUATORIAL GUINEA
AGRICULTURAL DEVELOPMENT PROJECT
653-0001

PROJECT AMENDMENT
NUMBER ONE

AUGUST, 1982

EQUATORIAL GUINEA AGRICULTURAL DEVELOPMENT (653-0001)

PROJECT AMENDMENT NO. 1

TABLE OF CONTENTS

	PAGE
a. AMENDMENT TO PROJECT AUTHORIZATION	i
1. SUMMARY AND RECOMMENDATIONS	1
2. PROJECT AMENDMENT DESCRIPTION	2
2.1. Background	
2.2. Project Amendment Description	
3. PROJECT ANALYSIS	9
3.1. Technical Feasibility	
3.2. Administrative Feasibility	
3.3. Social Soundness	
3.4. Economic Feasibility	
3.5. Environmental Assessment	
4. FINANCIAL PLAN	14
4.1. Financial Analysis	
4.2. USAID Funds	
4.3. GREG Funds	
5. IMPLEMENTATION ARRANGEMENTS	22
5.1. Administrative Arrangements	
5.2. Implementation Sequence	
6. EVALUATION ARRANGEMENTS	27
7. CONDITIONS, COVENANTS AND NEGOTIATING STATUS	28
7.1. Conditions Precedent	

A N N E X E S

- A. Revised Logical Framework
- B. AID/W Cable providing USAID/Cameroon Authorization to Amend Project
- C. AID/W Cable granting Negative Threshold Determination
- D. Request for Assistance.

ACTION MEMORANDUM FOR THE DIRECTOR

FROM : Randa *[Signature]* Thompson, PDE

SUBJECT: Equatorial Guinea Agricultural Development Project (653-0001)

Problem: Your approval is requested to amend the Project Paper (PP) for the Agricultural Development Project (653-0001) and the Project Authorization for the referenced project in order to extend the Project Assistance Completion Date (PACD) from June 30, 1983 to December 31, 1985 and to execute an additional grant of \$1,000,000 from the ARDN appropriation to the Government of Equatorial Guinea (GREG) for this project.

Discussion: The subject project was authorized by the USAID/Cameroon Mission Director on December 30, 1980 in the amount of \$1,000,000. The Project Grant Agreement was signed on January 13, 1981 with a PACD of June 30, 1983. Negotiations between the Ministry of Agriculture and AID held in Malabo and Yaounde in May and June 1982 concluded that AID's FY 82 assistance could best be provided in the form of an amendment to the existing project. The amendment will provide additional assistance to the cocoa and coffee cooperatives and to the Poultry Production Center at Basilé. Most of this assistance will be quickly disbursed and have an immediate impact on the productivity and incomes of small farmers.

The Mission has requested that AID/Washington prepare an Initial Environmental Examination on this amendment recommending a negative determination. The Mission was advised by AID/Washington in STATE 212176 that the Initial Environmental Examination had been so approved on July 21, 1982.

The Mission requested that AID/Washington prepare an ad hoc delegation of authority for you to approve this \$1,000,000 project amendment and were notified in STATE 221550 that the ad hoc delegation of authority had been granted.

Approval of a source/origin waiver from Geographic Code 000 to Geographic Code 935 is requested for the purchase of coffee processing machinery having an approximate cost of \$120,000. The justification of this waiver is found in Annex D of this Project Paper Amendment.

Recommendation: That you sign the attached Amendment to the Project Authorization and thereby approve (a) an additional grant of \$1,000,000, (b) the waiver as described in Annex D of the Project Amendment; and (c) an extension of the PACD of the project from June 30, 1983 to December 31, 1985.

Clearances: ARD:WLitwiler (draft)
CONT:RGarner (draft)
SMD:TBaranyi (draft)

MGMT:MYoshioka (draft)
PRM:HMiller

D/DIR:BWilder *[Signature]*
Drafter: PDE:RThompson:
ate:8/25/1982



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT

Yaounde

UNITED STATES ADDRESS:
YAOUNDE (AID)
DEPARTMENT OF STATE
WASHINGTON, D. C. 20530

INTERNATIONAL ADDRESS
USAID
B. P. 817
YAOUNDE, CAMEROUN

AMENDMENT TO THE
PROJECT AUTHORIZATION

Name of Country : Equatorial Guinea
Name of Project : Agricultural Development
Number of Project : 653-0001

1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, the Agricultural Development Project for Equatorial Guinea was authorized on December 30, 1980. That authorization is hereby amended as follows:

- a. Obligation of an additional \$1,000,000 (one million dollars) in grant funds from Section 103 of the FAA over a three-year period from the date of this authorization amendment is authorized;
- b. The project description contained in the authorization is changed to read as follows:

"The project consists of assistance to the Government of Equatorial Guinea, through the Ministry of Agriculture, Livestock, and Fisheries, to augment the production, processing, and marketing capabilities of coffee, cocoa, and horticulture cooperatives in Bioko and Rio Muni and the Poultry Production Center in Basile.

The Grant will provide technical assistance, motor vehicles, commodities, minor rehabilitation, and training."

- c. Based on the justification in Annex D of the Project Paper amendment, I hereby approve a procurement source/origin waiver from Geographic Code 000 (U.S.) to Geographic Code 935 (Free World) for the purchase of coffee processing machinery valued at approximately \$120,000 and certify that exclusion of procurement from Free World countries other than the cooperating country and countries included in Code 941 would seriously impede the attainment of U.S. foreign policy objectives and the objectives of the foreign assistance program.

d. An additional condition precedent is added:

Prior to any disbursement of funds for fungicides and coffee processing machinery, or to the issuance of documentation pursuant to which disbursement will be made with respect thereto, the Government will furnish to AID, in form and substance satisfactory to AID, evidence that Special Accounts have been established to hold the proceeds of sale of these commodities and the names and specimen signatures of the representatives of the cooperatives, and the accountants who will be administering the accounts.

e. An additional covenant is added:

The Ministry of Agriculture, Livestock, and Fisheries agrees to assist the cooperatives in obtaining necessary foreign exchange for purchases from the Special Account that are approved by the Special Account Committees.

2. The authorization cited above remains in force except as hereby amended.



Ronald D. Levin
Director

Date: September 20, 1982

ACTION MEMORANDUM FOR THE DIRECTOR

FROM : Ms. R.J. Thompson, PDE

SUBJECT : Equatorial Guinea Agriculture Development Project 653-0001:
Request for Source/Origin Waiver for the procurement of five
coffee hulling machines

Problem: Implementation of subject project requires the procurement of coffee hulling machines from non U.S. manufacturers. In order to allow such procurement you are requested to grant a source/origin waiver from Geographic Code 000 (U.S. only) to Geographic Code 935 (Special Free World).

Facts: (A) Cooperating Country : Equatorial Guinea
(B) Authorization Document : Project Authorization
Amendment
(C) Project : Agricultural Development
Project 653-0001
(D) Nature of Funding : Grant
(E) Description of Goods : Five Coffee Hulling Machines
(F) Approximate Value : \$120,000
(G) Probable Source : Western Europe
(H) Probable Origin : Italy

Discussion: In accordance with AID Handbook 1, Supplement B, procurement of commodities from countries included in AID Geographic Code 935 under a grant-financed project requires a waiver. Under Handbook 1, Supplement B, Section 5B4a (2) a waiver of the authorized Geographic Code for purchase of commodities can be based on the criteria that the commodities are not available from countries included in the authorized Geographic Code.

The authority to make such a determination and grant a waiver has been delegated to you by AID Delegation of Authority No. 140 Revised.

The goal of this project is to increase the incomes of small farmers by providing them means to increase their productivity. The project consists of providing commodities and technical assistance to 31 coffee and cocoa cooperatives in Bioko and Rio Muni, Equatorial Guinea to facilitate increasing cocoa and coffee production and hence small farmer incomes. The coffee cooperatives, whose members are small farmers, are unable to market much of their produce and hence pay their loans because they cannot hull their coffee beans. The coffee beans are unacceptable for marketing unless they are hulled.

Last year's harvest of coffee by the cooperatives is being stored because no machinery is available to hull it. The machines are needed urgently to hull the accumulated produce and this year's harvest. The hulling machines will enable the cooperatives to pay off their bank loans and enable cooperative members to realize an income from their coffee production.

Providing coffee hulling machines is an integral component in attaining the project goal and purpose. There are no coffee hulling machines manufactured in the United States or in Code 941 countries. Coffee hulling machines of Italian manufacture are operating in Equatorial Guinea and may be readily serviced there. In order to standardize available maintenance services and spare parts it is recommended to procure the same type of hulling machinery.

Conclusion: The waiver request authorizing the procurement of coffee hulling machinery from Code 935 is justified on the basis that the commodities are not available from U.S. or Code 941 manufacturers and the importance of standardizing the procured equipment with existing equipment, spare parts and maintenance services available in Equatorial Guinea.

Recommendations: For the above reasons it is recommended that you:

- (1) approve a source/origin waiver from AID Geographic Code 000 to Code 935; and
- (2) certify that exclusion of procurement from Free World Countries other than the cooperating country and countries included in Code 941 would seriously impede attainment of U.S. foreign policy objectives and objectives of the foreign assistance program.

Approved: Ronald L. L.

Disapproved: _____

Date: 9/20/82

Clearances: SMD: TZBaranyi (draft)
ARD: WLitwiller (draft)
CONT: RGarner (draft)
PRM: HWaitaitis (draft)
PRM: HMiller HML
D/DIR: BWilder BW

mk
Drafters: ARD/IDI: CEPhelps/RLA: BBarrington: ate: 09/01/82

1. SUMMARY AND RECOMMENDATIONS

1.1. Grantee and Executing Agency:

The Grantee will be the Government of Equatorial Guinea (GREG) represented by the Ministry of Agriculture, Livestock and Fisheries (MINALF). The MINALF will be the executing agency.

1.2. Recommendations:

1.2.1. An additional grant of \$1,000,000 should be authorized for the Equatorial Guinea Agricultural Development Project (653-0001), increasing the project grant total to \$2,000,000. The additional grant should be authorized for FY 1982 obligation from ARDN funds, for the implementation of the poultry production and cooperative development aspects of the agricultural development project described in Part 2 of this project amendment. The GREG contribution to the project amendment will be \$132,000, making their total project contribution \$667,000.

1.2.2. A source/origin waiver, pursuant to Handbook 15 (AID financed commodities), should be approved to permit the purchase of equipment as justified in Annex D.

1.3. The Project Amendment:

The project amendment's two components will increase small farmer productivity and income by:

- (a) Providing fungicides, hand tools, coffee processing machinery, vehicle spare parts, and technical assistance to thirty-one coffee and cocoa cooperatives in Rio Muni and Bioko, and
- (b) Continuing the development of the Poultry Production Center (PPC) in Basile to provide an immediate and significant supply of eggs and poultry meat to the population as well as a training center for small farmer poultry producers. The project amendment will extend the technical assistance provided under the original project, will provide additional short-term training, commodities and funds for modest rehabilitation costs needed to carry out the production and training activities.

1.4. Summary Findings:

The project amendment has been reviewed for technical, administrative, social, economic, and environmental soundness. In each case the project amendment was found to be feasible and beneficial.

1.5. Legal Criteria:

The planning and costing requirements of Section 611(a) of the Foreign Assistance Act are considered to be satisfied.

2. PROJECT AMENDMENT DESCRIPTION

2.1. Background

The Equatorial Guinea Agricultural Development Project was authorized by the USAID/Cameroon Mission Director on December 30, 1980 in the amount of 1,000,000 dollars. The Project Grant Agreement was signed with the Ministry of Agriculture, Livestock, and Fisheries on January 13, 1981 with a PACD of June 30, 1983.

The Agricultural Development project was designed in conjunction with the Government of Equatorial Guinea's efforts to re-establish the country's productive capabilities. Priorities included rehabilitation of cocoa, coffee, and horticulture production. The emphasis on these cash crops was justified by the argument that the country needed to re-establish exports in order to earn foreign exchange, that the country needed to create employment opportunities for its populace, and that rehabilitation of other crops could be accomplished by agreements with foreign concessionaires. The staple food crops, including cocoyams, plantains, and cassava, suffered least during the Macias regime, and hence required little assistance. The poultry industry also held a priority for the GREG, since this industry, once thriving in Equatorial Guinea, is a profitable one which has a positive impact on nutritional status. The re-establishment of this industry required sophisticated management and technical expertise possessed by American poultry experts.

The cocoa, coffee, and horticulture component of the project supported the GREG's efforts to develop small grower cooperatives into viable organisms to represent and service small farmer needs and to assist in increasing small farmer productivity and production.

The conditions and arguments which led to the development of the Agricultural Development project still hold. GREG maintains its priorities of rehabilitating cocoa, coffee, horticulture, and poultry production, and also of fostering small farmer cooperatives.

Two years of AID support for the GREG initiatives helped to alleviate the major constraint facing coffee, cocoa and horticulture cooperatives, that of adequate transportation to get the members' produce from the fields to the market place. Other constraints were identified during the course of the project which should now be addressed in order to assure that farmer productivity is increased. Experience to date in the rehabilitation of the Basile Poultry Production Center has been positive; however, it is the opinion of the poultry advisor, the Government of Equatorial Guinea, and USAID/Cameroon that additional support is necessary for this Center in order to successfully overcome further constraints which have been identified during project implementation. The Government of Equatorial Guinea continues to face difficulties which prevent it from single-handedly addressing the critical constraints.

Given the fact that GREG priorities still favor investment in the coffee, cocoa, horticulture, and poultry industries, the fact that the GREG continues to face serious problems in the project area, and the fact that the economic analysis proves that the proposed investment is sound, it has been collaboratively determined by AID and GREG that AID's FY 82 assistance would best be provided in the form of

an amendment to the existing project. This assistance could be quickly disbursed and have an immediate impact.

The Grant Agreement Amendment which will be negotiated based on the Authorization Amendment will provide an additional 1,000,000 dollars in FY 82 funding and set a new PACD of December 31, 1985.

2.2. Project Amendment Description:

The project amendment will further the ongoing efforts of the Ministry of Agriculture to increase the productivity and incomes of small farmers by providing additional assistance to the Equatorial Guinean cocoa and coffee cooperatives and to the Poultry Production Center at Basile. As such, the purpose and goal level objectives stated in the original Project Paper remain the same.

The project proposes to increase small farmer productivity by:

- removing marketing and production constraints faced by coffee and cocoa producers through the provision of coffee processing machinery, vehicles, fungicides, hand tools, vehicle spare parts, and technical assistance to the cooperatives that serve them, and;
- increasing on-farm production of poultry meat and eggs through the development of the Basile Poultry Production Center.

The revised project outputs are:

- (1) Thirty-one cocoa and coffee cooperatives providing production and marketing services to their members and one horticulture cooperative providing marketing services to its members.
- (2) Functioning Poultry Production Center at Basile producing eggs and poultry meat, providing training, extension, and marketing services to small farmers, and capable of meeting its own demand for chicken feed.

2.2.1. Cooperatives:

The projects' cooperative component has provided 23 vehicles (trucks and pick-ups) to the GREG Ministry of Agriculture, Livestock and Fisheries (MINALF). MINALF in turn has sold the vehicles to thirty-two cocoa, coffee, and horticulture cooperatives, found both on Rio Muni, the mainland, and Bioko, the island. The cooperatives were given a one year grace period prior to a 4-year repayment period. Under the original Project Paper, a revolving fund was to be established for deposit of the cooperatives' repayments. This revolving fund was to be utilized for activities and commodities to enhance the productivity and well-being of small farmer members. However, this revolving fund will be replaced by the Special Account described in this project amendment.

The vehicles were provided to relieve the chief marketing constraint currently faced by small farmer producers of cocoa, coffee, and horticulture coops. Cooperative members, because of a lack of transportation services, could not move their produce from the fields to the cooperative processing facilities, nor from the cooperative processing facilities to market.

The project vehicles have helped considerably to relieve the marketing constraint caused by lack of transportation. Yet, the relief of this chief constraint is only a first step toward increasing the productivity of small farmer cooperative members. Project experience to date has shown that black pod disease threatens to wipe-out cocoa production. The lack of hand tools hampers the efforts of both coffee and cocoa producers to increase their production. In addition, coffee

producers are unable to market a large part of their crop because machinery needed to hull and clean coffee beans is not readily available. A large percentage of the coffee crop thus rots on the ground. Moreover, while trucks and pick-ups supplied by AID have achieved their original purpose, the lack of a large supply of spare parts threatens their long-term usefulness.

The project amendment will provide additional resources to the coffee and cocoa cooperatives in order to help alleviate the above-described constraints and enhance productivity. Fungicide, hand tools, coffee processing machinery, and vehicle spare parts will be provided and integrated into the farming system. The project will continue to be implemented by the Agricultural Division of the Ministry of Agriculture, Livestock, and Fisheries.

The fungicides, hand tools, coffee processing machinery, and vehicle spare parts will be distributed to the cocoa and coffee cooperatives by the Agriculture Division. The hand tools and vehicle spare parts will be distributed free-of-charge and the fungicide and coffee processing machinery will be sold at prices specified below. Thirty-one cooperatives will participate in the project, twenty-four located on Bioko, and seven located in Rio Muni. These cooperatives were identified by the GREG.

The hand tools will be distributed according to a distribution list prepared by the Agricultural Division of MINALF and reviewed by USAID/Cameroon. USAID/Cameroon representatives will accompany MINALF officials when the hand tools are distributed at selected distribution points in Malabo and Bata. Since the farmers have experience with hand tools similar to those which will be purchased under the project amendment, technical assistance to train farmers how to use the tools will not be necessary.

Spare parts for the vehicles will be stored in the MINALF garage. The Division of Agriculture of the MINALF will closely monitor the distribution of the spare parts to the cooperatives on an as-needed basis. Cooperatives will have to address their needs in writing to the Director of Agriculture. A project-funded mechanic advisor will provide four person-months of assistance for the storage and correct use of the spare parts. He will attempt to establish an inventory system for spare parts and assist cooperatives in making use of local maintenance and repair facilities.

In Malabo, the Director of Agriculture and two representatives chosen by the cooperatives will solicit from the cooperatives their fungicide requirements. The requests will be reviewed and a list proposing the amount of fungicide to be sold to each cooperative will be submitted for AID's review and approval. The fungicide will be sold to the cooperatives in Bipkwele and in Bata in an amount equal to its price CIF Malabo. The funds generated by the sale of fungicide will be deposited in the Special Account which is explained below. The fungicides will be applied by backpack sprayers which are currently available in Equatorial Guinea. Extension agents employed by the Ministry of Agriculture will be available to assist any farmers who may need guidance as to the proper formulation procedures and application techniques for the fungicide, as well as its safe handling, storage, and disposal. These extension agents can also conduct regular follow-up visits to the cooperatives to monitor the use and effectiveness of the fungicide, if necessary. However, since most of the farmers are knowledgeable about the fungicides, reliance on the extension agents is not anticipated.

The coffee processing machinery will be sold to the Aconibe, Acufenam, Evinayong, Nsork, and Mbini cooperatives. They will pay the Bipkwele equivalent of the machinery's price CIF base. The cooperatives will repay the cost of the coffee processing machinery over a three year period. Payments will be deposited in the Special Account. The coffee processors will hull, clean, and classify the coffee of the above mentioned cooperatives and that of nearby cooperatives. An advisor will be provided for two-months with project funds to supervise installation, use, and maintenance of the machinery. The cooperatives themselves will be responsible for working out a suitable schedule for the various cooperatives to use the machinery. As was the case in the sale of vehicles under the original project, cooperatives will have a one-year grace period before making payments for the fungicides and coffee processing machinery. The cooperatives will have a four-year period to pay for the fungicides and machinery.

The Special Account mechanism which will be used for the deposit of funds generated from the sale of commodities and equipment to be provided under this amendment will be managed in accordance with the requirements of Section 609 of the Foreign Assistance Act and existing AID regulations regarding Special Accounts. The establishment of this Special Account is a condition precedent to disbursement. There will be two Special Account Committees, one for Bioko and one for Rio Muni, which will administer the account. Each committee will be composed of the Agricultural Delegate of the respective area and two representatives chosen by cooperatives on Bioko and in Rio Muni. The committee will be responsible for depositing funds and for financing the cooperatives' initiatives for furthering agricultural cooperative development. Once a year, the committees will solicit requests for financing from the cooperatives. They will prepare a budget of activities to be supported by the Special Account. All expenditures of funds from the Special Account must be in accordance with the approved budget. Accountants appointed by GREG will maintain the Account books. In order to assure the proper functioning of the Special Account, two person months of a Financial Advisor's services will be provided.

The Special Account will be an interest-earning account established in the Banco de Credito y Desarrollo. An account will be opened in the Malabo branch of the bank for deposit of payments from the cooperatives on the island and in the Bata branch for deposit of payments from cooperatives in Rio Muni. The funds in the Special Account will be used only for the operation and support of the cooperatives, such as agriculture supplies, vehicle spare parts, vehicle operating and repair costs, cooperative equipment (electric generators, water systems, etc.), and training programs.

Disbursement of funds from the Special Account will be done by check signed by the representative of the Ministry of Agriculture and the two representatives of the cooperatives. The Ministry of Agriculture will be responsible for assuring that the financial records are maintained in a manner acceptable to AID; MINALF must submit quarterly financial reports to AID.

2.2.2. Poultry Production Center:

The project, as originally designed, proposes to rehabilitate the once thriving Basile Poultry Production Center. Once re-established, the center will serve as a poultry production training center for small farmers and small farmer cooperative groups. In addition, the center will sell required poultry production inputs so that most of the country's poultry meat and eggs can be supplied by many small producers rather than by one producer. In order to defray operating costs, the center will produce poultry and eggs. Revenue from these sales will be used for maintenance and upkeep of the facility.

The renovation of the Poultry Production Center was delayed for a number of reasons. Procurement of technical services took longer than anticipated, as did procurement of commodities and equipment. The Government of Equatorial Guinea, facing a critical shortage of foreign exchange was only recently able to provide a letter of commitment for the chicken feed. Without a guaranteed supply of feed, chicken production could not be initiated. However, project activities have now begun and progress is being made.

A poultry advisor has been fielded to implement the renovation of the Poultry Production Center. On site for seven months, the poultry advisor has supervised the initial rehabilitation of the facility, the ordering and receipt of equipment, and the receipt of five hundred chicks which are being raised as broilers. Small farmer training courses will be designed with the assistance of the above-mentioned poultry advisor in order to transfer poultry production technology to 96 farm families who will then be assisted in establishing on-farm poultry houses. Additionally, twelve extension agents will be trained in poultry production techniques; one of these agents will be assigned to the center while the others will reach-out on a regular basis to a target group of 150 small farmers. The general manager of the Poultry Production Center will receive short-term training to enhance his capability to effectively direct the center. Finally, a feed mill will be installed to build the institutional capacity to produce chicken feed and hence to avoid the high expenditure of foreign exchange required to import the feed.

According to the Poultry Advisor, the Government of Equatorial Guinea, and USAID/Cameroon, an amendment of the project is required to assure that the original objectives of the project will be achieved. Due to delays in the project, and based on the experience of the Poultry Advisor, some additional technical assistance must be provided so that the Poultry Advisor will be present at the poultry farm during critical chicken raising activities. In addition, the project amendment will provide for the rehabilitation of the center's water and electrical systems and for miscellaneous building repairs which are not financed under the original project. These water and electrical systems are critical in poultry production. The water and electrical systems are currently functional, but they must be refurbished to assure continuous electricity and water supply. The project amendment will also finance technical assistance for the installation and utilization of the feed mill which was purchased under the original project. Installation will be more complex than anticipated in the original project and therefore technical assistance is required. Also included in the project amendment will be the provision of a guaranteed reserve of feed for the breeder flock. Though the GREG has primary responsibility for providing a sure supply of feed, project planners concluded that a reserve of the special feed appropriate to breeders should be secured by AID. This reserve is required to assure the survival of breeders, given the uncertainties of transportation of and markets for feed. The AID-supplied feed will be quickly procured from a different source and by a different transportation method than the GREG-supplied feed. Lastly, two participants will receive short-term training in poultry production in the United States. This training is essential to assure that adequate indigenous manpower is available to sustain the Poultry Production Center after the project's completion.

Inputs

The AID inputs to the project amendment will be:

<u>Technical Assistance</u>	\$	\$163,000
Extension of the Poultry Specialist Services	(80,000)	
Financial Advisor to the Special Account	(23,000)	
Mechanic Advisor for storage and use of spare parts	(40,000)	
Coffee Processing Machinery Installation Advisor	<u>(20,000)</u>	
<u>Training</u>	\$	25,000
Two participants in livestock production	(25,000)	
<u>Commodities</u>		680,000
Poultry Feed	(50,000)	
Coffee Processing Machinery	(100,000)	
Copper Sulfate	(298,000)	
Lime	(53,000)	
Copper Oxide	(5,000)	
Hand Tools:		
10,000 files		
5,000 machettes		
1,000 large axes		
1,000 small axes		
500 hammers		
500 shovels		
100 wedges		
100 sledges	(100,000)	
Vehicle Spare Parts	(20,000)	
Communications Equipment	<u>(9,000)</u>	
<u>Other costs</u>		132,000
Miscellaneous	(82,000)	
PPC Rehabilitation:		
Water System Repair	(24,000)	
Electrical System Installation	(5,000)	
Toilet/Shower construction	(4,000)	
Feed Mill Installation, Other facility repair work	(17,000)	
TOTAL AID		<u>\$1,000,000</u>
The Government of Equatorial Guinea will contribute office space, personnel, and poultry feed.		132,000
TOTAL GREG		132,000
TOTAL VALUE OF PROJECT INPUTS		\$1,132,000

3. PROJECT ANALYSIS

3.1. Technical Feasibility

Poultry:

The scale of technical interventions proposed for chicken and egg production in Equatorial Guinea is appropriate and sustainable. Since the project amendment does not alter the project objectives, the technical feasibility analysis of the poultry component presented in Section 3.1. of the original Project Paper is still valid.

Cooperatives:

Activities under the project amendment, like the activities under the original project, are taking place within the GREG cooperative rehabilitation program. The technical feasibility analysis of this program as presented in Section 3.1. of the original Project Paper is still valid.

Black pod, a fungus, is a devastating disease which can easily destroy one-half or more of a cocoa crop. Since there has been no integrated pest management technique developed to combat the disease in tropical Africa, the most generally accepted means of eradicating the disease is through chemical treatment by fungicides. The use of fungicides on disease-threatened cocoa plants can double production at least. There are two standard chemical compositions for fungicides effective against black pod disease. One, the Bordeaux mixture, is a solution of copper sulfate and lime; the other is copper oxide. Both compositions are equally effective against the fungus, both are easily applied by farmers themselves, employing a light-weight back-pack sprayer, and both are environmentally safe if used according to directions. The copper oxide is slightly more cost-effective than the Bordeaux mixture and is easier to mix, since it comes in ready to use packets which are simply dissolved in water. The Bordeaux mixture, composed of two chemicals, must be accurately measured and made.

The Bordeaux mixture has been employed by the cocoa producers on the island of Bioko, Equatorial Guinea, for 50 years, and is well accepted by the farmer-population. Though neither the Bordeaux mixture nor copper oxide is used on Rio Muni, the mainland, copper oxide is used for the control of black pod disease in neighboring Cameroon and other cocoa producing areas of Africa. The cocoa growing area in Cameroon is contiguous with the growing area in Rio Muni so the fungicide is known and the technology accepted by the cocoa farmers there. The fact that it is not used stems therefore from its unavailability rather than from a resistance to it.

Hence, the use of both the Bordeaux mixture and copper oxide is technically feasible. Moreover, both are appropriate technologies. It has been decided to utilize both chemicals in this project for the following reasons:

(1) Since copper oxide is more cost-effective and easier to mix, it has been selected as the technology of preference for the mainland. It is the chemical most used in Africa and its adoption by the farmers should cause no

major difficulties.

(2) In spite of the fact that the Bordeaux mixture is less cost-effective, it will be propagated under the project amendment because it is accepted by the farmers on Bioko. The introduction of copper oxide at this time on Bioko would not be feasible since MINALF does not yet have an adequate number of extension agents to transfer a new technology. It is extremely unlikely that the farmers would change their practices, under the risky conditions which exist in their farming systems, without intensive extension work. GREG hopes to eventually introduce copper oxide on Bioko, but it has been determined by GREG and by AID, that its introduction is not desirable under the current project amendment.

The distribution of hand tools does not represent the introduction of a new technology. All hand tools are currently being used by farmers; they are the appropriate and traditional means for the maintenance of cocoa and coffee trees on small farms. They are technically feasible, since their use can generate the target production of cocoa and coffee given the quantity of labor available. Hand tools are not fabricated in Equatorial Guinea and hence must be imported.

The type of coffee processing machinery provided under the project amendment is already accepted and utilized by farmers of Equatorial Guinea. It is the most appropriate technology available for hulling and cleaning coffee. The machinery is small, easy to install, and can be located at points accessible to cooperatives. Hand methods of hulling are not appropriate to handle the quantity of coffee produced by the cooperatives; for that reason, a high percentage of the crop rots on the ground. The Machinery Advisor will assure the correct installation and use of the machinery.

3.2. Administrative Feasibility

The project amendment does not require any significant changes in the administrative structure of the GREG or the Basile Poultry Center which is described in Section 3.2. of the original Project Paper. Hence, the administrative feasibility analysis presented therein remains valid.

The project has been underway for more than one year. During that time, the Ministry of Agriculture has shown its interest and capacity to implement the project. However, the Ministry of Agriculture faces a shortage of skilled administrators and technicians. With that in mind, this project amendment has been designed to place the minimum possible administrative burden on the Ministry. Short-term technical assistance is being provided to assist with the installation of the coffee processing machinery, use and storage of vehicle spare parts and with the administrative procedures of the Special Account. A full-time advisor is guiding the rehabilitation of the Poultry Production Center. USAID/Cameroon representatives will visit Malabo and Bata regularly to assure that the project's implementation is on course.

The Ministry of Agriculture successfully handled the distribution of project vehicles. The distribution of hand tools, fungicides, machinery, and vehicle

spare parts will not place excess burden on the Ministry. Cooperatives can facilitate distribution by using their vehicles.

After more than one year's experience, the Ministry of Agriculture and AID representatives have concluded that the administrative arrangements proposed in the project are feasible.

3.3. Social Soundness

Since the target population of the project amendment is identical to that described in the original Project Paper, the social soundness analysis presented in Section 3.3 of that document remains applicable. As indicated therein, the approach propagated by this project is not to introduce unfamiliar practices but to repair existing infrastructure and to provide resources for which a demand already exists.

3.4. Economic Feasibility

The economic feasibility of the project intervention into the poultry industry is proven in Section 3.4 of the original Project Paper. This feasibility analysis is still valid.

The economic feasibility of providing fungicides and coffee processing machinery in the project amendment was examined. The results of the analyses appear in Table 3.1 and 3.2.

Fungicides for Cocoa

Key assumption in the calculations were (a) that the fungicides would cover 2,940 hectares - 2,500 on Bioko and 440 in Rio Muni, (b) that 11,360 person days of additional labor valued at \$1.20 per day, i.e., the official daily wage rate converted at the free market exchange rate, would be required for the spraying, (c) that, as a result of spraying, the average yield per hectare will increase from 800 kg. to 1,500 kg., and (d) that the cocoa can be sold at \$960/M.T. Based upon these assumptions, the net present value (NPV) of the investment is \$1,273,350 discounted at 15 percent. The benefit/cost ratio is an impressive 2.86/1.

Processing Machinery for Coffee

Since this activity is essentially starting with the renovation of existing, still productive fields, the machinery was considered as an essential input, along with labor and pesticides/fungicides, in reestablishing production. It was assumed that production will grow very slowly, reaching less than one tenth the pre-1968 volume of output after a decade. To the extent that production is re-established sooner, the project's internal rate of return will, ceterus paribus, increase. Other important assumptions were that 330 person days of labor per hectare would be required, that the labor could be valued as above at \$1.20 per day, that yields would average 800 kilos per hectare and that the selling price would average \$750 per metric ton. Under these assumptions the IRR is 33.47. The project's net present value discounted at 15 percent is \$125,810.

Given their relatively high returns, both project components could withstand substantial increases in cost and/or reductions in benefits and still remain within the Agency's 15 percent minimum acceptable rate of return.

3.5. Environmental Assessment

An initial environmental examination (IEE) was completed and concluded that the project amendment activities will not have a negative impact upon the environment. On July 21, 1982, AID/W granted a negative threshold decision on the need for an Environmental Assessment and the amended IEE was approved.

Table 3.1

Economic Analysis of Cocoa Fungicides

Additional Costs

Fungicides	\$	431,000
Labor (11,360 PD at \$1.20)		<u>13,632</u>
Total	\$	444,632

Additional Benefits

2,940 has. at 800 kg/ha	\$	2,352,000
2,940 has. at 1,500 kg/ha		<u>4,410,000</u>
Net Benefits	\$	2,058,000
Costs - present value	\$	444,632
Benefits discounted present value at 15%		1,789,565
Net Present Value - 15% D.F.	\$	1,344,933
Benefit/Cost Ratio		2.86/1

TABLE 3.2

ECONOMIC ANALYSIS OF COFFEE PRODUCTION

Year	Coffee Harvested MT	Land Required (HAS)	Labor Required (MEs)	Labor Required \$	Misc. Inputs \$	Machinery \$	Total Costs \$	Total Revenues \$	Net Revenues \$	Discount Factor 30%	Discount Factor 40%		
1983	50	62.50	20,625	24,750	625	120,000	145,375	37,500	-107,575	.769	-82,956	.74	-77,023
1984	75	93.75	30,938	37,126	937.50	12,000	50,064	56,250	6,186	.592	3,662	.510	3,155
1985	100	125.00	41,250	49,500	1,250	12,000	62,750	75,000	12,250	.455	5,574	.364	4,459
1986	150	187.50	61,875	74,250	1,875	12,000	88,125	112,500	24,375	.350	8,531	.260	6,338
1987	200	250.00	82,500	99,000	2,500	12,000	113,500	150,000	36,500	.269	9,519	.186	6,789
1988	300	375.00	123,750	148,500	3,750	12,000	164,250	225,000	60,750	.207	12,575	.133	8,079
1989	450	562.50	185,625	222,750	5,625	12,000	240,375	337,500	97,125	.159	15,443	.095	9,227
1990	550	657.50	226,875	272,250	6,875	12,000	291,125	412,500	121,375	.123	14,929	.068	8,254
1991	600	750.00	274,500	297,000	7,500	12,000	316,500	450,000	133,500	.094	12,549	.048	6,408
1992	625	781.25	257,813	309,375	7,813	12,000	329,188	468,750	139,562	.073	10,188	.038	4,884
										NPV =	10,314	NPV =	19,430

Internal Rate of Return =

$$30 + 10 \frac{10314}{(29744)} = 30 + 10 (.34676)$$

= 33.47

4. FINANCIAL PLAN

4.1. Financial Analysis

As clearly argued in the Financial Analysis of the original Project Paper (Section 4.1.) interventions into cocoa and coffee cooperatives as well as into the poultry production business are financially feasible. The cooperatives have ready markets available for their produce. Farm budgets presented as Tables 4.1. and 4.2. of the original Project Paper which show the profitability of the broilers and layer operations are still illustrative.

GREG experience-to-date with the cooperatives indicates that since the change of government in 1979, the cooperatives have generally repaid their debts within one crop season. An analysis of the cost of the fungicides to the farmers, given the high value of the increased production, indicates that the cooperatives should have little difficulty repaying their debt. (See Table 4.5. for the cost of fungicides and number of hectares which can be covered).

4.2. USAID Funds

4.2.1. Technical Assistance \$163,000

The Poultry Specialist's contract will be extended one year at a cost of \$80,000. All other technical assistance will be provided to the cooperative component of the project amendment. There will be \$23,000 allocated for a Financial Advisor to set up the Special Account and train two Equatorial Guinea accountants in its operational procedures. Funds are included for a Vehicle Maintenance Advisor to insure proper upkeep of the cooperatives' vehicles and the satisfactory operation of the two vehicle service centers. To facilitate the marketing of coffee from the cooperatives, five coffee hullers are to be installed and technical direction is required.

4.2.2. Training \$25,000

Short-term training for two participants will be funded for a livestock management short course in the United States.

4.2.3. Commodities \$680,000

The coffee hullers, fungicides, vehicle spare parts and hand tools for the cooperative component will cost \$621,000. The poultry feed to be supplied to the PPC will cost \$50,000. Communications equipment will cost \$9,000.

4.2.4. Other Costs: \$132,000

Includes funds for rehabilitation costs of the Basile Poultry Center. AID will contract for repair of the water system, installation of an electrical system, construction of toilets and showers for laborers and the installation of a feed mill as well as other facility repairs to be financed by the project.

4.3. GREG Funds

4.3.1. Personnel \$60,000

The Special Account will require the services of two Equatorial Guinean accountants, one managing the account in Malabo and the other in Bata.

4.3.2. Poultry Feed \$48,000

The value of the GREG contribution of poultry feed to the PPC will be \$48,000.

4.3.3. Office Space (In kind) \$24,000

The value of the GREG contribution of in.kind office space at the Basile Poultry Production Center will be \$24,000.

TABLE 4.1

USAID PROJECT AMENDMENT EXPENDITURES BY FISCAL YEAR

($\$$)

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>TOTAL</u>
<u>Technical Assistance</u>					
Poultry Specialist	-	-	30,000	50,000	80,000
Financial Advisor	-	23,000	-	-	23,000
Mechanic	-	40,000	-	-	40,000
Coffee huller installation	-	20,000	-	-	20,000
					<u>163,000</u>
<u>Training</u>					
	-	25,000	-	-	25,000
<u>Commodities</u>					
Poultry Feed	-	50,000	-	-	50,000
Cooperatives	-	621,000	-	-	621,000
Communications Equipment	-	9,000	-	-	9,000
					<u>680,000</u>
<u>Other Costs</u>					
Repair PPC facilities	-	50,000	-	-	50,000
Miscellaneous	-	82,000	-	-	82,000
Grand Totals	-	920,000	30,000	50,000	1,000,000

TABLE 4.2

GREG PROJECT AMENDMENT EXPENDITURES BY FISCAL YEAR
(\$)

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>TOTAL</u>
<u>GREG</u>					
Personnel	-	-	30,000	30,000	60,000
Poultry Feed	-	48,000	-	-	48,000
Office Space (in kind)	-	24,000	-	-	<u>24,000</u>
Total Expenditures					132,000

TABLE 4.3

SUMMARY PROJECT AMENDMENT COST ESTIMATE AND FINANCIAL PLAN
($\$$)

	USAID		GREG		TOTAL	
	<u>FX</u>	<u>LC</u>	<u>FX</u>	<u>LC</u>	<u>FX</u>	<u>LC</u>
Technical Assist- ance	163	-	-	60	163	60
Training	25	-	-	-	25	-
Commodities	680	-	-	48	680	48
Other Costs	-	132	-	-	132	-
Office Space (in kind)	-	-	-	24	-	24
Total Project Amendment Costs	868	132	-	132	1,000	132

TABLE 4.4
COSTING OF PROJECT OUTPUTS/INPUTS
(\$000)

	<u>OUTPUTS</u>	
	Cocoa and Coffee Co- operatives providing increased production and marketing	Functioning Poultry Production Center
<u>USAID INPUTS</u>		
Technical Assistance	83	80
Training	-	25
Commodities	621	59
Other Costs	-	132
Total	704	296
<u>GREG INPUTS</u>		
Personnel	60	-
Poultry Feed	-	48
Office Space (in kind)	-	24
Total	60	72
TOTAL PROJECT COSTS	764	368

TABLE 4.5

COCOA COOPERATIVES

FUNGICIDE REQUIREMENTS AND COSTS

The following guidelines were used in estimating the amount of fungicide and costs required for the cocoa cooperatives:

Assumptions

1. Land under cocoa production by cooperative members (approximation):
Bioco 2500 hectares 24 co-ops 750 co-op members
Rio Muni 840 hectares 7 co-ops 210 co-op members
2. Number of cocoa trees per hectare is between 800 and 1000.
3. Each tree is sprayed 3-4 times during May and June requiring approximately 2 liters per application.

Bordeaux Solution

Formulation:

1 kilo copper sulfate + 1.5 kilos lime + 40 liters water

Amounts to be purchased:

Copper sulfate	307 metric tons at \$1100/ton =	\$338,500
Lime	502.5 metric tons at \$24.88/ton =	\$12,500
		<u>351,000</u>

Area of Coverage:

Bioco - 1861 ha. with 4 applications. This will be enough fungicide to accommodate the needs of the 15 cocoa co-ops on Bioco and the approximately 465 coop members.

Copper Oxide

Formulation:

1 kilo copper oxide + 300 liters water

Amounts to be purchased:

Copper oxide 17.54 metric tons at \$2850/ton = \$50,000

Area of Coverage:

Rio Muni - 731 hectares with 4 applications. This will be enough fungicide to accommodate the needs of approximately 183 co-op members. Only a portion of the total hectares of cocoa production can be sprayed with the amount of fungicide purchased. The Ministry of Agriculture in conjunction with the cooperatives will decide how the fungicide is distributed.

TABLE 4.6
COCOA AND COFFEE COOPERATIVES
HAND TOOLS

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Price/Unit</u> \$	<u>Total Price</u> \$
Hammer	Nail hammer, weight, 16 oz., 14 in. handle	500	3.07	1,535
Axes	Single edge, weight, 3 1/2 lbs.	1,000	7.95	7,950
Hatchets	Half hatchet, weight, 22 oz. length 13 in.	1,000	5.73	5,730
Sledges	Long pattern striking hammers, weight 10 lbs., length 35 in.		18.38	1,838
Wedges	Square head wedge, weight 4 lbs. length 9 in.	100	4.42	442
Shovels	Square point, long handle, 47 in.	500	6.67	3,335
Files	Triangular, bastard cut, length 10 in.	10,000	2.92	29,200
Matchetes	American manufactured, length 50 cm	5,000	6.00	<u>30,000</u>
Total				80,300
Insurance and freight				19,700
CIF Equatorial Guinea				100,000

5. IMPLEMENTATION ARRANGEMENTS

5.1. Administrative Arrangements:

The administrative responsibilities remain the same as outlined in the Project Paper with the following additions.

Poultry Production Center:

The Center's Board of Directors will appoint a General Manager in the 4th quarter of FY 82.

Cooperatives:

The Special Account mechanism will be established under the following guidelines, to administer funds generated from the sale of commodities to the cooperatives:

FY 82 Funds

1. Copper sulfate and lime will be sold to the cooperatives on Bioco and copper oxide will be sold to the cooperatives in Rio Muni. The price will be 50 B per kilo of sulfate and 25 B per kilo of lime (20,000,000 for the copper sulfate and 1,500,000 for the lime) and copper oxide will be sold at cost, CIF Bata. The co-ops will receive short-term credit for the above without interest. This credit will be payable at the end of the harvest. All payments will be made into the Special Account established under this project and administered in accordance with procedures agreeable to AID. The distribution of the above will be based on the requests presented by the cooperatives. The Special Account Committees in Malabo and Bata will make the final determination of the distribution of the copper sulfate and lime and copper oxide amongst the various cooperatives. This final distribution will be submitted to AID for its approval.
2. The hand tools will be distributed to the cooperatives directly by AID. The distribution list will be prepared by the Ministry of Agriculture and submitted to AID for approval. Final distribution will be made in Bata and Malabo by the representatives of the MINALF and AID directly to the cooperative representatives.

5.2. Implementation Sequence:

5.2.1. Chronological Narrative:

Project activities which are on the critical pathway to effective implementation are as follows:

FY 82 July - September, 1982

Of first importance is the authorization of the Project Amendment and obligation of project funds. Secondly, the activities which have delayed production at the Basile center must be resolved: a general manager must be appointed;

and the center, through its own staff, take the initiative to continue rehabilitation of the facilities. In this way when the critical inputs of the GREG supplied poultry feed and the breeder flock arrive, the center will be ready to commence production immediately. Thirdly, PIO/Cs and PIO/Ts must be written to insure timely procurement and the orderly progression of project activities.

FY 83

This is a critical year in the implementation sequence and disbursement to the cooperative component. Due to the yearly cycle of agricultural activities, delays in processing or timely procurement of project commodities and/or technical assistants could delay project implementation by one year. Also of critical importance to the Poultry Production Center is the timely arrival of the GREG supplied poultry feed. An evaluation will take place during the third quarter of this year to assess if the project implementation is proceeding as planned.

FY 84 and FY 85

By the first quarter of FY 84 all project activities should be implemented and functioning. The extension of the poultry specialist contract will take place during the 3rd quarter of FY 84.

FY 86 October - December, 1985

PACD December 31, 1985

The project's final evaluation will be conducted during this time.

5.2.2 Schedule of Critical Events:
Implementation Plan.

<u>FY 82 July-September</u>	<u>Activity</u>	<u>Administrative Action</u>
	Project Amendment Authorized	AID, GREG
	Project Funds Obligated	AID
	PIL written and signed	AID, GREG
	Special Account Representatives and Accountants appointed	GREG
	GREG supplied poultry feed arrives	
	PPC staff continues rehabilitation	IHAP, GREG
	Livestock short course candidates nominated	IHAP, GREG
	PIO/Cs written	AID
	Coffee hullers	
	Fungicides	

- Vehicle spare parts
- Hand tools
- Reserve poultry feed

PIO/TS written
Financial Advisor
Mechanic
Technical assistance for
coffee hullers and feed
mill

AID

Feed ordered (July 82) and
arrives (August 82) for
breeders

Poultry Expert

1000 breeders arrive at PPC

Poultry Expert

Feed Mill Installed

Poultry Expert

Broiler Marketed receipts
deposited in CEPAB
account

Director of
Livestock

FY 83
October -
December

PIO/Cs processed

AID

PIO/Ts processed

AID

PIO/Ps written for livestock
short course candidates

IPC staff continues
rehabilitation

IHAP, GREG

PDE Engineer design and
appraisal of PPC construction
and repairs

AID

RFP'S for PPC water and
electrical system, repairs and
construction issued.

IHAP, GREG

Layers and Broilers arrive

PPC General Manager

Model small farm built for
100 layers

Poultry Expert

FY 83
January -
March

Contracts awarded for PPC
work

IHAP, GREG

Special Account set-up and
operating and financial
advisors duties completed

AID, GREG

	First course (January) and second course (February) for small farmers	Poultry Expert Director of Livestock
FY 83 April - June	Commodities arrive Technical Assistants arrive and commence work	
	PPC staff continue rehabilitation	IHAP
	PPC contract work completed	IHAP, GREG
	Livestock short course candidates sent	AID, GREG, IHAP
	Fungicide distributed and applied	GREG, COOPS
	Hand tools distributed	AID, GREG, COOPS
	Evaluation	AID
	Fourth and fifth and sixth courses for small farmers at PPC	Poultry Expert Director of Livestock
FY 83 July - September	Installation of coffee huller and feed mill completed	GREG, COOPS, IHAP
	Mechanic's assistance completed and vehicle spare parts distributed	GREG, COOPS
	PPC rehabilitation completed	IHAP, GREG
	GREG supplied poultry feed arrives	GREG
	Seventh, eighth, and ninth courses for small farmers at PPC	Poultry Expert, Director of Livestock
	Egg production at PPC established	General Manager
FY 84 October - December	Tenth, eleventh, and twelfth courses for small farmers at PPC	Poultry Expert Director of Livestock.

FY 84 January - March	PIL written and signed for extension of poultry specialist	AID, GREG
	General meeting of all poultry producers and field day at PPC.	General Manager Poultry Expert
	Training in Production Record Keeping and Financial Reporting	Poultry Expert
FY 84 April - June	IHAP poultry specialist contract extended	AID, GREG, IHAP
	Plan for future operation of PPC formulated	Poultry Expert Director of Livestock
FY 84 (July-September)- FY 85	Activities to be undertaken during this time period will be planned in early 1984.	USAID Poultry Expert General Manager Director of Livestock
FY 86 October - December	Final Evaluation PACD December 31, 1985	AID, GREG, IHAP.

6. EVALUATION ARRANGEMENTS

As noted in Section 6 of the Project Paper, an evaluation of the project will be conducted jointly by USAID and the GREG during the third quarter of FY 1982. The evaluation team will be comprised of representatives from the MINALF, USAID/Cameroon and IHAP. Additionally, an end-of-project evaluation will be conducted by the same team in the first quarter of FY 86, near the PACD.

As a first step in the establishment of the evaluation frame-work, production, processing, and marketing data on coffee, cocoa, and horticulture crops grown by the cooperative members must be collected. This should be done in late FY 82. This data will illustrate the baseline of production/marketing which is possible, given the use of vehicles provided by the project. The same data should be collected by the evaluation team during the FY 83 and FY 86 evaluations. Any increases in the crops produced, processed, and marketed must be carefully linked to continued vehicle use, use of hand tools, fungicides, coffee processing machinery, or external effects, so that the impact of project interventions can be measured. Records kept by the cooperatives and interviews of small farmers should serve as the source of this data. Evaluations should also determine whether vehicles and coffee processing machinery are being used correctly, are being maintained, and are benefitting the target farmers. A spot check of a sample of farmers should be made to determine whether fungicides were sold and hand tools were distributed equitably, whether fungicides are being used correctly and under the guidance of extension agents, and whether spare parts are being given, on an as-needed basis to cooperatives. The USAID/Cameroon project officer will have primary monitoring responsibility for this component and should make periodic site visits between evaluations to assure that implementation is proceeding as planned.

The AID financed technical advisor at the Basile Poultry Production Center will submit quarterly reports covering project status, problems encountered during the last quarter, major accomplishments, and a work plan for the next year. Yearly reports from this advisor should delineate project achievements, problem areas, and suggested solutions.

These, as well as periodic site visits should serve as the primary information source for the USAID/Cameroon project officer.

The FY 83 and FY 86 evaluations of the Basile center should determine whether the center is producing poultry and eggs on target, whether the center's training function is being fulfilled, whether trained farmers are establishing their own poultry houses, whether the center is serving as a source of inputs, and whether the center has achieved self-sufficiency in poultry-feed production. The evaluations should include structured interviews with a sample of farmers trained and farmers not trained by the center as well as an institutional analysis of the center. Center records should be utilized for verifying production.

7. CONDITIONS, COVENANTS AND NEGOTIATIONS STATUS

The project, as described in this project amendment, has been discussed in detail with MINALF officials. Issues concerning the project have been addressed and substantively resolved to the satisfaction of the GREG and USAID/Cameroon. Consequently, the substance of the project, including the following condition, and covenant has been agreed upon in principle and no difficulties are expected in concluding the negotiations of the amendment to the project grant agreement.

7.1. Condition Precedent:

Prior to any disbursement of funds for fungicides and coffee processing machinery, or to the issuance of documentation pursuant to which disbursement will be made with respect thereto, the Government will furnish to AID, in form and substance satisfactory to AID, evidence that Special Accounts have been established to hold the proceeds of sale of these commodities and the names and specimen signatures of the representatives of the Ministry of Agriculture, the representatives of the cooperatives, and the accountants who will be administering the accounts.

7.2. Covenant:

The Ministry of Agriculture, Livestock, and Fisheries agrees to assist the cooperatives in obtaining foreign exchange when required to make purchases from the Special Account that are approved by the Special Account Committees.

ANNEX A

REVISED LOGICAL FRAMEWORK

ANNEX A

LOGICAL FRAMEWORK

Life of Project: _____
 From FY. _____ to FY. _____
 Total U.S. Funding _____
 Date Prepared: _____

Project Title Number: _____

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS				TOTAL	NAMES OF VERIFICATION	IMPORTANT ASSUMPTIONS
	FY 82	FY 83	FY 84	FY 85			
<u>Inputs:</u>							
USAID							
<u>Poultry Project Center</u>						USAID, MOA and PPC records.	
Technical Assistance			33,333	46,667	80,000		
Training		25,000			25,000		
Poultry feed		50,000			50,000		
Repairs to center		50,000			50,000		
<u>Cocoa and Coffee Cooperatives</u>							
Copper sulfate and lime		381,000			381,000		
Copper oxide		50,000			50,000		
Coffee hullers and technical assistance		120,000			120,000		
Spare parts and technical assistance		30,000			30,000		
Hand tools		100,000			100,000		
Financial Advisor		23,000			23,000		
Sub total		829,000	33,333	46,667	909,000		
Contingency 10%		82,991	3,337	4,672	91,000		
Grand total		911,991	36,670	51,339	1,000,000		

ANNEX A
LOGICAL FRAMEWORK

Life of Project:
From FY _____ to FY _____
Total U.S. Funding _____
Date Prepared: _____

Project Title Number: _____

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS				NAMES OF VERIFICATION	IMPORTANT ASSUMPTIONS
	FY 82	FY 83	FY 84	FY 85		
<u>Inputs:</u> (Cont'd)						
Personnel			30,000	30,000	60,000	
Poultry feed		48,000			48,000	
Total		48,000	30,000	30,000	108,000	

ANNEX A
LOGICAL FRAMEWORK

Life of Project:
From FY _____ to FY _____
Total U.S. Funding _____
Date Prepared: _____

Project Title Number: Equatorial Guinea Agricultural Development Project (653-0001)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	METHODS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><u>Program or Sector Goal:</u> Increase the income of small farmers.</p>	<p><u>Measures of Goal Achievement:</u> The incomes of small farmer cooperative members and small farmer poultry producers will increase significantly by 1988.</p>	<p>Interviews with cooperative personnel and participating small farmers.</p>	<p><u>Assumptions for achieving goal targets:</u> Production and marketing factors remain stable.</p>
<p><u>Project Purpose:</u> Increase productivity of small farmers.</p>	<p><u>Conditions that will indicate purpose has been achieved:</u> <u>End of project status:</u> a. The amount of cocoa, and horticulture produce marketed by the cooperative members will increase 300% percent by the end of the 1984/1985 crop year. The amount of coffee marketed by small farmer cooperative members will increase 200% by the end of the 1984/1985 crop year. b. By the end of 1985 approximately 150 small farmers will be making a net profit of 15% on their investment in poultry production.</p>	<p>Visits to cooperatives, small farmers and Poultry Production Center.</p>	<p><u>Assumptions for achieving purpose:</u> Prices for chickens and eggs continue to be freely determined in the market. Economic recovery continues to provide Equatorial Guineans with increased purchase power.</p>

ANNEX A

LOGICAL FRAMEWORK

Project Title Number: Equatorial Guinea Agricultural Development Project (653-000)

Life of Project: _____
 From FY _____ to FY _____
 Total U.S. Funding _____
 Date Prepared: _____

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	NAMES OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><u>Outputs:</u></p> <p>a. Thirty-two cooperatives providing production and marketing services to their members.</p> <p>b. Functioning Poultry Production Center at Basile producing eggs and poultry meat and providing training, and extension, and marketing services to small farmers.</p>	<p>a. (1) Twenty-three vehicles will be servicing thirty-two cooperatives.</p> <p>a. (2) Coffee hulling machines will be meeting demand for processing by cooperative members.</p> <p>a. (3) Adequate hand tools available to meet members' requirements.</p> <p>b. (1) By December, 1983: - 400,000 eggs and 6,000 chickens sold. - 15 trained extension agents in place. - Trained Poultry Production Center General Manager in place.</p> <p>b. (2) By December, 1984: - 400,000 eggs and 8,000 chickens sold. - 96 small farmers trained</p>	<p>- cooperative reports</p> <p>- site visits by AID and GREG officials.</p> <p>- interviews with cooperative members.</p> <p>- Poultry Production Center Reports - Site visits by AID and GREG officials. - Interviews with small farmers.</p>	

ANNEX A

LOGICAL FRAMEWORK

Project Title Number: Equatorial Guinea Agricultural Development Project (653-0001)

Life of Project
 From FY _____ to FY _____
 Total U.S. Funding _____
 Date Prepared: _____

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	METHODS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><u>Outputs:</u> (Cont'd)</p>	<ul style="list-style-type: none"> - 150 small farmers receiving regular visits by extension agents. b. (3) By December, 1985: <ul style="list-style-type: none"> - Pasile center will be completely renovated. - 400,000 eggs and 8,000 chickens sold. - 50 farmers have functioning poultry houses. - 2 trained individuals in poultry production in place. - 150 small farmers still receiving regular visits by extension agents. 		

ANNEX B

AID/W CABLE PROVIDING USAID/CAMERCON AUTHORIZATION
TO AMEND PROJECT

USAID

TELEGRAM

260273

INCOMING

SEP 16

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H.U.	
CONS	
DIAP	
DIATWX	
CPO	
RF	✓
MILO	✓
CHRON	✓

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TO AMEMBASSY YAOUNDE PRIORITY 5975

BT

UNCLAS STATE 260273

ADAC

E.O. 12356: N/A

TAGS:

SUBJECT: EQUATORIAL GUINEA AGRICULTURAL DEVELOPMENT PROJECT
AMENDMENT (653-0001)

REFS: A) YAOUNDE 6526; B) STATE 221550; C) STATE 253894

REF A SATISFIED CONDITION PLACED ON AD HOC DELEGATION OF
AUTHORITY TO AMEND SUBJECT PROJECT. SHULTZ

BT

#2273

AID ACTION	
ARD	
INFO	
DIR	✓
A/DIR	✓
PRM	✓
PDE	
MGMT	
HRE	
ARD	
HNP	
CONT.	✓
SMD	✓
RF	✓✓
CHRON	

Due 9/20

RECEIVED
USAID/CAMEROON
FROM: [unclear]
DATE: 2/28/87

SECTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

AFR/DR, Norman Cohen

SUBJECT: Equatorial Guinea Agricultural Development (653-0001); Delegation of Authority to Amend Project

Problem: Your approval is requested to delegate ad hoc authority to the Director of USAID/Cameroon to authorize a \$1.0 million amendment to the subject project.

Discussion: The project was authorized by the USAID/Cameroon Mission Director on December 30, 1980 in the amount of \$1,000,000 and has a Project Assistance Completion Date (PACD) of June 30, 1983. The purpose of the project is to increase the income of small holder cocoa and coffee cooperative members by providing trucks and spare parts to transport produce to market areas and to provide the consumer market with critically needed protein through the development of a poultry raising station. Development of the FY 1982 assistance package for Equatorial Guinea was held in abeyance until implementation problems associated with one component of the FY 1981 funded activity were resolved. During recently concluded discussions with representatives of the Government of the Republic of Equatorial Guinea (GREG), it was mutually agreed that AID's FY 1982 assistance could best be provided in the form of an amendment to the existing project that could be quickly disbursed and have immediate impact.

The proposed project amendment will provide an additional \$1,000,000 in FY 1982 funding with a new PACD of December 31, 1985. The first phase of the project has achieved a degree of success in providing assistance to cooperatives in the transport areas and by providing supplies, equipment and technical assistance to the poultry station. The purpose of this amendment is to build on the success of the assistance provided to date through the provision of additional support which is critically needed by the Equatorial Guinean cooperatives and the poultry production center at Basile. It does not alter the statement of goal and purpose in the original project paper. The amendment will provide the following.

A. Cooperatives:

Due to lack of foreign exchange Equatorial Guinea has not been able to import critically needed commodities and equipment needed by cooperative groups. Last year cocoa producers were hampered in their efforts by a shortage of hand tools and fungicides essential to the growing and harvesting of their crop. Coffee producers, who also suffered from the shortage of hand tools, were unable to market most of their crop because machinery needed to hull and clean their crop was not available. While the trucks previously supplied by A.I.D. have successfully achieved their original purpose by removing the constraint of access to markets, the lack of a supply of spare parts threatens their long-term usefulness. The project amendment will provide additional support for the cooperatives through the purchase of fungicides, hand tools, coffee hullers and vehicle spare parts.

The special account mechanism, which will be used for the deposit of funds generated from the sale of the previously provided vehicles, will also be used for the additional revenues to be generated from the sale of commodities and equipment to be provided under this amendment. The special account will be managed in accordance with the requirements of Section 609 of the Foreign Assistance Act and expenditures will be for the purpose of furthering cooperative development. In order to assure the proper functioning of the special account, two person-months of a financial advisor's services will be provided. There also will be two-person-months of a machinery advisor's services

Handwritten notes and signatures at the bottom of the page, including a signature that appears to be "Norman Cohen".

provided to insure the proper installation and initial use of the coffee processing equipment. Additionally, one person-month of a vehicle maintenance advisor's services will also be provided.

B. Poultry Production Center:

The poultry production component encountered significant delays in start-up. The procurement of technical services took longer than anticipated, as did the procurement of commodities and equipment. The GREG, facing a critical shortage of foreign exchange, was only recently able to provide a letter of commitment for the purchase of chicken feed. The project amendment will provide for an extension of the poultry advisor's services, so that he will be present at the poultry farm during chicken raising activities for the same period of time called for in the project paper. The project amendment will also finance short-term training in livestock production in the U.S. for two participants, the purchase of poultry feed for the breeding flock, the repair of the poultry farm's water and electrical systems, and miscellaneous building repairs.

Given the critical need of the additional agricultural inputs, the relatively small amount of funding to be provided by the amendment, and the short time available for developing the FY 1982 funded activity, amending the project is the most viable option. The newly revised Delegation of Authority No. 140, gives Mission Directors the authority to authorize project amendments not to exceed 10 percent or \$2,000,000, whichever is less. The amendment proposed herein exceeds that authority. Therefore, USAID/Cameroon requests an ad hoc delegation of authority for the Mission Director to approve the proposed amendment.

Recommendation: That you sign below, thereby delegating authority to the Director of USAID/Cameroon to authorize the amendment to the subject project.

Attachment: a/s

Approved: [Signature]
Disapproved: _____
Date: July 30, 1982

Drafted: AFR/DR/CCWAP:Schambers:bfc:7/23/82

AFR/DR/CCWAP:Randerson A
AFR/CA:WFaulkner(draft) _____
AFR/DR/ARD:CFields(draft) _____
AFR/DP:GCauvin(draft) _____
DAA/AFR:FCorrel fc
DAA/AFR:RLove _____
GC/AFR:ANewton ANewton

Subject to
Satisfaction of cards
Circus. - see
dgt sheet.
102

ANNEX C

IEE GRANTING NEGATIVE THRESHOLD
DETERMINATION

PRM

Amendment to the Initial Environmental Examination (IEE)
Dated September 22, 1980 for the Equatorial Guinea
Agricultural Development Project 653-0001

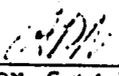
Project Location Equatorial Guinea
Project Title Amendment No. 1 to Equatorial Guinea
Agricultural Development (653-0001)
Funding \$1,000,000 (amendment)
Life of Project 1/31/81 - 12/31/85
IEE Prepared by Raymond Riffenburg, USAID/Yaounde
Date 7/1/82

Recommended Additional Environmental Action Negative Determination.

Africa Bureau Environmental Officer Decision

Approved 
Disapproved _____
Date 7/21/82

Concurrence:

GC/AFR: A Newton 
S&T/AGR: C Collier C. Collier 7/4/82

Cooper fungicide, including basic copper sulfate and copper oxide, are registered for many uses in the U.S. and are not considered dangerous. They are sold, without restriction, over the counter.

Accidental poisonings with this group of chemicals are rare, and they are deemed to be "relatively", safe as pesticides go.

Based on the proposed pattern of use no adverse effects on the environment are anticipated. Moreover, the use on cocoa is considered very similar to acceptable registered uses, such as for coffee.

Selection is based on safety and prior history of safe use. The use is not part of an IPM program, but cultural and spray practices are done within an IPM context.

Applications will be done by back-pack sprayers, and no safety equipment is deemed necessary, but the minimal precautions shown on U.S. labelling of this fungicide will be observed. No long or short-term toxicological hazards are anticipated, and since copper is exempt from the requirement of a tolerance, residue issues are moot. No chemical control methods are applicable, and due to the plantation nature of cocoa production, controls over use can be exercised without difficulty.

Disposal will not be necessary since copper chemicals are fully stable and stocks can be safely stored for long periods. No applicator training or monitoring of the residues and/or the effects of use will be undertaken.

The project background and more details on the benefits and risks of the planned use of the fungicides are provided in Yaounde 5289 (attached).

Attachment: a/s

ANNEX D
EQUATORIAL GUINEA'S
REQUEST FOR
ASSISTANCE

RECEIVED
USAID YAOUNDE

LARRY

AUG 13 4 59 PM '82

OFFICIAL FILE COPY
DO NOT REMOVE

MINISTERIO DE AGRICULTURA, GANADERIA
Y PESCA

Núm. _____
Ref.° _____
Secc. _____

Malabo, 12 de Agosto de 1.982,

Señor Ronald D. Levin
Mission Director
Agency for International Development
B.P. 817
Yaoundé, United Republic of Cameroon

ACTIVA COPY
A.S.D. ... 8/5/82
TRANS. FILE
TAKEN ...
INIT. ... DATE 8/17/82

Estimado Señor Levin:

Como resultado de las conversaciones que los Señores Directores Técnicos de Agricultura y Ganadería del Ministerio han tenido recientemente con los señores WILLIAM LIPWILER y RAYMOND RIFENBURG en Yaoundé y Malabo respectivamente respecto al Programa para la implementación del Proyecto para el Desarrollo Agrícola 653-0001; tengo el honor de solicitar del Gobierno de los Estados Unidos, a través de la Agencia para el Desarrollo Internacional, una continuación de las actividades para reestablecer la producción de cacao y del café a la Granja Avícola de Basilo.

Las actividades propuestas para el año fiscal que viene, descrito en mi carta a Vd. del 3 de junio, son de la más alta prioridad para el Gobierno. Además, ellas combinan muy bien con las actividades ya comenzado por el Proyecto.

Aprovecho esta ocasión, Señor Director, para expresarle el testimonio de mi distinguida consideración.

EL COMISARIO DE ESTADO.

[Signature]
[Circular Seal]