AFRICA/ARD Control No. 8645-NG

TOP AUTHORITY

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE: A (A = Add, C = Change, D = Delete)

Amendment Number

DOCUMENT CODE: 2

COUNTRY/ENTITY: TOGO

2. PROJECT NUMBER: 693-0272

3. PROJECT TITLE (maximum 40 characters): Togo Rural Institutions & Private Sector

4. BIBLIOGRAPHY: CAR/Loans [16]

5. PROJECT ASSISTANCE COMPLETION DATE (PACD): MM DD YY 0 9 3 0 9 2

6. ESTIMATED DATE OF OBLIGATION (Under 'B' below, enter 1, 2, 3, or 4): A. FY 88 | B. Quarter 3 | C. Compl. Qtr. (3)

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

A. FUNDING SOURCE	INIT FY 88 B. FX	C. L/C	D. Total	LIFE OF PROJECT E. FX	F. L/C	G. Total
AID Appropriated Total	880	0	880	12000	0	12000
(Grant)	(880)	(0)	(880)	(12000)	(0)	(12000)
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S. 1.						
Other U.S. 2.						
Host Country	0	3288	3288	0	3288	3288
Other Donor(s)	1494	0	1494	1494	0	1494
TOTAL $	2374	3288	5662	13494	3288	16782

8. SCHEDULE OF AID FUNDING ($000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE 1. Grant	2. Loan	D. OBLIGATIONS TO DATE 1. Grant	2. Loan	E. AMOUNT APPROVED THIS ACTION 1. Grant	2. Loan	F. LIFE OF PROJECT 1. Grant	2. Loan
(1) DFA	240	240		0	0	880	0	12000	0
(2)									
(3)									
(4)									
TOTALS				0	0	880	0	12000	0

9. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each): 040 010 070

10. SECONDARY PURPOSE CODE: 215

11. SPECIAL CONCERN CODES (maximum 7 codes of 4 positions each)

A. Code	BS	Coop	Part	Pvou
B. Amount	5249	5311	12000	10560

12. PROJECT PURPOSE (maximum 480 characters):

To expand the sustainable participation of Togolese private sector entities in agricultural and rural financial markets.

13. SCHEDULED EVALUATIONS: Interim MM YY 0 3 9 9 1 | Final MM YY 0 8 9 3

14. PROCUREMENT ORIGIN OF GOODS AND SERVICES: [ ] Geo [ ] Ws [X] Loan [ ] Other (Specify) 935

15. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a ___ page PP amendment)

17. APPROVED BY: Signature: Mark G. Wentling

Title: Mark G. Wentling, AID Representative Togo/Benin

Date Signed: MM DD YY 06 24 88

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

REF: /WCA NAAC Controller concurrence per Abidjan 14497 dated 7/15/88

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ACRONYMS

ACCOSCA	African Confederation of Cooperative Savings and Credit Associations
AEPRP	African Economic Policy Reform Program
AFR	Africa Bureau of A.I.D.
A.I.D.	Agency for International Development
AID/W	Washington Office of A.I.D.
APP	Association Pour la Productivite
BCEAO	Banque Centrale des Etats de l'Afrique de l'Ouest
BFDW	Bread for the World (West Germany)
CARE	Cooperative for American Relief Everywhere, International
CICM	Centre International de Credit Mutuel (France)
CLF	Central Lending Facility
CNCA	Caisse Nationale du Credit Agricole
CONGAT	Conseil des Organismes Non-Gouvernementaux en Activite au Togo
COOPEC or CU	Credit Union
COOPSUNTO	Cooperative des Syndicats Togolais
DESA	Direction des Enquetes et Statistiques Agricoles
DFA	Development Fund for Africa
DGDR	Direction Generale de Development Rural
DOA 551	Delegation of Authority (A.I.D. field authorities)
DRDR	Direction Regional de Developpement Rural
FAA	Foreign Assistance Act
FCFA	Central and West African Franc
FONGTO	Federation des Organizations Non-Gouvernementales au Togo
FUCEC-TOGO	Federation des Unions Cooperatives d'Epargne et du Credit
FX	Foreign Exchange
FY	Fiscal Year
GOT	Government of Togo
HRDA	Human Resource Development for Africa
IBRD	International Bank for Reconstruction & Development (World Bank)
IITA	International Institute of Tropical Agriculture
IMF	International Monetary Fund
IQC	Indefinite Quantity Contract
IUT	Institut Universitaire Togolais
LC	Local Currency
LOP	Life of Project
MEF	Ministry of Economy and Finances
MDR	Ministry of Rural Development
NGO	Non-Government Organization
ORA	Operational Research Activities
PACD	Project Assistance Completion Date
PCA	Projet Culture Attelee
PDO	Project Development Officer
PDA	Private Development Agencies

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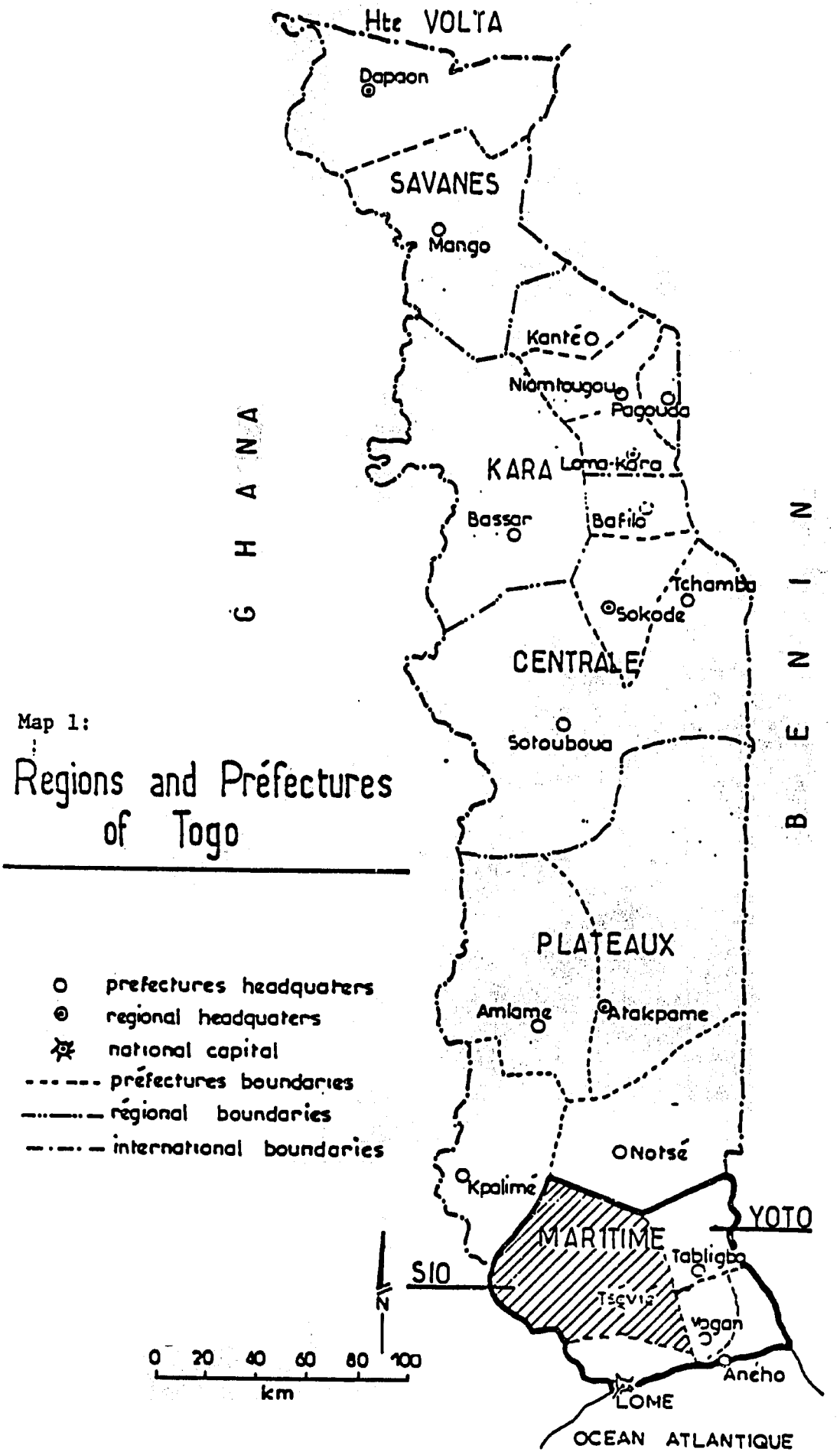
PDRN	Projet de Developpement Rural de Notse
PfP	Partnership for Productivity
PID	Project Identification Document
PIR	Project Implementation Review
PMA	Project Management Advisor
PMT	Project Management Team
PP	Project Paper
PPC/CDIE	Program & Policy Coordination/Center for Development Information and Evaluation
PPS	Program and Planning Service (MDR)
PROAG	Project AGreement
PSC	Personal Services Contract
PVO	Private/Voluntary Organization
RCO	Regional Contracting Officer (REDSO/WCA)
RCMO	Regional Commodity Management Officer (REDSO/WC
RDO	Regional Development Office
REDSO/WCA	Regional Economic Development Support Office/West & Central Africa
RLDC	Relatively Less Developed Country
SED	Small Enterprise Development
SME	Small and Medium Enterprises
SOTOCO	Societe Togolaise du Coton
SOTOPRODER	Societe Togolaise Pour la Promotion de Developpement Rural
SPSS	Small Program Strategy Statement
SRCC	Togolese State Company for Promotion of Coffee and Cocoa
SSE	Small-Scale Enterprises
S&T/IT	Science & Technology/International Training
TA	Technical Assistance
TRIPS	Togo Rural Institutions and Private Sector
UB	Universite du Benin
UNCTAD	United Nations Commission on Trade and Development
UNIDO	United Nations Industrial Development Organization
UPROMA	Unite de Production de Materiel Agricole
US	United States of America
USAID	Office of the A.I.D. Representative (also OAR/Lome)
USDA/OICD/IT	U.S. Department of Agriculture/Office of International Cooperation and Development/ InternationalTraining
WOCCU	World Council of Credit Unions



Map 1:

Regions and Préfectures of Togo

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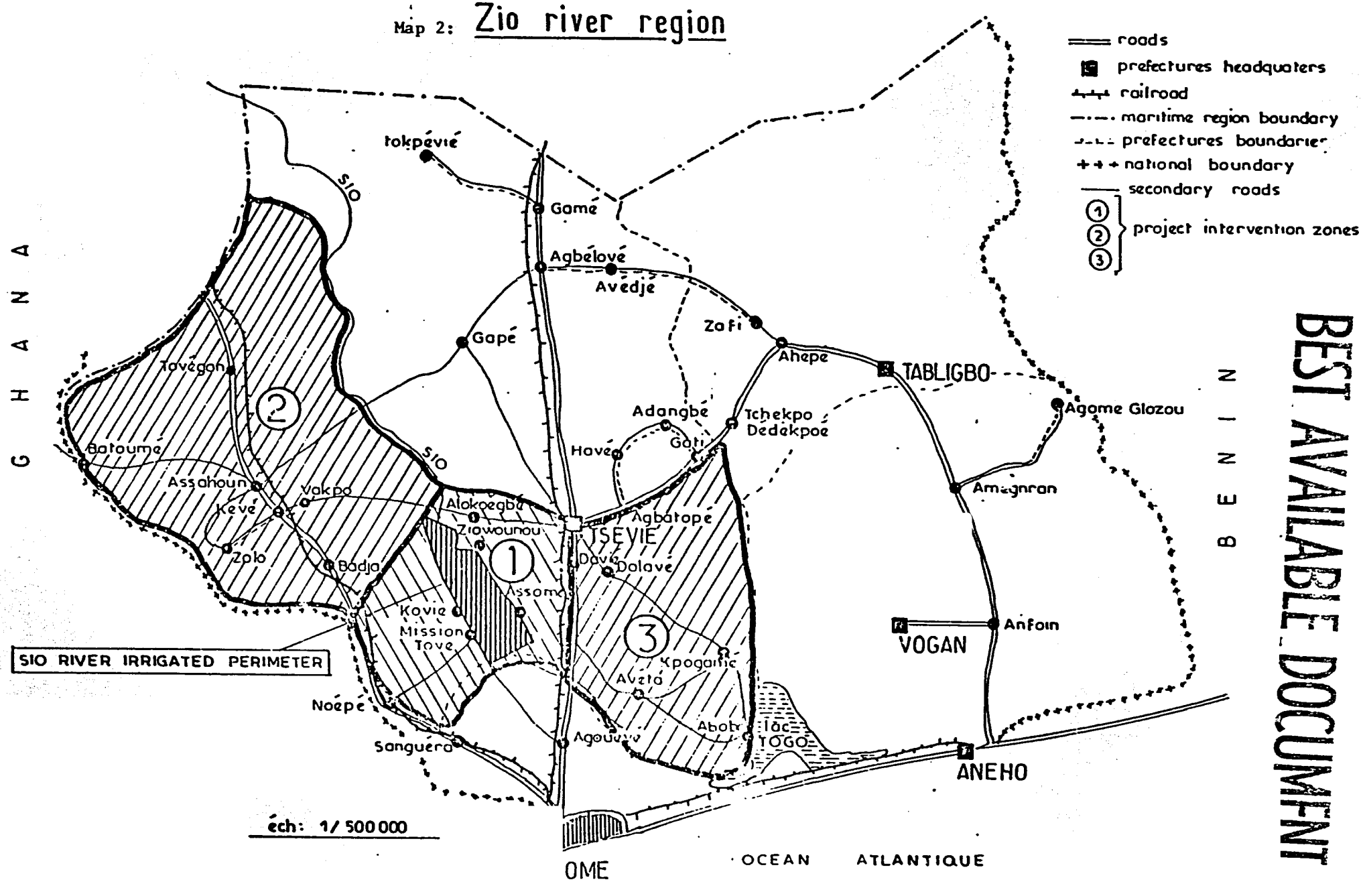
Map 2: Zio river region



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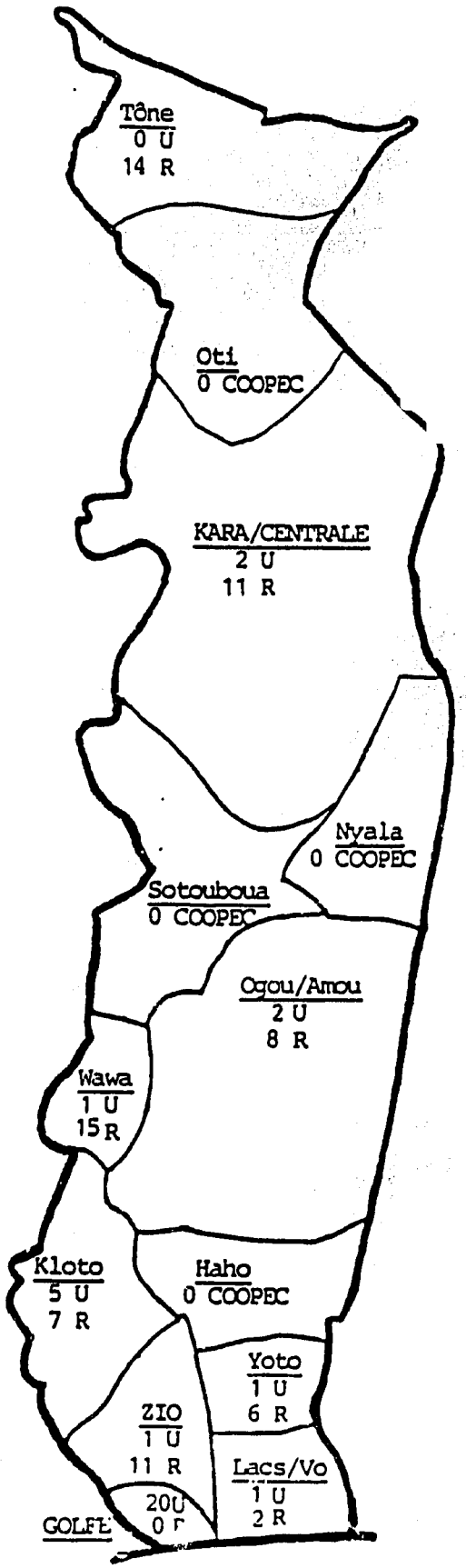
Map 3: Location of COOPECs as of June 30, 1987



Legend:

U - Urban Worker COOPEC

R - Rural COOPEC

Summary

U - 33 COOPEC
R - 74 COOPEC

Total: 107 COOPEC

1. SUMMARY

1.1. Project Objectives and Description

The goal of the Togo Rural Institutions and Private Sector Project (TRIPS) is to increase rural incomes by increasing and diversifying agricultural sector output. The Project purpose is to expand the participation of Togolese private sector institutions in agricultural and rural financial markets on a sustainable basis.

Outputs of the Project will be:

* Improved legal and policy framework for credit union development;
* Credit union movement strengthened;
* Private rural producer groups strengthened;
* Rural private enterprises strengthened; and
* Policy dialogue to improve the environment for private sector development.

TRIPS will pursue these objectives by providing assistance to: 1) Togo's Credit Union Federation (FUCEC), through a cooperative agreement with Credit Union National Association, Inc. (CUNA), a U.S. PVO; 2) the Cooperative for American Relief Everywhere (CARE), a U.S. PVO, through a cooperative agreement, for development of rural producer groups and private enterprises that support the agricultural sector; and 3) the Government of Togo Ministry for Rural Development (GOT MDR), for Project monitoring and coordination.

Project inputs to be provided for all three components include: technical assistance, commodities, training, and other direct costs. The grants to the PVOs will also include financing of credit for credit unions (COOPECs), rural producer groups, and rural private enterprises, and of limited construction. Technical assistance will include long-term resident advisors and short-term consultants. Commodities will consist largely of vehicles, computer hardware and software, and equipment for training and credit union promotion. Most training will be in-country for development of specialized skills such as credit union management, farmer group promotion and small business planning; other training will consist of short-term training and observational tours in the U.S. and third countries. A.I.D.'s contribution for other direct costs will be for operations of the two PVOs, of FUCEC (for which budget support will be phased out over the Project), and of MDR monitoring and coordination.

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1.2. Financial Plan

A.I.D.'s contribution for TRIPS will be $12.0 million in grant funds from the Development Fund for Africa. The Government of Togo will contribute $1.5 million in kind and FUCEC $1.7 million in cash and in kind. In addition, CARE will provide $500 thousand in cash, CUNA $55 thousand for a risk management program, and other agencies approximately $939 thousand for credit union development.

FINANCIAL PLAN
($1000 or equivalent)

Project Inputs	Grant to CUNA		Grant to CARE		MDR Support	
	A.I.D.	GOT	A.I.D.	GOT	A.I.D.	GOT
Technical assistance	1561		1678		747	
Local personnel		22	1120	372	55	15
Commodities	194		330	142	26	
Construction	244		100	102		
Training	175		121		95	
Credit and grants	671		651	783		
Studies	45		410		114	
Evaluations	52		25		170	
Audits					55	
Other direct costs	1418	3	39	97	122	5
Indirect costs	667		413			
Contingency	284		362		56	
Total	5311	25	5249	1496	1440	20

1.3. Grantee and Executing Agencies

The grantee will be the Government of Togo, represented by the Minister for Rural Development. Project-supported activities will be implemented by CUNA/FUCEC, CARE, and the MDR.

1.4. Summary Findings

The design team has examined the technical, administrative, economic, and social implications of the Project's activities. The findings from all these analyses have been incorporated into the Project design, and all Project activities are considered feasible and beneficial.

1.5. Recommendations

A grant in the amount of $12.0 million over a five-year period commencing August 1988 should be authorized to the Government of Togo for execution of the Togo Rural Institutions and Private Sector Project. From this grant, A.I.D. should enter into cooperative agreements with CUNA and CARE to help implement the Project.

1.6. Project Issues

Following is a list of issues resulting from AID/W's review of the PID (see Annex A):

1. Establishment of a credit component. TRIPS will finance credit for the credit union movement and rural producer groups, but only through CUNA/FUCEC and CARE. This provision of credit will only continue programs that were started under previous A.I.D. grants to these PVOs, and no project-funded credit will be provided through other intermediate institutions. This credit is in great demand by rural producers and entrepreneurs, and in Togo it is clear that projects such as TRIPS and the National Agricultural Development Bank (currently moribund pending restructuring) will be the only significant suppliers of formal credit for these rural groups over the short and medium term.

2. Policy constraints and donor coordination. To identify policy constraints on rural producers and entrepreneurs and to promote dialogue concerning those constraints, TRIPS will fund policy studies, seminars and training under the MDR monitoring and coordination component. TRIPS will encourage other GOT agencies, donors, and private sector representatives to participate in this dialogue with the MDR, A.I.D., CUNA/FUCEC and CARE.

3. Host country contribution. The host country's contribution (including that of the GOT, FUCEC, and private Togolese) to total Project costs is estimated at 20%. Since Togo is on the UNCTAD list of relatively least developed countries, it is eligible to have the 25% requirement for host country contribution waived. A waiver has been prepared for the review and approval of A.I.D.'s Assistant Administrator for Africa.

4. Impact and sustainability. TRIPS will include a monitoring and evaluation program that focuses on Project impact and sustainability. Surveys will be done at the beginning and end of Project to permit assessment of progress towards achieving goal and purpose-level targets, and survey data will be disaggregated by gender to facilitate a review of WID concerns.

5. Project management. TRIPS includes carefully specifed management responsibilities for all parties involved in the Project: the MDR, CUNA/FUCEC, CARE, and OAR/Lome. Together they will coordinate their activities through the Project Management Team. While all members of the PMT will review Project progress and work plans, only the MDR and OAR/Lome will be responsible for approving work plans, so that the PVOs are not placed in a conflict of interest situation.

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6. Procurement of CUNA and CARE services. CUNA and CARE have designed and submitted proposals for A.I.D. assistance on their own initiative. A waiver to limit applications to the two PVOs is not necessary.

7. Applicability of group formation methodology to other regions. CARE is well aware of the need to adapt its technical packages to other regions outside the Zio Prefecture and both PVOs realize that their strategies may need to be varied, too. However, as both work closely with beneficiaries and actively solicit beneficiaries' involvement in identifying needs and implementing activities, this is not expected to be problematic.

1.7. Major Condition Precedent and Covenants

Condition Precedent - Prior to any disbursement under the Grant for FUCEC operating costs beginning on April 1, 1989, the Cooperating Country 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. A copy of a formally issued letter to FUCEC-TOGO, the contents of which will essentially be the following: Given Article 12, Title IV - Obligations - Decree No. 71167 which deals with the application of Ordinance No. 13, dated April 12, 1967 to the Cooperative Statute of Togo, the Ministry of Rural Development designates the Togolese Federation of Cooperative Savings and Loans Unions (FUCEC-TOGO) as its agent in matters which concern financial and technical control of all the savings and loan cooperatives operating on Togolese territory, regardless of whether such cooperatives use or do not use the name of Savings and Credit Cooperative (COOPEC) and regardless of whether such cooperatives are affiliated with FUCEC-TOGO. In this regard, only FUCEC-TOGO will be empowered by the Ministry according to the provisions of Ordinance No. 13 to ensure that these laws of the Republic of Togo, and Ordinance No. 13 in particular, are respected, and that good financial and administrative management practices are adopted and observed.

b. A copy of a formally issued letter to FUCEC which indicates approval of a FUCEC-sponsored risk management program.

Covenant - Prior to the annual disbursement of funds under the Grant for all FUCEC/CUNA, CARE and Ministry of Rural Development costs, except those directly associated with long-term advisors and salaries/benefits for local staff, the Cooperating Country will submit to A.I.D., in form and substance satisfactory to A.I.D., an annual work plan at least

one month in advance of the year discussed in the plan. Costs anticipated in 1988 will be exempted from this requirement.

Covenant - The Cooperating Country will ensure that a Project Management Team is established, with representatives from the Cooperating Country, A.I.D., CARE, and CUNA/FUCEC, with the mandate to: review annual work plans of CARE, FUCEC/CUNA, and the Ministry of Rural Development's Program and Planning Service, and to monitor and coordinate Project activities.

2. RATIONALE AND DESCRIPTION

2.1. Overview

Togo's growth in agricultural output over the past decade has been slow. Production of food crops, which account for about 75% of total agricultural production, has actually grown less than Togo's population -- about 2% per year for cereals and slightly less than 1% per year for root crops. Moreover, coffee and cocoa production have declined. Only cotton production has increased appreciably (more than 8% annually). Most of the growth which has occurred in food crop production resulted from increases in land under cultivation rather than changes in production technology.

Such a modest performance ill fits a country which has a potential physical production growth rate that is double current figures, according to recent outside studies. Togo's agriculture does not suffer from a lack of natural or human resources or from uncontrollable factors. An adequate land base exists and rainfall patterns, while a bit capricious in recent years, provide Togo with more than sufficient moisture to grow a wide variety of crops over an extended agricultural season. With more than fifty percent of farms covering an average of at least two hectares, farm structure allows for a shift from a subsistence-based economy to one with a marketable surplus. Farmers themselves have demonstrated a willingness to innovate and adopt new technologies when they are convinced changes are in their long-term interest.

There are several reasons for Togo's poor agricultural performance. Togolese government institutions have historically been responsible for supplying agricultural production inputs as well as for marketing most cash crops. Public sector institutions which supply agricultural inputs have focussed on export crops (cotton, coffee, and cocoa) rather than food crops. As a result, few viable alternatives exist for the vast majority of farmers to obtain production inputs to raise agricultural production. While food crop production generally meets national consumption requirements, restrictions on the export of food crops to neighboring countries have kept domestic prices low, with consequent disincentives for increasing that production.

A second reason for the low rate of agricultural growth has been the slow adoption of technology by rural producers. This is due to the government's inability to extend improved agricultural technologies as well as provide necessary agricultural inputs (fertilizer, credit, etc.) through superimposed extension and marketing structures. The heavy presence of public structures, policies, and regulatory constraints discourages the participation of the private sector in rural development.

Joint donor-government studies have concluded that achievement of Togo's agricultural production potential can only come about through the accomplishment of a three-point program: an improvement in the efficiency of farm extension, greater availability of appropriate inputs, and the gradual reorientation of the rural economy towards a market-driven price system. Implicit in each of these areas is the increasingly important role which the private sector is being called upon to play. The major constraint to establishing such a program is sectoral policy.

Concerted multi-donor and government actions have succeeded in some of the essential policies and services which are preconditions to increasing farm incomes and generating sustained growth. These include: reductions in export crop taxation, a government commitment to increase producer prices, liberalization of grain marketing, enlarging the private sector role in servicing agriculture, and increasing the efficiency of essential public functions in agriculture.

These initial improvements at the policy level, as well as specific short- and mid-term project assistance have begun to improve rural development efforts. Agricultural extension services have improved remarkably, particularly in agricultural zones served by the national cotton company (SOTOCO). The food crop extension service, DRDR, has profited from the example set by SOTOCO in establishing clear objectives, organizing work plans as a function of those objectives, and then closely monitoring implementation and results. However, not all of the short-term advantages of a closely controlled circuit of cotton production, which assures all linkages from input supply to collection, processing and export, can be transformed to food crop extension services. Considerable work remains to be done in rendering extension services more efficient in the delivery of technical information. It is necessary to improve extension agent communication skills, as well as to provide better backstopping through stronger links with research, credit and marketing.

The World Bank's Agricultural Extension project, due to get underway in late 1988, will signal the beginning of a major redirection of extension agent performance in primarily food crop zones. The enormity of the task has attracted other assistance, notably the German support to the Central Region DRDR, EEC localized projects in the Kara and Savanes regions, the IFAD project in the Notse zone and the collaborative efforts of a few specialized PVOs, like CARE (under AID's current Zio River Valley Economic Development project).

Input supply, (primarily fertilizer, pesticides, seed and credit), is also expected to improve. Following a series of reforms in the rules which govern importation, distribution and price of the three physical inputs, including elimination of price subsidies, greater opportunities will exist for the

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private sector to satisfy farmers' needs for inputs. For example, SOTOCO, will soon turn over fertilizer importation and transportation to private entities.

Input supply channels will very likely be related to other sector linkages such as manufacturing, repair facilities, storage, transportation, marketing and processing. The World Bank's lead in this respect (through its Development of the Togolese Private Sector Project) is key to preparing a framework within which small- and medium-sized enterprises (SMEs) will be able to grow and assume a greater percentage of business in the industrial sector. The Bank's program, however, recognizes the difficulty of generating a significant pipeline of bankable SME sub-projects. Furthermore, most sub-projects which are immediately funded are likely to be situated in Lome and concentrate on non-agricultural products. Considerable work remains to develop rapport between banking institutions and small agricultural enterprise promotion.

A.I.D.'s continued interest in and support of independent rural financial markets in Togo through support for the Togo Credit Union Federation are having a positive impact on providing productive credit for agricultural production and related micro activities at the village level. The virtual paralysis which has struck, even if only temporarily, the government agricultural credit and development banks, underscores the importance of establishing healthy rural credit unions. The government is counting on FUCEC and its related credit unions to train members in productive credit and to provide their resources and institutional structure for sustained investment in rural development.

2.2. Conformity with GOT Development Objectives

The financial drain caused by Togo's economic malaise during the past decade has necessitated a major reduction in the public sector's role in the national economy and will require more productive investment of resources in the future. The Togolese government, in concert with the IBRD and the IMF, has recently undertaken an economic reform program which aims to generate and sustain growth, consolidate and reduce debt financing, and intensify structural adjustment in the economy. Togo has adopted a prudent policy of public investment using external financing for viable, productive activities which promote economic growth. Nevertheless, considerable external assistance is required from Togo's traditional development partners to buttress new policies, strategies, and programs which refocus sector objectives more on market demand than on dependence on large state-driven programs.

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An agricultural sector assessment undertaken by the IBRD in 1984 and recently updated in the draft Country Economic Memorandum corroborates A.I.D.'s observations. The predominant themes are that:

- Togolese agriculture is based on subsistence farming and until recently there has not been a deliberate agricultural policy to produce a marketable surplus in food crops; and

- GOT agricultural support services have been poorly organized, and the few private sector services which exist are indirectly discouraged from active, profitable participation.

The Togolese government's "New Rural Development Strategy," published in mid-1985, describes the Ministry of Rural Development's assessment of sector problems and proposes an innovative strategy to promote sector growth. The document recognizes the key role played by the agricultural sector in the development of the nation and also recognizes the GOT's poor performance in serving agriculture. Under the new strategy, the GOT promotes sources of agricultural credit other than the National Agricultural Development Bank (CNCA), and also encourages the utilization of Private Voluntary Organizations (PVOs) and Non-Governmental Organizations (NGOs) in rural development schemes:

> ". . . Financial resources must be made available to the farmer through credit. . . the perception that the CNCA . . . should be the only source of credit to farmers must be corrected. . . Rural savings and credit unions organized by the farmers themselves will have to be developed . . ."
>
> The NGOs will be considered, [on a priority basis], to be in charge of implementing [rural development] projects . . . NGOs are held in high esteem by farmers. . ."

The Government's agricultural strategy allocates greater responsibility to farmers for their own development, reduces the role of government in agriculture, and seeks reliable private partners to invest in the sector's development.

By focussing on rural producers and emphasizing private rural credit, TRIPS will not only demonstrate the practicality and economic feasibility of promoting self-sustained rural institutions, but will also provide assistance in key areas to ensure that privatization is effected.

2.3. Conformity with OAR/Togo Development Strategy

OAR/Lome's program goal, as presented in the 1984 Small Progra Strategy Statement (SPSS) is to improve the quality of life among rural Togolese through activities in the health and agricultural sectors. OAR has recently consolidated its healt portfolio under the Health Sector Support for Child Survival Project. A similar effort is overdue in the agricultural sector, which should consolidate several ongoing activities to fit neatly within a programmatically-coherent and institutionally-manageable framework. Given OAR's experience in working with rural institutions in support of generating agricultural sector growth, and the measure of success enjoyed to date by these separate project efforts, it behooves a small program to maintain an effective participatory presence where there is a strong prospect of positive results.

Over the next year, OAR plans to develop a new SPSS. For the agricultural sector, the strategy will be to effect changes on both the program and project/field levels. While OAR realizes that it is unrealistic to think that sweeping economic reforms can be leveraged at present bilateral economic assistance levels, OAR has identified other more manageable regulatory constraints that can be realistically relieved. This process has already begun under the Cereals Trade Liberalization Program (AEPRP). By targeting specific policy reforms, within the framework of the World Bank's structural reform program, while at the same time promoting specific project activities in support of the reforms, OAR believes that A.I.D. funding can help improve agricultural production and marketing.

2.4. Experience from Related OAR Projects

A.I.D. has already helped resolve key problem areas in agricultural development. Both project and non-project assistance over the past five years have supported government objectives to increase the efficiency of agricultural extension operations, develop reliable independent and sustainable systems of input supply and improving available means of production, and help create the right policy and regulatory environment which provides appropriate incentives to farmers to raise productivity and stimulate inter-regional trade. A.I.D. involvement in each of these areas has resulted in an increasingly collaborative relationship with government agencies and private sector firms that are interested in restructuring the rural economy to improve its performance and to provide opportunities for sustainable benefits to participants at each level.

Extension services and input supply are being addressed under the Zio River Economic Development Project (Project No. 693-0226). A recent mid-term evaluation found that the

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project's intensive approach to farmer technical training, credit education, and farm management has resulted in real gains in yields, income and skills of participant producers and has begun changing traditional patterns of economic behavior. Almost four years of rapidly expanding project activities have established the possibility of a more profitable small farmer agriculture in the region. The viability of the approach depends on its spread to a broader clientele without losing effectiveness. The critical test of technological innovation is not productivity or even efficiency per se, but whether the new practices are adaptable, profitable and sustainable. The project's extension approach, now receiving considerable attention from government agencies and other donor organizations, encourages new linkages among rural production units and investments in various types of agricultural support institutions, formal and informal, that are important to the growth of local economic activities. The project implementation agent, CARE, is being called upon to provide technical assistance to other activities outside of the Zio region which are prepared to undertake a necessarily initially intensive approach in the matter of building sustainable agricultural development. The approach has proved itself applicable to producer groups, small rural enterprises, small and medium industries and financial institutions which are involved in the agricultural sector.

The availability and productive use of credit for agricultural development is at the center of the Zio project, and it is also fundamental to AID's efforts to assist the development of a national network of credit unions through the Credit Union Development Project (693-0224). That project has been developing an increasingly sound institutional and capital base for expanding a productive credit program beyond a pilot 10 credit union trial. The apparent prolonged lethargy of the government's agricultural credit bank offers an opportunity for credit unions to mobilize savings at an increased rate and thereby move towards internal financial self-sufficiency. The contacts being established between producer groups and credit unions open the real possibility of forming strong linkages between rural financial and commodity markets.

A.I.D. has also contributed to improving agricultural production through its decade of efforts to develop draft animal technology in Togo (Animal Traction Development Project, 693-0218). An affordable, appropriate and sustainable technical package is operating in Togo's northern regions. The increased agricultural productivity which draft equipment offers to farmers has led to marketable surpluses of cereal products and encouraged the development of related rural support enterprises (artisanal-level equipment manufacture and repair, transportation, etc.). Farmer adopters of animal traction are increasingly organizing themselves into supply and marketing units, that operate independently of government subsidies and services.

A.I.D. participates in the third problem area - that of producer incentives - by assisting the government to implement its program of Cereals Export Marketing Liberalization (AEPRP, Project No. 693-0229). The rationale for the export policy reform rests on a demand-driven marketing system that provides the critical incentives to Togo's cereals farmers. Opening additional demand through local and export markets will at a minimum assure farmer producers and producer-groups that their marketable surplus will be sold. Otherwise, the danger Togo faces is that periodic cereal deficits will increase in frequency and severity as production incentives are eroded by low prices in good years. Although the new cereals export policy has been promulgated at official levels, there remains considerable room for actual participation by farmers, farm groups and traders in all aspects of market liberalization.

A.I.D. can play an important role in linking dynamic farmer producer groups to wider opportunities available in the regional export market. Augmenting the supporting role of rural financial markets, enterprises, and small agricultural industry and supply firms remains a major challange to the development of Togo's rural economy. But A.I.D. experience, coupled with government readiness, indicates that an opportunity of unusual proportions and high potentially is now at hand. TRIPS will help A.I.D. take advantage of that opportunity. Recent project evaluations have helped strengthen existing rural development activities and assisted in the development of the TRIPS project design. Among lessons learned in the area of farm and enterprise promotion is the importance of retaining the holistic approach to small farmer development and local economic modernization, and the need to make the approach more cost efficient and accessible to larger numbers of producers. Forms of service delivery have been modified as a consequence, and other public or private institutions are used where they fit. Producer group formation methods have been altered to make project services and benefits more accessible to various kinds of producers: rainfed farmers, water user associations (for irrigation), animal raisers, food processors, artisans, small traders, young people just starting off, and rural savers.

A major lesson learned is that getting producers to adopt new technologies (agricultural, business, or financial markets) can result in dramatic increases in productivity, but also greatly increases risk. Accordingly, the most important modernizing influence over the long-term will be the establishment of reliable, viable institutions (credit, input supply, marketing, and savings) that mitigate risk and satisfy the demand for economic services. The essence of sustainability is having affordable services and being able to pay recurrent costs. The latter includes the ability to generate income from local and other sources, as well as good cost management. TRIPS takes these lessons seriously and incorporates them into the project framework from the outset.

The recently completed assessment of the government's performance to date in implementing the Cereals Export Liberalization project has underscored the ambiguity of taking policy decisions in the direction of reform but not making practical decisions to permit those reforms to have any real meaning. Specifically, the government regards agriculture and food self-sufficiency as matters of national security, and it is still reluctant to provide information and incentives for opening further marketing opportunities to the private sector. Significant gains are being made in overcoming this attitude by the prudent use of technical assistance for studies and analyses, and for encouraging gradually bigger steps towards liberalization of the trade regime. TRIPS plans to continue this method of dialogue and demonstration to encourage the government to include the private sector in agricultural development.

2.5. Objectives

The goal of the TRIPS Project is to increase rural incomes by increasing and diversifying agricultural sector output. Achievement of this goal will be indicated by measurable increases in: overall agricultural production (including the possibility of exportable surpluses), the use of new varieties, and demand for agricultural inputs and credit.

The project's purpose is to expand the participation of Togolese private sector institutions in agricultural and rural financial markets on a sustainable basis. Private sector institutions include producer groups and associations, credit unions, private traders, entrepreneurs and businesses, and indigenous non-governmental rural development organizations. Achievement of the purpose will require that these types of organizations be able to mobilize the resources and services necessary to increase agricultural production.

By the end of the project, indicators that the project will have achieved its purpose are:

* increased savings and credit flowing through private institutions in the rural sector (number of self-sustaining credit unions increases from about 120 to 200; credit unions' savings increase from about 630 million FCFA to 2.7 billion FCFA; credit unions' outstanding credit increases from about 491 million FCFA to 1.6 billion FCFA); and

* increased role of private groups in agricultural production (number of self-sustaining rural producer groups increases by 30; creation of 10 financially viable small enterprises, 250 micro-enterprises and

10 rural trade associations; increased supply of agricultural inputs coming from private sector sources, such as animal feed, improved seed, rototillers, tools, and crop spraying services; and agricultural production from TRIPS-promoted producer groups increasing in value from under $300 thousand/year to about $800 thousand/year).

Outputs of the project will be:

1. Improved legal and policy framework. The project will encourage the GOT to adopt legislation and policy which improves the environment for credit union development. Achievement will be indicated by: a) updated cooperative legislation which permits the provision of clear legal identity to credit unions; b) approval of insurance for credit union life savings and loans, which permits risk management; and c) clear establishment of FUCEC rights to inspect credit unions' records and to enforce prescribed corrective measures.

2. Credit union movement strengthened. Achievement will be indicated by: a) expansion of the credit union movement with the creation of 80 new credit unions throughout Togo, but especially in the high potential Central Region; b) total credit union membership increases from 16 thousand to 38 thousand; c) 540 credit union officers and 240 credit union employees or volunteer managers trained by the project; d) average credit union loan delinquency falls from 35% to 15%; e) 50 credit unions participating in the risk management program to be created with project support; f) FUCEC self-sufficiency in its core budget (which excludes new development costs) increases to 72%; and g) annual dues collection increases from 60% to 80%.

3. Private producer groups strengthened. Achievement will be indicated by: a) 3400 farmers working in project-promoted groups; b) 7500 farmers attend training sessions held under the project; c) 6840 groups training sessions held; d) 30 training programs and at least 10 operations research activities (ORAs) held for other development organizations to extend the project's group promotion strategy from the Zio prefecture to all regions in Togo; and e) at least 50 producer groups outside Zio assisted due to the training and ORAs provided to other development organizations.

4. Private enterprises strengthened. Achievement will be indicated by assistance provided to 250 micro-enterprises, 10 small enterprises, and 10 rural private associations.

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5. Policy dialogue to improve environment for private sector development. Achievement will be indicated by: a) completion and formal review/workshops of 5 policy studies relevant to the private sector by the Ministry of Rural Development; b) at least 4 observation/study tours by MRD and other GOT officials to learn more about policy and private sector development; and c) 2 seminars involving A.I.D., the GOT, other donors, and representatives of the private sector.

Beneficiaries of the project will include men and women, primarily in rural areas, who belong to project-assisted producer groups (at least 3400 farmers), credit unions (about 38 thousand members), or private trade associations, or who own micro or small enterprises (at least 260 entrepreneurs and their employees). Other direct beneficiaries include FUCEC personnel, Togolese CARE staff, GOT personnel, and personnel of NGOs that benefit from project training. Also, it is expected that through linkages created by the micro and small enterprises in the agricultural sector, and through other multiplier effects, that TRIPS will benefit indirectly an even larger number of beneficiaries. The Social Soundness Analysis (Annex E.4) describes these beneficiaries in greater detail.

2.6. Project Elements

TRIPS will consist of four interrelated components: 1) assistance to Togo's credit union movement; 2) assistance to private agricultural producer groups; 3) development of rural private enterprises; and 4) strengthening of MRD's capacity to monitor and coordinate the promotion of private sector development in the rural sector.

The first component will be implemented with a $5.31 million grant to CUNA to help it expand its program of support to FUCEC. CUNA has initiated and designed a proposal for submittal to OAR for this grant, and much of the project description that follows comes from that proposal.

Similarly, the second and third components will be implemented with a $5.26 million grant to CARE to help expand its program of support to rural producer groups, both directly and by branching out to develop private enterprises and associations that are important for the success of producer groups and rural development in general. CARE, too, has initiated and designed a proposal for this grant, and much of the following project description is taken from that proposal.

TRIPS is not simply an expansion of two current projects, however. In addition, it will promote a symbiosis of the two grants at two levels: 1) at the local level in rural areas as

producer groups and private enterprises will be encouraged to benefit from credit union development, and 2) at the national level, for planning and coordination of project activities. Moreover, TRIPS will include a fourth component to encourage the GOT Ministry of Rural Development to work with CUNA/FUCEC, CARE, and the Mission to implement the project and promote private sector-oriented rural development.

2.6.1. Grant to CUNA -- Credit Union Development

This component of TRIPS will enable the credit union movement in Togo to become a viable and more sustainable source of financing for agricultural and rural development investments. Through a $5.31 million grant to CUNA (in the form of an A.I.D.-CUNA cooperative agreement) over five years, the project will help FUCEC achieve eight objectives as set forth in its second five-year plan. These are summarized below.

1. Improve the Credit Union Movement's Legal and Policy Framework

The GOT's formal recognition of FUCEC's authority and obligation to regularly inspect credit unions and to insure the respect of Togolese law, their own bylaws and internal policy statements, as well as sound operating practices, is a condition precedent to disbursement under the project. Recognition of FUCEC's authority in this area is critical to achieving the other seven objectives. Also, the project will help FUCEC assure that all viable or potentially viable credit unions are legally recognized.

In addition, TRIPS will help FUCEC to implement several operating policies in order to strengthen the movement, including: internal operating rules for credit unions (including standard credit policy), requirements for credit unions to obtain services from or participate in FUCEC programs (they must be in good standing with FUCEC, including payment of entrance fees, annual dues paid), and regular FUCEC inspections of credit unions.

As a Conditions Precedent to any disbursement for FUCEC operating costs beginning on April 1, 1989, the Minister of Rural Development is required to issue an official circular letter confirming FUCEC's pre-eminent authority over all credit unions in Togo as stated in GOT Ordinance No. 13 of April 2, 1967. This law and a 1971 decree providing further details on its application represent the legal basis for FUCEC's operations. A clear statement from the sponsoring Minister on FUCEC's authority under this law is needed to remind all credit unions of FUCEC's rights and obligations, especially as applies to forcing all credit unions to comply with their bylaws, statutes and sound business practices. While FUCEC would welcome the passage of a moremodern Cooperative Law specifically taking into account the nature of financial

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[illegible] as credit unions (the current law focuses on agricultural cooperatives) such a new law is not essential to the success of the Project's credit union component.

2. Expand FUCEC's Productive Credit Program

TRIPS will help FUCEC expand and institutionalize its Productive Credit Program, which was begun under the previous project (693-0224). Expansion will include addition of credit for commerce and small business as well as farm credit. There will also be geographic expansion to all areas where credit unions exist. Training in use of credit will be emphasized through the use of small group workshops. Since FUCEC earns interest from this credit, expansion of the program will help FUCEC attain financial self-sufficiency.

Applications for productive credit loans will be handled like all other types of loans that are financed through FUCEC's Central Lending Facility (CLF). First, the application is reviewed by FUCEC's local field agent and the Productive Credit Unit staff. Secondly, a computer generated anlysis (credit scoring) of the credit union's financial position and performance is carried out. The application, recommendations and scoring are then studied by FUCEC's Credit Committee, which approves or disapproves the loan in accordance with the CLF's written policy. To the extent possible, disbursements for approved loans are made to suppliers and vouchers are provided to credit union members. Loan balances for such inputs as labor are paid in cash directly to the credit unions concerned. To help reduce loan delinquency rates, TRIPS will help FUCEC create a Loan Collection Unit. This unit, combined with periodic inspections and enforcement procedures, will help to reduce overall delinquency within the movement to 15%, thereby also helping FUCEC attain financial self-sufficiency.

3. Undertake Education and Promotion Programs

With project support, FUCEC will conduct an intensive member education campaign for credit union members in operating principles and operations. It will conduct a vast promotional campaign to increase membership and savings, using: documentation produced in national languages; mass media; seminars for MRD Cooperative Department personnel and rural leaders; and local promotional efforts, including periodic presentation by FUCEC of films and slides to all credit unions. With project support FUCEC will expand its training of credit union managers and volunteer leaders in accounting and management skills.

Further, TRIPS will help upgrade the skills of FUCEC staff in such areas as: planning, management, data management and analysis with computers, training and promotion. The movement's elected leadership will recieve training in the

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revised legal and policy framework, in promotion and public relations techniques, understanding of financial statements, credit management, and communications techniques. Training needs for FUCEC staff and leadership will be further defined during project implementation, but it is certain that some training will take the form of short courses or observation tours in the U.S. and third countries (such as to learn from successful credit union movements in Cameroon and Rwanda).

4. Expand the Credit Union Movement

In order to help FUCEC attain self-sufficiency, it is necessary that the movement expand and that its savings growth be accelerated. TRIPS will help the credit union movement expand by helping FUCEC to: a) organize new urban workplace credit unions, where rapid mobilization of large sums of savings is easiest; b) organize new community credit unions in rural areas and secondary cities where there is significant membership potential; and c) extend its activities into the region corresponding to or adjacent to the Mono River Valley, including opening of five new offices.

5. Expand the Incentives Program

TRIPS will enable FUCEC to expand its incentives program for rural credit unions, which was initiated in 1986 with support from the African Development Foundation (ADF). The objective of the program is to strengthen rural credit unions by encouraging them to make difficult policy changes, such as upward adjustment of interest rates on loans and savings, hiring of competent personnel, and setting of regular business hours. The ADF-supported program included provision of reimbursable grants for office construction and managers' salaries to 15 credit unions. The results to date are so promising that TRIPS will expand the program, with the same incentives package, to up to an additional 50 credit unions. Half of the project funding for this expansion will be at the outset of the project. The balance of funding will be provided if the mid-term evaluation concludes the program is successful.

The reflows on reimbursable grants for credit union buildings will be used to finance buildings for credit unions who have not yet participated in the incentives program. As revolving funds will be maintained within the CLF for this purpose.

Credit Union Office buildings to be constructed will continue to use the tried and tested plan used by ADF project credit unions (see plan in Annex K). In 1986, offices cost about 10,000 FCFA (approximately $1,600) to construct and equip, and about 600,000 FCFA (approximately $1,900) in 1987. Given this approximate 20% annual inflation in building costs, the average cost of 750,000 FCFA (approximately $2,400) will be used as a reasonable estimate under this Project.

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6. Establish a Risk Management Program

TRIPS will help FUCEC to initiate and extend a risk management program to as many credit unions as want it. The program will consist of life savings and loan protection insurance to protect credit unions and their members from financial problems in the case of a member's death. This program will require GOT approval, which is a condition precedent to disbursement.

7. Organize an Accounting Service Bureau

Depending on a feasibility study to be conducted early in the project, TRIPS will help FUCEC establish a computerized accounting service bureau to service large workplace credit unions in Togo's Maritime Region. This would be a pilot activity, with possible replicability to other regions. These services would be subsidized at first to attract credit unions to the program. Over the life of the project subsidization would be phased out and this program will become self-financing as credit unions begin to value the services provided.

8. Accelerate FUCEC-TOGO's Progress towards Financial Self-Sufficiency

Achievement of this objective will follow from achievement of the other seven described above. Given realistic targets for savings growth, expansion of the productive credit program, organization and strengthening of additional credit unions, and income generated by the Loan Collection and Accounting Service bureaus, it is anticipated that FUCEC will be 72% self-sufficient in its core budget by the end of the project, up from the current level of about 16%.

9. Legal Defense Fund

As part of the Project's campaign to clean up and restructure renegade credit unions that continue to refuse to obey the law, their bylaws or sound business practices, FUCEC intends to use all legal means possible to force management improvements. In some cases, FUCEC will have to retain an attorney and file suit against credit unions and their officers or staff. In other cases, some credit unions may sue FUCEC to make it cease and desist from unwanted interventions. FUCEC will use up to $55,000 to pay for the legal costs associated with restructuring these renegade credit unions.

Project Inputs

Under the cooperative agreement, CUNA will provide: technical assistance, support for FUCEC's development and operating costs, participant training, financing for the Productive Credit Revolving Fund and for the Community Credit Union Incentives Program, and commodities.

Technical Assistance. CUNA will furnish the long-term services of a Management Advisor (Chief of Party) for 60 months, a Productive Credit Advisor for 48 months, and a Credit Union Data Processing Advisor for 30 months. Scopes of Work for these advisors are included in Annex G. The grant will also provide 7 person-months of short-term consultancies in such areas as risk management, financial services, electronic data processing feasibility and installation, and audio-visual services. All of this technical assistance will actually be supplied by the World Council of Credit Unions (WOCCU) under a subcontract with CUNA. WOCCU will also provide technical and administrative backstopping from its U.S.-based staff. In addition, WOCCU staff will participate in project evaluations.

Support for FUCEC's development and operating costs. The project will fund all of the development costs of FUCEC-TOGO over the next 5 years and certain recurrent costs on a declining basis. Development costs include an extensive program of in-country training of credit union members, officers and staff; promotion campaigns, including use of mass media; seminars for MRD Cooperative Department staff; and construction of regional offices. Recurrent costs include communications, office supplies, printing, vehicle/equipment operations and maintenance, translations and other temporary services, etc.

Participant training. TRIPS will finance 3 joint GOT/FUCEC study tours to the U.S. and third countries for participants to observe and learn about credit union development. It will also support specialized training for FUCEC staff in priority skill areas, such as planning and management.

Productive Credit Revolving Fund. The project will provide up to an additional $494 thousand in capitalization for the Productive Credit Revolving Fund, which was begun under the earlier project (693-0224). The grant will provide $250 thousand for the Fund at the beginning of the project, and following a review of the mid-term evaluation, it will provide up to the balance of $244 thousand if necessary and if matched from other sources. With this funding method, only resources that are actually necessary will be provided to the fund, and matching will enable leveraging of A.I.D. resources as well as promote FUCEC self-suffiency.

It is to be noted that under the predecessor project (693-0224) about 25 million FCFA (approximately $80,000) was provided to FUCEC's CLF according to a formula that specifies the provision of 50 FCFA for each 100 FCFA in CLF deposit growth since January 1, 1986. To ensure that only the capitalization needed is disbursed under this Project, the amount disbursed will be linked to the amount of productive CLF loans outstanding at the time.

Community Credit Union Incentives Program. TRIPS will provide $327 thousand for making reimbursable grants to 50 credit unions to cover the cost of constructing and equipping an

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office/meeting place, and for grants to cover a declining portion of a paid manager's salary and operating costs. Of this amount, $150,000 will be for a 75% share of the construction costs, the remaining 25% to be paid by the COOPECS. This program is a continuation of the successful and highly innovative program begun in 1986 with ADF funding. This pilot program has been found to play a major role in creating strong credit unions and in contributing to the self-sufficiency of FUCEC. Half of the funding for this program will be provided at the beginning of the project. The balance will be provided halfway through the project if the mid-term evaluation finds the program's impact on recipient credit unions to be positive and sustained.

Commodities. The project will provide computers and furniture and other equipment for FUCEC offices, equipment for promotional campaigns, and 6 vehicles.

The cost breakdown of the proposed A.I.D. grant to CUNA is ($thousands):

1.	Technical Assistance	$1,561
2.	Support of FUCEC operating training, and promotion costs	1,418
3.	Construction (including $150,000 for Coopec grants)	244
4.	Participant Training	175
5.	Productive Credit and Incentives Programs	671
6.	Baseline/Monitoring Survey & Evaluations	97
7.	Commodities	194
8.	Indirect Costs (overhead)	667
9.	Contingency	284
TOTAL		$5,311

Additional resources to this activity are being contributed by:

1. The Centre International du Crédit Mutuel Français (CICM), a principle source of French language credit union expertise, for FUCEC budget support, an Education, Training, Promotion & Inspection Advisor, and equipment.

2. the African Confederation of Cooperative Savings and Credit Assciations, for training and technical support.

3. Bread For the World (BFDW), (a German PVO), for operational support for five new inspectors in the central region.

4. CUNA Mutual Insurance Society (the world's leading credit union insurer), for reinsuring and subsidizing the risk management program on a degressive basis until it becomes self-supporting.

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2.6.2. Grant to CARE — Producer Group and Private Enterprise Development

Through a $5.25 million grant to CARE (in the form of a cooperative agreement) over five years, TRIPS will help CARE to:

1. promote and strengthen rural producer groups to give their members increased access to inputs and productive credit and excercise greater control over the marketing of their surplus;

2. strengthen the training methodologies and increase the effectiveness of public and private sector extension organizations that work with rural producer groups and small entrepreners;

3. assist private entrepreneurs to establish and expand businesses that support agricultural production.

1. <u>Producer Groups</u>

The focus of the grant's efforts will be on the development and strengthening of those groups that enable rural producers to realize their own economic activities more effectively and to claim public and private resources with greater self-confidence. Emphasis will be on the preparation of group members for greater common responsibilities. The project will allow the economy of the smallholders to grow on their own terms by providing incentives for producers to move forward at their own pace. The objective will be to have 30 new sustainable producer groups in the Zio River area by the end of the project with sustainability defined as a group having 20-30 members, a formal structure, members producing a marketable surplus, access to production credit, and combined storage and marketing of their surplus.

The project will continue to promote and improve upon the group formation process developed in the previous grant, using five training tools:

1. agricultural technical packages that specify improved agronomic practices, a calendar of farm operations and an analysis of the profitability of all the major crops grown in the region;

2. a farmer training system containing 19 formal sessions on the concepts of improved agricultural practices, farm management and profitability, food crop marketing and soil conservation;

3. a producer group planning and monitoring system which enables group members and project staff to plan and evaluate a group's evolution;

4. agricultural demonstrations conducted by project-assisted farmers that spread improved techniques at low cost, promote a spirit of experimentation and problem-solving and help bring new farmers into the project system; and,

5. a credit training fund for small production loans that enable producer group members to put into practice what they have learned and to prepare them for acquiring credit from more formal sources.

The credit training fund (now called producer groups training fund) builds upon four years of experience with this fund acquired under the predecessor Zio River Project (693-0226). This fund has a twofold purpose: 1) make credit advances in a punctual and timely way to project beneficiaries to allow them to rapidly put into practice improved agricultural techniques, thereby enabling them to experience increased productivity and income; and 2) accustom producers to the rigors of a more formal credit system than they are used to by allowing them to borrow repeatedly and insisting that they repay on time.

Credit to producer group members consists of seasonal production loans repayable in six to twelve months. An effort is made to keep loans as small as possible. For rainfed agriculture the average two-crop loan is just under $150; for irrigated rice it is a little more than $400. Loans are disbursed mostly in kind (improved seed, fertilizer, pesticides - that are stocked by the project) with a small cash sum being reserved for field laborers (as farmers are working increasingly in groups and pooling their labor, these cash disbursements have diminished). To accustom farmers to commercial anking terms a 15% interest rate calculated on the declining balance is charged. In addition, borrowers pay a $9 feasibility study fee and an administrative fee equal to 6% of the value of the loan. Producers make repayments in cash after they have sold their produce. Reimbursement of principle and interest and all fees go back into the producer group training fund and are relent.

At the same time that it promotes sustainable producer groups, the project will gradually phase out its provision of support services (credit, input supply, land preparation and marketing) that began under the previous grant. Some services will pass to private enterprises, some may go to existing public organizations, and still others to the producer groups themselves. For example, as an alternative to the provision of inputs, the project will develop a network of privately owned farm supply stores and promote the involvement of the most

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dynamic producer groups in fertilizer, seed and pesticides marketing. For mechanized land preparation, the project will phase out its rototiller service in favor of private operators. Individual farmers, farmer groups and private entrepreneurs will be assisted in the procurement of the rototillers and accessories and receive training in their operation and maintenance.

In the area of credit and savings, the project will work with FUCEC and other elements of the formal banking sector. By working with FUCEC, the project will engender a long-term sustainable mechanism for savings mobilization and credit. FUCEC has agreed to provide a full-time inspector/promotion agent in the Zio River area with a mandate to assist in the creation of 20 credit unions during the life of the project. In addition, the project will orient those producer groups that have acquired experience in the Project's credit training system to the use of CNCA resources, particularly for larger size loans in food crop storage and marketing.

For the past two years, the Zio River Economic Development Project has been training producer groups in improved crop storage and marketing techniques. TRIPS will expand this training program to include use of a 25-ton fumigable warehouse, to be purchased with project-provided credit, for surplus crop storage and sale. As this technology permits farmers to store their surplus food crop production until they can take advantage of period of more favorable prices, it is an essential element in building sustainable producer groups and will constitute an important part of the project's work with the farmers. In addition, the project will work with private entrepreneurs to develop the Zio River region's network of storage and marketing facilities.

In 1988 CARE strengthened its fumigable warehouse component by drafting a written policy statement which details groups selection criteria, a construction schedule, possible sources of financing, the training of group members, ownership, management and loan reimbursement. (See Annex L for copy of this statement and warehouse buidling plans.) Producer groups will own the warehouse. Ownership will be based initially on a lease-purchase arrangement and will depend on the group successfully completing a training program. Reimbursement is possible over five years.

The prototype warehouse model is promoted by the Togolese Plant Protection Service and is based on plans drawn by the German development agency (GTZ). The Zio River Project has constructed three warehouses with GTZ assistance at a cost of about 1,200,000 CFA (about $4,000) each. In order to reduce costs, the project asked a local engineer to design a similar model. A prototype of this model was constructed in 1988 for 750,000 CFA (about $2,500). This second model will be the one promoted under the Project.

2. Collaboration with Private and Public Extension Organizations

Beyond the Zio Prefecture, the project will expand its activities in producer group and private enterprise development to the other four regions of Togo. It will accomplish this by providing training combined with operations research activities (ORAs) to existing private and public sector organizations that work with producer groups and private entrepreneurs. Primary organizational candidates will include the 5 regional DRDRs, the Ministry of Social Affairs, the Ministry of Youth, Sports and Culture, the cotton parastatal (SOTOCO), FUCEC, regional and sub-national development projects, and international and local PVOs operating throughout Togo.

This approach will allow the project to extend its tested producer group methodology in a more cost-effective manner. It will take advantage of existing organizations and their infrastructure to carry out the project's objectives. This strategy will enhance the capabilities of these organizations vis-a-vis rural producers and entrepreneurs by assisting them in the adoption of appropriate elements of the approach that have proven successful in the Zio River Project. The training for each organization will be custom designed after careful study of its needs and capabilities by project staff. Possible subjects for the new training modules include technical training for agricultural and off-farm activities, producer group formation, credit fund management, small project analysis, farm profitability, extension service organization, training of trainers, and project monitoring and evaluation. Materials already developed in the Zio River project will be modified and used as appropriate.

As a complement to the formal training programs, the project will assist selected organizations to implement at least 10 ORAs. These ORAs will be an extension of the training that will consist of a program of experimental activities which help the organization adapt elements of the approach its personnel have learned in the above-described formal training to their own work with rural producers. Criteria for the selection of ORA candidates will include:

1. the organizations must work with producer groups or private entrepreneurs;

2. the organization must be willing to analyse individual needs and maximize beneficiary participation in decision making;

3. there must be an agreement on CARE's providing follow-up, monitoring and evaluation of the activity;

4. the organization must provide administrative support, field agents, transportation, etc. for the activity.

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As a result of the formal training and ORAs, it is expected that at least 50 producer groups will be formed and strengthened. If the mid-term evaluation finds that this collaboration with other organizations is successful, project resources will be reprogrammed to increase the number of training programs, ORAs, and producer groups assisted.

3. Promoting Private Entrepreneurs in Agricultural Support

The third activity under the grant to CARE is to expand the participation of the private sector in Togo's rural markets. This component will consist of direct assistance to micro- or small rural enterprises that directly or indirectly support agricultural producers. It will build upon the beginning made in the Zio River Economic Development Project, which has worked with over 60 small enterprises in food processing, artisanal manufacturing, repair and commerce. TRIPS will by working with up to 250 new micro-enterprises.

TRIPS will also continue another successful activity begun under the predecessor project -- development of trade associations. These associations of 30-40 members each are made up of mill owners, weavers, small ruminant raisers, etc. These groups serve as fora for discussion and training and have begun to accumulate members' savings. They are being encouraged to develop into mechanisms for group asset acquisition and group marketing. TRIPS will assist in the development of ten new trade associations.

At a higher level, there exists an opportunity for small businesses capable of having a more widespread impact on agricultural production. These businesses include rice milling, seed multiplication, animal feed production, crop spraying services, hand tool manufacture, land preparation services, and the storage/marketing of food crops. During the project, a Small Enterprise Development (SED) unit will work to develop 10 of these small enterprises by focussing on three areas: entrepreneur identification, finance and management, and technical assistance.

The principle source of financing for enterprises identified by the SED for assistance will be the commercial banks and the CNCA. Entrepreneurs desiring to work with commercial banks will have access to a $14 million line of credit made available by the World Bank through the West African Central Bank. To insure that these entrepreneurs are capable of taking advantage of this line of credit, the project will function as an intermediary and assist the entrepreneur in preparation of the loan application. For entrepreneurs whose capital requirements are smaller, financing will be pursued through the CNCA. The project's SED unit will also provide a program of management and technical assistance individually tailored to the needs of each business.

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Project Inputs

Under the cooperative agreement, CARE will provide: technical assistance, operating costs, participant training, a limited amount of construction, credit funds, commodities, and studies and other costs.

Technical Assistance. CARE will furnish the long-term services of a Project Manager for 48 months, a Small Enterprise Development Advisor for 54 months, and a Training Advisor for 54 months. Scopes of Work for these advisors are included in Annex G. The grant will also fund the services of certain in-country CARE staff on a part-time basis, including the CARE Country Director (50%), the Assistant Director/Projects (25%), and the Financial Manager (25%). Twelve person-months (pm) of consultant services will also be provided as follows: Agricultural Engineer (3 pm), Sociologist (3 pm), Rural Sociologist (1 pm) and a Rural Enterprise Technologist (4 pm). The grant will include funding for evaluations and for CARE to call upon its regional Small Enterprise Development and Agricultural/National Resource Technical Advisors during the course of the project. In addition, the grant will fund salaries and related costs of Togolese staff, including office personnel and field agents.

Operating Costs. The project will fund various CARE project-related operating costs in Togo: office supplies, communications, utilities and office maintenance/repairs, rent, insurance, and vehicle operations/repair.

Participant Training. TRIPS will fund the following participant training: sending 15 Togolese to IITA in Nigeria and 3 Togolese to the U.S. for short-term training, 5 in-country conferences/workshops for project and concerned GOT personnel, and in-service training for project field staff.

Construction. The project will fund improvements for the Zio River Irrigation Perimeter.

Credit Funds. TRIPS will fund two credit training funds: $150 thousand for producer groups to construct warehouses which they will then learn how to use, and $100 thousand for producer groups to learn how to use credit as an important element in agricultural production. In addition, the project will provide $401,000 for equipment on credit, to be repaid by private entrepeneurs. This equipment includes rototillers and spares, trailers, agricultural marketing equipment, and rice winnowers. Terms, interest rates and management of equipment credit will be identical to the producer group training fund described on page 21. Reflows will be paid back into the system for additional equipment purchases.

Commodities. The project will provide commodities for training (such as a camera, VCR, projectors, and duplication equipment);

computer hardware software and supplies; household furnishings for long-term advisors; and vehicles (4 sedans, 5 pick-up trucks, and 3(motorcycles).

Studies and Other Costs. The project will provide funding for at least 10 operational research activities; 5 marketing surveys; SED product and prototype development; and yield, price, and soil surveys and agricultural demonstrations in the Zio Prefecture.

The cost breakdown of the proposed A.I.D. grant to CARE is ($ thousands):

1. Technical Assistance	$1,678
2. Local staff salaries and benefits	1,120
3. Operating Costs	539
4. Participant Training	121
5. Construction	100
6. Credit Funds	651
7. Commodities	330
8. Studies	410
9. Evaluations	25
10. Indirect Costs (overhead)	413
11. Contingency	362
TOTAL	$5,749
A.I.D. contribution	$5,249

Of the $5,749 total, CARE will provide $500 thousand in unrestricted funding for the project. Also, the GOT will provide $200 thousand in the form of a revolving fund carried over from the previous project. In addition, the GOT will provide substantial in-kind costs: personnel in Zio Prefecture that collaborate with project personnel, personnel in other regions that will take part in training and ORAs, land and warehouse for agricultural demonstrations and crop storage in Zio prefecture, and offices, commodities, and other facilities carried over from the previous project.

2.6.3. Ministry of Rural Development Monitoring and Coordination

The project's monitoring and coordination system is to provide the MDR Director General's office with information on the viability and effectiveness of the various TRIPS components described earlier and to coordinate resources from inside and outside TRIPS to help the project attain its objectives. While the MDR shares responsibility for monitoring and coordination of project activities with OAR, the existing institutional framework that already exists within the ministry is capable of fulfilling an important primary role. In addition, this system will permit the Director General and AID to discern, at an early date, if serious impediments arise to the timely implementation of project workplans.

In order to carry out this role of project monitoring and coordination, MDR's Program and Planning Service (PPS) will:

- work with AID and project implementing agents to establish base-line information from which progress can be discerned

- establish key indicators of progress towards objectives, a well as towards making an impact on project goal;

- monitor field activities with site visits, according to an agreed upon plan and schedule;

  organize and serve as secretariat for the quarterly meetings of the Project Management Team (PMT) and the interministerial Project oversight committee;

  assist in the identification and definition of specific problem areas, particulary in policy or regulatory procedures, which represent a constraint to the successful implementation of project work plans and the attainment of project objectives; these could become the topics for studies to be supported by the project;

  prepare "in-house", or in collaboration with outside consultants or members of the field implementing team, at least five studies on particular areas of interest which have been agreed upon by the PMT. Possible topics include: the impact of structural adjustment on micro-enterprises and SMEs, reform of the tax code for SMEs, reform of registration and other bureaucratic procedures for SMEs, and opportunities for expanding markets for SMEs and agricultural producers in Togo and the West African region. The MDR will then organize formal reviews by GCT policy makers of these studies through publications and seminars.

  act as a liaison between project implementing agents and other projects/programs and private sector entities in country, in the exchange of information and in investigating possible areas of collaboration;

  organize two conferences on rural institutions and the private sector, and as appropriate, exchange visits and seminars which include project implementing agents and representatives of other projects, donors and the private sector;

  assist in the identification of training needs within and without the government in technical, analytical and planning functions which are of direct relevance to the attainment of project objectives, and make recommendations to AID for training programs (in-country, U.S., third-country);

send MDR staff to participant training (TRIPS will fund one long-term participant analysis, and at least 4 short-term courses/observation tours in topices related to rural development and the private sector; other related training will be funded from HRDA resources).

participate in every aspect of formal reviews and evaluation of the project.

Inputs

The Program and Planning Service will be assisted in the organization and execution of these responsibilities by an internationally recruited specialist, recruited by A.I.D. under a PSC with OAR. The position of advisor to the PPS will be filled over the entire five year life of project. (The Scope of Work for the specialist is included in Annex G). The specialist will have a budget to permit the PPS to carry out the responsibilities outlined above. In addition to a field vehicle for monitoring purposes, AID will provide for limited office equipment, field operational costs, the preparation of studies and surveys (including printing costs), and participant training. Also budgeted in this component is the cost of project evaluations, audits and studies.

The breakdown for A.I.D.-supported costs related to the management and coordination of the project are ($ thousands):

1.	Technical Assistance	747
2.	Local Staff	55
3.	Commodities/equipment	26
4.	Training	95
5.	Studies	114
6.	Evaluations	170
7.	Audits	55
8.	Other direct	122
9.	Contingency	56
	Total:	1,440

In addition, the government will provide its PPS professional staff to work on the project on a part-time basis, office space, and limited logistical support. The government will also name a full-time Project Coordinator and constitute an interministerial Project management oversight committee.

3. COST ESTIMATE AND FINANCIAL PLAN

A.I.D.'s contribution to TRIPS will be $12.0 million, in the form of a grant to the Government of Togo. Contributions from other sources will total $4.8 million as follows (in $ or equivalent):

Government of Togo	1541	thousand
CARE	500	"
CUNA Mutual	55	"
FUCEC	1747	"
BFDW	124	"
CICM	646	"
ACCOSCA	169	"

These other contributions total 28% of total project costs. However, excluding other donors, Togo's contribution (GOT and FUCEC) to total project costs is only 22%. Since Togo is an RLDC, the FAA Section 110(a) requirement for a 25% host country contribution will be waived.

Most of A.I.D.'s contribution will be obligated under two grants (in the form of cooperative agreements) to PVOs: $5.31 million to CUNA (for credit union development) and $5.25 million to CARE (for rural producer group and private enterprise development). Other contributions to the CUNA activity include FUCEC's, CUNA Mutual's, CICM's, BFDW's, and part of the GOT's ($25 thousand). These contributions total $2.77 million, or 34% of the total activity cost and 19% of A.I.D.'s contribution.

Other contributions to the CARE activity include CARE's and most of the GOT's ($1.53 million). These contributions total $2.00 million, or 28% of the total activity cost and 38% of A.I.D.'s contribution.

A.I.D. funds will finance approximately 32 person-years of long-term technical assistance at an estimated cost of $3.72 million. About 39% of this will be provided for credit union development, 41% for producer group and private enterprise development, and 20% for monitoring and coordination. Also, 26 person-months of short-term technical assistance, with an estimated cost of $381 thousand in A.I.D. funding will be provided, about 29% for credit union development, 41% for producer group and private enterprise development, and 30% for monitoring and coordination. Further, A.I.D. will provide $1.1 million for CARE to hire local staff.

Each of the PVO grants include funds for evaluations ($52 thousand for CUNA and $25 thousand for CARE). In addition, $225 thousand in A.I.D. funds is budgeted for overall project mid-term and final evaluations and financial audit.

A small amount of construction is planned under the two grants, estimated at $244 thousand for regional and COOPEC office construction (CUNA) and $100 thousand for irrigation perimeter improvements (CARE).

$550 thousand in A.I.D. funds are budgeted for commodity procurement, primarily furniture/appliances for technical advisors, vehicles, and computer hardware and software. Detailed commodity lists are included in Annex H.

A.I.D. will also provide funds to the two PVOs to expand credit programs started under previous A.I.D. grants. $671 thousand will be provided to CUNA for its productive credit program, and $651 thousand will be provided to CARE for its credit training program and warehouse construction program (which also involves training).

In addition, A.I.D. will provide funds to the two PVOs for training their staff and GOT participants (CUNA - $175 thousand, CARE - $121 thousand), and to the MDR directly for a limited amount of participant training ($95 thousand).

Other important A.I.D. contributions include: other direct costs ($1.58 million, mostly for FUCEC operating costs, which will be phased out over the life of the project), studies and ORA implementation ($45 thousand for CUNA, $410 thousand for CARE, and $114 thousand for the MDR), and indirect costs (overhead for CUNA - $667 thousand and for CARE - $413 thousand). In addition, $702 thousand in A.I.D. funds is budgeted for contingency (6% of total A.I.D. contribution). Inflation, at a level of 5% compounded annually, has been included in most line items in the A.I.D. contribution.

The Government of Togo's contribution will be mostly in kind: personnel who will help implement the project (estimated at $409 thousand equivalent); credit funds $200 thousand), value of construction ($102 thousand), and value of commodities ($142 thousand) that will belong to the GOT after the Zio River Economic Development Project ends but will be turned back over to CARE for TRIPS; rolled over credit from this project ($583 thousand); and other costs (estimated at $105 thousand).

CARE's contribution of $500 thousand will be unrestricted by CARE and is budgeted for other direct costs. CUNA Mutual's contribution of $55 thousand will be for implementing the FUCEC risk management program.

CICM, BFDW, and ACCOSCA contributions will be for a technical advis ., short-term technical assistance, hiring of local staff, training, and other direct costs. FUCEC's contribution includes local staff, training, depreciation on physical plant and commodities, and other direct costs.

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TABLE 1

SUMMARY COST ESTIMATE AND FINANCIAL PLAN
(US $000 or equivalent)

	A.I.D.	GOT	CARE	CUNA MUTUAL	FUCEC	BFDW	ACCOSCA	CICM	TOTAL
1. Technical Assistance	3986						136	450	4572
2. Local Personnel	1175	409			543	86			2213
3. Commodities	550	142			88			30	810
4. Construction	344	102			88				534
5. Training	391				9	15	33		448
6. Credit and Grant	1322	783							2105
7. Studies	569								569
8. Evaluation	247								247
9. Audit	55								55
10. Other Direct Costs	1579	105	500	55	1019	23		166	3447
11. Indirect Costs	1080								1080
12. Contingency	702								702
TOTAL	12000	1541	500	55	1747	124	169	646	16782

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TABLE 2

COSTING OF PROJECT COMPONENTS/INPUTS

(US $000 or equivalent)

		Credit Union Development	Producer Groups & Private Enterprise	Monitoring & Coordination	Total
A.I.D.	Technical Assistance	1561	1678	747	3986
	Local Staff		1120	55	1175
	Commodities	194	330	26	550
	Construction	244	100		344
	Training	175	121	95	391
	Credit and Grants	671	651		1322
	Studies	45	410	114	569
	Evaluation	52	25	170	247
	Audit			55	55
	Other Direct Costs	1418	39	122	1579
	Indirect Costs	667	413		1080
	Contingency	284	362	56	702
	Total	5311	5249	1440	12000
GOT	Personnel	22	372	15	409
	Commodities		142		142
	Construction		102		102
	Credit		783		783
	Other Direct Costs	3	97	5	105
	Total	25	496	20	1541
CARE	Other Direct Costs		500		500
CUNA	Other Direct Costs	55			55
FUCEC	Local Staff	543			543
	Training	9			9
	Other Direct Costs	1019			1019
	Construction	88			88
	Commodities	88			88
	Total	1747			1747
CICM	Technical Assistance	450			450
	Commodities	30			30
	Other Direct Costs	166			166
	Total	646			646
HFDW	Local Staff	86			86
	Training	15			15
	Other Direct Costs	23			23
	Total	124			124
ACCOSCA	Technical Assistance	136			136
	Training	33			33
	Total	169			169
TOTAL		8077	7245	1460	16782

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TABLE 3

PROJECTION OF EXPENDITURES BY FISCAL YEAR

(US $000 or equivalent)

	FY 89	FY 90	FY 91	FY 92	FY 93	TOTAL
A.I.D.	1409	2942	2780	2659	2210	12000
CARE	100	1[illegible]	100	100	100	500
FUCEC	214	259	325	414	535	1747
GOT	611	232	232	233	233	1541
CUNA MUTUAL	18	15	11	7	4	55
CICM	210	182	183	35	36	646
BFDW	31	31	26	21	15	124
ACCOSCA	33	34	34	34	34	169
TOTAL	2626	3795	3691	3503	3167	16782

TABLE 3A

PLANNED A.I.D. OBLIGATIONS (BY FISCAL YEAR)

(US $000)

	FY 88	FY 89	FY 90	FY 91	FY 92-93	TOTAL
Obligations	880	2270	2300	2500	4050	12000

TABLE 4

METHODS OF IMPLEMENTATION AND FINANCING

Types of Assistance and Method of Implementation	Method of Payment	Amount (US $000)
Grants to PVOs		
Cooperative Agreement with CUNA	Letter of Credit to Federal Reserve Bank	5311
Cooperative Agreement with CARE	Letter of Credit to Federal Reserve Bank	5249
Sub-Total		10560
Technical Assistance		
Individual Contract - PSC	Direct Pay	747
Evaluation Teams - IQC, AID/W & REDSO	Direct Pay	284
Audit Team - IQC, AID/W & REDSO	Direct Pay	55
Local Staff - PSC	Direct Pay	55
Sub-Total		1141
Commodities		
AID Procurement - Direct AID Contract or Purchase Order (Computer & Vehicle)	Direct Pay	26
Training		
Placed by S&T/IT PID/P Direct AID Contract	Direct Pay	95
Other Costs		
AID Procurement - Direct AID Contract or Purchase Order (Operations/ Contingency of GD' MDR PPS)	Direct Pay	178
TOTAL		12000

4. IMPLEMENTATION PLAN

TRIPS project implementation is the responsibility of four different sets of participants: two PVOs (CUNA and CARE), the MDR Program and Planning Service (PPS), and OAR. While each will have distinct responsibilities, they will work towards a common project purpose as members of the Project Management Team (PMT). Overall coordination and monitoring of TRIPS will be carried out by the PMT, which will be chaired by the PPS Director and include representatives of each of the four parties.

4.1. The Role of the PVOs

Primary responsibility for planning and implementation is to be entrusted to CARE and to CUNA/FUCEC, through technical assistance offered by WOCCU, and to CARE. While CARE and CUNA/FUCEC will have their own internal planning, implementation and monitoring systems, they will carefully coordinate these functions at the national and local levels so that actual field-level collaboration will be extensive and mutually reinforcing.

4.1.1. CARE

While overall responsibility for CARE country programs rests with the Country Director, direct responsibility for TRIPS will be vested in the Project Manager, a SED Advisor and counterpart, and a Training Advisor and counterpart. The Project Manager will be responsible for the day-to-day operations of the project as well as liaise with OAR and government counterparts.

The project proposes no new infrastructure and the two sub-offices (Keve and Mission Tove) opened during the Zio River Project will be maintained. These sub-offices report directly to the Country Office on all programmatic/administrative matters. Staff includes an Operations Coordinator, an Agronomist, an Agricultural economist, two Zone Chiefs and some 20 field agents. Support staff includes an accountant, warehousemen and mechanics. This basic staffing pattern will be maintained throughout the life of the project.

The project will be carried out at two levels: (a) the Zio Prefecture and, (b) in Togo's five regions through client organizations.

In the Zio Prefecture, CARE will carryover the existing infrastructure and assets from the Zio River Project. This will include buildings, vehicles and machinery as well as the revolving fund. This will have to be formally agreed to by the GOT/DRDR/Maritime as this infrastructure and assets would otherwise be transferred to the GOT at the end of the Zio River Project.

The replication of the project's approach on a country-wide basis will require the services of two persons (expatriate/Togolese) each for Small Enterprise Development and Training. The Project Manager will coordinate the work of both the SED Unit and the Training Unit personnel.

The first part of the project's methodology dissemination strategy involves the delivery of appropriate and effective training to client organizations. Potential clients include: GOT ministries at the directorate level, parastatals and the private sector (NGO/PVO). Targeted ministries will include the Ministry of Rural Development (regional directorates), Ministry of Public Health, Social Affairs and Women, and Ministry of Youth, Sports and Culture. Project staff will initially contact GOT ministries at the Director General level. Once the program is accepted at this level then staff will proceed to the regional level to introduce the project to other institutions/organizations. TRIPS will also target semi-autonomous projects such as the Projet de Developpement Rural de Notse (PDRN) and the Projet Culture Attelee (PCA) as well as parastatals such as SOTOCO and SRCC. The project will also train staff from the NGO/PVO community such as Ile de Paix, SOTOPRODER, Maisons Familiales and Association Française des Volontaires du Progres (AFVP).

The second part of the dissemination strategy, and a logical extension of training, is the Operational Research Activity. CARE will formalize criteria for selection and a detailed plan for implementing ORAs during the first year of the project. These criteria and plan will be included in the work plan for implementation beginning in the second year of the project.

The SED unit, consisting of one expatriate SED advisor and one counterpart, will be responsible for all enterprise development activities that the project is to implement. This unit will work with the Training Unit in the design of SED training materials and SED technical packages. It will also be responsible for coordination of the project's credit component with FUCEC/CNCA. The unit will coordinate project activities with the World Bank, UNIDO, local banks and other organizations working in this sector, both directly, and through the MDR Program and Planning Service.

The SED unit will utilize, among other appropriate tools, the recently-developed Small Enterprise Analysis System (SEAS) produced by CARE and the International Institute for Environment and Development (IIED). This micro-computer program was designed specifically for use in small enterprise projects such as this.

Expatriate personnel for the project will be recruited by CARE-New York. CARE-Togo will recruit all national staff as required and as outlined in this project proposal. Candidates for the expatriate positions will be submitted to OAR/Lome and

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PPS for approval (see Annex G, Scopes of Work for Advisors).

In addition to resident staff, the following consultations are planned:

- 5 by the Small Enterprise Development/Regional Technical Advisor;

- 5 by the Agriculture and Natural Resources/Regional Technical Advisor;

- 1 Agricultural Engineer/Hydrologist (1 consultation over the life of project) teamed with 1 sociologist (3 consultations over the life of project) to assist in planning for the Irrigator's Association and the expansion of project activities in the Zio Rice Perimeter;

- 3 rural sociologist consultations to participate in mid-term and final evaluations as well as to provide project staff with guidance on training and SED models;

- 5 rural enterprise technologist consultations to provide project staff with support on the technical aspects of improving the SED technical packages and private entrepreneur component.

The overall management of the project will be the responsibility of the CARE Togo Country Office, headed by the CARE Country Director. All management procedures and financial/accounting systems will be those that are in effect in all CARE programs worldwide. The Country Office uses micro-computers for all financial, accounting and inventory operations.

CARE will be responsible for procuring all grant-funded commodities (see Annex H) in accordance with A.I.D. regulations. Under the Development Fund for Africa authorization, Code 935 source/origin will be permissible for commodity procurement. No pesticides will be procured with A.I.D. funds or with credit financed by A.I.D., and the Cooperative Agreement will include language to that effect.

All project activities, including training and consultation, will be included in annual project workplans.

4.1.2. CUNA

As administrator of the A.I.D. grant, CUNA will be responsible for maintaining accurate and up-to-date financial records, in compliance with A.I.D. audit standards. In addition, CUNA's affiliate (CUNA Mutual) will be responsible for backstopping the project's risk management program. All technical services will be provided by staff and/or consultants of the World Council of Credit Unions (WOCCU), CICM, and ACCOSCA.

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Primary responsibility for project field implementation lies with FUCEC. Technical support will be provided primarily by WOCCU, and to a lesser extent, CICM, and ACCOSCA. In addition to A.I.D., financial support will be provided by CICM and BFDW, as well as from FUCEC earned income.

FUCEC. FUCEC has the primary responsibility for the achievement of the eight project element objectives over the duration of FUCEC's second five year plan. FUCEC will augment its staff by an assistant trainer, a Central Lending Facility Chief, as well as five new inspectors and an Inspector-in-Chief. This latter person is in charge of the field work of the regional inspectors.

The FUCEC Manager has responsibility for overall direction of FUCEC, within the policy framework established by the elected Board of Directors. Each of the five-year plans' (and project element) objectives falls under the responsibility of one or more of the central services.

WOCCU. WOCCU's primary responsibilities will be to provide and support three long-term, resident project advisors: a Management Advisor (chief-of-party), a Productive Credit Advisor, and a Data Processing Advisor. The Management Advisor will stay for the full five-year period, while the Productive Credit Advisor will stay for only four years, although arriving on post at the same time as the Management Advisor. The Data Processing Advisor will arrive near the beginning of project year two and remain with FUCEC for two and one-half years. In addition, short-term consultancies will be provided in such areas as: the use of video equipment for film making, risk management, financial services, and electronic data processing feasibility and installation. Long-term advisors will be subject to approval by OAR and PPS.

WOCCU will also provide the primary technical and administrative backstopping for the project, using the technical expertise of its U.S.-based staff. Staff with specialized skills in planning, institutional development, project design and evaluation, training, financial management, credit union promotion, and other areas will be available as needed.

WOCCU will also be responsible for procurement of grant-funded commodities which it will do in accordance with A.I.D. regulations. A detailed commodities list is included in Annex H. Under the DFA authorization, Code 935 source/origin is permissible. However, no credit financed by A.I.D. that is provided by FUCEC may be used for purchase of pesticides, and the Cooperative Agreement will include language to that effect.

WOCCU staff will participate in evaluation and monitoring of the project. As for CARE, WOCCU will be responsible for planning all grant-funded activities in the context of annual work plans.

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CICM. CICM will provide an Education, Training, Promotion, and Inspection Advisor for a period of three years. CICM will also provide financial support to FUCEC's Inspector-in-Chief and the CLF Chief. CICM will participate in project monitoring and evaluations, as well as provide short-term consultants as necessary. All CICM support to FUCEC will be provided with non-A.I.D. resources.

ACCOSCA. ACCOSCA will provide technical assistance to the project primarily through training programs held in different parts of Africa. It will also offer FUCEC the services of its Risk Management and Promotion Chiefs, as required. ACCOSCA's Executive Secretary, or his designee, may visit the project during the project period, as well as participate in project evaluations. ACCOSCA support for the project will be provided with non-A.I.D. resources.

4.2. GOT Ministry of Rural Development Role

The GOT participating agency with implementation responsibilities for TRIPS is the Ministry of Rural Development, and specifically the Office of the Director General and its attached Program and Planning Service (PPS). MDR will name a person within PPS to serve as a Project Coordinator.

PPS will have responsibility for coordinating and monitoring project activities. In addition, PPS will serve a coordinating role within and without the government in bringing external resources to bear on specific project issues and related policy and regulatory concerns. These responsibilities are listed in section 2.6.3. For example, it will organize and serve as secretariat and chairman of the PMT and the interministerial project oversight committee to be constituted by MDR. It will help to identify problem areas for rural private enterprises, particularly in policy and regulation, conduct related studies, and organize formal reviews of those studies by GOT policy makers. Also, it will promote coordination between organizations involved in TRIPS and other projects, donors and private sector entities that play a role in rural development.

In addition, PPS will review PIO/Ts for the two cooperative agreements, and will review annual work plans and proposed candidates for long-term advisors of the PVOs. The PPS will make recommendations on all of these to the Director General for his approval. PPS will also plan its TRIPS-supported activities in the context of annual work plans, and it will submit these to the PMT for review and the Director General and OAR for approval.

Further, PPS will work with MDR's Division of Cooperation to: 1) help assure a major improvement in the legal and regulatory environment for groups, be they cooperative credit unions or farmer rural enterprise producer groups; 2) assist and facilitate, as requested, in those aspects of cooperative registration and performance that are within the purview and powers of the government to execute; and 3) continue to

expedite the exemption from import taxes of project personal effects and professional equipment and commodities. The Division of Cooperation will also continue to provide Togolese personnel as technical assistance to assist in the development of the credit union movement in Togo.

4.3. A.I.D.'s Role

A.I.D., through the Office of the A.I.D. Representative/Lomé, will be responsible for assuring that the project is progressing towards its objectives. OAR will fund the two Cooperative Agreements and carry out limited procurement on behalf of PPS. As a bilateral partner to the GOT and PVOs in the project, OAR will also review and approve annual work plans and candidates for long-term advisors, and will participate in project monitoring and evaluation.

Following project authorization, OAR will negotiate a Project Agreement (PROAG) with the Government of Togo which clearly lays out project objectives, activities and responsibilities.

The OAR project officer for TRIPS will be the Rural Development Officer (RDO). The RDO will receive support from other OAR personnel, including the Program Officer (such as for evaluation), management officer (for assistance with logistical support), and accountant (for assistance with budgeting and vouchers). The A.I.D. Representative's oversight of the project will be informed by semi-annual project implementation reviews. In addition, OAR will receive implementation support from REDSO/WCA, including WAAC for project accounting and approval of payments to the PVOs and contractors.

Procurement of Technical Assistance. Immediately following project obligation, OAR will finalize PIO/Ts for the two Cooperative Agreements and the advisor for PPS. OAR will consult with REDSO/WCA (particularly the contracting officer) on the preparation of these PIO/Ts, and once they are approved by the GOT, the RCO will negotiate and execute the two Cooperative Agreements and assist OAR in advertising (through the Commerce Business Daily and other means) for the PPS advisor. This advisor will be of either American or Code 941 nationality. OAR and PPS will review applications for the advisor and make a selection. The RCO will then negotiate a Personal Services Contract with the successful candidate. While the two PVOs will be responsible for providing all logistical support for their long and short-term technical assistance, OAR will provide this support (transportation, housing, furniture/appliances, etc.) for the PPS advisor. All A.I.D.-funded travel to and from the U.S. will be on U.S. Flag carriers unless authorized on an exceptional basis by the A.I.D. Representative. For short-term consultancies to PPS, OAR will follow similar recruitment procedures except that the A.I.D. Representative will execute the contracts if PSCs are

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used, while REDSO/WCA or A.I.D./W will issue work orders if IQCs are used. Code 935 nationality will be permitted for short-term consultants.

Commodity procurement. OAR commodity procurement responsibilities will be limited to those items furnished to PPS. Major items such as computers, a vehicle and gasoline coupons will be procured directly by OAR using PIO/Cs (approved by the PPS) and purchase orders. More modest costs, such as office supplies, vehicle maintenance and other logistical support for PPS and the PMT will be handled through a local cost account in a commercial bank, with the co-signatures of the PMT chairperson and his PSC counterpart, for which OAR will receive monthly statements to be reconciled with PMT ledger accounting. Code 935 source/origin will be authorized for commodity procurement under the DFA.

Training. The RDO will assist in the organization and administration of seminars, workshops and exchange visits planned by PPS under the project, only to the extent that outside resources may be necessary which can be best obtained through A.I.D. channels (consultants, travel arrangements, embassy communication facilities, etc.).

In the case of short- and long-term participant training in the U.S. or third-countries (one long-term academic training is programmed; seven short-term sessions have been tentatively scheduled, four for project funding, and three others under private-sector funding reserved under OAR's Human Resource Development for Africa account), OAR is well-staffed to prepare PIO/P documentation and assist in placement of selected candidates. As necessary, OAR will avail itself of services available within S&T/IT and USDA/OICD/IT in locating the most appropriate institution and academic or technical program. The RDO, as a member of the PMT, participates in the entire process of training needs assessment, program identification and candidate selection.

CARE and CUNA are also planning outside training programs to improve the project-relevant skills of Togolese cadre. This training is entirely short-term and is mostly technical. It will involve such areas as computer applications of economic and financial analyses, specific agronomic subjects such as propagating root crops, market analysis and critical monitoring skills. Most of this training will be funded from the A.I.D. project account, but CUNA, through the World Council, plans to arrange and finance some short-term in-house training and observation tours. The home offices of both CARE and CUNA will work with senior field staff in making all training arrangements which are funded under TRIPS.

4.4. Project Management Team

In order to promote more active collaboration by the different parties implementing TRIPS, a significant review and advisory role is reserved for a Project Management Team.

The Project Management Team will have the following membership: the PPS Director (chairperson), the RDO as representative for the OAR, the PPS project-funded advisor, the FUCEC Director and the WOCCU Principal Advisor to FUCEC, and the CARE Project Manager and a senior Togolese counterpart.

Naturally, the PMT can invite others to join their meetings for particular reasons, such as for planning sessions, to discuss proposed studies or their results, or when implementation issues need to be resolved. These invitees may include outside consultants or representatives of the government planning or technical services, from other donors, and from the private sector.

PMT responsibilities for TRIPS project implementation include:

- Review and harmonize the annual work plans which are submitted by CARE and CUNA/FUCEC. Work plans are due in November; the expeditious flow of the approval process is the responsibility of the PMT, and an agreement must be forthcoming by December 15 of each year, in order to permit new programs to begin on time. Approval will be by the GOT and OAR in order to not put the PVOs in a conflict of interest situation.

- Review all expatriate personnel who are to be hired by either of the two PVOs or recruited for PPS with TRIPS funds. Approval will be by the GOT and OAR.

- Review project implementation in quarterly meetings. Twice each year these meetings will use the PVOs' semi-annual reports (mid- and end-of-year) for this purpose. These reports will document progress towards accomplishment of objectives, using indicators and targets given in the Logical Framework (Annex B) and in Annex I. The PMT will also discuss implementation problems and may propose solutions to the implementing parties.

- Exchange information on topics of importance for project objectives, such as GOT policy, market developments, or other donor activity, and propose means for improving coordination with other parties (in the GOT, other donors, private sector) related to project activities. Invite those other parties to PMT meetings for information sharing.

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Propose topics for special studies to be conducted, or led by PPS and supported by TRIPS, and later review those studies and agree on methods to share findings with a wider audience. At least 5 studies will be commissioned, published and presented at workshops with TRIPS support. The PMT will establish means of dissemination in greater detail.

4.6. Schedule of Key Events

Below is a list of major implementation events. Annex J gives detailed implementation schedules for each of the PVO activities.

Period	Action	Action Agent
8/88	PP approval/authorization	OAR; REDSO
8/88	Project Agreement	OAR; GOT
8-10/88	Conditions Precedent to Initial Disbursement satisfied	OAR; GOT
9-10/88	PIO/T a. CUNA b. CARE c. Personal Service Contractor	OAR; GOT
10/88	Co-Ags a. CUNA b. CARE	OAR; REDSO (RCO) OAR; REDSO (RCO)
11/88	PSC on board	OAR; REDSO (RCO)
10/88	Constitution and first meeting of Project Management Team (PMT)	MDR (PPS) OAR (RDO) CARE CUNA/FUCEC PSC
11/88	Begin expansion: - FUCEC development Promotion Strategy Manual completed - workplace CUs	FUCEC FUCEC
11/88	- COOPECs within Zio zone	FUCEC; CARE
11-12/88	Recruit/Select/Post Resident Advisors	CUNA, CARE PMT

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11/88-2/89	Baseline data surveys begin	PMT, CUNA, CARE
11-12/88	Preparation/approval annual workplan	CUNA/FUCEC; CARE; PPS PMT
1/89	Beginning of CU incentive program	FUCEC
2-3/89	Final Evaluation of Zio River Econ. Devel. (693-0226)	CARE, A.I.D., Consultants
3/89	First Quarterly review	PMT
3/89	Comprehensive Agricultural input privatization policy promulgated and put on schedule (beginning with rototillers)	CARE
3/89	Selection and departure of long-term training participant	PPS; PMT
3/89	Conditions Precedent to 3/89 disbursement satisfied	GOT, (MDR, MEF); CUNA/FUCEC; OAR
3/89	- additional producer groups	CARE
3-4/89	Baseline data surveys completed	CARE; CUNA/FUCEC; PPS
3-4/89	PIO/Cs and Purchase Orders prepared	RDO REDSO (RCMO)
	Additional expansion:	
6/89	Selection/departure of 2 short-term training participants (2/yr)	PMT
7/89	- ORAs (outside Zio zone)	CARE
7/89	- new geographic zone	FUCEC
11/89	Submit first annual reports, second annual work plans	FUCEC/CUNA; CARE; PPS

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12/89	Review annual reports, approve work plans	PMT
89/90	Construction of 13 regional FUCEC offices	FUCEC
1/91	Beginning of SED project component	CARE
3/92	Mid-term Evaluation	PMT
3-4/93	Second Baseline Surveys	CUNA/FUCEC; CARE; PPS
8/93	Final Evaluation	PMT
9/93	Final Project Review	PMT
9/93	Departure of CARE, CUNA Technical teams and PSC	CARE; CUNA; OAR
9/93	PACD	

4.6. Monitoring Arrangements

The purpose of project monitoring is to help assure that project activities contribute to achieving project objectives.

As discussed earlier, the MDR's Program and Planning Service will take the lead in monitoring TRIPS. In the OAR, the Rural Development Officer will be responsible for monitoring overall project progress. For the individual PVO components, the two PVO project managers, CARE/APP counterparts, and the FUCEC Manager will be responsible for monitoring progress. Together, as members of the PMT, these parties will meet to review the project monitoring system and examine the information it produces.

Every six months, the PMT will review semi-annual and annual reports prepared by CUNA and CARE, going over progress and problems, in the past period. Central to this exercise will be comparing specific achievements against planned targets. The indicators and targets in Annex I are quite detailed, having benefitted from inputs made by A.I.D./W (PPC/CDIE) in 1986. OAR will use this information when preparing its semi-annual Project Implementation Reports for internal reviews and A.I.D./W.

In addition, CARE and CUNA/FUCEC will carry out baseline data surveys in the six months of the project, and surveys again in the last year to assess project impact at the purpose and goal levels. These surveys will collect data on such variables as income, agricultural production, asset accumulation, access to

markets, availability of inputs, access to credit, SME development, and institutional self-sufficiency. Collected data and subsequent analysis will be disaggregated by gender. The MDR Programming and Planning Service, with assistance from the PSC and perhaps a consultant, will be responsible for coordinating these surveys so that they do not duplicate efforts and so that results from year one and year five can be compared. This information will be essential for the project final evaluation.

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5. SUMMARIES OF ANALYSES

5.1. Technical

Besides project monitoring and coordination, TRIPS has three basic components: 1) assistance to FUCEC to enable the Togolese credit union to become a viable, sustainable, unsubsidized source of financing for agricultural and rural development investments; 2) assistance to CARE to refine and expand a model for privatizing the delivery of agricultural extension services and agricultural inputs to farmers; and 3) through CARE, assist the development of agriculture-related micro and small enterprises. The goal of this next phase of assistance to FUCEC and CARE should be to have in place by the end of the project prototype systems of operation and assistance that can continue on their own in the absence of further A.I.D. funding. This analysis focuses on the first two components, while the Private Sector Analysis (Section 5.2. and Annex E.2) examines the third component.

5.1.1. FUCEC/CUNA

The importance of making Togo's credit union movement strong and self-sustaining cannot be overemphasized. Credit unions are the most important formal source of credit in the agricultural sector, and virtually the only formal source to farmers, producer groups and SMEs beyond special credit funds that are included in certain development projects, and the CNCA, which is currently moribund pending restructuring. The availability of formal credit is critical for adoption of improved technologies in the agricultural sector, and for increasing agricultural production.

For the past four years WOCCU/CUNA has, with A.I.D. financing, been assisting FUCEC establish a sound operating environment for Togolese credit unions (COOPECs) associated with it. The trend over the past four years has been strongly upwards in terms of total deposits, total loans outstanding and total membership in FUCEC-supervised credit unions. The general thrust of project assistance over the next five years is to help FUCEC attain self-sufficiency by further strenghtening its operations while deposits, loans outstanding, and membership continue to grow.

FUCEC's ability to attain self-sufficiency depends largely on growth of these variables and FUCEC's ability to effectively manage that growth so that COOPEC loan delinquency, FUCEC Central Liquidity Fund (CLF -- a key source of revenue for FUCEC) arrears, and individual COOPEC mismanagement do not threaten the movement's viability. It is essential that FUCEC continue to reduce the percentage of COOPEC loans that are in arrears (loans in arrears fell from 33% of loan balances in

September 1986 to 26% a year later) and improve the management of the CLF (e.g. by introducing variable lending rates, reduce loan losses and arrears). FUCEC's planned establishment of a debt collection unit will help, and other measures, such as establishing minimum loan reserves, should also be sought. It is also critical that FUCEC's authority to examine COOPECs' books and enforce corrective measures be clearly established so that COOPEC management and lending discipline improves. This is especially important for six large urban COOPECs, which account for a large part of total FUCEC deposits.

Depending on one's assumptions about how fast these variables can reasonably be expected to grow, it appears that FUCEC can become 55-72% self-sufficient in its core budget (which excludes development costs, such as training) by PACD. This is considerably higher than the 15% rate of self-sufficiency attained in September 1987, but still not total self-sufficiency. This does not negate the value of the project, but it does suggest that every effort be made to encourage efficient financial management.

5.1.2. CARE

During the past four years CARE has developed an extension approach and technical packages in the Zio Prefecture which include improved varieties of maize, cowpeas, rice and existing varieties of peanuts. Extension services are provided by a well paid, well trained and motivated field staff with extensive technical and material support. The extension staff also administers a project credit fund that focuses primarily on production credit, with grain storage becoming increasingly important. The technical packages are generally financially viable for Zio farmers obtaining necessary credit from formal sources (i.e. CARE or COOPECs), but much less so when credit is obtained from informal sources at much higher interest rates.

The CARE approach is interesting because of the potential it shows as a method of privatizing extension delivery services in Africa, and because of the methods by which it is organizing farmers to eventually provide for each others' technical and material support. With appropriate modification and development during TRIPS, the CARE approach offers substantial promise of providing a model that can be replicated elsewhere in Togo through a wide variety of NGOs, government services and private groups. While it is still too early to determine whether the approach can be completely self-financing at the field agent level, it promises to cover a significant proportion of these costs.

Major questions concerning the approach are whether CARE can improve the financial viability of its credit program (reduce arrears and write-offs) and whether the achievements of the last project can be sustained as the model is diffused to

groups not under CARE's direct control. Credit provides the incentive for farmers to adopt the technical packages and is the mechanism through which a substantial portion of program costs are recovered. Effectively diffusing the approach to other groups is essential for spreading its cost over a large enough population to make it sustainable in the absence of massive external assistance. Under TRIPS, CARE should strive to perfect its technical packages, modifying them as necessary for other regions of Togo, to improve its credit management and take greater advantage of COOPECs as a source of credit, and to focus major efforts on effectively spreading its approach via client organizations through its proposed training and Operations Research Activities.

5.2. Private Sector

5.2.1. Investment Policy and Regulatory Climate

Togolese small and medium size enterprises, face a number of policy and regulatory constraints that limit their potential in varying degrees of severity. The most serious of these constraints are adverse effects of the GOT's economic liberalization program, neighboring countries' restrictive import policies and domestic tax regulations. Less serious but still chronic are various administrative and bureaucratic obstacles. TRIPS should seek ways to improve the policy environment of micro-enterprises and SMEs. One possibility would be for the project to support research on policy questions that influence these enterprises, and to promote policy dialogue between A.I.D., the GOT, and other donors.

5.2.2. Small Rural Enterprise Analysis

The TRIPS rural private enterprise component, will support the development of ten existing or potential small enterprises in the Zio River Prefecture and other regions in Togo. It will also assist 250 micro-enterprises, especially artisan manufacturing and repair, food processing, and small scale commerce, with the objective of creating as many forward and backward linkages as possible between small enterprises, micro enterprises and the farmer. The other implementing agent, FUCEC, plans to have 30 COOPECs involved in productive credit activities by the PACD. Some of these activities will be micro-enterprises.

Most of the proprieters of the operating or nascent rural small businesses with whom the project will work have common characteristics. These enterprises tend to evolve from successful micro-enterprises, with rarely more than six full time employees, many of them close relatives, complemented by apprentices. This type of enterprise is either traditional, such as cereal wholesaling or a small farm supply outlet, requiring little or no modern equipment or formal education;

or, is traditional/semi-modern, such as the small agricultural tool manufacturer headed by an entrepreneur with several years of skilled apprenticeship and work experience with some exposure to, and willingness to invest in, moderately complex equipment.

CARE has identified five growing small rural enterprises as candidates for assistance: a cereal wholesaler, poultry producer, agricultural handtool manufacturer, rice miller and retailer that could evolve into a farm supply outlet. Their annual sales range from $14,000 to $122,000, gross profit margins from 20% to 40%, and returns on invested capital ranging from 40% to 70%. All five enterprises are looking to expand either their current operations or move into new activities associated with their current activities. Their principal technical assistance and training needs are: 1) business management, including planning; 2) simple financial accounting systems; 3) financial management, including inventory control, cash management and cost accounting; 4) marketing, including market analysis and prncing of new products; 5) procurement of new equipment; and 6) product quality control.

The internal benefits which will flow from the growth of these enterprises are expansion of sales, increased profits and employment. The external (societal) benefits will be: 1) expansion into high linkage, ancillary investments; 2) forward linkages into the distribution of agricultural inputs and backward linkages into the purchase of other micro/SSE outputs (farm supply outlet, cereal wholesaler); 3) value added to raw agricultural produce via transformation and increased quality (rice miller, poultry producer); 4) positive dietary effects from high animal protein content of poultry; 5) stimulation of similar businesses; 6) wider variety of higher quality agricultural implements; 7) increased supply of domestic rice at competitive prices for Lomé market; and 8) modest amount of employment generation for men and women.

5.2.3. Micro-Enterprise Component

An important project focus is more effective and broader assistance to micro enterprises. The importance of the rural micro-entrepreneur cannot be overemphasized: they are an important element in mobilizing savings, act as an important link in monetarizing agricultural production and are increasingly an essential element in a rural family's income, since at least one member of a farming family is apt to be a micro-entrepreneur.

CARE has pursued a strategy which emphasises micro-enterprises that support agricultural producers and are owned/managed by women. Under TRIPS, assistance packages will continue to include planning, entrepreneurial training, technical

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assistance, raw materials procurement, the principles of credit management, and particularly the maintenance of a working capital revolving fund.

In order to accelerate the development of micro-enterprises, TRIPS project will take this proven strategy one step further by helping micro-enterprises better interact with and market their products to larger, more modern enterprises. Business activities which offer particularly significant forward and backward linkages are the production of handtool components, building materials, foodstuffs, and small scale traders, principally women who can act as agents for larger enterprises. TRIPS will also promote micro-enterprises by assisting in the creation of trade associations, which hold promise for developing into mechanisms for group asset acquisition and marketing.

5.2.4. MICRO/SME Financing

The major reason given by the commercial banks for their limited lending to SMEs, particularly rural ones, is the high credit risk and disproportionate expense entailed in servicing a loan, which at best will yield only two percentage points above BCEAO money market instruments. Moreover, many rural enterprises have a reputation of having insufficient collateral, thin equity capital, poor financial records, and an inability to articulate their funding needs through business proposals and loan applications.

Although the commercial banks have a basic interest in reviewing SME loan proposals presented by the SED Unit, they emphasize that the two most important credit criteria are the entrepreneur's past credit history and the capacity to repay additional loans. Any shortfall in loan servicing ability due to inadequate collateral or cash flow would have to be covered by a guarantee from an acceptable third party. Unfortunately, such guarantees do not institutionalize credit to rural enterprises.

At least during the life of the TRIPS project, virtually all financing for enterprises will have to come either from credit unions, this or other projects, or a reinvigorated CNCA.

5.3. Economic

5.3.1. Economic Benefits

The most direct economic benefit from the credit union development component of TRIPS will be an increase in the amount of savings it will stimulate for investment. To quantify the effects of credit unions on investment activity requires various assumptions about how much new savings the project will generate, the rate of return on investments made

with credit union funds, and program discipline to limit loan defaults.

The principal tangible benefit from the producer group development component is increased crop production. Additional benefits will result from the grain storage activity. To quantify benefits, assumptions are needed concerning hectarage under different crops and yields, which can be based on past experience and targets for TRIPS, and how effective CARE is in disseminating its approach in other regions through client organizations.

Benefits from micro and small enterprise development will include the net benefits received by the entrepreneurs as well as other individuals and groups who use the services supplied by those enterprises to increase their production. While the benefits from assisting these entrepreneurs will probably be significant, it is expected that it will not be rearly as great as benefits from the producer group component.

5.3.2. Economic Costs

Economic costs included in the analysis include the contributions made by all sources to the project -- A.I.D., the GOT, CARE, etc. Credit union costs are not included in the project's cost stream since economic returns on credit union loans are assumed to be net of credit union costs and loan losses. However, credit union costs for collecting savings and administering loans are included.

5.3.3. Results of the Analysis

Subject to the limitations of the assumptions used, the data indicate that the overall project internal rate of return (IRR) is approximately 8% using a 20 year time frame. Returns from the credit union component are high.

The drag on project benefits comes from the CARE component since the emphasis on direct CARE-client interaction is costly and not enough land is expected to be cultivated by the end of the project to generate a significant benefit over and above what farmers would have cultivated in the absence of the project. The rate of return would go up considerably if CARE perfected its self-financing credit/extension approach, and if more project resources were devoted to outreach activities to spread this approach via other organizations. During the first two years of the project CARE should be able to identify the essential components of a viable extension/credit system built around credit unions that has wide applicability. Once this package has been tested and confirmed, TRIPS resources should shift from direct client contact to working with development organizations. For example, if CARE were to triple the number of development organizations to which it expects successfully to extend its approach, the IRR would increase to over 10%.

This approach offers greater long-term benefits both to Togo and to other African countries seeking alternatives to poorly financed and ineffective extension programs.

The analysis also examines the influence of various assumptions and finds that the results are relatively stable for a range of potential outcomes. However, there are other benefits that the analysis cannot consider, such as the intangible one of producer group and credit union members having greater control over their own family economies. Also, the analysis does not quantify the potential impact of the MDR monitoring and coordination component of the project. If a policy study done under that component were lead to an improved policy for rural producers or entrepreneurs, the positive impact could be substantial and argues for acceptance of the project.

5.4. Social Soundness

5.4.1. Beneficiaries

Togo's population of approximately 3 million people numbers over 25 distinct ethnic groups, but the two major peoples, together comprising nearly 70% of the entire population, are the Adja-Ewé and the Kabiyé. The Adja-Ewé comprise the Adja, Ewé, Ouatchi, and the Mina and are principally located in the southern region of the country. The Kabiyé, who total about 25% of the total population, are found primarily in their homeland (Kara region) and secondarily in a number of colonization zones, principally in the Central region. Other ethnic groups who in the future may be TRIPS beneficiaries are the Cotocoli (Central Region) the Ana (Plateaux Region) and the Moba (Savannes Region).

Despite significant differences in historical evolution, language, and culture the Adja-Ewé and the Kabiyé do share a number of common sociocultural traits. In both cultures age is the principal criterion for status, and in general women remain socially inferior to men. Both societies have been historically fugitives from ethnic conflicts and developed a clan structure characterized by local political autonomy. Both cultures are predominantly agricultural and patrilineal. Women's access to lands and other productive resources do vary according to specific land tenure and inheritance systems, but in each society -- indeed, throughout Togo -- women dominate the rural economy. Women as a group will benefit significantly through TRIPS interventions.

5.4.2. Projected Project Impacts on Rural Producer Groups, Micro-and Small Business Managers, and Urban and Rural COOPEC Members

<u>CARE Component</u>. It is expected that CARE-assisted rural groups will generate a significant increase in real incomes for individual producer group members, approximately 20% of whom

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are anticipated to be women. Microbusiness managers (approximately 65% of whom will be women) will also benefit directly by increased revenues generated by better management of their enterprises. A key issue -- though not an explicit TRIPS goal -- is the extent to which increases in real incomes of male heads of families will translate into household social gains (for direct women beneficiaries it is assumed that improved nutrition and improved family health will follow from increases in revenue). Data already exist to indicate that school fees and housing improvements are among the highest priorities in social investments among COOPEC members.

CUNA/FUCEC Component. Both urban and rural COOPEC members will experience a significant increase in personal savings and access to productive credit. In addition COOPEC members will participate in an authentic democratic institution, the social impact of which may be considerable.

5.4.3. Differential Project Impact on Non-participants

Little or no adverse social impact is anticipated for non-participants of the credit union movement, nor for those farmers not members of the CARE farmer's groups. It is conceivable that the increased competition fostered among microbusinesses could entail losses for thos inefficient operations, but it is not anticipated that the adverse social impact of this eventuality will be significant, given the fairly limited scope of project interventions.

5.4.4. Sociocultural Feasibility

Because the project is based on two ongoing, successful project activities which have systematically solicited and acted upon beneficiary inputs, there is every reason to believe that TRIPS responds to felt beneficiary needs. This is the strongest possible predictor of sociocultural feasibility. Both components have elaborated sensitive monitoring and evaluation systems to ensure that their interventions respect local traditions and institutions.

5.4.5. Recommendations

CARE should continue to ensure that its service delivery strategies aimed at promoting rural groups begin with an analysis of individual needs and that its group promotion efforts continue to maximize beneficiary participation.

CARE and FUCEC should ensure that rural and urban group members be involved to the extent possible in the group's decision-making processes.

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5.5. Administrative Analysis-Summary

5.5.1. Introduction

Three institutions, one a relatively recently created government planning unit, and two U.S. private/voluntary organizations, are at the center of implementing a five year workplan that spreads out over Togo's five regions. In the measure that they either already demonstrate an adequate level of managerial and technical competency, or in that A.I.D. or other entities will furnish essential resources on a timely and well-coordinated basis, both the institutions and the plan may be able to make considerable contributions in promoting the participation of private sector parties in Togolese rural development.

5.5.2. Ministry of Rural Development

For more than five years, the Director General of Rural Development has benefited from technical and organizational assistance provided directly by a Program and Planning Service (PPS). Initiated with World Bank sponsorship to help the Togolese government prepare a series of round table sessions with donors in realigning development investment priorities towards productive activities in agriculture, as part of the GOT's economic reform measures, the PPS now plays an important role in the implementation of MDR's New Rural Development Strategy. The new strategy reserves a privileged place for formal and informal rural institutions, particularly farmer groups, rural credit sources, and small rural entrepreneurs to participate in the process of stimulating the rural economy. The PPS in fact, is responsible for identifying new project and investment opportunities related to this strategy, and also for coordinating the specific support services of the Ministry in successfully negotiating for funding and then in monitoring field elements of the strategy as they are implemented.

Yet for all of PPS proven organizational competence in serving as MDR's clearing house for new projects which seem to meet the criteria of the new strategy, PPS has not provided the DGDR with the sort of analytical look at project and investment performance that can assist the Ministry in mid- and long-term public sector planning in rural development. Moreover, the lack of opportunity for PPS members to follow strategy implementation by regularly monitoring field activities sponsored by various donors, PVOs and local institutions - public and private, has seriously hampered the DGDR's capability to serve an effective role in coordination, and in developing evolutive roles for each party.

The problem of improving the government's primary tool in investment planning in rural development is neither structural in nature, nor compounded by ill conceived policies. Rather it

is an issue of organization and training. The new strategy has given greater definition and direction to rural development in Togo; now a greater sense of management of the available resources required to reach those objectives is necessary. This project will assist in strengthening PPS's limited material and human resources, and in mobilizing its information gathering and improved analytical capability, so as to enable PPS to provide the DGDR with, inter alia, the model of a productive, efficient and coordinated approach towards increased private sector participation in rural development. Planned additional material resources and outside technical assistance are urgently requested by DGDR and appear to be well within the ability of A.I.D. to furnish and manage. A strong training component should focus on progressively improving the capacity of PPS to understand, identify, and assist those opportunities for private sector development agencies to play a complementary role in the national economy.

5.5.3. CUNA and CARE

Two U.S. PVOs have been operating in Togo for some time, and with considerable attachment to the process of rural development. CUNA began with advisory support and training of private individuals, urban salaried workers and rural small holders in the basic principles and mechanics of savings, through a loosely structured, locally autonomous association of credit unions. With time and training, the emphasis has moved towards productive growth-oriented credit to attain individually held objectives through the common bond of the credit union. CARE has focused on the rural producer - usually of agricultural products or agriculturally-related goods and services - and assisted in the growth of an individual's enterprise by taking advantage of the complementarities and affinities inherent in and between Togolese groups. The symbiotic nature of the CUNA and CARE efforts have escaped no one, least of all the participants, but also observers such as the Togolese government planning and technical services, as well as donors and investors.

Mid-term evaluations of both CUNA and CARE activities, and regular progress activity reports all attest to a record of quiet commitment (not always unqualified competence) and extraordinary care by both organizations in implementing support systems (and then monitoring them) which will lead, in due time and with increasing efficiency, to a progressively institutionalized form of rural development that has become the intellectual, if not physical property of the beneficiaries.

The extraordinary complementarities of activities stimulated by CUNA and CARE now appear to be real, and not just potential. Representatives of both these organizations appreciate the opportunities ahead; moreover, the concerned beneficiaries have already taken steps to acquire greater responsibilities unto themselves in the organization of a sustainable, locally-

generated process of rural development. Nearly three decades - more than a generation - of ill-conceived and misdirected state-led ventures, and the resultant near bankruptcy of public sector means and methods to meet individual and corporate needs in Togo, provides an interesting backdrop for the players involved in accelorating the rural development process.

From their current experience in Togo with a range of partners ranging from sub-performing government financial and technical services to prosperous (albeit maverick) women cereal dealers, both CUNA and CARE, and their national partner-agencies (FUCEC, and at a lesser degree of organization - APP) are demonstrably capable of drafting and implementing a satisfactory realizable plan of work which stands every good chance of attaining project objectives within the range of time and the funding which have been alloted in project design for this purpose.

Nevertheless, and even given this acceptance of CUNA and CARE appropriateness and competence to conduct project implementation, A.I.D. should pay particular attention to three aspects of this PVO involvement over the course of the next five years:

a) Mutual collaboration: While both CUNA and CARE will prepare annual workplans for activities within their discrete project component, the Project Management Team, of which A.I.D. and MDR are also members, is enjoined to review and approve the plans. Plans should reflect a common field strategy that promotes the collaboration of CUNA and CARE in addressing problems, exploring opportunities, and in expanding geographically the sphere of project influence.

b) Spread effect: The level of project benefits is very sensitive to the degree to which CUNA and CARE components touch on other operators in the rural sector. These can include Togolese-based non-government organizations, private business associations, parastatal controlled producer groups, trade worker associations and even government institutions (such as a re-organized national agricultural credit institution).

c) GOT involvement: The inclusion of MDR's Program and Planning Service as a key player in project implementation is not an accident. There are several real issues for the government to tackle in the process of opening agricultural sector development to greater private sector involvement. The Project Management Team, within the PPS, is ideally placed to instigate the sort of dialogue which leads to decisions in favor of greater private sector participation. Where the PPS is weak in analytical capacity, A.I.D. should provide appropriate technical assistance and training. Also, MDR has stated its wishes to constitute an interministerial committee to review issues that concern several ministries.

5.6. Environmental

The text of the Initial Environmental Examination (IEE) was drafted by the Regional Environmental Officer, REDSO/WCA, and dispatched to A.I.D./Washington for inclusion in the initial TRIPS PID per 87 Abidjan 23056, dated October 21, 1987. The Africa Bureau Environmental Officer then redrafted the text, based on the incoming cable, and approved the Recommended Environmental Actions listed as Attachment B to the PID. The recommendation was not contested in the Project Committee's Review of the resubmitted PID in January 1988.

The Project Paper team subsequently developed the final project design, and did not raise any issues related to environmental concerns beyond those already raised and dispensed with at the PID stage. In fact, rather than add any component to the project design which may have required another look by the Agency's environmental office, the Project Paper team eliminated a major component (cash transfer and the creation of a host government development credit fund) to the project which may have actually posed some problems in monitoring, reporting and enforcement, had it been retained within the project design. In that no new project components were introduced to the design, the recommendation for categorical exclusions of financing of dollars and local currency for technical assistance, and local currency applied to the capitalization of an intermediate credit institution, still stand.

Notwithstanding these categorical exclusions the Project Paper does address the agricultural-related activities which CARE plans to carry out with farmer producer groups. CARE will be responsible for procuring all grant-funded commodities (see Annex H) in accordance with A.I.D. regulations. Under the Development Fund for Africa authorization, Code 935 source/origin will be permissible for commodity procurement. No pesticides will be procured with A.I.D. funds or with credit financed by A.I.D., and the Cooperative Agreement will include language to that effect.

Attachment B

Initial Environmental Examination

COUNTRY : Togo
PROJECT TITLE : Rural Institutions and Private Sector
FUNDING : LOP $12.0 million

Activity Description

The objective of this project is to 1) assist the Government of Togo to improve the policy environment for private sector involvement in the agricultural sector; and 2) to strengthen the indigenous institutions serving the agricultural sector (credit unions, producer groups, rural enterprises).

The project will use a combination of non-project and project assistance. The non-project assistance will be in the form of a cash transfer ($2 million) upon satisfaction by the GOT of conditions to disbursement (policy reforms). Local currencies resulting from the cash transfer will be programmed for use by rural producer groups, credit unions, entrepreneurs, etc., through intermediate financial institutions, viz. commercial banks, credit unions, the National Agricultural Development Bank, etc. Reservation of A.I.D.'s right to review and appr(individual loans is not involved.

The project management is comprised of technical assistance (be provided through two US PVOs. The US PVOs will work with indigenous institutions working in credit, producer group formation, development of small enterprises servicing the agricultural sector, etc. This component will not involve financing any activities that would have any impact on the environment (e.g., construction of facilities).

Environmental Actions Recommended

1. Categorical exclusions for local currency applied to capitalization of an intermediate credit institution - 22 CFR Part 216.2(c)(2)(xiii):

> "Support for intermediate credit institutions when the objective is to assist in the capitalization of the institution or part thereof and when such support does not involve reservation of the right to review and approve individual loans made by the institution;" and

2. Categorical exclusions for dollar and local currency finance applied to technical assistance - 22 CFR Part 216.2(c)(2)(i):

> "Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.)."

Bureau Environmental Officer's Decision

Approved_____

Disapproved_____

Date_____

Clearances:
REDSO/WAC/REO:_____; REDSO/WCA/RLA:_____; GC/AFR:_____

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6. CONDITIONS PRECEDENT AND COVENANTS

6.1 Conditions Precedent

6.1.1. First Disbursement

Prior to the first disbursement under the Grant, or to t issuance by AID of documentation pursuant to which disbursement will be made, the Cooperating Country 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. A statement of the name(s) of person(s) who will be acting on behalf of the Cooperating Country and of any additional representatives, together with a specimen signature of such persons.

b. A statement that all assets that would otherwise be transferred to the Cooperating Country at the end of the Zio River Economic Development Project will continue to be at the disposal of CARE for the duration of the Grant.

6.1.2. Additional Disbursement

Prior to any disbursement under the Grant for FUCEC operating costs beginning on April 1, 1989, the Cooperating Country 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. A copy of a formally issued letter to FUCEC-TOGO, the contents of which will essentially be the following: Given Article 12, Title IV - Obligations - Decree No. 71167 which deals with the application of Ordinance No. 13, dated April 12, 1967 to the Cooperative Statute of Togo, the Ministry of Rural Development designates the Togolese Federation of Cooperative Savings and Loans Unions (FUCEC-TOGO) as its agent in matters which concern financial and technical control of all the savings and loan cooperatives operating on Togolese territory, which use or do not use the name of Savings and Credit Cooperative (COOPEC) and without distinction of affiliation or not with FUCEC-TOGO. In this regard, only FUCEC-TOGO will be empowered by the Ministry according to the provisions of Ordinance No. 13 to ensure that these Laws of the Republic of Togo, and Ordinance No. 13 in particular, are respected, and that good financial and administrative management practices are adopted and observed.

b. A copy of a formally issued letter to FUCEC which indicates approval of a FUCEC-sponsored risk management program.

M/X

6.2 Covenants

6.2.1. Annual Work Plans

Prior to the annual disbursement of funds under the Grant for all FUCEC/CUNA, CARE and Ministry of Rural Development costs except those directly associated with long-term advisors and salaries/benefits for local staff, the Cooperating Country will submit to A.I.D., in form and substance satisfactory to A.I.D., an annual work plan at least one month in advance of the year discussed in the plan. Costs anticipated in 1988 will be exempted from this requirement.

6.2.2. Evaluation

The Cooperating Country agrees to establish with A.I.D. an evaluation program as part of the project which will include: a) evaluation of progress toward attainment of the objectives of the project; b) identification and evaluation of problem areas or constraints which may inhibit such attainment; and c) evaluation of the impact of the project on the rural economy.

6.2.2. Project Management Team

The Cooperating Country will ensure that a Project Management Team is established, with representatives from the Cooperating Country, AID, CARE and CUNA/FUCEC, with the mandate to: review annual work plans of CARE and FUCEC/CUNA and monitor and coordinate project activities.

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7. EVALUATION ARRANGEMENTS

7.1. Overview

During the five year life-of-project there will be annual formal reviews and two evaluations. The Project Management Team will hold the formal reviews at the end of each year to review implementation, progress towards objectives, and the next year's work plans. It is anticipated that the reviews will: 1) consider efficiency/effectiveness of implementation; 2) identify external factors, assumptions and problems affecting the project, and potential negative impacts; 3) determine whether any modifications are needed in project design and/or implementation arrangements to improve project performance; 4) ensure that data are collected, properly analyzed and fed back in a timely format to the PMT, A.I.D., and the GOT; and 5) consider the likelihood of project success (achieving targets at the output, purpose and goal levels).

Two evaluations will be conducted during the project. A mid-term evaluation will be conducted during the third year of project implementation, on or about March 1991. The second evaluation will take place near the end of the project, on or about August 1993. The mid-term evaluation will focus primarily on implementation and recommend modifications, if necessary, in the project design or implementation arrangements. The final evaluation will focus on impact and will recommend activities for future donor assistance in increasing rural incomes in the agricultural sector.

The content of the annual reviews and projects evaluations are outlined below. Specific general and technical questions will be formulated prior to the reviews and evaluations. The agenda for the annual reviews and the terms of reference and team composition for the evaluations will be drafted by GOT (PPS) and reviewed by other members of the PMT.

In addition, CARE and CUNA will each sponsor evaluations (mid-term and final) of their own grants. The two PVOs will prepare the terms of reference for each evaluation, but PMT will review them for MDR and OAR approval.

7.2. Annual Reviews

First Review (November/December 1989). The first review will focus on project design, the implementation plan, projected outputs, and first year work plans. Key questions will include: the adequacy of the project design to achieve project purpose; the adequacy of the implementation plan and work plans in meeting targets; and adequacy of proposed monitoring and data collection arrangements (including the baseline surveys).

Second Review (November/December 1990). The second review will focus on the implementation of recommendations from the first review, consider the results of the first year of

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implementation, and examine outstanding issues and implementation problems. It will also examine and harmonize second year work plans.

Third Review (November/December 1991). The third review will focus on the implementation of recommendations of the previous annual review and consider the results of the second year of implementation, including implementation of recommendations from the mid-term evaluation. It will also examine implementation problems and outstanding issues, as well as third year work plans.

Fourth Review (November/December 1992). The fourth review will focus on results of project implementation over the previous year, including outcomes stemming from changes made in response to the mid-term evaluation. It will examine and harmonize fourth year work plans and begin preparations for the final evaluation.

Final Review (September 1993). The fifth and final review will focus on TRIPS accomplishments and impact, considering the entire project. It will draw heavily on the findings, conclusions, and recommendations of the final evaluation. It will also consider the implications of the project and evaluation for future donor activities to promote the participation of Togolese private sector institutions in agricultural and rural financial markets.

7.3. Evaluations

Mid-term Evaluation (March 1991). The mid-term evaluation will assess project implementation. It will consider the extent to which each party (GOT, PVOs, FUCEC, A.I.D., other donors) is meeting its responsibilities; the adequacy of project design; the adequacy of data collection and analysis arrangements; the adequacy of resources for achieving targets; the extent to which external factors (e.g. GOT legislation and policy, market conditions, and other donors) are influencing the project; the results of FUCEC's incentive program and productive credit program; and CARE's success in perfecting its technical package and replicating its approach in other regions. The evaluation will recommend if the balance of funding should be provided for the FUCEC incentive and productive credit programs. It will also recommend whether project resources should be reprogrammed so that CARE's activities can be further replicated by more training and ORAs for client organizations.

This mid-term evaluation will be conducted by an external team funded from the TRIPS monitoring and coordination component. The PVOs, MRD, OAR, client organizations of CARE, and beneficiaries will be the major sources of information.

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Final Evaluation (August 1993). The final evaluation will have a broader mandate. Besides examining the adequacy of inputs and performance of technical assistance, it will assess the participation of the GOT, PVOs, A.I.D., other organizations involved (e.g. client organizations of CARE) at all levels of project implementation. The evaluation will judge the MDR's capabilities of continuing to monitor government and privately financed activities in the rural sector without external assistance.

At a higher level, the evaluation will assess the project's success in meeting its purpose and goal, drawing heavily on the results of end-of-project surveys and baseline surveys. It will assess and forecast the impact of project activities on increasing rural incomes. The evaluation will look at the sustainability issue -- of FUCEC, producer groups and micro and small enterprises, and of CARE's approach via client organizations. It will consider to what extent indigenous private sector entities (groups, individuals, and businesses) have been strengthened to enable rural producers to have greater access to basic agricultural services (credit, production inputs, marketing); the cost-effectiveness of project activities; and the adequacy of project design. It will also provide lessons learned from TRIPS and make recommendations for future A.I.D., GOT, PVO, private sector, and other donor interventions in the rural sector.

Arrangements for consultants for the final evaluation will be similar to those for the mid-term evaluation.

7.4. Indicators of Achievement

Annex I., Indicators of Achievement, contains a detailed and exhaustive list of benchmarks and indicators of progress towards attainment of project objectives. While helpful in covering all of the operational aspects of project implementation, the list is probably a bit unwieldy for the use of senior management. The Project Management Team, with an A.I.D. Representative as member and in attendance, will, at its initial meeting in October 1988, conclude a concise list of project indicators which point at purpose-level achievement. The list will consist of elements which can be monitored and reported upon, and progress will be followed and tracked through the Project Implementation Review, as well as through OAR internal procedures, with information provided by the project monitoring system.

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P R O J E C T P A P E R

TOGO RURAL INSTITUTIONS AND PRIVATE SECTOR

693 - 0227

A N N E X E S

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ANNEX A. PID APPROVAL MESSAGE

ACTION: AID INFO: AMB DCM

VZCZCLMC719EHU013
OO RUFHFC
DE RUEHC #8950/01 0300234
ZNR UUUUU ZZH
O 300230Z JAN 88
FM SECSTATE WASHDC
TO RUFHFC/AMEMBASSY LOME IMMEDIATE 1828
INFO RUEHAB/AMEMBASSY ABIDJAN IMMEDIATE 0878
BT
UNCLAS SECTION 01 OF 03 STATE 028950

LOC: 029 2
30 JAN 88 025
CN: 23694
CHRG: AID
DIST: AID

AIDAC ABIDJAN FOR REDSO/WCA

E.O. 12356: N/A

SUBJECT: TOGO RURAL INSTITUTIONS & PRIVATE SECTOR PROJECT (693-0227) PID ECPR GUIDANCE

REF: (A) 87 STATE 342889; (B) 87 ABIDJAN 27925; (C) STATE 331065

1. THE ECPR FOR THE SUBJECT PROJECT WAS HELD ON THURSDAY, JANUARY 21, 1988 AND WAS CHAIRED BY AFR/PD DIRECTOR C. PEASLEY. THE MEETING WAS ALSO ATTENDED BY DAA/AFR W.POLLINGER AND REPRESENTATIVES OF AFR/CCWA, AFR/PD/CCWAP, AFR/DP/PAR, AFR/DP/PAB, AFR/TR/ARD, AFR/PRE, GC/AFR, PPC/PDPR, AND OAR/LOME RDO S. BLISS.

2. THE ECPR CONCLUDED THE FOLLOWING:

A. PID APPROVAL: THE PID WAS APPROVED TO PROCEED TO THE PP STAGE, BUT GIVEN THE COMPLEXITY AND LINGERING CONCERNS REGARDING THE PROPOSED NONPROJECT ASSISTANCE COMPONENT, THE FOLLOWING MODIFICATIONS TO THE CURRENT DESIGN WILL BE REQUIRED:

(1) THE CASH TRANSFER CONCEPT (SECTION D. I. (C) OF THE PID) WILL BE DROPPED FROM THE PROJECT. THE PROJECT WILL

FOCUS PRIMARILY ON THE CREDIT UNION, FARMER GROUP, AND PRIVATE ENTERPRISE COMPONENTS DESCRIBED IN THE PID AND THE FIRST LEVEL OF CPS (NOTED P. 8). THE PROJECT, THEREFORE, IS ESSENTIALLY SCALED BACK TO TWO COOPERATIVE AGREEMENTS (CUNA AND CARE) WITH PROVISIONS FOR STUDIES (SEE PARA 2.C. BELOW) AND A POSSIBLE CREDIT COMPONENT (SEE PARA 2.B. BELOW).

(2) INSOFAR AS THE PROPOSED COVENANTS (P. 8) APPEAR TO BE, BY HE PID'S OWN ADMISSION, BEYOND THE SCOPE OF THE PROJECT, THEY SHOULD BE DELETED.

(3) THE SUBSEQUENT CONDITIONS PRECEDENT (I.E., THOSE ON PP 9-10) SHOULD BE SEPARATED OUT AND RE-EXAMINED ON THEIR OWN MERIT AND ONLY RETAINED TO THE EXTENT THAT THEY DIRECTLY SUPPORT THE REVISED PROJECT. THE COOP AND PRIVATE SECTOR REFORM COMPONENT COULD POTENTIALLY BE

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TREATED AS COVENANTS OR CPS TO INITIAL DISBURSEMENT IF DIRECTLY RELEVANT TO PROJECT SUCCESS. THE CREDIT FUND COMPONENT IS DISCUSSED SEPARATELY BELOW.

(4) WITH THE DELETION OF THE CASH TRANSFER CONCEPT, THE PROJECT BECOMES MORE MODEST IN SCOPE AND THE PROJECT PURPOSE, OUTPUTS, AND PROGRESS INDICATORS SHOULD BE REVISED ACCORDINGLY.

B. CREDIT COMPONENT: THE ESTABLISHMENT OF A CREDIT FUND UNDER THE PROJECT REMAINS AN OPTION TO BE CONSIDERED IN THE PP AND NEEDS TO BE QUANTITATIVELY JUSTIFIED (EFFECTIVE DEMAND AND AMOUNT) IN THE COOPERS AND LYBRAND CREDIT STUDY TO BE CONDUCTED PRIOR TO THE PP DESIGN. IF A CREDIT FUND IS INCLUDED IN THE PROJECT, EVERY EFFORT SHOULD BE MADE TO ENSURE THAT THE FUNDS ARE CHANNELED THROUGH PRIVATE SECTOR ENTITIES RATHER THAN THE PUBLIC SECTOR (E.G., CNCA, SEE PARA 2. I. BELOW). ALSO, SINCE THIS IS A GRANT ACTIVITY, SPECIAL CARE WILL NEED TO BE TAKEN IN TRANSFERRING FUNDS TO LENDING INSTITUTIONS. IDEALLY IF THE GRANT IS TO GOT, IT SHOULD ONLEND AT PREVAILING DISCOUNT RATE TO THE LENDING INSTITUTION. THE AGENCY'S DRAFT POLICY PAPER ON FINANCIAL MARKETS HAS BEEN PROVIDED TO RDO BLISS FOR GUIDANCE IN DEVELOPMENT OF THIS COMPONENT.

C. POLICY CONSTRAINTS: TO ASSIST IN THE IDENTIFICATION OF OTHER CONSTRAINTS TO INCREASED PARTICIPATION OF THE PRIVATE SECTOR IN RURAL MARKETS, ESPECIALLY EXPANSION OF CREDIT UNIONS AND COOPERATIVES, THE PP SHOULD CONSIDER ADDITIONAL RESOURCES TO FUND STUDIES, SEMINARS, AND TRAINING FOCUSSED ON THESE CONSTRAINTS, AS APPROPRIATE.

GC/AFR ALSO NOTES THAT IF CP'S OR COVENANTS INCLUDED IN THE GRANT AGREEMENT REQUIRE LEGISLATIVE ACTION BY THE GOT, THEN FAA SECTION 611(A)(2) REQUIRES A.I.D. TO BE ABLE TO REASONABLY ANTICIPATE THE ADOPTION OF SUCH LEGISLATION IN TIME TO PERMIT ORDERLY ACCOMPLISHMENT OF PROJECT OBJECTIVES.

D. DELEGATION OF AUTHORITY FOR PP APPROVAL: IT WAS AGREED TO DELEGATE PP APPROVAL AUTHORITY TO THE FIELD (WITH REDSO CONCURRENCE). HOWEVER, IF THE PROJECT IS TO ULTIMATELY INCLUDE A CREDIT COMPONENT, A SUBSTANTIVE DESCRIPTION OF THAT COMPONENT NEEDS TO BE FORWARDED TO A.I.D./W (ALLOWING SUFFICIENT TIME FOR REVIEW PRIOR TO PP APPROVAL) TO DETERMINE IF ANY OUTSTANDING POLICY ISSUES EXIST.

E. WOMEN IN DEVELOPMENT: PPC NOTED THAT ALL INFORMATION GATHERED IN THE PROJECT'S MONITORING AND EVALUATION

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COMPONENT SHOULD INCLUDE GENDER DISAGGREGATION SO AS TO FACILITATE A REVIEW OF WID CONCERNS.

F. HOST COUNTRY CONTRIBUTION: TOGO'S INCLUSION ON THE UNCTAD LIST OF RELATIVELY LEAST DEVELOPED COUNTRIES MAKES THE COUNTRY ELIGIBLE TO HAVE THE 25 PERCENT HOST COUNTRY CONTRIBUTION TO THE PROJECT WAIVED. A WAIVER WILL STILL BE REQUIRED, HOWEVER, AND SHOULD BE COMPLETED PRIOR TO PP AUTHORIZATION.

G. DONOR COORDINATION: THE PROJECT IS VITALLY LINKED TO POLICY REFORMS AND SECTORAL ACTIVITIES CURRENTLY BEING UNDERTAKEN BY SEVERAL DONOR GROUPS. CLEARLY, ANY ACTIONS OR REFORMS UNDERTAKEN THROUGH TRIPS MUST BE CONSISTENT WITH EFFORTS WHICH OTHERS ARE WORKING ON IN THIS SECTOR; THE LONGER-TERM SUSTAINABILITY OF THIS PROJECT WILL ALSO DEPEND ON CONCERTED DONOR ACTION. ALTHOUGH THE SCOPE OF TRIPS HAS BEEN REDUCED, THE PP SHOULD STILL SPECIFICALLY IDENTIFY KEY DONOR GROUPS AND ACTIVELY SOLICIT SHARING OF VIEWS AND DEVELOPMENT OF ACTIVITIES WHICH ARE MUTUALLY REINFORCING.

H. PROJECT BUDGET: INSOFAR AS THE AEPRP RESOURCES ARE NOT ELABORATED UPON IN THE PID AND WILL BE TRACKED UNDER THE AEPRP ACTIVITY, THE ECPR FELT THAT THESE RESOURCES SHOULD BE ELIMINATED FROM THE TRIPS BUDGET, ALTHOUGH THEY MAY BE NOTED AS A POSSIBLE SUPPLEMENTAL RESOURCE.

I. CHANNELING OF LOCAL CURRENCIES THROUGH THE GOT'S AGRICULTURAL CREDIT BANK (CNCA): AGENCY GUIDANCE REGARDING PARASTATAL CREDIT INSTITUTIONS OPPOSES

CHANNELING OF LOCAL CURRENCIES THROUGH SUCH ORGANIZATIONS UNLESS THE FUNDS ARE PART OF A PRIVATIZATION SCHEME FOR THE PARASTATAL. FLEXIBILITY IN DEALING WITH THAT POLICY FOR AFRICA GIVEN THE GENERAL LACK OF CREDIT STRUCTURE/INSTITUTIONS IN RURAL AREAS WILL OBVIOUSLY BE REQUIRED. BUREAU EXPECTS THE EXPANDED COOPERS AND LYBRAND STUDY (SEE ABOVE) WILL HELP SHED LIGHT ON THIS SENSITIVE ISSUE. BUREAU URGES EXPANSION OF SOW TO INCLUDE ANALYTICAL ASSESSMENT OF THE FINANCIAL SYSTEM AS A WHOLE. THIS COULD USEFULLY INCLUDE: A GENERAL DESCRIPTION OF THE SYSTEM; GOT POLICIES IN DETERMINING AVAILABILITY OF CREDIT FOR THE RURAL PRIVATE SECTOR; RELATIONSHIP OF CREDIT UNIONS TO THE BROADER FINANCIAL SYSTEM; FORMAL AND INFORMAL CREDIT LINKAGES.

J. IMPACT AND SUSTAINABILITY: ESPECIALLY GIVEN CURRENT AFR BUREAU CONCERN FOR PROJECT IMPACT MONITORING, THE ECPR UNDERSCORED ITS REQUEST FOR A CAREFULLY FORMULATED AND PRACTICAL PROJECT MONITORING/EVALUATION PLAN. IT WAS AGREED BY ALL PARTIES THAT THE TERM QUOTE SUSTAINABLE PARTICIPATION UNQUOTE WILL BE PLACED IN THE PURPOSE STATEMENT, THEREBY PROVIDING A CLEARER CRITERION AGAINST WHICH PURPOSELEVEL IMPACT CAN BE MEASURED IN THE COURSE OF IMPLEMENTATION. SPECIAL ATTENTION SHOULD

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BE DIRECTED BY THE PP TEAM TOWARD THE DEVELOPMENT OF QUANTITATIVE INDICATORS FOR ALL PROJECT COMPONENTS.

K. PROJECT MANAGEMENT: THE REVISED PID ELABORATED ON THE PROJECT'S MANAGEMENT BY A PROJECT MANAGEMENT TEAM (PMT), COMPRISED OF REPRESENTATIVES OF USAID, MDR, CUNA/FUCEC-TOGO, AND CARE/APP. THIS CLARIFIED THE MANAGEMENT ROLE OF THE VARIOUS PARTIES, BUT THE CONCERN REMAINS THAT THE PROJECT COULD BE DIFFICULT TO MANAGE. THEREFORE, IT IS EXPECTED THAT THE PP WILL CAREFULLY DEFINE THE ROLES OF EACH PMT MEMBER. FINALLY, IF THE PMT IS EXPECTED TO MAKE DECISIONS ON ALLOCATIONS OF LOCAL CURRENCY WITHIN THE PROJECT (ASSUMING THERE IS A CREDIT FUND), THE PP MUST ENSURE THAT THE PVOS ARE NOT PLACED IN A CONFLICT OF INTEREST SITUATION.

L. PROCUREMENT: THE MISSION INTENDS TO USE TWO PVOS, CUNA AND CARE, TO IMPLEMENT A MAJOR SHARE OF PROJECT ACTIVITIES. THE QUESTION WAS RAISED WHETHER A WAIVER TO LIMIT APPLICATIONS TO THE TWO ENTITIES WAS REQUIRED PURSUANT TO HB13, CHAPTER 2B2. ACCORDING TO THE MOST RECENT PVO GUIDANCE (REF C), IT APPEARS THAT THE MISSION MAY FUND THE ACTIVITIES OF THE TWO PVOS WITHOUT COMPETITION IF THE MISSION DETERMINES THAT THE PROPOSALS SUBMITTED BY THE PVOS ARE QUOTE PVO INITIATED AND DESIGNED END QUOTE WITHIN THE MEANING OF THE PVO GUIDANCE CABLE. HOWEVER, IF THE PROPOSALS WERE SOLICITED BY THE MISSION, RATHER THAN INITIATED AND DESIGNED BY THE PVO'S, A WAIVER TO BE APPROVED BY THE AA/AFR WOULD BE REQUIRED TO LIMIT APPLICATIONS FROM THE TWO PVOS. THE MISSION SHOULD REFER TO THE PVO GUIDANCE CABLE AND ADDRESS THIS ISSUE IN THE PP.

M. IEE: A REVISED IEE FOR THIS PROJECT HAS BEEN APPROVED BY THE BUREAU ENVIRONMENTAL OFFICER.

N. PROJECT ASSUMPTIONS: UNDER THE ORIGINAL PID, THE PROJECT COMMITTEE HAD EXPRESSED RESERVATIONS REGARDING THE ASSUMPTIONS THAT THE APPROACH BEING USED UNDER THE

ONGOING ZIO RIVER ECONOMIC DEVELOPMENT PROJECT IN THE AREA OF FARMER GROUP DEVELOPMENT COULD BE EXPANDED COUNTRY-WIDE. SPECIFICALLY, THE CONCERN WAS RAISED THAT GROUP FORMATION TECHNIQUES MIGHT NOT NECESSARILY BE APPLICABLE TO OTHER GEOGRAPHIC REGIONS IN TOGO. OAR'S RECENTLY COMMISSIONED STUDY ON GROUP PROMOTION METHODOLOGIES IN RURAL DEVELOPMENT CONCLUDED THAT THERE MAY BE A NEED FOR DIFFERENT STRATEGIES TO BE UNDERTAKEN IN DIFFERENT GEOGRAPHIC AREAS IN ORDER TO TO TAKE INTO ACCOUNT SOCIO-CULTURAL DIFFERENCES. THE FINDINGS OF THIS STUDY SHOULD BE INCORPORATED INTO THE PP DESIGN AND THE METHODOLOGIES TO BE APPLIED BY THE TWO PVOS SHOULD TAKE THESE SOCIO-CULTURAL DIFFERENCES INTO ACCOUNT.
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ANNEX B
LOGICAL FRAMEWORK

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Program Goal: Increase Rural Incomes Sector Goal: To increase and diversify agricultural sector output	-Growth of agricultural sector as a % of GDP; -Increase and change in agricultural sector output -Increase in overall agricultural production -Increase in use of new varietal material -Increase in demand for agricultural production inputs and credit	-MDR reports -Joint USAID/IBRD supervision missions	-Other donor support and institutional reforms being undertaken by MDR will improve the performance of public sector agricultural research and extension institutions. -political and economic environment remain stable -favorable climate
Project Purpose: To expand the sustainable participation of Togolese private sector entities in agricultural and rural financial markets.	-credit unions' savings increase from $630,000 to $2.73 million -credit unions' outstanding credit increases from $491,000 to $1.64 million -80 self-sustaining credit unions; 30 self-sustaining producer groups -increased supply of ag. inputs from private sector (possibilities: improved seed, rototillers, tools, crop spraying, animal feed) groups are self-sustaining -ag. production by TRIPS-assisted groups increases in value from $282,000/year to $795,000 year -10 financially viable small enterprises, 250 financially viable micro-enterprises.	-CARE/APP records, surveys -FUCEC records, surveys -MDR statistics - evaluations	-The Togolese Government will continue to follow a general policy to reduce the role of the public sector in the Togolese economy; -Other donors will continue to encourage a diminished role of the GOT in the Togolese economy.

Outputs: 1. Adoption by the GOT of legislation/policy which improves the environment for credit union development	1. Key policies adopted: a. Cooperative legislation b. Credit union insurance c. FUCEC rights to inspect credit unions' records & enforcement	-Review of legislation -GOT decrees -APP/CARE records, reports	-The GOT will continue on present track of policy reform in the agricultural sector, as well as in other sectors;
2. Credit union movement strengthened	2. 82 new CUs -CU membership increases from 16,000 to 38,000 -540 CU officers and 240 CU staff trained -average loan delinquency falls from 35% to 15% -50 CUs participating in risk management program FUCEC self-sufficiency in core budget increases to 72% -annual dues collections increases from 605 to 80%	-FUCEC records, reports -evaluations	-The economic and social benefits accruing to producer groups and savings cooperatives but not to individuals is sufficiently great to motivate individual participation in groups; -The GOT will adopt key legislation/policies that will facilitate formation of farmer cooperatives and credit unions;
3. Producer groups strengthened	3. 3400 farmers working in project-assisted groups -6840 group training sessions; 7500 farmers attend -30 training programs for other development orgs.; 10 ORAs; 10 dev't orgs. effectively use training; 50 producer groups (outside Zio) assisted due to training		-Low turnover in TA and local project personnel various credit mechanisms
4. Private enterprises strengthened	4. 250 micro-enterprises assisted; 10 small enterprices assisted; 10 private associations assisted		
5. Policy dialogue to improve environment for private sector development	5. 5 MDR policy studies/ formal reviews -4 study tours/short-term training for GOT officials -1 masters degree for GOT official -2 conferences on TRIPS		

Inputs:			
1. Credit Union Component AID - $5.31 million Other donors - $290 thousand CUNA - $55 thousand GOT - $25 thousand FUCEC - $624 thousand	(see PP)	- MDR records - FUCEC records - CARE/APP records - USAID records - PMT meetings minutes - Evaluations	-Qualified TA and local personnel can be recruited on timely basis -AID, CARE, CUNA, GOT, and other donor funding/inputs are provided on timely basis
2. Producer Group/Private Enterprise Development Component AID - $5.25 million CARE - $500 thousand GOT - $1.49 million			
3. Monitoring/Coordination Componant AID - $1.44 million GOT - $20 thousand			

ANNEX C

STATUTORY CHECKLIST

5C(1) - COUNTRY CHECKLIST

Listed below are statutory criteria applicable to: (A) FAA funds generally: (B)(1) Development Assistance funds only: or (B)(2) the Economic Support Fund only.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FY 1987 Continuing Resolution Sec. 526. Has the President certified to the Congress that the government of the recipient country is failing to take adequate measures to prevent narcotic drugs or other controlled substances which are cultivated, produced or processed illicitly, in whole or in part, in such country or transported through such country, from being sold illegally within the jurisdiction of such country to United States Government personnel or their dependents or from entering the United States unlawfully?

2. FAA Sec. 481(h). (This provision applies to assistance of any kind provided by grant, sale, loan, lease, credit, guaranty, or insurance, except assistance from the Child Survival Fund or relating to international narcotics control, disaster and refugee relief, or the provision of food or medicine.) If the recipient is a "major illicit drug producing country" (defined as a country producing during a fiscal year at least five metric tons of opium or 500 metric tons of coca or marijuana) or a "major drug-transit country" (defined as a country that is a significant direct source of illicit drugs significantly affecting the United States, through which such drugs are transported, or through which significant sums of drug-related profits are laundered with the knowledge or complicity of the government), has the President in the March 1 International Narcotics Control Strategy Report (INSCR) determined and certified to the Congress (without

Not applicable

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Congressional enactment, within 30 days of continuous session, of a resolution disapproving such a certification), or has the President determined and certified to the Congress on any other date (with enactment by Congress of a resolution approving such certification), that (a) during the previous year the country has cooperated fully with the United States or taken adequate steps on its own to prevent illicit drugs produced or processed in or transported through such country from being transported into the United States, and to prevent and punish drug profit laundering in the country, or that (b) the vital national interests of the United States require the provision of such assistance?

Not applicable

3. Drug Act Sec. 2013. (This section applies to the same categories of assistance subject to the restrictions in FAA Sec. 481(h), above.) If recipient country is a "major illicit drug producing country" or "major drug-transit country" (as defined for the purpose of FAA Sec 481(h)), has the President submitted a report to Congress listing such country as one (a) which, as a matter of government policy, encourages or facilitates the production or distribution of illicit drugs; (b) in which any senior official of the government engages in, encourages, or facilitates the production or distribution of illegal drugs; (c) in which any member of a U.S. Government agency has suffered or been threatened with violence inflicted by or with the complicity of any government officer; or (d) which fails to provide reasonable cooperation to lawful activities of U.S. drug enforcement agents, unless the President has provided the required certification to Congress pertaining to U.S. national interests and the drug control and criminal prosecution efforts of that country?

Not applicable

4. FAA Sec. 620(c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government?

5. FAA Sec. 620(e)(1). If assistance is to a government, has it (including any government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities? No

6. FAA Secs. 620(a), 620(f), 620D; FY 1987 Continuing Resolution Secs. 512, 560. Is recipient country a Communist country? No
If so, has the President determined that assistance to the country is important to the national interests of the United States? N/A
Will assistance be provided to Angola, Cambodia, Cuba, Iraq, Syria, Vietnam, Libya, or South Yemen? No
Will assistance be provided to Afghanistan without a certification?

7. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, damage or destruction by mob action of U.S. property? No

8. FAA Sec. 620(i). Has the country failed to enter into an investment guaranty agreement with OPIC? No

9. FAA Sec. 620(o); Fishermen's Protective Act of 1967 (as amended) Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing vessel because of fishing activities in international waters? No
(b) If so, has any deduction required by the Fishermen's Protective Act been made? N/A

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9. FAA Sec. 620(o); Fishermen's Protective Act of 1967 (as amended) Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing vessel because of fishing activities in international waters? (b) If so, has any deduction required by the Fishermen's Protective Act been made?

a) No

b) Not applicable

10. FAA Sec. 620(q); FY 1988 Continuing Resolution Sec. 518. (a) Has the government of the recipient country been in default for more than six months on interest or principal of any loan to the country under the FAA? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the FY 1988 Continuing Resolution appropriates funds?

a) No

b) No

11. FAA Sec. 620(s). If contemplated assistance is development loan or to come from Economic Support Fund, has the Administrator taken into account the percentage of the country's budget and amount of the country's foreign exchange or other resources spent on military equipment? (Reference may be made to the annual "Taking Into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.)

Not applicable

12. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have relations 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 A.I.D. Administrator in determining the current A.I.D. Operational Year Budget? (Reference may be made to the Taking into Consideration memo.)

Togo's status was taken into account in the Taking into Consideration memo.

14. FAA Sec. 620A. Has the President determined that the recipient country grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism or otherwise supports international terrorism?

No

15. FY 1988 Continuing Resolution Sec. 576. Has the country been placed on the list provided for in Section 6(j) of the Export Administration Act of 1979 (currently Libya, Iran, South Yemen, Syria, Cuba, or North Korea)?

No

16. ISDCA of 1985 Sec. 552(b). Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to section 1115(e)(2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures?

No

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

No

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

No

No

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19. FAA Sec. 670. If the country is a non-nuclear weapon state, has it, on or after August 8, 1985, exported (or attempted to export) illegally from the United States any material, equipment, o- technology which would contribute significantly to the ability of a country to manufacture a nuclear explosive device?

20. ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Assembly of the U.N. on Sept. 25 and 28, 1981, and did it fail to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the Taking into Consideration memo.)

Togo's voting was taken into account in Taking into Consideration memo.

21. FY 1988 Continuing Resolution Sec. 528. Has the recipient country been determined by the President to have engaged in a consistent pattern of opposition to the foreign policy of the United States?

No

22. FY 1988 Continuing Resolution Sec. 513. Has the duly elected Head of Government of the country been deposed by military coup or decree? If assistance has been terminated, has the President notified Congress that a democratically elected government has taken office prior to the resumption of assistance?

No

23. FY 1988 Continuing Resolution Sec. 543. Does the recipient country fully cooperate with the international refugee assistance organizations, the United States, and other governments in facilitating lasting solutions to refugee situations, including resettlement without respect to race, sex, religion, or national origin?

Yes

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria

FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy? — No

FY 1988 Continuing Resolution Sec. 538. Has the President certified that use of DA funds by this country would violate any of the prohibitions against use of funds to pay for the performace of abortions as a method of family planning, to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilization as a method of family planning, to coerce or provide any financial incentive to any person to undergo sterilizations, to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning? — No

2. Economic Support Fund Country Criteria

FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the President found that the country made such significant improvement in its human rights record that furnishing such assistance is in the U.S. national interest? — Not applicable

FY 1988 Continuing Resolution Sec. 549. Has this country met its drug eradication targets or otherwise taken significant steps to halt illicit drug production or trafficking? — Not applicable

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5C(2) - PROJECT CHECKLIST

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

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

A. GENERAL CRITERIA FOR PROJECT

1. FY 1988 Continuing Resolution Sec. 523; FAA Sec. 634A. If money is sought to obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified? — **Yes**

2. FAA Sec. 611(a)(1). Prior to an obligation in excess of $500,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance, and (b) a reasonably firm estimate of the cost to the U.S. of the assistance? — **a) Yes, b) Yes**

3. FAA Sec. 611(a)(2). If legislative action is required within recipient country, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance? — **Not required**

4. FAA Sec. 611(b); FY 1988 Continuing Resolution Sec. 501. If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.)	Not applicable
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed $1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively?	Not applicable
6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.	No
7. FAA Sec. 601(a). Information and conclusions on whether projects 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.	(a)-(e) Yes (f) Not applicable
8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).	Project will provide grants to two U.S. PVOs
9. FAA Secs. 612(b), 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 U.S. are utilized in lieu of dollars.	Host country participation is described in Project Paper.

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10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

11. FY 1988 Continuing Resolution Sec. 521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?

12. FY 1988 Continuing Resolution Sec. 553. Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807, which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel? No

13. FAA Sec. 119(g)(4)-(6). Will the assistance (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas? (a)-(d) No

14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (either dollars or local currency generated therefrom)?	Not applicable
15. FY 1988 Continuing Resolution. If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?	Yes, unless requirement has been waived by A.I.D.
16. FY Continuing Resolution Sec. 541. If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.?	Yes
17. FY 1988 Continuing Resolution Sec. 514. If funds are being obligated under an appropriation account to which they were not appropriated, has prior approval of the Appropriations Committees of Congress been obtained?	Not applicable
18. FY Continuing Resolution Sec. 515. If deob/reob authority is sought to be exercised in the provision of assistance, are the funds being obligated for the same general purpose, and for countries within the same general region as originally obligated, and have the Appropriations Committees of both Houses of Congress been properly notified?	Not applicable
19. State Authorization Sec. 139 (as interpreted by conference report). Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision).	This will be done immediately after Project Agreement is signed.

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B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FY 1988 Continuing Resolution Sec. 552 (as interpreted by conference report). If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities (a) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (b) in support of research that is intended primarily to benefit U.S. producers?

a) No

b) No

b. FAA Secs. 102(b), 111, 113, 281(a). Describe extent to which activity will (a) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and.

a) Project will work directly with the rural poor, helping them to increase their access to credit and other resources for production.

insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.

b) A major focus of the project is development of credit unions

c) Project will directly help rural producers to be more productive and have greater control over resources

d) Project will have substantial positive impact on women beneficiaries

e) Project may encourage regional cooperation with policy dialogue.

c. FAA Secs. 103, 103A, 104, 105, 106, 120-21. Does the project fit the criteria for the source of funds (functional account) being used?

Development Fund for Africa - Yes

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

Yes

e. FAA Secs. 110, 124(d). Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?

Will be waived since Togo is RLDC

f. FAA Sec. 128(b). If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority?

Yes

g. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective participation in governmental processes essential to self-government.

Project works directly with rural beneficiaries and involves them actively in decision-making.

h. FY 1988 Continuing Resolution Sec. 538. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions?

No

Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations?

No

Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?

No

i. FY 1988 Continuing Resolution. Is the assistance being made available to any organization or program which has been determined to support or participate in the management of a program of coercive abortion or involuntary sterilization?

No

If assistance is from the population functional account, are any of the funds to be made available to voluntary family planning projects which do not offer, either directly or through referral to or information about access to, a broad range of family planning methods and services?

Not applicable

j. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Yes

k. FY 1988 Continuing Resolution. What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 20 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?

Probably none Since most project funds will be for grants to PVOs

l. FAA Sec. 118(c). Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16? Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (a) stress the importance of conserving and sustainably managing forest resources; (b) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (c) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (d) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (e) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared

Yes

Not applicable

(a)-(k) Not applicable

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or degraded; (f) conserve forested watersheds and rehabilitate those which have been deforested; (g) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (h) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (i) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (j) seek to increase the awareness of U.S. government agencies and other donors of the immediate and long-term value of tropical forests; and (k) utilize the resources and abilities of all relevant U.S. government agencies?

m. FAA Sec. 118(c)(13). If the assistance will support a program or project significantly affecting tropical forests (including projects involving the planting of exotic plant species), will the program or project (a) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land, and (b) take full account of the environmental impacts of the proposed activities on biological diversity?

Not applicable

n. FAA Sec. 118(c)(14). Will assistance be used for (a) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; or (b) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas?

No

No

o. FAA Sec. 118(c)(15). Will assistance be used for (a) activities which would result in the conversion of forest lands to the rearing of livestock; (b) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undegraded forest lands; (c) the colonization of forest lands; or (d) the construction of dams or other water control structures which flood relatively undegraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?

(a)-(d) No

p. FY 1988 Continuing Resolution If assistance will come from the Sub-Saharan Africa DA account, is it (a) to be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant; (b) being provided in

(a)-(e) Yes

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accordance with the policies contained in section 102 of the FAA; (c) being provided, when conistent with the objectives of such assistance, through African, United States and other PVOs that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in Sub-Saharan Africa; (d) being used to help overcome shorter-term constraints to long-term development, to promote reform of sectoral economic policies, to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities, to bring about appropriate sectoral restructuring of the Sub-Saharan African economies, to support reform in public administration and finances and to establish a favorable environment for individual enterprise and self-sustaining development, and to take into account, in assisted policy reforms, the need to protect vulnerable groups; (e) being used to increase agricultural production in ways that protect and restore the natural resource base, especially food production, to maintain and improve basic transportation and communication networks, to maintain and restore the natural resource base in ways that increase agricultural production, to improve health conditions with special emphasis on meeting the health needs of mothers and children, including the establishment of self-sustaining primary health care systems that give priority to preventive care, to provide increased access to voluntary family planning services, to improve basic literacy and mathematics especially to those outside the formal educational system and to improve primary education, and to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas?

Annex D - B/G Request for Assistance

ANNEX E.1 TECHNICAL ANALYSIS

Besides project monitoring and coordination, TRIPS has three basic components: 1) assistance to FUCEC-Togo to enable the Togolese credit union movement to become a viable, sustainable, unsubsidized source of financing for agricultural and rural development investments; 2) assistance to CARE-Togo to refine and expand a model for promoting producer groups and privatizing the delivery of agricultural extension services and agricultural inputs to farmers; and 3) through CARE-Togo, assist the development of agriculture-related micro and small enterprises and input firms by providing training in business management, simple accounting, market development and preparation of loan requests so that they can establish long-term financial relationships with Togolese financial institutions. If properly designed and executed, each of these three components have an excellent chance of leaving behind dynamic, viable and self-sustainable programs, institutions and businesses that support agricultural development.

The goal of this next phase of assistance to FUCEC and CARE should be to have in place by the end of the project prototype systems of operation and assistance that can continue on their own in the absence of further USAID funding. Admittedly, the scale of operation of some of these systems will not be such at the project assistance completion date (PACD) that they will be ready to fly on their own. But the basic modality and its technical and economic soundness at some realistic and foreseeable future date should be clearly demonstrable. It is with this perspective that this Technical Analysis examines the first two project components. The third project component is examined separately in the Private Sector Analysis (Annex E.2).

1. WOCCU/CUNA/FUCEC

The importance of making Togo's credit union movement strong and self-sustaining cannot be over-emphasized. As highlighted in a recent report by Coopers & Lybrand, credit unions are the most important formal source of credit in the agricultural sector, and virtually the only formal source to farmers and producer groups beyond special credit funds that are included in certain development projects, and the CNCA, which is currently moribund pending restructuring. As shown in Section 2 of this analysis, the availability of such formal credit is critical for adoption of improved technologies in the agricultural sector, and for increasing agricultural production.

For the past four years WOCCU/CUNA has, with USAID financing, been assisting FUCEC-Togo establish a sound operating environment for Togolese credit unions (COOPECs) associated with it. Not all credit unions belong to FUCEC, and some that do, do not readily accept its authority. But the trend over the past four years has, nonetheless, been strongly upwards in

terms of total deposits, total loans outstanding and total membership in FUCEC supervised credit unions. The general thrust of TRIPS credit union component over the next five years is to build on the base that has been created over the past four years so that FUCEC can move towards basic financial self-sufficiency over the life of this project.

1.1. Past and Projected Future Growth of Credit Unions

Table T-1 summarizes the growth in selected measures of performance that FUCEC has experienced over the past four years, compared with what the project expects to accomplish over the next five. Figures for 1988 are a simple projection of trends since 1985, when several unviable credit unions were dissolved. Figures for 1988/89 and thereafter are taken from FUCEC.

The data in Table T-1 show a growth rate in member savings of 22% per annum since 1983 and a projected increase in growth rate under the project of 31% per annum. The number of members grew at 12% per annum since 1983, 16% since 1985 and is projected to grow at 22% per annum over the life of the project. The level of savings per COOPEC, a key variable affecting sustainability, grew at 13% per annum since 1983 and is projected to grow at 18% per annum over the project. Savings per member grew at 9% per annum in the first phase and is expected to grow at 7% per annum over the project.

The historical growth rates in important aggregates for the credit unions certainly demonstrate a demand by farmers and others for the services the credit unions promise to deliver. There is some question, however, as to the extent to which the COOPECs are delivering on this potential. Another question is whether the rapid expansion being pursued in the new project is, indeed, attainable. If not, what are the implications for the eventual self-sufficiency of FUCEC? Can more measured growth, more attention to cost containment, and concerted action to deal with self-dealing in the urban COOPECs and improve financial management across the board result in a more rapid achievement of project goals at less cost? These are some of the questions to which we now turn.

1.2. Recent Performance And The Implications For Growth Targets

Recent performance in key variables raises the question of whether it is realistic to project a 40% increase in the growth rate of important project aggregates over the next phase of the project. Savings per member, as opposed to member savings, has been growing only 3.2% per year since 1985. Growth in savings per COOPEC has been growing at only 4% per annum since 1985, largely tracking the growth in savings per member. This probably reflects a lower level of initial savings among new members and new COOPECs that depresses the system-wide

averages. Assuming growth continues at a constant rate, this phenomenon will continue, and it will be difficult to achieve the 7% rate of growth in savings per member projected by FUCEC.

However, based on experience in two dozen other countries and on the predicted success of a forthcoming promotional campaign, FUCEC disputes this constant rate assumption and judges its 40% target increase in the growth rate of important aggregates to be conservative. The Technical Analysis of this FUCEC project component depends considerably on the growth assumption adopted.

In searching for other reasons for the slowdown in the growth rate of savings per COOPEC and per member one certainly must recognize the general stagnation in the Togolese economy in the recent past. But two additional factors, the rates of interest paid on member deposits and the amount of loans in arrears, and presumably in non-interest earning status, probably also play a role.

1.2.1. Gross And Net Interest Margins

Table T-2 summarizes the gross and net interest margins from COOPEC operations over the period 1984-86. According to these data, credit unions are earning an average of 9.5% on loans to members and 7.4% on their assets overall. These averages mask a great deal of variability between individual COOPECs, but they do suggest that most loans over this period did not earn much above 12%, all things considered. This rate may have increased somewhat for 1987, since FUCEC has been pushing for higher lending rates. But we will not know to what extent this policy has been achieved in practice until 1987 results are available.

Low lending rates lead, naturally, to low rates paid on savings and reduced incentives to save. Rates paid to members on deposits have consistently averaged less than 4% per annum. However, this is up considerably from the 0% paid in 1983. The extent to which members value low lending rates as opposed to high savings rates is a factor to consider here. It is possible that the large spread between nominal lending rates that average 19% according to a survey by Cuevas (1987) and the 4% paid on savings is discouraging members from building up their savings as opposed to avoiding loans as much as possible. But reports that rural Togolese sometimes pay to have people keep their savings suggests that money is a very poor store of value in rural areas and that low interest rates paid on savings may not be an important impediment to credit union savings growth. This is an hypothesis to be verified in the baseline and monitoring survey work to be done under the project.

TABLE T-1

GROWTH OF THE TOGOLESE CREDIT UNION
MOVEMENT, 1983 - 1987, AND PROJECTIONS TO 1992-93
(Amounts in 000 FCFA)

End of Year	No. of Credit Unions	Members	Share Capital	Members Savings	Loans Outstndng	Savings Per Coopec	Savings Per Member
1983	74	6565	11459	206092	185911	2785	31 4
1984	79	7899	14765	325879	266591	4125	41.3
1985	84	8894	17151	395756	338341	4711	44.5
1986	93	10231	18685	483650	395168	5201	47.3
1987 (Sep)	107	11472	21471	539288	433696	5040	47.0
1988 (a)	118	13028	24023	629531	490851	5335	48.3
1988/89 (b)	145	16350	n.a.	814300	569800	5616	49.8
1989/90	164	21000	n.a.	1037320	705100	6325	49.4
1990/91	177	26375	n.a.	1390265	917575	7855	52.7
1991/92	189	31990	n.a.	1943930	1224575	10285	60.8
1992/93	200	37670	n.a.	2728120	1636800	13641	72.4
Revised:							
1988/89			n.a.	810216	n.a.	5588	52.8
1989/90				993322		6057	56
1990/91				1217808		6880	59
1991/92				1493028		7900	63
1992/93				1830446	n.a.	9152	67

Source: The World Council of Credit Unions et al.; 1988; "A Proposal to Assist Credit Union Development in Togo"; Lome.

Footnotes:
(a) Figures for 1988 are estimated by extrapolating the trend for each item since 1985
(b) All figures are values as estimated at end of the project year concerned.

1.2.2. Arrears And Write-Offs On COOPEC Loans

The accumulation of loans in arrears may be a more likely explanation of the slow down in the growth rate of savings per member. Members presumably have some idea of how solid the loans in the portfolio are. Table T-3 shows recent performance for rural COOPECs. FUCEC does not have similar data for all urban COOPECs. Many of the larger urban COOPECs refuse to open their books to FUCEC and do not comply with requests for information. As result, there is not a lot of hard data on loan portfolios and arrears for urban COOPECs.

Table T-3 looks at arrears in relation to the year in which the loan now in arrears was originally made, not in relation to the current year's loan portfolio. This prevents a rapidly expanding loan portfolio from concealing the performance of loans made when the portfolio was much smaller. Unless there is some improvement in the evolution of the quality of the portfolio from this perspective, one can assume that a similar percentage of this year's loans will be in the same situation one or two years down the line, which is the earliest they can become one or two years in arrears. Farmers, on the other hand, presumably know very quickly when arrears are accumulating. It would not be surprising to find that they begin losing confidence in the credit union when they see this occurring.

The data in Table T-3 paint a mixed picture in this regard. On the one hand, they provide encouragement that FUCEC can help COOPECs eventually to get on top of their loan portfolios if it puts enough effort into it. On the other, they suggest that repayment is still a problem and that FUCEC may have difficulty managing the rapid expansion in loan volume expected during the next phase of the project while giving the attention needed to eliminating arrears.

On the positive side, the proportion of loans that are current rose from 67% to 74% during the past year on an apples to apples comparison to the previous year. On the negative side, the proportion of loans 0-12 months and 13-24 months in arrears, as a percentage of the loans made in the same year the overdue loans were made, increased by 30% and 46% respectively. This is what farmers really see. The proportion of loans overdue more than two years fell, but this figure is more difficult to interpret since loans more than two years in arrears cover loans made over more than a one year period. In addition, loan write-offs reduce arrears. But unless reserves have been set aside, write-offs reduce current income and retained earnings for the COOPEC. The losses are still there, they've just been transferred to a different box.

According to FUCEC the data in Table T-3 do not give a correct picture of the current level of arrears because they do not

TABLE T-2

GROSS INTEREST, NET INTEREST AND PROFIT MARGINS
FOR ALL COOPECS IN TOGO, 1984-86
(Percent)

Description	1984	1985	1986
Assets:			
Loans to Members	10.94	9.34	9.55
Deposits in the CLF	6.41	6.97	5.91
Bank Deposits	4.51	3.34	3.49
Cash in Hand	0.00	0.00	0.00
Other Assets	17.07	0.00	0.00
Gross Interest Margin	9.32	7.27	7.37
Liabilities:			
Member Equity	3.89	3.86	0.00
Member Deposits	3.89	3.86	3.88
Borrowings	4.15	5.16	5.21
Reserves/Retained Earnings	0.00	0.00	0.00
Other Liabilities	0.00	0.00	0.00
Weighted Cost of Funds	3.61	3.65	3.50
Net Interest Margin	5.71	3.62	3.87
Other Income and Expenses as a Percent of Assets:			
Administrative Expenses:			
Office Supplies	0.41	0.32	0.29
Personnel	0.67	0.48	0.64
Depretiation	0.00	0.01	0.01
Dues and Gifts	0.16	0.18	0.36
Additions tc Reserves	0.00	n.a.	0.17
Other	2.48	0.64	0.47
Subtotal Administration	3.72	1.63	1.94
Other Income	0.70	-1.36	0.29
Net Profit Margin	2.69	0.63	2.22

Source: FUCEC

TABLE 1-3

LOANS, DEPOSITS, ARREARS AND OTHER DATA FOR RURAL CREDIT UNIONS
IN TOGO, 1983-87
(Thousand FCFA)

Explanation	Amounts as of 12/31/83	12/31/84	9/30/85	9/30/86	9/30/87	Percent Arrears (a) 9/30/86	9/30/87
ASSETS:							
Loans to Members:							
Current	n.a.	n.a.	n.a.	27189	55882	67.0	73.7
0-12 Months in Arrears	n.a.	n.a.	n.a.	6740	10566	20.1	26.0
1-2 Years in Arrears	n.a.	n.a.	n.a.	2993	5474	11.2	16.4
Over 2 Years in Arrears	n.a.	n.a.	n.a.	3657	3851	19.6	14.4
Total Loans Outstanding	18689 (b)	26800	33471	40578	75773		
Other Assets	n.a.	33025	35447	44901	63665		
Total Assets	n.a.	59825	68918	85480	139437		
LIABILITIES & CAPITAL:							
Share Capital	n.a.	3159	3160	3838	4666		
Reserves/Retained Earnings	n.a.	2084	1950	3201	6798		
Member Deposits	26693 (b)	42209	51298	66786	98944		
CLF Loans & Other Debt	n.a.	12374	12509	11655	28829		
Total Liabilities & Capital	n.a.	59825	69918	85480	139437		
Rural Coopec Loans Written off:							
0-12 Months in Arrears	n.a.	n.a.	n.a.	n.a.	n.a.		
1-2 Years in Arrears	n.a.	n.a.	n.a.	n.a.	n.a.		
Over 2 Years in Arrears	n.a.	n.a.	n.a.	n.a.	n.a.		
Totals	n.a.	n.a.	n.a.	n.a.	n.a.		

Source: FUCEC.

Footnotes:

(a) Expressed as a percentage of loan balances at the end of the year in which the loans were made.

(b) Estimated by assuming that rural loans and deposits grew by the same amount as total loans and deposits over this period.

reflect a concerted drive undertaken over the past year to reduce loans more than two years in arrears. FUCEC indicates that approximately three million FCFA in overdue loans were collected prior to 9/30/87 and three million were collected after that date. Unfortunately, we were not able to find out what total arrears for all COOPECs were for the periods in question nor the proportion of the three million that was collected from rural COOPECs. The sense at FUCEC is that most of the collections came from rural areas. If true, this would suggest impressive progress in reducing lengthy arrears, at least in rural areas. If the 2.99 million FCFA that was 1-2 years overdue in rural COOPECs in 1986 and the 3.66 million overdue two years or more were carried over into 1987 without write-offs or additional repayments, arrears over two years for 1987 would have amounted to 6.65 million FCFA instead of 3.85 million. This is a reduction of 2.8 million FCFA. If this was accomplished without adding substantially to write-offs then there is room for guarded optimism.

We say guarded optimism because the apparent progress in reducing long-term arrears in rural COOPECs came with a cost - an increase in arrears of a lesser duration. Moreover, these are increasing on a larger base. Even with the reduction made in 1987, the absolute amount that will be overdue two years or more in 1988 will rise from 6.65 million FCFA to 9.3 million. Unless FUCEC can reduce arrears in all categories of loans, it will find an increasing portion of a slowly growing operating budget being consumed in loan collection activities. If loan volume does increase fourfold as planned by the end of the project, and the proportion of loans in arrears less than two years does not decline, then two years after the end of the project FUCEC will be collecting eight times as many overdue loans as it did in 1987.

Can FUCEC do this and still achieve the other project objectives? At this time FUCEC sees this problem as a potential source of revenue for itself as it assumes collection of long overdue loans for a proportion of the amount due, currently proposed to members as 30%. This is an excellent strategy that should turn adversity into advantage if it can be operated economically. However, FUCEC's budget projections indicate that a 30%, even a 50% cut of arrears will not cover all the costs associated with the program. Still, the program is needed, if only to contain the problem and instill sound financial management principles into the loan program.

In order to minimize the amount of resources devoted to collecting bad debts FUCEC can greatly increase the social pressure on holders of bad loans by requiring that all loans in arrears more than 6 months be announced publicly to all members at the next general meeting of the COOPEC. Where the COOPEC's credit committee determines that extraordinary circumstances justify rescheduling the loan, the COOPEC would delay making

the disclosure, but only on the condition that interest due on the outstanding balance continues to be paid as accrued. For rescheduled loans, full disclosure should then be required as soon as the borrower misses an interest payment or six months passes without the member getting current on principal due, whichever comes first.

Loans more than one year in arrears, or six months after disclosure to members is required, whichever comes later, should automatically pass to the collection service of FUCEC, and members should be informed to this effect. At that time the COOPEC would charge 50% of the loans passing to FUCEC against its reserves, or against earnings if reserves are not sufficient to cover 50% of the amount passing to FUCEC. After one year with FUCEC, any uncollected loans should be written-off and the remaining 50% charged against the reserves or earnings of the COOPEC concerned. This would greatly increase the incentive for the COOPECs to deal with the problem at their level.

From the point of view of collecting bad debts, this approach turns friendship between COOPEC members from a liability into an asset. FUCEC is already well aware of this problem and is planning to introduce new measures along the lines discussed above. Whatever FUCEC can do to induce the COOPECs to deal forcefully with this problem on their own will improve the financial results of all concerned.

Looking specifically at the question of write-offs, the data do not permit very strong conclusions. In 1986 all COOPECs established loan loss reserves of 944,000 FCFA, or 0.26% of average loans outstanding over the year. These provisions were made by the largest COOPECs, presumably urban COOPECs. Apparently rural COOPECs do not regularly create reserves for bad loans. They continue to accumulate them and show them as assets on their books. Still, reserves and retained earnings for the rural COOPECs began exceeding the amount of loans more than two years in arrears as of 1987. This is an encouraging sign, but leaves no room for complacency. It represents only 9% of loans outstanding and, under current delinquency rates, is equal to only 62% of loans expected to be two years in arrears when this year's portfolio will be two years old. FUCEC should therefore assure that reserves grow at least proportionately with delinquent loans.

The major unknown at this point is the proportion of loans in arrears that will have to be written-off. There are few data with which to answer this question at this time. Presumably it will amount to 7-10% of loan volume for the year in which the loan was made. Whatever number is arrived at, COOPECs should be required to add to reserves that percent of loans granted based on past loan loss experience and current delinquency, in

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the year in which the loan is granted, and charge it against earnings for that year. This will bring the question of loan losses to the forefront of members attention and force them to take action on arrears if they want to receive dividends. FUCEC is already well aware of this problem and plans to deal with it immediately. To encourage this, FUCEC and member COOPECs should be required under TRIPS in their first project annual work plan, for immediate implementation, to propose a plan for ranking COOPECs according to repayment experience or some other criteria for implementing this policy.

1.2.3. Implications For Membership and Savings Growth

FUCEC will need to expend considerable time and resources in improving the existing loan portfolios of member COOPECs. In light of this, it would seem wise to reduce the projected growth in membership and savings over the life of the project to more closely reflect performance since 1985. That year provides a larger, and therefore more sustainable base for projecting performance aggregates. This would translate into approximately a 16% rate of growth in credit union membership and, at most, a 5% rate of growth in average savings per member. When combined these factors yield total movement savings equal to about two thirds of the amount projected in the FUCEC proposal by the end of the project.

However, FUCEC rebuts this, believing its proposed growth targets for membership and savings per member are reasonable since: 1) loan delinquency in rural COOPECs has improved significantly since 1985, so using that year as a base is dubious; 2) loan delinquency rates in urban COOPECs are known to be lower than in rural COOPECs, even if data are not readily made available; and 3) experience in several other countries demonstrates that growth in these parameters tends to be parabolic rather than constant in nature as momentum builds.

1.3. The Central Liquidity Fund

FUCEC is counting on a major portion of credit union member savings being deposited in the Central Liquidity Fund (CLF), where it can reinvest the proceeds at a higher interest rate than it pays on COOPECs' deposits. The bulk of this money is invested in secure time deposits with banks. By the end of the project, credit union member deposits invested in the CLF are expected to rise from the present 12% of total deposits to 20%. Under FUCEC's savings projections, the CLF is expected to provide 45% of FUCEC's greatly expanded operating revenue by the end of the project, up from 38% at present. It would provide 2.4 times as much income as all of the other core budget revenue sources combined. It is a critical ingredient for the eventual self-sufficiency of FUCEC.

The CLF is to serve as a source of productive credit to support the project's private sector extension and rural industries components. The CLF does this by making loans to qualifying COOPECs, who then on-lend to their members. The COOPECs pay their members 4% on their deposits, deposit their reserves with the CLF at 6% interest, borrow it back at 12%, and then loan to their members at 19%. (However, those COOPECs that actually borrow from the CLF generally lend at 24% and remunerate deposits at 6-10%.) If all the loans are paid back, money moves from capital surplus areas and from poorly managed COOPECs to capital deficit areas and well managed COOPECs, all via the CLF. Over time one would expect the well managed COOPECs to maintain minimal deposits in the CLF in an effort to earn the higher margins on loans themselves. The poorly managed COOPECs will probably maintain large deposits in an effort to minimize losses on lending activities. The productive credit program will also be administered by the CLF.

The crucial question for the ability of the CLF to support project activities is not what it can earn on its interest rate spreads but how effective it is at channeling capital to productive rural development activities and what it is able to earn on such endeavors. To examine this question Table T-4 compares CLF lending activities to date with the size of its assets and arrears on the loan portfolio. Analysis of this Table T-4 shows that the proportion of CLF funds invested in loans has ranged between 13% and 40% over the past three years.

Loans written-off by the CLF, combined with arrears in excess of 12 months, amount to 7.9% of the amount of loans made in 1984, 2.7% of the amount made in 1985 and 6.8% of the amount made in 1986. Of loans made more recently, 8.3% of loans made in 1987 are more than 6-12 months overdue and an additional 29% are less than six months overdue. The large number of loans overdue less than six months for recent loans (1987) seems to be a fairly typical phenomenon. It is, nonetheless, some cause for concern that such high levels of arrears come on top of a tripling of loan volume over the previous year. With this reservation, the data suggest that CLF losses overall will average somewhat less than 5% of the amounts at risk. Like the COOPECs, the CLF should be required to establish minimum loan loss reserves, based on past loan loss experience and delinquency, at the time loans are made from the CLF.

With payments on credit union deposits averaging around 6%, and losses amounting to 5%, the interest margin on CLF loans does not cover the administration costs associated with such loans, estimated in the 1992-93 budget at 4% of the loan amount. Administration costs are much higher than this at the present time since CLF loan volume is growing from a small base. But 4% represents a long-term planning target that should guide interest rate policy. Solutions would include raising CLF

lending rates and/or reducing loan losses and arrears. Moreover, unless interest continues to accrue and be paid in full on arrears, loans to member unions will not provide the revenue nor contribute to financial self-sufficiency as outlined in FUCEC's proposal. This will create a conflict between the project's attempts to improve the flow of capital to productive rural activities and FUCEC's need to maximize revenues for supporting its operations.

To correct this problem FUCEC should establish a variable lending rate from the CLF that reflects the loss experience of the COOPECs concerned. Alternatively, the CLF could charge 15-16%, and then rebate the difference between 5% and the actual loss experience on each COOPEC's CLF loan activities. Losses under 3% would not render the COOPEC ineligible for further loans. The CLF should develop policies for defining when arrears become losses and what actions that will provoke. This should also come early in project implementations. This should be included as a priority FUCEC activity in the first project annual work plan and implemented immediately.

1.5. Credit Union Dues

An encouraging trend is the improvement in the proportion of COOPEC annual dues that are paid to FUCEC. As table T-5 indicates, the recovery rate has increased steadily from 14% in 1984 to 93% in 1987. Society dues are projected to provide 16% of FUCEC operating revenues at the end of the project.

1.6. Government Regulations Clarifying FUCEC-Togo's Role

To improve its leverage with respect to recalcitrant COOPECs, CUNA/WOCCU is requesting that the project attach a condition precedent to disbursement that will require the MDR to issue an arrete detailing COOPEC and FUCEC relations, clearly establishing FUCEC's inspection and enforcement authority. According to a reasonable interpretation of the decree establishing cooperatives, and FUCEC's established policies vis a vis credit and other matters, FUCEC already has the inspection authority it needs. There seems to be a certain hesitancy within FUCEC to use it. It is not clear whether this arises from the Board of Directors not providing the necessary direction or the Director of FUCEC not taking the necessary initiative. However, it would be helpful for the MDR to publicly and clearly establish FUCEC's inspection and enforcement authority so that COOPEC management and lending discipline (especially in a few large urban COOPECs) will improve.

1.7. FUCEC Self-Sufficiency

Table T-6 describes FUCEC's past and projected future attainment of financial self-sufficiency using FUCEC's unadjusted projections. It shows a slow progression over the

TABLE T-4

GROWTH OF THE CENTRAL LIQUIDITY FACILITY
(Thousand FCFA)

End of Year	Share Capital	Deposits	Assets	Loans Granted	Loans Out-Standng	Provisn For Bad Dbt	Loans Written Off	Bad Debt Reserve	Months Loans in Arrears (6 Mo	6-12 Mo	Over 12	Percent Written-off/ in Arrears Over 6 Mo
1982	1800	2678	13298	5190	3940	0	0	0	0	0	0	0.0
1983	2700	13271	25034	14618	11146	135	0	135	0	0	0	0.0
1984	3065	27531	42028	19274	16538	95	0	230	0	0	1522	7.9
1985	3448	41471	61134	16130	14574	371	219	383	0	0	214	2.7
1986	3698	54046	92134	11615	12139	81	0	463	0	0	793	6.8
1987	4473	74016	123045	36196	32599	185	0	648	10653	3000	0	8.3

Source: FUCEC and The World Council of Credit Unions et al.; 1988; "A Proposal to Assist Credit Union Development in Togo"; Lome.

TABLE T-5

BILLINGS AND COLLECTIONS OF CREDIT UNION DUES, 1984 - 1987
(Thousand FCFA)

End of Year Sept)	No. of Credit Unions	Amount of Dues Billed	Amount of Dues Collected	Recovery Rate
1984	70	1165	160	14%
1985	77	1412	869	62%
1986	83	1935	1567	81%
1987	94	2155	2016	93%

Source: The World Council of Credit Unions et al.; 1988; "A Proposal to Assist Credit Union Development in Togo"; Lome.

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first phase of the project, and an accelerated progression over the next phase. According to FUCEC, FUCEC will be over 100% self-sufficient in its core programs by the end of the project, thus ensuring its continued financial viability in the event that further external assistance is not forthcoming.

The question of self-sufficiency is a difficult one. On the one hand most field level development specialists recognize that development is a process and good development is a long process. Too much money too fast will scuttle an otherwise viable and valuable project as quickly and surely as too little money or too much patience. One is always trying to strike a balance between the two extremes and avoid deceiving oneself about the merits of particular projects. On the other hand, it is important to correctly assess the amount of time one has to work with, recognizing that actors will change and the time horizon over which we can predict with confidence is relatively short. Often this will force a compromise between what is doable and what would be good to do.

The FUCEC proposal presents two problems for FUCEC's ability to attain even minimal self-sufficiency over the foreseeable future. On the one hand it creates several special services that it hopes will add to FUCEC revenues in the long run, but which involve costs that will substantially exceed likely revenues over the next five years. On the other hand it may seriously overestimates the likely growth in member deposits and the revenue from some of these special services. As a result, by the end of the next phase FUCEC will barely attain the 50% self-sufficiency level originally expected from the soon to be finished first phase. Moreover, the size of the deficit will be at least 25% larger than it will be in 1987, no matter how you divide the costs, as long as you require that revenues and costs be dealt with consistently.

FUCEC's claim that it will be over 100% self-sufficient in its core programs is based on counting all of the revenue projected to arise from the new special services, but none of the costs. In fact, the revenue will not materialize unless the costs are incurred. And the revenue will not be sustainable unless the costs continue to be incurred. Dividing costs into core and non-core costs in the way done in the proposal is, quite simply, an exercise in mirrors.

Table T-6 list revenues expected from the project by functional category and lists costs in the same way. Core budget costs according to FUCEC consist of central administration, meetings, and nine of the 14 regional offices. Core revenues, on the other hand, consist of dues, sales margins and other revenues. These amount to only 12.6 million FCFA by the end of the project as compared to core expenses of 54.1 million. This yields a self-sufficiency rate of 23% in the core budget rather

than 100%. If we add all revenues and expenses associated with development programs expected to be generating positive net revenues by the end of the project (CLF, risk insurance), and those related to inspection and collection of bad debts, we get a self-sufficiency rate of 70% - assuming FUCEC can dispense with education programs and can meet savings growth projections. If savings grow more in line with recent experience as projected in Table T-1, and revenue and expenses associated with the CLF, credit life insurance and debt collection services are adjusted accordingly, the self-sufficiency rate for the core budget at the end of the project will be 55%. This is the maximum practical level of self-sufficiency that can be attained and definitely indicates that FUCEC will require continued substantial core operating subsidies following the end of the project. Continuing need for training and education services will further increase the subsidies needed.

FUCEC has corrected its figures to deal with the above-noted mirror problem, and using its growth projections estimates that it will become 72% self-sufficient in its core budget at the end of the project.

The fact that FUCEC will continue to need financial support after the end of the project does not negate the value of this project. It does suggest, however, that every effort be made to encourage efficient financial management through prompt collection of loans, adequate and timely loan loss provisions, full and prompt collection of member dues and minimizing subsidies and incentive programs that will be difficult to sustain in the absence of external support.

1.8. Credit Union Incentive Program

In order to create stronger COOPECs and a stronger federation, FUCEC proposes to make grants to 55 credit unions to cover the cost of constructing an office/meeting place, a declining portion of a paid manager's salary and some promotional expenses. The total grant amounts to $6650 per credit union and is distributed as described in Table T-7. This compares with average current savings per COOPEC of about $18000. Needless to say, competition for the grants is expected to be great. A similar program currently under way that offers a $1750 interest free loan and similar operating support for the same purposes is heavily oversubscribed.

The credit incentive raises two questions: whether it is unnecessarily generous and is reinforcing a difficult to reverse precedent that FUCEC cannot sustain in the absence of donor support, and whether it is the best way to get COOPECs to adopt sound business management practices. However, recent exerpeince from a pilot incentives program for 15 COOPECs (funded by the African Development Foundation) suggests that

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TABLE T-6

FUCEC-TOGO'S PROGRESS TOWARD SELF-SUFFICIENCY
(Thousand FCFA)

Explanation	1984	1986	Budgeted For 1987	Projected For 92-93	Revised Projecton For 92-93
Revenues:					
CLF Interest Margin	495	1912	3500	29939	20059
Dues	160	1567	2300	11000	11000
Sales Margin	209	218	275	950	950
Training Fees	350	607	1806	5500	3985
Credit Life Insurance	0	0	100	5500	3685
Bad Debt Collct. Com.	0	0	0	3600	2412
Accounting Services	0	0	0	9720	9720
Dossier Preparation Fees	0	0	0	400	400
Other	35	953	315	600	600
Total Earned Income	1249	5256	8296	67209	52811
Grants Recieved	26630	35709	39226	46119	46119
Total Income	27878	40965	47521	113328	98930
Expenses By Functional Category:					
Central Administration		22691	20168	29130	29130
Caisse Central		0	711	9965	6677
Ordinary Operations		0	711	7421	4972
Production Credit		0	0	2545	1705
Inspection and Collection Service		0	0	6062	4061
Education/Training Service		4715	7140	16724	12793
Risk Insurance Program		1299	4439	4368	2926
Data Processing Service		0	0	12042	12042
Meetings		959	2298	4300	4300
Regional Offices					0
Core Budget (9)		9520	12764	20660	20660
Development Budget (5)		0	0	9818	9818
	28220	39183	47520	113068	102407
Net Income	-342	1782	0	260	-3477
Percent Self-Sufficient In Proposal:					
Core Budget	n.	15.8	23.5	124.3	
Total Budget	4.4	13.4	17.5	59.4	
Revised Self-Sufficiency Rates:					
Core Budget					55.2
Total Budget					51.6

Source: The World Council of Credit Unions et al.; 1988; "A Proposal to Assist Credit Union Development in Togo"; Lome.

this program could result in much stronger COOPECs and that it would not need to be continued after TRIPS ends. It is recommended that if this program is expanded, it be done on a trial basis to see if benefits are sustainable and merit the costs involved. Also, to be consistent with that earlier program and to reduce costs, interest-free loans, rather than grants, should be provided for construction.

1.9. Conclusion

The above discussion suggests that management at FUCEC is partly responsible for the lack of success in convincing COOPECs to adopt more sound financial management practices. MDR's clear establishment of FUCEC's inspection and enforcement authority will help. To the extent that FUCEC succeeds in enforcing more financially sound practices in the COOPECs, the project can expect that individuals currently involved in questionable practices will react strongly. When individuals are fired for self-dealing and corruption they will react through the courts by suing the Director of FUCEC and anyone else they can. In order to permit them to stay the course and to follow through on needed reforms without fear of personal consequences, the project is establishing a $55,000 legal defense fund on their behalf. A fund of similar size will be made available to the MDR to enable the Department of Cooperation and Mutuality to call for audits of non-FUCEC affiliated credit unions. This will remove a major incentive to not affiliate with FUCEC since more rigorous financial management will be the requirement of the day both within and outside of FUCEC.

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TABLE T-7

Community Credit Union Incentive Program
Grant Amount Per Coopec
(U.S. Dollars)

Description	Amount
Office Construction	3635
Less Coopec Share (25%)	909
Net Cost to Project	2726
Paid Manager's Grants:	
Year 1	872
Year 2	582
Year 3	291
Subtotal	1745
Promotion Grants:	
Year 1	727
Year 2	727
Year 3	727
Subtotal	2181
Total Grant Per Coopec	6652

Source: The World Council of Credit Unions et al.; 1988; "A Proposal To Assist Credit Union Development in Togo"; Lome.

2. CARE/APP - PRODUCER GROUPS

CARE/APP has been developing an extension approach and technical package in Zio Prefecture during the past four years using MDR recommendations as its point of departure. Its efforts will permit an answer to the perplexing question of whether extension programs in Africa have proven largely unsuccessful because of inherently non-viable technical packages or because of ineffective extension delivery systems. The CARE/APP technical packages include improved varieties of maize and cowpeas and rice and existing varieties of peanut. They involve heavy use of fertilizer on the maize and rice packages and moderate levels of use on cowpeas and peanuts. Extension services are provided by a well paid, well trained and motivated field staff with extensive technical and material support. The extension staff also administers a project credit fund that focuses primarily on production credit, with grain storage becoming increasingly important.

The CARE/APP approach is interesting from at least two other perspectives: the potential it shows as a method of privatizing extension delivery services in Africa, and the methods by which it is organizing farmers to eventually provide for each others' technical and material support. With appropriate modification and development during the next phase of this project, the CARE/APP approach offers substantial promise of providing a model that can be replicated through a wide variety of existing NGOs, government services and private groups. While it is still too early to determine whether the approach can be completely self-financing at the field agent level, it certainly promises to cover a significant portion of these costs.

Major questions concerning the CARE/APP approach are whether CARE/APP can improve its credit program and whether the achievements of the first few years can be sustained as the model is diffused to groups not under the direct control of CARE/APP. Both of these questions must be resolved in the affirmative for the project to succeed. Credit provides the incentive for farmers to adopt the technical packages and is the mechanism through which a substantial portion of program costs are recovered. Without credit most of the packages are not economic for farmers and cost-recovery becomes problematic. At the same time, effectively diffusing the approach to other groups is absolutely essential in order to spread its cost over a large enough population to make it sustainable in the absence of massive external assistance.

2.1. Performance During The First Phase

One of the still unanswered questions regarding this component of the TRIPS project is the extent to which a stagnant to declining performance of the technical package is due to weather patterns. Or does it reflect a lessening of control

and achievements as the program has expanded toward a more economical scale of operation? In either case, the project will have to adjust downward the increase in agricultural production expected over the life of the project. The evidence suggests that weather is the dominant factor coming to bear here.

Table T-8 gives the area cultivated and the yields experienced by project supported farmers over the first three years of the project. Maize yields have declined from 2900 kg/ha in the first year to 2200 in the second year and 1400 in the third. Cowpea yields reached 800 kg/ha during the first year and fell to 650 and 600 kg/ha over the following two years respectively. Rice yields have held steady around 3500 kg/ha, not an outstanding accomplishment, while peanut yields vary widely from year to year.

The Zio prefecture, and southern Togo in general, does not experience a very even or predictable distribution of rainfall, over time or space. The overall decline in the amount of precipitation indicated in Table T-8 masks wide local variation.

Crop yields vary locally by enormous amounts, depending on the amounts and the distribution of rainfall. The decline in maize and cowpea yields appears to be very much related to rainfall patterns. The low yields for 1987 were accentuated by the lack of sufficient rain to warrant the application of fertilizer in many instances. Fortunately, the dryness came early enough that farmers were able to avoid incurring this significant cash expense that, under the circumstances, would have reduced yields even more had it been applied.

2.2. Economic Viability Of The Technical Packages

To assess the impact of these results on the economic viability of the technical packages being proposed by the project, Table T-9 presents the expected returns per day of labor for yield/price combinations that farmers in the area are likely to experience. Higher crop prices are associated with lower average yields, the normal situation, for all crops except irrigated rice. Since Togo is deficient in rice production, rice prices are predominately influenced by world supply and demand rather than national supply and demand. As an irrigated crop it suffers much less from the effects of variable rainfall patterns.

Table T-9 presents results under three different interest rate scenarios: 15, 24 and 60%. CARE/APP is currently charging 15% in its program, excluding loan administration fees. FUCEC is trying to induce its COOPECs to adopt a 24% rate in order to cover loan arrears, potential write-offs and higher administration costs necessary to support rapid growth in

TABLE T-8

AVERAGE YIELDS AND AREA CULTIVATED BY APP FARMERS
ZIO PREFECTURE, GRAND SEASON, 1985-1987

	Yields (kg/ha)			Area Cultivated(		
Crop	1985	1986	1987	1985	1986	1987
CARE/APP:						
Maize	2900	2200	1400	37	102	174
Cowpeas	800	660	600	7	47	89
Peanuts	1000	1850	1500	1	19	14
Rice	3400	3700	3400	11	9	78
Dept. Statistiques Agricole:						
Maize	1362	404	712			
Cowpeas	585	344	425			
Peanuts	656	388	633			
Rainfall (mm)*	649	617	493			

Sources: Tinkoua (1985, 1986, 1987), Direction Des Enquetes et Statistiques Agricoles; 1985-86 and 1986-87 Rapport de Campagne

Footnote: * Average of ranges in two zones.

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TABLE T-8A

PRODUCER PRICES FOR SELECTED CROPS
IN APP PROJECT AREA, 1985-1987

Crop	Two Mnth Average	FCFA/kg 1985	1986	1987
Maize	High	64	105	107
	Low	39	63	67
	Producer	45	60	50
Cowpeas	High	n.a.	312 (a)	200
	Low	n.a.	109	155
	Producer	120	150	150
Peanuts	High	180	185	195
	Low	78	82	88
	Producer	90	120	120
Rice	High	n.a.	n.a.	n.a.
	Low	n.a.	n.a.	n.a.
	Producer	150	75	80

Source: CARE and Tinkoua (1985, 1986, 1987)

Footnotes: (a) Local retail market price.

member savings. TRIPS hopes to rely increasingly on the COOPECs as a source of production credit both within and outside of CARE/APP assisted areas.

The 60% rate is the lower end of the range that farmers borrowing from local, non-formal commercial sources have to pay. This being the opportunity cost of capital for most farmers who must pay cash for their inputs, the 60% rate in comparison to the 15% and the 24% rates demonstrates the financial impact of the credit programs on farmers' returns from using the technical packages. Unless the packages are profitable at 60% interest rates, many farmers will not use their own cash to purchase the inputs.

Use 450 FCFA per day as the current free market wage rate in rural areas to evaluate the incentive farmers have to use the technical packages under the different interest rate environments. This reflects what farmers earn using traditional crop production technologies. They will be drawn to new technologies only if they can earn more by adopting them.

The data in Table T-9 demonstrate quite clearly that, under a wide range of price and yield combinations only the maize and rice technologies consistently offer to improve farmers' financial situation. Peanuts also do in most years. At 15% interest rates, the maize and rice packages generate a return that is 60-75% above the subsistence wage, using the most-likely price/yield combinations. It falls only slightly with 24% credit but their advantage reduces to 30-35% at 60% credit. Even at this level farmers would find the maize and rice packages sufficiently interesting to purchase inputs for cash if they were readily available nearby. All of the packages are financially profitable at COOPEC interest rates as well.

The cowpea package is not financially attractive at non-formal interest rates unless yields attain 1000 kg/ha. Although this level of yield was set initially as a target, it has proven difficult to attain. Poor insect control/resistance seems to be the major culprit. CARE/APP is experimenting with other new varieties in an attempt to find a better one.

Table T-9 demonstrates two things: the important role that credit plays in the successful extension of the technical package; and, the need to redouble efforts to find a better cowpea package. The importance of credit means that the success of the project and its successful replication to other areas requires maintaining financially viable credit programs above all else. The initial phase of TRIPS must include a rigorous effort to establish sound financial management practices in COOPECs and in the CARE/APP credit program alike.

TABLE T-9

RETURN PER DAY OF LABOR FOR APP TECHNICAL PACKAGES UNDER VARIOUS PRICES FOR OUTPUT (FCFA)

Price/Crop	Yield Kg/ha	Return Per Day- No Labor Financing 15%	24%	60%
Maize				
40	2400	692	655	576
45	2200	702	685	607
50	2000	713	695	617
55	1800	702	685	607
60	1600	672	655	576
65	1400	621	604	525
Averages		684	663	585
Cowpeas				
120	1000	766	746	657
120	800	543	524	434
150	650	557	538	448
180	550	571	551	462
Averages		609	590	500
Peanuts				
85	1500	626	604	504
95	1400	669	647	548
110	1200	661	639	540
120	1000	566	545	445
Averages		631	609	509
Rice				
70	3500	703	666	498
75	3500	798	761	593
80	3500	892	855	687
85	3500	987	950	782
Averages		845	808	640

2.3. The CARE/APP Credit Program

CARE/APP provides credit for crop production, grain storage and small enterprises. Arrears and write-offs vary substantially between the various purposes. Table T-10 shows that, overall, 3% of the portfolio has already been written-off and another 16% is in arrears. This is similar to the COOPECs' results. Like FUCEC, CARE insists that most of these arrears will eventually be repaid. Unlike FUCEC, the CARE credit program is intimately associated with the CARE training/extension and cost-recovery program. This means that CARE is caught in a catch 22. If it puts the screws on the credit program, it risks compromising the extension program and the potential for cost recovery. If it doesn't, it will lose more on bad loans than it will gain on administration fees.

An obvious solution to this dilemma is to separate the credit and extension components in such a way that the extension agent is important in the credit allocation and investment management process but is not involved in collection of loans that become past due. An automatic process, similar to the one proposed for FUCEC, that causes past due loans to pass to the bad guys, coupled with a financial incentive to the extension agent if the loan is collected on time, should do the trick. Again, this would make friendship an asset for loan collection discipline rather than a liability.

2.4. Grain Storage

CARE expects that its grain storage program will create an important economic focus for group organization and cohesiveness. Last year farmers were paid for the grain put in store in the form of a crop loan at prices prevailing at harvest time. They then reimbursed the loan with the proceeds of the sale of the grain. The first year's experience with maize was quite good. Total losses were only 2% and everything seems to have gone without problems.

This year CARE has modified its approach. Instead of paying farmers the price at harvest in the form of a loan with the grain in storage as collateral, CARE is simply rescheduling the existing crop production loans to enable farmers to repay when the grain is sold. Farmers get a higher cash return since they do not pay interest on the loan they would have received for their crop at harvest. This approach will work only with farmers who have other sources of income to meet household cash and subsistence needs. Table T-11 presents an analysis of the financial results to farmers from these various approaches at three different interest rates for two different crops: maize and cowpeas.

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TABLE I-10

LOANS, ARREARS AND ESTIMATED WRITE-OFFS FOR APP LOANS
(Thousand FCFA)

	Season										Percent	
	1985		1986		1987			Write-Offs		Col-		
	First	Second	First	Second	First	Second	Total	To Date	Remaing	lectable Arrears	Bad Debt	Collctb Arrears
Irrigated Rice												
	1070							0	88	0	8.2	0.0
		2527						787	218	162	39.8	6.4
			1516					0	0	43	0.0	2.8
				3570				0	29	84	0.8	2.4
					8071			0	0	650	0.0	8.1
						5742		0	0	0	0.0	0.0
Subtotals	1070	2527	1516	3570	8071	5742	22496	787	335	939	6.7	5.6
Rainfed Zone												
	1820							0	66	0	3.6	0.0
		923						423	142	72	61.2	7.8
			8561					0	210	1478	2.5	17.3
				2367				0	9	762	0.4	32.2
					13533			0	0	6100	0.0	45.1
						428		0	0	0	0.0	0.0
Subtotals	1320	923	8561	2367	13533	428	27632	423	427	8412	3.1	30.9
Small Enterprises							6111	0	0	190	0.0	3.1
Grain Storage and Marketing				10121		(a)	10121	0	0	260	0.0	2.6
Totals							66360	1210	762	9801	3.3	16.3

Source: CARE/APP records.

Footnote:

(a) No crop storage loans as such were given in 1987. Farmers were permitted to extend their crop production loans if they put their grain in storage as collateral.

TABLE T-11

POTENTIAL PROFITS FROM GRAIN STORAGE IN ZIO PREFECTURE, 1985-87 AT SELECTED INTEREST RATES

	1985	1986	1987	Budget
Two Month Average Price/kg.:				
Maize:				
August-September (low)	39	63	67	45
April-May (high)	64	105	107	75
Percent Increase	64	67	60	67
Absolute Increase	25	42	40	30
Cowpeas:				
September-October (low)	n.a.	109	155	120
June-July (high)	n.a.	312 (a)	200	200
Percent Increase	n.a.	n.a.	29	67
Absolute Increase	n.a.	n.a.	45	80
Net Gain From Storing 25 Tons (FCFA):				
Maize				
15%	167452	493752	427302	267777
24%	19578	305558	232388	109823
60%	-649391	-620391	-736391	-623391
Cowpeas				
15%	n.a.	n.a.	190402	1209340
24%	n.a.	n.a.	-152352	925385
60%	n.a.	n.a.	-2063391	-610891
Net Cash Flow with Purchase of Grain (FCFA):				
Maize				
15%	-12548	313752	247302	87777
24%	-160422	125558	52388	-70177
60%	-829391	-800391	-916391	-803391
Cowpeas				
15%	n.a.	n.a.	10402	1029340
24%	n.a.	n.a.	-332352	745385
60%	n.a.	n.a.	-2243391	-790891
Net Cash Flow With Transfer of Grain (FCFA):				
Maize				
15%	-19818	871232	904782	235007
24%	-229601	621129	647959	15144
60%	-1180288	-5866538	-602538	-999788
Cowpeas				
15%	n.a.	n.a.	2662923	2780611
24%	n.a.	n.a.	2238353	2414841
60%	n.a.	n.a.	-44997	506253

Source: Calculated from data in Table E-5A
Footnotes: (a) Retail market price, not a producer price

The data in Table T-11 indicate that grain storage is financially attractive to farmers at CARE and FUCEC interest rates but not at farm level interest rates. This confirms the importance of the credit programs (of both CARE and FUCEC) to the success of the technology transfer program. Capital is simply too scarce in rural areas to make it worthwhile to invest in any activity that does not make ridiculous profits from the perspective of the modern sector.

Table T-11 also shows that CARE must be vigilant so as insure that farmers set aside a significant portion of the first year's profits for contingencies. This will ensure that they can make their loan repayments in years when the cash from the activity does not cover interest plus loan amortization. The depreciation reserve of 60,000 FCFA per year is not sufficient to cover the loan principal for the building when the loan is repaid over five years. Net profits of at least 180,000 FCFA are required to come out whole during these first few years. In 1985 maize would have generated a negative cash flow. In 1987 cowpea storage came very close to generating negative cash flow at CARE interest rates. It would have generated both negative profits and cash flow if the operation had been financed with COOPEC interest rates. This operation is not, therefore, without risks.

There appears to be considerable scope for reducing the cost of the warehouse too. This is the principle factor causing the negative cash flow. A building costing half as much would reduce loan amortization and interest payments by over 175,000 FCFA per year over the first five years. The project includes a prototype development fund to enable CARE to test various types of structures with a goal of significantly reducing the cost of the warehouse.

The much higher potential return from cowpeas in some years suggests that farmers could benefit from storing cowpeas in those years. However, the returns from cowpea storage are much more variable, evidenced by the negative cash flow they produced in 1987 when the spread was small and prices were high. It would not be wise, therefore, to exceed 25% of grain in store as cowpeas.

Allowing farmers to rollover their loans improves the cash flow, but not without a cost. Farmers receive no income until the crop is sold. If there is a shortfall in cash flow based on a fully commercialized operation, the additional cash the rollover plan generates is really income that the farmer earned from the production side of the transaction, not from the storage side. The real financial value to him of the storage operation is the net gain received, not the net cash received.

2.5. Auto-Financing Extension Services

An exciting aspect of the CARE component of TRIPS is its promise for developing a user financed extension system that can be replicated by other NGOs, cooperatives and even government services. Because the technical packages are financially viable at modern sector interest rates, the project is able to use access to the gains from credit as an inducement to farmers to adopt the technologies and as a means of capturing part of the surplus generated by the new technologies. Without credit the packages are much less profitable to the farmer, because of the very high opportunity cost of capital in rural areas.

At present CARE charges a loan administration fee of 2500 FCFA to do a feasibility study of a loan application. It also assesses a 6% administration charge against loans up to 100,000 FCFA and 3% of the amount in excess of 100,000 FCFA. There is a minimum charge of 3000 FCFA. Thus each hectare of crop financed and supervised by CARE generates 5500 FCFA of revenue to the project. In addition, crop storage loans, if done on an entirely commercial operation, generate between 40,000 FCFA and 70,000 FCFA in administrative fees. This means that one extension agent training and working intensively with 50 farmers in three different groups will generate about 400,000 FCFA in revenues when up to speed in his work. That is sufficient to finance about 65% of the cost of an extension agents direct costs using a salary scale near MDR levels. The potential for revenue expansion exists by incorporating other farmers, or farmers who have graduated from intensive guidance, via access to the credit program. Lower charges could be assessed to such farmers to allow for the lower level of effort by the agent. Obviously, this more indirect supervision should be reserved for farmers who have demonstrated a responsible use of credit in the past in order to avoid wrecking the credit program.

The variants on this theme have enormous potential for agricultural development throughout Africa. It could solve chronic problems of motivation, means and, when combined with a backup organization such as CARE, technology adaptation.

Sustainability is also an issue at a higher, institutional level. In expanding its activities to other regions, CARE has proposed to wrk through intermediaries (client organizations) using a training-of-trainers approach. It will choose organizations that already exist and will continue to exist after TRIPS ends. So to the extent CARE isable to impart elements of its methodology to these organizations, there are good prospects for sustainability.

Another option would have been for CARE to develop a Togolese PVO which could take over when CARE involvement in the project

ends. This approach was attempted under the previous grant and was found not to work, as concerns about developing a sustainable Togolese organization tended to overwhelm other project objectives. It does not appear feasible to develop such a PVO with broad enough outreach and strong technical and management capabilities, that can also sustain itself without donor support.

Hence, the proposed approach appears likely to be more sustainable, with better long-term prospects for replicating CARE activities outside the Zio Prefecture. However, CARE needs to direct more attention to the sustainability issue at both the agent and institutional levels, and propose a plan of action for testing the limits of its approache's applicability. For example, CARE should develop more detailed criteria for selecting clients for ORAs, including those organizations' outreach capabilities, their ability to work closely with beneficiaries and involve them in decision-making, and their long-term prospects for sustaining outreach at acceptable levels.

ANNEX E.2 - PRIVATE SECTOR ANALYSIS

1. INVESTMENT POLICY AND REGULATORY CLIMATE

The Government of Togo is in the process of restructuring its economy with the goal of decreasing public sector involvement in the economy and encouraging private sector initiatives. It has announced its intention to reduce the public sector's role in agriculture, to encourage private sector entry into agricultural input supply, processing and marketing; to provide additional credit to farmers through credit unions and agricultural banks; to make more use of NGOs in implementing rural development programs; to continue its program of privatization of non-strategic state-owned enterprises; and to promote the creation of small and medium-sized enterprises.

The TRIPS project is committed to assisting a minimum of ten rural small enterprises (with assets over $10,000) and 250 micro-enterprises, in becoming viable and thereby stimulating more rapid growth in the rural sector. All Togolese enterprises, however, face a number of policy and regulatory constraints that limit their potential and viability in various degrees of severity. The most serious of these constraints are indications of potential adverse effects of the GOT's economic liberalization program, neighboring countries' restrictive import policies and domestic tax regulations.

1.1. Tariff Policies

Some small and medium scale enterprises (SMEs) find the adverse effects of Togo's economic liberalization program as one of the most serious obstacles to progress. Although trade liberalization is a potentially beneficial measure to eliminate import monopolies and promote freer trade, the damage to the fragile domestic market was not adequately assessed considering its small size and the past several years' economic stagnation. SMEs in such areas as cardboard carton, paint, and toilet paper manufacturing, and food processing experienced sharply declining sales. Correspondingly, poultry producers and fabric vendors have been forced to curtail their operations because of EEC dumping and subsidized Asian exports. Additionally, enterprises involved in cereal cultivation, processing and distribution are constrained from developing export outlets because of the preferential status heretofore accorded the government cereal board in gaining export licenses. Such practices, if allowed to continue, can tend to exclude private traders from this market, and ultimately result in a production disencentive for the farmer.

Finally, despite much discussion of a new spirit of cooperation under the provisions of the Economic Community of West African States (ECOWAS), Togo's neighbors have a series of protectionist policies which have a negative impact on free

trade and limit the growth of Togolese SMEs. New regime has reportedly lifted these. For example, Benin reduced port fees to lure business away from Togo, and political tensions between Togo and Ghana have on several occasions closed the border, disrupting established commercial links.

1.2. Fiscal Regulations

The GOT's tax system is complex and regressive, and weighs heavily on the small businessman. Its complexity and multiplicity of taxes have a "cascade effect" on business revenues and profits. While the system certainly raises revenue for the state, to date, in many aspects, it has failed as an incentive for the private sector and the Togolese economy. For example, the 14% TGA (Business Revenue Tax) is onerous for a new, thinly capitalized small rural enterprise which may not yet be making a profit. In addition, payroll withholding and social security taxes are collected assiduously and with severe penalties for slow payment. These fiscal policies also extend to sudden decrees which authorize tax actions not yet formally part of the law.

The complex tax code and its enforcement can constitute an obstacle to small enterprises which do not have the political connections and legal advice on how to deal with or circumvent the system. However, it is also true that many enterprises, perhaps at some cost, find ways to circumvent the system.

With World Bank assistance, the Togolese government plans to improve the institutional framework for private sector incentives. In particular, it intends to create a new technical and financial support system to aid small and medium-scale enterprises. These improvements will be implemented under a private enterprise development project for which Bank funding was approved in September 1987.

1.3. Administrative and Bureaucratic Constraints

Administrative and bureaucratic factors are seen by most established urban SMEs as a minor chronic problem. Among obstacles for emerging rural Small Scale Enterprises (SSE) that ship perishable or low margined products are the numerous official roadblocks that very often demand some form of payment and seriously delay the delivery of goods. The red tape of a poorly motivated and underpaid bureaucracy can also be an obstacle to SMEs. Although a number of businesses have managed to survive in a stagnant economy, many labor intensive activities, such as the construction and textile industries have declined. However, the continued health of these few urban enterprises and the development of SSEs in rural areas will ultimately depend on the GOT focusing and reforming many of the conflicting laws and de facto practices which adversely affect SMEs.

2. SMALL RURAL ENTERPRISE ANALYSIS

2.1. Project Enterprise Profile

The strategy of the TRIPS rural enterprise component will be to support the development of ten existing or potential small enterprises in the Zio River and other regions. Concurrently, the implementing agent, CARE, will also assist 250 micro-enterprises, especially artisan manufacturing and repair, food processing, and Small Scale Enterprise, with the objective of creating as many forward and backward linkages as possible between small enterprises, micro enterprises and the farmer. The other implementing agent, CUNA, plans to have 30 COOPECs involved in productive credit activities by the PACD. Some of these activities will be micro-enterprises.

Possible small enterprises to be assisted include an operating farm supply outlet, a cereal wholesaler, a poultry/egg producer, a rice mill and a small agricultural tool manufacturer. Additionally, potential ventures could be animal feed processors, sales of agricultural inputs from farm supply outlets, agricultural service and repair enterprises, and warehouse construction/storage businesses.

Most of the proprieters of the operating or nascent small businesses with whom the project will work have common characteristics distinguishing them from owners of medium and small size urban enterprises. These characteristics are important in understanding the project's private enterprise development goals, strategies and environmental constraints. First, the small rural enterprises tend to evolve from successful micro-enterprises, with rarely more than six full time employees, many of them close relatives, complemented by apprentices. Accordingly, this type of enterprise is either traditional, such as cereal wholesaling or a small farm supply outlet, requiring little or no modern equipment or formal education; or, is traditional/semi-modern, such as the small agricultural tool manufacturer headed by an entrepreneur with several years of skilled apprenticeship and work experience with some exposure to, and willingness to invest in, moderately complex equipment.

In contrast, urban SMEs have a broader ownership base; a more formalized management structure, including some financial controls and market planning; and, are usually engaged in light manufacturing with limited exports and services. Approximately 50% of these firms' managers have university training and most have completed secondary school.

The implication of this profile is that SSEs are at a disadvantage in basic business techniques and skills, and require more intensive assistance and training before they can sustain an incrementally higher rate of growth.

2.2. Identified Ongoing Small Rural Enterprises (SSEs)

CARE has identified five growing small rural enterprises in the Zio Prefecture, all of which have provided services to it over the past years, as candidates for assistance. Each enterprise's current operations and constraints are analyzed, and a recommended strategy is outlined along with technical assistance, training and financial inputs that will be necessary to attain a higher level of output and growth.

2.2.1. Cereal Wholesaler

Entrepreneur's Background. The proprietor of this small but thriving enterprise can be classified as a "Nana Benz," one of many industrious women who dominate many areas of trade, in particular cloth, but also have a major niche in cereals trade from the village association level to Lomé's central market. This entrepreneur began her commercial career as a small child making gari flour, a powdered derivative of manioc in a village near Atakpame; became a micro-enterprise street vendor in Lomé; and formed her cereal wholesaling operation 24 years ago.

Current Operational Status and Constraints. The entrepreneur recently constructed a 100 ton 30 square meter warehouse in front of her home/office in the suburbs of Lomé. She indicated that sales of corn, cowpeas, sorghum, millet and grain meal were growing at approximately 28% p.a. over the past few years. She currently has six full time employees, three apprentices and 30 part time grain buyers in the villages - a total employment increase of 20% over two years. She stated, however, that the business was soon going to reach a plateau unless it received marketing assistance to expand into new markets, and unless her staff received training in management and marketing skills.

Recommended Strategy. This SSE enterprise is poised to expand further in the Maritime Region, its traditional market. The business, however, can be substantially expanded with sizeable added value, employment and income benefits if it is restructured into a modernized grain, seed, and animal feed processing and distribution enterprise. Initial opportunities would be in the export of corn and other cereals under the new Cereals Trade Liberalization Program and the expansion of its small poultry feed operation. Longer term opportunities are cereal seed sales, and animal feed processing/distribution in several provinces and possibly in neighboring countries.

This strategy would require assistance and training in planning, marketing, financial controls and product quality control. The CARE Small Enterprise Development (SED) Unit would need to assist the entrepreneur and her staff to formulate a three year strategy, plan the identification of the most profitable market segments, undertake staff training and meet indicated financial needs. She will also need assistance

in applying for a cereals export license with the new Cereals Export Licensing Commission, recruiting a qualified accountant and marketing assistant, and installing an appropriate financial management system.

The enterprise currently has total annual sales of approximately $122,000, a 20% gross profit margin, moderate operating expenses, and a 70% return on invested capital. This earning capacity is more than sufficient for the firm to self-finance expansion into the export market, widen distribution nationally and perhaps add one additional small warehouse north of the Maritime Region, provided a substitute can be found for the $5,000 short term CNCA working capital line of credit frozen during the bank's recent organizational problems.

Additional activities in years four and five would depend on how the company manages its reorganization from a purely short term trading firm into a medium sized distribution business. Considering the limited formal training and narrow experience of the proprietor, this may be this firm's and the other four outlined SSEs' most significant obstacle to developing into modern businesses.

Expected Benefits. If the grain wholesaling firm enterprise limits itself to the self-financing restructuring plan above, it will absorb approximate additional fixed and variable costs of 35% and 30% respectively, reflecting additional permanent staff and the construction of a $5,000 warehouse. It allows the firm, however, to achieve economies of scale by doubling sales, increasing the operating margin by approximately 20 percentage points, and creating at least six new permanent jobs and 10 part-time positions.

The reinvestment of profits generated by the restructuring will allow the firm to expand into increased high linkage ancilliary investments such as warehousing, seed distribution and animal feed wholesaling. This vertically integrated project will add value to raw agricultural produce through an increase in quality mix and degree of transformation, and through replication should result in a broader agro-economic base for other regions of Togo.

2.2.2. Poultry Producer

Entrepreneur's Background. The proprietor, a trained accountant, and former upper middle level civil servant, raises layers, broilers, geese, ducks, turkeys and rabbits near Lomé. He possesses a good grasp of business fundamentals, and has the potential to build a thriving enterprise, provided he dedicates the energy needed for such an endeavor.

Current Operational Status and Constraints. The firm's main generator of cash flow is layer hens due to a consistently strong demand for eggs in the local tourist and consumer markets. The highest margined profits are derived from year-end holiday sales of turkeys and geese.

Although he is interested in expanding into the live poultry market, the small market for fresh broilers around Lomé is saturated by a large Togolese/Libyan company and frozen broilers from the EEC. Additionally, the local market for turkey tails is dominated by frozen U.S. imports. Despite these obstacles, the firm has a 30% gross profit margin on sales of $22,000, and an approximate 55% return on invested capital of $14,000 due to minimal employee and operating expenses. His largest single expense is procuring chicks.

Recommended Strategy. The entrepreneur states he can sell all his current production, wishes to expand layer production, and diversify into turkeys, geese and capon production for the market. Additionally, he believes the sales volume and profits for fresh broilers among the general population can be increased by lowering costs and, accordingly, prices. One way he could achieve this would be to procure some chicks through reliable Ghanaian sources instead of importing from the EEC. Another way would be to produce a larger volume of poultry feed, thus accomplishing economies of scale, as well as increasing sales through the cooperative with which he is associated, and through the above mentioned cereals wholesaler.

The entrepreneur needs managerial training in marketing and cost accounting, tied to technical assistance in breeder procurement, feed batch mixing, and quality control. An excellent technical source and backward linkage would be the micro-entrepreneur CARE client, based in Tsevié, who has formal training in animal husbandry and excellent poultry source connections in Ghana.

Although this businessman can self-finance his current operation, he estimates his proposed expansion would be about equal to his current investment since it would entail moving his operations to a larger two hectare tract he owns six kilometers from his present site.

The producer has installed an adequate accounting system for his current needs and can probably borrow $10,000 from a commercial bank for capital equipment (two-three year term) and $4,000 for a short term line of credit, provided he prepares a viable business plan which includes three year market and financial projections. Based on the high risk nature of the poultry production, however, he would probably be obliged to increase his equity by half the capital investment, or $5,000, and provide some form of collateral for the commercial bank loan.

Expected Benefits. If this enterprise is able to increase volume and lower costs substantially through product development and diversification, it should be able to increase its gross profit margin to 50% and its return on invested capital to 70% p.a. Since poultry production is not labor intensive, additional investment would only create three/four additional permanent jobs in the next few years, but thie SSE could stimulate the formation of similar ventures, and serve as a model on how to increase the quality and frequency of a high protein poultry diet among the general population with properly applied animal husbandry techniques and aggressive marketing.

2.2.3. Agricultural Handtool Manufacturer

Entrepreneur's Background. This young entrepreneur is the most aggressive and shrewdest of the five interviewed. He has accumulated approximately $17,000 in invested capital over five years from an initial $200 investment, based on 15 years as an apprentice and skilled railway metal worker.

Current Operational Status and Constraints. Current operations are limited to quality handtools, a few wheelbarrows and other crafted metal products manufactured on demand, although a small inventory is maintained in popular items such as hoes and spades. Operating expenses are minimized by employing non-salaried apprentices and one commissioned salesman, minimal inventory, cash sales and hard bargaining for raw materials. Consequently, the firm has a 35% gross operating margin and a 40% rturn on invested capital.

The entrepreneur operates under a number of constraints, however, which must be overcome to maintain momentum. The principal constraint is that the demand for his products will be limited to the Tsevie area and will face strong price competition from local artisans, unless he can increase his economies of scale and achieve a critical market mass through wider product distribution.

Togo badly needs a number of competitive privately run SSEs such as this manufacturer because UPROMA, the Kara based parastatal, tends to produce relatively expensive agricultural equipment for larger projects rather than for individuals or small groups.

Recommended Strategy. The firm's products could be widely distribute throughout the Zio Prefecture and upper Maritime Regions in small hardware stores and prospective agricultural outlets. This requires a reliable supply of diversified, high quality products which are competitively priced. It also requires a small, but effective and well compensated sales force which is able to identify new opportunities and overcome initial resistance to the purchase of new and unfamiliar items.

The CARE SED Unit should initially assist in the legal registration of the enterprise, and the installation of a simple accounting system, and application of funds and inventory control systems. Secondly, the entrepreneur will need advice on the most advantageous procurement of the appropriate equipment to supplement his sparsely equipped plant. Finally, he will require technical assistance in producing such items as tool boxes, cash boxes and watering cans from sheet metal, as well as the design and pricing of these products.

The cost and installation of the additional capital equipment and inventory will be approximately $18,000 or slightly more than total current investment, and could be financed through one of the commercial banks with a lien on the plant if he owns it outright, or a partial project guarantee if he does not.

Expected Benefits. Over four years, the firm can increase hand tool sales and other equipment threefold through the wider penetration of a latent market. The firm's gross and operating margin could be initially squeezed by increased inventory expenses, at least three additional employees and by interest expenses. Nevertheless, it would lay the necessary groundwork for this small firm to grow into a solid medium sized enterprise within 10 years. The farming sector will be provided with a wider variety of higher quality and competitively priced hand tools, and other implements that will improve agricultural efficiency and add value to the entire food chain.

2.2.4. Rice Miller

Entrepreneur's Background. The mill's owner is a well-educated, retired government employee, but he is not well versed in accounting and has relatively little exposure to business management. Over two years, however, he has built a modest rice hulling mill near the Kovié market into a small, viable business.

Current Operational Status and Background. The mill's two small 12 hp Taiwanese hulling machines presently operate at 80% capacity, producing five tons per day or 990 tons a year, assuming a normal operating cycle of 22 days per month, nine months a year. Estimated yearly sales are $14,000 with a 40% gross operating margin, two employees, no bank debt and a 41% return on invested capital. This rice huller has a relative advantage over his five other competitors in that his machines are newer and have fewer breakdowns, and are able to fulfill consumer preference for long grained, unbroken rice.

Recommended Strategy. The mill is located on the Lomé-Tsévié transport axis, and there is growing demand for its services because of the increase in rice output in the irrigated perimeter.

The mill operator has bought a larger piece of land nearby and plans to build a 50 square meter building to house the existing equipment and a third huller to operate in tandem with the others to ensure that the mill operates at close to 100% of design capacity. Consequently, the CARE technical assistance will need to help the entrepreneur select the most appropriate and economically viable equipment, based on future demand, and taking into consideration the enterprise's current financial capabilities. The operator needs training in financial controls, marketing and manpower planning. The SED unit might identify two or three other candidates for this program since the area will need several mills to process paddy based on CARE's projections of future rice production.

This entrepreneur will need extensive assistance from the CARE SED Unit in preparing a business plan and cash flow projections based on a source and application of funds statement. Considering that the operator already owns the land for the proposed expansion, he must finance the capital expenditures for a new plant and office/warehouse for approximately $6,000 and a small 12 hp rice huller/polisher and spare parts for $7,000. Additionally, the working capital requirements will be approximately $5,000.

Two local commercial banks (UTB and BTD) have experience in financing this kind of venture and would consider providing financing for both working capital and hulling equipment, provided that the firm can demonstrate adequate cash flow and collateral. However, since the entrepreneur is relatively inexperienced in business and the firm was founded just two years ago, both banks will probably require some form of guarantee until the firm has established a successful track record over several operating cycles.

Expected Benefits. If the expanded rice hulling mill is able to produce at a rate 50% greater than the current rate over the full nine month harvesting season, the return on capital invested would more than double because profits from increased sales will be proportionally greater than the increase in total expenses. Consequently, three to four new jobs could be created assuming two additional production/mechanical/warehouse employees, a bookkeeper/administrator, and eventually, a truck driver/assistant salesman, after anticipated incremental profits allow for the purchase of a pickup truck.

The rice huller would be able to reinvest accumulated profits in a small automatic bagging operation and expand its warehouse in order to provide the Lomé market with one to 10 kilo bags of polished unbroken rice at competitive prices throughout the

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2.2.5. Farm Supply Outlet

Entrepreneur's Background. The proprietor of this small hardware store in Kévé was born in a local village and has a very modest education, but he has adroitly increased a $1,700 investment into $7,000 in capital invested in just over two years by focusing on two lucrative local market segments: truck transport and grinding mill replacement parts.

Current Operating Status and Constraints. The entrepreneur wants to eventually expand into a full service agricultural supply store, but has been initially constrained by working capital requirements to maintain his inventory of high turnover items such as small tools and general hardware. Currently, the store does $21,000 in annual sales, has an inventory turnover of two times a month and generates a 60% return on capital invested, because of the entrepreneur's marketing strategy and modest overhead of only one other employee. Accordingly, he wishes to expand his inventory gradually into a wider range of agricultural merchandise such as poultry supplies, and general hardware. He is constrained, however, by a lack of sufficient working capital to stock these as well as non-traditional farm supplies such as animal feed and veterinary products.

Recommended Strategy. The entrepreneur believes that there is a growing market for farm and artisan handtools and plans to stock a limited number of faster moving items. He would also like to investigate the demand for wheelbarrows, animal feed and eventually, seeds.

This type of store is a natural distribution point for many of the project's inputs and should be replicated in several different locations that are located on major transport routes.

The proprietor or his assistant should receive training in financial bookkeeping, improved inventory control and cash management such as setting up a bank account and obtaining a small working capital line of credit. Technical assistance is needed for a market study and an assessment of the most appropriate inventory of products to carry. For example it may make more sense for him to remain in basic agricultural hardware rather than diversifying into products such as seeds, feed and veterinary products that require more capital, as well as formal education in application/usage techniques.

The business has remained current on its CARE Zio River Project line of credit. However, it should begin a formal relationship with a commercial bank such as the UTB or the BTD which have some experience dealing with small commercial enterprises in rural areas. The commercial line of credit could be backed temporarily by a project guarantee equal to the original CARE line of credit, and offered to similar enterprises once the bank is comfortable with the relationship.

Expected Benefits. A series of small agricultural supply outlets that are aimed at optimal and appropriate market segments can rapidly maximize their owners' capital investment and generate up to six new permanent jobs per enterprise over a five year period. Many of these proprietorships and jobs would be opportunities for women to supplement farm incomes. The agricultural and rural artisanal community will achieve significant economies through more centralized purchasing of a wider variety of inputs. Consequently, a village or small town agricultural supply store is a classic example of a pole of development, providing a forward linkage in the distribution of inputs and backward linkage in the purchase of other micro/SSE outputs.

2.2.6. Conclusions

All of the above-cited enterprises are managed by intelligent, energetic entrepreneurs who have managed to expand their market shares and achieve an above average profit despite a stagnant national economy. They all have established a diversified enough client base, locally and in Lomé, to withstand the negative effects of years of low rainfall on agricultural production. Each enterprise, however, differs in its proprietor's ability to adapt to changing markets, to adopt new managerial techniques, and to attract additional capital through loans or investment, which recommends CARE's focus on individual enterprises.

CARE has done an excellent analysis of other small enterprises that might be assisted by the project. CARE is well aware of the needs of those enterprises and the potential benefits and pitfalls from assisting them. It has also developed a list of criteria for selecting enterprises for assistance, which should be tested early in the project and refined if necessary.

3. MICRO-ENTERPRISE COMPONENT

A major project focus is more effective and broader assistance to micro enterprises. Under the previous grant CARE has pursued a strategy which places emphasis on activities that support agriculture and are owned/managed by women. Consequently, assistance packages will continue to include planning, entrepreneurial training, technical assistance, raw materials procurement, the principles of credit management, and particularly the maintenance of a working capital revolving fund. CARE's micro/small scale enterprise development strategy stresses working capital maintenance as one of the most important factors in the success of a rural micro/small business. Therefore, technical assistance centers on teaching the mechanics of a revolving working capital fund; how to recognize and calculate the value of its components; how to separate working capital and profits; and, most importantly,

how to maintain and increase the fund while paying back a loan. Concurrently, the SED Unit's technical assistance team will show micro-entrepreneurs how to source raw material more advantageously and inexpensively. For example, entrepreneurs in similar lines of activity could form buying groups to take advantage of quantity discounts and increase their leverage with vendors who often are negligent of very small orders.

The TRIPS Project will take this proven strategy one step further in order to accelerate the development of micro-enterprises. While all micro-enterprises in varying degrees lack managerial and technical skills, have difficulty in sourcing materials and spare parts, and face restrictions, taxes and harassment from local officials, their real impediment to expansion is lack of interaction with and demand for their products by larger, more modern enterprises. Togo, like other developing countries, has the problem that increases when real national income is captured by sectors with a high propensity to consume imported goods or industrially-manufactured local substitutes, and a low propensity to consume generally lower-quality products produced by micro-entrepreneurs. This barrier can only be overcome if micro-enterprises are able to meet the quality and price requisites of their buyers. TRIPS will help micro-enterprises do this, and its proposed creation of trade associations holds promise for helping micro-enterprises via group asset acquisition and marketing.

As for SMEs, backward and forward linkages need to be established and maintained between micro-enterprises and larger enterprises. For micro-enterprises, however, these linkages will have to be more structured and will require more intensive assistance from the SED team. Examples of business activities which offer especially important forward and backward linkages are: the production of hand-tool components, building materials, and foodstuffs; and small scale traders, principally women who can act as agents for larger enterprises.

The importance of the rural micro-entrepreneurs cannot be over-emphasized: they are an important element in mobilizing savings, act as an important link in monetarizing agricultural production and are increasingly an essential element in a rural family's income, since at least one member of a farming family is apt to be a micro-entrepreneur.

4. MICRO/SME FINANCING

4.1. Commercial Banking Sector

Togo has a relatively well developed banking sector consisting of seven private commercial banks, two mixed capital financial institutions (BTD and CNCA) functioning as combination commercial/development banks, a government controlled development bank (SNI), a national savings bank, two leasing companies and five insurance companies.

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As part of the West African Monetary Union, UMOA, most of the commercial banks in Togo are subject to its common central bank's (BCEAO) mandate to allocate a minimum of 5% of their portfolios to small and medium sized enterprises. However, very few SME enterprises, which qualify for the preferential effective cost of borrowing of 10%, are able to obtain more than short term financing for commercial transactions.

The major reason given by the commercial banks for their limited lending to SMEs, particularly rural ones, is the high credit risk and disproportionate expense entailed in servicing a loan, which at best will yield only two percentage points above BCEAO money market instruments. Moreover, many rural SSEs have a reputation of having insufficient collateral, thin equity capital, poor financial records, and an inability to articulate their funding needs through business proposals and loan applications. Moreover, many lack legal identity, which inhibits collection of loans in arrears. Consequently, although the commercial banks have stated they want to be more active in the rural sector, they have a generally poor image of rural enterprises, and find rural SME loans comparatively unattractive. It is no wonder then that no commercial bank is represented anywhere but in Lomé or 5-7 other secondary urban centers.

Until recently, the CNCA, which has branches in most major rural towns, was a major provider of credit to SSE's with good credit histories. However, its operations have been temporarily suspended pending a complete reorganization.

Finally, the World Bank's proposed $11.5 million Private Enterprise Development Project, has some components which might apply to rural small and medium transformation industries, but many important issues involved in implementing project components have not yet been resolved.

4.2. Credit Guarantee Fund

Although the commercial banks express interest in reviewing SME loan proposals presented by the SED Unit, they emphasize that the two most important credit criteria are the entrepreneur's past credit history and the capacity to repay additional loans. Any shortfall in loan servicing ability due to inadequate collateral or cash flow would have to be covered by a guarantee from an acceptable third party. Typically, commercial banks want a 100% guarantee.

An alternative approach which the local banks are willing to consider is a partial (50%) guarantee on loan losses, defined as net audited losses after deduction of collected principal, interest, fees, and proceeds from collateral. They also agree to consider the idea of shifting the partial guarantee to other similar loan proposals after a reasonable amount of successful credit experience with the original client.

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This alternative is preferred to a 100% guarantee, which has historically encouraged banks in developing countries to do superficial analysis, and often direct loans to politically valuable, but not necessarily viable clients. Ultimately, this approach has the advantage of introducing SSEs to the formal banking sector with CARE's assistance, and increasing the banks' participation in the rural economy. However, it has the drawback of only partially institutionalizing credit to rural enterprises, because it does not encourage the creation of a unified, reliable credit data base, which is an essential element in every modern financial system.

4.3. Micro-Enterprises

The commercial banking system will not be able to assist the average micro-enterprise with an average of $3,000 in assets. However, it may be possible for the SED to package 10 to 15 loans of rapidly growing enterprises that have a total of $30,000 - $45,000 in assets and appear to be strong SME candidates. The SED would take full responsibility to package and follow up the loans, but "sell" 20% of the risk to a commercial bank which receives a pro-rata share of the interest for two-three years after which hopefully, these clients will be viable and it is able to reduce or eliminate its financial support. The other micro-entrepreneurs will have to depend on funding and technical assistance as outlined in other parts of this paper, from CARE, the COOPECs, and, eventually, a resuscitated CNCA.

5. RECOMMENDATIONS

5.1. Policy

TRIPS should seek ways to improve the policy environment for micro-enterprises and SMEs. One possibility would be for the project to support research on policy questions that influence these enterprises, and to promote policy dialogue between A.I.D., the GOT, and other donors. Recommended topics for research include: the impact of structural adjustment on micro-enterprises and SMEs, possibilities for simplifying registration and other bureaucratic procedures for SMEs, and opportunities for expanding SME markets in Togo and in the region.

5.2. Credit

TRIPS should help improve SMEs' access to credit by:

- Tailoring packages of SME borrowers, with good business track records, for "sale" to banks.

- Exploring the possibility of "cocktail loan" arrangements for large clients whereunder two or more banks pool excess funds to make available longer term credit, the risk and maturities of which are spread among the banks.

Instituting collaboration between banks and local accounting firms to provide simplified, understandable accounting systems for SMEs, and use local accounting firms for objective, third party (i.e., arms-length) auditing of company(ies') operations.

Starting public relations efforts with the local bankers' association to introduce and update the banks on the project's progress with its SME portfolio.

ANNEX E.3 - ECONOMIC ANALYSIS

1. ECONOMIC BENEFITS

1.1. FUCEC Component

1.1.1. Increased Savings

The most direct economic benefit from this project will be an increase in the amount of savings it will stimulate. Increased savings will result from the more widespread availability of credit unions and credit education programs. From an economic point of view net new savings will generate the largest share of project benefits. We estimate that about 35% of the money flowing into the credit unions represents net new savings.

Most of the money flowing into the credit unions will not constitute new savings. It will simply represent a transfer from mattresses, buried containers and other such places to the credit union. This money does not increase economic growth. As long as the money stays in the mattresses etc. it is not a constraint on investment since it does not constitute a demand for resources and the government can deficit spend by an offsetting amount. The effect on investment and growth, instead, is determined by what the government accomplishes with the deficit financing.

In the absence of savings institutions such as is common in much of Africa, the combination of the ready availability of savings stored at home, the demands of family responsibilities, and personal consumption habits often prevent the accumulation of significant wealth. Cash is, quite simply, a very poor store of value. But when these same savings are placed in a credit union, especially one where access to savings is not completely free and where minimum deposits are required to qualify for other benefits desired by depositors, savings are less prone to be spent for consumption expenditures. Thus, credit unions make it easier to protect savings and accumulate them for significant expenditures at a later date. They also create a pool of unspent resources that can be loaned to others.

We have no good figures on the magnitude of these various phenomena in Togo. Without the project to support the organization of new credit unions, the education of credit union officers, the supervision of their administrative and lending activities and the recycling of surplus funds into relatively safe investments, growth in credit union membership would be slow. We estimate such growth without the project at 5% per year in member savings. With the project, growth in member savings is projected at 23% during the five year life of project using the revised figures in Table T-1 in the Technical Annex, and at 12% per year thereafter. More rapid growth will be possible after the project because of the strengthening of FUCEC that will occur under the project.

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During the period of the benefit projections the economic benefit of increased savings results from the return on the investments made possible by the savings. Then, in the last year of the benefit period, 35% of the accumulated difference in member savings between the with and without project scenarios is counted as a benefit since that is the amount assumed to constitute net new savings. That amount will continue to generate an annual investment yielding a 15% net return. The last year value represents the present value in year 20 of a perpetual annuity equal to 15% of the added savings accumulated because of the project.

1.1.2. Increased Investment

Savings are important for economic development because they represent resources that are not consumed and, as a result, become available for investment. This availability translates into increased economic growth and wealth only when the increased availability of savings translates into increased productive investment i.e., investments that lead to increases in wealth because they generate output with a greater value than the cost of the inputs. If the savings are eventually consumed or the investments in which they are placed do not return more than the principal amount then there is little effect on growth and development. If the investments return less than the principal amount, the increased investment becomes an absolute drag on the economy.

In the present situation in Togo, the relatively lax attitude toward loan repayment tends to dilute a most important source of investment discipline - the knowledge that failure to repay a loan obligation has dire consequences. In the absence of swift, certain and highly negative consequences, borrowers have little incentive to assure that they will have the wherewithal to repay the loan when it becomes due. As a result, borrowers give little concern to whether the use of the loan assures all or part of its repayment.

Where repayment is required without question, individuals are less likely to obtain loans for frivolous purposes. The result is that a greater proportion of loans go toward productive investments and the return on those investments will be higher. Where repayment discipline is combined with high interest rates loans will be spent on only the highest yielding investments or highest priority consumption purposes. This maximizes economic growth given the existing distribution of income and income producing resources.

Under the present project FUCEC has begun cleaning up the loan portfolios of the credit unions and of the Central Liquidity Fund. The proposed automatic turning over of delinquent loans to FUCEC for collection at a cost to the credit union of 50% of the value of the loans will further these efforts, as will tightening up on loans to officers. The effect of these efforts will be to increase the rate of return on investments

financed with credit union loans. Moreover, improved credit union lending practices will allow a higher proportion of credit union savings to be loaned to local members for productive purposes. In rural areas this will usually translate into higher yielding investments than are possible in the modern urban sector which is relatively well supplied with credit.

To estimate the net effect on investment of increased savings from credit unions we need to take some account of the likelihood that credit unions will draw money from existing and potential investments as well as from potential consumption. To avoid problems associated with storing cash, many individuals in Africa entrust their savings to someone else, or purchase durable assets such as livestock, wives or inventory for petty trade. This is true of Togo. In fact, in Togo some individuals go so far as to pay a part of their principal to intermediaries who collect and store individual savings, so great is the fear of not holding onto ones savings. In all these situations a good portion of the savings so expended probably lead to productive investments. To the extent that they do and to the extent that credit unions draw savings away from such outlets, the project will have a partially offsetting drag on investment that should be reflected as a project cost.

To quantity the effects of credit unions on investment activity the economic analysis assumes that the project will cause the average rate of return on pre-project savings that are loaned to members and the CLF to increase 5% per year over what would exist without the project. The net return on new loans arising from the increased savings generated by the project is assumed to average 15% on the 35% that is due only to the project and 5% on the 65% that arise from savings that flowed into the credit unions from other sources. These returns are achieved through a combination of transfering savings from the inefficient public sector to the private sector (via putting back into circulation private savings that previously were hoarded), reduced loan losses (and, therefore, reduced consumption), reduced administration costs per dollar loaned and more careful selection of investments by the borrowers because of the increased certainty of negative consequences in the event of failure to repay. This does not mean that the interest rates charged by the credit unions must go up, though that will provide an added measure of discipline. In this respect FUCEC's current policy of inducing credit unions to raise their lending rates to 24% is a wise move and will increase project benefits as it continues during this phase of support.

Better program discipline and fewer loan defaults will permit the proportion of credit union savings going into higher yielding loans to hold at 75% rather than drop to 65% as would be the case without the project because of continuing problems with loan arrears. These benefits are assumed to continue for 15 years beyond the completion of the project. Table E-1 summarizes the estimated economic benefits of the FUCEC component of the project.

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TABLE E-1
ESTIMATED BENEFITS OF PROJECT ASSISTANCE TO FUCEC
(000 FCFA)

	Without Project		With Project		Difference		
Year	Member Savings	Loans Outstanding	Member Savings	Loans Outstanding	Member Savings	Loans Outstanding	Net Benefits
0	629531	490851	629531	490851	0	0	0
1	661008	492000	810216	607662	149208	115662	34431
2	694058	494000	993322	744992	299264	250992	46034
3	728761	496000	1217808	913356	489047	417356	60275
4	765199	497379	1493028	1119771	727829	622392	77772
5	803459	522248	1830446	1372835	1026987	850586	98412
6	843632	548361	2050100	1537575	1206468	989214	111501
7	885813	575779	2296111	1722084	1410298	1146305	126225
8	930104	604568	2571645	1928734	1641541	1324166	142782
9	976609	634796	2880242	2160182	1903633	1525386	161398
10	1025440	666536	3225871	2419403	2200432	1752868	182321
11	1076712	699863	3612976	2709732	2536264	2009869	205832
12	1130547	734856	4046533	3034900	2915986	2300044	232247
13	1187075	771598	4532117	3399088	3345042	2627489	261917
14	1246428	810178	5075971	3806978	3829543	2996800	295237
15	1308750	850687	5685087	4263816	4376338	3413128	332650
16	1374187	893222	6367298	4775473	4993111	3882252	374652
17	1442897	937883	7131374	5348530	5688477	4410647	421799
18	1515041	984777	7987139	5990354	6472097	5005577	474713
19	1590793	1034016	8945595	6709196	7354802	5675181	534091
20	1670333	1085717	10019067	7514300	8348733	6428583	3522772

1.2. CARE Component

1.2.1. Increased Crop Production

The principal tangible benefit arising from the CARE component is increased crop production by both client and non-client farmers of APP. We use the output targets of the CARE proposal and assume that the net value of all output above the regional average constitutes a benefit to the project. Irrigated land is assumed to all be in rice. Rainfed cultivation is 50% in maize, 25% in cowpeas, 15% in peanuts and 10% in peppers. Production among client farmers is assumed to continue increasing after the end of the project on the assumption there will be a structure to provide continuing support and follow-up that can be financed from loan application and administration fees. Production among non-client farmers also continues to expand as other organizations learn and adopt the methods of APP extension.

The estimation of benefits assumes that each non-client farmer produces an average of one-half hectare of rainfed crops. Increased production due to the project alone continues to grow at 5% per annum after the end of the project for both client and non-client farmers. Non-client farmers consist of non-client farmers attending the training sessions, those in groups outside of ZIO prefecture assuming 20 farmers per group, and farmers supported by development organizations assuming 50 farmers per organization. This type of diffusion is the greatest potential payoff of the CARE approach. However, as it is now structured, the project does not take as effective advantage of this fact as it might have if the APP effort had been further along in its development.

In valuing production we include only the net income of the individual crop enterprises as detailed in Tables E-1A to E-4A. The remainder of enterprise income goes for inputs that have an opportunity cost more or less equal to their market price. This reflects their benefit if used elsewhere in the economy so this component of revenue represents a transfer from elsewhere rather than a net new benefit.

During the project execution phase we also include in project benefits the charges for the feasibility study, loan administration and interest since these costs are already being financed by the project through the revolving credit funds and to do otherwise would involve double counting. After the end of the execution phase, however, these will become costs to whatever non-project entities provide this support. Accordingly, such costs are not included in the benefit stream following the end of the execution phase. In the same vein, the amount of the outstanding project credit funds are recovered as a project benefit in years six and seven.

1.2.2. Privatization of Essential Services

The project anticipates financing and assisting private sector undertakings in several areas of support essential for successful small farmer agricultural production programs. The largest area is in operation of rototiller services. Unfortunately, when borrowed capital is costed at its opportunity cost to the economy (15%), and equity capital at the COOPEC lending rate (24%), the rototillers lose a lot of money. Assuming that returns from rice production using the rototillers are as good as observers indicate, then operators should have little difficulty increasing prices for services to at least a breakeven point from the economic perspective. We have therefore treated the economic benefit of rototiller operations as zero rather than as negative by an amount that is seven times greater than the net profit before taxes found by Ritchie (1987) in his analysis. Table E-7A details the figures used in calculating the net benefits of the enterprises included in the project. Table E-2 summarizes the net contribution to benefits of the privatization component.

1.2.3. Assistance to Micro-Enterprises

The project expects to assist 250 micro-enterprises with business management/market development skills. This activity will have an impact on the present and future income streams of the entrepreneurs concerned. We estimate that on average, the micro-enterprises reached will have annual net revenue of 200,000 FCFA. It is not unreasonable to expect an effective program to increase their net incomes 5-10% per year for the foreseeable future. Part of this increase in income will come at the expense of other micro-enterprises who succumb to the competitive pressures sof the marketplace. On balance we estimate that a net 6% per year increase in enterprise income will be attained over the entire benefit period. This amounts to 12,000 FCFA for the first year for each enterprise. The increase in net income realized by the person utilizing the services of the micro-enterprise are assumed to increase by a similar amount, both immediately and over-time.

1.2.4. Grain Storage

Tables E-5A and E-6A detail the gains from storing maize and cowpeas over the past few years. As mentioned in the Technical Annex, grain storage is not a riskless activity. It appears that farmers will lose money in one year out of three or four, even though they can more than offset such losses in good years. Storing 80% maize and 20% cowpeas provides a measure of diversification and reduces the risks of storage considerably. What is important in evaluating the gains from storage is to avoid mixing the gains arising from production with those arising from storage activities.

TABLE E-2
ESTIMATED BENEFITS OF PROJECT ASSISTANCE TO CARE
(000 FCFA)

Year	Crop Area Under Direct Supervision: Rain-Fed	Crop Area Under Direct Supervision: Rice	Crop Area Planted by Non-Clients Benefiting From CARE Activities	Net Benefits: Direct Crop Prodctn	Net Benefits: Non-Clnt Crop Prodctn	Net Benefits: Prvtizatn of Essen Services	Net Benefits: Assistnc to Rural Enterprse	Net Benefits: Grain Storage Warehouse	Net Benefits: Total Benefits
0									
1	460	150	263	29211	9461	0	960	0	39632
2	548	225	500	38699	18021	1293	2208	800	61021
3	729	250	710	47327	25590	18596	3518	3200	98232
4	797	300	975	53989	35141	19631	5134	6400	120295
5	891	350	1200	61587	43251	20612	6831	8000	140282
6	936	368	1260	46734	32416	21643	7173	8400	116366
7	982	386	1323	49071	34037	22725	7531	8820	122184
8	1031	405	1389	51524	35739	23861	7908	9261	128293
9	1083	425	1459	54100	37526	25054	8303	9724	134708
10	1137	447	1532	56805	39402	26307	8718	10210	141444
11	1194	469	1608	59646	41372	27622	9154	10721	148516
12	1254	492	1689	62628	43441	29004	9612	11257	155941
13	1316	517	1773	65759	45613	30454	10093	11820	163739
14	1382	543	1862	69047	47894	31976	10597	12411	171925
15	1451	570	1955	72500	50288	33575	11127	13031	180522
16	1524	599	2052	76125	52803	35254	11683	13683	189548
17	1600	629	2155	79931	55443	37017	12268	14367	199025
18	1680	660	2263	83928	58215	38868	12881	15085	208976
19	1764	693	2376	88124	61126	40811	13525	15839	219425
20	1852	728	2495	92530	64182	42852	14201	16631	230397

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At the end of a bad season crop prices do not usually fall as sharply as they do in a normal year. In such a situation farmers can get a high price at the harvest for their grain. This partly negates the gains from storage. The higher farm level price for the grain reduces the percentage gains available from storage while increasing the opportunity cost of holding grain. In such a situation if one simply compares the dry season price with the normal harvest season price the amount of gain attributable to storage will be exaggerated. This does not, however, negate a strategy of storing on-farm production straight through to the dry season without a payment to farmers in the interim as a strategy for managing risk associated with years when the gains from storage will not be so good. Such a strategy effectively evens out income flows between years of good production income but low storage income with the opposite situation.

For the net benefits of grain storage we use an average of the net revenue that would have been obtained over the past two years using 25 ton warehouses and assuming that 80% of the grain in store is maize and 20%, cowpeas. This yields a combined net benefit of 400,000 FCFA per warehouse. If CARE is able to promote the less costly warehouse that it is now testing, the net benefit would increase. Gains from storage activities set in motion by the project are then assumed to grow spontaneously at 5% per year after completion of the project execution phase of the project. This is growth that would not have occurred in the absence of the project. Table E-2 summarizes the various sources of benefits arising from the CARE component.

2. ECONOMIC COSTS

2.1 FUCEC Component

Credit union costs are not included in the project's cost stream since economic returns on credit union loans are assumed to be net of credit union costs and loan losses. Credit union costs for collecting savings and administering loans will probably average around 2% of savings, more or less in line with costs at the present time as indicated in Table T-2 in the Technical Annex. Loan losses should average less than 5%, assuming the project succeeds in reducing arrears as intended. Coupled with an average net return of 15% on new investments these numbers imply an average gross rate of return on investment and consumption loans arising from net new savings of around 22%. This is probably low for rural areas and a little high for urban areas. The average should be about right.

To achieve these results FUCEC will have to continue most of the programs being instituted by the project, in particular the delinquent loan collection program, credit education and training, accounting services and the central liquidity fund. These costs are in addition to those costs of the credit unions that are netted out in calculating net benefits. They are listed under Other Project Costs in Table E-3. Beyond the end

TABLE E-3
PROJECTED COSTS AND BENEFITS OF TRIPS PROJECT
(U.S.Dollars (1))

	Project Costs				Project Benefits				
Year	FUCEC	CARE	Other	Total	FUCEC	CARE	Other	Total	Net Benefits
0	0	0	0	0	0	0	0	0	0
1	47842	100000	1710700	1858542	137725	158529	0	296254	-1562288
2	67404	100000	3381628	3549032	184137	244083	0	428220	-3120812
3	104636	100000	2939077	3143713	241101	392927	0	634028	-2509685
4	160680	100000	2824311	3084991	311089	481182	0	792271	-2292720
5	243453	100000	2375806	2719259	393649	561127	0	954776	-1764483
6	285000	0	210000	495000	446005	465464	500000	1411469	916469
7	359700	0	165000	524700	504899	488737	644000	1637636	1112936
8	436182	0	120000	556182	571130	513174	0	1084304	528122
9	514553	0	75000	589553	645590	538832	0	1184423	594870
10	599926	0	25000	624926	729282	565774	0	1295056	670130
11	662422	0	0	662422	823328	594063	0	1417391	754969
12	702167	0	0	702167	928986	623766	0	1552752	850585
13	744297	0	0	744297	1047666	654954	0	1702620	958323
14	788955	0	0	788955	1180948	687702	0	1868649	1079695
15	836292	0	0	836292	1330601	722087	0	2052688	1216396
16	886470	0	0	886470	1498610	758191	0	2256801	1370332
17	939658	0	0	939658	1687197	796101	0	2483298	1543640
18	996037	0	0	996037	1898852	835906	0	2734757	1738720
19	1055799	0	0	1055799	2136365	877701	0	3014066	1958266
20	1119147	0	0	1119147	14091088	921586	0	15012675	13893527

Internal Rate Of Return: 0,076

Footnotes: (1) Assuming an exchange rate of 250 FCFA/$.

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of the project we assume that FUCEC will continue to require some, though more modest outside assistance. In addition, FUCEC will have to generate continually increasing revenues from its services to the credit unions.

The economic analysis assumes that FUCEC will need $495,000 in operating expenses in year six of the project. After that its annual needs are assumed to increase at one-half the rate of increase in member savings or 6% per year. Approximately half of the year six funding is expected to come from donors such as CICM, USAID and BFDW. The remainder will be generated from fees and interest margins charged against the credit unions. By the tenth year, FUCEC will be generating over 90% of its total operating budget internally.

Costs over the life of the project for the FUCEC component are detailed in Table E-3. They include all costs, including those attributable to GOT and other donors' contributions amounting $2.5 million over the five year period of USAID funding.

2.2. CARE Component

Most of the costs associated with the CARE component are financed by USAID. CARE contributes $100,000 per year of its own money but the project is not yet sufficiently developed to generate meaningful revenues from its lending and extension activities. The cost projections include nothing following the end of the project implementation phase. By that time the small enterprises, input suppliers and grain storage activities are assumed to be operating independently and ascending a growth path that averages 5% per year. Since only the net benefits are counted in the benefit stream there are no other costs to include.

After completion of the project execution phase the crop production and extension activities are expected, in large measure, to be self-supporting. Those client farmers with whom CARE is now working will either continue to be followed by CARE or by some other development agency stimulated to follow the model established by CARE. Non-client farmers and farmers working with other development organizations will continue to benefit from their direction, guidance and support. However, all such post-implementation support is assumed to be entirely financed from loan application, administration and user fees of one sort or another. On that basis we project a continuing benefit amounting to 5% per year growth on top of the base that will have been established by the end of the project.

Any growth beyond 5% per year is assumed to require additional investments and to constitute a return to those additional investments instead of to this project. Interest received on loans after completion of the implementation phase is not counted as a benefit to this project but rather is considered to be a benefit to the credit union or other lending

institution providing the loan. The increased production (net increase, not gross increase) is the benefit and this is what is projected to continue growing at 5% due to the example of the project rather than to other factors.

The magnitude of this post-implementation-phase growth is the great unknown in this project. On the one hand it could be quite substantial. On the other hand, working with other development organizations and demonstrating how extension activities can be made to be self-financing does not seem to command as much attention in the CARE proposal as does direct service to client farmrs financed by USAID. Thus it is still too early to tell just how successful CARE's outreach program directed toward other development organizations will be. It would be wise to maintain sufficient flexibility to enable the project to move decisively in the direction of much greater outreach activities should these catch on as we suspect they could if properly structured. Such a development could have a substantially positive impact on eventual project benefits and would cause the present analysis to understate the true benefits of the project.

3. RESULTS OF THE ANALYSIS

Table E-3 summarizes the projected costs and benefits of the TRIPS project, dividing them between CARE, FUCEC and others. Subject to the limitations of the assumptions used, the data indicate that the project is marginal from the point of view of economic output. The IRR is approximately 7.6% using a 20 year time frame. Lengthening the time frame will not significantly increase the rate.

The drag on project benefits comes from the CARE component. Because of the continued emphasis on direct CARE-client interaction in this project, the spread effects of the CARE extension approach are limited. Not enough land is being cultivated by the end of the project to generate a significant benefit over and above what farmers would have cultivated in the absence of the project. One way to increase the area cultivated affected by the project is to focus CARE's attention on perfecting a self-financing credit/extension model that can be used by other development organizations with limited means, and putting a greater share of operating resources into outreach activities directed toward diffusing this approach to them. With their larger base of farmer contact the potential for diffusion of the new technologies would be greatly enhanced. Benefits would be correspondingly greater.

Within the first two years of the project CARE should be able to identify the essential components of a viable extension/credit system built around credit unions that has wide applicability. Once this package has been tested and confirmed CARE's resources should shift from direct client contact to working with development organizations. If CARE

could triple the number of development organizations to which it expects successfully to extend a viable approach, the IRR would increase to over 10%. This approach offers greater longer term benefits both to Togo and to other African countries seeking alternatives to poorly financed and ineffective extension programs. One would have a great deal more confidence in proceeding with such a marginal rate of return knowing that longer term benefits can be demonstrated, even if a 10% discount rate does not reveal them.

In order to focus attention on the effect of various assumptions used in the analysis on the rate of return obtained, Table E-4 presents the results of a sensitivity analysis. It confirms that a significant expansion in the diffusion of a viable credit/extension delivery system by CARE to other development organizations would have a significant impact on the ultimate return on the investment in the project. It is also the most amenable to control by the project. On the other hand, increasing the benefits obtained from assistance to micro-enterprises or from privatization of essential services by 50% would have a negligible effect on project returns.

If the return on pre-existing savings were to rise by 7% rather than 5%, the IRR would increase from 7.6% to 8.9%, not a great improvement considering the difficulty of attaining this kind of increase in the marginal efficiency of capital. Nor would a decline to 3% have a disastrous effect. Changing the proportion of new credit union deposits that represent net new savings to the economy from 35% to 40% or 30% alter the IRR by less than one percentage point in either direction. Increasing the rate of growth in member savings from 12% to 15% following the project, as compared to 5% without the project, has one of the more substantial impacts, causing the IRR to increase from 7.6% to 10%. Reducing this rate to 9% also causes a significant drop, from 7.6% to 5.1%.

While the sensitivity analysis shows that the results of the economic analysis are relatively stable for a range of potential outcomes, it fails to capture the really significant benefits that one would hope will accrue from the influence of the agricultural sector economist stationed at the Ministry of Rural Development's Program and Planning Service. In his role he will be influential in guiding the Ministry toward selecting the subjects of five policy studies to be carried out under this project. He will also have ongoing involvement in efining specific problem areas, particularly with respect to policy and regulatory procedures, which represent a constraint on the achievement of project objectives. Just one of these studies, say on the impact of fertilizer subsidies on the availability of fertilizer, could generate more income for Togo than all the other benefits of the project combined.

TABLE E-4
SENSITIVITY ANALYSIS OF ECONOMIC RETURN OF
TOGO RURAL INSTITUTIONS AND PRIVATE SECTOR PROJECT

Variation	Internal Rate of Return
Best Judgement Outcome (Table E-3)	7.6%
Variations in FUCEC Component:	
Net 7% Increase in Return on Investment for Existing Savings (versus 5%)	8.9%
Net 3% Increase in Return on Investment for Existing Savings	6.2%
Increased Credit Union Deposits are 40% New Savings (versus 35%)	8.2%
Increased Credit Union Deposits are 30% New Savings	6.8%
15% Annual Growth in Net New Savings After Project	10.0%
9% Annual Growth in Net New Savings After Project	5.1%
Variations in CARE Component:	
Tripling of CARE Non-Client Crop Production	10.4%
No CARE Non-Client Crop Production	6.2%
50% Increase in Net Benefits from Assistance to Micro-Enterprises	7.7%
50% Increase in Benefits from Privatisation of Essential Services	8.0%

4. CONCLUSION

In conclusion, the economic analysis demonstrates that the FUCEC component can stand on its own. The CARE component, on the other hand, needs to be moved in the direction of broader diffusion of extension financing and delivery systems once CARE arrives at a demonstrably effective model with widespread applicability. The promise for developing such a model is there. It only needs to be perfected and then moved rom the prototype stage to the mass production stage. Even without this improvement, the potential for substantial intangible benefits, especially in the policy arena, argue for acceptance of the project from an economic point of view.

APPENDICIES

To The Economic Analysis

TABLE E-1A

ENTERPRISE BUDGET FOR IMPROVED MAIZE
PACKAGE BEING EXTENDED BY APP

		FCFA
Production (kg/ha)	2000	
Market Price Near Harvest (F/kg)	50	
Gross Revenue (FCFA)		100000
Inputs:		
Labor (per dys/ha):		
Soil Preparation	25	
Seed	10	
Weeding	25	
Fertilizer Application	3	
Harvest	20	
Shelling/Drying/Bagging	15	
Subtotal Labor	98	
Cash (FCFA/ha):		
Seed (25 kg @ 130F/kg)	3250	
Fertilizer (300 kg @ 65F/kg)	18500	
Pesticides (75gr @ 4F/gr)	300	
Bags (20 bags @ 150F/bag/season)	n.a.	
Hired Labor/Cash Advance (29 dys @ 500F/dy)	13050	
Administration Fee	3000	
Financial Charges:		
Loan Feasibility Study	2500	
Interest @ 15% for 8 mo for cash expenses	3981	
Subtotal Cash Expenses		44581
Return to Family Labor		55419
Charge For Family Labor (69 dy/450 F/dy)		31050
Net Income		24369
Return Per Day of Labor		
With 15% Interest Rate		
With 30% Prefinancing of Labor		699
Without Prefinancing Labor		713
With 24% Interest Rate		
With 30% Prefinancing of Labor		673
Without Prefinancing Labor		695
With 60% Interest Rate		
With 30% Prefinancing of Labor		554
Without Prefinancing Labor		617

Source: Input/output data taken from APP(

TABLE E-2A

ENTERPRISE BUDGET FOR IMPROVED COWPEAS
PACKAGE BEING EXTENDED BY APP

		FCFA
Production (kg/ha)	800	
Market Price Near Harvest (F/kg)	120	
Gross Revenue (FCFA)		96000
Inputs:		
Labor (per dys/ha):		
Soil Preparation	25	
Seed	10	
Weeding	25	
Fertilizer Application & Spraying	8	
Harvest (2 passages)	30	
Thrashing/Winnowing	10	
Subtotal Labor	108	
Cash (FCFA/ha):		
Seed (25 kg @ 250F/kg)	6250	
Fertilizer (100 kg @ 65F/kg)	6500	
Pesticides	14580	
Sprayer Rental	1200	
Bags (20 bags @ 250F/bag)	n.a.	
Hired Labor/Cash Advance (32 dys @ 450F/dy)	14400	
Administration Fee	3000	
Financial Charges:		
Loan Feasibility Study	2500	
Interest @ 15% for 8 mo for cash expenses	4800	
Subtotal Cash Expenses		53230
Return to Family Labor		42770
Charge For Family Labor (76 dy/450 F/dy)		34200
Net Income		8570
Return Per Day of Labor		
With 15% Interest Rate		
With 30% Prefinancing of Labor		529
Without Prefinancing Labor		543
With 24% Interest Rate		
With 30% Prefinancing of Labor		501
Without Prefinancing Labor		524
With 60% Interest Rate		
With 30% Prefinancing of Labor		371
Without Prefinancing Labor		434

Source: Input/output data taken from APP(198[illegible]

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TABLE E-3A

ENTERPRISE BUDGET FOR PEANUT
PACKAGE BEING EXTENDED BY APP

Production (kg/ha)	1400	
Market Price Near Harvest (F/kg)	95	
Gross Revenue (FCFA)		133000
Inputs:		
Labor (per dys/ha):		
Soil Preparation	25	
Seed Preparation & Planting	25	
Weeding	25	
Fertilizer Application & Spraying	5	
Harvest	15	
Thrashing/Dehulling	32	
Subtotal Labor	127	
Cash (FCFA/ha):		
Seed (60 kg @ 300F/kg)	18000	
Fertilizer (50 kg @ 65F/kg)	3250	
Pesticides & Fungicides	13900	
Sprayer Rental	1200	
Bags (10 bags @ 150F/bag/season)	1500	
Hired Labor/Cash Advance (38 dys @ 450F/dy)	17100	
Administration Fee	3400	
Financial Charges:		
Loan Feasibility Study	500	
Interest @ 15% for 8 mo for cash expenses	098	
Subtotal Cash Expenses		66948
Return to Family Labor		66052
Charge For Family Labor (89 dy/450 F/dy)		40050
Net Income		26002
Return Per Day of Labor		
With 15% Interest Rate		
With 30% Prefinancing of Labor		655
Without Prefinancing Labor		669
With 24% Interest Rate		
With 30% Prefinancing of Labor		624
Without Prefinancing Labor		647
With 60% Interest Rate		
With 30% Prefinancing of Labor		483
Without Prefinancing Labor		548

Source: Input/output data taken from APP(1987)

TABLE E-4A

ENTERPRISE BUDGET FOR IMPROVED RICE
PACKAGE BEING EXTENDED BY APP

		FCFA
Production (kg/ha)	3500	
Market Price Near Harvest (F/kg)	75	
Gross Revenue (FCFA)		262500
Inputs:		
Labor (per dys/ha):		
Soil Preparation	40	
Nursery Preparation & Transplanting	50	
Weeding	20	
Fertilizer Application & Spraying	6	
Irrigation & Canal Maintenance	10	
Bird Watching (Child days/3)	15	
Harvest	20	
Thrashing/Winnowing/Drying/Bagging	24	
Subtotal Labor	185	
Cash (FCFA/ha):		
Mechanical Plowing	38000	
Seed (80 kg @ 125F/kg)	10000	
Fertilizer (450 kg @ 65F/kg	29250	
Pesticides	6000	
Sprayer Rental	1200	
Bags (35 bags @ 150F/bag/season)	5250	
Hired Labor/Cash Advance (55 dys @ 450F/dy)	24750	
Transport (35 bags @ 150F/bag)	5250	
Administration Fee	6816	
Financial Charges:		
Loan Feasibility Study	2500	
Interest @ 15% for 8 mo for cash expenses	13221	
Subtotal Cash Expenses		142237
Return to Family Labor		120263
Charge For Family Labor (130 dy/450 F/dy		58500
Net Income		1763
Return Per Day of Labor		
With 15% Interest Rate		
With 30% Prefinancing of Labor		784
Without Prefinancing Labor		798
With 24% Interest Rate		
With 30% Prefinancing of Labor		738
Without Prefinancing Labor		761
With 60% Interest Rate		
With 30% Prefinancing of Labor		529
Without Prefinancing Labor		593

TABLE E-5A

PROFITABILITY OF A FUMIGABLE GRAIN STORAGE WAREHOUSE
AT SELECTED INTEREST RATES

Assumptions:			
Cost Of Warehouse	1200000		
Interest Rate (%)	15	24 & 60%	
Product	Maize		
Purchase Price For Grain (FCFA/Kg)	45		
Sale Price For Grain (FCFA/Kg)	75	FCFA	FCFA
Gross Revenue: Sale of 25 tons of Grain			1875000
Expenses:			
Purchase of 25 Tons of Grain		1125000	
250 bags @ 300 F/bag/2		37500	
Fumigation: 6 tubes Phostoxin @ 1150 F/tube		6900	
Transport:			
To warehouse: 30F/t/km/5km for 25 tons		3750	
To market: Picked up at warehouse		0	
Maintenance of warehouse @ 3% of cost		36000	
Depretiation Over 20 years		60000	
Storekeeper: 40,000 F/month/12 mo @ 5% time		24000	
Interest:			
25 Tons of Grain for 8 months (a)		117563	
Bags, pesticide & trnsp.into storage for 6 mo		5032	
Warehouse amortized 5 years, level pmt		117979	
Storage Losses @ 3%		33750	
Administration Expenses @ 6000 F +3%		39750	
Subtotal Expenses @ Interest Rate			
15%		1607223	1607223
24%		1765177	1765177
60%		2498391	2498391
Net Revenue @ Interest Rate:			
15%			267777
24%			109823
60%			-623391
Amortisation of Warehouse (5 years)			240000
Cash Flow With Purchase @ Interest Rate (b):			
15%			87777
24%			-70177
60%			-803391
Cash Flow With Transfer @ Interest Rate (c):			
15%			235007
24%			15144
60%			-999788

Source: CARE

Footnotes:
(a) Interest on maize production package is also 8 months.
(b) Net revenue plus depretiation minus amortization
(c) No Administration fee charged and includes difference between into-storage purchase price and amount of farmer's loan on the production package.

TABLE E-6A

PROFITABILITY OF A FUMIGABLE GRAIN STORAGE WAREHOUSE AT SELECTED INTEREST RATES

Assumptions:			
Cost Of Warehouse	1200000		
Interest Rate (%)	15	24 & 60%	
Product	Cowpeas		
Purchase Price For Grain (FCFA/Kg)	120		
Sale Price For Grain (FCFA/Kg)	200	FCFA	FCFA
Gross Revenue: Sale of 25 tons of Grain			5000000
Expenses:			
Purchase of 25 Tons of Grain		3000000	
250 bags @ 300 F/bag/2		37500	
Fumigation: 6 tubes Phostoxin @ 1150 F/tube		6900	
Transport:			
To warehouse: 30F/t/km/5km for 25 tons		3750	
To market: Picked up at warehbuse		0	
Maintenance of warehouse @ 3% of cost		36000	
Depretiation Over 20 years		60000	
Storekeeper: 40,000 F/month/12 mo @ 5% time		24000	
Interest:			
25 Tons of Grain for 8 months (a)		313500	
Bags, pesticide & trnsp.into storage for 8 mo		5032	
Warehouse amortized 5 years, level pmt		117979	
Storage Losses @ 3%		90000	
Administration Expenses @ 6000 F +3%		96000	
Subtot-' Expenses @ Interest Rate:			
15%		3790660	3790660
24%		4074615	4074615
60%		5610891	5610891
Net Revenue @ Interest Rate:			
5%			1209340
4%			925385
0%			-610891
Amortisation of Warehouse (5 years)			240000
Cash Flow With Purchase @ Interest Rate (b):			
15%			1029340
24%			745385
60%			-790891
Cash Flow With Transfer @ Interest Rate (c):			
15%			2780611
24%			2414841
60%			506253

Source: CARE

Footnotes:

(a) Interest on maize production package is also 8 months.

(b) Net revenue plus depretiation minus amortization

(c) No Administration fee charged and includes difference between into-storage purchase price and amount of farmer's loan on the production package.

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TABLE E-7A
EQUITY REQUIREMENTS, NET PROFITS AND NET BENEFITS
FROM RURAL ENTERPRISES PROVIDING ESSENTIAL SERVICES
(Values in 000 FCFA)

Year	Input Supply Stores	Roto-tillers Prvtzd	Roto-tiller Servc	Spray-ing	Feed Mill	Seed Multi-plicatn	Micro Enter-prises	Grain Ware-houses
0								
1	0	5	0	0	0	0	40	0
2	1	13	0	1	0	1	90	2
3	2	21	1	2	1	1	140	8
4	3	31	1	2	1	2	200	16
5	3	35	1	2	1	3	260	20
6	3	35	1	2	1	3	260	20
7	3	35	1	2	1	3	260	20
8	3	35	1	2	1	3	260	20
9	3	35	1	2	1	3	260	20
10	3	35	1	2	1	3	260	20
11	3	35	1	2	1	3	260	20
12	3	35	1	2	1	3	260	20
13	3	35	1	2	1	3	260	20
14	3	35	1	2	1	3	260	20
15	3	35	1	2	1	3	260	20
16	3	35	1	2	1	3	260	20
17	3	35	1	2	1	3	260	20
18	3	35	1	2	1	3	260	20
19	3	35	1	2	1	3	260	20
20	3	35	1	2	1	3	250	20
Req. Equity:	938	7877		511	12184	4325	n.a.	n.a.
Net Profit Before Taxes:	518	358		1390	20228	5549	n.a.	n.a.
Net Benefit:*	171	-2410		1124	15946	3300	24	400

Sources: Figures for required equity, net profit before taxes and coae from Nick Ritchie, 1987, "The Development of Private Enterprises To Support Rural Producers Assistc' By Association Pour La Productivite (APP)"; CARE; Niamey.

Footnote: * Assuming 15% for all borrowed capital and 24% for all equity capital.

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ANNEX E.4 Social Soundness Analysis

1. BENEFICIARIES

1.1. General Sociological Features of Selected TRIPS Beneficiaries

Togo's population of approximately 3 million numbers over 25 distinct ethnic groups; however the project will in all likelihood focus its impact on the 5 most important ethnic groups, who make up nearly 90% of the total population:

Ethnic Group	% Total population	Region most prominent
Adja-Ewé (includes: Ewé, Adja, Gen [Mina], and Ouatchi)	45	Maritime, Plateaux
Kabiyé	25	Kara, Central
Cotocoli (Tem) 1/	10	Central
Ana (Ifè)	10	Plateaux
Moba	10	Savannes

Collectively the Ewé and Kabiyé zones will be the primary areas concerned with TRIPS interventions, and will undoubtedly constitute more than 50% of actual beneficiaries. Initial technical assistance (TA) will be localized in the ongoing CARE locale (Zio River area) and will spread to the two other regions via the mechanism of the Operations Research Activities (ORA) in discrete, project-specific interventions. For FUCEC, national coverage will be more pronounced.

1.2. The Adja-Ewé and the Kabiyé

Despite significant differences in historical evolution, language, and culture, the Adja-Ewé and Kabiyé peoples share a number of common sociocultural traits. Age is the principal criterion for status; in general -- there are some outstanding exceptions -- women remain socially inferior to men. Local clans developed into autonomous units of influence and power; social stratification is less marked among the Ewé and Kabiyé than among the Adja, for the former evolved largely independent of a strong centralized authority. Both Ewé and Kabiyé are predominantly rural people, attached to ancestral lands (despite Kabiyé "colonization zones", mainly in the Central Region), practising small-scale agriculture, grouped by patrilineal descent into lineages and clans. Throughout Togo women play a crucial role in the rural economy, although

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different land tenure and descent systems do limit access to productive lands. Yet even where women are restricted for production, they dominate the transformation and marketing of foodcrops, and the entire rural micro-enterprise sector is largely run by women. At the top of the economic scale are the famous Mina cloth wholesalers and retailers in the Lomé Grand Marché and surrounding boutiques, who have amassed sizable fortunes.

1.3. Income Distributions of Selected Beneficiaries

Credit Union Movement (CUNA/FUCEC). COOPECs reach every ethnic group and virtually all income levels, but rural credit unions in Togo would have a membership profile not unlike the following: 2/

- male heads of households

-- farmers	73%	
-- microbusinessmen/ traders		16%
-- wage earners		8%

- women (spouses) 3/

-- farmers	57%	
-- microbusiness managers/traders		32%
-- wage earners		8%

Though it is difficult to establish with precision the relative income brackets for men and women COOPEC members, a safe assumption would be that the farmer members would fall in the lower two-fifths of the national average, whereas the microbusiness entrepreneurs and wage earners would certainly be found in the upper two fifths of such an average. Also, the urban credit unions would have far higher average incomes, as the majority of these members would be (male) wage earners.

Producer Group/Microbusiness Promotion (CARE). Most farmers assisted by the CARE/APP Zio River Economic Development Project would fall into the lower two-fifths of national income distribution, whereas the microbusiness entrepreneurs assisted would be right about at the 50% bracket; small business entrepreneurs would of course be found in the upper two fifths. In a recently opened CARE/APP zone (Avé), it was found that the median family income was on the order of FCFA 135,000 per annum (roughly USD $500/yr). Yet another safe assumption is that both the farmer and business entrepreneur beneficiaries in the three northern regions (Centrale, Kara, Savannes) to be assisted indirectly via the ORAs will fall into the lower two fifths in terms of national income averages; in the Plateaux region producer group incomes should be relatively higher, as this is the predominant cash crop zone.

1.4. Gender Issues and Equity Benefits

1.4.1. Previous Project Experience (CARE and FUCEC)

CARE. One of the recommendations for the CARE/APP Project contained in the November 1986 mid-term evaluation was to focus more attention on "promoting women's economic activities, especially in areas where women have social license to make profits and build up assets". 4/ As of March 1988 63% of CARE-assisted micro-enterprise owners are women, whereas 17% of the rural producer groups in the Zio area are women; it is foreseen that TRIPS will provide even greater benefits for women producers and entrepreneurs (see below).

FUCEC. In the rural credit unions women make up 31% of COOPEC membership but hold less than 5% of leadership positions; conversely, in the urban COOPECs women make up only 5% of members -- most urban credit unions are wage earners, and most wage earners are men -- but hold a disproportionate percentage of leadership posts. It is to be expected that the proportion of women who are urban COOPEC members will increase significantly as FUCEC-Togo expands its COOPECs to worker groups such as: supermarkets, hospitals, banks, hotels, and travel agencies. 5/

1.4.2. Family budgets and Social Investments

A critical issue involving increased revenues and quality-of-life indicators, particularly in agricultural and credit programs in rural sub-Saharan Africa, is the access of women to husbands' incomes and the degree to which family resources are shared in order to meet the costs of education, housing improvements, medical care, clothing, and improved nutrition for their children. 6/ Among farmers, both in the CARE and FUCEC programs, education and housing improvements rank as priority investments. Thus a safe assumption is that there is a limited amount of budget sharing among husbands and wives for school fees, housing, and probably health. However nutrition remains fundamentally a woman's responsibility. Clearly, TRIPS will impact directly on women microbusiness entrepreneurs who account now for 63% of all microbusiness clients, a proportion likely to increase in the three northern regions, where women and women's groups are even more dominant in the local economy. 7/ Subsequent social research should be able to assess in what ways increased revenue for women managers translates into social gains, particularly nutrition. For rural producer groups, however, the situation is considerably more difficult to assess, as more than 80% of group members are men. Among COOPEC members, who tend to be more educated on the average, a greater degree of budget sharing for social investments should be expected.

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1.4.3. Social Constraints on Women's Participation

Though TRIPS has been designed to maximize women's participation and benefits to the extent possible, it would be unrealistic to fail to acknowledge certain sociocultural constraints which render women's equal and full participation unlikely. In the rural settings, women's leadership roles in both the rural producer groups and COOPECs will be disproportionately lower than men's for two reasons: (1) culturally women's social status is typically inferior to men's; and (2) more often than not rural women will not have had the same access to formal schooling and will normally be correspondingly less likely to be literate, a key criterion for a leadership position. However, in the urban setting for COOPEC members the problem is somewhat different: here the difficulty is that women are not primarily wage-earners, hence their membership is low. As pointed out above, women's participation in urban COOPECs should improve under TRIPS.

1.5. Differential Project Impacts on Non-Participants

TRIPS beneficiaries are generally those groups and individuals who have demonstrated a willingness and ability to work hard and to manage their respective enterprises as businesses. The social implication of this characterization is that the project does not address directly the most impoverished and economically helpless strata. The project assumes that increased competition will be beneficial for the Togolese rural economy in particular; and of course with increased competition there will be inevitably inefficient microenterprises which will go under, hopefully to re-adapt more successfully in another endeavor. However, no adverse social impact is anticipated for non-participants in COOPECs, nor for farmers who are not members of CARE farmer groups. Obviously the small enterprise component does entail the risk of rendering other firms less competitive, but adverse social impact in this case will be fairly limited. On the contrary, social benefits and economic gains to both producer groups and business owners and their dependents cannot but have indirect positive social effets for TRIPS non participants.

2. SOCIOCULTURAL FEASIBILITY

2.1. Critical Project Hypotheses and Assumptions Concerning the Process of Technology Transfer, Management Skills, and Socio-economic Change

2.1.1. CARE Component: Rural Group Promotion and Microbusiness Development

Individual needs addressed through group cooperation. Perhaps the single most important project assumption regarding group promotion is that it is individual needs and satisfactions which determine the viability of the group. In fact CARE/APP

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began by assisting individual farmers in the Zio area, and it is this success in meeting individual needs which has guided CARE's subsequent -- and novel -- approach to rural group promotion.

As a result of initial project success in the Zio Zone, CARE/APP elaborated a process model of socio-economic change whose principal hypotheses are that:

- rural producers will respond positively to technological adaptations in farming methods if these are accompanied by available credit, reliable input supplies, appropriate technical assistance, thorough management education, and close monitoring;

- the result of successful application of these inputs is higher productivity;

- as a result of these gains in productivity, rural producers will seek to manage their marketable surplus produce collectively in order to maximize individual returns;

- the process of learning new production methods while engaged in production activities, coupled with improved resource management skills, will stimulate a "problem solving" approach to other, related areas of daily rural life needs (education, housing, health, nutrition, etc.);

- resulting from these new skill and knowledge acquisitions and practical applications of the participating client will be an increased understanding and control over his or her immediate socio-economic environment;

- the participating rural group will experience a greater understanding and control over the larger (regional, national, perhaps international) economic environment through marketing; and

- the experience of greater productivity, better management, increased learning and wider understanding, within a context of group cooperation and significantly higher real revenues for individuals, constitutes a first step in a "modernization" process, from which flow social and psychological effects and benefits, among which is an increased sense of personal well-being and security. 8/

To the extent this model is cost-effective, replicable in different sociocultural and ecological contexts, and able to generate sufficient revenues to meet operating expenses (core costs) -- to the extent the CARE methodology achieves sustainability and relicability -- is the extent upon which success is predicated and to which the Project will make a major contribution to the sociology of development in sub-Saharan Africa.

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2.1.2. CUNA/FUCEC Component: Expansion of the Credit Union Movement

An institutional model of socio-economic change. The credit union movement in Togo is an outstanding example of the ways in which institutional growth can be the vehicle for promoting values typically associated with the notion of "modernization", in this case, individualism and democracy. Because the COOPECs lend primarily to individual farmers and small business managers who belong to the same rural community, the net sociological effect is to foster increasing individual responsibility within a traditional collectivity. Nationally the movement has the potential for promoting a broad-based membership whose individual participation in local COOPECs will be for many clients their first experience in and of a democratic institution. Each of these values -- as well as the continued growth of the movement itself -- is crucially dependent on the "high degree of voluntarism" 9/ which has characterized the success of FUCEC-Togo over the last several years.

2.2. Rural Group Promotion Methodologies and the Adaptability of the CARE TA Package to Different Sociocultural Zones

Perhaps the dominant feature of the CARE approach to technical assistance and rural group promotion is its empirical grounding. The point of departure remains individual needs and aspirations, and gradually a service delivery methodology is built up around a group of clients who share similar needs. The field of rural group promotion in Togo has been characterized by the dominance of a community development approach which in the past has emphasized group awareness of community needs (sensibilisation), group planning skills (needs assessment, goals and objectives of the group, organizational structure, staffing) and theoretical management training. 10/ Production and training were not linked so directly as in the CARE model, although now the leading exponent of the community development approach, the ILO/UNDP "Projet de Promotion Coopérative", has opted for a more production-oriented and economically viable orientation which will allow cooperatives to be more competitive in an open market environment. In the Zio River Valley area CARE/APP has developed a systematic farmer training manual which discusses step-by-step the basic TA package of adoption of technologies, management education, and group promotion. 11/ CARE/APP has also elaborated a non-evolutionary model of different group promotion stages, demonstrating the adaptability of its basic approach to the different realities of rural groups. 12/ A key issue is whether the same methodological stance will succeed in different socio-cultural zones, outside the Zio and delivered not by the highly trained CARE extension agents, but by other institutional personnel whose selection and training, though closely supervised by CARE, will be less than complete. (CARE already understands that elements of its technical package will

change to meet other climactic imperatives.) To the degree that individual needs continue to determine overall service delivery design the method will work. However, the quality of the service delivery itself must be assumed to suffer outside of the Zio area. What effect this will have on production is an empirical issue which should be highlighted in project monitoring. Another important question is the amount of group re-structuring which may have to be undertaken, when groups have evolved under different pedagogical systems.

2.3. Beneficiary Participation in TRIPS Design

Both the CARE and the FUCEC-Togo proposals supply ample evidence of timely and appropriate monitoring and evaluation activities within their overall management information systems. Both programs have relied on social research and extensive baseline data surveys to allow for a significant beneficiary participation over the life of the project. In addition to these data collection and analysis tools, both programs rely heavily on planning meetings, farmer demonstrations, what are termed by CARE "journées de refléxion" (open meetings attended by beneficiaries, non beneficiaries, GOT officials, interested PVO personnel, and project staff during which remarkably frank and direct feedback is obtained about perceptions of project goals and implementation) 13/ and (for COOPECs) annual meetings for all credit union members. The TRIPS Project Design Team has also visited numerous rural groups, microbusiness managers, small business managers, credit union meetings, and NGOs familiar with the two programs. Reflection on these experiences reinforces the conclusion that TRIPS' goals and objectives respond to beneficiary needs and to their sociocultural environment.

2.4. Sociocultural Factors Likely to be Relevant for Project Implementation

Rural group promotion and the problem of jealousy. Throughout sub-Saharan Africa generally, but particularly in the cultural zone stretching from the Asante (Ghana) to the Edo-speaking peoples of what is today Bendel State in Nigeria, success in rural areas can occasion antisocial behavior. The problem of jealousy is widespread in Africa, and fieldworkers have long noted that in many cultures a particular logic obtains which sanctions antisocial behavior against a successful neighbor because "my neighbor's success implies my own social dimunition". The roots of this mentality are many and deep; some are undoubtedly cosmological and embedded in social structural realities and traditional religious institutions (e.g., witchcraft); others may be triggered by feelings of relative deprivation. In Togo these beliefs and attitudes will be strongest among the Adja-Ewé 14/ (particularly the Adja proper and the Ouatchi) but prevalent to some extent in all ethnic groups. There is perhaps one kind of situation arising in which jealousy could pose a problem for the successful

promotion of a rural group -- namely, when a former, disbanded group is re-structured by the Project, and the new members maintain exclusivist policies vis-a-vis the former members. Should that particular group experience high yields and increased revenues, there could be ideological retaliation by frustrated ex-members.

The Importance of Literacy in French for the Three Northern Regions (rural group management education). Literacy in French is itself not a national problem in Togo, but it is a regional issue for the Northern regions, particularly the Savannes region. One ILO report put the problem of literacy first in trying to promote rural groups in the Savannes.

Ethnicity in rural group promotion. Ethnicity is rather less of a sociological constraint in Togo than in other West African countries, but it is by no means irrelevant. Often ethnicity is tied to land tenure and usufruct arrangements, particularly in so-called "colonization zones" where a variety of ethnic groups can compete for land and other resources. (This is also a stiuation where social-structural factors -- including stratification -- become especially relevant). Where TRIPS plans to promote rural groups in multi-ethnic zones, it should learn from the experience of the major group promotion projects, and attempt to select villages which are ethnically homogeneous to the extent possible.

Social importance of time. TRIPS, particularly in the CARE component, will cause either a loss or a re-allocation of social time for selected beneficiaries, simply because they will work longer at the farm and follow far more vigorously the farm calendar proposed by the CARE extension agents. The underlying assumption is that project incentives will be such as to minimize the importance of social time (NB: often social time activities are a prerogative only of the men 15/), but this remains an empirical issue for future social research.

Internal migration patterns and demographic change. Initially TRIPS should have a favorable impact on the increasing urban migration to Lomé and Kara by promoting rural producers, markets, and input suppliers. But the success of the small business component may mean more people from the rural areas drawn to the regional markets.

3. MONITORING AND EVALUATION QUESTIONS FOR SOCIAL RESEARCH

TRIPS, as the foregoing analysis has attempted to indicate, is a project particularly fertile for demonstrating the relevance of applied social research. The following suggestions do not pretend to constitute a methodological framework for monitoring and evaluation issues (many of which will be tied to specific performance indicators) but should be indicative of the kinds of data and analysis required to assess social gains and process phenomena.

3.1. Raised Incomes/Gender Issues/Basic Human Needs

Assuming TRIPS success in raising real incomes, a critical question is the extent to which increased family revenue translates into basic quality of life indicators. 16/ If we accept a basic human needs definition of "quality of life" indicators, it will be important for TRIPS to monitor selectively any changes in nutrition, housing, clothing, education, and family health status by promoting research which compares and contrasts project impact through women's participation in the following contexts:

-- as a direct beneficiary (microbusiness manager)
-- as a direct beneficiary (rural group producer)
-- as a direct beneficiary (COOPEC member)
-- as an indirect beneficiary (wife of microbusiness manager)
-- as an indirect beneficiary (wife of rural group producer)
-- as an indirect beneficiary (wife of COOPEC member)
-- (control group): as a non-participant in TRIPS

Although the project's sector goal does not assume an improvement in beneficiaries' "quality of life", clearly it is of the first importance to investigate and document the links between women's direct and indirect participation and social gains.

3.2. The Process of Rural Group Promotion: Issues and Indicators

Central to TRIPS' design is the continued success of the CARE component in promoting rural groups and in ensuring that its already proven methodology in the Zio area can be appropriately adopted by other institutions and successfully adapted to other ecological and cultural zones. Two critical determinants of rural group sustainability are leadership and member participation. The former determines the group's resource mobilization capacity, the latter is a necessary condition for effective management. 17/ CARE should design a monitoring instrument capable of supplying sociological information on the following issues:

-- model clients: what are their links to the village community?
-- how was the group leader chosen?
-- how are important group issues decided?
-- do group members understand the group's goals and objectives?

How can TRIPS measure "leadership" and "participation" in the process of rural group promotion? How can the most effective balance be maintained between these two conflicting forces? In

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fact these questions are precisely the ones over which outside donor agencies have the least control and which are the most difficult to define, predict, or explain. But social research skills will be needed in designing the CARE training package for ORAS: leaders and members should be brought along at the same pace, to avoid incipient elitism among group leaders. 18/ Some process indicators might include: attendance at group planning meetings; rotating leadership roles; voting procedures; and participation in events such as the CARE "Journées de Refléxion".

3.3. Transmission of Technical Packages and Management Education via other Institutional Actors

A key TRIPS assumption is that, despite an acknowledged loss in extension agent intensity outside the Zio, the essential elements both of the TA package and the management education training will survive the adoption process by other (non-CARE) trainers. It will be important to test the validity of this assumption in at least three ways over the LOP:

-- field monitoring of individual farmers after group training has taken place to ascertain

  - if the basic TA themes have been understood and correctly applied;

  - if the basic management education themes have been understood and correctly applied; and

  - which themes are the least understood and whether there are recurrent patterns of systematic misunderstanding;

-- systematic comparison of inner-Zio and outer-Zio data dealing with group training; and

-- evaluating outputs (yields, repayment, marketing) given different climactic and sociocultural environments

4. RECOMMENDATIONS

Replicability of the group promotion methodology. CARE should continue to ensure that its service delivery strategies aimed at promoting rural groups begin with an analysis of individual needs and should make every effort to elaborate ORA selection criteria consistent with its ongoing efforts to maximize beneficiary participation. These efforts will go a long way toward ensuring the adaptability to different socioeconomic conditions required for project success.

Participation of Beneficiaries. Both CARE and FUCEC should ensure that both group members as well as leaders are involved in group decision making processes by providing appropriate training inputs such as functional literacy programs and management and planning assistance. Particular attention should be paid to the literacy issue in the Northern regions.

Notes

1/ The Cotocoli are the only people in Togo predominantly Muslim; Catholicism is strongest among the Gen and Ewé; Protestantism has made significant progress among the Kabiyé and Ewé. It is probably safe to say that 75% of the population still adhere to traditional religious institutions and beliefs, particularly in the rural areas.

2/ Source: World Council of Credit Unions et al., A Proposal to Assist Credit Union Development in Togo (Lomé: 1988), p. 8

3/ These data are implied, not stated, in the CUNA proposal, ibid; for a more detailed gender analysis, see below, p. 3ff

4/ Source: LASSEN, Cheryl A. and John E. SCHILLER, The Green Revolution Africa-Style: Toward Defining a Technology for Rural Productivity in Togo, West Africa (Lomé: APP, 1987), p. 5, No. 7.

5/ Source: A Proposal to Assist Credit Union Development in Togo, op. cit., Appendix 5, p. 131

6/ See especially A.I.D. Program Evaluation Report No. 18, Women in Development: A.I.D.'s Experience, 1973-1985 (Vol. 1: Synthesis Paper), AID/Washington, April 1987, passim

7/ CARE/APP is now pursuing an ORA in Kara under the Programmes Féminins subdivision of the Ministry of Health's Affaires Sociales, which supports primarily women's groups in the Kara Region. See also Hynes Group Promotion Methodologies in Rural Development, AID/Lomé (October 1987), 36ff.

8/ Adapted from: Lassen and Schiller, 1987 (op. cit.);

9/ A Proposal to Assist Credit Union Development in Togo, op. cit., p. 1

10/ Source: Hynes, Group Promotion Methodologies, op. cit.

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11/ Peter Nerone, Manuel de Formation des Paysans (Lomé: CARE, 1988)

12/ The model is complex and cannot be presented here; see the CARE proposal for the general outline

13/ At once such meeting in 1986 a man got up and explained that he had been trained as a photographer after having left the area (Mission Tové) and had migrated to Lomé to find work. But work was impossible to find, and th man returned, penniless, to Mission Tové (the CARE zone). He heard about the project and became a client in order to return to farming. The upshot was an all-too-rare "return to the countryside" story where a former photographer actually made more money farming. Plus he had more than enough corn for his own needs.

14/ Primarily because of the continuing strength of the vodun system which organizes adherents into particular cults whose members can be subject to a variety of (extremely effective) forms of social control.

15/ E.g., casual gatherings, ritual occasions, games, kin visits, and other social obligations and diversions

16/ The crucial variable here is women's access to shared incomes if women are assumed to be indirect beneficiaries; empirically it is not the case that social gains flow automatically from increased household earnings. See Women In Development, op. cit.

17/ See Esman, Milton J. and Norman T. Uphoff, Local Organizations: Intermediaries in Rural Development (Ithaca: Cornell University Press, 1984), p. 247

18/ This is the strategy now adopted by SRCC, the coffee and cocoa parastatal.

ANNEX E. 5 ADMINISTRATIVE ANALYSIS

1. INTRODUCTION

1.1. Purpose of Analysis: The purpose of this analysis is: a) to examine and assess the administrative capabilities of the organizations which will have responsibilities in implementing the project, and b) to determine whether the described implementation plan is likely to be workable.

1.2. Organizations to Consider: The entity with responsibility for approving the project workplans, and then for monitoring and coordinating those plans towards a successful attainment of project objectives, is the Program and Planning Service (PPS) within the Ministry of Rural Development's (MDR) General Directorate. Two U.S. PVOs, CUNA and CARE, are the recipients of AID funding through the means of two separate Cooperative Agreements. CUNA's inputs are passed through the World Council of Credit Unions to the Togolese member, FUCEC. CARE anticipates working with a variety of public, semi-public and private organizations in the diffusion of its methods of approach and practical tools of work.

2. MINISTRY OF RURAL DEVELOPMENT - DIRECTOR GENERAL

2.1. Director General

The Director General's (DGDR) responsibilities encompass regular supervision of: a) the five regional development offices, b) a string of directorates (such as Agricultural Statistics, Agricultural Education, Animal Production, Rural Engineering, etc.), and c) the services which are grouped centrally within the General Directorate (such as PPS). He is also the presiding officer of the Technical Committee for the Exportation of Cereals and Other Food Crops. This inter-service and inter-ministerial committee was established in 1986 as part of the government's work plan to determine the exportable quantities of cereals, as part of the liberalization of the foodcrop trade regime (Togo AEPRP). This technical committee evaluates the current year food production and looks at figures for reserves and consumption, prior to making recommendations for issuing export licences. The committee's work is part of the process of encouraging greater participation of private sector producers, truckers and traders in food crop export marketing.

2.2. Cooperation Division

The DGDR's Department of Cooperation plays an important role in implementing activities which support the purposes of TRIPS and AEPRP. A percentage of local currency from AEPRP placed on account in the National Agricultural Credit Bank (CNCA) is earmarked for credit to farmer producer groups (construction

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of drying and storage facilities for surplus production), marketing credit and credit for transporters/traders. The Department of Cooperation is responsible for drafting a plan for the use of this fund at the CNCA. Per the Department of Cooperation's involvement in this credit activity, and per the Director General's supervision of both the Technical Committee and the credit program, there is already considerable attention being paid within DGDR to TRIPS concern for private sector participation in rural development.

3. MINISTRY OF RURAL DEVELOPMENT - PROGRAM AND PLANNING SERVICE

3.1. Organization: The Program and Planning Service (PPS) is a relatively new entity within the structure of the Togolese Ministry of Rural Development. Created as a study and planning unit on March 31, 1983, with funds from the World Bank's second technical assistance project, its original purpose was to conduct an evaluation of rural development projects, with a view to identifying both successes and difficulties, and on the basis of this experience, to formulate a long-term strategy for rural development. With assistance from a two-person consultant team, and composed of a group of Togolese professionals, the unit was given the responsibility of making a detailed survey of ongoing and completed projects so as to a) assess the strong and weak points of the various approaches, b) determine to what extent project support services (such as training, research and extension) could be coordinated or combined, and c) make recommendations for strategy formulation and coordination. The report of the unit played a key role in the formulation of the MRD's New Strategy of Rural Development, announced in March 1985, and used as the basis of discussions with donors in March 1986 during a Rural Development Sectorial Conference.

Subsequently, the unit has been charged with an important role in the implementation of the new strategy, through the identification of new project opportunities and the related coordination of support services. To address the specific needs of agricultural research, an applied research component was added to the unit in 1984. This element serves to increase coordination between national and regional programs of applied research and to expand contacts with international programs concerned with technical problems similar to those which exist in Togolese agriculture.

Within the institutional structure of MDR, the PPS is attached directly to the Director General of Rural Development, the operational head of the ministry situated directly below the Minister's cabinet. Physically, it is situated a short distance from the DGDR and serves a dual role as think-tank and operational monitor and reporter. The PPS gained permanent

status early in 1988 when it was accorded the title of "Service", no longer a "Unit" (or cellule), with the attendant implication of being only temporary. It is located in a temporary structure, however, and does not yet enjoy the opportunity of working within an edifice which would favor contacts between the technicians, or with outside service personnel. A long-delayed government plan calls for the eventual physical location of PPS with the Directorate of Studies and Agricultural Statistics (DESA) in a new building which would be outfitted with facilities which can easily accomodate automatic data processing equipment. The actual construction of this building is due to get underway in 1989 and could benefit from Togolese government funds which have been reserved for DESA as a counterpart to A.I.D.'s cash transfer under the Togo AEPRP.

The World Bank's assistance to PPS included a certain amount of equipment (bookcases, desks, photocopier, typewriter) and a modest operational budget for office supplies. A vehicle (Peugeot 504) was purchased for the service's occasional travel to visit project sites. Unfortunately, the vehicle has been somehow integrated into a larger pool of vehicle resources at the disposition of the DGDR. Consequently, use of the vehicle for its intended purposes has been limited. The Technical Assistance package (a loan, and not a grant) was deposited with the Ministry of Plan which oversees expenditures from the account. Quarterly requests for advances have had to transit by the Minister of Rural Development, and have not always been honored promptly. There has been an obvious tendency not to undertake expenditures from an account that is a loan, in the hopes of being able to obtain the goods and services on a grant basis. Consequently, only the bare minimum of budgeted resources has been utilized to date, and provisions for external training, procurement of computers and field expenses (travel cost, including per diem) have largely gone untapped. Furthermore, access to this World Bank fund is due to be completed in June 1988.

The prospect of an infusion of A.I.D.-funded resources and expertise to the PPS has provided the DGDR with considerable encouragement in the implementation of its role. A reinforced PPS, at once the secretariat and the permanent secretary (chairperson) of the TRIPS Project Management Team, will be primarily responsible for reviewing, analyzing and presenting information on progress being marked towards accomplishment of specific project and broader agricultural sector objectives.

This function is also performed, to the extent of PPS's limited capacity, for all major donor activities in rural development. The PPS helps to match Togolese investment opportunities with appropriate external (and internal) funding sources, and then makes an effort to follow the course of project implementation, and report on critical points to the Director General of Rural Development. The PPS is oftentimes requested by the DGDR, or

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by cooperating donors, to participate in the elaboration of a project design, a particular study or an evaluation. OAR/Lome called on PPS to assist in the development of the design for the TRIPS project. Since the outset of the PID process, a member of the PPS staff has been assigned to the portfolio and has frequently collaborated with A.I.D. and contract personnel in defining and assembling the project concept and action components, paying particular attention to government objectives, and to the specific eventual role of the PPS within the TRIPS project.

3.2. Management

At present, the PPS does not carry out a line authority for the approval of program or project documentation related to any donor activity. The role is an advisory one, and recommendations and accompanying justification are sent directly to the Director General. The PPS is then either consulted by the DGDR as to the reasoning behind a specific recommendation, or it is requested to prepare a letter or memorandum for the DGDR's signature. In his capacity as chairperson of the TRIPS Project Management Team, the PPS Director will be submitting the recommendation of the entire PMT, jointly and severally arrived at, with respect to approval of project documentation such as:

A. PIO/T's for:
   a. CUNA
   b. CARE
   c. PSC (PPS advisor)
   d. Consultants (including the evaluation team)

B. Procurement plan for purchase of PPS support equipment and commodities.

C. Annual project work plans and budgets for:
   a. CUNA
   b. CARE
   c. PPS

D. PIO/P's for U.S. and third-country trainees from within PPS or other Togolese institutions (public or private), but not related to implementation of CARE and CUNA workplans for which they are responsible.

A.I.D. retains sole contracting authority with each of the contractees listed in A above.

The PPS will also be consulted for its advice in the actual selection of long-term technical assistance which will be provided under the project (PPS Advisor, and CARE and CUNA management and technical project advisors).

The capability of PPS personnel to carry out regular monitoring functions within an A.I.D. framework, using two U.S. PVO activities as field models, has yet to be tested. But the level of integration with national structures, public and private, which both CUNA and CARE have already achieved, would indicate that sustained collaboration on their part over the life of project will not be difficult. The structure of the Project Management Team will permit, moreover, the resolution of a particular problem which has been raised by several PPS members - the lack of in-service, on-the-job training. PPS staff members covet the acquisition of the sorts of diagnostic, analytical and critical evaluation skills which they see within A.I.D. project management. The increased contact that TRIPS offers the PPS with dynamic, sustainable models of rural development will address this need to improve professional skills. The PSC advisor will be in charge of drawing up, and following, a specific human resource development program for members of the PPS according to the nature of their participation within the TRIPS PMT system.

Each of the PPS staff members holds a degree equivalency at the master's level, and all but one can boast of at least ten years of professional experience within the MDR. Three among their number have held leadership positions as head of a planning or operational branch or division within the ministry, or as a project manager in the interior. Several have benefited from short-term training courses in the U.S. (Development Economics at CRED, University of Michigan (2); Management Seminar at University of Pittsburgh (3); Research Organization at IFDC (1)). At least one of them (actual selection will depend on the experience of the PSC advisor over the first six months of the project) is slated to undergo long-term training in a U.S. academic institution (master's level), most likely in the area of investment analysis, as specifically requested by the Director General in recent correspondance with A.I.D.

The PPS has managed to produce a number of studies and inquiries since the inception of the unit in 1983. Besides the voluminous background reporting which gave rise to the New Rural Development Strategy, and the experience of serving as the organizer, secretariat, and group session leaders during the Rural Development Sectorial Conference, the unit has been specifically tasked with the preparation of studies on subjects of immediate interest to the DGDR and usually also the broader development community.

Currently, PPS is working on a study of Cash Crop Price Policy, with a view towards permitting the government to establish a flexible producer price-setting system that is consistant with world market conditions and takes into account the Togolese macro-economic environment, in agreement with the IMF, the Bank, and the chief lendors/donors to the rural sector. Such a

broad study is not undertaken easily and occasionally requires short-term outside assistance, usually furnished under the Bank's technical assistance project.

The government is well-equiped to print and bind copies of reports at a publications division situated within the Ministry of Plan. Very presentable copies can be ordered, at cost, from this entity, and time delays are not long. As long as the Ministry of Plan can assure this service, no need for such a unit exists within the MDR.

3.3. Staffing

The PPS is currently composed of six Togolese professionals, each with an area of specialty related to rural development. A senior member has been named the PPS Director, although he retains line duties like everyone else. While the Director will become involved with TRIPS as the titular counterpart to the A.I.D.-funded advisor who is to be situated within PPS, in fact, most, if not all of the PPS staff may be involved in one way or another in monitoring and coordinating aspects of the CARE and CUNA activities. In effect, the A.I.D. contractor will have mutiple counterparts. Of the six members, approximately one-person-year of PPS professional staff time will be devoted directly to TRIPS each year.

The table below provides an overview of the evolution of PPS structure and personnel since its inception in 1983, to the present day. In addition to the professional staff, two competent typists work full time for PPS, and use electric, albeit aging machines.

Table 1 - MRD Planning and Program Service
-structural/personnel evolution-

Cellule de Planification de Developpement Rural
(created March 31, 1983)

Service de Planification et de Programmation
(new title as of January 1988)

Technical Assistance: economist; ag. economist (1983-1987)

Togolese Technicians:

* a. generalist (specialty in economy/finances)
  (Director since departure of T.A. in 1987)

* b. agronomist

* c. generalist (specialty in rural development)
  (transferred 1987 to Director AID's Training and Extension project, 693-0225)

1984 d. research specialist (doctor of veterinary medicine)

1986 e. agricultural economist (deceased 1988)

f. socio-economist

g. agro/rural economist (specialist in ag. ed.)

h. rural engineer

current members (6)

Unfilled positions:

soil and forestry management specialist

socio-anthropologist

current members of PPS

The availability of PPS personnel to handle the responsibilities of reviewing, approving, monitoring and analyzing TRIPS project implementation plans and activities, figures as an important part of PPS's future work. PPS personnel are particularly well prepared to do so, in that they have been closely involved with project conceptualization and planning since the outset of OAR/Lome's interest in forging links between rural development and the private sector. PPS personnel have occasionally attended regular or extraordinary (end-of-harvest-reflections) meetings of both credit unions and farmer producer groups within the Zio prefecture, and they are well-acquainted with progress marked to date by the two preceeding projects.

Clearly, the addition of PMT responsibilities is going to have to be preceeded, or accompanied, by several improvements in the qualify of logistics and support staff currently available. Some of the problems will be met by simple-local procurement and training at local establishments, such as computer user centers. Other issues in handling the work load will have to be addressed in drafting a PMT annual workplan, for the approval of the DGDR and A.I.D. The PSC advisor will play a key role in helping to separate the work into manageable units, programmed over time, with specific responsibilities to each of the PPS staff. The PPS has already demonstrated its capacity to handle large amounts of work and turn out a quality product. A.I.D. must make certain that in trying to strengthen PPS's conceptual ability to deal with the issue of private sector and rural institution involvement in rural development, the operational arm of PPS is not crippled under the weight of additional responsibilities. The PSC advisor will have to work

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closely with the PPS Director to determine what is the effective middle ground, and whenever necessary, call on supplementary assistance in the form of training, equipment, computers, supplies, consultants, and the effective use of seminars and workshops, as the case may be.

3.4. Ability to Carry out Implementation Responsibilities

The PPS has demonstrated its competence in the simple process of handling the gathering and review of a wide range of information dealing with the agricultural sector. It has done so under trying physical circumstances, with minimal automated equipment, and largely without the benefit of occasional related training. PPS has legitimately earned the respect within its ministry to function as an information collection and compilation unit, albeit with limited analytical capacity. It has shown itself capable of assisting in the organization and conduct of seminars and conferences which focus on specific issues. And it has a growing record of being able to fulfill the scope of work of a particular study which PPS is given the responsibility.

PPS has not yet been entrusted with the quarterly monitoring and assessment of a specific project's implementation plan. Nor has any member been given the responsibility to coordinate two symbiotic field programs which both address the issue of sustained rural development, with direct encouragement to private, not public, support services. The TRIPS project activities, while familiar already to members of PPS, do not resemble the more familiar heavy state-driven structures. Monitoring, let alone analysis, of the TRIPS activity is perhaps beyond the experience of most of PPS's members.

The PMT approach to TRIPS, which includes PPS, and profits from access to the office of the MDR Director-General, will permit Togolese professionals to sharpen their skills in specific information collection and interpretation, and allow the entire unit to follow, and assist where needed, the implementation of a development project which has proven and potential demonstrable value in helping to fulfill the objectives of Togo's New Rural Development Strategy.

A.I.D. assistance, as detailed above, should be concentrated around those areas which will a) help in the monitoring and coordinating process so that implementation targets can be achieved on a timely basis, b) assist in the orientation of PPS personnel dealing with some aspect of project implementation towards a better understanding of the role of private sector entities in rural development, and c) improve the analytical skills of PPS personnel so that their services towards other government policy, planning and technical divisions will evidence an ability to advise and argue for sustainable rural development

Recommendation: In order to provide this assistance, a modest package of resident and part-time consultants, data processing equipment, training, a field vehicle and selected support costs is warranted and within the capacity of A.I.D. to furnish promptly and effectively.

Recommendation: An indicative plan of recommended training for present (and future) members of PPS is given in accompanying Table 2. Not all of these training needs relate to meeting TRIPS objectives, nor can they all be funded by A.I.D. Special attention is given to those areas where U.S. and third-country (including Africa) training seems to be appropriate. A.I.D. should make a particular effort to program PPS training early in the life-of-project. It should be addressed at the PMT organizational meeting in October 1988.

Indicative Training Program for PPS personnel

Position	Purpose of Training	Acquired Capabilities	Institution	Period
Economy and Finance (Director)	To improve the quality of information and analysis which the PPS furnishes to the DGDR.	Management by objectives. Develop interpretive skills using available software.	TBD	7-8/8
	To improve the MDR's capacity in investment planning (by private and public sector) in rural development.	Comparative analysis of role of public and private sector in development planning and implementation.	TBD	
Agronomist	To improve the identification and definition of agricultural/technical packages for Togo's climatic and soil zones, and disseminate the information in comprehensible form.	Simplification of conceptualization and presentation process.		
Research Specialist	To improve the coordination of applied research within the country, particularly as it relates to technical packages being tried by TRIPS.			

Rural Economist	To raise the level of investigative and constructive analysis of state institutions, through an effective monitoring system.	Logframe comprehension; ability to outline a required data base; ability to set up and direct a sophisticated monitoring program. Interpretation of indicators: sensitivity analysis.	TBD
Socio-Economist	To put into place a system whereby the socio-economic impact of development programs can be tracked and reported upon. To strengthen the PPS's ability to handle financial analysis of project proposals and field execution.	Identify the sensitivities of introducing new technologies: social costs. Ability to set up and conduct field surveys.	U.S. TBD
Rural Engineer	To link realistic appropriate, cost-effective technology to every development project which is approved by MDR. To improve the methods and means of dissemination of information to users in the rural economy.	Devise systems and structures which respond to low energy requirements and maintenance costs. Communication skills.	TBD
Soil Forestry Manager	To eventually require a specific soil management program of each crop development project so as to assure productive sustainability.	Understanding of policies and programs for solving problems in land use and food/fiber production.	TBD

* A.I.D.-funded training
TBD - To Be Determined

		Be able to plan, monitor and evaluate soil surveys and conservation programs as related to crop production projects.	
Socio Anthropologist	To relate development plans to the capacity of a group or individuals to handle changes in technology, and to propose a social soundness analysis process as standard procedure.	Specific abilities in relating development projects to a farming system analysis of crop and animal research and extension.	TBD
Typists	To be able to handle an increased work load with greater opportunity for accomplishing a variety of assignments which may require competence in formating for information purposes.	Use of IBM-compatible computers for word processing table-top printing.	Lome

* A.I.D.-funded training
TBD - To Be Determined

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4. FUCEC/CUNA

4.1. Organizational Goal Level

FUCEC has developed eight objectives to be completed within its second five-year plan (1988-1992) and acknowledges its primary responsibility for their achievement. These boil down to a strengthening of the credit union movement's legal and policy framework, an expansion of its area of operation, and a sophistication of services provided to credit unions and their members. Accomplishment of objectives will rest with the staff of FUCEC. Present staff will be increased by an assistant trainer, a Chief of the Central lending facility, as well as five additional regional representatives, and a Chief Inspector.

The Manager has responsibility for overall management of FUCEC within the policy framework established by the elected Board of Directors. Each of the five-year plan's (and project's) objectives falls under the responsibility of one or more of the central services, which are headed by their respective department heads. The accompanying table and parallel explanatory text indicate of the state of FUCEC's preparedness and capability to undertake the responsibilities of this project, and underscore areas of weakness which are being covered in the implementation of activities. The numbering of areas of responsibility follows the standard system used in FUCEC documents.

4.2. Institutional Development Level

Evaluation and long-term (strategic) planning efforts require a stronger Board and especially a risk-taking Manager capable of taking decisions. TA in the next project will have to provide the necessary planning and evaluation tools to both the new Manager and the Board of Directors.

4.3. Program Planning Level

Systems are in place here which can be easily transferred to a new Manager, since they are documented and other staff know them. The new Manager will have to be more "bottom-line" oriented, however.

4.4. "Core" Internal Federation Management

4.4.1. Personnel/Staff Development

The current strong points here are training capability, a good personnel manual, and the field staff incentive pay system. Areas needing improvement include getting the Manager to fully implement these personnel policies and refining incentives to assure high performance across the board to all staff. Regular staff meetings would assure better communications and coordination, too.

4.4.2. Short-Term Planning and Evaluation

Largely adequate in the planning area, but still too dependent on TA for evaluation and monitoring. Current weaknesses should be overcome with new Manager and acquisition of informaticien/statistician.

4.4.3. Financial Management

4.4.3.1. Accounting systems are largely adequate, but need more clear distinction between bookkeeping and cashiering functions, and more frequent inventories of stocks and materials.

4.4.3.2. Central Liquidity Facility (CLF): New debt instruments are needed for certain market segments ("current accounts", term deposits, and eventually lines of credit at commercial banks). Also needed are better delinquent loan recovery techniques and loan/investment portfolio management and planning. There is also a need to make deposits/loan repayments more convenient to COOPECs, which could be resolved by opening bank accounts in secondary cities or by sending a collection team to each COOPEC, say, once a quarter.

4.4.3.3. Auditing: The Supervisory Committee does not perform its role as internal auditor, and management does not adequately control those responsible for asset management. Nor does the Manager nor the Board insist on thorough annual external audits.

4.4.3.4. Office systems and procedures: largely adequate.

4.4.3.5. Communications systems: weak both internally and externally, due to Board/Management desire to shelter the movement from the perceived prying eye of government authorities.

4.4.3.6. Dues System: While the collection rate steadily increases, there is a need to review the entire billing and collection system to assure that billings are sent out earlier in the year and to institute collection efforts for arrears.

4.5. Management of Service Units

4.5.1 COOPEC Accounting Systems Development

Largely adequate, except for the need to computerize systems in large Maritime region COOPECs.

4.5.2. Credit Delivery Systems

Largely adequate, except for inadequate collection efforts and follow-up at COOPEC level. Needed are outside collection efforts similar to those outlined in FUCEC's Second 5-Year Plan.

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4.5.3. Insurance and Risk Management

Systems are largely defined, but need finalization, including printing of forms and manuals, etc. Also need program to reduce risks in COOPEC's by increasing internal control.

4.5.4. Credit Union Promotion, Organization, & Chartering: The federation is missing huge opportunities, such as organizing COOPEC's for policemen, gendarmes, government ministry employees, etc., because of fear of over exposure to the government, and large worker groups (e.g., the textile mills, the breweries, iron mill, etc.), because of inadequate direction from the federation manager. Other problems include reluctance to "bury" dead COOPECs or merge them with others, and a complete absence of promotional activities. These problems will be attacked during the next project (see Objectives 3, 4, and 5: promotion, expansion, and extension of the incentives program).

4.5.5. Intermediate Institution Organization: Many of the movement's current problems originate with GOT's insistence that all cooperative federations set up regional structures, or "Unions" ("Chapters" in English). Self-serving elements within the movement use this to create dissention. A new political structure for the movement needs to be developped during the next project. The other type of intermediate structure, the service center, may be needed in urban areas to manage several small COOPECs from the same site.

4.5.6. Institutional Development: FUCEC training priorities and methods are currently sound, but development needs assessments need to be more systematized, using WOCCU's standard COOPEC-level institutional analysis model.

4.5.7. PR, Promotion & Representation: This area is weak across the board, primarily because current Management refuses to allow it, although budgetary constraints contribute, too.

4.5.8. Legal Services: Most required systems drafted by TA during current project, but the Manager has been reluctant to complete the process.

4.5.9. Supply Service: Largely acceptable.

4.5.10. Production Credit: Lending procedures for agriculture and small retailers have largely been developed, although could use some refining. The next project will have to develop and implement simple, yet effective, systems for lending to micro/small businesses, as well as refine existing systems.

4.6 CUNA: The Credit Union National association (CUNA) is an association of 52 credit union leagues, which includes each state, the District of Columbia, and Puerto Rico. Through the leagues, CUNA represents some 17,000 credit unions serving

about 56 million members. Since 1954, CUNA has allocated a portion of its human and financial resources to assist in the promotion of credit unions in the developing world. This effort has been assisted by the U.S. Agency for International Development (AID) since 1962. In the over 20 years of CUNA/AID collaboration, the credit union concept has been introduced into more than 60 countries of Africa, Asia, Latin America and the Caribbean.

CUNA's international role has shifted from provision of direct technical assistance to coordination and mobilization of the financial and technical resources necessary to strengthen developing world movements. CUNA has retained its responsibility as the administrator of AID grants and contracts, although services are performed by the staff of WOCCU.

In 1970, the World Council of Credit Unions (WOCCU) was formed as the apex body of the worldwide credit union movement. Since that time, the efforts of CUNA and WOCCU have focused on Africa.

In early 1970's, Small Farmer Production Credit Programs were initiated in Lesotho and Cameroon. These programs, although useful, identified a lack of institutional systems within the African credit union movement which effectively constrained programs.

Subsequently, in the later 1970's and early 1980's, institutional development projects were initiated with the regional confederation, the Africa Confederation of Cooperative Savings and Credit Associations (ACCOSCA), as well as in Sierra Leone, Kenya, Malawi, Lesotho, Cameroon and, of course, Togo. These projects have focused on the development of the management and service capabilities at the national or regional level so the movements will, in time, acquire the necessary technical and financial resources to become self-sufficient.

The experience gained in credit union/cooperative development in all parts of the developing world provides WOCCU with a unique capability, augmented by resources available within the entire international credit union system, to further promote non-profit savings and credit services. This network enhanced the academic training of the FUCEC Risk Management Officer in the present project, as evidenced by his practical field work with credit unions, leagues, Confederations, and the CUNA Mutual Insurance Society in the U.S., France and Kenya.

The World Council maintains its home office in Madison, Wisconsin, and representational offices in Washington, D.C. and in Geneva, Switzerland. In addition to its management and administrative personnel, WOCCU's U.S.-based staff includes specialists in such areas as: accounting, financial management, agricultural economics, training, institutional analysis and development, budgeting, production credit

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programs, project design and evaluation, loan/investment planning, savings mobilzation, and credit union/cooperative development. All staff have extensive international experience which, in most cases, includes Peace Corps or similar experience, and are fluent in English and at least one other language.

Each specialist has several years' experience working in the credit union/cooperative sector, and has provided direct assistance to the developing countries of Africa, Asia, Latin America and the Caribbean. The academic training, range of skills, and depth of experience of WOCCU staff is probably matched by few comparable organizations. Specific cooperative/credit union experience in Togo of WOCCU staff is quite substantial. The present project manager worked within the cooperative sector in Togo for the U.S. Peace Corps for a number of years through 1984, and has maintained vital professional contacts which have not extended over nearly two decades. WOCCU's former Director of Finance (now resident advisor in Togo) was a management advisor to the Cameroon Credit Union League in the early 1970's during his Peace Corps service.

The project seems to be assured of more than adequate specialized technical support, as well as management and monitoring with sufficient hands-on experience.

4.7. CUNA Mutual Insurance Society:

CUNA Mutual Insurance Society is the world's largest insurer of credit unions and their members, offering all types of insurance through the credit union movement. It has long supported WOCCU's international programs, and will be assisting, through ACCOSCA, in the establishment and management of FUCEC-TOGO's Risk Management Program, once the Togolese authorities give the green light to proceed. CUNA Mutual will provide re-insurance facilities to the program and also provide degressive subsidies during early years of the Risk Management program, as well as pay commissions to the federation for managing its Quota-Share Program until FUCEC-TOGO is able to absorb all the risk by itself.

FUCEC-TOGO

INSTITUTIONAL ANALYSIS

Function/ Process Number	Source	Function/Process Title	STATUS: Adequate	STATUS: Inadequate	Reason for Inadequate Status: Lacks Definition	Lack of Skills	Lack of Resources	Affective Problem	Remarks
1.0		ORGANIZATIONAL GOAL AND POLICIES							
1.10	Mgr.,B/D	Statement of Organizational Goal	X						
1.20	Mgr.,B/D	Statement of Organizational Policy	X						
2.0		INSTITUTIONAL DEVELOPMENT							
2.10	Mgr.	Environmental Analysis		X	X	X			Currently largely
2.20	Mgr.	Institutional Analysis							in WOCCU's hands.
2.30	Mgr.	Institutional Development Planning							Needs strong
2.31	Mgr.	Institutional Development Monitoring							sound manager.
2.32	Mgr.	Institutional Development Assessment							
3.0		PROGRAM PLANNING							
3.10	Mgr.	Program Planning	X						Currently okay, but
3.11	Mgr.	Action Planning	X						will be difficult
3.12	Mgr.	Program Monitoring	X						initially under new
3.13	Mgr.	Program Assessment	X						manager.
3.21	Mgr.	Self-Sufficiency Strategy Formulation		X				X	Usual beggar attitude
4.0		"CORE" INTERNAL MANAGEMENT FUNCTIONS & PROCESSES							
4.10		PERSONNEL MANAGEMENT							
4.11	Mgr.	Organizational Analysis		X					All defined, but
4.111	Mgr.	Function Identification		X					manager reluctant
4.112	Mgr.	Process Identification and Definitions		X					to give up old
4.113	Mgr.	Position Identification		X					perogatives.
4.114	Mgr.	Position Task Analysis (Job Description)		X					
4.12	Mgr.	Recruitment and Selection		X					
4.121	Mgr.	Position Recruitment		X					
4.122	Mgr.	Personnel Selection		X					
4.13	Mgr.	Staff Development		X					
4.131	Mgr./Trnr.	Training Needs Identification	X						
4.132	Mgr./Trnr.	Training Strategy Development	X						
4.133	Mgr./Trnr.	Training Materials Development	X						
4.134	Mgr./Trnr.	Training Implementation	X						
4.135	Mgr./Trnr.	Training Evaluation and Redesign	X						
4.14	Mgr.	Compensation	X						
4.141	Mgr.	Position Grading	X						
4.142	Mgr.	Salary Schedule Establishment	X						
4.143	Mgr.	Benefits Identification	X						
4.144	Mgr.	Personnel Evaluation		X					Only field staff evaluated objectively.
4.20		SHORT-TERM PLANNING AND EVALUATION							
4.21	Mgr.	Planning							
4.211	Mgr.	Needs Identification	X						
4.212	Mgr.	Establishment of Objectives	X						
4.213	Mgr.	Feasibility Testing		X	X	X			
4.214	Mgr.	Action Planning	X						
4.22		EVALUATION							
4.221	Mgr.	Monitoring and Correction	X						Okay now, but will
4.222	Mgr.	Assessment	X						need assistance under new manager.

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FUCEC-TOGO

INSTITUTIONAL ANALYSIS

Function/ Process Number	Source	Function/Process Title	STATUS: Adequate	STATUS: Inadequate	Reason for Inadequate Status: Lacks Definition	Lack of Skills	Lack of Resources	Affective Problem	Remarks
4.30		FINANCIAL MANAGEMENT							
4.31		Accounting Systems Development & Operation	X						
4.311	Mgr.	Data Requirements Identification	X						
4.312	Mgr./Acctnt	Accounting System Design	X						
4.313	Acctnt	Bookkeeping	X						
4.314	Acctnt	Financial Statement Prep. & Presentation	X						
4.32		OPERATING BUDGET DEVELOPMENT AND OPERATION							
4.321	Mgr.	Operating Budget System Design	X						
4.322	Mgr./Acctnt	Operating Budget Preparation	X						
4.323	Acctnt	Budget Report Devt., Analysis & Presentation		X				X	Acctnt reluctant to provide all req'd reports
4.33		CENTRAL FINANCE							
4.331	C/F Mgr.	Capitalization	X						
4.3311	C/F Mgr.	Identification & Selection of Sources	X						
4.3312	C/F Mgr.	Optimal Capitalization Method Selection	X						
4.3313	C/F Mgr.	Capitalization Method Review	X						
4.3314	C/F Mgr.	Grant Application and Negotiation	X						
4.3315	C/F Mgr.	Grant Conditions Compliance	X						
4.332		Debt Management							
4.3321	C/F Mgr.	Establishment of Appropriate Deposit Accts		X					Could add "current" and term deposit accts to attract more funds.
4.3322	C/F Mgr.	ID & Selection of External Lending Sources	X						
4.3323	C/F Mgr.	Loan Application and Negotiation	X						
4.3324	C/F Mgr.	Loan Repayment Planning	X						
4.3325	C/F Mgr.	Loan Conditions Compliance	X						
4.333	C/F Mgr.	Central Fund Promotion & Review		X	X		X		
4.34		LOAN/INVESTMENT PORTFOLIO MANAGEMENT							
4.341	C/F Mgr.	Credit Management		X					Needs more follow-up on delinquent loans and strict adherence to loan policy.
4.3411	C/F Mgr.	Loan Portfolio Planning System Devt & Review		X					
4.3412	C/F Mgr.	Loan Policy & Procedures Devt. & Review	X						
4.3413	C/F Mgr.	Loan Analysis	X						
4.342	C/F Mgr.	Investment Management							
4.3421	C/F Mgr.	Investment Policy Formulation & Review		X	X	X			Area where an informatrician is needed.
4.3422	C/F Mgr.	Cash Budgeting		X	X	X			
4.35	Manager	Auditing							
4.351	Mgr./Aud'r	Internal Auditing System Design		X	X			X	Too much confidence and too little control
4.352	Int. Aud.	Internal Auditing Data Collection		X	X			X	
4.353	Mgr.,B/D	Selection of Independent Auditor		X			X	X	Large expense not valued
4.41		OFFICE PROCEDURES DESIGN							
4.411	Admin. Mgr.	Procedural Manuals and Instructions Devt.	X						
4.412	Admin. Mgr.	Support Services Coordination	X						
4.413	Admin. Mgr.	Support Services Coordination	X						
4.414	Admin. Mgr.	Receipt & Disbursement of Funds		X				X	Accountant handles cash in addition to bookkeeping.

FUCEC-TOGO

INSTITUTIONAL ANALYSIS

Function/ Process Number	Source	Function/Process Title	STATUS: Adequate	STATUS: Inadequate	Reason for Inadequate Status: Lacks Definition	Lack of Skills	Lack of Resources	Affective Problem	Remarks
4.42		COMMUNICATIONS SYSTEM DESIGN & MAINTENANCE							
4.421	Mgr.	External Communications Coordination	X						OK under current
4.422	Mgr.	Internal Communicat'ns System Design & Maint		X					manager. Reg. staff
4.4221	Mgr.	Management Information System Design & Maint		X		X			mtgs. needed. Need
4.4222	Mgr.	Files & Records System Design & Maint.	X						information.
4.43		ASSET ACQUISITION AND MAINTENANCE							
4.431	Mgr. ,B/D	Physical Plant Location and Layout	X						
4.432	Admin. Mgr.	Purchase of Equipment and Supplies	X						
4.433	Mgr./Acctnt	Inventorying of Equipment and Supplies		X					Insufficiently regular
4.434	Admin. Mgr.	Maintenance of Equipment	X						inventories
4.435	Admin. Mgr.	Equipment & Supplies Security Mgmt.	X						
4.436	Admin. Mgr.	Physical Plant and Equipment Insurance		X					Third party only.
4.50		DUES COLLECTION SYSTEM							
4.51	Mgr./Acctnt	Dues Assessment		X	X			X	Dues billed too late
4.52	Mgr./Acctnt	Dues Collection		X			X	X	in year; insufficient follow-up on arrears.
5.0		LEAGUE SERVICE MANAGEMENT							
5.10		FINANCIAL SERVICES TO PRIMARY INSTITUTIONS							
5.11		PRIMARY LEVEL ACCTNG/FIN'L SYSTEMS DESIGN							
5.111	Mgr.	Data Requirements Identification	X						Largely OK except in
5.112	Mgr./Acctnt	Accounting Systems Design	X						a half dozen large
5.113	Mgr./Acctnt	Financial Planning Guidelines Devt.		X	X			X	coopec's. Needs computerization.
5.13		CREDIT DELIVERY							
5.131	Mgr/Fld Svcs	Credit Policy Development	X						OK in all but a hand-
5.1311	Mgr/Fld Svcs	Std. Loan Portfolio Planning & Review		X					full of coopecs.
5.1312	Mgr/Fld Svcs	Std. Loan Policies and Procedures		X					Weak in follow-up/ collection. Need out-
5.14		INSURANCE AND RISK MANAGEMENT							side inputs.
5.141	RM Mgr.	Market Assessment	X						Has well-trained R.M.
5.142	RM Mgr.	Program Development		X			X	X	mgr, but insufficient
5.143	RM Mgr.	Sales Strategy Development	X						work on systems debt
5.144	RM Mgr.	Premium Collection Mechanism Design	X						& prep of mtds while
5.145	RM Mgr.	Claims Payment Mechanism Design	X						awaiting GOT approval.
5.146	RM Mgr.	Risk Management Methods Development		X			X	X	
5.147	RM Mgr.	Stab. Fund/Share Insurance Devt.		X	X			X	
5.20		NON-FINANCIAL SERVICES TO PRIMARY INSTNS.							
5.21		CREDIT UNION PROMOTION, ORG'N & CHARTERING							FUCEC's deliberately
5.211	Mgr/Fld Svcs	Credit Union Promotion		X			X	X	avoiding some big
5.212	Mgr/Fld Svcs	Credit Union Organization & Chartering	X						mrkts to avoid
5.213	Mgr/Fld Svcs	Credit Union Merger and Liquidation		X				X	dealing w/GOT. Sys-
5.22		INTERMEDIATE INSTITUTION ORGANIZATION							tems developed, but reluctance to "bury" dead credit unions. + lack of resources for new regions (Centre) & to set up incentives systems to adopt "correct" policies.

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FUCEC-TOGO

INSTITUTIONAL ANALYSIS

Function/ Process Number	Source	Function/Process Title	STATUS: Adequate	STATUS: Inadequate	Reason for Inadequate Status: Lacks Definition	Lack of Skills	Lack of Resources	Affective Problem	Remarks
5.221	Mgr/Fld Svcs	Chapter Organization & Coordination		X				X	Big coopecs use "union" as means to create dissention. No need for serv.cntr. perceived.
5.222	Mgr/Fld Svcs	Service Center Organization & Management		X	X			X	
5.23		INSTITUTIONAL DEVELOPMENT							
5.231	F.S./Trainer	CU & Interned. Inst'n Process ID/Definition		X	X			X	No attempt yet made to train FUCEC staff in Instl. Analysis
5.232	F.S./Trainer	CU & Intermediate Institutional Analysis		X	X			X	
5.233	F.S./Trainer	Institutional Development Program Design		X	X			X	
5.23311	F.S./Trainer	Education/Training Design, Conduct & Eval'n.	X						
5.23312	F.S./Trainer	Training Needs Identification	X						
5.23313	F.S./Trainer	Training Materials Development	X						
5.23314	F.S./Trainer	Training Implementation	X						
5.23315	F.S./Trainer	Training Evaluation/Redesign	X						
5.2332	F.S./Trainer	Resource ID, Mobilization & Application	X						
5.25		PUBLIC RELATIONS, PROMOTION & REPRESENTATION							
5.251	F.S. Mgr.	Local/Regional/Nat'l Prom'n Stragegy Devt.	X						
5.2511	F.S. Mgr.	Promotion Objectives Establishment		X				X	Talented person on staff, but can't perform these tasks because he's usually busy doing what the Dir. should be doing.
5.2512	F.S. Mgr.	Promotion Target Identification		X				X	
5.2513	F.S. Mgr.	Media Choice		X				X	
5.2514	F.S. Mgr.	Message Development and Communication		X				X	
5.242	Mgr.	Government Support Coordination		X				X	
5.253	Mgr.	Related Organization Support Coordination		X				X	
5.254	F.S. Mgr.	Member Communications Coordination		X				X	
5.255	F.S. Mgr.	Inform'n Cataloguing/Library & Dissemination		X				X	
5.26		LEGAL SERVICES TO CREDIT UNIONS							
5.261	Mgr./FS Mgr.	Coop./CU Law Devt., Revision & Promotion		X				X	Principal bottleneck here is GOT & to a lesser extent, a lethargic manager re: getting big CU's to toe the line.
5.262	Mgr./FS Mgr.	Model By-Law Development & Revision		X				X	
5.263	Mgr./FS Mgr.	Credit Union Law Interpretation		X				X	
5.264	Mgr./FS Mgr.	Legal Action Systems Dev't. (Collection)		X	X	X		X	
5.265	Mgr./FS Mgr.	Contracts/Forms Preparation and Revision		X		X		X	
5.27		RESEARCH AND DEVELOPMENT							
5.271	Mgr/Prod.Mgr	Service and Product Development and Delivery		X			X	X	Lack of "businesslike" approach to federation management.
5.2711	Mgr/Prod.Mgr	Service and Product Needs Identification		X			X	X	
5.2712	Mgr/Prod.Mgr	Service & Product Feasibility Determination		X			X	X	
5.2713	Mgr/Prod.Mgr	Service/Product Design		X			X	X	
5.2714	Mgr/Prod.Mgr	Resources ID/Mobilization/Application		X			X	X	
5.2715	Mgr/Prod.Mgr	Service & Product Delivery System Devt.		X			X	X	
5.2716	Mgr/Prod.Mgr	Service & Product Evaluation/Redesign		X			X	X	
5.28		PRIMARY INSTITUTION SUPPLY SERVICE							
5.281	Accountant	Product Requirements Identification		X				X	
5.282	Accountant	Product Design		X				X	
5.283	Accountant	Product Production/Purchase	X						
5.284	Accountant	Product Inventory Maintenance		X				X	
5.285	Accountant	Product Pricing	X						
5.286	Accountant	Product Marketing		X				X	
5.287	Accountant	Product Transportation/Delivery		X				X	

FUCEC-TOGO

INSTITUTIONAL ANALYSIS

Function/ Process Number	Source	Function/Process Title	STATUS: Adequate	STATUS: Inadequate	Reason for Inadequate Status: Lacks Definition	Lack of Skills	Lack of Resources	Affective Problem	Remarks
5.29		PRODUCTION CREDIT PROGRAMS							
5.291	Prog. Mgr.	Marketing		X					While most systems in place, lending systems for micro/ small businesses still need to be developed and ag & commercial lending improved.
5.292	Prog. Mgr.	Extension	X						
5.293	Prog. Mgr.	Agricultural Input Supply/TA Coordination	X						
5.294	Prog. Mgr.	Program Design		X					

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5. CARE

5.1. CARE'S Organizational Capability in Small Enterprise Development

CARE is the largest non-sectarian international private voluntary organization in the United States. With over 40 years of uninterrupted field experience, it is also one of the oldest. In recent years, CARE has been concentrating its expertise in three focus areas: agriculture/forestry, primary health care, and small enterprise development. Small Enterprise Development is the largest growing of these sectoral foci, in terms of number of projects.

The size of CARE's SED project portfolio has more than doubled in slightly more than a year. Much of this increase was due to the inheritance of projects previously being implemented by Partnership for Productivity (PfP). PfP was a small PVO generally considered at the cutting edge of small enterprise development. CARE was chosen by AID/Washington to inherit these projects because of CARE's:

Long-standing reputation for fiscal responsibility;

World-wide reach (currently operating in 39 countries), and

Ability to provide quality technical assistance in small enterprise developmet.

This technical assistance is generally provided by Regional Technical Advisors (RTA's) based in four regions: West Africa, East Africa, Asia and Latin America. The Small Enterprise Development RTA's have up to 20 years experience in development and all have strong private sector skills as well. There is also a fully-staffed functional technical support unit for SED at CARE's headquarters in New York.

The Regional Technical Advisor (West Africa) for SED has visited (and will continue to visit) CARE's SED operations in Togo on a regular basis. As a former senior staff member of PfP International, he is intimately familiar with the project's methodology and staff. His technical services were utilized during an extensive consultation on small private sector agricultural enterprises in Togo as a prelude to the design of TRIPS.

By the time TRIPS begins, CARE will have been responsible for project implementation of the Zio River Economic Development Project (693-0226) longer than PfP (over 2.5 years). CARE staff is knowledgeable about the needs of the project and the project beneficiaries.

Other recent developments in the Small Enterprise Development sector at CARE indicative of its capability include the following:

CARE served as a founding member of SEEP (Small Enterprise Evaluation Project), a consortium of PVOs engaged in designing state-of-the art evaluation tools for small enterprise development projects. CARE is on the steering committee of SEEP and has been active in training other PVOs.

CARE designed training materials to up-grade the skills of its Country Directors and mission staff members in small enterprise development project design and implementation. This will give CARE excellent field-based SED programming capability in 39 countries.

CARE is involved in the design of state-of-the-art computerized financial tools for use in SED projects.

5.2. Country Office

The CARE country office in Togo was established in June 1987, following the assumption of responsibilities for implementation of the formerly PfP operated Zio River Economic Development project. As early as February 1987, CARE senior personnel from offices in New York and nearby countries had begun to put into place a solid system at program management. A regular, organized series of consultancies (technicians and planners) over the past year has put into place a country office that is completely staffed, equipped, installed and very functional.

The office has recently been moved from crampted, limited quarters (which were barely adequate for the PfP-directed activity), to a country program office with spacious facilities. The installation provides working conditions which allow for backstopping of field staff and also permits project field staff the priority use of office space and automatic data processing equipment. The facilities will also allow CARE to expand its country program beyond the present AID-funded project. CARE will implement an agro-forestry project from this office, in collaboration with the FAO. There exists common ground for technical coordination between TRIPS and the forestry project in both the areas of agriculture and small enterprise development.

CARE's country information and logistical systems are consonant with project needs, and should serve to provide strong support to the Project Manager and other international or national staff members. Already, it is apparent that CARE's systems now allow the Project Manager to devote more time to field operations than was possible during the PfP management phase when he was responsible for a myriad of routine office and personnel matters.

All CARE-recruited personnel assigned to the project, presently on-board and currently paid in-whole or in-part with A.I.D. funds, seem to be selected for their competence, efficiency and ability to function within an office which conducts its affairs

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in French and English in a business-like, albeit courteous, fashion. An informal referal system that functions between the USG Mission in Togo and U.S. PVOs provides a conduit for the hiring and advancement of competent nationals. CARE has taken good advantage of its good rapport with the American, Togolese and international community to build an excellent core staff. International staff attached to the Country Office and with significant responsibilities for TRIPS project implementation, are uniformly high-qualified administrators and technicians, with considerable experience in operating a support-system for large A.I.D.-funded projects in Africa. The CARE Country Director has previously served at the senior management level with CARE in Niger, Mali, Bangladesh and the Congo. The Assistant Director for Projects, newly recruited comes from a prolonged tour in Chad, after serving previously in East Africa and Haiti. The Financial Manager, not yet selected (current operating systems have been put into place and are monitored by regular visits from a CARE regional financial manager), is also expected to be of a caliber consistant with the needs of CARE and A.I.D. to run and monitor a project's implementation and financial plan.

All project international personnel are highly accomplished French speakers and are used to living and working in West Africa. They each possess strong skills in operating computers. Importantly for TRIPS, all of them have prior positive experiences in working closely with A.I.D. management in the implementation of country programs. Equally important, the CARE office staff in Lome has demonstrated its commitment to working closely with local government officials (one senior administrator qualified CARE's operations as "transparent" - open and clear). Additionally, the record to date shows CARE's involvement with other PVOs (and national NGOs) which are also operating in Togo. As a member of FONGTO, the consortium of non-government development agencies represented in Togo, CARE uses its contacts in this community to promote the thrust and impact which PVOs can exercise. This ability to work with others will be an essential characteristic of CARE's collaboration with CUNA and Togolese NGOs in the replication of the producer group methodology of organization and development that is programmed under TRIPS.

6. Government Policy and Regulatory Environment

The section below examines the policy and regulatory environment in which the project and its components will operate, and the various organizations (public, quasi-public and private) with which the project will interact. It also sets forth the strategy under which the project will be carried out, taking into account how institutional arrangements within the project will be structured, the appropriateness of the project's technical packages, extending linkages to the private sector, and assuring organizational effectiveness and sustainability.

6.1. New Strategy for Rural Development

The policy framework within which the project will operate is Togo's 1985 New Rural Development Strategy. The GOT's new strategy aims to correct the weaknesses of the 1977 "Green Revolution" policy of food self-sufficiency. While food self-sufficiency is now attained in years of good rainfall, the GOT recognized that research-extension-farmer linkages are inadequate, that diffusion of credit and inputs to farmers is weak, that marketing channels are constrained and inefficient, and that in general the public sector has performed poorly in servicing the agricultural sector.

The new strategy has two main thrusts: institution of major reforms in the public sector and the "acquisition" of partners in rural development. The major reforms are being carried out under the aegis of such programs as USAID's AEPRP and the World Bank's Agricultural Sector Strategy which seek the overall liberalization of grain marketing via policy changes, and such projects as the World Bank's Agricultural Extension Services Project and the Agricultural Services Rehabilitation which respectively target MDR's extension service and Togo's national agricultural research and input delivery systems for strengthening. The need for "partners," NGOs, PVOs, direct donor operated projects, and the private sector in rural development derives from the fact that GOT performance has been weak and the GOT's recognition that there are certain activities better left to non-public sector organizations and certain activities where these organizations can complement public sector efforts.

In the new strategy, non-public sector organizations include PVOs, NGOs, credit unions, productive farmer groups, and various donor projects. These private partners also include businesses, as the GOT wants to encourage the private sector to undertake supply of inputs, food processing and crop/food marketing. Two such "partners" are FUCEC and CARE's APP project. The TRIPS Project envisages collaborating with other partners such as selected NGOs, productive farmer groups of

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other organizations (both governmental and other project-related), established businesses, and newly formed independent farmer groups, credit unions and nascent small enterprises.

6.2. The Regulative Environment. As part of the new strategy, the GOT makes a real attempt at positive reinforcement of private development agencies (PDA) operating in the rural sector. The recent concern of the GOT is a growing lack of coordination of activities as new NGOs and "fringe" PVOs enter the development scene. The GOT is not seeking regulation, but rather cooperation and coordination. The GOT sees its overall role as promoting a collaborative style of planning and field action within the framework of the new strategy, while at the same time adopting a largely hands-off approach so that it does not smother rural initiative.

a. Farmer Groups and Credit Unions. Part of Togo's new strategy aims specifically at farmer groups taking greater responsibility for their own economic activities and at credit unions as a partial, but increasingly important means of mobilizing savings (capital) and providing access to credit in rural Togo.

(i) Farmer Groups. Formation and legalization steps for a farmer group (or cooperative) are not constraints. The steps are straight-forward and recognition is fairly automatic:

- Formation of a General Assembly
- Payment of 1000 FCFA (about $3.50/individual) membership fee
- Presentation to the GOT of proof of payment by all members
- Formation of a General Assembly
- Payment of 1000 FCFA (about $3.50/individual) membership fee
- Presentation to the GOT of proof of payment by all members
- An observation period of one-two years by the MDR's Service de la Cooperation to show that the membership is respecting the rules of the group (or cooperative) and that the group is making progress as an economic organization.

Legalization comes in the form of a "statute". Without a statute, a group cannot enter into contractual relationships, can not acquire fixed assets, cannot take out a bank loan, and can not have representation through the MDR's Department of Cooperation to enjoy participation in direct sales of food

grains and tubers for export. The statute becomes even more necessary when the group acquires an existence beyond the life of the TRIPS project. In addition, a registered agricultural group, under current law, does not pay income taxes.

New cooperative legislation is under consideration. If it becomes law it will provide for:

- legal status for pre-cooperatives allowing them the right to have commercial transactions, contractual relationships, loans etc.

- a graduated proces of becoming a full-fledged cooperative

- simplification of the registration process

- the Service de la Cooperation to evaluate pre-cooperatives as they are developing - to winnow out the unviable groups and facilitate the way to full cooperative status for the viable groups.

- MDR (Service de la Cooperation) rights and obligations in settling pre-cooperatives' and cooperatives' disputes, for example with a bank, without having to go to court.

In mid-March 1988, new legal legislation, "The Simplified Method for Recuperating Debts," came into force. In short, the law in its scope allows a member of a group to seek legal redress against officers or other group members in the case of financial malfeasance. The court can order a lien on property to recover stolen funds. Prior to this new legislation, courts could not get involved in such cases where groups did not have legal status. This fact was a major hindrance to the formation of farmer groups.

(ii) Credit Unions (COOPECs). Credit union formation is equally easy as group cooperative formation, entailing the establishment of a general assembly of members with elected officers, an administrative procedure comprised of an entry fee, share purchase, the opening of a savings account with a minimum deposit, saving regularly and respecting the various rules of the COOPEC. The COOPEC then submits its by-laws for Department of Cooperation approval, constituting "Registration".

The internal operations of the COOPECs are left to the COOPECs, with FUCEC exercising a stewardship and audit role, as well as a legal/custodial role in the case of malfeasance. In the event that FUCEC fails to resolve a case of financial malfeasance, the Department of Cooperation is brought into the case. In the event of their failure to resolve the case, the venue moves to the courts.

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Furthermore, a broad range of organizations, from agricultural cooperatives to religious organizations can establish a COOPEC. As with cooperatives, COOPECs do not pay taxes, since any year-end profits are distributed to the membership or kept as retained earnings.

b. NGOs. The environment in which these organizations work is somewhat ambivalent. Loosely, it can be characterized as a certain NGO distance from the GOT, and GOT concern with NGO activities and finances. NGO dis ance appears to be in part the normal, adversarial relationship between government and NGOs, and in part due to GOT/multilateral initiatives to bring NGOs into the overall planning process for rural development in Togo. This distance on the part of NGOs appears to be somewhat exaggerated, particularly when compared with other African government/NGO relationships.

The GOT feels it has little control over NGO activities, characterizing them at times as "anarchic." On one hand, the government is concerned about the proliferation of NGOs and the need for their group building/extension activities to be "harmonized" with the requirements of the new strategy and with similar activities of the MDR (DRDR), SOTOCO, SRCC and long-established donors. On the other hand, the GOT knows it lacks the resources to do an adequate job of rural development and is partially dependent on NGO activities. It is thus seeking "self-control" by the NGO community and a reasonable formula/process by which it has a modicum of ability to keep the NGO community on Togo's chosen development path, as well as to set broad rules of participation. This GOT objective will be helped by the growth and cooperation of FONGTO, the new NGO umbrella organization which represents the majority of NGOs in Togo. Its predecessor, CONGAT, did not represent the majority of NGOs, an important fact which led to its dissolution as the NGO umbrella.

c. Private Enterprise. This section deals primarily with those businesses of a size and visibility which require them to be formally registered with the GOT. The following description of the regulative environment thus applies to those few small and medium sized firms which will be part of this project and those microenterprises which "graduate" to a size whereby they are eligible for commercial or development bank loans and thus must be registered.

(i) Taxation. The GOT's fiscal authority and taxation system, including collection, strengthened under IMF pressure, falls heavily on the smaller enterprise. First there is the "cascade" effect of a complex tax system. Second, the system has an array of "minimum business taxes," which are of a fixed amount or percentage of revenue regardless of the size or profitability of the enterprise. The most onerous is the 14% Taxe Generale sur les Affaires (Tax on Revenues), payable whether or not the company is making a profit. Thus, the life

of a new, struggling enterprise is placed in jeopardy by these two prongs of Togo's tax system.

The GOT can be severe in its tax collection methods. For example, if withholding and social security taxes are not paid on time, penalties can run as high as 100% and the police can take the businessman to jail. Finally, the government can (and has taken) take tax actions which are not yet part of the law. A recent example (January 1988) is the sudden requirement to pay for one's yearly operating license in advance.

Thus the smaller businessman has a high incentive to remain "invisible" (and small) to the tax authorities. His alternative is to hire an accountant who, through juggling the books of account, will help the businessman evade a portion of the taxes. In short, the tax system forces many new smaller businessmen to be illegal or go out of business.

(ii) Credit. The small business qualifies for preferential interest rates, under BCEAO policy, of approximately 10% (9% interest plus a 10% service tax on the interest) provided its outstanding debt does not exceed 30 million CFA and it is managed and majority owned by nationals. Loans are generally short and medium term (2-10 years), and a grace period of 3-12 months on principal repayment is often accorded.

Availability of credit from commercial banks, however, is another matter. The few SMEs which are successful in obtaining credit all have long standing relationships with their banks and sound business track records.

Although there is political pressure put on banks (as in most francophone African countries) to devote a certain percentage of their lendable funds to SME financing, the banks are reluctant or unable to lend to this sub-sector. Various reasons lie behind the commercial banks' reluctance/inability to lend to SMEs:

- interest rates allowed on SME loans only exceed interest rates paid on BCEAO money market instruments by two percentage points, not enough to cover the higher risk and higher transaction cost of lending to SMEs.

- commercial banks' traditional aversion to risk and to longer term development-type lending; their lack of incentive to diversify away from existing, highly profitable, short-term commercial lending activities.

- the 1982-1985 loss experience (arrearages) of the banks with medium and large sized parastatals, as well as with private sector clients, as the economy deteriorated.

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- SMEs' lack of expertise in preparing appropriate business proposals and credit applications, as well as the viability of the proposed businesses. One bank reports that it makes a maximum of two or three loans yearly to new SMEs.

- a general lack of institutional ability to assist the fledgling entrepreneur with the necessary business skills.

- low repayment rates of SMEs.

- lack of investment capital of SMEs. New starts must put up a minimum of 20% of the total investment required.

- SMEs' lack of suitable collateral and banks' inability to attach SME assets in the event of default.

- general lack of business experience, and management ability.

- the small number of SMEs which actually succeed. One bank puts this number at a maximum of 10 yearly.

(iii) Administrative and Bureaucratic Factors

The consensus of businessmen is that other than the tax system, government bureaucracy is not a serious hindrance to doing business. Daily petty and not-so-petty harassment of business, common in some other African countries, is not a serious concern in Togo. Some petty bribery may occur on the roads to keep goods moving, and red tape often requires the passing of small amounts of money to make certain that paperwork does not get "lost" in the system. Good connections also help in "speeding up the government process" and in avoiding the most complicated of problems with the bureaucracy.

6.3. Change Process

Part of the dynamics of the PDA/GOT relationship is the need to establish a process through which complaints can be heard, restrictive policies and regulations can be changed, and through which both parties can come to speedy accomodation on common issues. By way of examples, this section treats two cases: that of NGOs and two specific FUCEC/GOT issues.

NGO/GOT Relationship. As noted earlier, the NGO/GOT relationship is ambivalent: distance on the NGO side, and concern on the GOT side that NGO activities are increasingly beyond the control of the government. While the GOT appears to be relatively (to other AFrican countries) accomodating to NGOs, it knows it must set the rules of the game. At this early stage, NGOs still have the option of "regulating themselves," as well as the opportunity to "educate the GOT" (through FONGTO and individually) as to their operations, objectives, how they can fit into the new strategy, and where they face constraints - structural, policy and operational.

NGOs have to spell out their objectives clearly before sitting down with the GOT, should be prepared to defend their identities, and should be prepared to seek early resolution of differen es - while they are still minor.

A potentially important NGO/GOT issue will arise if the World Bank's second NGO project (follow-on to their "Projet de Cooperation" TOGO/ONG/Banque Mondiale) is approved. In contrast to the first project - a grant of $500,000 to the GOT for NGO projects - the proposed project will entail an IDA credit of $6-7 million on very soft terms, however, repayable. The GOT therefore will have to lend at least part of the IDA credit to those NGOs capable of implementing productive economic activities, which in turn will entail at least repayment of principal. The issue raised is that of financial sustainability of NGOs, given that NGOs are normally in the business of receiving grants. Will NGOs "buy into" such a program? If so, to what extent? This is an issue for the NGO community and the GOT to resolve early on, not only for the NGOs, but also for the TRIPS project insofar as it intends to collaborate with NGOs, as well as with other "partners," and is premised on the objective that "partner" NGOs continue productive economic activities after the LOP.

FUCEC/GOT. FUCEC's management has two issues currently involving the GOT. The first is FUCEC's felt inability to correct fraud and other abuses in COOPECs, notably urban COOPECs. Specifically, FUCEC feels it needs GOT authority to be able to inspect COOPEC books of account when it suspects fraud. The law is clear that FUCEC has recourse to the law if it finds theft. The problem, then, is getting access to COOPECs' records. For two years, FUCEC has been trying to get the authority from the GOT to inspect COOPECs' books when it suspects fraud - without success. The GOT, however, has brought into question the ability of FUCEC's financial inspectors, and states that if the inspectors were in fact licensed, they would encounter no legal obstruction to accessing COOPECs' books of account at any time.

The second issue is FUCEC's desire to institute an insurance program for its member COOPECs. The program offers both life insurance on individual members' share deposits and loans outstanding as well as coverage for loss of COOPEC assets through theft or disaster. Participating COOPECs would pay monthly premiums to FUCEC, which in turn would reinsure with the CUNA Mutual Insurance Society (US) under a quota-share program. For example, at the program's inception, FUCEC would get 10% of the premiums and pay 10% of the program's operating costs and claims. CUNA Mutual would receive 90% of the premiums and pay 90% of the operating costs and claims. The ratio, 9:1, declines over time according to the percentage FUCEC feels it can handle. Reportedly, local insurance of like kind costs policyholders four times as much as the FUCEC/CUNA program. Apparently, the GOT (Ministry of Economy and

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Finances) is concerned that the premium money may leave Togo permanently. Actually, the premiums "come back" in the form of coverage of the program operating costs and in the form of laims. Over time, outflow and inflow should come close to balance, and FUCEC would pick up an increasingly greater fraction of the program's costs (operating and claims). Furthermore, such an insurance program is an excellent promotional device to spread the growth of the credit union movement. FUCEC furnished all the required information to the Ministry of Economy and Finances in January 1988, and is awaiting a reply.

Both these issues suggest a change process, i.e., to the extent possible and early on, involve the government directly by bringing it into FUCEC's deliberations that concern both parties. The issues "argue" for a strategy of education of the GOT. In the first instance, exposure of the extent of the suspected problem and the implications for all concerned if not resolved was repeatedly set forth, and in the second instance, education of the GOT as to the objectives and operational specifics of the insurance program was repeatedly undertaken. To promote better understanding, the GOT should be brought in to participate, at the appropriate stage, on the range of topics which do or will affect the GOT - from drafting standard COOPEC Operating Manuals to preparing FUCEC's Inspection, Liquidation, and Merger Manuals. The idea is to make the government part of the process, more of the solution, and less of the problem.

Another useful device in a change process is to introduce government officials to the ways in which other governments support similar institutions. The head of FUCEC's technical assistance team is taking FUCEC's director and a number of GOT officials to Cameroon in October 1988 to see how its government supports that country's very successful credit union movement.

6.4. Organizational Structure and Complementary Institutions/Organizations

The agricultural sector problems which this project addresses have important implications for the choice of specific complementary institutions/organizations and the ways in which the mix of institutions/organizations might be structured:

Agricultural Sector Problem	Functional Needs
. Weak public sector institutions/programs at the field level	Development of alternative means of extension/technical assistance; training of "model farmers;" training of farmer groups; training of public sector personnel

. Low agricultural productivity due to farmers' traditional attitudes toward resource utilization and farm management	Formation of producer groups; training in farm management and improved production techniques
. Lack of rural producer control over factors of production and distribution/ marketing	Formation of producer groups and marketing groups; training in productive use of credit; eventual acquisition of assets, e.g., warehouses, agricultural equipment.
Lack of credit	Development of economic activities with project credit; spread of credit union movement; introduction to formal bank credit.
. Limited private sector involvement across spectrum of agricultural and agriculture-related activities	Development of micro, small and medium scale businesses; entrepreneurship development. Target business/financial management and credit management as training needs.

Fulfilling the above functional needs implies that the institutions carrying out these tasks must have appropriate and effective levels of financing, qualified personnel, buildings, equipment, training capacity, monitoring and evaluation capacities, and perhaps most important - operational and financial sustainability once direct TRIPS assistance ends.

Thus, one objective is to find those institutions/ organizations which best meet this bill of particulars, and to structure the collaboration in the most effective way. This means taking into account TRIPS resources, HRDA resources, the possible use of the World Bank Private Enterprise Development Project resources (promotional and extension services to private enterprises, credit for fixed investments and working capital for SMEs, lending to microenterprises in collaboration with NGOs and PVOs) geographical/logistical considerations, the different needs, strengths and weaknesses of the collaborating organizations, and the dynamics of when which organization(s) should/can come on stream.

The broad types of institutions with which and/or through which TRIPS will work* are:

- Other donor projects; their beneficiaries
- NGOs; their beneficiaries
- Ministry of Rural Development; their beneficiaries

- Ministry of Social Affairs; womens groups, individuals
- Parastatals, i.e., SOTOCO, SRCC; their beneficiaries
- Other quasi-public organizations, e.g., UPROMA, COOPSYNTO
- Individual businesses
- Banks
- Chamber of Commerce, Agriculture and Industry (Wo ld Bank Private Sector Project); Togolese Association for Small and Medium Sized Enterprises
- IUT de Gestion (Togo's University of Benin) - has a research interest in the creation of rural enterprises
- AID's Human Resources Development Assistance Project

6.5. Strategy. Certain alternative strategies were considered for the TRIPS project:

- A measured expansion from APP's Zio River Economic Development Project country-wide. This strategy was rejected on the grounds that there are too many unknowns, too few resources (financial and organizational) and therefor, too risky.
- Expand just the Zio River project in its area and into the Maritimes, strengthening existing operations and building on them in the expansion. This strategy was rejected on the grounds that it does not give TRIPS the opportunity to test the APP/FUCEC activities in other high potential areas of Togo.

The strategy selected is an amalgam of the first two, based on the concept of "poles of development."

Find "poles of development," i.e., start with already advanced zones, in order to

- assure early successes, based on
- complementarity and relative strengths of collaborating organizations;
- increase the use of COOPECs as a source of production credit.

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* In addition, FUCEC-Togo is a "client" for CARE/APP's training program which deals with private sector entities.

favor the potential advantages of early and comparatively easy access to input supply and eventual product marketing.

maximize the market advantage offered by the presence of each of the three project entities, i.e., producer groups, credit unions and SMEs.

6.6. Principal Activities and Selected "Partners."

RISKS. The principal risk in the strategy is that of working within the contexts of other organizations. Groups may have to be "recreated" - especially where these groups were formed for a specific purpose - e.g., to work with animal traction, rather than on an "affinity" basis to solve a common problem (CARE's strategy). This risk will require close analysis of candidate organizations and close adherence to CARE's criteria, viz:

- the organization must work with producer groups, preferably with a "bottom-up," affinity approach, or with private entrepreneurs.

- the organization must be willing to have CARE provide close follow-up, monitoring and evaluation.

- the organization must have its own financing and administrative support, field agents, transportation, office, and equipment.

Working through other organizations is cheaper, but usually not as intensive as if the work were done by the "parent" organization. CARE's design of each institution's technical package will have to be such that the effort to reach producer groups and private enterprises is not watered down.

The second risk is that of carrying out an effort, proven in one zone, in an entirely different zone. The package must reflect the differences of the new zone, i.e., climate, soils, social structures, etc.

A third risk is that of encountering beneficiaries who have been inculcated with the "gift mentality" of other donors. If at all possible, potential beneficiaries of this sort should be avoided.

Finally, there is a possible risk with Kara as a pole of development. Overriding government development concerns could oblige the project to operate in sub-performing areas so as to satisfy an unwritten concern for a more equitable distribution of development projects. This risk can be avoided by laying out strict performance criteria and tough objectives which are understood and agreed upon by all concerned well ahead of time, and sticking to them.

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The PP Team has given considerable thought to the issue of utilizin indigenous NGOs in a project whose main concern is economic sustainability and the promotion of the private sector. There is first the relevance of the term "sustainability" to institutions whose viability is to a large extent determined by outside donor support. Second is the humanitarian nature of many indigenous NGOs whose mandate to assist the lowest strata irrespective of the economic feasibility, replicability or sustainability of (predominantly social sector) project activities would be inappropriate to TRIPS' intent and design. A third, and more complex question, concerns certain NGOs who want to implement income - generating projects, and who do want those projects to become sustainable: should the Project's concern be strictly that of contracting for specific services, or should it go about the business of training NGOs as privatized extension agents? What is the line of demarcation separating an NGO who recovers costs in supplying goods and services to clients (and who presumably invests profits in an interest-free account to be utilized for further project-specific purposes) from a full-blown, indigenous rural business? (It is understood there are considerable legal distinctions; the question here is one of day-to-day operations). For some NGOs the prospect of managing their own service delivery systems as businesses was attractive and exciting; for others it was philosophically repugnant ("NGOs are NGOs, not businesses").

ANNEX F. DETAILED BUDGETS

SUMMARY BUDGET

TOGO RURAL INDUSTRIES AND PRIVATE SECTOR PROJECT
(U.S.Dollars)

Input Description	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
I. TECH.ASSIST./INTERNAT.PERSONNEL						
CARE	88356	385372	380089	417802	406169	1677788
CUNA	280740	378506	377023	342263	183115	1561647
USAID	171438	144663	205808	160184	179214	861306
Subtotal	540533	908540	962920	920249	768498	4100741
II. LOCAL STAFF						
CARE	6532	254419	269684	285865	303017	1119517
USAID	10000	10500	11025	11576	12155	55256
Subtotal	16532	264919	280709	297441	315172	1174773
III. OTHER DIRECT COSTS						
CARE:	20476	109062	123050	136383	149814	538785
CUNA	73470	83289	83380	84929	65766	390833
USAID	22000	23100	24255	25467	26741	121564
FUCEC	210357	253950	242346	195354	125445	1027452
Subtotal	326303	469401	473031	442133	367766	2078634
IV. COMMODITIES/EQUIPMENT						
CARE	76000	107500	117738	26153	3000	330391
CUNA	48325	21575	1500	20250	1000	92650
USAID	26000	0	0	0	0	26000
FUSEC	93600	3600	1800	1100	1100	101200
Subtotal	243925	132675	121038	47503	5100	550241
V. STUDIES AND OTHER						
CARE	10000	89000	89000	111000	111000	410000
CUNA	0	45000	0	0	0	45000
Subtotal	10000	134000	89000	111000	111000	455000
VI. CONSTRUCTION						
CARE	0	50000	0	50000	0	100000
FUSEC	78200	84500	54550	13600	13600	244450
	78200	134500	54550	63600	13600	344450
VII. TRAINING						
CARE	7000	31000	26000	16000	41000	121000
FUSEC	50000	50000	50000	25000	0	175000
USAID	0	30000	31500	33000	0	94500
Subtotal	57000	111000	107500	74000	41000	390500

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Input Description	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
VIII. EVALUATION/AUDITS						
CARE	0	25000	0	0	0	25000
CUNA	0	24000	0	0	28269	52269
USAID	0	50000	55000	0	120000	225000
Subtotal	0	99000	55000	0	148269	302269
IX. CREDIT AND GRANTS						
CARE	0	229000	161550	222348	37734	650632
FUSEC	18700	110570	170707	176607	193997	670581
Subtotal	18700	339570	332257	398955	231731	1321213
TOTAL DIRECT COSTS						
CARE	208364	1280352	1167111	1265557	1051734	4973113
CUNA	402535	552370	461903	447442	278150	2142400
USAID	229438	258263	327588	230228	338110	1383626
FUSEC	450857	502620	519403	411661	334142	2216683
TOTAL DIRECT COSTS	1291193	2593605	2476006	2354881	2002136	10717822
INDIRECT COSTS						
CARE (9.24%) (1)	10013	109065	98601	107697	87940	413316
CUNA (31.1%) (2)	125188	171787	143652	139154	86505	666286
Subtotal	135201	280852	242253	246851	174445	1079602
EVALUATION CONTINGENCY(10%)	82227	167954	161106	157203	128837	697328
TOTAL USAID FUNDED COSTS						
CARE (3)	132528	1386033	1251104	1367015	1111365	5248045
CUNA	548134	745736	621753	604192	376286	2896101
FUSEC	488123	544432	565888	451467	366196	2416107
USAID	239838	266210	340620	236260	351571	1434499
SUBTOTAL USAID	1408622	2942411	2779365	2658935	2205418	11994751

Footnotes:

(1) Applied to all CARE costs except the amount included under other funding.

(2) Applied to all CUNA costs except the amount included under other funding.

(3) Other funding from CARE is included in the detailed budget above but not in this line item, which concerns the amount financed by USAID only.

DETAILED BUDGET

TOGO RURAL INDUSTRIES AND PRIVATE SECTOR PROJECT
(U.S.Dollars)

Inflation Rate: 1.05

Input Description	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
I. TECH.ASSIST./INTERNAT.PERSONNEL		Person Months of Input				
CARE:						
Project Manager	0	12	12	12	12	48
SED Advisor	6	12	12	12	12	54
Training Advisor	6	12	12	12	12	54
Country Director	0	6	6	6	6	24
Asst.Dir./Projects	0	3	3	3	3	12
Financial Manager	0	3	3	3	3	12
Consultants	0	5	3	3	1	12
Subtotal	12	53	51	51	49	216
CUNA						
Management Advisor	12	12	12	12	12	60
Productive Credit Advisor	12	12	12	12	0	48
Data Processing Advisor	0	12	12	6	0	30
Consultants	2	2	1	1	1	7
Subtotal	26	38	37	31	13	145
USAID						
Pvt.Sector Planning Econ/PSC	12	12	12	12	12	60
Consultants	2	1	2	1	1	7
Subtotal	14	13	14	13	13	67
Totals	52	104	102	95	75	428
Salaries:						
CARE:						
Project Manager	0	35500	37275	39139	41096	153009
SED Advisor	16500	34650	36382	38202	40112	165846
Training Advisor	16000	33600	35280	37044	38896	160820
Country Director	0	21500	22575	23704	24889	92668
Asst.Dir./Projects	0	9700	10185	10694	11229	41808
Financial Manager	0	5900	6195	6505	6830	25430
Subtotal	32500	140850	147893	155287	163051	639581
CUNA						
Management Advisor	48000	50400	52920	55566	58344	265230
Productive Credit Advisor	39000	40950	42997	45147	0	168095
Data Processing Advisor	0	47250	49613	26047	0	122909
Subtotal	87000	138600	145530	126760	58344	556234
USAID						
Pvt.Sector Planng Econ/PSC	55000	57750	60637	63669	66853	303910
Subtotal Salaries	174500	337200	354060	345716	288249	1499725
Fringe Benefits:						
CARE	9750	42255	44368	46586	48915	191874
CUNA	23490	37422	39293	34225	15753	150183
USAID	8250	8663	9096	9550	10028	45586
Subtotal Fringes	41490	88339	92756	90362	74696	387644

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-t Description	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
Allowances:						
CARE	23456	89926	100592	105975	113991	433940
CUNA	73465	111143	107127	102116	64807	458658
USAID	47188	49500	52000	55000	57500	261188
Subtotal Allowances	144109	250569	259719	263091	236298	1153786
Travel:						
CARE	20350	55011	46555	69900	62465	254281
CUNA	67840	61510	69116	62409	26619	287494
USAID	31000	13000	51000	14600	26600	136200
Subtotal Travel	119190	129521	166671	146909	115684	677975
Consultants:						
CARE	2300	57330	40682	40054	17746	158112
CUNA	28945	29831	15957	16753	17592	109078
USAID	30000	15750	33075	17364	18233	114422
Subtotal Consultants	61245	102911	89714	74171	53571	381612
SUBTOTAL TECHNICAL ASSISTANCE	540533	908540	962920	920249	768498	4100741
II. LOCAL STAFF						
Salaries:						
CARE	5443	212016	224737	238221	252514	932931
USAID	10000	10500	11025	11576	12155	55256
Subtotal Local Salaries	15443	222516	235762	249797	264669	988187
Fringe Benefits:						
CARE	1089	42403	44947	47644	50503	186586
SUBTOTAL LOCAL STAFF	16532	264919	280709	297441	315172	1174773

Input Description	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
III. OTHER DIRECT COSTS						
CARE:						
Office Supplies	3750	7875	8269	8682	9116	37692
Communications	4625	9713	10198	10708	11243	46487
Utilities, Maintenance/Repairs	2125	5000	5750	5750	5750	24375
Rent	3750	7875	8269	8682	9116	37692
Insurance	1940	12170	12779	13417	14088	54394
Vehicle Operations/Repair	4286	66429	77786	89143	100500	338144
Subtotal	20476	109062	123050	136383	149814	538785
CUNA:						
Office Supplies	2100	2205	2315	2431	2553	11604
Communications	5100	5355	5623	5904	6199	28181
Utilities, Maintenance/Repairs	2400	2520	2646	2778	2917	13262
Publications & Translation	4500	4725	4961	5209	5470	24865
Domestic & International Trav	19570	26904	27483	28089	10215	112261
Vehicle Operations/Repair	4000	7350	7938	6483	2674	28445
Home Office Support	25800	270[illegible]	28445	29867	31361	142563
Other	10000	7140	3969	4167	4377	29653
Subtotal	73470	83289	83380	84929	65766	390833
USAID						
Office Support	10000	10500	11025	11576	12155	55256
MDR Credit Union Audit Fund	10000	10500	11025	11576	12155	55256
Vehicle Operations/Repair	2000	2100	2205	2315	2431	11051
Subtotal	22000	23100	24255	25467	26741	121564
FUCEC						
Recurrent Costs	200357	243450	231321	183778	113290	972196
Legal Defense Fund	10000	10500	11025	11576	12155	55256
Subtotal	210357	253950	242346	195354	125445	1027452
SUBTOTAL OTHER DIRECT COSTS	326303	469401	473031	442133	367766	2078634
IV. COMMODITIES/EQUIPMENT						
CARE:						
Vehicles	40000	52500	104738	23153	0	220391
Computers	13000	23000	3000	3000	3000	45000
Household Furnishings	20000	10000	0	0	0	30000
Training Unit	3000	22000	10000	0	0	35000
Subtotal	76000	107500	117738	26153	3000	330391
CUNA:						
Vehicles	37000	17500	0	19000	0	73500
Computers	5000	0	0	0	0	5000
Office Furniture/Equipment	6325	4075	1500	1250	1000	14150
Subtotal	48325	21575	1500	20250	1000	92650
USAID:						
Vehicle	16000	0	0	0	0	16000
Computer & Equipment	10000	0	0	0	0	10000
Subtotal	26000	0	0	0	0	26000
FUCEC						
Vehicles	32700	0	0	0	0	32700
Computers	36400	0	0	0	0	36400
Office & Other Equipment	24500	3600	1800	1100	1100	32100
Subtotal	93600	3600	1800	1100	1100	101200
SUBTOTAL COMMODITIES	243925	132675	121038	47503	5100	550241

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Input Description	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
V. STUDIES AND OTHER						
CARE						
ORAs	0	50000	50000	75000	75000	250000
Marketing Surveys	0	10000	5000	5000	5000	25000
SED Product & Prototype Devel	10000	15000	20000	20000	20000	85000
Zio Prefecture Surveys & Demos	0	14000	14000	11000	11000	50000
Subtotal	10000	89000	89000	111000	111000	410000
CUNA						
Baseline/Monitoring Survey	0	45000	0	0	0	45000
SUBTOTAL STUDIES AND OTHER	10000	134000	89000	111000	111000	455000
VI. CONSTRUCTION						
CARE						
Zio Perimeter Improvements	0	50000	0	50000	0	100000
FUCEC						
COOPEC Office Construction (55)	27300	40900	54550	13600	13600	149950
Regional Offices (13)	50900	43600	0	0	0	94500
Subtotal	78200	84500	54550	13600	13600	244450
SUBTOTAL CONSTRUCTION	78200	134500	54550	63600	13600	344450
VII. TRAINING						
CARE	7000	31000	26000	16000	41000	121000
FUCEC	50000	50000	50000	25000	0	175000
USAID	0	30000	31500	33000	0	94500
SUBTOTAL TRAINING	57000	111000	107500	74000	41000	390500
VIII. EVALUATION/AUDITS						
CARE	0	25000	0	0	0	25000
CUNA	0	24000	0	0	28269	52269
USAID	0	50000	55000	0	120000	225000
SUBTOTAL EVALUATION/AUDITS	0	99000	55000	0	148269	302269
IX. CREDIT AND GRANTS						
CARE						
Credit Fund Equipment	0	179000	11550	197348	12734	400632
Warehouses (30 @ $5000)	0	50000	50000	25000	25000	150000
Credit Revolvng & Traing Fnd	0	0	100000	0	0	100000
Subtotal	0	229000	161550	222348	37734	650632
FUCEC						
COOPEC Incentive Program	16000	37100	61800	41500	20400	176800
Prod.Credit Revolving Fnd	2700	73470	108907	135107	173597	493781
Subtotal	18700	110570	170707	176607	193997	670581
SUBTOTAL CREDIT & GRANTS	18700	339570	332257	398955	231731	1321213

Input Description	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
TOTAL DIRECT COSTS						
CARE	208364	1280352	1167111	1265551	1051734	4973113
CUNA	402535	552370	461903	447442	278150	2142400
USAID	229438	258263	327588	230228	338110	1383626
FUCEC	450857	502620	519403	411661	334142	2218683
TOTAL DIRECT COSTS	1291193	2593605	2476006	2354881	2002136	10717822
INDIRECT COSTS						
CARE (9.24%) (1)	10013	109065	98601	107697	87940	413316
CUNA (31.1%) (2)	125188	171787	143652	139154	86505	666286
SUBTOTAL INDIRECT COSTS	135201	280852	242253	246851	174445	1079602
Amount Subject to Devaluation						
CARE	141508	966157	853918	937676	716903	3616162
CUNA	204108	215790	161975	175964	116315	874151
USAID	104000	79475	130318	60326	134613	508731
FUCEC	372657	418120	464853	398061	320542	1974233
Subtotal	822273	1679541	1611063	1572027	1288373	6973277
DEVALUATION CONTINGNCY (10%)	82227	167954	161106	157203	128837	697328
TOTAL USAID FUNDED PROJECT COSTS						
CARE (3)	132528	1386033	1251104	1367015	1111365	5248045
CUNA	548134	745736	621753	604192	376286	2896101
FUCEC	488123	544432	565888	451467	366196	2416107
USAID	239838	266210	340620	236260	351571	1434499
USAID TOTAL	1408622	2942411	2779365	2658935	2205418	11994751

Footnotes:

(1) Applied to all CARE costs except the amount included under other funding.

(2) Applied to all CUNA costs except the amount included under other funding.

(3) Other funding from CARE is included in the detailed budget above but not in this line item, which concerns the amount financed by USAID only. All other funding is in addition to the amounts included under USAID Funded Project Costs.

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ANNEX G.1. SCOPE OF WORK FOR ADVISORS: CUNA

RESIDENT ADVISORS' JOB DESCRIPTIONS

[illegible]t Union Federation Management Advisor (Chief of Party)

A. General:

1. The advisor will be responsible for providing on-site technical advice to the Togo National Credit Union Federation (FUCEC-TOGO), and its affiliated credit unions. The advisor's close collaborator, in this capacity, will be the manager of FUCEC-TOGO.

2. As Chief of Party, the management advisor will be responsible for project liaison and reporting, and for supervision of other WOCCU advisors.

B. Duties:

In addition to overall project coordination and general managerial advice, the advisor will concentrate his/her activities on the following FUCEC-TOGO objectives: financial management, improvement of credit unions' legal and policy framework, continued development of incentives programs for credit unions, development of FUCEC-TOGO's five new expansion zones, assistance with the organization and monitoring of new and existing worker credit unions, planning and e[illegible]ation, and assuring sound management of the new risk management program.

1. Financial Management

In collaboration with FUCEC-TOGO's Board and staff, the advisor will assist in improving the efficiency of FUCEC-TOGO's Central Liquidity Facility (CLF) through development of systems for monitoring CLF payments by credit unions, preparing cash flow analyses, and automating the record-keeping system of the CLF. The advisor will also assist FUCEC-TOGO senior staff in studying the use of various interest rate structures and deposits types to maximize interest margins and the efficient use of capital. The advisor will participate and advise in the process of developing improved credit policies and procedures, particularly those of the federation's productive credit program.

2. The Movement's Legal and Policy Framework

In collaboration with the federation manager, senior FUCEC-TOGO staff, Cooperative Department officials, and other advisors, the Management Advisor will work towards an improved legal and policy framework for credit unions, including revisions and/or positive interpretation of laws and regulations affecting the movement, revision of both the federation's and credit unions' bylaws and operating policies. The advisor will continually seek to assure adoption and implementation of sound operating practices at all levels of the movement. The advisor will also participate in training programs for movement leaders and Cooperative Department officials to foster better relations and mutual understanding of their respective roles. Finally, the Advisor will develop a computerized early-warning system to evaluate credit unions based on their quarterly financial statements, with the aim of spotting developing problems before they become difficult to correct.

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3. Development and Implementation of Incentives Programs for Credit Unions
The advisor will assist FUCEC-TOGO staff to design and implement programs to encourage credit unions to adopt sound operating practices. The incentives offered will include, but not necessarily be limited to, funds to build offices, hire competent managers, and loans for relending to members. Policy changes to be fostered include interest rate structures, lending policies, periodic membership drives, and savings mobilization campaigns.

4. Expansion
In collaboration with FUCEC-TOGO senior staff, the advisor will assist in further development of FUCEC-TOGO's expansion strategy. This will include:

a. Implementing FUCEC-TOGO's expansion into the planned five expansion zones in the central part of Togo, and assistance with the federation's overall promotion program.

b. An annual review of FUCEC-TOGO's credit union consolidation and liquidation plan, and implementation of appropriate measures to assure continued success.

c. Assessing, on a quarterly basis, the federation's area of operation, and determine an appropriate marketing strategy for existing and new services.

d. Continuation of the dialogue with other organizations with the objective of developing a collaborative policy for development of credit unions throughout Togo.

5. Organization and Monitoring of Worker Credit Unions' Development
In close collaboration with FUCEC-TOGO Staff and the Education, Training, Promotion, and Inspection Advisor, the Advisor will assist in the organization and reorganization of worker credit unions, with the objective of assuring their sound operation, thus assuring that they participate fully in federation programs and fulfill their potential as the principal source of operating income to the federation.

6. Planning and Evaluation
In collaboration with FUCEC-TOGO's senior staff, the advisor will assist in the continued preparation and monitoring of FUCEC-TOGO's long-range and annual work plans, he/she will also assist FUCEC-TOGO in training credit union and federation officials and staff to prepare written operational plans and to design long-range plans and self-sufficiency strategies.

The advisor will also develop a computerized management information system similar to that used in the previous project. This will allow the federation to monitor continuously all important indicators at both the credit union and federation level.

7. Risk Management

In collaboration with FUCEC-TOGO's senior staff, the advisor will assist FUCEC-TOGO in developing an appropriate strategy for promoting and implementing the Risk Management Program to credit unions and members. The advisor will also assist FUCEC-TOGO management in implementing the strategy.

8. Liaison, Reporting and Administrative Procedures

The advisor will serve as the primary liaison agent between FUCEC-TOGO, WOCCU, ACCOSCA, USAID/Togo, CARE/APP, CUNA Mutual, the Government of Togo (GOT), and other interested organizations in Togo and will regularly evaluate these liaison efforts and take any corrective steps required to assure effective communication between the World Council and these organizations. In particular, he will:

a. Determine the information requirements of USAID/Togo, BFDW, CICM, CARE/APP, and CUNA Mutual as concerns the project.

b. Assure mutual agreement on the objectives of the project and WOCCU's role in achieving these and clearly identify any lack of consensus on these subjects which exists in Togo.

c. Assist in defining and insuring mutual agreement on the project responsibilities and obligations of each of the project's principle parties, i.e., USAID/Togo, WOCCU, CICM, BFDW, FUCEC-TOGO, CARE/APP, ACCOSCA, CUNA Mutual, and the GOT.

d. Provide USAID/Togo with documentation which clearly establishes WOCCU's responsibilities and plans and with adequate updating which will allow for proper USAID monitoring of the work done by the advisors.

e. Prepare and forward progress reports, in an agreed-upon format and periodicity, plus any other special reports and studies, to USAID/Togo, WOCCU, CICM, BFDW, ACCOSCA, FUCEC-TOGO, CARE/APP, CUNA Mutual, or other parties as required.

f. In written reports, draw to the attention of USAID/Togo, WOCCU, CICM, BFDW, CARE/APP, CUNA Mutual, ACCOSCA, and FUCEC-TOGO, any changes in conditions which could significantly affect the proper execution of the project.

g. Determine appropriate communication channels and assure that all communications are carried out through these channels.

h. Assure identification and provision of adequate and timely provision of TDY technical assistance to FUCEC-TOGO and/or the technicians.

i. Promptly remit monthly expenditure reports to WOCCU's Home Office and monitor project expenditure financial reports and assure that the reports contain all of the information required for effective monitoring of expenditures.

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j. Prepare annual budget proposals and submit to WOCCU a minimum of 90 days prior to new budget periods.

k. Assure proper safeguarding of all project's assets under the control of the technicians.

C. Job Qualification

1. Minimum Requisites

a. Education: Masters Degree in business administration or management, or equivalent in experience.

b. Experience: A minimum of five years of credit union experience, with a minimum of two of these years in a developing country other than the Advisor's own.

c. Demonstrated skills in credit union and credit union federation management, training, promotion, organization, budgeting, credit management, and supervision.

d. Other skills:

— Fluency in spoken and written French

— Proven ability to communicate complex ideas precisely and coherently through written and oral presentations

— Proven ability to identify and systematically solve problems in cross-cultural situations

— Demonstrated tact, trustworthiness and perseverance

— Demonstrated ability to perform with little direct supervision

— Demonstrated analytical skills

— Proficiency in use of word processing, spreadsheet, and data base software on IBM-Compatible personal computers.

— Demonstrated ability to formulate and use concise planning documents

— Demonstrated ability to identify the strengths and weaknesses of colleagues and to design methods to overcome skill or attitude limitations

— Commitment to overseas development efforts

2. Additional Desirable Characteristics

a. Education: Graduate work involving independent research and analysis

b. Experience, skills and attitudes:

- Experience in management, statistics, budgeting and programming
- Experience in the design and implementation of institutional information systems
- Experience in institutional monitoring and control functions
- Experience in relating to high-level officials in an international context
- Demonstrated skill in the preparation of project proposals
- Demonstrated skill in project evaluation
- Demonstrated proficiency in design of applications generators using standard data base software (esp. dBASE III Plus) on IBM-Compatible PC's.

RESIDENT ADVISORS' JOB DESCRIPTIONS

Job Description of Productive Credit Advisor

A. General

The advisor will be responsible for providing on-site technical assistance to the Togo National Credit Union Federation (FUCEC-TOGO), and to its affiliated credit unions, in the areas of both agricultural and non-agricultural productive credit.

B. Duties

1. Program Development

The advisor will assist FUCEC-TOGO management to expand the present Agricultural Production Credit Program to include directed credit to off-farm and non-agriculture sectors as well. The advisor will work closely with FUCEC-TOGO management and Productive Credit department personnel to implement the program.

2. Development of Credit Policy

The advisor will collaborate with FUCEC-TOGO's Board, staff, and the WOCCU Management Advisor to develop model guidelines and procedures for the federation and for credit unions in the productive credit program. These would include guidelines for loan evaluation and collection, investment project selection and analysis, procedures, monitoring of loans, loan demand and program benefits to credit union members and a determination of productive credit program delivery costs and returns.

3. Training

The advisor, with the collaboration of the Productive Credit Officer and under the direction of FUCEC-TOGO management, will conduct and/or supervise formal and on-the-job training of FUCEC-TOGO staff and credit union personnel in the following:

a. Credit policy related to both agricultural and non-agricultural productive credit;

b. Productive credit loan analysis;

c. Investment planning;

d. Federation financing of loans to credit unions within the Productive Credit Program;

e. Identification of resources for technical assistance on member project planning, development, and monitoring;

f. Cash and investment management;

g. Record-keeping and statistical reporting.

The advisor will work with FUCEC-TOGO management and other advisors to develop related training materials and deliver lessons during this project.

4. Technical Assistance Coordination
In collaboration with FUCEC-TOGO staff, the advisor will develop a viable system of technical assistance to participants of the Productive Credit Program which will enhance the effectiveness of productive credit lending. This will require the establishment of linkages between the existing business, financial, agriculture and other resource persons, agencies and the credit union and members.

5. Maintenance of Statistical Data and Analysis Information
The advisor will also be responsible for collecting and analyzing productive credit-related data, such as information on loan profitability, applied costs/returns research, credit delivery costs, and the impact of productive project lending on both farming and commercial sector beneficiaries.

6. Liaison, Reporting and Administrative Procedures
The advisor will report directly to the Manager of FUCEC-TOGO and will be supervised by the WOCCU Chief of Party for WOCCU reporting and personnel matters. He/she will, together with the Production Credit Officer (counterpart), serve as a liaison agent between WOCCU, FUCEC-TOGO and other interested organizations in Togo on productive credit matters related to the project.

C. Job Qualifications of Productive Credit Advisor

1. Minimum Requisites

a. Education: Bachelor's Degree in Economics, Agricultural Economics, Agronomy, Management, Business Administration or a related area, or its equivalent in proven experience.

b. Experience: A minimum of five years of credit-related experience in the agricultural or non-agricultural sector, with a minimum of two of these years in overseas development in Africa.

c. Demonstrated skills in the design, management, and administration of agricultural credit programs in developing countries.

d. Proven ability to design and implement use of simple credit forms, procedures, and training materials.

e. Fluency in written and spoken French.

f. Other skills and attitudes:

-- Proven ability to communicate complex ideas precisely and coherently through written and oral presentation.

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— Proven ability to identify and systematically solve problems in cross-cultural situations.

— Demonstrated tact, trustworthiness and perseverance.

— Demonstrated ability to perform with little direct supervision.

— Demonstrated analytical skills.

— Demonstrated ability to formulate and use concise planning documents.

— Demonstrated ability to identify the strengths and weaknesses of colleagues and to design methods to overcome skills or attitudinal limitations.

2. <u>Additional Desirable Characteristics</u>:

a. Education: Post-graduate work in economics, agricultural economics, agronomy, or business which involved independent research and analysis.

b. Experience, skills and attitudes:

— Experience in the design and implementation of management information systems.

— Experience in cost/returns analysis and in preparation of feasibility studies and evaluations.

— Experience in rural savings mobilization.

— Experience in the design and implementation of adult education programs.

— Experience in the preparation of operational and training manuals.

— Working knowledge of microcomputer-based forms generation, spreadsheet, data base, and word processing programs.

RESIDENT ADVISORS' JOB DESCRIPTIONS

CREDIT UNION DATA PROCESSING ADVISOR

A. General

The advisor will be responsible for providing on-site technical advice to the Togo National Credit Union Federation (FUCEC-TOGO), and to its affiliated credit unions.

B. Duties

The advisor's activities will primarily focus on the development of a credit union data processing service bureau for Togo's Maritime Region credit unions, but especially for large, worker credit unions. As such, his/her duties will include the following:

1. System Design and Configuration

   In collaboration with other advisors, as well as with FUCEC-TOGO and credit union staff, the Advisor will:

   a. Develop an initial implementation plan, monitor progress towards achievement of milestones, and periodically revise the implementation time table as necessary.
   b. Identify that hardware and software configuration most closely fitting Togolese credit unions' informational needs, subject to availability of local servicing and other criteria to be initially established by the advisor, FUCEC-TOGO's Manager, the Management Advisor, and others.
   c. Procure necessary hardware and software.
   d. Install, test and debug hardware and software.
   e. Assure any necessary modification of the software as needed to meet Togolese credit unions' data needs, since most likely it will be procured in France, which has slightly different accounting systems, fiscal environment, etc.
   f. Design and maintain security systems to protect the service bureau's equipment and data from the environment, theft, or misuse.
   g. In collaboration with the federation Manager, prepare a realistic five-year financial plan for the service bureau, including specification of user prices based on a declining subsidy over the first three years, so that by end-of-project, the operation is at least self-financing, and hopefully producing surpluses.

2. Personnel Recruitment and Training

   In collaboration with other FUCEC-TOGO staff and advisors, the advisor will:

   a. Prepare job descriptions for his counterpart (the service bureau's Chief), as well as for data entry and any other needed personnel. The counterpart should be selected because of his/her familiarity with the system and languages (COBOL, etc.) of the chosen software.
   b. Head up a recruitment committee to recruit required personnel.

c. Set up required office routine once the personnel are hired.
d. Train personnel as required, based on assessment of their skills and previous experience.

3. Program Implementation

In concert with service bureau and other FUCEC-TOGO staff and advisors, the advisor will assure timely implementation of the program at the federation and credit union level, including but not limited to the following:

a. Promotion of the planned program within all credit unions in the Maritime Region likely to benefit from the program and can likely afford the fees.
b. Supervising credit unions' conversion process from manual accounting systems to electronic data processing.
c. Training credit union personnel in data coding, use of printed documents output by the system, etc.
d. Assist in the creation of new worker credit unions, seeking to enroll them in the program from their first transaction.
e. Continuous monitoring and perfecting of the operation and elimination of "bugs".

4. Miscellaneous Duties

In addition to his/her principle duties as listed above, the advisor may be called upon by FUCEC-TOGO's Manager or the Project Chief of Party to perform any or all of the following:

a. Assist in the installation of microcomputer hardware and software within FUCEC-TOGO's administrative unit, and particularly the computerization of the CLF, Risk Management, and FUCEC-TOGO's general ledger.
b. Assistance in resolving problems with any of FUCEC-TOGO's various microcomputers.
c. Assist with training of non-service bureau federation personnel involved in the use of computers.
d. Assisting the Management Advisor design, program and test FUCEC-TOGO's Early Warning System, using data base applications generator software.
e. Submission of written quarterly progress and any required special reports to the Chief of Party.
f. Other tasks as assigned by the Chief of Party.

C. Job Qualifications

1. Minimum Requisites

a. Education: Bachelor's Degree in Computer Science, Accounting, or Business Administration. This may be waived in the case of substantial data processing experience.

b. Experience: A minimum of five years' experience in data processing, preferably in credit unions or other depository institutions.

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c. Other Essential Skills and Experience:

— Fluency in spoken and written French

— Proficiency in minicomputer- and/or microcomputer-based accounting, spreadsheet, data base, and word processing.

— Previous experience in setting up data processing systems from scratch in French-Speaking environment.

— Solid knowledge of assembly language, programming (especially in COBOL), and software maintenance/modification.

— Thorough knowledge of the French Uniform Accounting Plan.

— Proven ability to communicate complex ideas precisely and coherently through written and oral presentations

— Previous experience working abroad, preferably in Africa or other parts of the developing world, with proven ability to identify and systematically solve problems in cross-cultural situations

— Demonstrated tact, trustworthiness and perseverance

— Demonstrated ability to perform with little direct supervision

— Demonstrated analytical skills

— Proficiency in use of word processing, spreadsheet, and data base software on IBM-Compatible personal computers.

— Demonstrated ability to formulate and use concise planning documents

— Demonstrated ability to identify the strengths and weaknesses of colleagues and to design methods to overcome skill or attitude limitations

2. <u>Additional Desirable Characteristics</u>

a. Education: Graduate work involving independent research and analysis.

b. Experience, skills and attitudes:

— Experience in management, statistics, budgeting and programming

— Experience in the design and implementation of institutional information systems

— Experience in institutional monitoring and control functions

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2. <u>Additional Desirable Charactistics</u>

a. Education: Graduate work involving independent research and analysis.

b. Experience, Skills and Attitudes:

— Knowledge of features and pros and cons of available French-language software options for credit unions or other depository institutions.

— Experience in design and implementation of Management Information Systems.

— Experience in statistical and financial analysis

— Prior knowledge of operations of depository institutions, particularly those of credit unions.

ANNEX G: 2 Scopes of Work for Advisors: CARE

JOB DESCRIPTION

PROJECT MANAGER

A. DESCRIPTION OF POSITION.

1. The Project Manager will be responsible for the successful implementation of CARE/Togo's Togo Rural Institutions. and Private Sector Project (TRIPS). This five year $5 million project financed by USAID and CARE is a follow on to an existing project entitled the Zio River Economic Development Project.

2. The purpose of TRIPS is to expand the participation of private sector institutions - producer groups and agriculturally related enterprises - in Togo's rural markets. The principal goals of the project are:

- to assist producer groups to give their members increased access to inputs and productive credit and exercise greater control over the marketing of their surplus;

- to strengthen the training methodologies and increase the effectiveness of public and private sector extension organizations that work with producer groups and small entrepreneurs;

- to assist private entrepreneurs to establish and expand businesses that support agricultural production.

3. In addition to the Project Manager the project will comprise two expatriate advisors, one in Small Enterprise Development and one Trainer. The Togolese staff includes counterparts to these two positions, an agronomist, the head of the Monitoring and Evaluation Unit, and an extension service composed of 30 persons serving rural farmers and off farm economic activities. In all 40 people will be directly involved with the project.

B. GENERAL RESPONSIBILITIES.

1. The Project Manager will have responsibility for the following general areas:

- Project leadership and coordination of the various components of the project.
- Management of all staff involved in the project.
- Attainment of project goals.
- Liaison with USAID, GOT counterparts and staff of organizations participating in the project.
- Preparation of project reports.

2 The Project Manager reports to the CARE/Togo Country Director.

C. PROGRAM RESPONSIBILITIES.

1. Plan, organize and supervise the work of all project staff including short term consultants and outside parties such as evaluation teams.

2. Prepare an annual workplan and implement the project according to this plan.

3. Coordinate the different programmatic interventions of the project.

4. Ensure the methodologies used by and the technical assistance delivered by the project are well conceived, achieve their objectives, are adapted to changing circumstances and are documented.

5. Oversee the design and operation of the monitoring and evaluation system to ensure that the project has a system which allows it to accurately track progress towards the achievement of project goals and on which to base management decisions.

6. Coordinate and review the preparation of all technical and training documents developed by the project.

C. FINANCIAL RESPONSIBILITIES.

1. Prepare the annual project budget and ensure that it is effectively utilized.

2. Monitor all expenses and ensure compliance of all local financial transactions with CARE's standard procedures.

3. Prepare programmatic and financial reports each Trimester for submission to the Country Director and CARE International.

D. ADMINISTRATIVE RESPONSIBILITIES.

1. Ensure that CARE's standard administrative practices are followed by the project.

2. Be responsible for inventory controls at the project offices and warehouses where in-kind repayments of agricultural production loans are received.

3. Ensure that all procurement is done according to USAID and CARE policies and procedures and that all purchases are coordinated with the Country Mission.

4. Ensure the proper and effective management of all project materials and equipment.

5. Ensure that written policies and procedures are in place and followed correctly for the provision and collection of loans; the delivery of technical assistance and training of clients - both individuals and organizations.

D. QUALIFICATIONS.

1. A minimum of five years experience as either a technical advisor or as a project manager of rural development projects providing a wide range of financial and technical services to farmers and micro and small scale enterprises in Africa. A minimum of three years should have been in Francophone West Africa.

2. Solid technical skills developed in Africa in at least one of the following: design and operation of rural credit programs; extension services for farmers and micro and small scale enterprises; tropical agriculture; and non-formal education.

3. Proven administrative, financial and general management skills in a development project.

4. Ability to communicate effectively with government officials, community leaders and participants, donors and the staff of other organizations involved in the project.

5. Ability to create confidence and motivate team members of different nationalities.

6. Capacity to integrate a psychological and sociological dimension into delivery of project services.

7. Fluent French at level FS 3+.

8. Good writing skills in English and French.

9. Computer literacy in word processing is essentiall; spreadsheets and data base management using IBM software would be an advantage.

JOB DESCRIPTION

SMALL ENTERPRISE DEVELOPMENT (SED) ADVISOR

A. DESCRIPTION OF POSITION.

1. The Small Enterprise Development (SED) Advisor will head the SED Unit in CARE/Togo's Togo Rural Institutions and Private Sector Project (TRIPS). This five year $5 million project financed by USAID and CARE is a follow on to an existing project entitled the Zio River Economic Development Project.

2. The purpose of TRIPS is to expand the participation of private sector institutions - producer groups and agriculturally related enterprises - in Togo's rural markets.

3. The principal goals of the project are:

- to assist producer groups to give their members increased access to inputs and productive credit and exercise greater control over the marketing of their surplus;

- to strengthen the training methodologies and increase the effectiveness of public and private sector extension organizations that work with producer groups and small enterpreneurs;

- to assist private entrepreneurs to establish and expand businesses that support agricultural production.

B. GENERAL RESPONSIBILITIES.

1. Develop systems that provide financial and technical assistance to new ventures and existing small to medium scale agriculturally related enterprises.

2. Provide technical support to the rural micro enterprise extension service.

3. Assist the Training Unit to develop and deliver training sessions to organizations participating in the project.

4. Supervise and train a counterpart.

5. The SED Advisor reports to the Project Manager.

C. SPECIFIC RESPONSIBILITIES.

1. Prepare feasibility studies for small enterprises that will support agricultural producers.

2. In collaboration with the Chamber of Commerce, the proposed Center for Togolese Investors and other appropriate organizations, undertake an entrepreneur identification program.

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3. Determine capital needs and assist small enterprise candidates to obtain financing from local credit institutions.

4. Set up appropriate management systems and train entrepreneurs in their operation.

5. Assist entrepreneurs in site and equipment selection, procurement and installation, and marketing registration requirements.

6. Determine tecnical consulting needs and supervise project SED consultants.

7. Provide monitoring and follow up for entrepreneurs working with the project.

8. Furnish technical back-up to the project's micro-enterprises field agents.

9. Review and update SED technical packages and prepare new ones as necessary.

10. Develop and maintain constructive relationships with a wide range of private sector support institutions including those involved with the World Bank financed Projet de Promotion de l'Enterprise Privée; the Chamber of Commerce; the leading Banks and financial institutions; and other development projects.

11. Lead the development of additional SED initiatives of CARE/Togo, for example the Jiko Stoves development projects.

12. Participate together with the staff of the Monitoring and Evaluation Unit in the design of the monitoring and evaluation systems for both the rural micro enterprise extension service and the SED Unit.

D. <u>QUALIFICATIONS.</u>

1. Three to four years field experience in rural enterprise promotion. Experience ideally should have been in Francophone West Africa with a PVO or private sector initiative in a development project providing financial and technical (management) assistance to small and medium scale enterprises, preferably agriculturally related.

2. Experience in working with entrepreneurs to develop feasibility studies and business plans; to package bankable loan applications; to design and deliver technical assistance in the areas of general management, marketing, accounting, organization of the workplace and the workforce and production management.

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3 Familiarity with the opportunities and constraints of working with private and public financial institutions.

4 Ability to speak French in a work and social setting easily and confortably; ability to read technical documents in French with ease and speak convincingly of tecnical matters; ability to write coherent basic reports and documents in French.

5. Proven ability to communicate across cultural lines. Willingness to integrate into a well-trained and highly motivated project staff.

6. Computer literacy in word processing, electronic spreadsheets and data base management software for IBM hardware.

JOB DESCRIPTION

TRAINING ADVISOR

A. DESCRIPTION OF POSITION.

1. The Training Advisor will lead the Training Unit of CARE/Togo's Togo Rural Institutions and Private Sector Project (TRIPS). This five year $5 million project financed by USAID and CARE is a follow on to an existing project entitled the Zio River Economic Development Project.

2. The purpose of TRIPS is to expand the participation of private sector institutions - producer groups and agriculturally related enterprises - in Togo's rural markets.

3. The principal goals of the project are:

- to assist producer groups to give their members increased access to inputs and productive credit and exercise greater control over the marketing of their surplus;

- to strengthen the training methodologies and increase the effectiveness of public and private sector extension organizations that work with producer groups and small entrepreneurs;

- to assist private entrepreneurs to establish and expand businesses that support agricultural production.

B. GENERAL RESPONSIBILITIES.

1. The Training Advisor will have overall responsibility for developing and delivering training programs for organizations participating in the project. The purpose of the training programs will be to provide a wide range of organizations with access to the methodologies and technical packages for farmers and micro enterprises developed during the Zio River Project.

2. Supervise and train the counterpart.

3. Supervise and train those field staff selected to take part in the development and implementation of training programs.

4. The Training Advisor reports to the Project Manager

C. SPECIFIC RESPONSIBILITIES.

1. Work closely and cooperatively with the other project staff including the SED Unit, the Rural Enterprise Extension Service, the Agricultural Extension Service; and with the staff of CARE/Togo.

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2. Generate a list of potential clients for training packages.

3. Conduct training needs assessments in the institutions identified through Special Diagnostic Surveys.

4. Select a training team (up to six people) from CARE's field staff to complement the training delivery resources of the training unit.

5. Conduct training of trainers sessions among project staff.

6. Prepare and produce appropriate training resource materials.

7. Design and field test training packages.

8. Conduct training among client organizations.

9. Evaluate and redesign training packages/materials.

10. Design, supervise and evaluate Operational Research Activities (ORAs) among client organizations.

11. Periodically evaluate and upgrade training materials and delivery systems of the project's Zio River component.

12. Provide training assistance to the project's SED unit.

D. <u>QUALIFICATIONS.</u>

1. Three to five years field experience in the design and delivery of training programs. Experience should have ideally been with a PVO in Africa providing financial and technical (management) assistance to small and medium size enterprises, preferably agriculturally related.

2. Good knowledge of farm and business management skills appropriate for African farmers and rural entrepreneurs, especially those who are non-literate.

3. Proven abibility to develop training resource materials.

4. Fluent French at the FSI 3+ level.

5. Good writing skills in English and French.

6. Computer literacy in word processing.

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ANNEX G.3 SCOPE OF WORK: MANAGEMENT ADVISOR

Objective: The project's monitoring and coordination system, as overseen by the Project Management Team (PMT), is to provide the MDR Director General's office with information on the viability and effectiveness of the three TRIPS field components, and to coordinate resources from inside and outside TRIPS to help the project attain its objectives. The Project Management Advisor (PMA) is to assist MDR's Program and Planning Service (PPS) and the PMT in the successful organization and imp ementation of these responsibilities, and in collaboration with OAR's RDO, to ensure that AID requirements, as stipulated in the Project Paper and the Project Agreement are met in a timely and efficient manner.

Responsibilities: In order to assist the PPS to carry out its role of project monitoring and coordination, the Project Management Advisor will serve as direct counterpart to the PPS Director and second the latter in the preparation and accomplishment of the following tasks:

- organize/coordinate two baseline studies (at the beginning and towards the end of the five year period) to be conducted by CUNA/FUCEC and CARE;

- a routine of quarterly review sessions by the Project Management Team, during which time, based on documentation prepared by members of the PMT, workplans are considered and recommended for approval, long-term advisors are selected or confirmed, progress reports are examined and reported on, and training needs within PPS and related services or within the private sector are identified;

- a series of studies (no less than five) on areas of particular interest to TRIPS related to the involvement of private sector enterprises and methods in rural sector growth and development;

- a program of seminars, workshops and exchange visits, organized to review and test the conclusions and recommendations of the study program;

- a rigorous program of field monitoring of progress marked toward the accomplishment of specific project objectives, through the implementation of the CARE and CUNA directed elements;

- a program of dialogue between the public and private sector which leads to a calendar of actions to undertake in alleviating general and specific constraints to private sector involvement in the rural sector.

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Qualifications: The Project Management Advisor should have a recent first-hand familiarity with and at least 5 years of overseas work experience in the operations of a public sector planning and program office, preferably in the area of rural development. Consequently, the Advisor should be able to work with a variety of technical disciplines, with emphasis on issues related to agricultural economics, rural credit and private sector involvement in the participation of an effective system of rural markets within a third world public sector oriented economy. She/he should have strong organizational skills in dealing within and without host government agencies, and liaising with U.S. PVOs, A.I.D., and with appropriate private sector parties, so as to assist in the coordination of a single program which maintains focus on the project purpose. She/he should also have experience in organizing and supervising rural sample surveys.

A master's degree in one of the social sciences, public or business administration, is required. She/he should be able to work easily well in English and French; hands-on familiarity with relevant automatic data processing equipment and software is essential; good health, the facility to travel up-country and the adaptability of living within a West African setting are all essential.

Duration of contract is up to 5 years (two years renewable), beginning on or about October 1, 1988.

ANNEX H.1 - COMMODITY LIST: CONT

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Totals	Anticipated Source Code
A. INSTITUTIONAL SUPPORT BUDGET							
1. Vehicles							
1 Station Wagon	5,000,000					5,000,000	935
1 Station Wagon	4,000,000					4,000,000	935
Total Vehicles	9,000,000					9,000,000	
2. Equipment							
2 Advanced Professional Computers	10,000,000					10,000,000	000
1 High-Volume Photocopier	4,400,000					4,400,000	935
1 Duplicator	320,000					320,000	935
1 Loudspeaker/Amp. System with Generator	1,272,881					1,272,881	935
Miscellaneous	750,000	1,000,000	500,000	300,000	300,000	1,850,000	
Total Equipment	16,742,881	1,000,000	500,000	300,000	300,000	18,842,881	
TOTAL VEHICLES AND EQUIPMENT	25,742,881	1,000,000	500,000	300,000	300,000	27,842,881	
U.S. $ Equivalent	$93,610	$3,636	$1,818	$1,091	$1,091	$101,246	
B. TECHNICAL ASSISTANCE BUDGET							
1. Vehicles							
2 Station Wagons	17,000			19,000		37,000	935
4x4 Pick-up	19,000					19,000	935
1 Sedan	------	17,500		------		17,500	935
Total Vehicles	37,000	17,500		19,000		73,500	

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2. Equipment

Computer: Portable	5,000					5,000	000
Office Furniture:							
Desks, Furniture, Bookshelves, etc.	3,600	1,350	1,000	750	500	7,200	935
Other Equipment:							
Typewriters, Desk-top calculators	2,725	2,725	500	500	500	6,950	935
Total Equipment	11,325	4,075	1,500	1,250	1,000	19,150	
Total Vehicles and Equipment	48,325	21,075	1,500	20,250	1,000	92,150	
TOTAL INSTITUTIONAL SUPPORT AND TECHNICAL ASSISTANCE	141,935	24,711	3,318	21,341	2,091	193,396	

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The CARE Credit Fund Equipment (Item 3 in the CARE procurement list above), has been described elsewhere in this PP under the category of Credit Training Fund. The equipment to be procured for training purposes is listed here for indicative purposes. It will all be passed on to farmers and producer groups as part of the technical training credit package.

ANNEX H.3. COMMODITY LIST: MDR

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Totals	Anticipated Source Code
Sedan	16,000					16,000	935
Computer and equipment	10,000					10,000	000
TOTAL	26,000					26,000	

SUMMARY (by year)	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
CUNA	141,935	24,711	3,318	21,341	2,091	193,396
CARE	76,000	286,500	129,738	223,501	16,284	732,023
MDR	26,000	-------	-------	-------	------	-------
TOTALS	243,935	311,211	133,056	244,842	18,375	951,419

SUMMARY (by Anticipated Source Code)

-- Geographic Code 000 (U.S.)	70,000
-- Geographic Code 935 (Special Free World)	881,419
TOTAL	951,419

Commodity Procurement

The authorized source/origin for commodities financed with A.I.D. funds is Geographic Code 935 (Special Free World). However, procurement from U.S. sources will be maximized to the extent possible. The 50/50 shipping rule will be followed to the extent a nonavailability determination does not apply.

The above illustrative list of commodities provides an anticipated source code. The totals in dollars are summarized above as well.

A source/origin procurement plan should be detailed as part of:

- the Project Grant Agreement

- each of the two Cooperative Agreements.

Moreover, the Cooperative Agreements should establish a source/origin commodity and personnel procurement requirement and clearly defined regular reporting procedures for CARE and CUNA.

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OAR/Lome (the Project Officer, the RDO) is responsible for tracking and reporting on procurement of commodities and technical assistance for the Program and Planning Service of the Ministry of Rural Development.

Personnel Procurement

Contracting for technical services will be done through:

- Cooperative Agreements (with two U.S. PVOs, CARE and CUNA);

- a Personal Services Contract for a long-term (five years) Project Management Advisor.

The Cooperative Agreements are consequently of A.I.D. Geographic Code 000. The PSC position (described in detail elsewhere in Annex G to this document) will be advertised in the Commerce Business Daily, and will most likely be filled with a U.S. citizen. However, A.I.D. will consider candidates from Geographic Code 935 countries.

Transportation

U.S. shipping will be required to the extent possible. However, due to infrequent U.S. flag carriers to Togo, it is anticipated that substantial non-U.S. flag vessels will be used. In order to comply with the Cargo Preference Act, the two U.S. PVOs will be required to ship on U.S. flag and request a certificate of non availability of U.S. flag vessels in accordance with HB1, Suppl. B, Chapter 10, from M/SER/OP/TS on a case by case basis when U.S. vessels are not available.

ANNEX H.2 COMMODITY LIST: CARE

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Totals	Anticipated Source Code
1. Vehicles							
2 Station Wagons	40,000					40,000	935
3 Sedans		32,500				32,500	935
5 Pick-ups			84,738			84,738	935
30 100cc Motorcycles	-------	20,000	20,000		23,153	63,153	935
	40,000	52,500	104,738		23,153	220,391	
2. Equipment							
Advanced Professional Computer w/44 MB Hard Disk, Printer, Peripherals	10,000	20,000				30,000	000
CARE Software Package	1,000	1,000	1,000	1,000	1,000	5,000	000
Computer Supplies	2,000	2,000	2,000	2,000	2,000	10,000	000
Audio-visual Equipment, including VCR camera, projectors, etc.		15,000				15,000	935
Duplication Equipment	3,000	7,000	10,000	------	------	20,000	935
Total Equipment	16,000	45,000	13,000	3,000	3,000	80,000	
3. Credit Fund Equipment							
30 Rototillers		105,000		122,348		227,348	935
Rototiller spare parts		50,000		50,000		100,000	935
Trailers		8,000		8,000		16,000	935
Marketing Equipment		11,000	12,000	12,000	13,284	48,284	935
20 Rice Winnowers		5,000	------	5,000	------	10,000	935
Total Credit Fund Equipment		179,000	12,000	197,348	13,284	401,632	
4. Furnishings							
3 Household Sets	20,800	10,000				30,000	935
Total Furnishings	20,800	10,000				30,000	
TOTAL 1, 2, 3, 4	76,000	286,500	129,738	223,501	16,284	732,023	

ANNEX I.1. INDICATORS OF ACHIEVEMENT: CUNA

PLANNED PROJECT OUTPUTS

	Year 1	Year 2	Year 3	Year 4	Year 5	End of Project Status
1. No of CU Officers Trained at Federation Seminars	400	400	400	400	400	540
2. No of Bookkeepers/Managers Trained at Federation seminars	100	120	140	160	180	240
3. No of Federation Board Seminars/Workshops	1	1	2	2	2	8
4. Federation Staff Offered Specialized Training	1	1	1	1	1	5
5. No of CU T-Shirts Sold	250	500	500	500	500	2250
6. No of New Posters Produced	2	2	1	1	1	7
7. No of Calendars Produced	1	1	1	1	1	5
8. No of New Audio-Visual (Slides, tapes, films, etc.) Presentations Produced		1	1	1	1	4
9. No of New Brochures Produced	1	2	1	1	1	6
10. No of New Manuals Produced	1	1	1	1	1	5
11. No of Radio/TV Programs Broadcast	2	4	4	8	12	30
12. No of Newsletters	2	4	4	4	4	18
13. Percent of Credit Union Member Deposits Invested in CLF	12%	13,5%	15%	17,5%	20%	20%
14. Total No of CU Members	16350	21000	26375	31990	37670	37670
15. No of Credit Unions in Central Region	15	10	5	5	5	40
16. No of New Credit union in other regions	12	9	8	7	6	42
17. No of CU's Participating in Productive Credit Program	11	15	20	25	30	30

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PLANNED PROJECT OUTPUTS
(Continued)

	Year 1	Year 2	Year 3	Year 4	Year 5	End of Project Status
18. Annual Productive Credit Volume:						
-- Number of Individuals	372	620	921	1243	1584	4740
-- Amount Lent (CFA Millions)	22.742	38.872	64.934	95.594	133.775	353.917
19. Average Loan Delinquency in CU's (%)	35%	30%	25%	20%	15%	15%
20. % Annual Dues Billings Collected from Affiliates	60%	70%	75%	80%	80%	80%
21. Third FUCEC-TOGO 5-Year Plan Developed/Approved				X	X	Approved
22. No of CU's Participating in Risk Management Program	10	20	30	40	50	50
23. Value of Loans Insured (Millions CFAF)	40	80	150	250	400	400
24. Value of Savings Insured (Millions CFAF)	60	125	225	400	650	650
25. No of Regional Offices Functioning	8	13	13	13	13	13
26. No of Regional Offices Constructed	5	5	3			13
27. No CU Offices constructed/ CU's participating in incentives program	10	20	30	40	50	50
28. Loans/Savings Ratio	70%	68%	66%	63%	60%	60%
29. Total CU Savings (Millions of US$)*	2.960	3.770	5.056	7.069	9.920	9.920
30. Total CU Loans Outstanding (Millions of US$)*	2072	2564	3337	4453	5952	5952
31. % of FUCEC-TOGO Expenses Paid from Earned Income:						
-- Core Budget	32	40	60	86	124	124
-- Total Expenses	16	18	27	40	60	60

* Assumes 275 CFA Francs per U.S. Dollar.

ANNEX I.2 Indicators of Achievement: CARE

OBJECTIVE/INDICATOR	PLANNED PROJECT OUTPUTS YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	E O P
1. PROMOTE SUSTAINABLE PRODUCER GROUPS (ZIO)						
No. of hectares under intensive cultivation:						
- Rainfed	460	548	729	797	891	3,425
- Irrigated	150	225	250	300	350	1,275
Crop yields (Tons)						
- Maize	2	2	2.5	2.5	2.5	11.5
- Rice	3	3.5	3.5	4	4	18
- Cowpeas	0.8	0.8	0.9	0.9	1	4.4
- Peanuts	2	2.3	2.5	2.5	2.5	11.8
- Pepper	2	2	2.5	2.5	3	12
Value of production	$282,000	$425,000	$500,000	$690,000	$795,000	$2,692,000
No. of group training sessions	600	1,200	1,440	1,800	,800	6,[illegible]40
No. of agricultural demos	50	75	90	90	90	395
No. of farmers attending training sessions/demos:						
- Clients	500	750	900	900	900	3,950
- Non-clients	425	600	720	900	900	3,545

TOGO RURAL INSTITUTIONS AND PRIVATE SECTOR PROJECT

PLANNED PROJECT OUTPUTS

OBJECTIVE/INDICATOR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	E O P
No. of warehouses owned by groups	-	2	6	8	4	20
No. of farmers members of COOPECs	50	100	100	100	150	500
No. of farmers with savings at CNCA	-	10	50	95	65	220
No. of farmers working in groups	400	600	700	800	900	3,400
Evolution of groups:						
- Stage 1	21	29	37	25	20	20
- Stage 2	16	20	25	30	30	30
- Stage 3	3	5	10	20	30	30
2. SPREAD OF PROJECT METHODOLOGY TO OTHER PRIVATE/PUBLIC SECTOR DEVELOPMENT ORGANIZATIONS						
No. of project staff trained as trainers	1	1	1	-	-	3
No. of ISTs for project staff No. of training needs assessments	7	7	10	5	5	34
No. of trainings to disseminate methodology (other than FUCEC)	3	5	8	8	6	30
Specific trainings for FUCEC	5	7	8	10	0	40
No. of ORAs	1	2	2	3	2	10

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TOGO RURAL INSTITUTIONS AND PRIVATE SECTOR PROJECT

PLANNED PROJECT OUTPUTS

OBJECTIVE/INDICATOR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	E O P
No. of monitoring visits for ORAs	4	8	8	12	8	40
No. of development organizations demonstrating effective use of training	-	2	2	3	3	10
No. of groups assisted as a result of training (outside of Zio)	5	10	10	10	15	50
3. PRIVATIZATION OF ESSENTIAL SERVICES						
No. of rural enterprises assisted	40	50	50	60	60	260
No. of rural enterprise associations created	2	2	2	2	2	10
No. of individuals receiving credit from a COOPEC	-	25	50	75	100	250
No. of individuals receiving credit from CNCA						
No. of loans guaranteed with CNCA						
No. of input supply stores	-	1	1	1	-	3
No. of rototillers privatized	5	8	8	10	4	35
Privatized repairs service for rototillers	-	-	1	-	-	1
Privatized spraying service		1	1	-	-	2

TOGO RURAL INSTITUTIONS AND PRIVATE SECTOR PROJECT

PLANNED PROJECT OUTPUTS

OBJECTIVE/INDICATOR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	E O P
Private feed mill	-	-	1	-		1
No. of farmers with access to privately produced seed		400	600	1000	1500	3,500

ANNEX J.2. IMPLEMENTATION SCHEDULES: CUNA

Project Implementation Schedule

(By Quarters)

No.	Activity	Year 1				Year 2				Year 3				Year 4				Year 5			
		-4	-3	-2	-1	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1.	Preparation of FUCEC-TOGO's Second Five-Year Plan	X	X																		
2.	Submission of Proposal to Cooperating Partners		X																		
3.	Approval of Project by Cooperating Partners			X																	
4.	Country Agreement Signed with GOT				X																
5.	Recruitment/Selection of Resident Advisors:																				
	- Chief of Party			X	X																
	- Productive Credit Advisor			X	X																
	- Data Processing Advisor								X												
6.	Recruitment of New FUCEC-TOGO Staff:																				
	- Field Staff Supervisor			X	X																
	- CLF Manager			X	X																
	- Second Trainer			X	X																
	- 2nd Loaé Inspector			X	X																
	- 5 New Regional Representatives			X	X																
	- D.P. Manager									X	X										
7.	Posting of Resident Advisors																				
	- Chief of Party					X															
	- Productive Credit Advisor					X															
	- Data Processing Advisor									X											
8.	Hiring of New FUCEC-TOGO Staff:																				
	- Field Staff Supervisor					X															
	- CLF Manager					X															
	- Second Trainer					X															
	- 2nd Loaé Inspector		X																		
	- 5 New Regional Representatives					X															
	- D.P. Manager											X									
9.	Acquire Commodities					X	X	X	X	X				X				X			
10.	Begin Expansion																				

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Project Implementation Schedule

(By Quarters)

No.	Activity	Year 1				Year 2				Year 3				Year 4				Year 5			
		-4	-3	-2	-1	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
	- Workplace Credit Unions	X	X	X	X																
	- New Geographic Zones						X														
11.	Productive Credit Pilot Programs:																				
	- Small Farmers	X	X	X	X																
	- Small Traders	X	X	X	X																
	- Small Businesses					X	X	X	X												
12.	Naming/Posting of Togolese Productive Credit Officer		X																		
13.	Select New CU's for Productive Credit	X	X			X	X			X	X			X	X			X	X		
14.	Conduct Productive Credit Training	X				X				X				X				X			
15.	Review/Modify Productive Credit Policies & Procedures	X	X			X	X			X	X			X	X			X	X		
16.	Promotion Programs:																				
	- Devt. Promotion Strategy/ Manual		X	X	X																
	- Devt./Distribution Brochures:																				
	-- French Language	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
	-- Ewé Language	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
	-- Kabyè Language																				
	- Promotional Campaigns in Credit Unions	X	X			X	X			X	X			X	X			X	X		
	- Mass Media Programs/Articles	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
	- Annual Promotional Needs Assessment						X				X				X				X		
	- Seminar for Coop. Dept.						X														
	- Seminars for NGO's, RPT, etc							X													
	- Sale of promotional articles to credit unions								X	X	X	X	X	X	X	X	X	X	X	X	X
17.	Regulatory Issues Resolved																				
	- Inspection Authority			X	X																
	- Risk Management			X																	
18.	Start-Up of Risk Management Program			X																	

Project Implementation Schedule

(By Quarters)

No.	Activity	Year 1				Year 2				Year 3				Year 4				Year 5			
		-4	-3	-2	-1	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
19.	Standard Credit Union Operating Policies & Procedures																				
	- Introduction			X																	
	- Application				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
20.	Five-Year Development Plans																				
	- Drafting	X	X													X	X				
	- FUCEC-TOGO Board Approval		X														X				
	- Submission to Partners		X														X				
	- Annual Meeting Approval			X														X			
	- Approval by Partners			X	X														X	X	X
	- Review Progress and Adjust, as necessary					X				X				X				X			
21.	Credit Union Manager/Committee Training Workshops		X	X	X		X	X	X		X	X	X		X	X	X		X	X	X
22.	Training of Regional Representatives:																				
	- Bank Management	X	X	X		X	X	X		X	X	X		X	X	X		X	X	X	
	- Train-the-Trainers Program for new Inspectors							X													
23.	FUCEC-TOGO staff trained in microcomputer utilization	X	X	X	X	X	X	X	X	X	X	X	X				X	X			
24.	Field staff take over basic credit union training				X																
25.	Annual FUCEC-TOGO Planning Exercices:																				
	- Next Year's Work Plan	X				X				X				X				X			
	- Next Year's Budget	X				X				X				X				X			
	- Staff Performance Evaluation	X				X				X				X				X			
26.	Annual Inspection Schedules Established					X				X				X				X			
27.	10 community credit unions per year begin participating in incentives program					X				X				X				X			
28.	Construction of 13 regional FUCEC-TOGO offices					X	X	X	X	X	X	X	X								

Project Implementation Schedule

(By Quarters)

No.	Activity	-4	-3	-2	-1	Year 1: 1	2	3	4	Year 2: 1	2	3	4	Year 3: 1	2	3	4	Year 4: 1	2	3	4	Year 5: 1	2	3	4
29.	Design/Implementation of Credit Union Early Warning System					X	X	X	X																
30.	Registration/legalization of existing credit unions					X	X	X	X																
31.	Consultancies:																								
	- Credit Union Data Processing						X	X																	
	- Central Finance (improved deposit & loan instruments)											X													
	- Assessment of Movement Structures													X											
	- To be determined																		X			X			
32.	Annual Meetings:																								
	- Credit Unions & Regional Unions		X				X				X				X				X				X		
	- FUCEC-TOGO			X				X				X				X				X				X	
33.	Specialized Training:																								
	- Annual federation staff training needs assessment/ design						X				X				X				X						
	- Annual evaluation of staff training						X				X				X				X						
	- Select staff for special-ized training						X				X				X				X						
	- Offer specialized training to selected staff							X	X			X	X			X	X			X	X				
34.	Credit union study tours for senior level GOT & FUCEC-TOGO officials to North America/ other appropriate sites							X				X				X									
35.	Design/implementation of credit union data processing service for Lomé area credit unions									X	X	X	X	X	X	X	X	X	X						
36.	Review existing liquidation/ merger systems and plans										X														
37.	Second Baseline Data Survey													X											

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Project Implementation Schedule

(By Quarters)

No.	Activity	Year 1				Year 2				Year 3				Year 4				Year 5			
		-4	-3	-2	-1	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
38.	Project Evaluations											X								X	
39.	Repatriation of Resident Advisors:																				
	- Chief of Party																				X
	- Productive Credit Advisor																X				
	- Data Processing Advisor														X						

ANNEX J.2 Implementation Schedules: CARE

PROJECT IMPLEMENTATION SCHEDULE (By Quarters)

		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	-4 -3 -2 -1	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4
Submission of CARE proposal to PP Team	X					
Final Preparation of PP	X					
OPG signed with USAID		X				
Agreement signed with GOT		X				
Recruit/Select Resident Advisors						
Project Manager	X					
SED Advisor	X					
Training Advisor	X					
Posting of Advisors						
PM		X				
SED		X				
Training		X				
Recruit and train additional Togolese fieldworkers			>>>>>X			
Purchase commodities		>>>>>>>>>>>>	>>>>>>>>>>>>	>>>>>>>>>>>>	>>>>>>>>>>>X	

X

CARE TOGO

TOGO RURAL INSTITUTIONS AND PRIVATE SECTOR PROJECT

PROJECT IMPLEMENTATION SCHEDULE (By Quarters)

		YEAR 1				YEAR 2				YEAR 3				YEAR 4				YEAR 5			
	-4 -3 -2 -1	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Baseline Data Surveys			>>>>>>		X														>>>	X	
Evaluations										>>>>>>		X							>>>>>>		X
Training needs Assessments of national organizations				>>>>>		>>>>>>>>>>>>				>>>>>>>>>>>>				>>>>>>>>>>>>				>>>>>>>			X
Training of trainers		X				X				X											
Design of Field test training packages				>>>>>		>>>>>>>>>>>>				>>>>>>>>>>>>				>>>>>>>>>>			X				
Training for COOPECs					X			X	X			X	X			X	X			X	X
Training for other institutions				>>>>>		>>>>>>>>>>>>				>>>>>>>>>>>>				>>>>>>>>>>>>				>>>>>>>>>>			X
ORAs				>>>>>		>>>>>>>>>>>>				>>>>>>>>>>>>				>>>>>>>>>>>>				>>>>>>>>>>			X
Formation of additional groups		>>>>>>>>>>>>				>>>>>>>>>>>>				>>>>>>>>>>>>				>>>>>>>>>>>>				>>>>>>>>>>			X

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TOGO RURAL INSTITUTIONS AND PRIVATE SECTOR PROJECT

PROJECT IMPLEMENTATION SCHEDULE (By Quarters)

					YEAR 1				YEAR 2				YEAR 3				YEAR 4				YEAR 5			
	-4	-3	-2	-1	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Conduct Ag. demos					>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>X
Sale of warehouses									>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>X
Formation of COOPECs within Zio					>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>X
Negotiation of formal accord with CNCA					X																			
Formulation of rototiller policy	X																							
Sale of tillers					>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>X
Privatization of spraying											X					X								
Privatization of seed multiplication											X					X				X				
Privatization of input supply																X				X				X
Loans to clients through FUCEC											X>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>X

CARE TOGO

TOGO RURAL INSTITUTIONS AND PRIVATE SECTOR PROJECT

PROJECT IMPLEMENTATION SCHEDULE (By Quarters)

		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	-4 -3 -2 -1	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4
Loans to clients through CNCA		>>>>>>>>>>>	>>>>>>>>>>>>	>>>>>>>>>>>>	>>>>>>>>>>>>	>>>>>>>>>>X

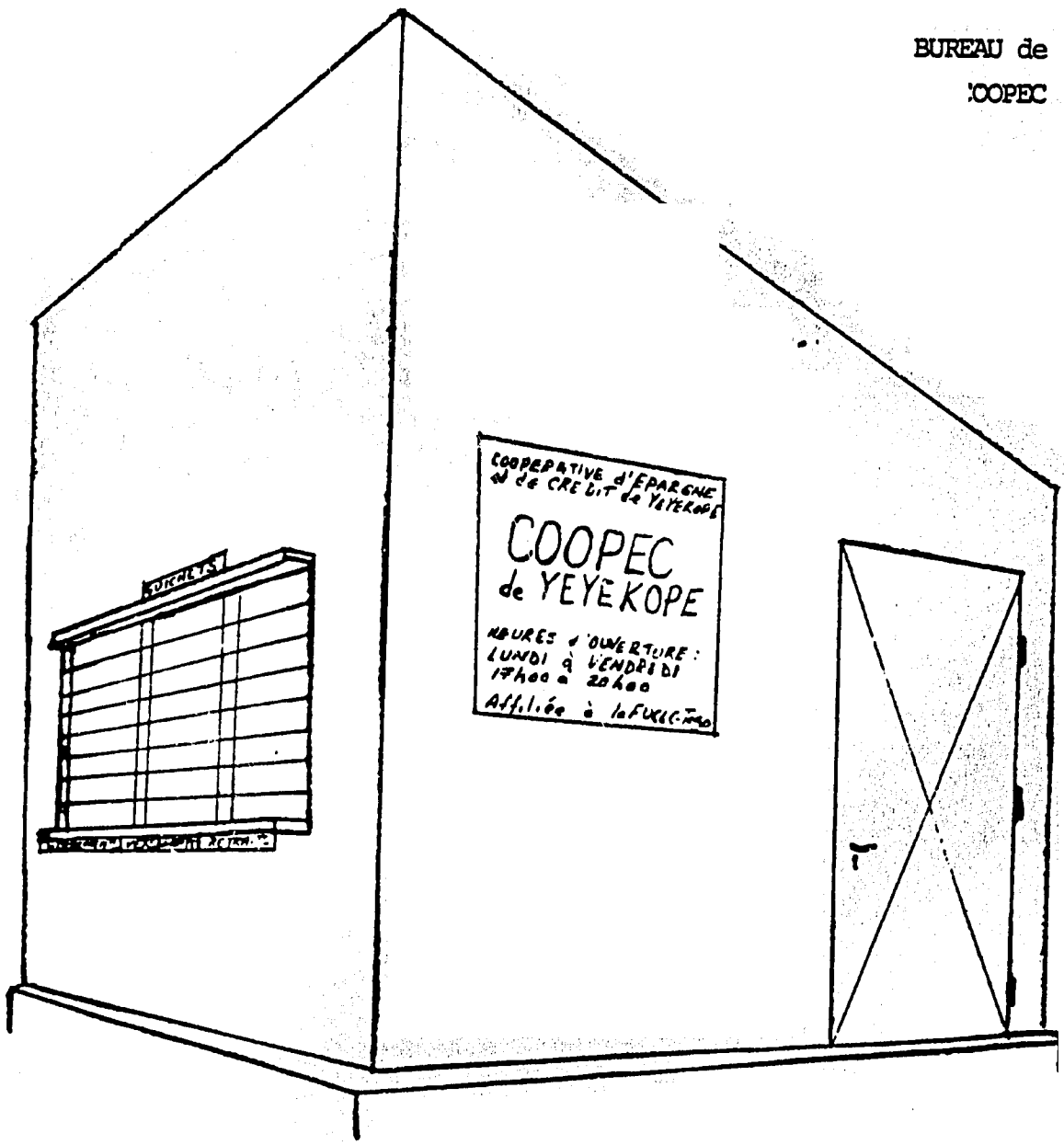
Pl

CREDIT UNION BUILDING PLAN
FEDERATION DES UNIONS COOPERATIVES D'EPARGNE ET DE CREDIT DU TOGO

PROJET DE VIABILISATION DES COOPEC RURALES (PROJET ADF

Plan de Construction

BUREAU de
COOPEC



INTRODUCTION

Dans le cadre du "Projet de Viablisation des COOPEC Rurales" appelé communément "Projet ADF", il est proposé aux COOPEC participant à ce projet la construction d'un bureau modeste. Ces bureaux seront financés par la contribution WOCCU/USAID au projet sous forme d'un prêt sans intérêt remboursable dans une période d'échéance de cinq ans.

Les objectifs visés en promouvant la construction d'un bureau sont plusieurs

le bureau sera un endroit où la caisse, les documents comptables et le reste du matériel peuvent être gardés en sécurité.

Le bureau est un endroit fixe, et un lieu neutre, où les coopérateurs pourront aller à des jours et des heures fixes d'ouverture. Bref, le bureau facilitera la régularité de l'épargne et des remboursements.

Le bureau servira de lieu propre et bien ordonné où le gérant pourra tenir ses livres comptables en toute tranquilité.

Le bureau pourra servir de lieu de réunion des organes de la COOPEC, et de lieu des séances de formation et de sensibilisation.

Enfin, le bureau sera le symbole de la COOPEC dans la communauté.

I. Un Bureau à agrandir

Le bureau proposé aux COOPEC participant au projet est un bâtiment modeste de 4m x 4m environ. Bien sûr, ce n'est pas grand, mais il suffira dans un premier temps à atteindre les objectifs visés. Il n'est pas possible en ce temps-ci de faire quelque chose de plus grand parce que :

le budget de construction de chaque bureau prévu dans le budget du projet WOCCU/USAID est limité à 450.000 FCFA maximum, et

les COOPEC ne pourraient pas envisager le remboursement d'une dette supérieure à ce montant compte tenu de ses autres engagements (rémunération des dépôts à 8,5% d'intérêts, paiement du salaire du gérant, etc..)

Il est vrai, néanmoins que ce bureau modest seul ne pourra pas suffir à tous les besoins de la COOPEC à long terme. C'est pourquoi le bureau pourra être agrandi en deux étapes.

A. La prmière étape consiste à ajouter un abri attaché au bâtiment du côté des guichets qui servira à :

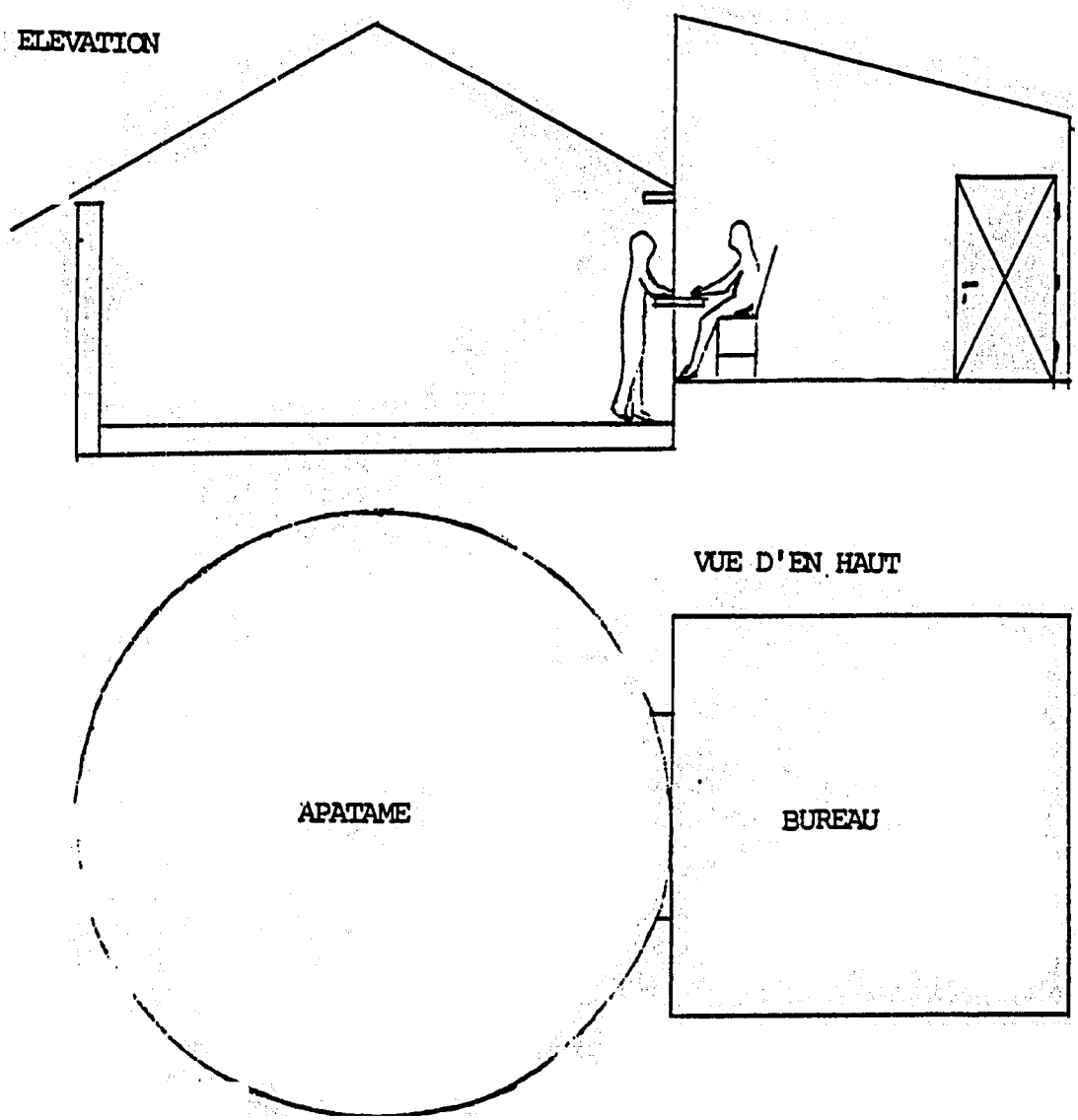
. protéger les coopérateurs du soleil et de la pluie pendant qu'ils effectuant leurs transactions, et

créer un lieu de réunions.

La FUCEC-TOGO suggère deux possibilités :

1) La COOPEC pourrait construire un apatâme, en se servant principalement des matériaux locaux, qui serait attaché au bureau comme suit :

.../...



Il est à noter que l'apatâme serait attaché au bureau au niveau de la dalle supérieure de l'ouverture des guichets, et ne serait pas en contact avec le matériel combustible. Le bureau ne serait pas en grand danger donc, en cas d'incendie de l'apatâme.

2. Il serait possible de joindre un hangar couvert de tôle ondulée au bâtiment du côté des guichets comme suit :

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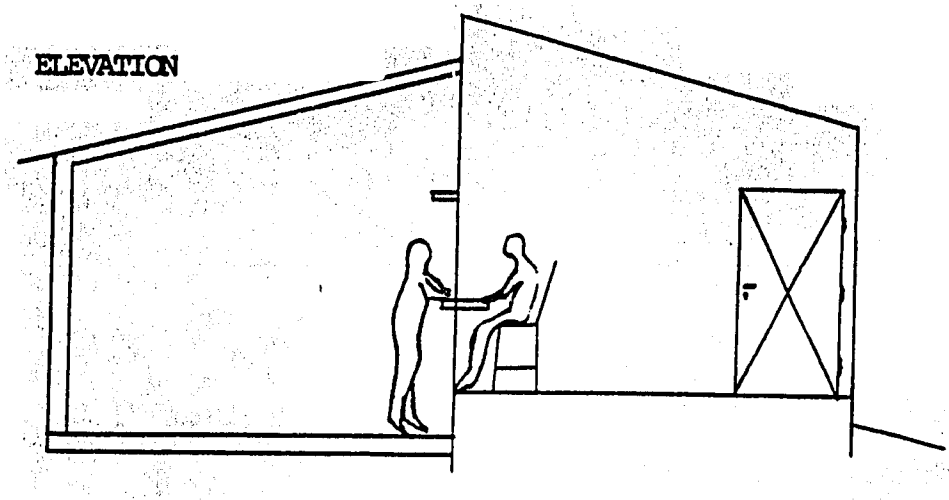
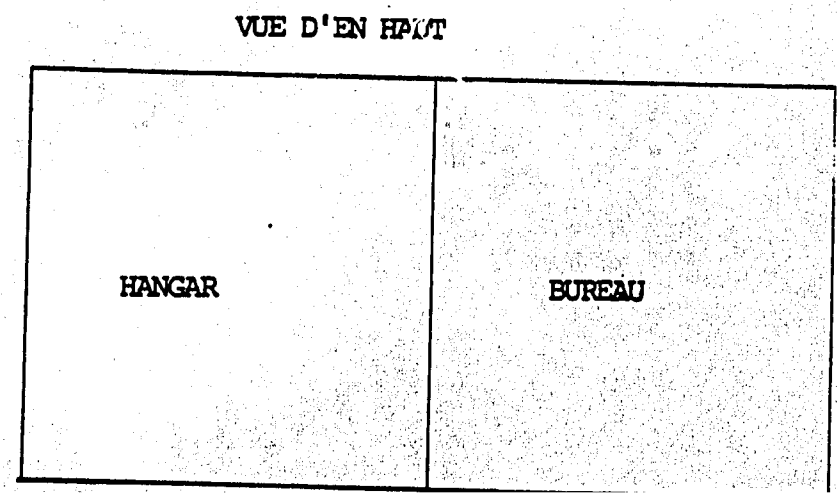
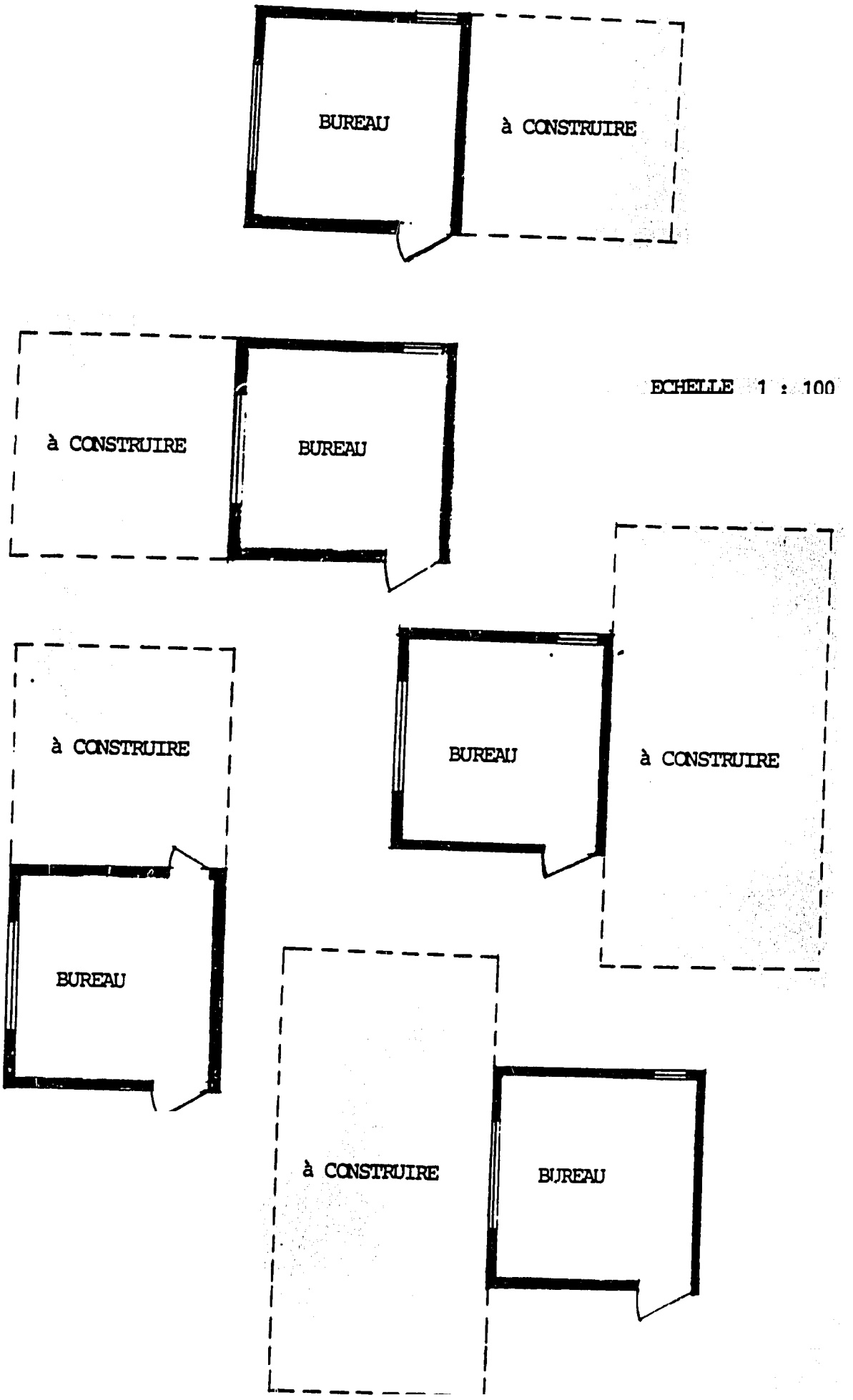




B. La deuxième étape consiste à l'agrandissement du bâtiment même pour fournir plus d'espace de travail et de stockage. Des exemples suivent:


BUREAU
à CONSTRUIRE
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BUREAU
ECHELLE 1 : 100
à CONSTRUIRE
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à CONSTRUIRE
BUREAU

272 K

II. PLAN DE BUREAU ET DEVIS ESTIMATIF:

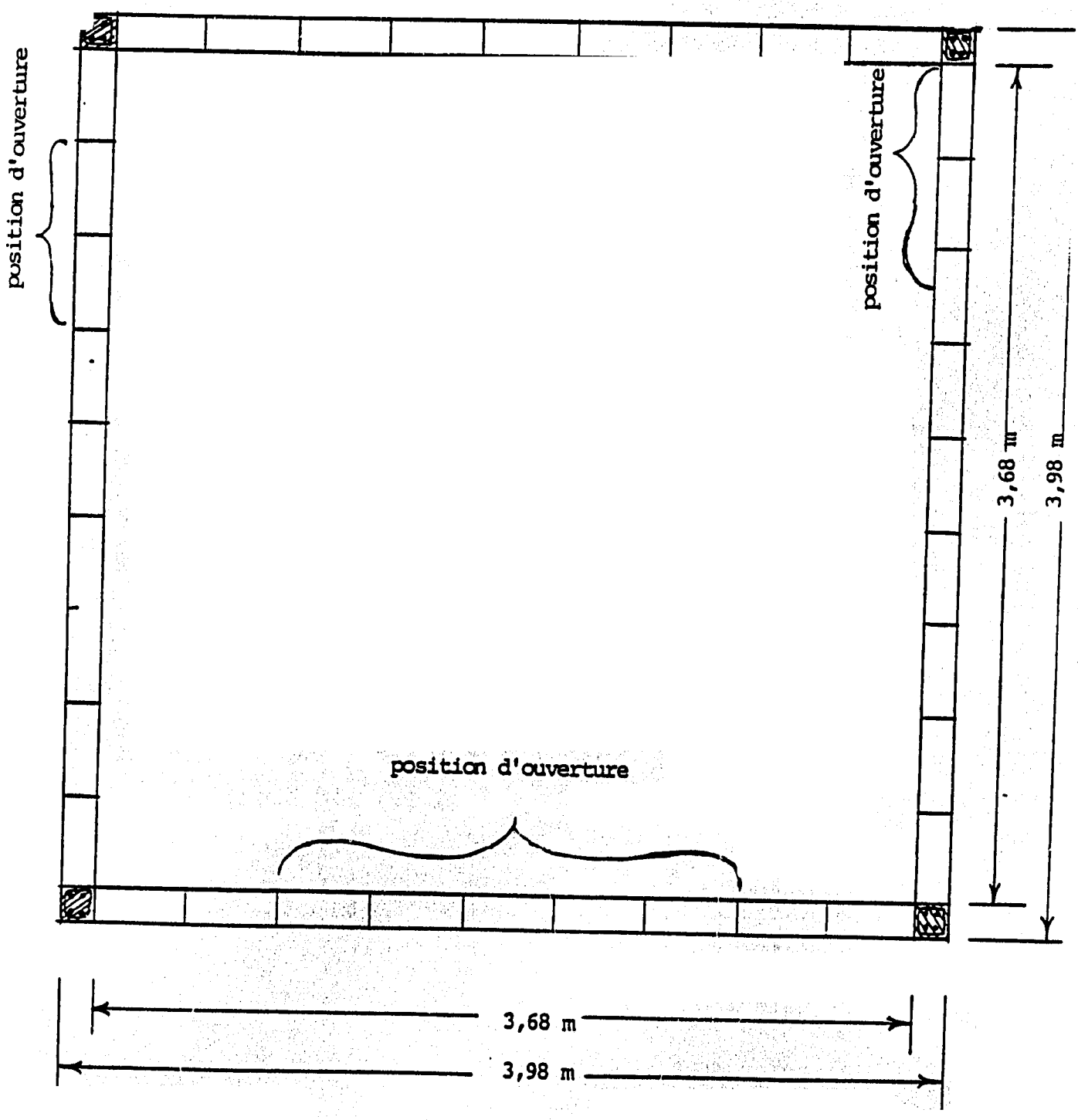
VERSION A

(FONDATION ET MURS EN PARPAING DE SABLE/CIMENT)

VUE EN PLAN

PREMIERE ASSISE DE PARPAINGS

(Valable pour la fondation aussi bien que les murs)

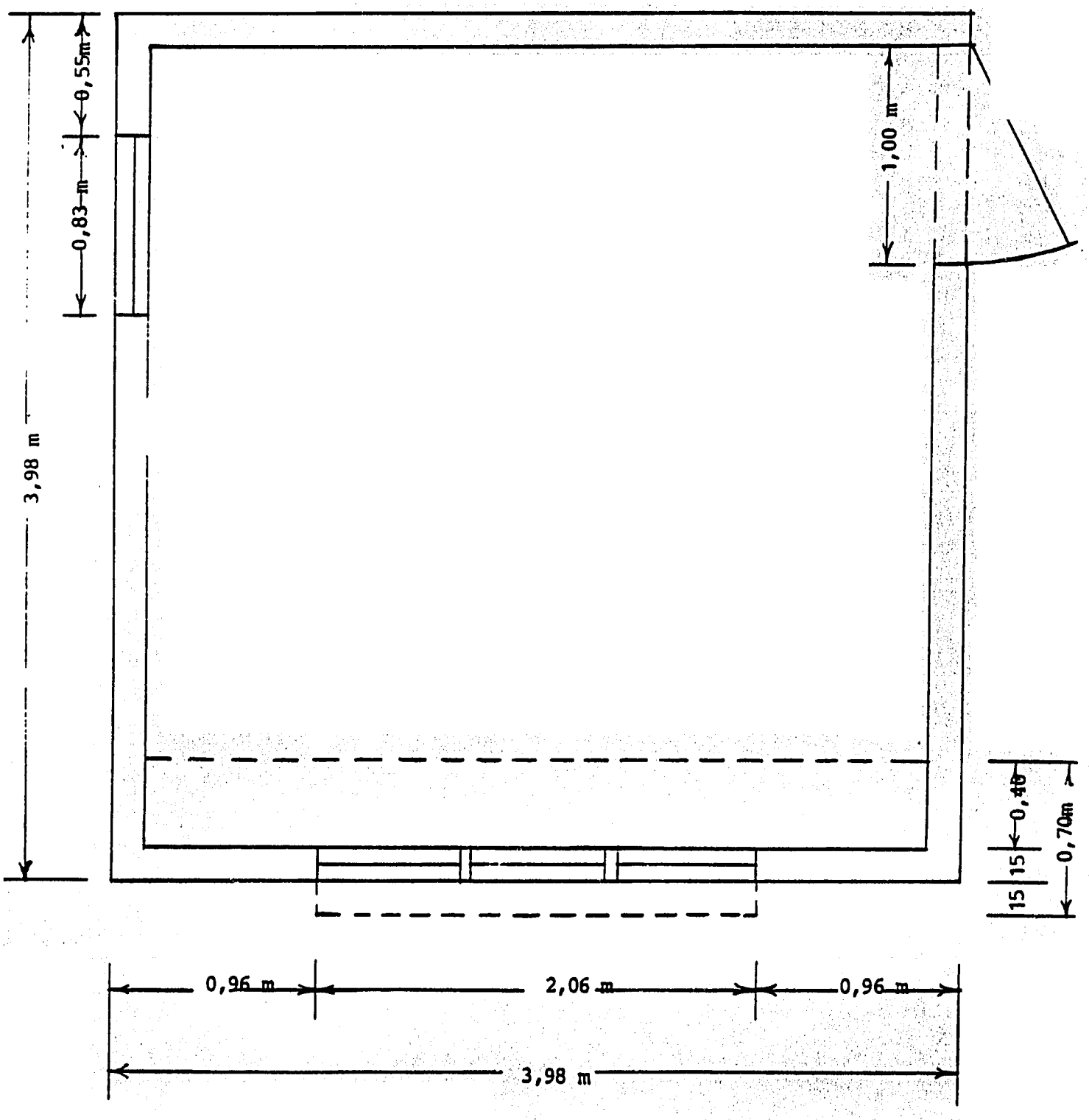


ECHELLE 1 : 25

374 X

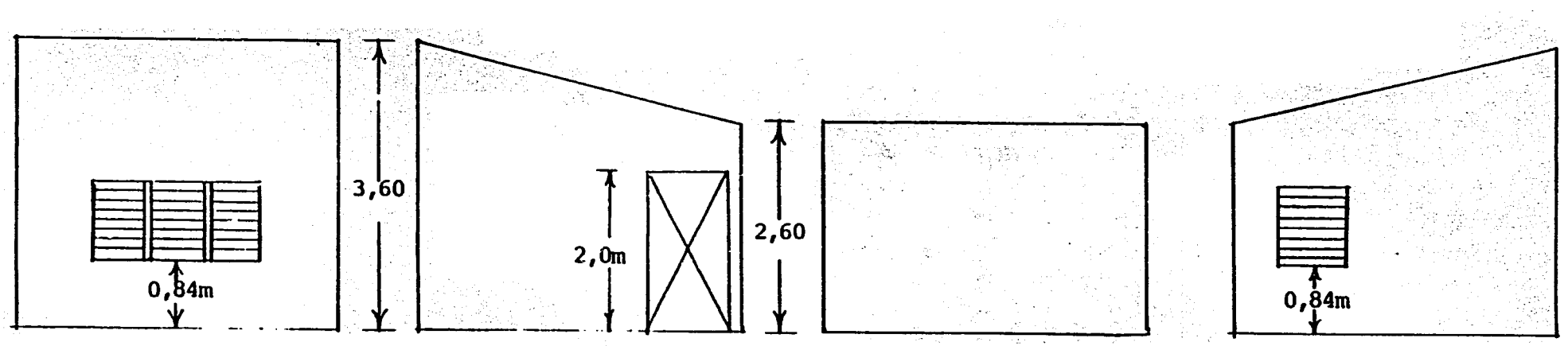
VUE EN PLAN

(Coupe au niveau des ouvertures)



ECHELLE 1 : 25

ELEVATIONS



ECHELLE 1 : 75

248

COUPE

TRANSVERSALE

ECHELLE 1 : 25

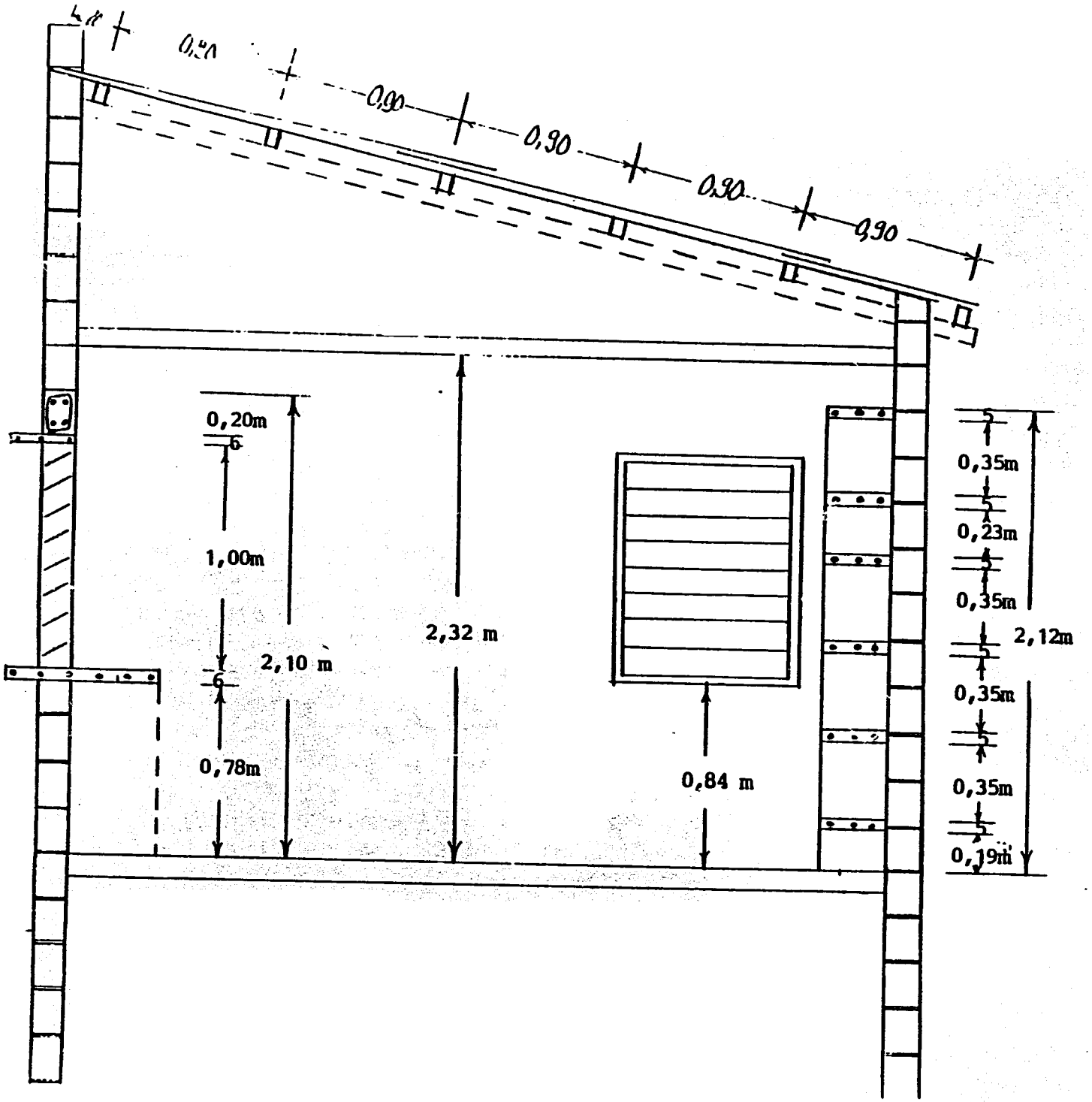
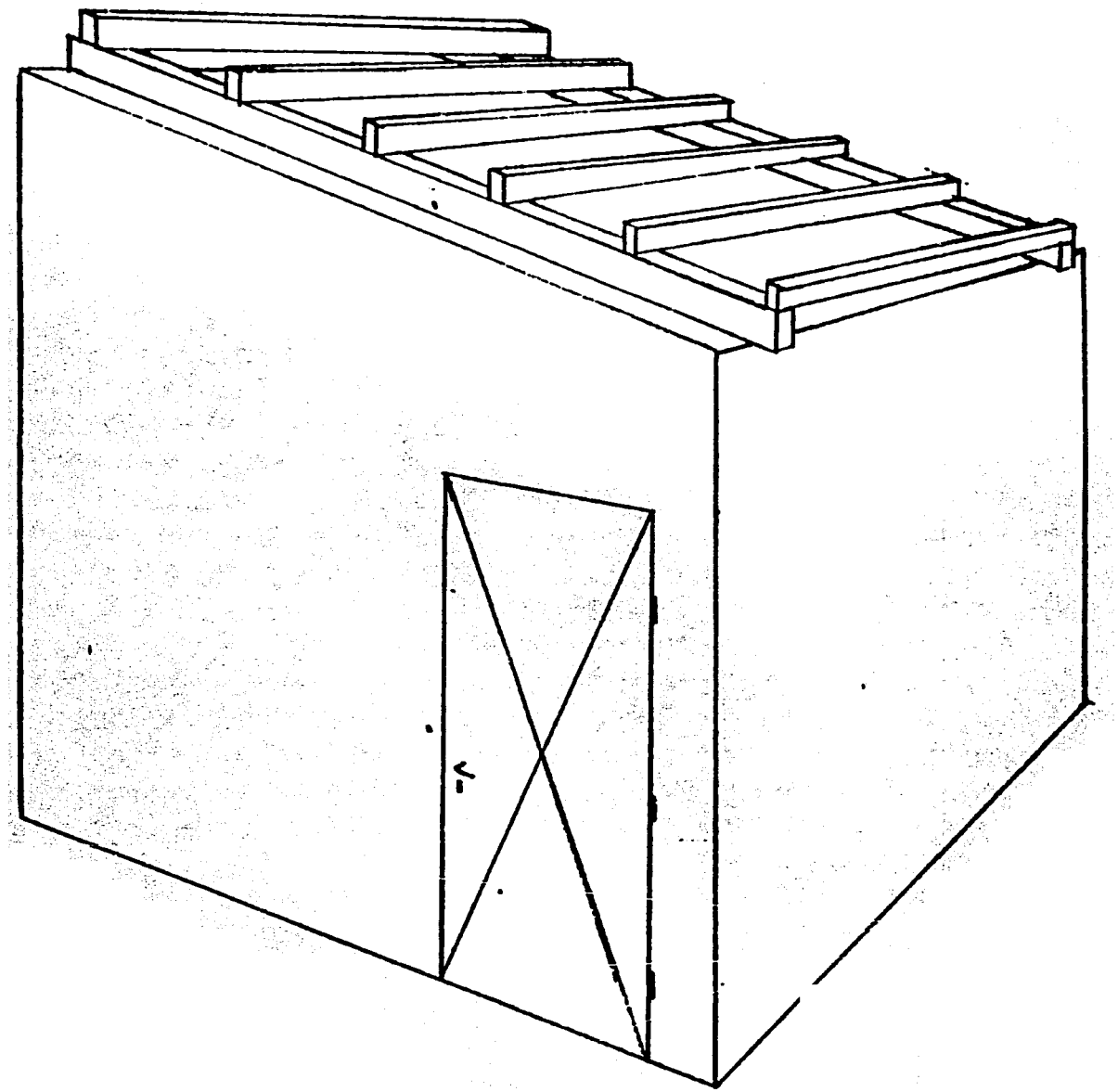


Fig 7

LA CHARPENTE



VERSION A

FUCEC- TOGO

PROJET DE VIABILISATION DES COOPEC RURALES

CONSTRUCTION D'UN BUREAU DE COOPEC

DEVIS ESTIMATIF QUANTITATIF

---

1) Fondation

a. Béton de propreté (16m x 0,30 x 0,08m)	Ciment	- 2 sacs
	Gravier	- 0,32m³
	Sable	- 0,16m³
b. Parpaings 400 kg/m³ 210 parpaings de 15cm plein	Ciment	- 19 sacs
	sable	- 2,4m³
c. Mortier 400 kg/m³ 210 parpaings x (0,60m x 0,15 x 0,15).	Ciment	- 3 sacs
	Sable	- 0,284m³
d. Total Fondation	Ciment	- 24 sacs
	Gravier	- 0,32m³
	Sable	- 2,8m³

2. Murs

a. Parpaings 400 kg/m³ 558 parpaings de 15 cm creux	Ciment	- 36 sacs
	Sable	- 4,5m³
b. Mortier 400 kg/m³ 558 (0,60m x 0,15m x 0,15m)	Ciment	- 7 sacs
	Sable	- 0,8m³
c. Crépissage murs extérieurs 44,6m² x 0,015m épaisseur à 400kg/m³	Ciment	- 6 sacs
	Sable	- 0,67m³
d. Crépissage murs intérieurs 44,6m² x 0,015m épaisseur à 350kg/m³	Ciment	- 5 sacs
	Sable	- 0,67m³
e. Total Murs	Ciment	- 54 sacs
	Sable	- 7 m³

3. Planches

a. Beton 250kg/m³ 16m² x 0,08m = 1,28m³	Ciment	- 7 sacs
	Gravier	- 1 m³
	Sable	- 0,5 m³

179

b. Chappe lisse - 400kg/m³
16m² x 0,02m = 0,32m³

Ciment - 3 sacs
Sable - 0,3m3

c. Total Planches

Ciment - 10 sacs
Gravier - 1m³
Sable - 0,8m³

4. Béton Armé

a. Piliers x 4 400kg/m³
0,15m x 0,20m x 4,10m (moyen) =
0,123 x 4 = 0,5m³

Ciment - 4 sacs
Gravier - 0,4m³
Sable - 0,2m³
Fers béton 10mm Ø - 16 barres
Fers à béton 6mm Ø - 6 barres

b. Linteaux pré-fabriqués (2)
de 0,15 x 0,20 400kg/m³

Ciment - 1 Sac
Gravier - 0,08m³
Sable - 0,04m³
Fers à béton 10mm Ø - (restant)
Fers à béton 6mm Ø - 1 barre

c. Linteau ouverture
comptoir
4m x 0,15 x 0,20 = 0,112m³
400 kg m³

Ciment - 1 sac
Gravier - 0,1m³
Sable - 0,05m³
Fers à béton 10mm Ø - 4 barres
Fers à béton 6mm Ø - 2 barres

d. Dalle pour comptoir
2m x 0,10m x 0,75m = 0,15m³

Ciment - 2 sacs
Gravier - 0,12m³
Sable - 0,06m³
Fers à béton 10mm Ø - 4 barres

e. Total Béton armé

ciment - 8 sacs
Gravier - 0,7m³
Sable - 0,35m³
Fers à béton 10mm Ø - 24 barres
Fers à béton 6mm Ø - 9 barres
Fil de fer recuit - 1 rouleau
Planches ordinaires WAWA- 3 Plances
Pointes 8 cm - 1 kg
Huile de vidange - 1 litre

5. Toiture

a. Tôle

Feuille de tôle ondulée 4kg = 15
Cloux à tôle = 1kg

b. Charpente

Chevrons de 4,5m - 2
Double-planche Iroco,4,5m - 2
Pointes de 16cm - 2 kg
Masticon - 1 boîte
Fers à béton 8mm Ø - 2 barres

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6) Plafond

Isorels 1,20m x 2,40	-	7
Chevrons	-	5
Planches ordinaires Iroko		2
Pointes de 6cm		3kg

7 Porte Metallique
ouverture 2m x 1m

8. Fenêtres

Chevrons	3
Chassis NACO (8 lames)	4 paires
Lames de 70cm	32

9) Barreaux de Sécurité

≠ 1m x 2m	-	1
≠ 1m x 1m	-	1

10) Embellissement

Peinture	-	5 kg
Chaux vive	-	kg
Ocre	-	kg

11) Coffre-fort

12) Table

Table	-	1
Chaises	-	4

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B. PLAN DE BUREAU

ET

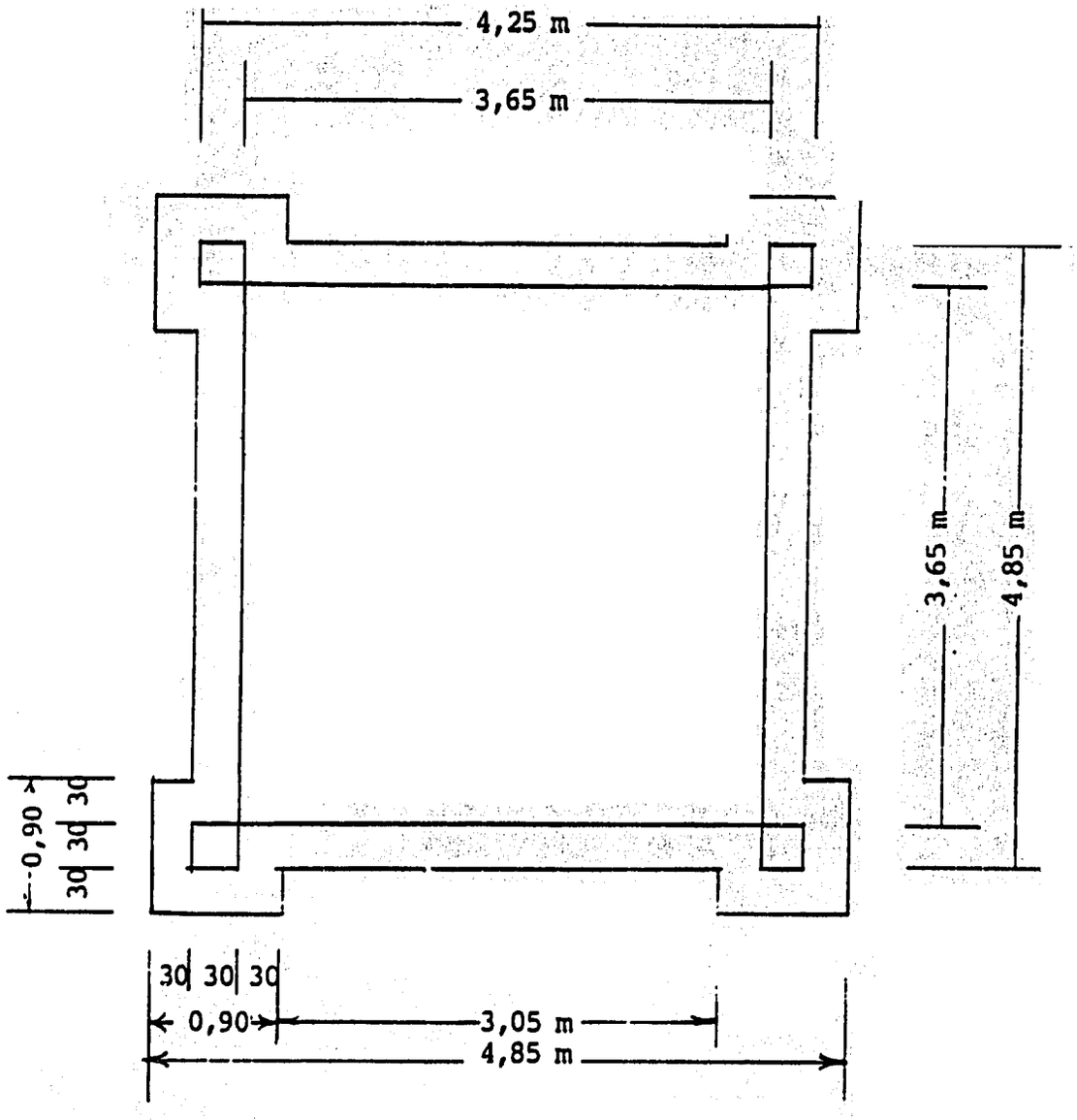
DEVIS ESTIMATIF :

VERSION B

NDATION EN PIERRES ET MURS EN
IQUES DE TERRE STABILISEE - CINVARAM)

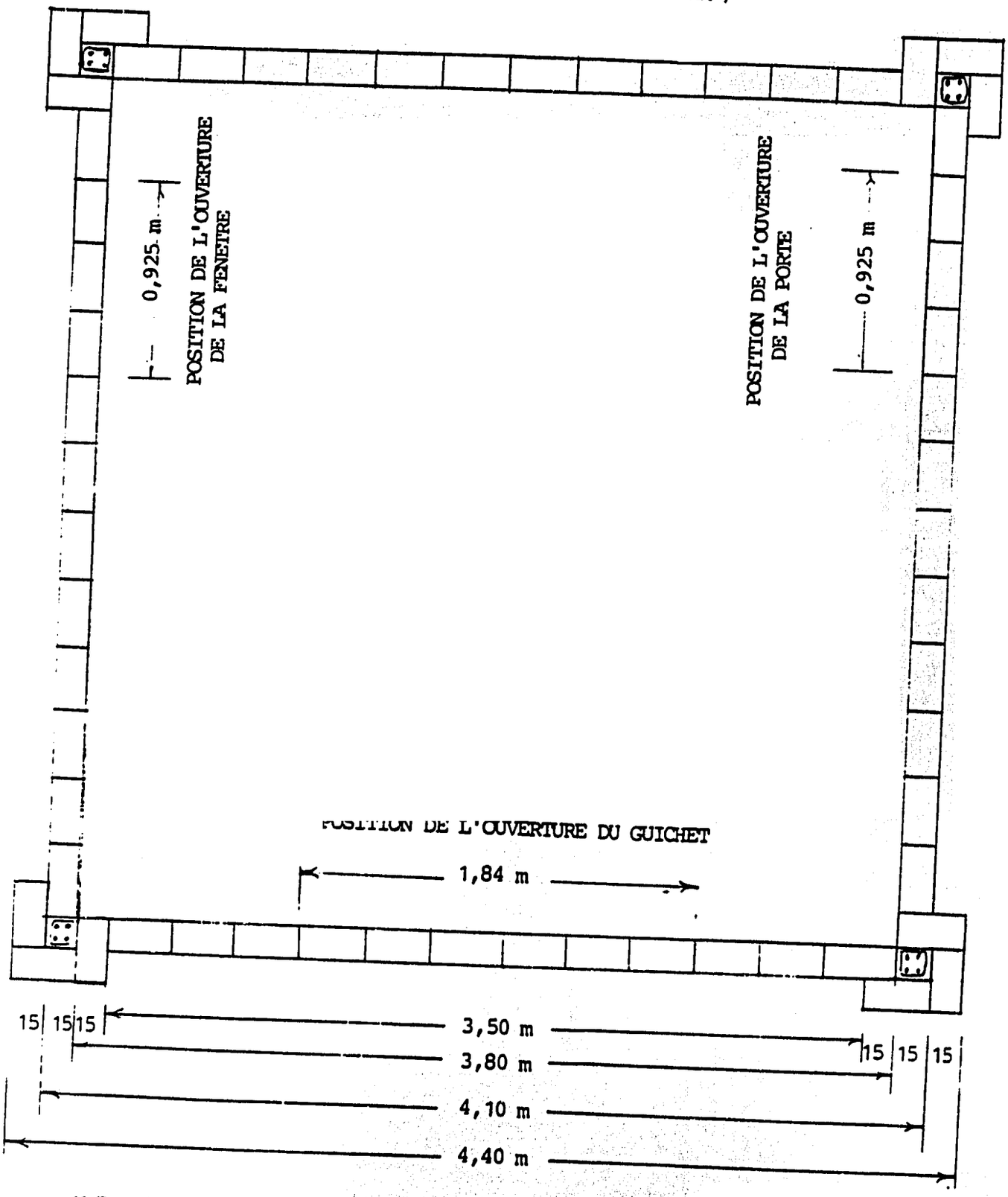
VUE EN PLAN

FONDATION EN PIERRES



VUE EN PLAN

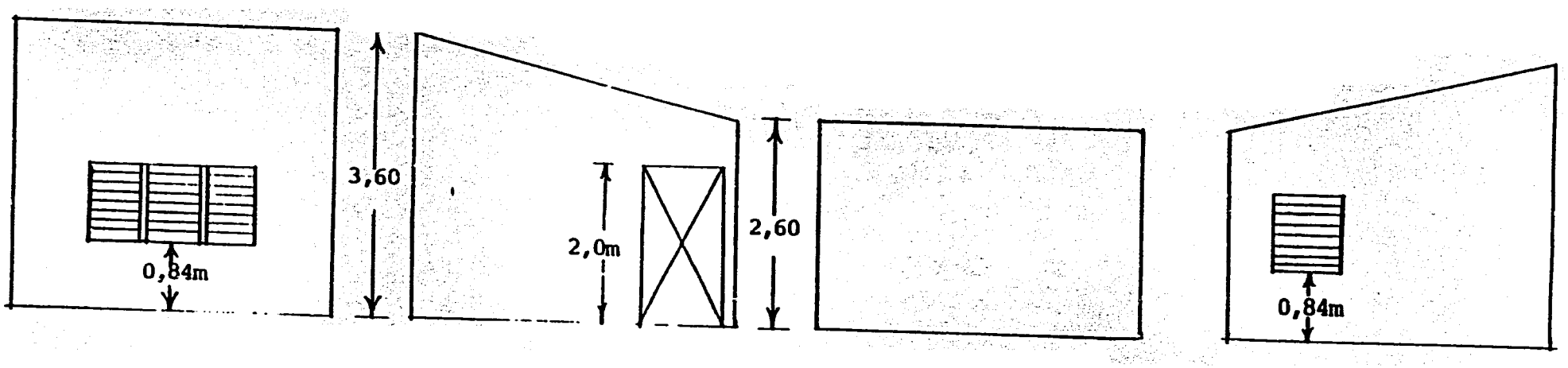
PREMIERE ASSISE DE BRIQUES
DE TERRE STABILISEE (CINVARAM)



N.B. LES DIMENSIONS SONT LES MEMES POUR TOUS LES COTES

284

ELEVATIONS

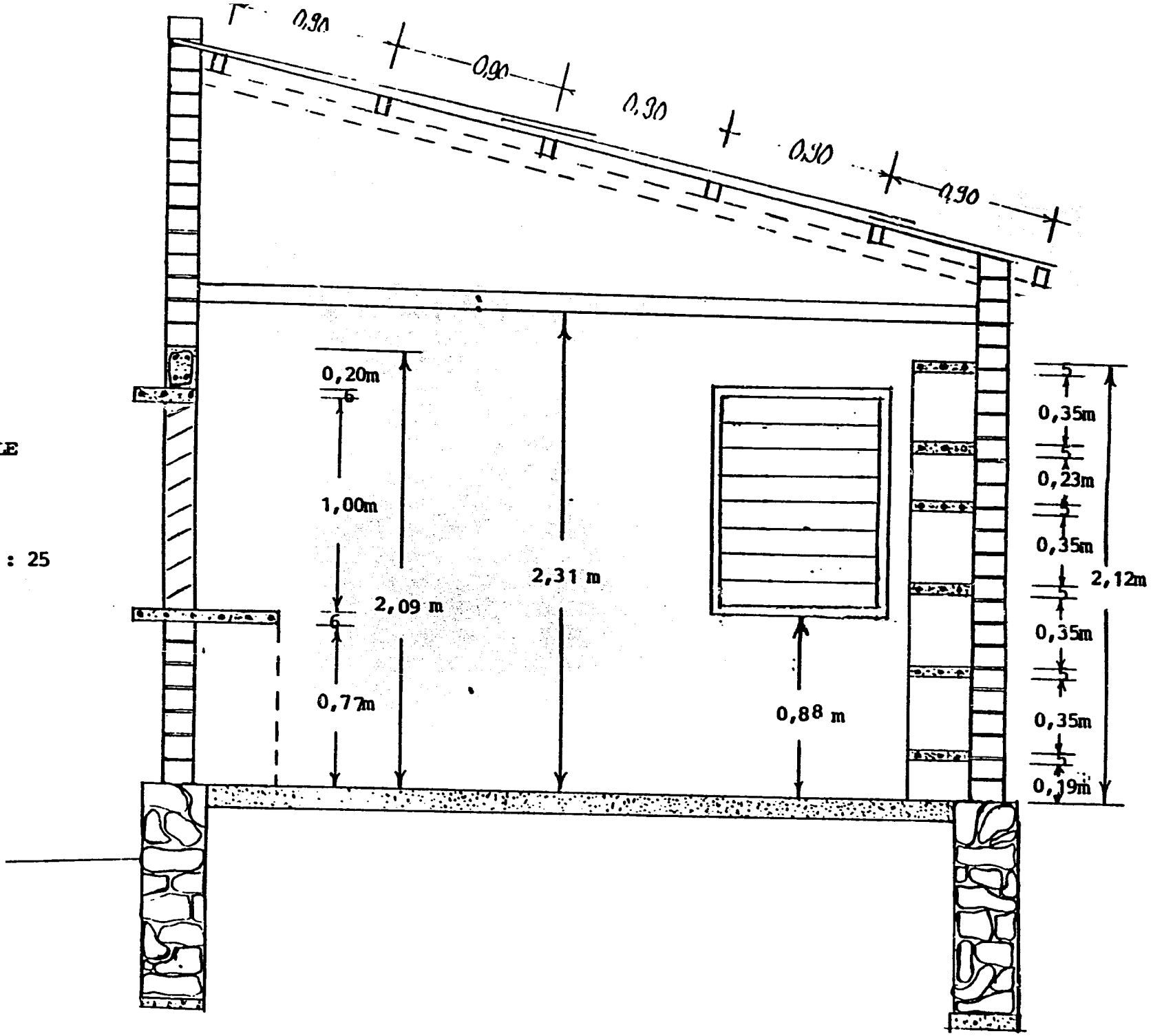


ECHELLE 1 : 75

VERSION B

TRANSVERSALE

ECHELLE 1 : 25



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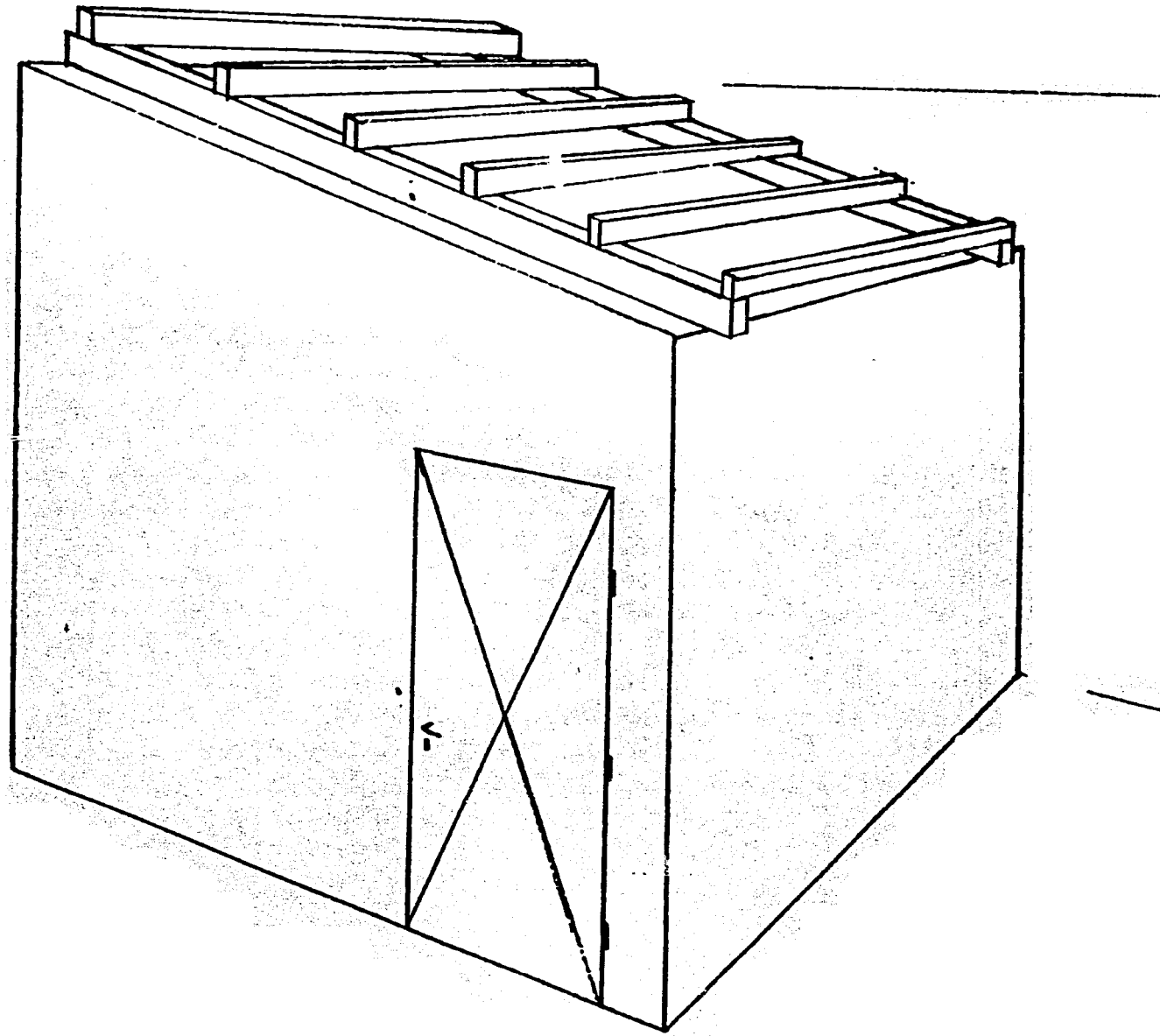
LA CHARPENTE



VERSION B

FUCEC-TOGO

PROJET DE VIABILISATION DES COOPEC RURALES
CONSTRUCTION D'UN BUREAU DE COOPEC
DEVIS ESTIMATIF QUANTITATIF

1) Fondation en pierres

a. Béton de propreté (16m x 0,50m x 0,08m) 150Kg ciment/m³	ciment	- 2 sacs
	gravier	- 0,5m³
	sable	- 0,25m³
b. Fondation en pierres (16m x 0,30m x 1,00m)	ciment	- 16 sacs
	pierres	- 3m³
	sable	2m³
c. Total fondation	ciment	- 18 sacs
	pierres	- 3m³
	gravier	- 0,5m³
	sable	- 2,25m³

2) Murs en briques de terre stabilisée (CINVARAM)

a. Briques x 1040 (0,30 x 0,10 x 0,15) 1 sac ciment/80 briques	ciment	- 13 sacs
	terre	- 7m³
b. Mortier 300 Kg/m³ 1040 x (0,45 x 0,15 x 0,015) proportions 1 : 4 : 2	ciment	- 6 sacs
	sable	- 0,66m³
	terre	- 0,33m³
c. Crépissage (murs extérieurs) 44,6m² x 0,015m épaisseur 400 Kg/m³	ciment	- 6 sacs
	sable	- 0,67m³
d. Crépissage (murs intérieurs) 44,6m² x 0,15m épaisseur 300 Kg/m³, proportion 1 : 4 : 2	ciment	- 6 sacs
	sable	- 0,44m³
	terre	- 0,23m³
e. Total murs	ciment	- 29 sacs
	sable	- 1,8m³
	terre	- 7,6m³

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3) Plancher

a. Béton - 250 Kg/m³ 16m² x 0,08m = 1,28m³	Ciment gravier	- -	7 sacs 1m³
b. Chappe lisse - 400 Kg/m³ 16m² x 0,02m = 0,32m³	Ciment sable	- -	3 sacs 0,3m³
c. Total plancher	Ciment gravier sable	- 	10 sacs 1m³ 0,8m³

4) Béton Armé

a. Piliers x 4 400 Kg/m³ 0,15m x 0,20m x 4,10m (moyen) = 0,123x4=0,5m³	Ciment gravier sable fers à béton 10mm Ø fers à béton 6 mm Ø	- - - - -	4 sacs 0,4m³ 0,2m³ 16 barres 6 barres
b. Linteaux pré-fabriqués (2) de 0,15 x 0,20 400 Kg/m³	Ciment gravier sable fers à béton 10mm Ø fers à béton 6mm Ø	- - - - -	1 sac 0,08m³ 0,04m³ (restant) 1 barre
c. Linteau ouverture comptoir 4m x 0,15 x 0,20 = 0,12m³ 400 Kg/m³	Ciment gravier sable fers à béton 10mm Ø fers à béton 6mm Ø	- - - - -	1 sac 0,1m³ 0,05m³ 4 barres 2 barres
d. Dalle pour comptoir 2m x 0,10m x 0,75m = 0,15m³	Ciment gravier sable fers à béton 10mm Ø	- - - -	2 sacs 0,12m³ 0,06m³ 4 barres
e. Total béton armé	Ciment gravier sable fers à béton 10mm Ø fers à béton 6mm Ø fil de fer recuit planches ordinaires WAWA pointes 8 cm huile de vidange	- - - - - - - - -	8 sacs 0,7m³ 0,35m³ 24 barres 9 barres 1 rouleau 3 planches 1 Kg 1 litre

5) Toiture

a. Tôle

feuilles de tôle ondulée 4 Kg	-	15
cloux à tôle	-	1Kg

b. Charpente

Chevrons de 4,5 m	-	2
double planche iroko 4,5m	-	2
pointes de 16cm	-	2Kg
masticon	-	1 boîte
fers à béton 8mm Ø	-	2 barres

6) Plafond

isorels 1,20m x 2,40	-	7
chevrons	-	5
planches ordinaires iroko	-	2
pointes de 6 cm	-	3Kg

7) Porte métallique

ouverture 2m x 1m

8) Fenêtres

chevrons	-	3
chassis NACO (8 lames)	-	4 paires
lames de 70cm	-	32

9) Barreaux de sécurité

≠ 1m x 2m	-	1
≠ 1m x 1m	-	1

10) Embellissement

peinture	-	5 Kg
chaux vive	-	Kg
ocre	-	Kg

11) Coffre-fort

12) Table

table	-	1
chaises	-	4

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Fumigable Warehouse Policy

Goal

Increase the incomes of farmers by assisting them to better manage and profit from their agricultural surpluses.

Objectives

1. Producer group members will master the collection, storage and marketing of their agricultural surpluses and the management of a fumigable warehouse.

2. Producer groups will purchase warehouses on credit, operate them at a profit and repay their loans on time.

Group selection criteria

-- Group members have shown the capacity to correctly utilize and repay production loans.

-- Group members have met productivity targets set by the project.

-- Group organization and performance is at least at the "Stage 2" level of project group performance.

-- That there be one group or an association of groups in one village with at least 20 participating members.

-- That group membership be stable for at least one year.

-- Group members have previously participated in project marketing activities and have chosen representatives who have received training in financial and stock management from the project.

-- The village has year round access to a road that can be utilized by trucks.

-- The village is near an active market that meets at least once a week.

Construction schedule

1988 -- 2 warehouses, one each in Anyron and Gati

1989 -- 6 warehouses, one each in Ando or Bayiboé, Badja, Agbadjanakin, Gapé, Davedi, Atchavé

1990 - 1993 -- 25 warehouses in villages targeted by the project

Sources of financing

GTZ - special fund for the construction of fumigable warehouses

CARE - project credit training fund

CNCA - USAID line of credit for storage and marketing (AEPRP)

Cash and in-kind contributions from producer groups

Training

Group members receive training spread over three years. Group responsibilities progressively increase as the group achieves mastery of storage, management and marketing techniques. Groups that successfully complete the training can acquire their own warehouses on credit. Training is the responsibility of the project's agricultural economist, group promotion specialist and selected field agents.

Year 1: Group members are initiated into the collection of the agricultural surplus, quality control, moisture testing, fumigation, record keeping, crop price fluctuations and marketing by using warehouses belonging to the project.

Year 2: Group members review and practice the first year's techniques. Groups are eligible for loans to acquire scales, moisture testers, tarps, and burlap sacks and to acquire surpluses from members.

Year 3: Groups master storage, management and marketing techniques. Groups become independent marketing units and are eligible to acquire warehouses on credit.

Warehouse ownership and management

-- During the first two years of training, ownership and management of the warehouse is the responsibility of the project.

-- During this two year period group members will be initiated into all aspects of warehouse management and crop marketing. Literate members chosen by the group will receive formal training in financial and stock management and will progressively be given responsibility for the operation of the warehouse.

-- After this training period (minimum of 2 years - longer if deemed necessary by project staff), groups having mastered production, collection, storage, conservation and marketing techniques can acquire a warehouse.

-- The selling price of the warehouse will be based on construction costs minus depreciation (groups will pay depreciation costs during the time they use the warehouses).

-- Loan reimbursement is possible over a five year period if the warehouse is filled and correctly managed. As an example, if the warehouse were filled with 25 tons of maize purchased at 45.000 f/ton and sold 10 months later at 90.000 f/ton there would be a 579.000 f net profit (after interest payments). Out of this 240.000 f would be deducted as a principle payment on the warehouse. Profit could be even more if a higher value crop like cowpeas were stocked.

-- Profits on the sale of grain after loan repayment will be distributed by the group to members.

Loan reimbursement

Reimbusement of all loans to the project will be made in cash after the sale of the agricultural produce.

Repayment terms will vary by the kind of loan.

Kind of Loan	Repayment terms
Production or marketing	Less than 12 months; one payment after the sale of the produce
Purchase warehouse equipment	24 months; 2 annual payments

Type of loan	Repayment terms
Purchase or construction of warehouse	5 years; 5 annual payments

3. Rentabilité d'un magasin fumigable de 25 tonnes

3.1. Cas du stockage du maïs

Le compte d'exploitation s'établit comme suit:

			FCFA
Recettes: 25 tonnes x 75.000 F/t			1.875.000
Dépenses d'exploitation:			
Achat de 25 tonnes de maïs à 45.000 F/t	=	1.125.000	
Secherie: 250 sacs x 300 F/sac	=	75.000	
Lutte contre les parasites: 2 tubes de Phostoxin x 1.150 F/tube 3 fois	=	6.900	
Transport au magasin: 30F/t/km/15 km x 25 t	=	11.250	
Transport jusqu'aux marchés: 30 F/t/km/60 km x 25 t:	=	45.000	
Entretien du magasin(3% par an du coût de construction) 1.200.000 F x0,03	=	36.000	
Amortissement du magasin (20 ans)	=	60.000	
Magasinier 40.000 F/mois x 12 mois x 0,05(1)	=	24.000	
Frais financiers(2)	=	288.000	
		1.671.150	1.671.150
Bénéfice			203.850

(1) Le magasinier consacrera 5% de son temps à la gestion du magasin.

(2) A un taux d'intérêt de 15% par an, les intérêts annuels s'élèvent à 168.750 F sur le prêt à court terme (un an) pour l'achat des produits; à 11.250 F sur le prêt à court terme (un an)pour l'acquisition des sacheries; et à 108.000 F sur le prêt à moyen terme (5 ans) pour la construction du magasin.

195K

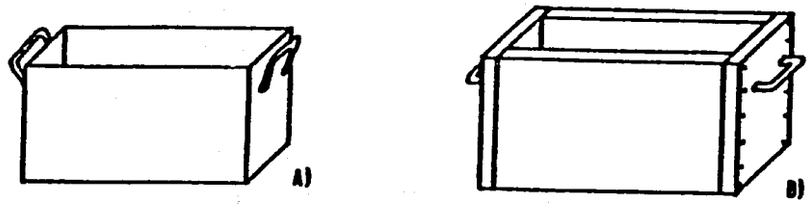

Fig. 5 - Moulds for casting cement blocks: (A) sheet steel mould (B) timber mould

Moules pour la fabrication des briques
A) Moule métallique B) Moule en bois

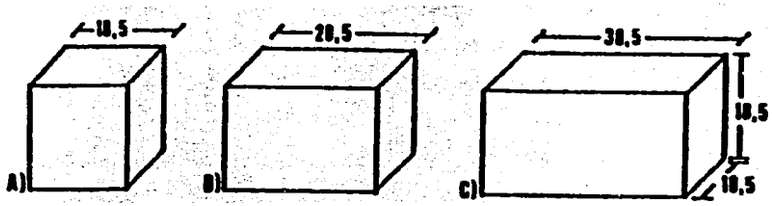

Fig. 6 - Cement blocks: (A) half block (B) three-quarter block (C) whole block

Briques de ciment: (A) Demi-brique
(B) Trois quarts de brique (C) brique pleine

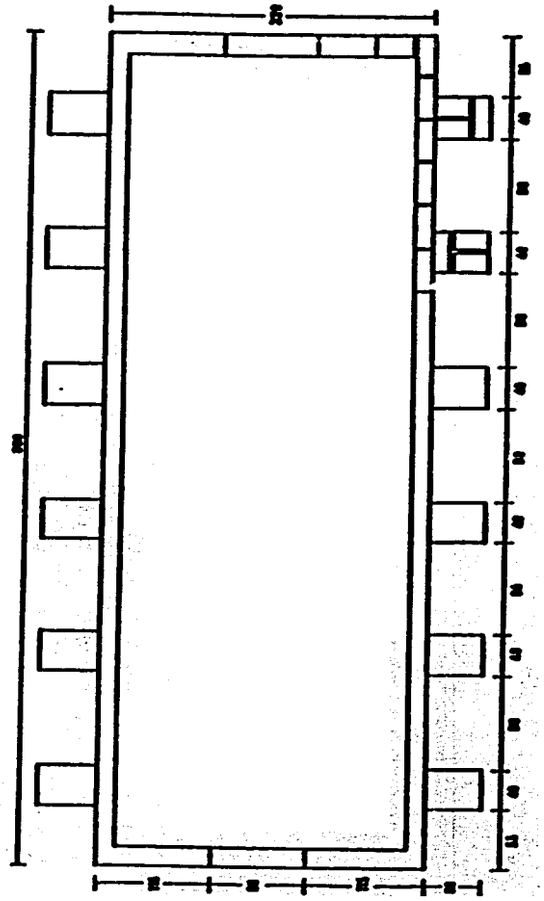

Fig. 7 - Ground plan for a warehouse with a storage capacity of 25 tonnes

Plan d'un magasin d'une capacité de 25 tonnes

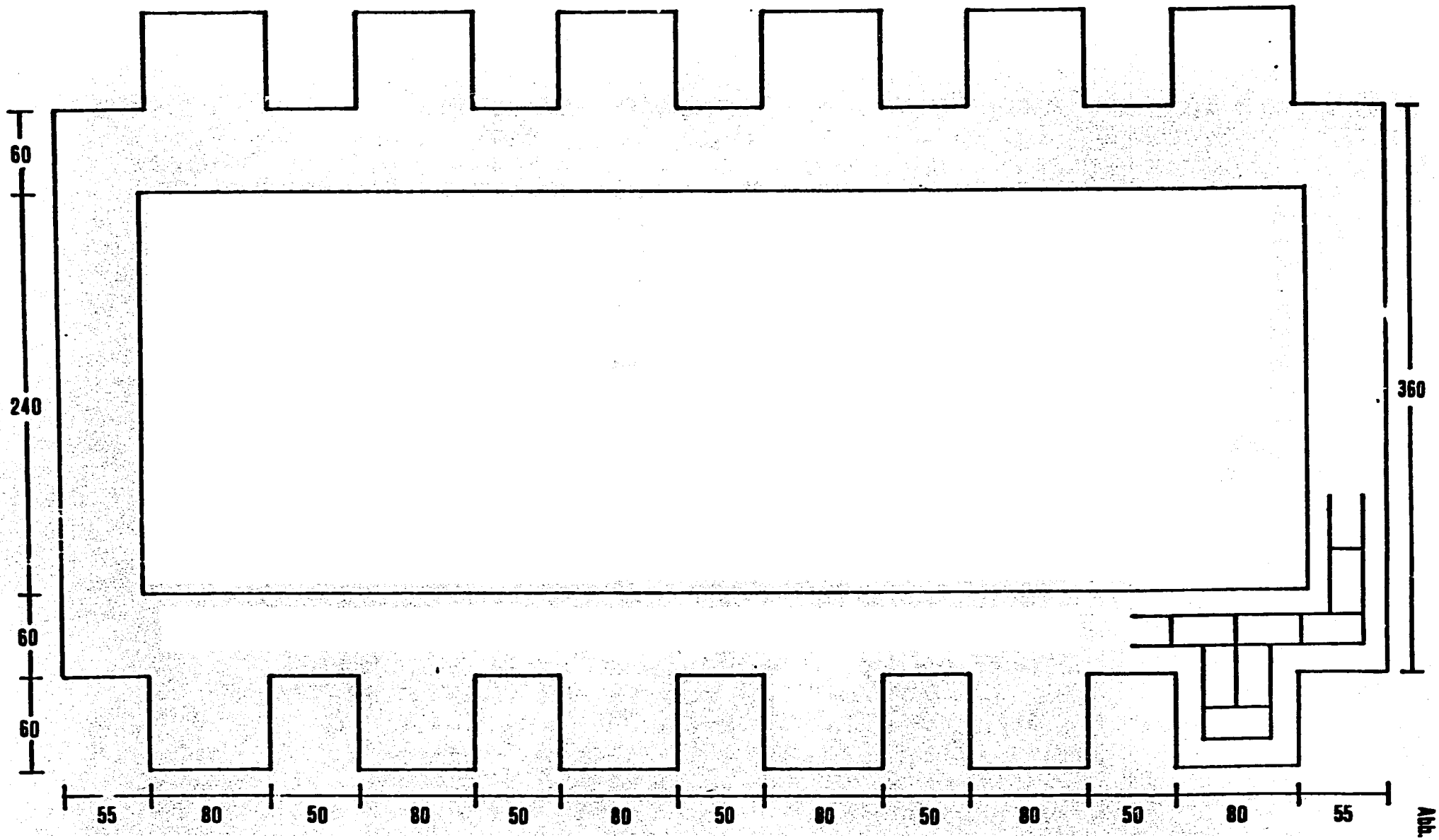

Abb. 1

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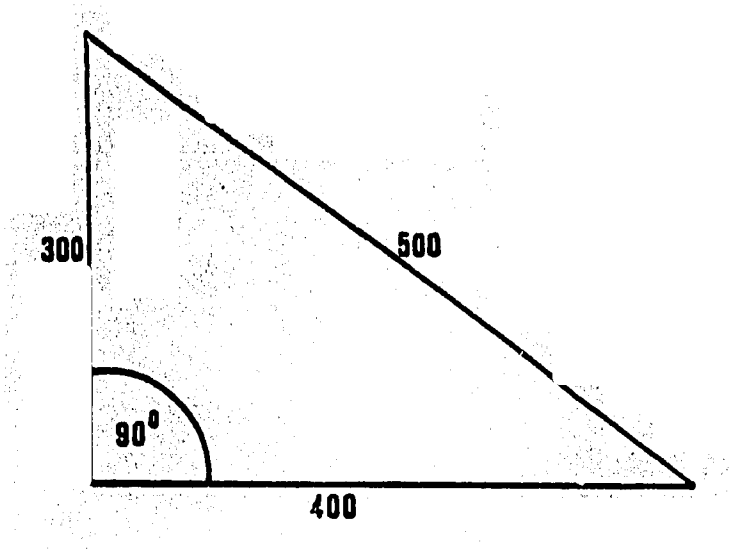
Abb. 2



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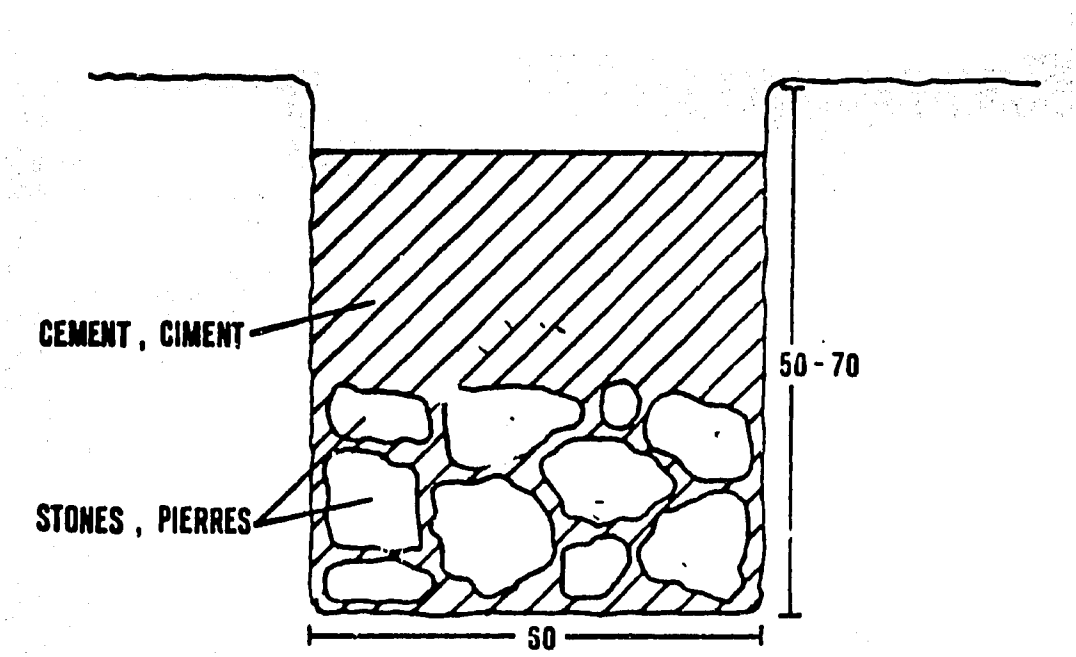


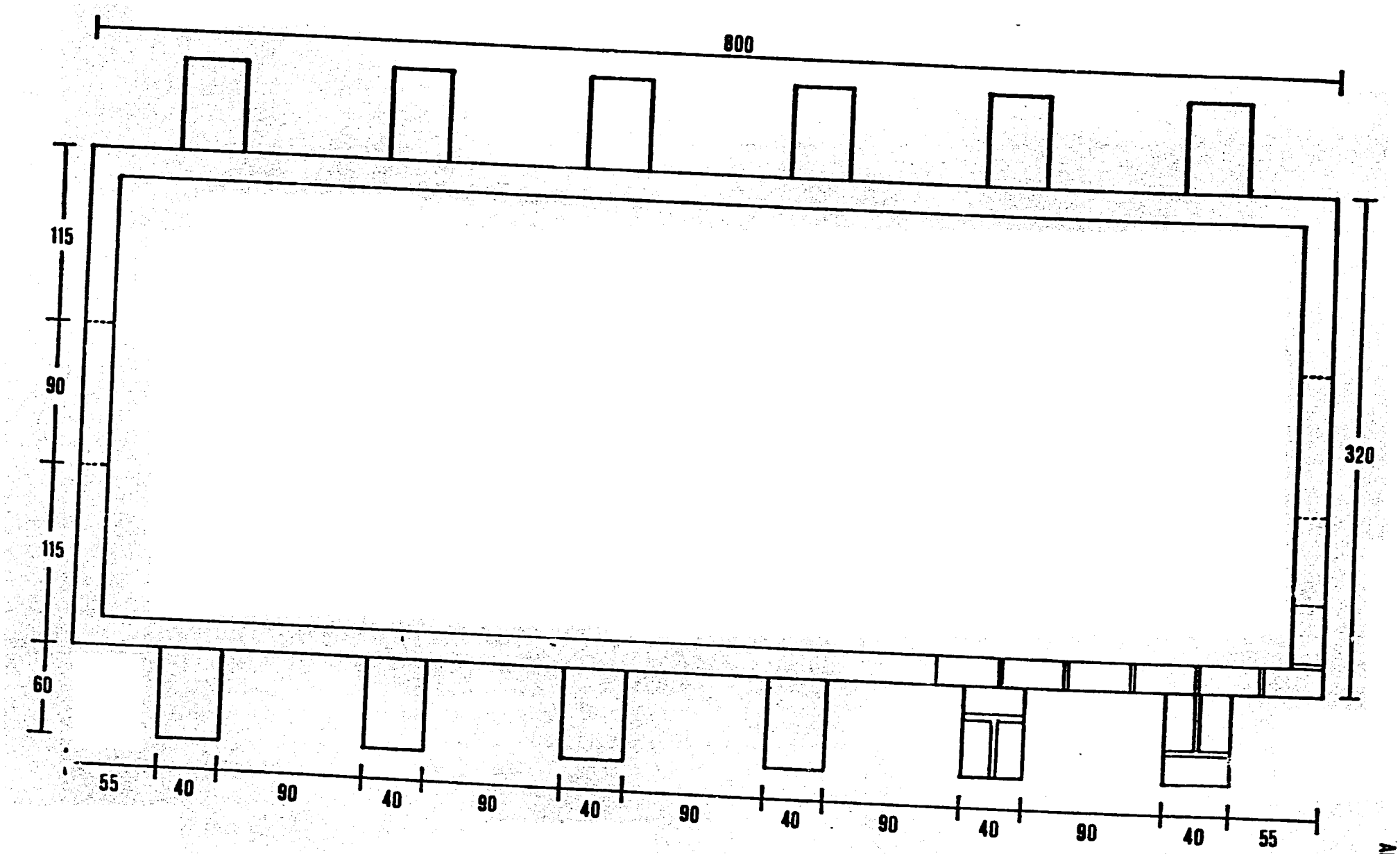
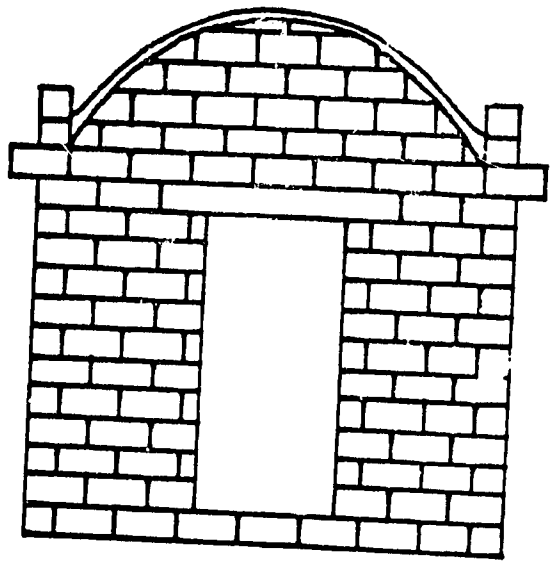


Abb. 6

Page

Abb. 7



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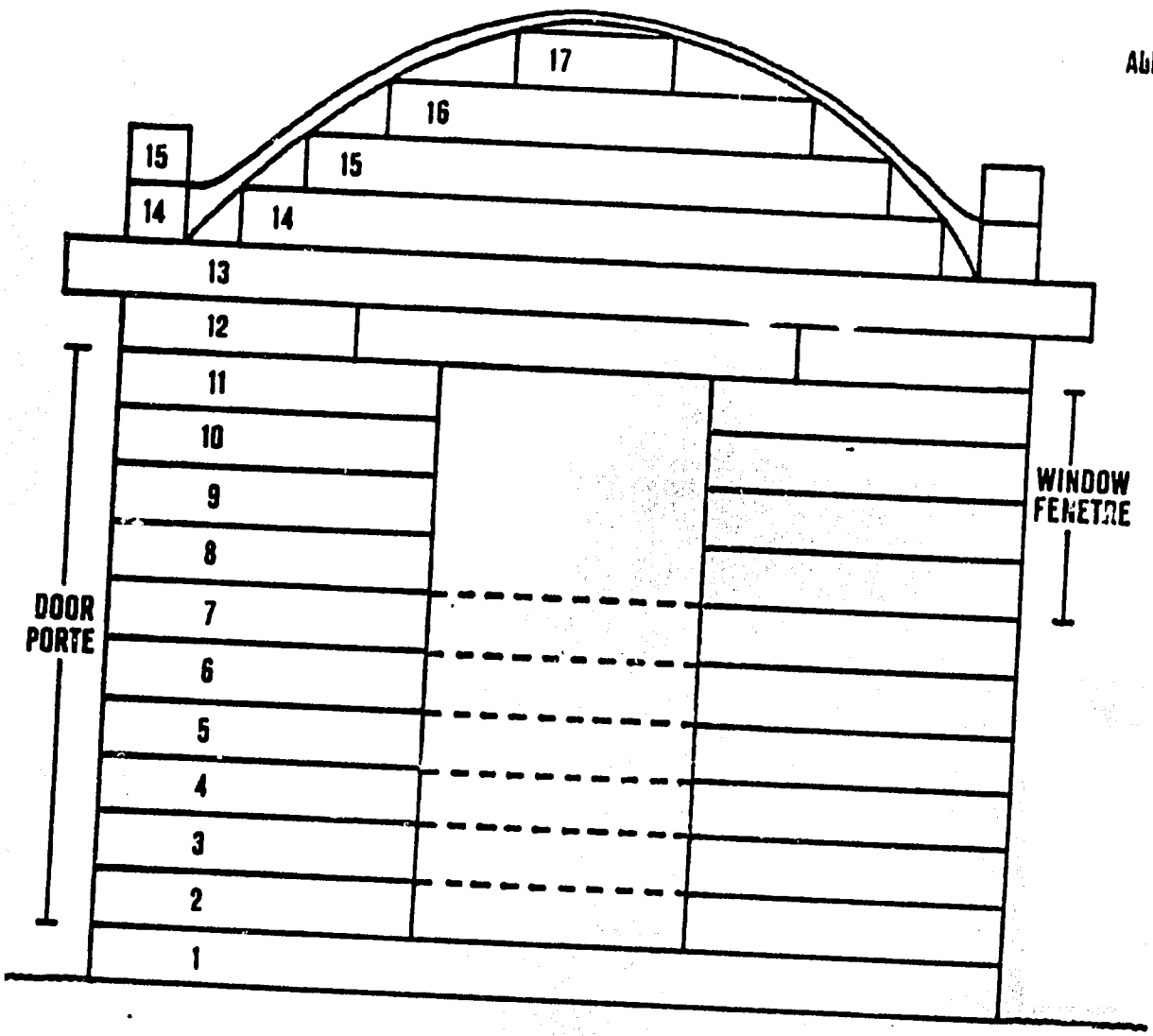
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DOOR
PORTE
WINDOW
FENETRE

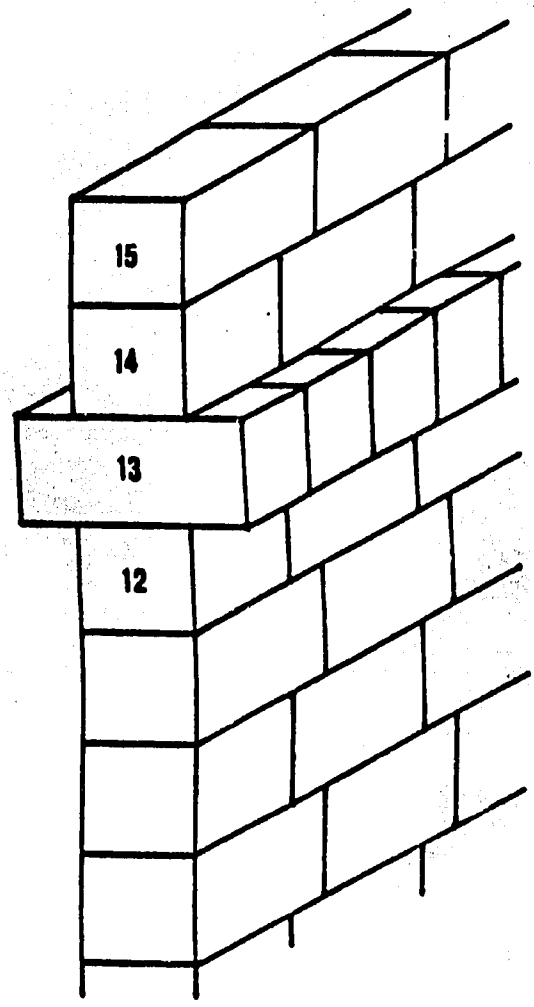


Abb. 9

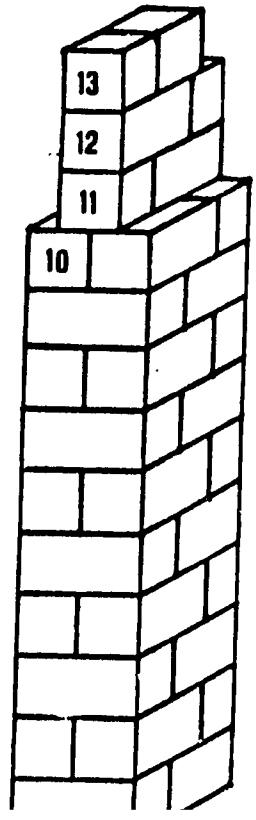
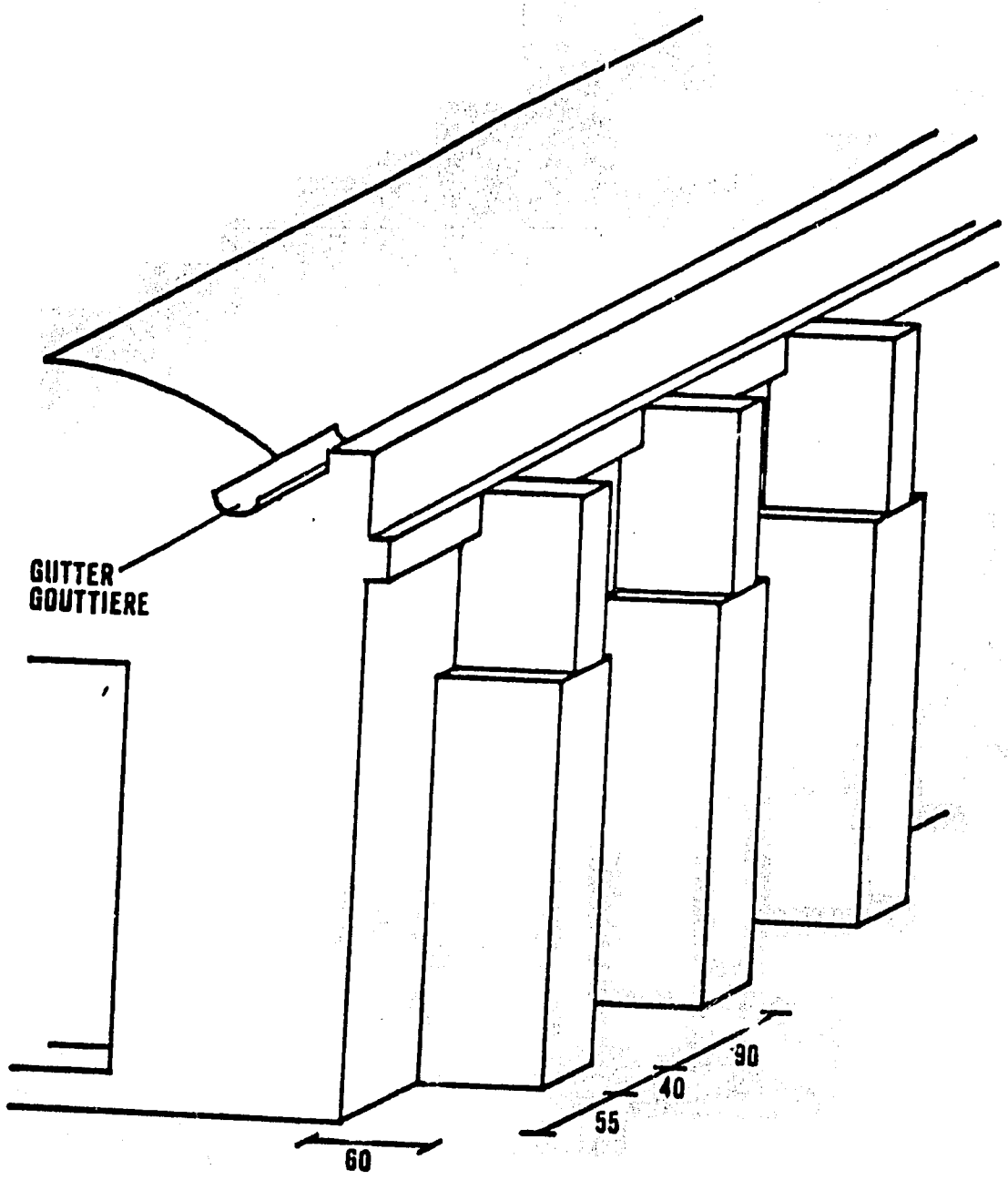


Abb. 11

Abb. 10



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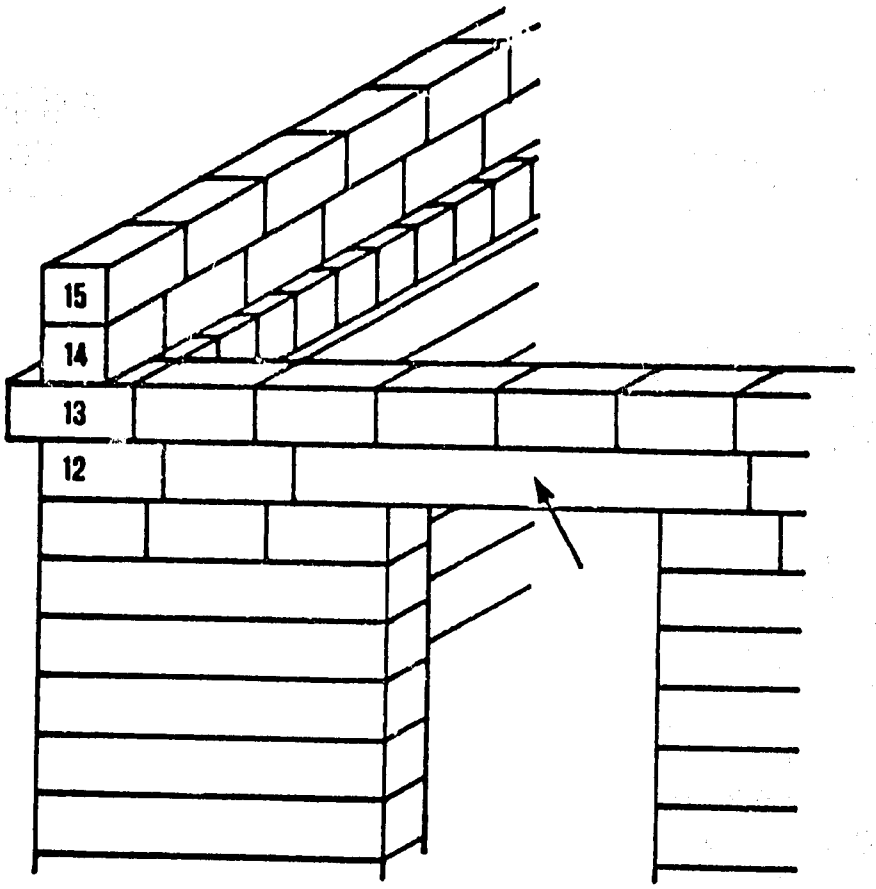

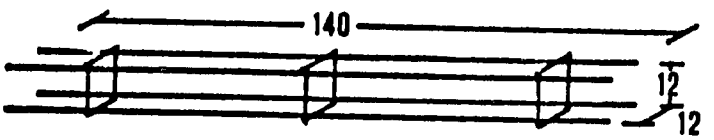

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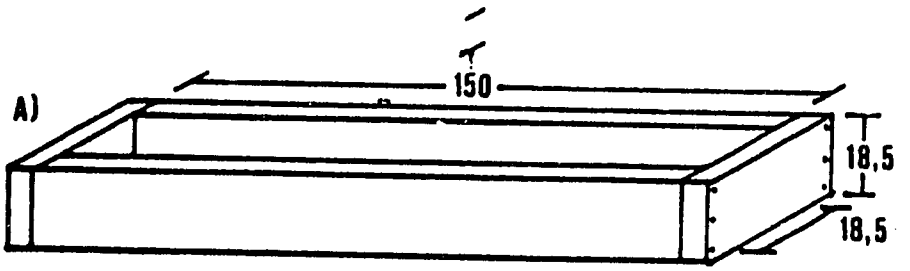

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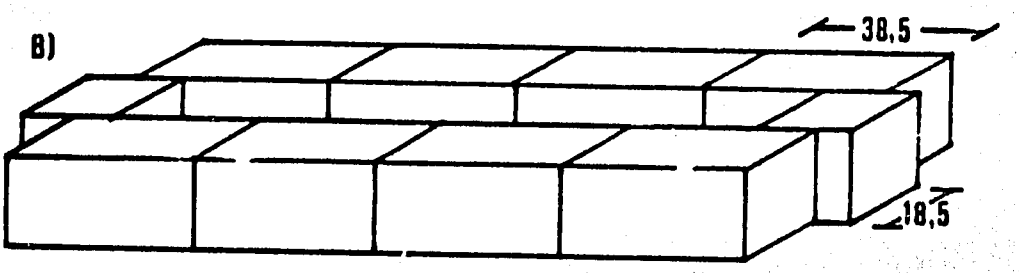

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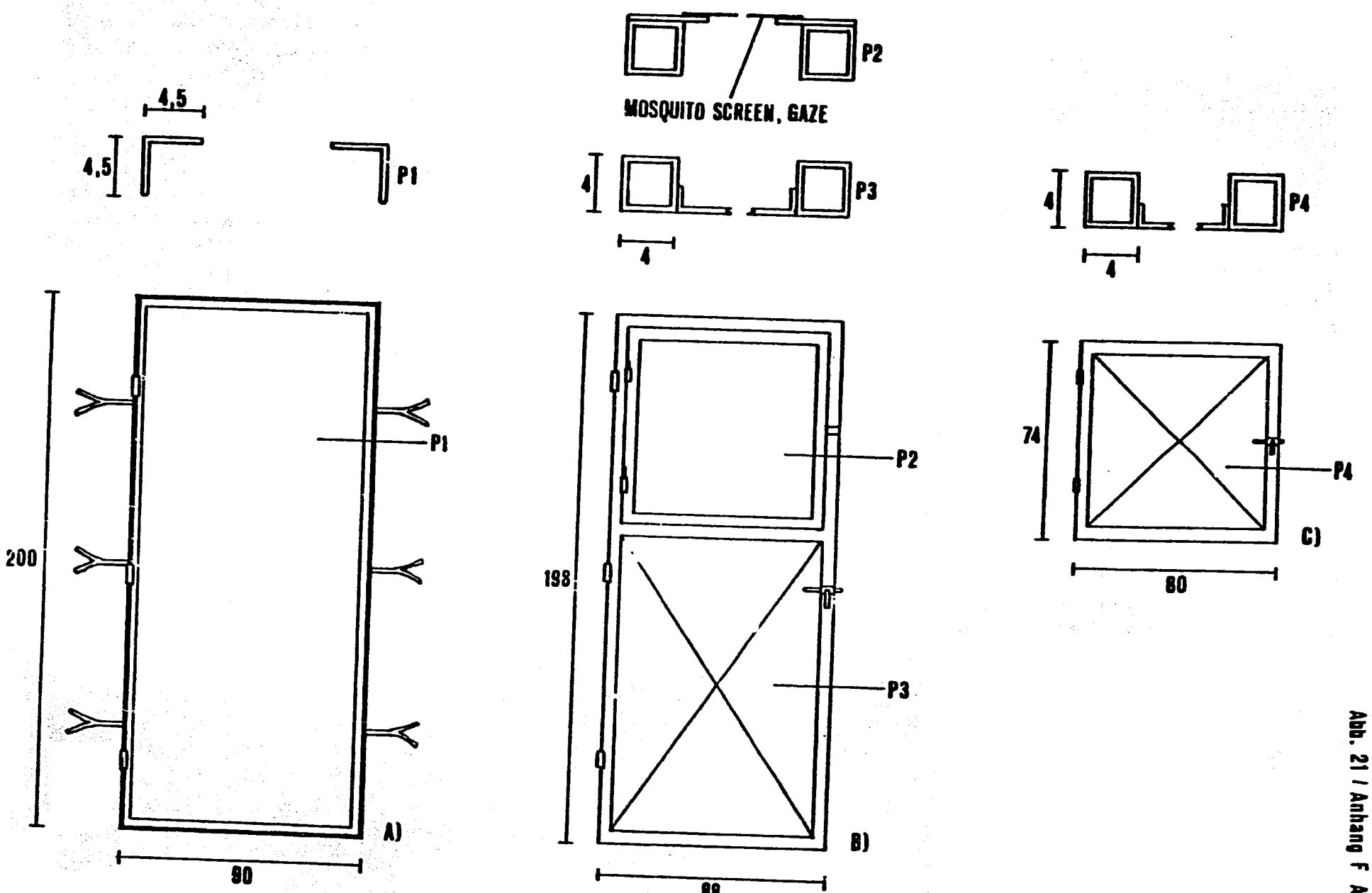
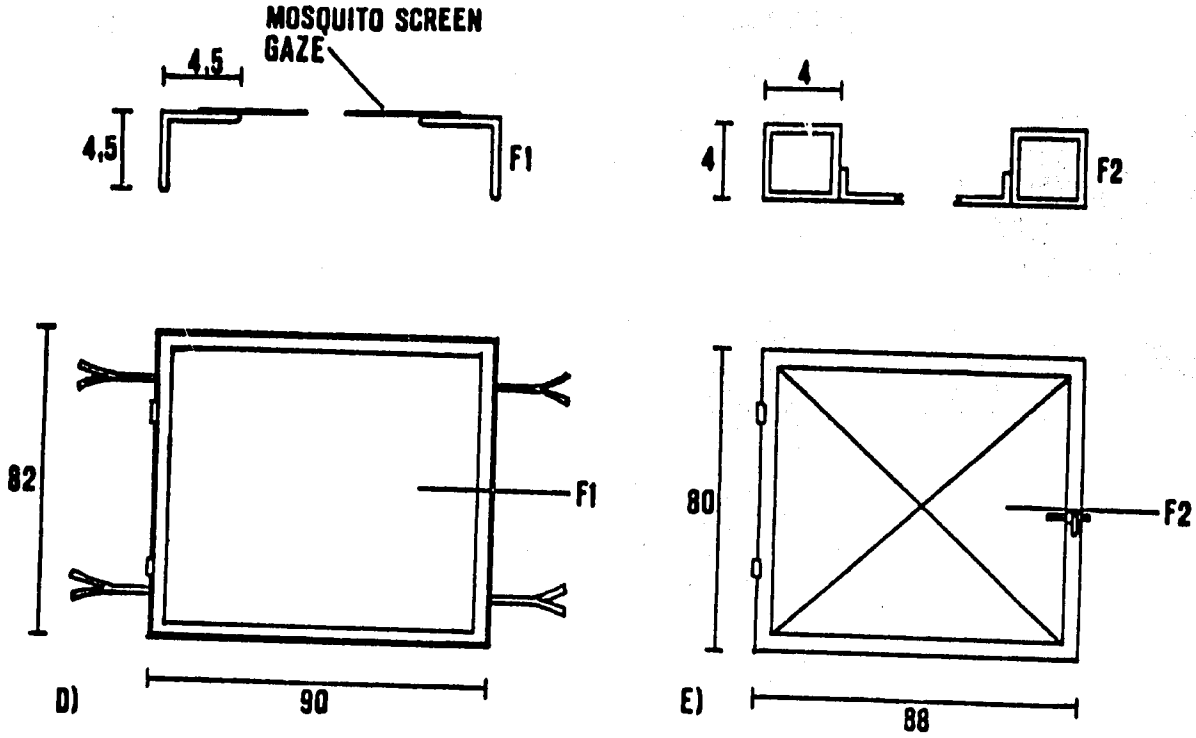


Abb. 21 / Anhang F Abb.A-E

304


MOSQUITO SCREEN
GAZE
4,5
4,5
F1
4
4
F2
82
F1
D)
90
80
F2
E)
88

Coût de construction des magasins fumigables de ASSOME et BATOUNE

	Assomé	Batoume
Matériaux (+ transport)	621 432	709.366
Fabrication parpaings	27.700	27.700
M.O maçon	213.000	213.000
Portes + fenêtres (Tôlier du GTZ)	113.000	113.000
Polyane	20.000	20.000
Total	995 132	1.083 066

TOTAL 821.432 + 207.366 = 1.330.798

Récapitulation des dépenses de construction du magasin fumigable d'Assomé

GTZ model

	No. Fact.	Date	Volume ou Quantité	Description	Montant Matériaux	Montant Transport M.O.
Ciment	1	08/06/87	2	tonnes de ciment - achat à 32.000 CFA/tonne	64.000	-
	2	10/06/87	3	tonnes de ciment/ 32.000 CFA/t	96.0000	-
	3	08/06/87	-	transport 4 tonnes à 1.600 F/t (Mission-Tové = Assomé)	-	6.400
	3	08/06/87	-	manutention 3 tonnes à 400 F/t	-	1.200
	4	15/06/87	2	tonnes de ciment à 32.000F/t	64.000	-
	5	" " "	-	transport 1 tonne (Mission-Tové - Assomé)	-	1.600
	5	" " "	-	manutention 2 tonnes à 200 F/t	-	400
	6	24/06/87	1	tonne de ciment à 32.000 F/t	32.000	
	7	" " "	-	transport 1 tonne (Mission-Tové-Assomé)	-	1.600
	7	" " "	-	manutention 1 tonne	-	400
	8	08/07/87	2	tonnes de ciment à 32.000 F/t	64.000	
	9	" " "	-	transport 2 tonnes (Mission-Tové-Assomé)	-	3.200
	9	" " "	-	manutention 2 tonnes ciment		800
	10	03/08/87	15	paquets de ciment à 1.600 F/pqt	24.000	
	11	" " "	-	transport 15 pqts ciment	-	1.600
	12	" " "	8	paquets de ciment à 1.600/pqt	12.800	
				Total	**356.800**	**17.200**
Sable	13	12/06/87	5	voyages/sable à 8.500 F/voyage	42.500	
	14	24/06/87	2	voyages/sable à 8.500 F/voyage	17.000	
	15	23/07/87	1	voyage/sable à 8.500 F/voyage	8.500	
				Total	**68.000**	

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ASSOME (Suite)

Gravier	13	12/06/87	3	voyages de gravier à 25.000 F/voyage	75.000
Eau	16	12/06/87	22	fûts de 200 l/eau à 350 F/fût	7.700
	17	25/06/87	43	fûts et 4 cuvettes/eau	15.200
	18	14/07/87	20	fûts et 2 cuvettes/eau	7.100
	19	07/08/87	18	fûts de 200 l/eau	6.300
				Total	**36.300**
Fer					
	20	22/06/87	3	barres de fer tor de 10	3.108
	20	" " "	2	barres de fer lisse de 6	794
	20	" " "	4	rouleaux de fil de fer à 200 F/rouleau	800
				Total	**4.702**
Pointes					
	21	07/07/87	1	paquet de pointes (cf. liste Batoumé)	2.325
Claies					
	22	08/09/87	22	claies pour béton à 250 F	5.500
Peinture	23	08/09/87	4	touques de 25 kgs de Détex blanc	47.520
Cadenas	24	17/08/87	3	cadenas à 2.695 F l'un (cf. liste Batoumé)	8.085
				Totaux	**604.232 17.200**
					= 621.432 FCFA

Arrêté le présent état à la somme de **Six Cent Vingt-et-un Mille Quatre Cent Trente Deux (621.432) Francs CFA.**

DISTANCES :

- Ciment : Lieu d'achat = Mission-Tové
  Distance à Assomé = 10 kms
  Aller-retour = 20 kms

- Sable : Lieu d'achat = Kovié
  Distance à Assomé 9 kms
  Aller-retour = 18 kms
  Volume du camion = 5 m3

- Gravier : Lieu d'achat = Assomé - village
  Volume du camion = 5 m3

- Eau : Lieu d'achat = Assomé - village

CONCURRENCE MEMORANDUM FOR THE ACTING DIRECTOR, REDSO/WCA

RECEIVED
AUG 29 1988
Agency For International Development
LOME, TOGO

Date: August 22, 1988

From: Wayne J. King, Assistant Director, PHN

Subject: Togo Rural Institutions and Private Sector Project Authorization

Ref: (a) State 250682, (b) State 274159

I. PROBLEM: Your concurrence is requested (a) to authorize the subject project and (b) to negotiate and execute a grant of $12,000,000 from the Development Fund for Africa (DFA) for the Togo Rural Institutions and Private Sector Project.

II. DISCUSSION:

Project Description

The goal of the Togo Rural Institutions and Private Sector Project (TRIPS) is to increase rural incomes by increasing and diversifying agricultural sector output. The project purpose is to expand the participation of Togolese private sector institutions in agricultural and rural financial markets on a sustainable basis.

Outputs of the Project will be:

- Improved legal and policy framework for credit union development:
- Credit union movement strengthened;
- Private rural producer groups strengthened;
- Rural private enterprises strengthened; and
- Policy dialogue to improve the environment for private sector development.

TRIPS will pursue these objectives by providing assistance to: 1) Togo's Credit Union Federation (FUCEC), through a cooperative agreement with Credit Union National Association, Inc. (CUNA), a U.S. PVO, 2) through a cooperative agreement with CARE, for development of rural producer groups and private enterprises that support the agricultural sector; and 3) the Government of Togo/Ministry for Rural Development (GOT/MDR), for Project monitoring and coordination.

A.I.D. Country Strategy and Beneficiaries

OAR/Lome's program goal, as presented in the 1984 Small Program Strategy Statement, is to improve the quality of life among rural Togolese through activities in the health and agricultural sectors.

Beneficiaries of the Project will include men and women, primarily in rural areas, who belong to project-assisted producer groups (at least 3400 farmers and their families), credit unions (about 38 thousand members and their families), or private trade associations, or who own micro and small enterprises (at least 260 entrepreneurs and their families).

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Other direct beneficiaries include personnel of the Togo Credit Union Federation, Government of Togo Ministry of Rural Development, and CARE Togolese staff who receive Project training.

Financial Summary

A.I.D.'s contribution for TRIPS will be $12.0 million in grant funds from the Development Fund for Africa. The Government of Togo will contribute $1.5 million in kind and FUCEC $1.7 million in cash and in kind. In addition, CARE will provide $500 thousand in cash, CUNA $55 thousand, and other donors approximately $939 thousand for credit union development.

FINANCIAL PLAN
($1000 or equivalent)

Project Inputs	Grant to CUNA		Grant to CARE		MDR Support	
	A.I.D.	GOT	A.I.D.	GOT	A.I.D.	GOT
Technical assistance	1561		1678		747	
Local personnel		22	1120	372	55	15
Commodities	194		330	142	26	
Construction	244		100	102		
Training	175		121		95	
Credit and grants	671		651	783		
Studies	45		410		114	
Evaluation	52		25		170	
Other direct costs	1418	3	39	97	122	5
Indirect costs	667		413			
Contingency	284		362		56	
Audits					55	
Total	5311	25	5249	1496	1440	20

Socio-Economic, Technical and Environmental Analyses

The Project Review Committee found the Project to be technically and institutionally sound. A Negative Determination was recommended for the IEE. This finding was prepared by the REDSO/WCA Environmental Advisor. The Project is feasible in socio-economic terms and no Human Rights issues have been raised. The requirements of Section 611(a) of the FAA have been satisfied.

Major Conditions Precedent and Covenants

Condition Precedent - Prior to any disbursement under the Grant for FUCEC operating costs beginning on April 1, 1989, the Cooperating Country 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. A copy of a formally issued official letter to FUCEC-TOGO, the contents of which will essentially be the following: Given Article 12, Title IV - Obligations - Decree No. 71167 which deals with the application of Ordinance No. 13, dated April 12, 1967 to the Cooperative Statute of Togo, the Ministry of Rural Development designates the Togolese Federation of Cooperative Savings and Loans Unions (FUCEC-TOGO) as its agent in matters which concern financial and technical control of all the savings and loan cooperatives operating on Togolese territory, regardless of

whether such cooperatives use or do not use the name of Savings and Credit Cooperative (COOPEC) and regardless of whether such cooperatives are affiliated with FUCEC-TOGO. In this regard, only FUCEC-TOGO will be empowered by the Ministry according to the provisions of Ordinance No. 13 to ensure that these laws of the Republic of Togo, and Ordinance No. 13 in particular, are respected, and that good financial and adminstrative practices are adopted and observed.

b. A copy of a formally issued letter to FUCEC which indicates approval of a FUCEC-sponsored risk management program.

Covenant - Prior to the annual disbursement of funds under the Grant for all FUCEC/CUNA, CARE and Ministry of Rural Development costs, except those directly associated with long-term advisors and salaries/benefits for local staff, the Cooperating Country will submit to A.I.D., in form and substance satisfactory to A.I.D., an annual work plan at least one month in advance of the year discussed in the plan. Costs anticipated in 1988 will be exempted from this requirement.

Covenant - The Cooperating Country will ensure that a Project Management Team is established, with representatives from the Cooperating Country, A.I.D., CARE, and CUNA/FUCEC, with the mandate to: review annual work plans of CARE, FUCEC/CUNA and the Ministry of Rural Development's Program and Planning Service, and to monitor and coordinate Project activities.

Waivers

Per reftel (a); a waiver of Section 110(a) of the FAA requirement for a Cooperating Country contribution equalling at least 25% of total Project costs was approved by the Assistant Administrator for Africa, on August 1, 1988.

PVO 25% Contribution to the project strategy

Given the determination that the program of both U.S. PVOs involved in the Project, CARE, Inc. and CUNA, Inc. supports specific provisions of the FAA or other legislation which at the outset and for an undetermined time have no independent source of income (e.g. development of cooperatives), a waiver has been prepared to waive or reduce the 25 percent contribution normally required by A.I.D. of grantees, including PVOs. Director, REDSO/WCA's concurrence is required to approve this waiver.

Project Committee Action

Mission review and major findings: a Mission review was held on June 21, 1988, which recommended the Project for approval. A project Review Meeting was held in REDSO/WCA on July 8, 1988. At this meeting the Project Committee reviewed the Implementation Plan contained in the PP and found it to be realistic, providing a reasonable time for carrying out the project. The Project was recommended for approval.

Implementing Agency

A Project Agreement will be signed between A.I.D. for the United States of America, and the Ministry of Rural Development for the Republic of Togo.

The General Directorate of the Ministry is the implementing agency for the Government of Togo. The Project will be implemented through two separate cooperative agreements negotiated with CARE and CUNA.

Congressional Notification

A Congressional Notification was not required as this Project does not differ in substance from the one already presented in the FY 1988 Congressional Presentation.

III. RECOMMENDATION: It is recommended that you sign the attached project authorization and concurrence cable and thereby concuring in (1) the authorization of the Togo Rural Institutions and Private Sector Project and in (2) the negotiation and execution of the Project Grant Agreement for the Project with the Government of Togo, provided that OAR/Lome makes the modifications and corrections in the PP, Project Authorization and Project Agreement that are mentioned in REDSO/WCA's concurrence cable.

Concur: Howard R. Handler
Howard R. Handler
Acting Director, REDSO/WCA

Do not Concur: _____

Date: 8-23-88

Attachments:
1. Draft Authorization Package
2. Project Paper
3. Project Annexes
4. Project Grant Agreement
5. Cable

Clearances:
A/DD:CMoseley _____ Date: 8/23/88
RLA:AVance/MAlexander _____ Date: 8/22/88
GDO:Sclark _____ Date: 8/23/88
WAAC:INesterczuk _____ Date: 8/23/88
PAE:DFraenkel RF Date: 8/22/88
GDO:JGoodson _____ Date: _____

PDO:WJKing:7/15/88:am

UNCLASSIFIED

STATE 274159/01

ACTION: AID INFO: AMB DCM

VZCZCLM0064EHU914
OC RUFHPC
DE RUEHC #4159/01 2360027
ZNR UUUUU ZZH
O 230028Z AUG 88
FM SECSTATE WASHDC
TO RUFHPC/AMEMBASSY LOME IMMEDIATE 3883
RUEHAB/AMEMBASSY ABIDJAN 7284
BT

LOC: 203
23 AUG 88
CN: 47884
CHRG: AID
DIST: AID

UNCLAS SECTION 01 OF 02 STATE 274159

AIDAC

E.O. 12356: N/A

SUBJECT: REVIEW OF CREDIT COMPONENT - TOGO RURAL INSTITUTIONS AND PRIVATE SECTOR (693-0227)

REF: A. LOME 04283 B. STATE 028950 C. TELCON BROWN/WENTLING 8/8/88 D. STATE 244935

1. PER PARA 2D OF REFTEL B, PROJECT COMMITTEE MET ON AUGUST 10, 1988 TO REVIEW CREDIT COMPONENT OF SUBJECT PROJECT TO DETERMINE IF ANY OUTSTANDING POLICY ISSUES EXIST. PROJECT COMMITTEE CONSISTED OF REPRESENTATIVES FROM AFR/DP/PAB, AFR/DP/PAR, AFR/MDI, AFR/CCWA, GC/AFR AND WAS CHAIRED BY AFR/PD/CCWAP.

2. REVIEW SUMMARY. PC ACCEPTED SUBJECT COMPONENT AS PRESENTED IN PP. CAR AUTHORIZED TO OBLIGATE PROJECT SUBJECT TO CONSIDERATION OF THE COMMENTS/SUGGESTIONS PROVIDED BELOW. SUBJECT COMPONENT CONSIDERED IN COMPLIANCE WITH REFTEL D, AFR CABLE ENTITLED PERFORMANCE STANDARD FACTORS FOR SMALL SCALE ENTERPRISE CREDIT PROJECTS. PER REFTEL C, OAR/LOME RECEIVED REFTEL D ON JULY 28, 1988 AND HAS ALREADY SHARED REFTEL WITH CUNA AND CARE PERSONNEL. PC WOULD URGE OAR TO USE GUIDELINES IN REFTEL D DURING PROJECT IMPLEMENTATION AND AS

CRITERIA FOR MID-TERM EVALUATION.

3. THE COMMENTS AND SUGGESTIONS ARE AS FOLLOWS:

A. CUNA:

1. PRODUCTIVE CREDIT REVOLVING FUND:
(A). WITH RESPECT TO THE PRODUCTIVE CREDIT REVOLVING FUND, SUGGEST THAT LANGUAGE BE INCLUDED IN THE PP WHICH DESCRIBES THE DISBURSEMENT MECHANISMS WHICH REF A STATES ARE QUOTE CURRENTLY IN PLACE AND WORKING WITHIN THE CONTEXT OF ENDQUOTE THE TWO ONGOING PROJECTS. THOSE PROJECTS SHOULD BE IDENTIFIED AS TO NAME AND PROJECT NUMBER IN THE TRIPS PROJECT PAPER.

(B) REF A STATES THAT CAPITALIZATION WAS BEGUN UNDER THE PREVIOUSLY FUNDED A.I.D. GRANT. SUGGEST THAT WE INCLUDE LANGUAGE IN THE TRIPS PROJECT PAPER WHICH CLARIFIES HOW

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CAPITALIZATION WAS CARRIED OUT AND SPECIFICALLY WHETHER A.I.D. FUNDS WERE USED FOR INITIAL CAPITALIZATION. SINCE A.I.D. PROCUREMENT RULES WOULD APPLY TO FIRST USE OF A.I.D. CONTRIBUTIONS TO FUND, SUGGEST WE CLARIFY THIS IN THE PP.

2. INCENTIVES PROGRAM:

(A) SUGGEST LANGUAGE BE INCLUDED IN THE TRIPS PROJECT PAPER WHICH INDICATES HOW REFLOWS UNDER THE INTEREST-FREE LOAN PROGRAM WILL BE UTILIZED AND MANAGED.

(B) SUGGEST LANGUAGE ALSO BE INCLUDED TO DESCRIBE IN MORE DETAIL THE OFFICE CONSTRUCTION COMPONENT, AND THAT AN ANNEX BE INCLUDED WHICH CONTAINS PROTOTYPE PLANS AND COST ESTIMATES.

3. FUCEC STATUS: THE PP (AND AUTHORIZATION) REQUIRES A CP WHICH MENTIONS AN ORDINANCE 13. WHAT IS ORDINANCE 13 AND WHAT IS THE IMPACT OF MAKING FUCEC THE QUOTE AGENT ENDQUOTE OF THE MDR? SUGGEST LANGUAGE BE INCLUDED IN PP WHICH DISCUSSES ORDINANCE 13 AND ITS IMPACT ON THE PROJECT OR FUCEC STATUS. ALSO SUGGEST LANGUAGE SETTING FORTH FUCEC'S CURRENT LEGAL STATUS AND DISCUSSION CONCERNING WHETHER ADDITIONAL LEGISLATION IS NECESSARY FOR FUCEC IN ORDER FOR THE OBJECTIVES OF THE TRIPS TO BE ACHIEVED.

4. LEGAL DEFENSE FUND: THE TECHNICAL ANALYSIS REFERS, ON PAGE E-1-17, TO THE PROJECT'S ESTABLISHMENT OF A U.S. DOLLARS 55,000 LEGAL DEFENSE FUND. IS THIS TO BE

INCLUDED IN THIS PROJECT? IF SO, SUGGEST THAT A DISCUSSION OF THIS COMPONENT BE INCLUDED IN THE PP.

B. CARE:

1. PRODUCER GROUPS TRAINING FUND: SUGGEST INCLUDING IN TRIPS PROJECT PAPER INFORMATION WHICH PROVIDES IN GREATER DETAIL HOW THIS COMPONENT WORKED IN THE PREVIOUS PROJECT AND HIGHLIGHTING ANY SUBSTANTIVE DIFFERENCES IN HOW THIS REVOLVING FUND WILL BE HANDLED UNDER TRIPS.

2. WAREHOUSE TRAINING FUND:

(A) AS WITH DISCUSSION ABOVE ON CUNA CONSTRUCTION COMPONENT, SUGGEST HERE THAT LANGUAGE BE INCLUDED IN PP WHICH DESCRIBES IN MORE DETAIL THE WAREHOUSE CONSTRUCTION ASPECT OF THE FUND, INCLUDING PROTOTYPE PLANS AND COST ESTIMATES FOR THE WAREHOUSES.

(B) ALSO SUGGEST INCLUDING INFORMATION ON OWNERSHIP OF THE WAREHOUSE AFTER CONSTRUCTION IS COMPLETED.

3. MICROENTERPRISES:

(A) REF A MENTIONS THAT QUOTE TRIPS WILL PROVIDE EQUIPMENT ON CREDIT TO RURAL ENTREPRENEURS. ENDQUOTE. SUGGEST THAT PP INCLUDE DISCUSSION ON HOW THIS WILL WORK, INCLUDING CREDIT TERMS, MANAGEMENT, INTEREST RATE, ETC.

(B) ALSO, SUGGEST DISCUSSION BE INCLUDED ON DISPOSITION OF REFLOWS.

3. AFTER OAR/LOME HAS INCORPORATED SUGGESTED CHANGES IN PP, AID/W WOULD APPRECIATE COPY OF FINAL VERSION OF PP SO THAT IT CAN BE REPRODUCED AND DISTRIBUTED. ALTHOUGH LEADTIME IS SHORT, AID/W WOULD APPRECIATE OAR/LOME MAKING EVERY EFFORT TO MAKE AUGUST OBLIGATION. WHITEHEAD
BT
#4159

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