

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IDENTIFICATION DOCUMENT FACESHEET (PID)	1. TRANSACTION CODE <input checked="" type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Revision No. _____ DOCUMENT CODE 1
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2. COUNTRY/ENTITY MALI	3. PROJECT NUMBER 688-0244
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4. BUREAU/OFFICE USAID/BAMAKO	A. Symbol AFR	B. Code 688	5. PROJECT TITLE (maximum 40 characters) ANIMAL PRODUCTIVITY AND EXPORT (APEX)
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6. ESTIMATED FY OF AUTHORIZATION/OBLIGATION/COMPLETION A. Initial FY 92 B. Final FY 97 C. PACD 98	7. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 =) <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">FUNDING SOURCE</th> <th style="width: 50%;">LIFE OF PROJECT</th> </tr> <tr> <td>A. AID</td> <td>17,000</td> </tr> <tr> <td>B. Other U.S.</td> <td></td> </tr> <tr> <td> 1.</td> <td></td> </tr> <tr> <td> 2.</td> <td></td> </tr> <tr> <td>C. Host Country</td> <td>6,000</td> </tr> <tr> <td>D. Other Donor(s)</td> <td></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td>23,000</td> </tr> </table>	FUNDING SOURCE	LIFE OF PROJECT	A. AID	17,000	B. Other U.S.		1.		2.		C. Host Country	6,000	D. Other Donor(s)		TOTAL	23,000
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D. Other Donor(s)																	
TOTAL	23,000																

8. PROPOSED BUDGET AID FUNDS (\$000)							
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. 1ST FY 92		E. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) DFA				1,200		17,000	
(2)							
(3)							
(4)							
TOTALS				1,200		17,000	

9. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)	10. SECONDARY PURPOSE CODE
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11. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)							
A. Code							
B. Amount							

12. PROJECT PURPOSE (maximum 480 characters)

To increase productivity and incomes in the livestock sector

13. RESOURCES REQUIRED FOR PROJECT DEVELOPMENT

Staff: Title XII Collaborative Assistance: 9 PM
 USAID/Bamako/ARD: 5 PM PD/PRM: 2 PM MGT/CONT: 1 PM
 USAID/REDSO/WCA: 1 PM (Environment) 2 Weeks (Contracting)

Funds \$400,000 from Title XII Collaborative Assistance Contract

14. ORIGINATING OFFICE CLEARANCE	Signature G. Tracy Atwood <i>G. Tracy Atwood</i> Title Acting Mission Director	15. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION Date Signed MM DD YY 09 26 91
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16. PROJECT DOCUMENT ACTION TAKEN <input type="checkbox"/> S = Suspended CA = Conditionally Approved <input type="checkbox"/> A = Approved DD = Decision Deferred <input type="checkbox"/> D = Disapproved	17. COMMENTS
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18. ACTION APPROVED BY	Signature Title	19. ACTION REFERENCE	20. ACTION DATE MM DD YY
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APEX

ANIMAL PRODUCTIVITY AND EXPORT PROJECT 688-0244

PROJECT IDENTIFICATION DOCUMENT

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ATTACHMENTS:

USAID/MALI

PROJECT IDENTIFICATION DOCUMENT

ANIMAL PRODUCTIVITY AND EXPORT PROJECT (APEX) 688-0244

SEPTEMBER 1991

ATTACHMENTS:

- Annex A** **Past USAID Livestock Sector Interventions**
- Annex B** **Analysis of Market Demand**
- Annex C** **Policy Issues in the Livestock Sector**
- Annex D** **Mali 6845: Reporting Cable on AFR/MDI Visit**
- Annex E** **Project Design Summary: Logical Framework**
- Annex F** **Project Budget**
- Annex G** **PID References**

ACRONYMS AND ABBREVIATIONS

AID	Agency for International Development
BNDA	National Agricultural Development Bank
CCCE	Central Fund for Economic Cooperation
CEBV	West African Livestock Marketing Agency
CEAO	West African Economic Community
CMDT	Malian Textile Parastatal
CNRZ	National Center for Animal Science Research
CVL	Central Veterinary Laboratory
DNE	National Livestock Directorate
DRSPR	Farming Systems Research Division
EEC	European Economic Community
ECIBEV	Office of Credit and Investment in Livestock/Meat
EIV	School for Veterinary Nurses
FAO	Food and Agriculture Organization
FCFA	West African Franc
FSN	Foreign Service National
FSR	Farming Systems Research
GRM	Government of the Republic of Mali
HUICOMA	Malian Cotton Gin and Oil Extraction Plant
IER	Institute for Rural Economy
ILCA	International Livestock Center for Africa
INRZFH	National Institute for Animal Science, Forestry and Hydrobiology
IMF	International Monetary Fund
IPR	Rural Polytechnical Institute
ISNAR	International Service for National Agricultural Research
JMC	Joint Management Committee
M&E	Monitoring and Evaluation
MDI	Marketing Development and Investment
MAEE	Ministry of Agriculture, Livestock and Environment
MDST	Management Development Support Team
MIS	Management Information System
NGO	Non-Governmental Organization
ODEM	Mopti Livestock Development Agency
OHV	Office for Development of the Upper Niger Valley
OMBEVI	Malian Office for Livestock and Meat
PID	Project Identification Document
PP	Project Paper
PIDEB	Integrated Program for Economic Development of Bafoulabé
PRMC	Cereals Market Restructuring Program

PVO	Private Voluntary Organization
RAC	Radio Communication System
TA	Technical Assistance
USAID	United States Agency for International Development
USDH	United State Direct Hire Employee
WB	World Bank

PROJECT IDENTIFICATION DOCUMENT

ANIMAL PRODUCTIVITY AND EXPORT (APEX)

(688-0244)

I. PROJECT SUMMARY:

Livestock are a major source of income and food security in Mali, contributing a third of all export earnings and the majority of income for most Malian families. Studies have shown that Mali's livestock sector has a comparative advantage within the region, especially in the production and marketing of cattle and small ruminants. Despite recent policy and regulatory changes designed to capitalize on this advantage, there still exist constraints in areas of commercialization, privatization, and production that prevent Malian livestock from playing an even greater role in domestic, regional, and international markets. Eliminating these constraints, and making livestock a centerpiece for sustainable private sector market-oriented development, are key objectives in the GRM's long-term strategy for economic growth. It is also the focus of the Animal Productivity and Export Project, a six-year \$17 million effort designed to increase productivity and incomes in Mali's livestock sector.

USAID experience in the livestock sector, together with recent political, economic and institutional changes encouraging free enterprise, transparency, efficiency, and sustainability, offer unprecedented opportunities to increase livestock's contribution to the Malian economy. In this optic the APEX project, through a combination of field activities, business promotion, and policy dialogue, will bring together GRM staff, private businessmen, producer-marketing associations, PVOs and NGOs, and Title XII collaborative assistance in ways that will

- o improve commercialization, through innovative and viable marketing and trade/investment programs, as well as more reliable and efficient market information systems;
- o improve livestock productivity, through focused inputs and better natural resource management;
- o improve animal health coverage, through increased government efficiency and reliance on private health care delivery; and
- o improve extension and farmer-herder cooperative development, through institution-building and training.

The result will be improved competitiveness of Malian livestock exports, increased incomes from producing and marketing livestock and livestock products, better access to and more efficient use of animal feed, and better animal health.

II. PROGRAM FACTORS

A. CONFORMITY WITH MALI'S PROGRAM AND STRATEGY

Over the past five years the GRM has conducted a thorough review of livestock policies and activities, particularly with regard to livestock and meat production, extensive pastoral production systems, animal nutrition, milk and poultry production, the hides and skins industry, exports, and the privatization of veterinary medicine. The result of this review is a long-term livestock strategy grounded in four elements:

- o improving productivity through better natural resource management (i.e. animal feed utilization, water resources use, and livestock/crops interaction);
- o improving animal health coverage, with increased reliance on private sector health care delivery;
- o improving extension and herder cooperative development; and
- o improving commercialization, through innovative and viable marketing and trade/investment programs.

This strategic framework has been strengthened by a series of policy reforms recently undertaken by the GRM. They include the elimination of export taxes, with plans for additional regulatory and institutional reforms designed to further liberalize regional trade and marketing of livestock products; legalizing the private practice of veterinary medicine; facilitating the private import of veterinary pharmaceuticals; reducing GRM subsidies to large milk producers, thus enabling smaller producers to compete in the urban markets; and privatizing the GRM tannery, the centerpiece for the skins-and-hides industry.

These reforms are good short-term steps that will improve the productive potential of Mali's livestock sector. They must be seen as running parallel with GRM's Medium-Term Economic and Financial Strategy, which focuses on macroeconomic reforms that encourage private sector development, public sector efficiency, and free market enterprise.

Two other recent developments provide important opportunities for improved livestock development. First, the previous ministries of Agriculture (MOA) and Livestock and Environment (MEE) have been merged into the new Ministry of Agriculture, Livestock and Environment (MAEE). This will facilitate livestock/agriculture bonding and assure more rational use of Mali's rural extension resources. Second, the "ideology of transparency", and the GRM's overt crackdown on hidden arrangements and corrupt practices, could contribute to lowering the transaction costs of many commercial livestock activities.

B. RELATIONSHIP TO THE USAID/MALI CDSS AND THE DFA ACTION PLAN

The thrust of USAID/Mali's development strategy, as detailed in the 1990-94 CDSS and the 1990 Program Logframe, is to promote economic growth in Mali. This will be done by increasing private sector participation in the economy, increasing incomes in areas of high productive potential, and improving delivery of health and educational services. APEX, with its focus on privatization and productivity in the livestock sector -- which represents Mali's second major source of export and domestic revenue -- contributes to the first two of these strategic objectives.

The long-term increases in production, productivity and incomes promoted under APEX support the overall DFA goal of broad-based, market-oriented, and sustainable economic growth as detailed in the 1989 Action Plan. As discussed below in Part III, APEX also directly addresses the DFA objectives of encouraging policy and institutional changes to help African governments provide public services more efficiently; supporting actions to make the private sector and markets more competitive; developing the potential of long-term increases in productivity; and improving food security.

C. COORDINATION WITH OTHER DONORS

While USAID has been the major donor in livestock development in Mali for the past thirty years, there are several other donors (the World Bank, the United Nations Development Program, the Food and Agriculture Organization, the European Economic Community, the Caisse Centrale for Economic Cooperation, and several Arab countries) who have, or have recently completed, activities that support livestock production. Their interventions have focused on field level improvements in delimited areas, and have for the most part concentrated on animal health delivery, water resources development, and improved pasture management.

Until now only USAID has provided national level support to service delivery and policy dialogue. Upcoming World Bank and CCCE activities may have a greater emphasis on national level policy and program priorities. Specifically, and as the result of recent project missions, joint WB/CCCE activities are likely to assist the GRM with a modest national infrastructure program to improve livestock marketing (i.e., trekking routes, water points, and market places). Other donors, in coordination with USAID, plan to support land tenure discussions and improved land use arrangements in the optic of integrating livestock and grazing concerns into a more useful and effective framework for improved natural resource management. This will have the added benefit of examining and hopefully reconciling customary and modern tenure law in the context of changing land use and migratory patterns, and mixed production systems.

III. PROJECT DESCRIPTION

A. PERCEIVED PROBLEM AND OPPORTUNITY

Livestock play an enormously important role in the lives of the Malian people. They contribute a third of Mali's export earnings directly and, as a key element in the energy requirements of the cash crop sector, another forty percent indirectly in the form of animal traction power required for Mali's highly efficient low-cost export crop production. Besides being the most important source of income for all but a handful of Mali's rural people, livestock are also a key element in ensuring food security in rural areas. Finally is the symbolic and cultural significance of livestock in Mali, and the way their presence or absence can affect local social, political, and economic organization.

With all this historical and economic importance, it is evident that Mali's "comparative advantage" as a producer and marketer of livestock and livestock products is far from being developed to the fullest extent. The key constraints to realizing the full potential of increased livestock productivity and growth lie in areas of commercialization, production, and animal health.

o Commercialization

Stagnant export markets, and policies and other factors that constrain market access, have slowed the pace of livestock development in Mali. The export of large and small ruminants, the domestic sale of small ruminants and poultry, and milk production in the urban markets are far below their potential for a number of reasons. These most important are regional export market conditions; regulations and their application; excessive costs of marketing functions; inadequate regulatory and market information available to the private sector; disruptions in existing credit channels; inadequate marketing channels for specialty markets; and distorted milk pricing policies. Annex B gives further details on market demand for livestock, and some of the constraints to regional competitiveness.

As noted in Section II above, recent GRM decisions have begun to facilitate Mali livestock exports and access to domestic markets. To give but one example, eliminating export taxes alone has reduced official livestock marketing costs from 5,600 FCFA (\$20) to 2,400 FCFA (\$8.60) per head (cf. Kulibaba and Holtzman, 1991). This major reduction in price is a promising development in furthering regional trade and access to overseas export markets.

o Production Inputs and Sustainable Sources of Feed

Increases in livestock productivity are constrained in the short-term by limited availability and inefficient use of appropriate feed, and in the long-term by the unsustainable use of natural resources. Problem areas include the absence of profitable feed packages in many areas; inadequate livestock extension efforts where profitable feed packages exist; insufficient integration of livestock and crop production systems; inefficient distribution of

nutritious crop by-products; growing encroachment by farmers into fragile lands best suited for grazing; conflict over grazing and trekking rights; and increased soil degradation and loss of productive perennial grasses in semi-arid and sub-humid zones.

Resolving these problems will require two different strategies. First, better animal feeding techniques need to be introduced to herders and farmers through a broad-scale and effective extension approach. Available feed sources also need to be distributed and marketed more widely. Second, support is needed to better define land use and access rights in mixed farming and herding areas. This will ensure that livestock have continued access to feed resources, and that farmers and herders manage grazing land in ways that promote sustainability of the natural resource base.

o Privatization and Animal Health Delivery

Over the past three decades gains in productivity as the result of improved animal health care has been a major success in Mali. Yet inadequate access to animal health services, medicines, and vaccines continues to prevent productivity from reaching maximum potential. Specific constraints include the non-epidemic and routine health problems of cattle, and the lack of veterinary coverage to address them; the high cost of providing health services, due to a range of policy, pricing and institutional factors; and a lack of pharmaceuticals and vaccines for small ruminants and poultry. The last is particularly damaging, as it severely limits the development of a high return, low cash input activity that benefits especially women and the poor.

As noted above, part of the problem of health care delivery has been resolved with regulatory reforms that permit installation of private veterinarian practices. What remains to be resolved is the flip-side of the coin, i.e. defining the domain of public intervention and increasing the efficiency of public animal health delivery. There are also issues of cost recovery in vaccine production, and access to offshore pharmaceuticals.

USAID, together with the GRM, other donors and the NGO community, view the above constraints and problems as steppingstones to a series of valuable and viable development opportunities in the livestock sector. Given the current and prospective political and macroeconomic climate in Mali, the comparative advantage Mali enjoys in the region as a livestock producer and marketer, the investment potential in livestock as recognized by Malian and foreign investors, and knowledge that the constraints noted above can be overcome, USAID investment in Mali's livestock sector is amply warranted. APEX will be the focus for this involvement.

B. PROJECT GOAL AND PURPOSE

In line with the goals of the GRM and USAID/Mali's development strategies, the goal of the APEX project is sustainable economic growth. The project purpose will be to increase productivity and income in the livestock sector.

C. EXPECTED ACHIEVEMENTS AND ACCOMPLISHMENTS

By the end of the project APEX will have achieved the following:

Commercialization

- o Associations of groups of producers and traders (of meat, milk, hides, skins, eggs, and other livestock products) will use their organizations to improve their access to credit, marketing outlets and infrastructure; to negotiate with the GRM over regulatory reforms and their enforcement; and to bargain better with other actors in the marketing chain.
- o Joint ventures in livestock and livestock product processing between Malian private businessmen/firms and U.S. businesses will be operating.
- o A functional market information system, emphasizing both Malian and West African market conditions and regulatory information, will provide information accessible to all Malian herders and intermediaries.
- o Policies and regulations that increase competitiveness of Malian livestock exports will be operational, understood and widely accepted.
- o Regional trade agreements and simple operating procedures to facilitate lower costs of Malian livestock exports will have been negotiated and in effect.
- o A consultative process between private sector groups and the GRM regarding livestock commercial regulations and export promotion will be operational.
- o Possible pricing/marketing reforms in commodities, such as milk and feed, will increase the access and production of farmers and herders.

Production Inputs and Sustainable Sources of Feed

- o Improved extension services will effectively disseminate animal nutrition and ration information to herders.
- o Farmers and herders throughout Mali will adopt improved nutritional packages for large and small ruminant use.
- o Village land management schemes involving farmers, and settled and transhumant herders, are accepted and result in more sustainable and productive use of lands.

- o A continuing dialogue between the GRM and local communities on land access rights will support a consultative process that reconciles law and practice in land tenure.

Privatization and Animal Health Delivery

- o Private and fully functioning animal health delivery services will exist within the OHV zone and possibly one other development region.
- o Improved vaccine production and marketing strategies will result in a profitable cost recovery ratio for the CVL.
- o CVL diagnostic capacity will be linked to the animal health extension activities of public and private veterinarians.
- o Access to animal health services and medicines by livestock owners will increase.

D. THE PROJECT OUTLINE AND HOW IT WILL WORK

The areas of project focus address the problems and constraints discussed above: commercialization, privatization and animal health delivery, and production inputs and sustainable sources of animal feed. These areas are related. Herder associations, for example, whose initial rationale is marketing, may later undertake activities to ensure better natural resource management and access. Similarly, better health services through privatization imply a solid marketing orientation on the part of veterinarians, veterinary pharmacists and the CVL. Policy analysis and dialogue on rangeland tenure might involve public agencies or sources of technical assistance that are different from those involved in developing better feeding rations, even though both fall under the general rubric of "sustainable sources of feed". Policy dialogue and training cross-cut all three areas and form an integral part of each.

o Commercialization

Support in the area of commercialization will focus on promoting private livestock associations, strengthening policy dialogue and reform, facilitating joint ventures between American and Malian businesses, and disseminating market information. 1.

1. Promoting Private Livestock Associations

Building on the GRM's plan to promote greater organization of independent livestock producers and on USAID's previous success in other sectors, APEX will support the growth

of a wide range of producer and trader associations. As the GRM dismantles many of its parastatals and begins relying on the private sector for key production and marketing services, these associations, which will include such occupations as herders, butchers and traders, as well as meat, milk, poultry, egg, and hides and skins producers, can play a number of critical roles. For example, they can help provide a more effective means for livestock producers to gain easier and lower cost access to certain inputs (medicines, feed, equipment, transport, credit) needed by their operations, as has already occurred in the Haute Vallee (OHV) project. They can also serve as an interest group in discussions with the GRM on regulatory and fiscal matters, or negotiate with other actors involved in the livestock marketing chain. Finally, associations can serve as the conduit for training members in technical as well as organizational and financial management skills. For these aspects of institutional strengthening and human resource development, APEX assistance will be patterned along the lines of CLUSA assistance to village associations in the OHV zone (cf. Section IV(C) on Relevant Experience with Similar Projects).

2. Strengthening Policy Dialogue and Reform

Policy dialogue, which will be coordinated with and complemented by the Mission's Policy Reform for Economic Development Program (PRED), will focus on several areas relating to export promotion, pricing and marketing, regional trade, transport deregulation, privatization of animal health care, and land and resource tenure (cf. Annex C). This dialogue will take several forms. One key aspect will be pursuing the recent AID/W-Club du Sahel-World Bank studies on domestic and regional livestock trade impediments, making certain that future discussions involve private livestock exporters, GRM officials, and Burkina and Ivoirian counterparts. Related to this are issues of transparency and informal/customary transaction costs, and the need for reforms that will decrease these costs.

3. Encouraging Joint Business Ventures

The current GRM strategy for private sector development relies on creating a favorable environment for private sector investment. Part of this can be brought about through continued political stability and policy reform, which would engender consumer and investor confidence; and part by ensuring that there exists the necessary investment capital, technical and managerial expertise, to make investments economically viable. GRM officials have been quite forthcoming in informing their development partners that private foreign investment would be most welcome and encouraged.

In this optic USAID/Mali, in collaboration with the A.I.D. Africa Bureau's Office for Market Development and Investment (MDI), has brought U.S. and Malian businessmen together to discuss future joint ventures in the livestock sector, particularly in slaughter house operations, meat processing, and skins and hides export (cf. Annex D for details). The discussions have been fruitful, with the Mission and the GRM optimistic that joint ventures in livestock will take place. APEX will continue to encourage these partnerships,

working with MDI, the GRM and Malian businessmen to promote further visits and investment opportunities.

4. Disseminating Market Information

Building on the success of a cereals market information system put in place under the multi-donor Cereals Market Restructuring Program (PRMC), APEX will establish a similar system to inform producers and traders regularly and systematically on prices and market conditions of cattle in Mali and neighboring countries, as well as any regulations and decisions that affect domestic and export markets. The system will be made simple and sustainable, and will disseminate information in ways that will create the broadest possible access to all concerned parties.

o Production Inputs and Sustainable Sources of Feed

APEX support for this component will focus on improved extension of animal feeding practices and packages, and pilot activities to define grazing access and user rights in areas where conflict over such rights threatens both the natural resource base and the access of herders to grazing areas.

1. Extending Improved Animal Feeding Packages

The recent merger of the Ministries of Livestock/Environment and Agriculture into a single Ministry, along with successes under the World Bank Agricultural Extension Support Project, are both positive signs that Mali's rural extension efforts -- especially those integrating crop and livestock activities -- are beginning to pay off. APEX will build on and complement these efforts, offering training programs for extension agents and producers in proven techniques of animal husbandry and production. Emphasized will be shortcourses (2-5 days) offered in classrooms or farmers' fields in such areas as composting, production of forage legumes and forage tree species, poultry and small ruminant vaccination, hay storage, animal corrals, use of salt blocks, and the grading of hides and skins. Trainers will also use valuable farmer-to-farmer visits to make farmers aware of new techniques, enabling them to "get the truth" from their peers and co-producers. APEX will also support preparation and distribution of materials in local languages on simple animal production techniques. Further analysis during the design phase will explore how this material can be coordinated with the literacy program in the OHV project.

2. Defining Access and User Rights to Grazing Areas

In addition to the policy analyses mentioned above, the project will help develop locally appropriate guidelines governing access and land-use rights for grazing lands. Key to this process is using multidisciplinary team of sociologists, legal specialists and technicians to build consensus and agreement among all the concerned groups (sedentary farmers and herders, transhumants) involved in village land use management ("gestion terroire").

Guidelines will take into account traditional and modern legal practices, as well as local access and use requirements that satisfy other needs, such as crop lands, forestry, and water. The land-use codes will also establish arbitration mechanisms that can effectively resolve conflicts as necessary. As a starting point, project Paper design will examine the possibility of selecting the GRM natural resource test zone of Diema, in Region I, to be the first site for developing these land use guidelines.

o Privatization and Animal Health Delivery

APEX will continue to support the privatization of veterinary services, and improved animal health care delivery among both public and private health care specialists.

1. Privatization of Veterinary Services

In early 1991 the GRM passed legislation authorizing the practice of private veterinary and pharmaceutical services. Though this is a critical step in promoting private sector development, there are nonetheless some key constraints that need to be addressed in order to make private animal health care delivery viable. They include regulations that impose unnecessarily high investment costs on newly established practices, inadequate business and administrative skills by those whose training and experience has been in the public sector, and access to credit. APEX will work with the MAEE and veterinary associations to alleviate these constraints, taking cues from progress made in the privatization and deregulation of human health care delivery.

APEX will begin on-the-ground support of private veterinarians at a broad range of sites within the Operation Haute Vallee (OHV) zone. USAID has considerable experience working with farmers and village associations in the OHV, especially in productive market-oriented agricultural-based activities. There is a very active and accessible commercial livestock sector in this zone, with substantial market outlets in Bamako and an already existing heavy demand for veterinary services. These and other conditions will enhance the chance for initial success, while at the same time providing a positive and visible demonstration to the GRM and nearby potential private veterinarians.

2. Improved Animal Health Care Delivery

Assisting private and public animal health care specialists to provide quality and sustainable animal health care delivery will be done in three ways. First, where private practitioners are active, APEX will still provide limited support for public animal health activities, as there may be ongoing or new animal health functions that merit AID support. These would include, for example, veterinary inspection to ensure compliance with public health standards, import and export regulations, and quarantine measures; information gathering and dissemination on livestock population, movements, markets, transformation of products,

and import and exports; disease detection and confirmation of diagnostics; and contracting with private veterinarians and agents for vaccination against epidemic diseases. Support for these activities would depend on the MAEE's improving their internal controls, and their management of goods and services.

Second, in areas not initially targeted for privatization, AID will continue a modest level of support for appropriate animal health coverage. This would be linked to a program aimed at full cost recovery. Currently, the Mali Livestock Sector II Project is conducting a study on the recurrent costs for the delivery of animal health services. APEX will use the results to improve the efficiency of the public animal health program, and to prevent any undercutting of private veterinary practitioners.

Finally, APEX will continue support to the Central Veterinary Laboratory (CVL), for disease research and for expansion of the diagnostic and serosurveillance network, which provides critical support for monitoring animal diseases and measuring the impact of vaccination efforts. CVL, however, still needs to build up expertise in the domestic and international marketing of vaccine products and diagnostic services, to ensure that it can promote and regulate the quality of its products. The CVL has created a division for this, and is undertaking studies to determine how the lab can lower costs of vaccine production and distribution. The PP will explore these cost recovery issues further, in the optic of making CVL's vaccine industry economically viable.

E. MONITORING AND EVALUATION

APEX will establish a Monitoring and Impact Assessment Plan to track project performance, document results achieved, and assess the overall impact of project activities. Besides monitoring the achievements and outputs cited in Sections III (C) and IV (A), the monitoring system will provide information for the Assessments of Program Impact (API), so as to tie APEX project interventions into the Mission's broader strategic agenda. Critical will be monitoring the effect of APEX activities on beneficiary incomes, which will be done through periodic household surveys, rapid appraisals, and from national-level information gathered through the World Bank's "Social Dimensions of Adjustment Program" (SDA). Also important will be monitoring and evaluating the effects of project interventions on the natural resource base. The GRM is also concerned about getting feedback for its own policy agenda, especially regarding privatization and the decentralization of public services.

During the past several months, the MAEE, following the GRM's focus on increased transparency, accountability and results, has given considerable attention to putting in place systems capable of tracking project inputs and assessing project performance. Far more attention, for example, has been given to gathering and providing marketing, regulatory, and vaccine information to the private sector, and to tracking the commercialization and export of animal products. This information has an immediate practical use for livestock producers and consumers, and will enable USAID and the GRM to assess longer-term impacts of APEX interventions.

Gender considerations will also be monitored closely. The GRM now has a Ministry with a mandate to promote women's productive activities. Also significant is the MAEE's being one of the first Ministries to integrate and staff a "Women in Development" section. APEX will work closely with them to help develop their capacity to assess women's involvement in the livestock sector, and the impact of livestock activities and policies on women.

IV. FACTORS AFFECTING PROJECT SELECTION AND DEVELOPMENT

A. SOCIAL CONSIDERATIONS

o Project Beneficiaries

Mali is essentially an agro-pastoral society; livestock are an important part of all agricultural production systems. The pure pastoralist -- Touareg, Tamashek and some Peul -- derive their livelihood from livestock. Farmers raise livestock as a source of food (meat and milk), power for animal traction, and manure for improving soil fertility. For many Malians, cattle represent social status and long-term savings and cash reserves, with small ruminants providing a major source of cash flow. Livestock also provide transport in pastoral and sedentary production systems.

APEX activities will benefit many Malians. Members of various associations will improve their technical, organizational and management skills, while increasing their access to production inputs information, and marketing services. Technical training for agents and producers will increase productivity provide new technologies for incorporating livestock into the farming system. The long-term benefit will be increased producer income generated by more efficient production.

Malian women are very active in the marketing small ruminants and veterinary pharmaceutical products. They control income received from these sales, and from milking activities. This, along with their experience in poultry production and marketing, will serve as the basis for furthering women's interests as producers and traders in Mali's commercial livestock markets.

Competition provided by private veterinary practitioners will benefit producers by providing more choice in selecting timely, appropriate and high quality livestock health care. Continued progress in CVL diagnostic work and vaccine production will give vets and producers a greater range of veterinary products and more effective means for treating disease.

Regarding land use and tenure, developing locally appropriate policies and regulations governing access and land-user rights to grazing land will help stop conflict while giving local groups more control over the management of land. This will ultimately result in mutually beneficial use and management of the natural resource base. For this to work, APEX must

ensure that different groups of producers have an equitable say in the process of defining land-use management and user rights.

o Beneficiary Participation in Project Design

Beneficiary participation during project design, implementation and evaluation will be extensive. In the commercialization and privatization activities, health care practitioners, producers and traders, and private businesses will be actively consulted during all stages of the project. Meetings have already been held with the private National Veterinary Union to discuss the need for more private veterinarians and agents. GRM emphasis on decentralization will also provide a more efficient channel for local participation on issues related to animal production and natural resources management. Finally, APEX will work through a joint policy and planning committee which will represent NGO's, the private sector, associations, the GRM Livestock Directorate, the CVL, and concerned research institutes.

o Feasibility and Impact

Feasibility issues are mainly in the area of natural resources management and access to grazing lands. Though information is available on transhumant herders, developing policies governing grazing access will require a thorough understanding of conflict resolution between transhumant herders and sedentary farmers. Project design will examine this further, with a view toward developing alternative approaches that can be tested in APEX pilot areas.

Project impact will be measured by the increased development of the private sector in the commercialization, export, and delivery of animal health service activities, which in turn will generate increased economic activity; by gains in animal productivity, as evidenced in increases in animal sales and decreases in animal mortality; and by increased protection and conservation of the natural resource base through more appropriate local management practices. Also important will be APEX's impact on women's earnings, especially in the marketing small ruminants; storing, transforming and selling milk and milk products; raising poultry and selling eggs.

B. ECONOMIC CONSIDERATIONS

Mali's comparative advantage in livestock production has been long known and well documented. Northern rangeland unsuitable for crop production, along with intensive and integrated mixed farming systems in the South, put Mali in a favorable position as a producer and exporter of livestock and livestock products. For APEX to build on this advantage, there are a number of technical, institutional, and policy constraints that need to be addressed (cf. Section III). Indeed, the economic viability of the project depends on the extent to which the gains from addressing these constraints exceed the costs of the project and its aftermath.

o Project Benefits

The gains from the project include two sets of benefits, those which can be readily measured and valued and those which cannot. Project Paper analysis will distinguish between the economic and financial aspects of measurable costs and benefits. They include:

- increased herder/producer incomes, resulting from increased commercial opportunities and positive institutional changes;
- increased incomes for others in the marketing chain (e.g. (butchers, transporters, traders), resulting from general cost reductions in marketing;
- increased export income and foreign exchange generation, resulting from increased export volume due to reduced transactions costs, higher offtake, and better international and domestic marketing institutions and infrastructure; and
- reduced GRM costs in the livestock sector, resulting from continued privatization, public sector reform, and reduced herder subsidies for animal health services.

Benefits more difficult to measure include increased household food security and health status, especially for women, children and the poor whose ability to purchase food relies primarily on sales of small ruminants and poultry; and reduced degradation of pasture and associated natural resources exploited by herders.

o Project Costs

Readily measurable project costs include:

- the costs of specific project inputs (i.e., those elaborated in the Logical Framework and the project budget, adjusted for real economic values);
- increased GRM costs, in particular those associated with developing and implementing a new market information system on a nationwide scale; and
- the growing share of animal health care delivery costs incurred by herders via a private sector delivery system.

Costs less readily measured include the political costs to the GRM associated with reducing and changing the role of the MAEE; the increasing competition among private veterinarians; and the reduction in bureaucratic burdens (from which several important GRM constituencies benefit) linked to livestock trade and export.

C. INSTITUTIONAL CONSIDERATIONS

Two major recent changes will affect the institutional make-up and impact of the project. First is the increasing role of the private sector in areas traditionally reserved for the GRM. While APEX will further private sector interests to the maximum extent, it will also carefully address the changing role of the livestock extension service (DNE), which used to have a monopoly on the provision of veterinary services. Second is the merger of the Ministries of Livestock/Environment and Agriculture into the consolidated MAEE, the principal Grantee for the project. Both offer promising opportunities for future livestock development.

APEX will work with the MAEE to promote integrated livestock and agricultural development. During the design phase the GRM and USAID will need to address some complex institutional issues relating to potential duplication of effort. Some of these are:

- the roles of the livestock studies unit (OMBEVI) and the Research Institute (IER) with respect to policy analysis and market information;
- the roles of livestock extension (DNE), crop extension (DNA) and forestry extension (DNEF) in extending animal production technologies; and
- the relationship between DNE, CVL, and private veterinarians concerning the purchase of vaccines, the delivery of animal health services, and the provision of diagnostic services.

Based on feasibility studies conducted under APEX, limited grants will be made to specific developmental agents, i.e. the National Veterinary Union, private veterinary associations, promotional and marketing groups, etc. Matching grants to NGO's, especially those already involved in village land-use management activities ("Gestion Terroire"), will serve to promote additional expertise and commitment to local-level livestock development through the use of proven technologies. Project design will focus on how these actors, along with the MAEE, the Title XII institution, and USAID, can coordinate their efforts for effective implementation.

D. RELEVANT EXPERIENCE WITH SIMILAR PROJECTS

USAID's experience with livestock development in Mali spans three decades, beginning in 1963 with a loan to the GRM for vaccine production. In the late 1960s and 70s USAID started supporting several health and range management activities and, in the 1980s under Mali Livestock II, switched from northern pastoral range management areas to more productive southerly zones, while continuing promising animal health activities nationwide.

USAID experience in Mali's livestock sector has had some major successes, as well as lessons learned (cf. Annex A for details). Successes include significant improvements in animal health and immunity, and the GRM ability to monitor them; CVL's capacity to produce high quality vaccines and diagnose health problems; the legalization of private veterinary practice; increased use of improved feed and forage techniques; widespread dry season animal fattening, supported by NGO's and private and public banks; and management improvements in the Ministry.

"Lessons learned", all of which are instructive and significant, will be incorporated into the final APEX design. They include:

- Many herders do not produce livestock solely for meat, but for milk and other purposes as well;
- Cattle are not the only animal capable of producing income; poultry and small ruminants can be better income earners;
- Transhumant production systems are complex and often well suited to the environment; changing them should be done only with substantial understanding of the system and extensive consultations with the concerned populations;
- Feed and water are as important as animal health services;
- The private sector can undertake animal production better than the State; and
- Sustainability of the natural resource base needs to be addressed, not assumed, in animal production systems.

Also, in examining the current OHV project, it becomes clear that where credit is an integral part of village association needs and activities, and where associations become legitimate and credible formal sector bank clients, there is enormous potential to build local capacity for a wide range of agricultural-based productive enterprises. APEX will analyze the applicability of the OHV/CLUSA approach to livestock development.

E. AID MANAGEMENT CAPABILITY AND REQUIREMENTS

USAID/Bamako will provide APEX with competent management and leadership. A fulltime USDH agricultural specialist and FSN rural sociologist will be responsible for project management and policy dialogue. Both have substantial experience with livestock and natural resources management in Mali, and across the Sahel. Technical assistance by Title XII institutions, and the possible continuation of a project support entity, will minimize any other direct AID support requirements.

F. ESTIMATED COSTS AND METHODS OF FINANCING

Although the exact mix of technical assistance, operating costs, training and commodities will be determined during Project Paper design, the tentative project budget is estimated at \$17 million of DFA funds (see Annex F for details).

The Project Paper will include a commodity procurement plan and waiver requirements justifying the source and origin of goods and services financed by the project. Procurement policies approved by the Assistant Administrator/Africa Bureau for DFA-financed projects will apply to APEX. Funding to the Title XII contractor will be through a letter of credit.

G. ALTERNATIVE APPROACHES TO THE PROJECT

In arriving at the current APEX approach the Mission has weighed a number of alternatives. They are briefly as follows:

o No Further Involvement

Given the role livestock play in the Malian economy and culture, the comparative advantage Mali enjoys in the regional livestock markets, the favorable political and economic climate, USAID's knowledge of and experience within the sector, and the investment opportunities that exist for the service and productive sectors, dropping our support for livestock development at this time would be counterproductive to our development objectives, and blatantly inconsistent with the U.S. Government's commitment to private sector market-oriented economic growth in Mali.

o Focused Institution-Building with DNE

The Livestock Extension Service (DNE) has an important role to play in the future development of livestock in Mali. Donors have recognized this and are supporting it. But it should not be done at the expense of gains that could be made in the private sector, or with the CVL. The thrust of APEX and donor interventions in the livestock sector in general is a "tandem strategy" designed to simultaneously increase public sector efficiency and promote opportunities for private sector investment and growth.

o Nationwide Privatization of Animal Health Services

The current policy course chosen by the GRM will ultimately lead to privatization of animal health services at a national level. But a demonstration effect and some careful experimentation will be needed before this occurs. APEX assistance in identifying the most favorable sites for privatization, while helping to ensure that the initial necessary inputs (equipment, regulations, drugs, etc.) are in place, will lead to timely spread effects.

- o Non-Project Assistance (NPA):

APEX 's contribution to policy change will be through policy dialogue, information, and a consultative policy reform process. This is consistent with the GRM's move towards democracy, where interested private groups achieve greater voice on policies which affect them, and where government effects greater transparency in the application of rules and regulations. This approach requires project assistance. At the macroeconomic level, the USAID's PRED NPA program, with its emphasis on institutional, regulatory, and fiscal reforms, directly supports APEX's policy objectives.

H. DESIGN STRATEGY

APEX will be designed in a Title XII collaborative assistance mode, with Washington State University taking the lead. Title XII, MAEE and USAID staff, will provide the interdisciplinary specialists needed for PP preparation (i.e., agricultural economics, animal production and health, cultural anthropology, rural sociology, cooperative development, natural resources management and land tenure). Other participants in the design process will be representatives of the private sector, producer associations, the National Veterinary Union, Ministry of Finance staff involved in promoting commercial activities, and the MAEE's natural resource management monitoring unit. Close consultation with other donors (particularly the World Bank and the CCCE) and NGOs will also take place. Care will be taken to ensure that the design is collaborative and interactive, reflecting a process that addresses Mali's strategic livestock development objectives while setting the stage for further coordination and commitments.

The design process will begin in November 1991, with a final draft of the PP available by the end of January 1992. The Mission proposes that APEX be authorized in Mali in March 1992.

I. PROJECT DESIGN ISSUES

- o How will APEX's natural resources management approach address complex transhumant production patterns?

APEX will not attempt to change resource management by herders with pre-conceived answers based on narrow technical criteria. Rather, the definition of natural resource management regimes will be determined in a consultative way with all concerned user groups, based on their own analysis of range and natural resource degradation problems and how they can best be addressed. The more integrative concept of village land-use management will be a useful starting point in establishing this process.

- o How will APEX specifically target women?

APEX's animal health and production interventions will target many of the species (poultry and small ruminants) in which women have an important ownership, production, and marketing role. The project will also promote associations in which women have high participation and influence. Aspects of participation, revenue generation and income distribution will be monitored closely throughout the life of the project (cf. Section III(E) above).

- o Previous USAID livestock projects supported animal production research. Why doesn't APEX?

With the 1990 merger of the animal/natural resources (INRZFH) and crops (IER) research institutes, research (with the exception of veterinary research) is now located in IER. Animal production research undertaken by IER will be supported by SPARC (Supporting Research Planning and Research on Commodities: 688-0250). APEX design will clarify how the project can assist producer groups and extension agents to provide feedback to IER researchers on high priority animal production problems.

J. RECOMMENDED ENVIRONMENTAL THRESHOLD DECISION

The environmental consequences of APEX interventions cannot now be adequately determined because the activities which could have environmental effects (especially on natural resource management and forage production) will not be fully analyzed until project paper design. Although APEX environmental impacts will likely be positive, with project activities increasing the sustainability of the natural systems affected by livestock, the GRM and USAID prefer to defer IEE preparation until the project paper design.

The Mission Environmental officer will work with the REDSO/WCA Environmental Officer and the Title XII Environmental Specialist to prepare the IEE, with a combined level-of-effort of 8 person weeks. It is thus recommended that the Threshold Decision be deferred until the IEE is completed as part of PP preparation.

K. GRAY AMENDMENT CONSIDERATIONS

APEX has already qualified for a Title XII collaborative mode for design and implementation. USAID will work with Washington State University to encourage collaboration with and incorporation of staff from Historically Black Colleges and Universities (HBCU), as well as economically and socially disadvantaged enterprises and PVO's. The Title XII contractor has already included a Gray Amendment firm, The Mitchell Group, Inc., and an HBCU (Virginia State University), on its technical assistance team.

ANNEX A

PAST USAID LIVESTOCK SECTOR INTERVENTIONS

USAID intervention in the Mali livestock sector began in 1963 with a \$2 million loan to the GRM for the construction of a vaccine production laboratory. Eight years later a GRM request to help them increase the meat supply in urban markets led to the Mali Livestock I Project, which began in 1974. USAID assistance to the livestock sector has been continuous ever since.

Mali Livestock I, which focused on marketing and production, had

- a credit program enabling small, sedentary farmers to undertake individual cattle fattening programs (called Embouche Paysanne);
- construction of a 1000-head capacity feedlot at Tienfala, with a managed forage production area; and a second feedlot at Segou;
- development of a range management and grazing facility within the Doukouloumba Forest Reserve; and a Sahel grazing activity and range management program;
- a new lands activity to recovery land rendered unusable for farming by the presence of the tse-tse fly; and
- training livestock agents in new production and disease diagnostic methods, using improved communications via a Bamako-field radio communications network.

Mali Livestock Sector II, which began in 1982, expanded these efforts, focusing on continuing the development of the Central Veterinary Laboratory; improving veterinary extension services; initiating forage production research; expanding small farmer cattle feeding; and improving Ministry managerial capabilities.

These two projects, along with the CVL interventions, made some important gains in Mali's animal health, animal production, and privatization programs.

o Animal Health

USAID's most significant direct impact in the livestock sector has been in the animal health program, through the development of the Central Veterinary Laboratory. The facilities, the quality of staff, the vaccine production and diagnostic capabilities of the lab make it one of the best in Africa. Indeed, CVL has the capacity to provide a wide range of services to

meet regional and, in some domains, Africa-wide vaccine and diagnostic needs. The CVL, one of three sites selected in Africa for the production of thermostable rinderpest vaccine, has had a significant impact on the control of rinderpest in Mali. Mali's livestock service, collaborating with the Pan African Rinderpest Campaign, were able to immunize 77% of the country's total cattle population by 1988, with no cases of rinderpest being reported since 1986. As for the total number of cattle vaccinated against all major diseases since the start of Mali Livestock II, from 1983-1988 vaccinations increased 88% (317,440 to 595,657 head) in Region I, and 50% (713,137 to 1,068,374 head) in Region II. Vaccinations for small ruminants increased 15% annually from 1986-1988, with an annual average of 330,000. On the cost side, free vaccine distribution stopped in 1982. A minimum fee is now charged for all vaccines, showing that livestock producers are willing to pay for animal health care.

The diagnostic capabilities of the CVL, once fully utilized, will enable animal health practitioners to better understand disease epidemiology and in turn design more effective programs for their control and treatment. Toward this end the diagnostic unit, with support of the Livestock Sector II Project, has trained over 100 agents in field diagnosis, autopsies and sample collection for laboratory analysis. All this will bolster producer confidence in CVL treatment techniques and reduce the consumers' cost for animal health care. It is expected that the diagnostic unit will operate at full capacity once the constraints in the extension service are addressed, and the private veterinarians begin using the CVL facilities more extensively.

Finally, regarding trypanosomiasis, the new lands activity under the Mali Livestock I project produced several studies relating to its control. By 1981 no direct impact upon livestock development had occurred. Today, however, and as a result of those studies, a portion of the lands in question has been made available to transhumant herds, partly because of the control measures taken to reduce the incidence of trypanosomiasis.

o Animal Production

Major strides have been made in improving animal nutrition over the past 15 years. The animal fattening ("Embouche Paysanne") program, which was Mali's first organized effort to demonstrate to farmers new techniques for feeding animals, started in 1975 with 50 farmers and 108 animals. In the next 10 years the number of participating farmers increased to 1,140. Today the "Embouche Paysanne" activity is practiced throughout Mali, with widespread stall feeding of animals now being supported on a sustainable basis with help from NGO's, extension organizations, and local banks. Crop by-products, such as peanut cake and cotton seed cake, which in the 1970's were considered waste products, have attained a high scarcity value, being widely sought after and purchased for animal feed and as fertilizer. This has provided additional income for farmers, and for the cotton and peanut processing plants. Also, in certain areas, it has helped reduce seasonal migrations by providing rural populations with a viable dry season economic activity.

Mali Livestock II introduced the first leguminous forage species in the semi-arid zones of Region II. Today over 100 farmers in Region II are cultivating these species, which provide

a more productive and nutritious hay for animals during the dry season and contribute to improving soil fertility. Spread effects are rapid, with livestock agents this year distributing two tons of leguminous forage seed to farmers in Regions I and II and Bamako District who have not been exposed to this new feeding package. Other forage production practices, some of them developed by the Livestock Research Institute (INRZFH) and the International Livestock Center for Africa (ILCA) under the Livestock Sector II Project, are now increasingly common throughout the country.

o Privatization

Since 1985 the Livestock II project, through two studies and considerable policy dialogue, has been instrumental in working with the GRM to lift restrictions on private veterinary practice and divest itself of the parastatal veterinary pharmacy (PVM). For the past year the PVM has had no public funds for operating expenses; it has been totally self-supporting. As for private animal health care practitioners, there are to date about six veterinarians with fulltime private practices in Bamako District. Another hundred retain their civil service jobs and moonlight after hours.

On the animal feed side, lessons learned from the Livestock I experience with the GRM managed Tienfala feedlot (i.e., it would be better off in private hands) has sparked the interest of some private investors, with at least three firms expressing interest this past year in restarting the feedlot operation. The GRM is currently determining a market price for the sale of Tienfala.

Other promising opportunities, which the Mission and the Africa Bureau's Office of Market Development and Investment (MDI) are looking at closely, include the government tannery (TANMALI) and slaughterhouse operations. Both have recently been appraised by delegations of American businessmen with a view toward future joint ventures.

ANNEX B

ANALYSIS OF MARKET DEMAND

The demand for Malian livestock is such that investments in the commercial sector can lead to increased sales and income. With regard to export markets, a study by Abt Associates Inc. (1990) examined livestock marketing and trade from Mali and Burkina Faso to the Ivory Coast, focusing on policy, regulatory and technical barriers to Sahelian competitiveness. The study reported that during the 1970s the mean estimated total export to the Ivory Coast was 153,700 cattle and 233,100 small ruminants. In the 1980s, these numbers had increased respectively to 252,700 and 501,400 head. These figures indicate a rough measure of export performance. Today, with the decline in the European export of surplus beef to the Ivory Coast, the authors state there "appears to be an opportunity for expansion of Sahelian exports..."

Regarding Mali, they observe that returns to traders ranged from 7.6 to 12.2 percent, and that intermarket price correlations were high for export grade stock, ranging from 0.67 to 0.94. All this suggests that the Malian livestock market for export grade cattle is quite well-integrated. "Combined with measures of returns to livestock trading, it appears as if the Malian livestock market is efficient and competitive, given the constraints under which traders operate". Those constraints reflect the following:

- Credit sales constitute a high proportion of all livestock transactions in terminal markets. Traders are obliged to carry un-compounded, low-interest credit for periods of between 6 and 18 months. The net effect is to reduce the availability of entrepreneurial capital and to lower net returns to traders.
- After purchasing livestock for export, transportation constitutes the second-highest cost component of the livestock marketing process, ranging between 23 and 50 percent of total marketing costs.
- Trekking is no longer the most cost-effective means of conveying livestock to coastal markets.
- Road transport has high costs and inefficiency due to high import duties on vehicles, spare parts and fuel; high costs for vehicle registration and operation; regulated freight tariff rates which are set too low and limit profitability and reinvestment; and high contingent costs in the form of bribes, extortion and other "rent-seeking behavior" by those who are responsible for controls. Field data indicate that illicit payments to public officials represent a cost factor of between 5 and 23 percent of marketing costs, exclusive of livestock purchase.
- Though the railroad is recognized as the most cost-effective means of shipping livestock to the Ivory Coast, inefficiency of rail operations provides disincentives to its use.

Within Mali, Bamako for a number of years has been the highest consumer of Malian livestock. A comparison of 1982 and 1988 numbers show that for cattle, 126,073 head (54,333 head for Bamako) were officially recorded as slaughtered in 1982. In 1988 this figure was 145,411 head (71,332 head in Bamako). For small ruminants the figures were 314,512 head (71,587 head in Bamako) for 1982, and 378,023 head (157,260 head in Bamako) for 1988.

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ANNEX C

POLICY ISSUES IN THE LIVESTOCK SECTOR

During development of the APEX project, USAID has significantly broadened the livestock sector policy agenda. Much of this is due to the AFR/SWA-World Bank Regional Livestock Trade Study; CILSS, Land Tenure Center and World Bank staff and consultants working on land and resource tenure policy; REDSO/WCA staff working with the MAEE on marketing policy issues; and the Title XII Washington State University project design team.

This Annex provides an overview of those policy issues affecting livestock sector performance, incentives, and sustainability. They are considerable. Some of these issues are being addressed by the GRM on its own, while others may be addressed by the World Bank and other donors in concert with the GRM. Not all of them will be the object of USAID policy dialogue, the nature of which will be further refined during PP design.

o Livestock Marketing Policy Issues

1. Export regulations and taxes

The GRM has proceeded with the elimination of export taxes, which has greatly improved export conditions. To spread this benefit across the livestock sector and address other costs associated with export activities (e.g. export licenses and certificates), close attention will be given to simplifying and decentralizing administrative procedures, eliminating or reducing their costs, and disseminating information on livestock trade and regulatory reform (cf. the 1991 Abt Associates report entitled "Liberalizing Regional Markets for Livestock Products").

2. Transparency and recourse

The complexity of the current system, and the perishability of live animals, puts livestock traders at the mercy of agents of the state who may levy "informal taxes" on their own account. Having a system of recourse for traders, as well as greater transparency in what is really required to do business, would help reduce the real costs of exporting animals. It may be that the kind of "market information" most sought after by traders is -- as has been the case in the grain sector -- not so much the price information as the information of government requirements and actions affecting grain traders. Or it may be that hearings for representatives of traders with complaints about behavior by government agents could be occasionally held. Or, the GRM and USAID could sponsor spot-checks of actual implementation of tax and regulatory policy by GRM agents, furthering the understanding of such policy requirements on the part of livestock traders.

3. Market information

Market information on livestock prices is now disseminated over the radio for the first time in several years. At the same time, however, the basic price and quantity information is gathered by GRM agents who collect livestock marketing taxes in the same market where they gather price and quantity information. The reliability and utility of this information is compromised by the fact of its being collected by people who have, on the part of the GRM, a financial interest in the information being reported.

4. Regional coordination on cattle exports

A more active GRM approach to regional trading partners could substantially reduce export costs. For example, modalities of shipping could be changed to ensure Ivory Coast inspection of animals at their shipping origin in Bamako, rather than requiring multiple stops and inspections in the Ivory Coast. Or, the GRM and private traders could promote private investment to refurbish and increase the number of railcars at Bobo Dioulasso equipped to handle cattle. One change currently occurring is more active GRM discussions with Senegal, so that Malian producers and traders can take better advantage of the Senegal Tabaski small ruminant export market.

5. Milk pricing and marketing

Until the recent change in government, the main dairy in Mali was required -- for political reasons -- to pay a very high price to a limited number of producers for raw milk, while simultaneously selling processed milk products at prices that led to substantial losses on each liter sold. As a result, the dairy relied largely on lower cost imported powdered milk and butter fat as inputs to the production process, despite the existence of lower cost milk producers in Mali. The GRM has already begun to restructure this situation by lowering the costs paid for raw milk. However, the basic structure of limited access remains in place. Maybe a more rational marketing system would permit Malian milk from low cost informal sector producers to compete with imported dairy inputs, thereby increasing local incomes from dairying while reducing import expenses.

6. Monopoly of master butchers

A monopoly of a very limited number of butchers limits access to the main abattoir in Bamako and creates a secondary market for access rights to the abattoir. By raising costs and limiting competition, this monopoly structure denies consumers more and better access to and quality of meat and meat products, while at the same time denying competent butchers a better livelihood.

7. Deregulation in the transport sector

Several GRM policies raise transport costs for exporters. These are related to import taxes on vehicles, spare parts, and fuel; and licenses and restrictions on carriers from other countries. These and other regulations need to be carefully examined, as their incidence in the livestock sector (for which backhaul loads are limited, given the number of trucks suitable for livestock) may be substantially greater than in other export sectors.

o Sustainable Sources of Feed

1. Domestic animal feed

High quality animal feed is one of the few products in Mali for which administered prices remain. While the GRM has not decreed an official price for animal feed, the government oilseed plant, HUICOMA, determines the price. To date, prices of feed have been set very low, in order to provide privileged HUICOMA employees and others, as well as the CMDT cotton company and its employees and farmers, with low cost feed. The result of this is two-fold. Efficient herders who are not on the list of people with access rights to animal feed have difficulty buying it. And a secondary market in animal feed creates windfall profits for those who are granted privileged access to it. The simple policy change needed to correct this situation would be for HUICOMA to sell all of its animal feed on the market for whatever price it will command.

2. Imports of animal feed

Neighboring Ivory Coast has large quantities of animal feed (by-products of its cotton industry) which are exported to Europe. Very little of it is exported to Mali. It is unclear if there are policy or regulatory impediments to Malian private imports of Ivoirian animal feed. This is an area requiring further analysis, given the proximity of Ivoirian cotton zones to Mali, to sources of demand for feed, and their distance from the port city of Abidjan.

3. Land and resource tenure policy

Current GRM practices and policies may render the optimal use of range and land resources increasingly difficult. The transition government is acutely aware of land tenure problems, especially their effect on animal production and management of the natural resource base. The GRM is actively seeking USAID and other donor support to address these problems.

o Animal health

1. Private imports of animal pharmaceuticals

While the GRM has recently legalized this, further steps need to be explored to promote it and make it function.

2. Privatization of animal health delivery

While permitting the private practice of veterinary medicine, current law imposes costly and at times unnecessary requirements on any veterinarian who wants to legally practice his profession. The effect will likely limit entry, discourage privatization and raise veterinary costs to herders. What is needed is a clearer delineation of the roles and responsibilities of the GRM with respect to private veterinarians, to encourage privatization of health care delivery. This will be a major objective of APEX.

3. CVL roles

The CVL has a non-profit public welfare role (research, and some diagnostic work), as well as what should be a profitable vaccine production role. More clarity in how best to perform these roles is needed in order for the CVL to have a clear mandate, and to enable it to be managed on the basis of realistic expectations of sources and levels of revenue.

4. Vaccination costs

The costs of vaccine production and inoculation need careful consideration and clearer policy. Examination of the extent to which full cost recover for vaccine can be required of herders is needed, as is the manner in which CVL can be fully compensated for its vaccine production costs, regardless of whether herder vaccination campaigns are subsidized by the GRM. A cost analysis of CVL costs and quality compared to imported vaccines is also needed, as is a set of policies to encourage CVL production for the regional market, where appropriate. These will be addressed as part of the policy analysis component of the current Livestock II project. The privatization of some CVL functions also merits careful attention.

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ANNEX D

CLASS: UNCLASSIFIED
 CHRGE: AID 09/20/91
 APPRV: A/DIR:GTATWOOD
 DRFTD: ADO:WMC DONALD:MK
 CLEAR: L.ADO:DA
 2.PRM:JB
 3.PRM:VD

DISTR: AID AMB. DCM
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AIDAC

FOR TMEYERS, AFR/MDI; INFO: AFR/SWA

E.O. 12356: N/A

SUBJECT: VISIT BY KEN SWANBERG AND REPRESENTATIVES OF
 - AMERICAN PRIVATE SECTOR

1. MISSION WISHES TO EXPRESS ITS SATISFACTION WITH THE RECENT VISIT BY AFR/MDI KEN SWANBERG, TOGETHER WITH PRIVATE SECTOR REPRESENTATIVES RANDALL REDENIUS AND JACK WARD. THEIR VISIT WAS EXTREMELY USEFUL AND IT GENERATED SOME NEW POSSIBILITIES FOR ASSISTING THE PRIVATE SECTOR IN MALI.

2. NUMEROUS MEETINGS WITH GOVERNMENT OFFICIALS AND PRIVATE MALIAN BUSINESS OPERATORS PROVIDED THE VISITING DELEGATION, THE MISSION AND THE EMBASSY THE OPPORTUNITY TO FOCUS ON PARTICULAR AREAS WHICH OFFER REAL POSSIBILITIES FOR PRIVATE SECTOR DEVELOPMENT IN POSSIBLE COLLABORATION WITH AMERICAN BUSINESSES.

3. MR. REDENIUS REACHED PRELIMINARY AGREEMENT WITH A MALIAN PARTNER FOR UNDERTAKING ACTIVITIES IN A SLAUGHTER HOUSE OPERATION. FURTHER ACTION WILL AWAIT CONSULTATION WITH MR. REDENIUS' U.S. PARTNER AND ADDITIONAL ECONOMIC AND FINANCIAL INFORMATION CONCERNING INVESTMENT IN MALI. MR. WARD WILL SEEK TO IMPORT A SAMPLE OF MALIAN SKINS TO DETERMINE THEIR TANNING QUALITY. MR. WARD WILL ALSO REQUIRE ADDITIONAL INFORMATION REGARDING INVESTMENT. FYI, A LETTER OF INTENTION TO THE GRM WILL BE REQUIRED FROM ANY POTENTIAL PRIVATE INVESTOR IN TAMALI PRIOR TO SEPTEMBER 30. END FYI.

4. IN ADDITION TO THE OPPORTUNITIES WITH MEAT TRANSFORMATION AND TANNING MR. SWANBERG WAS ABLE TO VERIFY ADDITIONAL POTENTIAL OPPORTUNITIES IN TEXTILES, PEANUT OIL AND SHEA-NUT BUTTER. DISCUSSIONS IDENTIFIED POSSIBLE AMERICAN PARTIES IN THESE AREAS AS TERRY LEE OF SOUTHEASTERN TRADE GROUP FOR TEXTILES, JIM TURNBULL OF CARGILL TECHNICAL SERVICES FOR PEANUT OIL AND DON HALL OF R AND H FOODS FOR SHEA-NUT BUTTER.

5. CURRENTLY THE FACTORIES CONCERNED WITH THE PRODUCTION

CF TEXTILES. PEANUT OIL AND SHEA-NUT ARE NOT FUNCTIONING FOR VARIOUS REASONS RELATING TO MANAGEMENT AND LACK OF FINANCE. IN THIS REGARD DISCUSSIONS WERE HELD WITH MR. SWANBERG ON THE POSSIBILITIES OF OBTAINING THE SERVICES OF THE AFRICAN MANAGEMENT SERVICES COMPANY (AMSCO) BASED IN AMSTERDAM TO PROVIDE CONSULTATION FOR ESTABLISHING MANAGEMENT CRITERIA REQUIRED TO MAKE THE FACTORIES FUNCTIONAL.

6. A FRUIT JUICE AND VEGETABLE CANNING FACTORY WAS ALSO IDENTIFIED AS A POTENTIAL OPPORTUNITY. DISCUSSIONS ARE CURRENTLY BEING HELD BETWEEN THE GRM AND FRENCH PRIVATE INVESTORS FOR THE TRANSFER OF THIS FACTORY TO THE PRIVATE SECTOR. IT IS POSSIBLE THAT THE DEAL MAY NOT BE CONCLUDED. IF NOT, THIS AREA COULD BE OF IMPORTANT POTENTIAL INTEREST TO AMERICAN INVESTMENT.

7. IT IS THE MISSION'S UNDERSTANDING THAT THROUGH PIO/T: 698-0438.95-3-1615011 FOR THE PRIVATE ENTERPRISE DEVELOPMENT SUPPORT PROJECT 27,000 U.S. DOLLARS ARE AVAILABLE FOR SUPPORTING ACTIONS IN MALI. TO THE EXTENT POSSIBLE THE MISSION SUGGESTS THAT THESE FUNDS BE UTILIZED TO SUPPORT VISITS TO MALI BY AMERICAN PRIVATE SECTOR OPERATORS. IN ORDER OF PRIORITY THE AREAS OF INTEREST FOR VISITS BY THE AMERICAN PRIVATE SECTOR ARE TEXTILES, PEANUT-OIL AND SHEA-NUT BUTTER.

8. WE UNDERSTAND THAT THIS MAY BE FY 91 FUNDING WHICH MAY HAVE TO BE COMMITTED BY THE END OF SEPTEMBER 1991. IF THIS IS THE CASE, WE URGE AFR/MDI TO MAKE THE COMMITMENTS REQUIRED TO MOBILIZED CONSULTATIONS MENTIONED PARA. 7 BEFORE THE END OF SEPTEMBER.

9. MR. SWANBERG'S VISIT HAS HELPED NARROW THE PRACTICAL OPTIONS AVAILABLE FOR MISSION SUPPORT TO ENCOURAGE OR ASSIST THE DEVELOPMENT OF MALI/AMERICAN PRIVATE SECTOR PARTNERSHIPS. WE APPRECIATE AFR/MDI ASSISTANCE IN THIS WORTHWHILE EFFORT AND LOOK FORWARD TO YOUR CONTINUED SUPPORT.

BOARMAN

BT
#6845

NNNN

Annex E: Logical Framework

Project Title & Number:

Animal Productivity and Export
Project (688-0244)

Life of Project = FY92 to FY98
Total US. Funding = \$17 Million

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>I. GOAL: ---- To promote sustainable economic growth.</p>	<p>1. Per capita GDP and income figures. 2. Type and volume of livestock products and animal exports. 3. Type and volume of livestock product imports. 4. Growth and employment rate of livestock production enterprises and agro-industrial firms.</p>	<p>1. GRM statistics and reports. 2. IBRD, IMF, and AID reports. 3. Commodity market reports. 4. Impact evaluation reports. 5. DNSI regional statistics. 6. Household, employment, and micro-enterprise surveys.</p>	<p>1. GRM Economic and Financial stabilization programs are implemented according to the ESAF. 2. The GRM remains politically stable.</p>
<p>II. PURPOSE: ----- To increase productivity and income in the livestock sector.</p>	<p>A. Commercialization: -----</p> <p>1. Reduced transactions costs and informal taxes on regional and in-country livestock trade. 2. Increased offtake of animals that are ready for consumption. 3. Increased allocation of inputs to efficient Malian producers and processors. 4. Increased utilisation of marketing information in the decision-making processes.</p> <p>B. Production Inputs and Sustainable Sources of Feed: -----</p> <p>1. Improved range and natural resource management adoption. 2. Reversal of range and natural resource degradation in the project intervention areas. 3. Adoption of improved forages and animal feeding techniques. 4. Greater availability of domestic and imported animal feed for use by Malian livestock producers. 5. Increased incomes generated by livestock producers, traders, and processors.</p>	<p>1. GRM legislation and public announcements. 2. GRM statistics and reports. 3. Commodity market reports. 4. Special project surveys and adoption studies. 5. Quarterly project reports.</p>	<p>1. Major animal disease outbreaks do not occur. 2. Drought does not decimate Malian livestock population. 3. Expansion of coastal meat and animal demand will occur. 4. The GRM gives priority to policy changes that encourage livestock production and marketing. 5. Malian urban market demand for animals and livestock products will grow as urban income generation grows.</p>
<p>6. Greater access to animal health services and products.</p> <p>7. Greater access to animal health services and products.</p> <p>8. Greater access to animal health services and products.</p> <p>9. Greater access to animal health services and products.</p> <p>10. Greater access to animal health services and products.</p>	<p>1. GRM statistics and reports. 2. IBRD, IMF, and AID reports. 3. Commodity market reports. 4. Impact evaluation reports. 5. DNSI regional statistics. 6. Household, employment, and micro-enterprise surveys.</p>	<p>1. Major animal disease outbreaks do not occur. 2. Drought does not decimate Malian livestock population. 3. Expansion of coastal meat and animal demand will occur. 4. The GRM gives priority to policy changes that encourage livestock production and marketing. 5. Malian urban market demand for animals and livestock products will grow as urban income generation grows.</p>	

Annex E: Logical Framework

Project Title & Number: Animal Productivity and Export Project (688-0244)

Life of Project = FY92 to FY98
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NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS																				
III. OUTPUTS:																							
A. Commercialization:																							
<ol style="list-style-type: none"> Greater access by livestock producers, traders, and processors to markets, inputs, credit, GRM policy guidance, and price and demand trends. GRM policies established to reduce export and market barriers. Greater access of livestock and livestock products to regional and international markets. 	<ol style="list-style-type: none"> Numbers and types of producers, associations, traders, and processors with increased access. Numbers of male and female members composing such associations. Specific policy reforms and pronouncements. Quantities of Malian livestock and animal products exported. 	<ol style="list-style-type: none"> Project M & E GPM statistics and records Special surveys and studies. Quarterly project reports. Beneficiary interviews. 	<ol style="list-style-type: none"> Increased consultations, transparency, studies, and technical assistance will lead to positive policy changes. Livestock producers, traders, and associations will coalesce around economic self-interest. Herders and producers see economic interest in better animal feeding and natural resource management techniques 																				
B. Production Inputs and Sustainable Sources of Feed:																							
<ol style="list-style-type: none"> Improved extension services available to producers, traders and processors. Adoption of improved nutritional packages. Adoption of improved village land management schemes. 	<ol style="list-style-type: none"> Number and type of extension agents and their clientele. Number and types of producers using improved nutritional packages. Number and type of newly established village management schemes. 		<ol style="list-style-type: none"> Expansion of private animal health delivery can be motivated by profit generation and other incentives. Technical assistance can make linkages with beneficiaries. Capable GPM staff can be assigned to project management positions. 																				
C. Privatization and Animal Health Delivery:																							
<ol style="list-style-type: none"> Privatized animal health delivery. Improved vaccine production and marketing strategies. CVL diagnostic capacity, supports animal health delivery. 	<ol style="list-style-type: none"> Number and type of private animal health practitioners, pharmacists, and their clients, by gender. Profits generated by CVL vaccines. Number and type of animal health practitioner using the CVL diagnostic services. 		<ol style="list-style-type: none"> Livestock producers, traders, and processors are receptive to new production techniques. Access to international markets to import and export animal health products will continue. 																				
D. EXPENSES																							
<table border="0"> <tr><td>Technical Assistance</td><td>4,680 Million</td></tr> <tr><td>Construction</td><td>370 Million</td></tr> <tr><td>Equipment</td><td>1,000 Million</td></tr> <tr><td>Operating</td><td>1,400 Million</td></tr> <tr><td>Travel</td><td>300 Million</td></tr> <tr><td>Other Costs</td><td>4,900 Million</td></tr> <tr><td>Unallocated</td><td>1,000 Million</td></tr> <tr><td>Contingency</td><td>1,000 Million</td></tr> <tr><td>-----</td><td>-----</td></tr> <tr><td>Total</td><td>17,000 Million</td></tr> </table>	Technical Assistance	4,680 Million	Construction	370 Million	Equipment	1,000 Million	Operating	1,400 Million	Travel	300 Million	Other Costs	4,900 Million	Unallocated	1,000 Million	Contingency	1,000 Million	-----	-----	Total	17,000 Million		<ol style="list-style-type: none"> GPM statistics and records. Special surveys and records. Quarterly reports. 	<ol style="list-style-type: none"> Increased consultations, transparency, studies, and technical assistance will lead to positive policy changes. The foreign exchange will be available.
Technical Assistance	4,680 Million																						
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Contingency	1,000 Million																						
-----	-----																						
Total	17,000 Million																						

ANNEX F

APEX BUDGET
(000) U.S. Dollars

PROJECT COMPONENTS

Year	1	2	3	4	5	6	7	Total
I. Technical Assistance:	530	890	770	750	650	425	250	4,265
II. Training:	50	300	200	150	100	100	75	975
III. Commodities:	730	430	200	120	100	80	60	1,720
IV. Construction:	250	300	250	0	0	0	0	800
V. Studies:	100	100	50	50	50	50	0	400
VI. Evaluation:	0	50	25	180	25	50	200	530
VII. Other.Costs:	724	1043	908	763	653	456	373	4,920
Subtotal A:	2384	3113	2403	2013	1578	1166	958	13,610
VIII. Inflation factor:	1.00	1.05	1.15	1.21	1.27	1.27	1.40	
IX. Inflation:	0	156	360	423	426	314	383	2,061
Subtotal B:	2384	3269	2763	2436	2004	1475	1341	15,672
X. Contingency 10%:	0	327	276	244	201	147	134	1,328
Life of Project Total:	2384	3596	3039	2680	2204	1622	1475	17,000

ANNEX F
APEX BUDGET
(000) U.S. Dollars

DETAILED BREAKDOWN BY COMPONENT

Description	Year/	1	2	3	4	5	6	7	Total
I. Technical Assistance:									
A. Long-Term:									
Chief of Party:		125	250	250	250	250	250	250	1,625
Cooperative/Business:		125	250	250	250	250	125	0	1,250
Subtotal A:		250	500	500	500	500	500	375	2,875
B. Short-Term:									
Commercialization:									
Ag. Economist:		40	40	20	20	20	0	0	140
Market Info Systems:		40	40	20	20	20	0	0	140
Int'l Marketing:		20	40	40	40	20	0	0	160
Natural Resource:									
Land-Use:		40	80	60	60	40	20	0	300
Animal Production:									
Production Extension:		10	40	30	10	0	0	0	90
Privatization:									
Private Sector Advisor:		40	60	20	20	20	0	0	160
CVL Marketing:		30	30	20	20	0	0	0	100
CVL Vaccine:		30	30	30	30	0	0	0	120
Other:		30	30	30	30	30	30	0	180
Subtotal B:		280	90	270	250	150	50	0	1,390
Technical Assist Total:		530	890	770	750	650	425	250	4,265

ANNEX F

APEX BUDGET
(000) U.S. Dollars

DETAILED BREAKDOWN BY COMPONENT (CON'T)

Year/	1	2	3	4	5	6	7	Total
II. Training:								
Long-term:	0	200	100	0	0	0	0	300
Short-term:	25	50	50	50	50	50	50	325
In-country:	25	50	50	100	50	50	25	350
Subtotal	50	300	200	150	100	100	75	975
III. Commodities:								
A. Vehicles:								
Number:	14	9	2	0	0	0	0	25
Subtotal:	420	270	60	0	0	0	0	750
B. Motos (50 Units):	125	0	0	0	0	0	0	125
C. Mobylettes (25)	25	0	0	0	0	0	0	25
D. Other Equipment:	160	160	140	120	100	80	60	820
Subtotal:	730	430	200	120	100	80	60	1,720
IV. Construction:	250	300	250	0	0	0	0	800
V. Studies:	100	100	50	50	50	50	0	400
VI. Evaluation:	0	50	50	180	25	50	200	530
VII. Other Costs:								
A. Management Unit:	115	140	140	140	150	150	150	985
B. Technical Agencies:	279	300	275	275	240	210	170	1,749
C. Associations:	100	130	100	40	30	0	0	400
D. Business Cent.:	50	100	50	40	30	0	0	270
E. Veterinary:	50	150	150	80	50	0	0	480
F. Title XII Overhead: (25 % of T.A.)	133	223	193	188	163	106	63	1,066
Subtotal:	724	1043	908	763	653	456	373	4,920

ANNEX G

APEX BIBLIOGRAPHY

1. "Liberalizing Regional Markets for Livestock Products: An Action Plan for the Mali, Burkina Faso, Mali, and Ivory Coast Corridor", by John Holtzman and Nicolas Kulibaba. Abt and Associates, Inc. June 1991.
2. "Mali Livestock Sector: A Concept Paper", by John A. Lichte and Scotty Deffendol. Experience Inc. November 1990.
3. "Mali Livestock Sector II Project (688-0218): Final Evaluation", by Norman Ulsaker, Warren Putman, and Daniel Miller. Experience Inc. September 1990.
4. "Mali Regional Livestock Trade Assessment", by Fidele Sarassoro. USAID/REDSO/WCA. May 1991.
5. "Small Ruminant Marketing Report", by Fidele Sarassoro. USAID/REDSO/WCA. 1991.
6. "West African Systems of Production and Trade in Livestock Products: A Synopsis and Introduction to a Regional Analysis", by Henri P. Josserand. Club du Sahel. September 1990.

STANDARD QUESTIONS FOR REVIEW

PROJECT IDENTIFICATION DOCUMENT (PID)

1. Host Country Program Context:

- o Where does the proposal fit on the host country's list of development priorities?
- o Are the host country's development priorities consistent with A.I.D.'s policies; AFR Bureau policies and sector priorities; and the mission's strategy (CPSP)?
- o Considering A.I.D.'s predisposition to use and support the host country's private sector where feasible, how will this proposal do so? If not, why not?
- o Is the proposal consistent with the mission's ongoing dialogue with the host government on policy reform?
- o Does the proposal support the concept of focusing on a few key development problems? If this is a new problem, is it clearly justified?

2. Definition of the Problem:

- o Is the problem sufficiently defined such that the linkage between the problem and the proposed response is clear to the reader?
- o Is the scope of the proposed response appropriate, considering the extent and/or nature of the problem?

3. Proposed A.I.D. Response:

- o Does the proposal provide a clear rationale for the A.I.D. activity? Does it hang together conceptually?
- o Considering the various constraints within A.I.D. and the host country, is the proposal do-able? Is it appropriate and practical in light of host country performance to date and worldwide experience?
- o What exactly will A.I.D. get for its input(s) and what is the nature of the perceived benefits? Who will benefit and how much? Who will be disadvantaged?
- o Is there evidence in the proposal that other alternatives have been examined? Is it clear why the mission selected the alternative it did?

4. Lessons Learned:

- o What is the experience of other donors with implementing similar type projects in the host country?
- o Is there evidence that A.I.D.'s lessons learned in-country and elsewhere have been incorporated into the proposal?

5. Implementation Arrangements:

The Host Country

- o Have discussions been held with the host government on the nature of the proposed project and what role the public and/or private sectors will play? With whom in the host government have such discussions been held?
- o Is there a reasonable likelihood that the host country institution(s) have the capacity to support the project as designed, considering the human resource constraints (managerial and technical) and budgetary constraints (recurrent costs)? What evidence exists of host government and beneficiary support for the proposed project? Is this support sufficient?
- o What is the host country's track record for timely and effective implementation of A.I.D. activities?

A.I.D.

- o Is there reasonable certainty that the A.I.D. Mission can properly implement and monitor the proposed project considering current and projected staff/skill levels; physical access and transportation; and political constraints?
- o What has been the mission's track record in implementing its current portfolio?
- o Who will have the principal monitoring responsibility within the mission for the proposed project? What are his/her other responsibilities?

6. Other Donor Support:

- o What resources beyond those of A.I.D. and the host government will be necessary to successfully implement the project as designed? Are these resources likely to be an issue during the Project Paper (PP) design phase? Can the project succeed without these other resources?
- o Are other donors' activities likely to have an adverse impact on implementation of the proposed project?

7. Project Paper Design Strategy:

- o Is there evidence that a plan exists for conducting appropriate analyses for the PP design?
- o Have the PP analyses been identified and the appropriate analysts/designers scheduled to meet the PP design target date?
- o Is there a mission requirement for PD&S funds?

- o Have specific process questions been adequately addressed, such as, the venue for PP authorization, the need for FAA Section 110a waiver, and whether FAA Section 611e certification has been adequately addressed?

8. Other Considerations:

Gray Amendment

- o Has the question of appropriateness of Gray Amendment entities in the proposed project design and implementation stages been adequately addressed?
- o What has been the mission's track record on the use of Gray Amendment entities? Has it been acceptable?