PN-ABT-606

SAHEL REGIONAL INSTITUTIONS PROJECT

USAID WEST AFRICA MISSION DIRECTORS' MINI-CONFERENCE

February 25, 1994

Report on the USAID West Africa

Mission Directors' Mini-Conference

held

February 25, 1994

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REPORT ON THE WEST AFRICA MISSION DIRECTORS MINI-CONFERENCE CHARLOTTESVILLE, VIRGINIA FEBRUARY 25, 1994

I. Introduction and Summary

The 1994 Africa Bureau Mission Directors' Conference was followed by a mini-conference for those Directors serving in West African countries. Held on the afternoon of February 25, 1994, the West Africa Mission Directors' Mini-Conference provided a forum for dialogue on elements of a regional program strategy for the soon to be established Office of West African Affairs, which will combine the programs of the Sahel West Africa and Coastal and Central West Africa geographic offices. The meeting was opened and moderated by Judy Gilmore, Acting Director for AFR/SWA. AA/AFR John Hicks emphasized the importance of developing a strategic vision for the whole of West Africa which focuses on the region's potential for growth and takes into account the role of other donors and significant recent developments, including the devaluation of the CFA, USAID program reductions and changes in management of the Bureau's operations for the West Africa region. Dana Fischer, Chief for SWA Regional Programs, provided an overview of the West Africa Regional context for USAID activities.

Two papers on key issues related to a West Africa regional strategy were presented and discussed. The first paper, presented by Roy Stacy, Executive Director of the Club du Sahel, was the West Africa Long Term Perspectives Study (WALTPS).[1] The WALTPS analyzes the dynamics of population, migration, and growth in the region over the long-term. The second paper, "A Regional Strategy for Trade and Growth in West Africa" by J. Dirck Stryker of the Associates for International Resources and Development, discusses implications for intra- and extra-regional trade, particularly in light of the devaluation of the CFA. The findings of these studies substantiate that regional cooperation is essential to sustained long-term economic growth in the countries of West Africa.

AFR/SWA/RP Program Economist, Rodney Kite described a planned amendment to the Sahel Regional Institutions (SRI) Project and a regional African Economic Policy Reform Program (AEPRP) concept. The AA/AFR and Mission Directors were asked their opinions on funding such a program using funds ($17 million) available for fiscal year 1994 to support the recent CFA devaluation. The discussion led to the conclusion that the $17 million should be added to existing mission nonproject assistance (NPA) activities in ways that can provide immediate response to the CFA devaluation. Regarding the long-term constraints to regional cooperation,

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[1] The WALTPS is a donor funded initiative coordinated by the Club du Sahel in Paris and CINERGIE in Abidjan. The work is performed by researchers based at the Club du Sahel and several groups of African experts in the countries of West Africa.

participants agreed that AFR/SWA should assess the feasibility of a USAID led donor initiative for West African intra-regional trade supported by a multi-year regional AEPRP.

II. The West Africa Long Term Perspectives Study (WALTPS)

A. Major Findings

The WALTPS analyzes the long-term (30 year) dimensions of regional integration and cooperation, concentrating on aspects related to population and settlement dynamics. It concludes that market density can be a motor of growth in West Africa.

The study forecasts growth in the region's population from about 200 million in 1990 to at least 430 million in 2020. This doubling of West Africa's population is accompanied by intense migration between ecological zones, countries, and rural and urban areas -- e.g., in 2020 urban areas are expected to account for more than 60 percent of the region's population compared to 40 percent in 1990, the number of towns and cities with populations in excess of 100,000 people increased from 17 in 1960 to 86 in 1990 and is expected to grow to 230 in 2020. The study found that market forces outweigh production factors in impacting migration; consequently, rural populations tend to concentrate around towns and principal markets. The study concluded that the dynamics of population, migration and market density are leading to the intensification of agriculture in a sustainable way:[2]

- changes in land tenure are occurring;
- where there is market density, farmers are putting more input back into the land; and
- intensification of agriculture is occurring as a result of market forces and without a great deal of aid activity.

Key to achieving growth through market density are:

- creation of public goods that are currently in short supply (e.g., education, health);
- improved infrastructure;

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[2] The study also estimates that by the year 2020, 20 percent of farmers will produce the region's surplus. This trend gives rise to a problem which will affect the region's development -- farmers who are marginalized are turning to drug production in previously irrigated areas.

- institutional capacity in financial markets;
- renewed privatization; and
- good governance.

B. Implications of WALTPS for USAID Programs.

1. Regional Non-Project Assistance. Administrative requirements imposed by countries in the region create significant barriers to intra-regional trade. For instance, conditionality which eliminates all roadblocks to trade along the route, almost as a single condition, could have a major impact on taxation and informal payments.

2. Operational Implications Over the Next Five Years. Several program operational implications were drawn from the study:

- Recognize that West Africa must have a vision of itself as a region. Dialogue and communication among the countries is critical, particularly given the language and other differences between Anglophone and Francophone countries. Efforts are needed to facilitate the movement of factors of production across borders (payments, investment, goods, labor) and exchange of information. Avoid institutional straight jackets such as ECOWAS; concentrate on practical things which will reduce barriers.

- Reduce the real cost of regional trade by removal of multiple non-tariff barriers.

- Promote innovative programs with the West African private sector. The WALTPS found that there is a high rate of return on investments in marketing infrastructure. Other critical needs are cold storage, transport, and packaging.

- Include strong elements of budgetary and investment reform in policy dialogue. Reform is needed to promote education, health and population control, and infrastructure development.

- Refocus on regional institutions that are in decline such as universities, to enable the region to participate in the technology and information revolution. Consideration should be given to supporting the development of regional centers of excellence.

- Rural areas must not be forgotten. Programs are needed to address problems of land management and land tenure, encourage decentralization, and reduce population growth and the spread of AIDS.

- Promote agricultural diversification. The devaluation of the CFA provides scope for intensification of agriculture, if marketing and input costs can be reduced. Intensification can foster the development of agro-industries where regional markets are maintained. The feasibility of processing a number of energy crops into diesel fuel should be explored. Some West African countries have a comparative advantage in these crops.

- All United States Government departments and agencies with a presence in the region should participate in promoting dialogue with governments, particularly in countries where USAID has no presence. This would help to promote a consistent and consolidated United States policy framework which recognizes the linkages among the activities of the various departments and agencies, e.g., the relationship between increasing drug production, growing arms trade and economic development.

- Priority should be given to education. Education is fundamental to increasing the competitiveness of countries in the region. West Africa has the lowest school enrollment figures in Africa, especially for girls.

- Support should be given to finding effective means of conflict management. The potential for conflict in the region is increasing as a result of changes such as population shifts to urban areas and rapid growth of cities which give rise to increasing levels of stress, alter transhumant and land tenure rights, and contribute to the breakdown of traditional conflict management institutions.

- Priority should be given to strengthening donor coordination. The WALTPS implies that West Africa will develop more as a result of capitalizing on opportunities presented by regional dynamics, rather than as a result of aid levels. In addition, all major donors are looking for a West Africa regional strategy which assumes that they will not have a bilateral presence in each country. There is a fundamental shift in French policy toward the Francophone countries, e.g., budgetary support on an as-needed basis is over, the French are turning more attention to countries in Asia and southern Africa. Donors need to work together with the IMF and World Bank to harmonize an approach, perhaps around the devaluation of the CFA.

III. A Regional Strategy for Trade and Growth in West Africa

A. Major Findings

Prior to the devaluation of the CFA in January 1994, the degree of trade bias from overvaluation was significant, i.e., there was a 2:1 bias in favor of import competing sectors as opposed to export sectors. The devaluation reduces this bias and should create opportunities to increase exports.

However, significant barriers remain which must be reduced or eliminated to capitalize fully on the opportunities for increased trade presented by a more realistic exchange rate. The overvaluation distorted patterns of trade, especially with non-CFA countries, and led to the imposition of quantitative restrictions on imports and high levels of trade taxation as protection against imports. In addition to these, non-trade barriers still exist with regard to inadequate infrastructure and legal, financial, administrative and other appropriate institutions.

The devaluation of the CFA should be viewed in a regional West African context, given that it will have distinctive impacts on trade between CFA and non-CFA countries. Determining what these impacts may be is a complicated matter. For example, recently Nigeria moved to reestablish exchange controls at a real exchange rate that is substantially appreciated in comparison with the long-term equilibrium rate established in 1986. One possible result of this change could be an overflowing of goods from neighboring CFA countries into Nigeria, i.e., a reverse of the general pattern of informal trade between the CFA and non-CFA countries which prevailed prior to devaluation of the CFA. Whether or not this will actually happen depends on a number of factors.

The following are specific findings regarding the potential for regional trade in agriculture and livestock and for nontraditional exports by West African countries:

- Recent research on regional economic integration of agriculture in West Africa clearly shows that a number of producing regions have the economic potential to trade competitively across national borders.

- Generally, it is the interior of West Africa, and especially the better watered areas, which has a comparative advantage in agricultural and livestock production for the coastal markets and for the region as a whole.

- Should growth in coastal markets return to the levels of the 1960s, there would be a substantial increase in demand for coarse grain cereals, rice, vegetable oils, cotton, meat and other livestock products -- products in which Sahelian countries will have increasing comparative advantage as the coastal countries specialize in tree crops, forest and marine products and manufactured goods.

- Key policy distortions in the agriculture sector remaining after the CFA devaluation include quantitative restrictions on food imports, wide variation in producer prices between countries, high rates of effective import taxation, and large producer subsidies.

- Most industry in the region is in the coastal countries, was created to compete with imports and consequently is highly protected. Only recently have industrial enterprises in Ghana and Nigeria, countries which devalued their currencies some time ago, begun to reach out toward export markets.

- Although the industrial sectors of the interior countries are much smaller than those of the major coastal countries, there are some industries in which the former appear to have a comparative advantage. Despite this, many of these industries are highly protected, resulting in substantial waste and a strong bias away from exports.

- In Ghana, the most enterprising of firms in nontraditional exports, which generally have found export opportunities overseas, are often moderate size and somewhat younger than the larger firms that were established originally to service the domestic market and have now expanded their exports to neighboring countries.

- Work in Ghana revealed that there is a greater need for working capital when dealing with the export as opposed to domestic market. Investment capital is also needed.

- External trade in non-traditional exports faces distinct constraints related to quality control and timing. The experience of Asian countries indicates that firms which have a comparative advantage in labor, such as some of the younger ones in Ghana which were established principally for exports to markets outside of Africa, can link up with foreign partners, which serve as catalysts by providing access to markets, timing and quality control, and foreign technology and management.

B. Priority Program Areas for Renewing Trade and Economic Growth in West Africa

- Support efforts to restructure tariffs and dismantle protective structures.

- Support increases in producer prices as an incentive to production for export.

- Invest in non-traditional export projects, i.e., those which simplify export administrative procedures, eliminate export taxes, free up foreign exchange for exporters, provide technical assistance to exporting firms, create mechanisms for financing trade, promote contacts between exporters and overseas markets, improve storage and transport of exported products, establish mechanisms for duty-free importation of inputs by exporting firms, and establish additional export incentives.

- Support efforts to eliminate institutional barriers to intra-regional trade such as those related to compliance with administrative procedures, access to credit, contract enforcement, knowledge of export markets, timing and quality control.

- Promote bilateral trade agreements between countries as a practical means of moving toward free trade in the region. There are numerous barriers to trade that are administrative rather than legislative in nature and thus are difficult to discern. Efforts should be undertaken to identify these barriers and attack them. Experience in Africa indicates that free trade regimes have not been effective in this regard. A more effective approach may involve developing agreements on a bilateral basis until a large trade zone can be created. Under such a scheme, the two largest traders in a particular commodity would negotiate reciprocal concessions, then extend them to third countries on a most favored nation basis.

- Support open policy discussion among professional organizations and governments to identify barriers to trade. Publicize barriers as a means to increase pressure for reform.

- Support agriculture research in areas that will foster regional economic integration. For example, trade in livestock is a growth area which links the Sahel and coastal states. There is a need for research in livestock intensification. Other areas for additional research include horticulture and post-harvest technology (e.g., storage, plant treatment).

- Investments in infrastructure are needed. Inadequate roads, ports, airports, telecommunication equipment and power-generating facilities are particularly crippling for export trade because of the need for quality control, timeliness, and flexibility in responding to overseas demand.

- Support for human capital development is needed, particularly training of middle-level managers and supervisors, and technicians required to maintain machinery and equipment and assure adequate quality control. This training should be done in association with professional associations who are in a good position to identify specific needs.

USAID's comparative advantage in promoting trade will vary from country to country and depend largely on programs and actions by other major donors including the World Bank, the French and the European Community. The promotion of non-traditional exports is a critical area; many CFA countries are now where they can start non-traditional export programs. USAID can play an important role in promoting greater public discussion of trade barriers. Such discussion is essential to developing a constituency for policy reform, by making the public aware of the costs of such barriers. A critical element of a regional initiative is coordination with other donors particularly the World Bank (given its leadership role in the region), the French (given the French economic interests in Francophone countries) and the EC (given the impact of its trade policies).

IV. Regional Africa Economic Policy Reform Program (AEPRP)

A. *Description of the Concept*

$17 million have been made available for obligation in FY 1994 to support the CFA countries in responding to the devaluation of their currency. AFR/SWA introduced a concept for programming this money through a regional AEPRP which would (1) establish guidelines for conditionality related to issues critical to regional integration and (2) provide a framework for documentation required by the AEPRP. Based on the guidelines and framework, Missions would negotiate sub-AEPRPs with their respective host governments. An advantage of this approach is that it allows Missions to concentrate on what the conditionality should be rather than diverting attention to satisfying documentation requirements. Monitoring and evaluation would be conducted within a regional context, so that the impact of policies in one country on trade in another country would be captured -- an important relationship which currently is not measured. An amendment to the SRI project will provide support to develop implementation and monitoring capabilities.

B. *Issues*

The discussion on the regional AEPRP concept gave rise to several issues. The major ones are discussed below.

Do we have the policy context within the region necessary to justify a one-year NPA?

This is a fundamental issue raised by the AA/AFR Hicks. Given the findings on regional trade discussed above, it is unlikely that the regional policy environment is adequate to warrant a one-year NPA, i.e., it appears that one year is an inadequate time frame to show impact. A more viable approach may be to launch a long-term donor initiative, say five years, where USAID would provide annual funding of approximately $15-20 million, and assume a leadership role in promoting policy dialogue aimed at regional integration. This approach may also be politically expedient, since it would enable USAID to engage other donors on critical issues and leverage their resources to the poorest region of Africa, counterbalancing the Southern Africa initiative. Such an effort should be carefully developed in coordination with other donors. It should also draw on relevant experience of other donors, such as the EC led initiative to promote regional integration in Southern Africa.

What is the comparative advantage offered by the regional AEPRP?

The regional AEPRP would provide USAID with a capacity to help countries implement policies. Generally, the World Bank takes the lead in financing adjustment programs aimed at increasing competitiveness, but almost exclusively at the national level. USAID could help implement these programs in a regional context. In selecting specific conditionality, countries should look at the next issues they must deal with in devaluation process. USAID can help them through the process; USAID's ability to provide grants (as opposed to loans by the World Bank) increases the ease with which technical assistance can be made available. Grant funding also facilitates working with the private sector in important areas such as networking.

Does the regional AEPRP concept include provision of grants to non-CFA countries?

Non-CFA countries in the region such as Nigeria and Ghana are important to trade patterns in West Africa. The original concept of the regional AEPRP is to provide short-term budgetary support in response to the devaluation in CFA countries. A longer term regional trade initiative would require developing an approach to include the non-CFA countries.

How would the regional AEPRP be programmed?

The constraints addressed by the AEPRP would be regional in nature, but the actual grants would be provided to national institutions or governments.

Is the set of problems targeted best addressed through nonproject or project assistance?

Recently, programming through NPAs has come under criticism, which reinforces the importance of ensuring that NPAs are clearly justified. There are obvious areas where NPA can play a unique role in reducing trade barriers. For example, budgetary support could compensate for a government's loss of revenues resulting from reductions in tariffs. Other areas, such as support to production for export, may be best addressed through project assistance. Careful attention should be given to the advantages of NPA and projectized assistance to addressing barriers to intra-regional trade.

Are we attempting to address a short-term or long-term issue?

The regional AEPRP concept gives rise to both a short-term and long-term issue. In the short-term we are concerned with helping the CFA countries overcome some of the impediments to taking advantage of the devaluation, e.g., eliminating all truck stops along the trade route. In the long-term we are concerned with promoting regional economic integration. This requires a program developed in an integrated fashion based on broad regional participation in identifying obstacles to production and trade and means by which they can be addressed.

How would money under the regional AEPRP be allocated?

Criteria would be established for determining countries eligible for funds.

Would the CFA countries view the $17 million regional AEPRP as politically responsive to their short-term financial needs resulting from the currency devaluation?

In most cases the governments of CFA countries need cash to ensure that basic commodities remain available. Governments are looking for clear statements of support backed by initiatives. With perhaps the exception of the World Bank and the French, donors do not have adequate funds to respond to the countries.

Would distributing the $17 million among existing USAID programs so that each will get between $2-4 million in FY 1994 be symbolic?

All Mission Directors agreed that the addition to their program of $2-4 million would be significant and could be programmed through existing NPAs in ways that would support the devaluation, e.g., to speed up procurement of commodities and conditionality.

C. Conclusion on the Regional AEPRP

The discussion concluded that a short-term approach and a long-term approach should be pursued. Regarding the short-term, the $17 million available in FY 1994 should be provided to Missions for programming into existing NPAs in ways which support the CFA devaluation. Missions Directors were requested to begin thinking about how to use the funds and advise AFR/SWA. (Subsequent to the meeting, a decision was made to allocate the $17 million to Benin, Mali, Niger and Senegal. See attached action memorandum entitled "Allocating $17 Million of DFA Funds in Response to the CFA Devaluation").

AFR/SWA should begin to conceptualize and assess the feasibility of a five-year regional AEPRP with annual funding as a long-term response to the constraints to intra-regional trade. Consideration should be given to the merits of a bold U.S.-led initiative for West Africa that would engage other donors in the dialogue and leverage their resources.

TMG:dMartin:4.4.94

ATTACHMENT A

LIST OF PARTICIPANTS

West Africa Mission Directors' Mini-Conference - February 25, 1994 List of Participants

John Hicks, Assistant Administrator for Africa
Carol Peasley, Deputy Assistant Administrator for Africa
Jerry Wolgin, Acting Deputy Assistant Administrator for Africa
James Anderson, Director, USAID/Niger
Thomas Luche, Director, USAID/Burkina Faso
Anne Williams, Director, USAID/Chad
Chuck Johnson, Director, USAID/Mali
Mike Lukomski, Director, USAID/Guinea-Bissau
Thomas Cornell, AID Representative, USAID/Benin
Joseph Goodwin, Director, USAID/Ghana
Wilbur Thomas, Director, USAID/Guinea
Eugene Chiavaroli, AID Affairs Officer, USAID/Nigeria
Judy Gilmore, Acting Director, Office of Sahel West Africa
Don Clark, Director, Office of Coastal and Central West Africa
Dana Fischer, Chief, Sahel West Africa Regional Programs
Rodney Kite, Economist, Sahel West Africa Regional Programs
Roy Stacy, Director, Club du Sahel
Douglas Sheldon, Deputy Mission Director for Senegal
J. Dirck Stryker, Associates for International Resources and Dl levelopment

ATTACHMENT B

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA: ALLOCATING $17 MILLION OF DFA FUNDS IN RESPONSE TO THE CFA DEVALUATION

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

APR - 8 1994

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

FROM: AFR/SWA, Judith Gilmore JG

SUBJECT: Allocating $17 Million of DFA Funds in Response to the CFA Devaluation

I. Problem

Your approval is requested to allocate $17 million in DFA funds to address both immediate and longer-term bilateral and regional needs resulting from the recent CFA devaluation. Specifically, we propose allocations of $12 million to support ongoing efforts in market liberalization (Mali and Senegal), disaster preparedness (Niger), and educational reform (Benin); $3 million to monitor the overall impact of the devaluation; and $2 million to promote private sector development and regional trade. These funds will be obligated in FY 1994. An additional $4 million for the above monitoring and regional trade activities will needed in FY 1995 (cf. attached chart entitled "CFA Package").

II. Discussion

On January 12, 1994, the CFA was devalued by 50% in terms of the French Franc. The United States, along with many other bilateral and multilateral donors, have been very supportive of this devaluation, noting that this exchange rate reform will help stem the flow of capital outside the CFA Zone and set the stage for future economic growth throughout West Africa. Details on USAID's response to the devaluation will be provided at Washington SPA meetings on April 19, 1994.

Managing a devaluation is a long and arduous process. Mission reports, while duly emphasizing the initial negative social and political impacts of the devaluation, have thus far been optimistic about actions taken by Franc Zone governments. In general they have "bitten the bullet", taking many necessary measures to reduce imports, stabilize prices, and pass price benefits on to producers. After some initial difficulties the message seems to be getting out, and civil unrest appears to be subsiding. Our assessment of progress to date is positive.

320 TWENTY-FIRST STREET, N.W., WASHINGTON, D.C. 20523

Our proposed response to the devaluation will help meet some urgent country-specific budgetary needs, while at the same time establishing some longer-term mechanisms for monitoring the impact of the devaluation and promoting private sector development and regional trade. Based on discussions with individual Missions, USAID/W staff, and outside experts, we propose the following activities:

1. Support to Bilateral Programs:

Benin: Benin has a progressive basic education program which from the outset has involved local communities -- mostly in mobilizing resources for school construction and materials. To increase community involvement in more substantial ways, e.g., in budgetary, policy and strategic decisions, the Mission and the GOB are prepared to add the necessary policy conditionality to the ongoing Children's Learning and Equity Foundation (CLEF) Program (680-0206/0208). Proposed Bureau Allocation: $3 million in NPA.

Mali: The Mali Mission has worked closely with the GRM to disburse $5 million of NPA in support of private sector and basic educational development programs. We expect these funds to be disbursed by June 30, 1994. Building on several years of USAID support to privatizing key parastatals, the Mission now has an opportunity to help the restructure and privatize Mali's rice sector. Though their proposal was reviewed and endorsed earlier this year by a Title III review committee, no commodities could be made available for FY 1994. The Mission now proposes accomplishing these reforms by folding the same conditionality under the ongoing Policy Reform for Economic Development (PRED) Program (688-0245/0246). Proposed Bureau Allocation: $4 million in NPA.

Niger: USAID/Niger plans to disburse some $7 million in NPA this month through its health/agricultural sector and disaster preparedness programs. Given the higher incidence of high-risk and potentially vulnerable groups in the post-devaluation context, coupled with perennial food shortages in much of the northern regions of Niger, the Mission proposes establishing a safety-net activities through grants to CARE and AFRICARE for food or cash-for-work programs in the hardest hit food-deficit areas. Proposed Bureau Allocation: $2 million in PA.

Senegal: The Senegal Mission recently signed a $30 million Rice Structural Adjustment (RSA) Program (685-029) to support rice market liberalization and abolish pricing interventions in this sub-sector. The Mission is in an excellent position to speed up privatization of GOS-owned rice mills and get the dominant parastatal out of the paddy processing business much earlier than expected. Noting that the Mission will not be able to absorb $3 million of its approved $7 million FY 1994

Title III commodity allocation, this proposal, framed as a swap for FY 1994 Title III commodities, has the added benefit of immediately freeing-up $3 million in food aid. Proposed Bureau Allocation: $3 million in NPA.

2. Monitoring the Effects of Devaluation:

In order to provide decision makers in West Africa and their donor partners with timely information and useful analyses on the impact of the devaluation, we plan to support and extend monitoring activities already underway in all countries and presently orchestrated by the Institut du Sahel. Through its extensive network of researchers and collaborators working primarily in West African CILSS countries, the Institut will continue reinforcing institutional capacity in food security and policy analyses in cooperating national systems. In the end these monitoring activities will extend the network of cooperators throughout the West African region.

At present the Africa and Global Bureaus are exploring options for implementing this activity, e.g., through EAGER or perhaps a Cooperative Agreement with Michigan State University, which is currently providing technical support to the Institut du Sahel. Proposed Bureau Allocation: $3 million in PA.

3. Promoting Regional Cooperation and Trade

New, exciting approaches to regional cooperation and trade are emerging in West Africa - approaches that are being applied in diverse areas and sectors involving entrepreneurs, trade associations, researchers, cooperatives, professional groups, and rural communities. Key to this orientation is its bottom-up, pro-empowerment, transparent, accountable, and people- and civil society-focused character. Quite simply, it is not a 'business-as-usual' approach.

To date SWA regional programs have supported these approaches mainly through the liberalization of the livestock trade in the central corridor of West Africa. They have also promoted regional networks of a younger generation of entrepreneurs and traders. Under this initiative we will extend these efforts to a variety of groups and associations, encouraging their collaboration in a broader context and a larger arena than has been possible in the past. This will be done through selected interventions that will remove barriers to regional trade and exchange, promote comparative advantages, and revitalize national systems in the broader West African context.

Funds will be obligated through an amendment to the Sahel Regional Institutions (SRI) project, which is the project component of the future Regional AEPRP. Proposed Bureau Allocation: $2 million in PA.

III. Recommendation

That you approve the allocation of $17 million in DFA funds for the following activities:

1. $3 million in non-project assistance to support additional education reforms in Benin:

   Approved: John F. Hicks

   Disapproved: __________

   Date: 4/18/94

2. $2 million in project assistance to support food assistance or cash-for-work activities in Niger:

   Approved: __________

   Disapproved: Not pending clarification of use and level of assistance

   Date: 4/19/94

3. $4 million in non-project assistance to support ongoing rice privatization and restructuring activities in Mali:

   Approved: John F. Hicks

   Disapproved: __________

   Date: __________

4. $3 million in non-project assistance to support ongoing rice market liberalization reforms in Senegal:

   Approved: John F. Hicks

   Disapproved: __________

   Date: 4/18/94

5. $3 million in project assistance to monitor the impact of the CFA devaluation:

   Try to reduce to $2 mil. to free additional $1 mil for Niger.

   Approved: John F. Hicks

   Disapproved: __________

   Date: 4/18/94

6. $2 million in project assistance to support activities associated with regional cooperation and trade

Approved: 4/12/94 John F. Hicks

Disapproved: __________

Date: __________

Documentation to authorize and obligate these approved actions will be prepared according to normal USAID procedures.

Att: a/s

Clearances:

DAA/AFR:CPeasley	CP	Date:	4/8
AFR/CCWA:DClark	DC	Date:	4/8/94
AFR/DP:JGovan	JG	Date:	4-8
A-DAA/AFR:JWolgin	(substance)	Date:	7 April 1994

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8 April 1994

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CFA PACKAGE

COUNTRY	ACTIVITY	BUDGET ($ MILLION) 1994	1995	TYPE (NPA/PA)	OBLIGATING MECHANISM
Mali	Rice restructuring program	$4.0		NPA	Amendment to PRED
Niger	Food/cash for work	$2.0 + 1		PA	Grants to CARE and AFRICARE
Senegal	Rice restructuring	$3.0		NPA	Amendment to RSA
Benin	Education	$3.0		NPA	Amendment to Education Program
Regional	Monitoring impacts of CFA devaluation	$3.0 − 1	$1.0	PA	Cooperative Agreement with MSU through Global Bureau
Regional	Regional Cooperation and Trade	$2.0	$3.0	PA	Amendment to SRI (project component of future Regional AEPRP)
	TOTAL	$17.0	$4.0		

BEST AVAILABLE DOCUMENT

ATTACHMENT B