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REFERENCE CENTER FROM FLOYD R.
SPEARS, AFR/EMS, DATED AUG. 2,
1977. (SEE ENCLOSED MEMO.)

OPTIONAL FORM NO. 10
JULY 1970 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

TO : Reference Center, Ms. Joanne Paskar

DATE: August 2, 1977

FROM : AFR/EMS, Floyd R. Spears

Floyd R. Spears

SUBJECT: Declassification of A.I.D. Documents

This memorandum addresses the following A.I.D. documents:

a. Measles Control and Smallpox Eradication Program dated Jan. 5, 1970

b. CAP on Trans-Cameroon Railroad (Phase II)

c. Mali -- Proposal and Recommendations on Veterinary Laboratory

d. CAP -- Liberia -- Improvements of Roberts International Airport, Phase II (Construction)

e. CAP -- Swaziland -- Agricultural Development Loan

f. CAP -- Ethiopia -- Malaria Eradication -- Phase I

g. CAP -- Somalia -- Mogadiscio Water Supply

h. CAP -- Tanzania -- Agricultural Projects Support

i. CAP -- TANZAM Highway Phase III

j. CAP -- Uganda -- Livestock Development

The above listed documents have been reviewed by appropriate staff personnel assigned to Africa Bureau to determine if these documents should be declassified. Based on this review, no justifications have been identified for the continued classification of these documents. Therefore, this memorandum hereby authorizes the declassification of all documents listed.

5010-110

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

688-22-130-002
688-11-003

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington 25, D. C.

Bureau for Africa and Europe
Office of Capital Development and Finance

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December 2, 1963

TO: See Distribution

SUBJECT: MALI - Veterinary Laboratory
AID-AFE/P-19

Attached are revised pages 11, 16 and 17 to be inserted in subject loan paper.

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington 25, D. C.

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AID-AFE/P-19
November 4, 1963

MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR

SUBJECT: Mali - Central Veterinary Laboratory

Attached is the proposal for a Development Loan for the construction of a Veterinary Laboratory in Mali.

Authorization of a loan in the amount of $1,100,000 is recommended; the proceeds of this loan will be used to finance U.S. and local costs of goods and services for construction of the following buildings: production, research and administration, annex and a mechanical building.

M. G. Wedeman
Director
Office of Capital Development and Finance
Bureau for Africa-Europe

Attachments
Summary and Recommendations
Proposal
Annexes

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MALI

VETERINARY LABORATORY

TABLE OF CONTENTS

	Page
SUMMARY AND RECOMMENDATIONS	i-ii
SECTION I - History and Background	
A. The Project.....	1
B. Historical Development of the Project	1
C. Relation of Project to Sector Goals.....	2
D. Ex-Im Clearance.....	2
SECTION II - Detailed Description of Project	
A. Engineering Analysis.....	2
1. Description of Project.....	2
2. Engineering Plan.....	2 - 3
3. Technical and Economic Soundness.....	3
B. Economic Analysis.....	3
1. Contribution of Project to Economic Development.....	3 -6
2. Need for Proposed Facility.....	6 -8
3. Management and Operation of Proposed Facility.....	8 -9
C. Finaicial Analysis.....	9
1. Financial Plan.....	9-11
2. Borrower's Financial Status.....	11-14
3. Borrower's Monetary Position.....	14-15

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MALI - Veterinary Laboratory

SUMMARY AND RECOMMENDATIONS

1. APPLICANT: The Government of the Republic of Mali.

2. AMOUNT OF LOAN: $1,100,000

3. COST OF ACTIVITY:

Building Costs	$1,174,150
Equipment Costs	179,548
	$1,353,698

4. DESCRIPTION OF ACTIVITY: The project consists of four separate buildings: Production, Research and Administration, Annex and Mechanical which will house the Veterinary Laboratory. The project involves the construction and equipping of these buildings.

5. PURPOSE OF ACTIVITY: To assist in financing the foreign exchange costs in the U.S. and the local costs in Mali for the procurement of materials and services required for the project.

6. BACKGROUND OF ACTIVITY: Existing facilities are inadequate to meet Mali's present and estimated animal vaccine requirements. The installation of modern laboratory facilities will assist Mali in exploiting effectively its large livestock resources.

7. EXIMBANK CLEARANCE: April 30, 1963.

8. MISSION VIEWS: The Mission strongly endorses the project.

9. STATUTORY CRITERIA: Met. See Annex III for details.

10. ISSUES: None.

11. RECOMMENDATIONS: Authorization of a loan to the Government of the Republic of Mali not to exceed $1,100,000:

    (a) Term: 40 years, including a 10-year grace period.

    (b) Interest: 3/4 of 1% credit fee per annum.

    (c) Repayment Terms: Principal and interest in U.S. dollars.

    (d) Major Conditions: Setting up a Special Letter of Credit to cover local costs.

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Page

4. Other Sources of Financing..... 15

5. Effect Upon the US Economy..... 15

SECTION III - Implementation Plan 16-17

ANNEX I - PROGRAM FRAMEWORK

ANNEX II - DETAILED ENGINEERING DESCRIPTION

ANNEX III- CHECK LIST OF STATUTORY CRITERIA

ANNEX IV - ESTIMATED SAVINGS BY PRODUCING VACCINE IN MALI DURING FOUR YEARS IN CCTA CAMPAIGN (1964-1967)

ANNEX V - LOAN AUTHORIZATION

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SECTION I - History and Background

A. The Project

The project is for the construction of a new Central Veterinary Laboratory in Mali. The main functions of the laboratory will be: 1) production of veterinary vaccines; 2) administration of Mali's domestic animal innoculation program as well as its participation in a regional rinderpest eradication program; 3) diagnosis of animal disease and epidemic conditions; 4) research in the prevention and cure of animal diseases, and 5)training of staff for field duty.

B. Historical Development of the Project

In April 1962 the Secretary of State for Animal Husbandry of Mali requeste that the USAID finance: 1) the construction and equipping of a research and vaccine production laboratory and 2) technical assistance and participant training in the field of animal husbandry.

In response, the A.I.D. Regional Veterinary Advisor assessed the feasibility of such assistance. On the basis of his recommendations, animal husbandry was approved in June 1962 as a sector goal for the A.I.D. program in Mali. In FY 1962, $190,000 was obligated from SA funds for animal husbandry, including $61,400 relating directly to the veterinary laboratory ($35,000 for preliminary A&E work and $26,400 for participant training in the U.S.). The remainder, $121,600, was used for commodity procurement.

In August and September 1962, the USAID undertook a reconnaissance survey of the proposed project. A further technical review of the project was completed in early 1963 by two A.I.D. veterinary specialists. The Architects Collaborative was retained by A.I.D. in March 1963 to prepare preliminary drawings and specifications and cost estimates. A.I.D./W. reviewed the preliminary plans in the summer of this year and concluded that too much emphasis had been placed on the research function of the laboratory and that the main thrust of the laboratory's operations during the first few years should be in the field of vaccine production and administration of Mali's domestic and rinderpest programs. Plans revised on this basis were approved by A.I.D./W. in August, 1963.

Originally, the project was considered for DG financing. However, late in 1962 AFE decided as a matter of policy to consider all projects over $500,000 on a loan rather than grant basis. Consequently, a development loan was proposed to the GOM in January 1963 and was accepted by them. An application was received in March 1963.

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C. Relation of Project to Sector Goals.

The A.I.D. program in Mali responds within a limited framework to some of Mali's more pressing needs: 1) achieving animal disease control, including eradication of rinderpest by 1968; 2) increasing the quality and quantity of academically trained personnel; and 3) developing the rural infrastructure. The proposed project will assist in the animal disease control program of the country.

D. ExIm Clearance

At the April 30, 1963 meeting of the Joint A.I.D.-Export Import Bank Coordinating Committee, the Bank informed A.I.D. that the project would not be suitable for Ex-Im financing.

SECTION II - Detailed Description of Project

A. Engineering Analysis

1. Description of Project. The project for the construction of a new Central Veterinary Laboratory will consist of the following buildings: Production Building, Administration and Research Building, Service Annex and Mechanical Building.

These buildings will be constructed of reinforced concrete super-structures with beam, column, ground base slab and ribbed slab roofs. The exception to this is the Mechanical Building, which will have in addition a part basement, and a simple slab flat roof in place of a ribbed slab roof. The foundation for all buildings is made up of conventional reinforced concrete footings.

The Central Veterinary Laboratory site is located south of the Bamako-Koulikoro Road and north of the Niger River, about 8.5 miles east of Bamako near the Sotuba Experimental Farm.

2. Engineering Plan

(a) Architectural and Engineering Studies. The architectural and engineering studies for the subject project were made by the Architects Collaborative. They have prepared preliminary plans, general specifications, and cost estimates. In performing its work, the firm employed the services of Dr. James A. Baker, Director of the Veterinary Virus Research Institute at Cornell University who is regarded by A.I.D. as one of the leading experts in the field in the U.S. Dr. Baker reviewed earlier A.I.D. surveys on the Mali livestock situation as well as all proposals for the laboratory.

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Based on this review, he advised TAC regarding space allocation, adequacy of design and the overall lay-out of the project so that the laboratory as presently conceived will meet Mali's vaccine needs as he and other A.I.D. veterinary specialists now see them.

3. Technical and Economic Soundness. A.I.D. has reviewed the preliminary architectural and engineering plans, specifications and cost estimates of all buildings mentioned above and has found the design of the project to be structurally sound, complete in substance and functional.

Previous architectural and engineering design experience on school, laboratory and hospital projects in West Africa has indicated that a cost of between $14 and $18 per square foot is economical and reasonable. The cost for construction of the proposed laboratory is $17 per square foot. Thus, given the studies cited above and the cost estimate which has been received, A.I.D. considers that the degree of engineering planning required by Section 611 of the Foreign Assistance Act of 1961 has been met.

See Annex II for a detailed engineering description of the project.

B. Economic Analysis

1. Contribution of Project to Economic Development. Mali depends almost entirely upon improved efficiency in its agriculture and livestock industry as the only feasible short-run course by which it can increase its earnings of foreign exchange for essential capital imports. Its present Five-Year Plan (1961-1965) envisions an increase in the cattle extraction rate i.e., the number of cattle slaughtered and sold in the commercial market either domestically or for export (hereafter called "commercialization"), from 180,000 head in 1961 to 330,000 in 1965. This would result in a percentage increase in commercialization of the national herd, which now numbers around 4 million head, from 5.1% at the beginning of the Plan to 9.4% at its conclusion.

Many of these animals and their products are exported, making livestock Mali's third largest foreign exchange earner. In addition, Mali's illegal exports of livestock, according to A.I.D.'s estimates, exceeded in value Mali's peanut export, thereby making livestock Mali's largest potential foreign exchange earner. Although accurate figures are not available because of the large unrecorded trade, animal husbandry alone is estimated to have contributed about 42% of Mali's total export trade in 1961, or approximately $13.4 million in spite of the present low economic returns of the cattle due to disease.

Many opportunities are open to Mali as it increases its rate of commercialization and hence its export trade. For example, an area which includes all of the coastal countries from Senegal to the Republic of Congo and then extends through the center of Africa is deficient in meat production and could provide extensive markets for Malian meat and meat products. The present deficiencies in meat production in this area are caused by: 1) the prevalence of the tetse fly; and 2) the inefficient traditional method of walking the livestock to market from the nearest area with supplies. This method is so inefficient that Chad for example, has found that it can ship meat by plane to Brazzaville, pay airfreight charges which are double the value of meat at the slaughter houses in Ft. Lamy, and still make a profit. Mali should be able to avail itself of these extensive markets by shipping meat via the newly re-opened Bamako-Dakar railroad and transferring it to coastal vessels which stop at all the major ports between Dakar and Matadi.

Because of its own incidence of disease, Mali has not been able to take advantage of these markets. (The Animal Husbandry Service estimates that 75% of all cattle born die before reaching maturity). Foremost among the diseases which have reduced Mali's livestock exports appreciably is rinderpest, a highly contagious virus which is fatal to over 50% of the cattle infected and renders surviving animals practically worthless. However, the proposed Central Veterinary Laboratory will make two important contributions to the alleviation of this situation and hence to the commercialization goals of the Five-Year Plan. First, it will enable Mali to meet its domestic need for vaccine to combat animal disease. Secondly, it will allow Mali participation in a regional rinderpest eradication program sponsored by the Committee for Technical Cooperation in Africa South of the Sahara (CCTA), which is aimed specifically at eradicating rinderpest in Mali and neighboring countries by 1968.

In addition to contributing heavily to Mali's export earnings, livestock has also played an important role in its domestic economy as well. For example, total returns from livestock slaughter in 1960 were estimated at about $19.3 million while returns from hides and skin production as well as abbattoir taxes were estimated at around $670,000. These figures coupled with the returns from exports cited above made the total returns to Mali from its livestock industry in 1960 on the order of magnitude of $34 million dollars.

The GOM has undertaken an extensive program in the field of animal husbandry, aimed at increasing the quality and quantity of cattle being commercialized once the results of its domestic and regional programs aided by the Central Veterinary Laboratory, take effect. The following steps have been taken:

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(1). Institution of a program of instruction in proper range management and marketing practices;

(2) Institution of an artificial insemination program to develop a well-balanced breeding program;

(3) Assistance in the development of cattle owned cooperatives for the purpose of improving cattle production and aiding cattle producers in marketing their animals, and;

(4) Formation of a market organization to give direction to the internal and external marketing of meat and meat products.

In addition, the construction and equipping of five modern slaughter plants (including chilling and cold storage facilities) is being financed by the Yugoslavs, the French and the Common Market. Work has begun and is expected to be completed in early 1965. The five plants will give Mali a dressed meat tonnage of 20,000 tons per year, at the following locations:

(1) Kayes (capacity of 1500 tons of meat yearly), which is located near the Senegal border to allow exportation of the meat by rail in refrigerated cars;

(2) Bamako (capacity of 10,000 tons yearly) which will supply meat locally as well as export to the Ivory Coast and Senegal;

(3) Segou (capacity of 2,500 tons yearly) which will supply local needs and ship any excess to Bamako for exportation;

(4) Mopti (capacity of 3000 tons yearly), which will supply local needs and ship any excess to Bamako for exportation, and

(5) Gao (capacity of 3000 tons yearly) which will meet local needs and ship excess to Mopti and Bamako for export. In addition, the Government of Yugoslavia is planning to build a tannery which will add to the revenues realized from Mali's cattle industry.

An additional savings will accrue to the economy as a result of Mali's ability to meet its own domestic vaccine requirements instead of purchasing vaccines which are frequently unattainable when needed and of uncertain quality due to transportation and storage problems. For example, the cost of purchasing vaccines to fulfill all the projected needs during the four years of the CCTA Rinderpest Campagin would be approximately $450,000 per year. When operation and maintenance costs of about $200,000 are subtracted, a total saving of $250,000 per year should be realized. Complete figures are included in Annex IV.

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Thus, taking into account the projected savings to the economy, the increased internal and export trade, and the multiple benefits which may be expected to be derived by construction of a veterinary laboratory, such as the long-range effects that the research and diagnosis activities will have on the control of other livestock diseases indigenous to Africa, the project is considered to be economically sound.

2. Need for Proposed Facility. The present facility is located in the administration building of the Animal Husbandry Service. Its operation suffers from: 1) a lack of certain essential pieces of equipment; 2) the existence of grossly inadequate equipment; and 3) cramped quarters. For example, there is no freeze drying equipment which is essential to the proper conservation of the vaccine prior to shipment to the field and virtually all of the present equipment is in very substandard condition. Other important units, such as the autoclaves, are inefficient to the point of being dangerous because of faulty elements. Without adequate provision for quality control of vaccine production and conservation, successful field operations are practically impossible. A.I.D. consultants have estimated that as much as 40% of all field vaccinations were unsuccessful last year because of these conditions.

The present facility is not properly designed to allow for expansion even if additional space and equipment could be made available. This is due to the fact that prior to independence, the laboratory was operated as a subsidiary of the Hann Laboratories in Dakar. As such, it was operated principally as a makeshift facility which would provide diagnostic services and limited vaccine production with the great bulk of Mali's vaccine requirements coming from the Hann Laboratories.

Since the breakup of the Mali Federation in August 1960, the existing laboratory has undergone a drastic reorganization in an attempt to meet Mali's need for the production of vaccine. However, recent production figures show that 1962 vaccine production was approximately one-sixth the amount of estimated vaccine needed as soon as 1964 if Mali is to meet its domestic and regional needs. These estimates are based on: 1) the incidence of various diseases among Malian livestock and 2) the needs of the rinderpest program.

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Developed by AID consultants and reviewed by Dr. Baker, they call for the production of 15,900,000 doses of eleven different vaccines in 1964 to meet domestic needs alone. As a rule of thumb, in order to insure adequate disease control, the vaccination rate for all required vaccines taken together within a given year should be roughly three to four times the number of cattle in the country. As Mali now has around 4,000,000 head of cattle, the projected production needs are considered to be reasonable.

A comparison of estimated 1964 domestic production requirements in 1961 and 1962 figures shows the following:

Vaccine	1961	1962	1964(est.)
Rinderpest (goat origin)	1,719,500	924,200	1,500,000
(rabbit origin)	121,000	847,600	1,300,000
(tissue culture)	-	1,061,650	4,500,000
Blackleg	1,027,620	1,061,650	2,700,000
Hemmorrhagic Septicemia	412,830	310,900	1,250,000
Pleuro-pneumonia	547,987	928,280	3,000,000
Anthrax	-	100,700	850,000
Fowl Cholera	-	6,820	75,000
Fowl Tpyhoid	-	2,280	100,000
Newcastle Vaccine	-	-	500,000
Fowlpox	-	-	125,000
Total Domestic Needs	3,828,937	4,182,430	15,900,000

In addition, the laboratory will need to produce about 7,000,000 doses of rinderpest vaccine a year through 1967-68 to be shipped to other countries as Mali's contribution to the CCTA rinderpest eradication program. While these overall projected requirements are totally unrealizable in 1964 using existing facilities they are considered to be within the operational limitations of the proposed facility once it is completed.

Rinderpest vaccine (which will be approximately 46% of all vaccines produced during the CCTA campaign) is not available in either the United States or Europe as both areas are free of the disease and do not produce the vaccine. Thus, there is a limited availability in Africa and demand always exceeds the supply, which could easily make the requirement for rinderpest vaccine even greater.

A further consideration is the need for vaccines in the neighboring areas of Guinea, Upper Volta, northern Ivory Coast, and northern Ghana.

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These countries have a total cattle population of over 5,000,000 head. They do not have commercial vaccine producing facilities and must import their needs. Mali could also supply the needs of these countries if it were able to increase its production accordingly.

3. Management and Operation of Proposed Facility. The governmental agency responsible for the operation of the proposed facility is the Animal Husbandry Service (AHS), a technical division of the Ministry of Development.

The head of the Service is the Director of Animal Husbandry who holds a graduate veterinary degree from a French university. He is directly responsible to the Minister of Development. There are also two other men on the staff of the AHS holding graduate degrees in veterinary science from French schools. These individuals are considered quite capable and able to give the laboratory adequate overall administrative and technical guidance.

The AHS is composed of three major divisions: Technical Services, Technical Education and Research. One of the four sections of the Technical Services Division is the section on Disease Control which has one assistant veterinarian and three vaccinators in each of the 40 counties or 40 assistant veterinarians and 120 vaccinators to cover Mali's 465,000 square miles. The division of Technical Education is responsible for the administration of the school of Veterinary Assistants at Bamako which provides three years of training at approximately high school level in animal care and disease control. The Research Division is responsible for the existing research and vaccine production laboratory in Bamako and will be responsible for this function in the Central Veterinary Laboratory upon its completion.

A comparison of staffing requirements when the actual laboratory operation is fully operative as contrasted to its present requirements is as follows:

	Present	Full Capacity
Veterinarians	3(African-No degree)	8(Graduate degree)
Laboratory Technicians	9	20
Laborers	20	40

In analyzing the projected staffing requirements for the laboratory, consideration was given to the overall staffing needs in the animal disease control field. Because of the immediate need for well trained staff both in the field and in the laboratory, the original plan of the laboratory was reduced by eliminating certain research facilities which can be added at a leter date as adequate staff become available.

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In keeping with this, a field requirement of 13 graduate veterinarians to head regional area staffs has also been established making a total requirement of 21 senior professional staff members when both the laboratory and the field operations are fully staffed. In addition to the three graduate veterinarians on the staff of the AHS, thirteen others are presently taking veterinary courses at Alfort, France with four planning to graduate in 1963 and three each in 1964, '65, and '66. A.I.D. is also planning to provide the services of three veterinarians for periods of from two to four years beginning in 1963. There are a number of graduate veterinarians whose training is being financed by other donors. Thus, by the time the laboratory is fully operative there will be sufficient senior professional staff to run the production, diagnosis, vaccine control and limited research elements of the facility (8) as well as each of the regional headquarters (13).

The School of Veterinary Assistants run by the AHS will amply meet the need for sub-professional staff. There are presently about 90 graduates of the school now employed in different parts of the livestock service. In addition, four students are scheduled to graduate in 1963 and 10 each in 1964 and '65 thereby fulfilling the laboratory and field requirements. There should be no difficulty in fulfilling the need for laborers from the local labor markets.

The operating budget for the laboratory in 1962 was $105,265 itemized as follows:

Personnel Cost	$ 53,020
Materiel Costs	17,551
Purchase of Animals and Vaccine	34,694
	$105,265

Recurrent costs once the new laboratory is fully operating are estimated to be $200,000 which seems reasonable considering the economies of operation which will be introduced with the construction of a new modern laboratory.

The Mission has received assurances from the GOM that the additional amount will be budgeted when needed.

C. Financial Analysis

1. Financial Plan. Total financing requirements for the project are as follows:

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	Foreign Exchange	Local Cost	Total Cost		
I. Construction Costs					
A. Building Costs					
Architectural & Structural	$ 74,733	$ 295,047	$ 369,780		
Mechanical & Electrical	162,500	110,070	272,570		
Ocean Transp., Insurance and Inland Transp.	51,000	19,000	70,000		
Factor for Higher Cost of Const. in Mali(1.05)	-	47,900	47,900		
Subtotal (A)	$288,233	472,017		$760,250	
B. Site Work					
Civil, Roads & Walks	-	$ 52,650	$ 52,650		
Elec. Utilities	-	25,000	25,000		
Plumbing Utilities	-	27,000	27,000		
Subtotal (B)	$ -	$ 104,650	$	$104,650	
C. Landscaping	-	5,000	5,000		
Subtotal (C)	$ -	$ 5,000		$ 5,000	
D. Overhead & Profit 1/	$ 76,600	$ 74,500	$ 151,100		
Subtotal (D)	$ 76,600	$ 74,500	$	$151,000	
E. Const. Contingency	$ 54,417	$ 98,733	$ 153,150		
	$ 54,417	$ 98,733		$153,150	
TOTAL (I)	$419,250	$ 754,900	$		$1,174,150
II. Movable Equipment Costs					
A. Equipment Cost in USA	$134,528	$ -	$ 134,528		
B. Transportation Cost	17,400	4,000	21,600		
C. Contingency (15%) 2/	22,790	630	23,420		
TOAID (II)	$174,718	$ 4,830	$	$	$ 179,548
SUMMARY					
Building and Site	$ 419,250	$ 768,900	$1,174,150		
Equipment	174,718	4,830	179,548		
	$ 593,968	$ 773,730	$		$1,353,698
	(43.8%)	(56.2%)			

1/ Foreign exchange figure represents contractors profit and supervisory overhead, local cost figure represents labor overhead.

2/ Due to specialized technical requirements for laboratory equipment.

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Of the total financing requirements listed above, A.I.D. will finance all of the foreign exchange costs of the project and approximately $503,000 of the local costs. The GOM will contribute $271,000 which is 20% of the total costs or 35% of the local costs. Of the total contributed by the GOM, $100,000 will be prior-year counterpart generated under a POL program which has been earmarked for this project by the GOM. In addition, the GOM will finance the cost of bringing the required utilities on site, which is estimated at $75,000 and the recurrent costs of the project, estimated at about $200,000 a year.

The proposed loan would be for $1,100,000 (rounded up to the next $100,000) repayable over a 40-year period including a ten-year grace period at 3/4 of 1% interest.

After the loan is fully disbursed, annual interest charges during the grace period will be $8,250. On the basis of an equal level repayment schedule, combined annual interest and principal repayments during the 30-year amortization period would be $40,414.

2. Borrower's Financial Status. The outstanding fact about Mali's financial situation is the heavy borrowing obligations, both domestic and foreign, which it has incurred in an attempt to reach the goals of the first Five-Year Plan (1961-1965). Since the beginning of the Plan, expenditures have outrun revenues as the Plan begins to be implemented. Consequently, the GOM has been forced to borrow from many sources in order to finance its operations and economic development. This trend is shown below (the figures cover both operating and capital items; no breakdown is available for each category):

	61	62	63(est)	64(est)	65(est)
Revenues (Grants & counterpart)	$ 40.0 (4.5)	$50.2 (8.2)	$ 53.0 (10.6)	$57.5 (15.1)	$59.1 (16.7)
Expenditures	68.5	72.4	72.1	93.1	105.3
Borrowing (Est.) (Domestic)	28.5 (4.0)	22.2 (6.0)	19.1 (6.0)	35.6 (6.0)	46.2 (10.0)
(Foreign)	(24.5)	(16.2)	(13.1)	(29.6)	(36.2)

The GOM budget deficit has been financed through French treasury advances and from various other sources. Domestic borrowing in FY 61 consists

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of medium term loans from the Office du Niger. Figures for the following years represent, for the most part, the Bank of Mali loans to the Government for financing local currency costs of East Bloc and Yugoslav projects and state enterprises.

Available figures indicate that outstanding long-term borrowing availabilities presently amount to approximately $171,000,000. It is estimated that by 1965 the GOM will have drawdown roughly $118 million of this total:

($million)

	61	62	63(est.)	64(est.)	65(est.)	
France	$ .4	$ .8	$ 4.4	$ 2.9	$ 3.3	
West Germany	-	-	1.2	1.2	1.2	
US	-	-	-	1.0	1.1	
Ghana	14.4	-	-	-	-	
UAR	-	-	1.3	4.1	2.9	
Yugoslavia	.8	7.8	11.0	11.8	11.4	
Other E. Bloc	1.2	2.0	4.9	9.4	18.4	
Grand Total	$17.1	$ 10.6	$ 20.0	$ 31.6	$ 38.3	$117.6

Minus repayment and plus short term and commercial loans, resulting in:

Total Net Foreign Borrowing	$24.5	$ 16.2	$ 31.1	$ 29.6	$ 36.2

Mali's projected long-term debt servicing payments (based on draw-down of all existing total drawing availabilities) are: $4,980,000 in 1963 (about 16% of projected exports), $8,731,000,000 in 1964; $13,323,000 in 1965; $17,612,000 and $17,857,000 in 1967 before they begin to recede annually. Based on these projections, Mali's debt servicing will be $7,988,000 in 1974 at the end of the 10-year grace period.

Mali's trade pattern over the past several years has also shown a deficit. Past and projected figures (including illegal exports) are:

($ million)

	61	62	63(est.)	64(est.)	65(est.)
Exports	$31.8	$30.2	$30.6	$31.8	$33.5
Imports	-46.9	-52.7	-60.4	-69.4	-77.1
Trade Balance	$-15.1	$-22.5	$-29.8	$-37.6	$-43.6

In mid-1963, when Mali was faced with the necessity of cutting off practically all but essential imports from convertible currency countries, France stepped in and provided enough foreign exchange to permit Mali to maintain its level of imports from France until the end of the year. Mali intends to negotiate with France again soon to obtain the same kind of relief in 1964. France is reported to be considering longer term arrangements, which would make available to Mali about $6 million in foreign exchange over a period of 3 or 4 years. If such drawing rights are granted, Mali would be able to maintain an adequate level of consumer goods imports from France while imports of capital goods would be increasing as a result of increased loan and grant expenditures by France and the EEC.

The economy has been stagnant with small increases in production resulting from French infrastructure investment which went largely to offset the estimated 2% per year population increase. However, as noted above, Mali has been extremely successful in obtaining foreign economic assistance from a wide variety of sources. Agreements signed during 1961 more than doubled the amount of external assistance for capital investment of previous years. Although there have understandable delays in getting a major development program underway, it seems likely that capital investment in the country during 1963 will reach some 18% of GNP.

Mali's generally poor economic situation should improve, however, to the extent that the GOM makes progress toward attaining the goals of its Five-Year Plan. Planned investment by sectors is broken down into: infrastructure, 49% agricultural and fishing, 26%; industry power, and minerals, 14% and social services, 14%. The over-all objective of the Plan is to raise GNP from an estimated $249 million in 1960 to $359 million in 1965, an increase of 45%, or about 8% per year. Exports are to be increased 70%. Heavy emphasis will be placed on the development of agriculture with output by 1965 to be 70% above that of 1959. While it is concluded that the above-mentioned goals may be over-optimistic, it is expected that Mali will make improvements along these lines, thus increasing its foreign exchange earnings and improving the country's over-all position.

The country has a fairly good agricultural base and good potential for increasing the production of food products for which there is an increasing market in West Africa. There is also a substantial and growing trade for other food crops with adjoining areas that never has been recorded in trade statistics. Furthermore, Mali is not a one crop economy, since it produces peanuts, millet and sorghum, rice and fish in substantial amounts. Mali's large cattle population is only now beginning to be exploited commercially. As mentioned above, increased commercialization of the national herd could strengthen Mali's economic position appreciably. In addition, Mali's dependence upon imports should also be reduced within the next five years by the development of hydroelectric power and of a textile industry (cotton yarn and cloth imports alone account for 18% of commercial imports in 1961.)

Mali and Senegal signed five agreements on June 9, 1963 which have the effect of clearing up outstanding problems which have separated the two countries since the breakup of the Mali Federation in 1960. The agreements cover technical, economic and political agreements on trade, payments, customs, railway traffic and use of Senegalese harbors by Mali. The agreements reached on these points will have the effect of improving Mali's trade position greatly (as transportation costs will be reduced thereby putting Mali is a more competitive position); and opening up its trade with neighboring countries.

Surveys of Mali's mineral wealth to date have uncovered deposits of gold, iron, phosphate, bauxite, manganese, tin, lead, and zinc. However, none of these is being exploited to any significant extent at the present time. If any of the above could be extracted and marketed at a reasonable cost, Mali's present position could be improved greatly.

Another encouraging sign regarding Mali's over-all financial picture is its recent admission to membership to both the IMF and the IBRD. As a result of this, an IBRD Mission left in September to make a general survey of Mali's financial situation, suggest corrective measures which could be taken by the GOM and review possible projects. While any affect of Mali's membership in these organizations are not likely to be immediately felt, the long-range implications regarding the development of a more cohesive and stable economy could be great.

Thus, given: 1) the prospects for increased revenues by the GOM, 2) Mali's increased contact with responsible western organizations such as the IMF and IBRD, and 3) the relatively modest increment in debt servicing required by this loan which provides a 10-year grace period on repayment principal, prospects for repayment are considered reasonable.

3. Borrower's Monetary Position. Until June 30, 1962, Mali's monetary system was part of the system for the former French West Africa countries under the franc zone. With these countries, Mali shared a common currency, the CFA franc, issued by a common central bank, the Central Bank of the West African countries.

On July 1, 1962, Mali created its own central bank and withdrew from the franc area. This has the effect of aggravating Mali's financial position, which was then characterized by chronic balance of payments deficits, as well as alienating the French. At that time, the value of the new Malian franc was fixed at a rate equivalent to that of the CFA franc. Subsequently, CFA franc notes in circulation were recalled during the period July 1-16, 1962 and exchanged for Mali francs on a one-to-one basis.

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The central Bank of Mali was given the exclusive privilege of issuing currency and of buying and selling gold, precious metals and stones, foreign exchange and foreign banknotes. The capital of the Central Bank (about $4 million.) was fully subscribed by the Government; however, the currency had only limited backing in terms of gold and foreign exchange.

Prior to the issuance of the Mali franc, the currency was supported by the reserve of the Central Bank of France. Since then, however, French support has been removed and although the official exchange rate has remained on a par with the CPA franc, there is always the possibility of a sharp fluctuation in the rate of exchange. Such a situation could affect the final costs of the project, as the cost estimates are calculated on the basis of the present rate of exchange of the CFA franc.

4. Other Sources of Financing. Since independence, Mali has made a considerable effort to tap other sources of financing and has been very successful in this regard. The greatest amount of aid has been provided by the Eastern bloc with France occupying second position as an aid donor. West Germany, Yugoslavia, UAR, and Ghana also have given aid to Mali.

To date, West Germany has committed $3.9 million in long-term development loans to Mali. Project arrangements have been signed for the total amount, to be used for the re-equipment and expansion of a peanut oil factory and the construction of another factor. Germany has only been interested in commercial projects and there are no indications that it would be interested in education projects. Great Britin and Italy are reluctant to start aid programs in any of the former French areas and consequently does not have a program in Mali. While Mali is now a member of both the IMF and IBRD, it will be at least nine months or more before either organization will have completed its surveys prior to extending any forms of assistance. While it is conceivable that either or both of the organizations might be eventually interested in the project, financing would not be available soon enough to meet the pressing need for the construction of a laboratory.

In formulating U.S. aid position in any of the former colonial areas, and especially Mali, close contact is maintained with the FED and FAC. Both organizations are aware of our intention to undertake a loan for the Veterinary laboratory and have offered no objections.

Thus, it appears that all sources of reasonable free world financing have been considered and that no other alternatives now exist.

5. Effect Upon the US Economy. By its nature, the loan will not have an adverse effect upon the US economy. It is proposed that the loan would be utilized entirely for goods and services procured in either the US or Mali. The project does not involve the creation of any commercial entity which would compete with a US enterprise.

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SECTION III - Implementation Plan

The Borrower will be required to make arrangements satisfactory to A.I.D. for the performance of final plans and specifications and supervision of construction of the project. The cost estimate includes funds for design and construction supervision by a U.S. firm. Construction will be carried out under a fixed price contract, resulting from competitive bidding from U.S. and Malian contractors. All efforts will be made to interest American firms in bidding for the job. However, due to the relatively small size of the project and the fact that there are no American firms mobilized in Mali, it is likely that no American interest will be forthcoming, in which case a Malian firm will need to be employed.

It is estimated that the construction period for the project will be approximately two years. The proposed terminal date for requests for disbursements would be three years, and final disbursement three and a half years after the signing of the Loan Agreement. It is anticipated that drawdown on the loan will be fairly evenly divided over the three year period or approximately $400,000 per year.

The following timetable is based on two assumptions: (1) that the draft Loan Agreement can be sent to the field by November 25, 1963, and (2) that negotiations can proceed rapidly to the ultimate signing of the Agreement:

Sign Loan Agreement	December 5, 1963
Fulfillment of Conditions Precedent to Initial Financing	March 5, 1964
Final Plans and Specifications Completed	July 6, 1964
AID Approval	August 6, 1964
Call for Bids	September 7, 1964
Sumbission of recommended Award for AID/W Approval	November 6, 1964
Award of Contract	December 7, 1964
Complete Construction	December 7, 1966
Final Disbursement	June 7, 1967

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PROGRAM FRAMEWORK

A.I.D. strategy with regard to Mali has not changed since the authorization of the Higher Teachers Training College loan in June, 1963. Therefore, an additional Annex I has not been included. The readers' attention is directed to Annex I of the Higher Teacher Training College loan paper (AID-AFR/P-12) if further details are desired.

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DETAILED ENGINEERING DESCRIPTION

Buildings to be financed under the loan are as follows:

1. The Production Building will be a single-story building with a total area of 7,284 square feet. It contains bacterial vaccine and viral vaccine production areas and a distribution facility. In the bacterial vaccine production area there will be: a glassware-washing room, a media preparation room, a cooler room, three storage rooms, an anerobic harvesting room, an anerobic workroom, an anerobic innoculation room, an anerobic incubation, an anerobic harvesting room, lockers, toilets, and a janitor's room. In the viral vaccine production area there will be: a glass-washing room, a viral harvesting room, a viral workroom, an animal tissue workroom, lockers, toilets and a janitor's room. In the distribution facility area there will be a secretary's office, a production manager's office, a refrigerated storage room, a toilet, a janitor's room, and a loading area.

2. The Administration and Research Building will be a single story building with a total area of 7,220 square feet. The Administration area will contain a reception room, a director's office, an assistant director's office, a conference room, an accounting office, a library, a library office, and toilets. In the reserach and diagnosis area there will be: 6 research laboratories, a sterile room, an office, a glassware-washing room, a biochemistry workroom, a general equipment room, a storage room, a cooler, an incubator room, a service room, a feed storage room, an equipment storage room, a courtyard, and a toilet.

3. The Service Annex will be a single-story building with a total area of 3,442 square feet. The Service annex building contains a small animal room, an equipment room, a dressing area, a feed room, a walkway, storage space, a cage-washing area, workshop, general storage areas, and three garages.

4. The Mechanical Building will be a single-story building with a total area of 1,549 square feet. The Mechanical Building contains a transformer room, a switch room, an incinerator and boiler room, and an equipment room.

Provision has been made for the inclusion of zone air conditioning in the research areas and standard window type units in the animal isolation areas. No air condition is to be provided in the administration areas.

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CHECK LIST OF STATUTORY CRITERIA

1. FA Sec. 201(b). Promote the country's economic development, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities. Satisfied. Section II, B, 1.

2. FA Sec. 201(b)(1). Take into account whether financing is attainable from other free-world sources. Satisfied, Section I, D, and II, C. 4.

3. FA Sec. 201(b)(2). Take into account the economic and technical soundness of activity to be financed. Satisfied. Section II, A, 3.

4. FA Sec. 201(b)(3). Take into account whether the activity contributes to economic development. Satisfied, Section II, B, 1.

5. FA Sec. 201(b)(4). Take into account the relationship of the activity to other development activities, and its contribution to realizable long-range objectives. Satisfied. Section I, C and II, B, 1.

6. FA Sec. 201(b)(5). Take into account the country's self-help measures Satisfied. Section II, C, 2.

7. FA Sec. 201(b)(6). Take into account the possible effects upon the US economy, with special reference to areas of substantial labor surplus. Satisfied. Section II, C, 5.

8. FA Sec. 201(b). Loans shall be made only upon a finding of reasonable prospects of repayment. Satisfied, Section II, C. 2.

9. FA Sec. 201(d). Funds shall not be loaned or reloaned at [redacted] of interest excessive or unreasonable for the borrower. Satisfied. Section II, C, 1 and 2.

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*The following abbreviations are used:

FA: Foreign Assistance Act of 1961, as amended by the Foreign Assistance Act of 1962

FAA: Foreign Assistance and Related Agencies Appropriation Act, 1963 (PL 87-672)

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10. FA Sec. 201(e). Funds in excess of $100,000 not be set aside unless an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner. Satisfied. Section I, B, and Section II, A, 3.

11. FA Sec. 204. Other criteria for loans established by the DLC. Satisfied.

12. FA Sec. 601. Encourage free enterprise in less developed countries and participation by private enterprise in achieving the purposes of the Foreign assistance Act. Not applicable.

13. FA Sec. 602. US small business shall, to the extent practicable, have an opportunity to participate equitably in the purchasing of commodities and services financed with foreign assistance funds. Will be satisfied by loan agreement.

14. FA Sec. 604(a). Limitation of commodity procurement to US except as otherwise determined by the President and subject to statutory reporting requirements. Will be satisfied by loan agreement.

15. FA Sec. 604(b). Limitation on price of bulk commodity procurement to price no higher than the market price prevailing in the US at the time of purchase. Will be satisfied by loan agreement.

16. FA Sec. 604(d). US funds shall be available for marine insurance on commodities where such insurance is placed on a competitive basis. Will be satisfied by loan agreement.

17. FA Sec. 611(a)(1). If substantive technical or financial planning is required, no obligation to be made until engineering, financial and other plans necessary to carry out the assistance and a reasonably firm estimate of the cost of the assistance to the United States has been provided. Satisfied. Section II, B, 2.

18. FA Sec. 611(a)(2). If legislative action within recipient country is required, no obligation to be made unless it may reasonably be anticipated to be completed in time to permit orderly accomplishment of purposes of loan. Not required.

19. FA Sec. 611(b); App. Sec. 101. Cost-benefit computation required for water or water related land resources construction project or program. Not applicable.

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20. FA Sec. 611(c). Contracts for construction to be made on competitive basis to maximum extent practicable. Will be satisfied in loan agreement.

21. FA Sec. 619. Assistance to newly independent countries to be furnished through multilateral organizations or plans to maximum extent appropriate. Satisfied. Section II, C, 4.

22. FA. Sec. 620(a); App. Sec. 109(a), 109(b). Prohibitions against assistance to Cuba and any country which sells or furnishes assistance to Cuba or permits ships under its registry to carry assistance to Cuba. Satisfied. No such actions are known to have been taken. Will be satisfied in loan agreement.

23. FA Sec. 620(b). No assistance to the government of any country unless determined not to be controlled by the international Communist movement. Satisfied. Such a determined not to be controlled by the international communist movement. Satisfied. Such a determination was made by the Secretary of State on October 11, 1961.

24. FA Sec. 620(c). No assistance to the government of any country which is indebted to a US citizen for goods and services furnished or ordered where such citizen has exhausted available legal remedies or where the debt is not denied or contested by such government or the indebtedness arises under an unconditional guaranty of payment given by such government. No indebtedness is known to exist.

25. FA Sec. 620(d). No assistance for any productive enterprise which will compete with US enterprise unless the recipient country agrees to prevent exportation to the US of more that 20% of the annual production of the enterprise during the life of the loan. Satisfied. Vaccine produced will be used to meet heavy domestic and regional needs.

26. FA Sec. 620(e). Suspend assistance to the Government of any country when such country on or after January 1, 1962 has nationalized or expropriated or taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of the property of US citizens without taking appropriate steps. Satisfied. No such action has been taken.

27. FA Sec. 620(f); App. Sec. 109(a), 109(b). Prohibitions against assistance to any communist country. Satisfied. Mali is not a communist country.

28. FA Sec. 620(g). No assistance to be used to compensate owners for expropriated or nationalized property. Will be satisfied by loan agreement.

29. FA Sec. 620(h). No assistance to be used in a manner which contrary to the best interests of the US promotes or assists the foreign aid projects or activities of the Communist-bloc countries. Will be covered in the loan agreement.

30. App. Sec. 201. Payments in excess of $25,000 for architectural and engineering services on any one project to be reported to Congress. Report on such payments will be made to Congress.

31. App. Sec. 104. Prohibition against payment of pensions, etc. for military personnel. Will be covered in loan agreement.

32. App. Sec. 111. Security clearance of personnel under contracts for services. Will be satisfied by loan agreement.

33. App. Sec. 112. Approval of contractors and contract terms for capital projects. Will be satisfied by loan agreement.

34. App. Sec. 114. No assistance to pay assessment, etc., on UN member. Will be satisfied by loan agreement.

35. App. Sec. 601. No funds for publicity or propaganda purposes within US not heretofore authorized by Congress. Will be satisfied by loan agreement.

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ANNEX IV

Estimated Savings by Producing Vaccine in Mali During Four Years in CCTA Campaign (1964-1967)

Vaccine	Projected '64 Requirements (thousand doses)	Sale Price (US¢ per dose)	Cost of Purchasing Vaccine From External Sources (US$)
Rinderpest (goat Origin)	1,500	1.2	$ 18,000
(rabbit origin)	1,300	1.2	15,600
(tissue culture)	4,500	1.2	54,000
Blackleg	2,700	4.0	108,000
Hemmorrhagic Septicemia	1,250	4.0	50,000
Pleuro-pneumonia	3,000	1.5	45,000
Anthrax	850	6.0	51,000
Fowl Cholera	75	.15	113
Fowl Typhoid	100	.15	150
Newcastle Vaccine	500	.15	750
Fowlpox	125	.15	188
Total Domestic Requirement	15,900		$342,791
Vaccines needed to supply other countries during each year of rinderpest program	9,000	1.2	108,000
Total Requirements	24,000		$450,000
Estimated Operation and Maintenance Costs			-200,000
Savings by producing vaccines domestically			$250,000

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington 25, D. C.

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ANNEX V
AID/AFR/P-19

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CAPITAL ASSISTANCE LOAN AUTHORIZATION

Provided from: Development Loan Funds

(Mali - Veterinary Laboratory)

Pursuant to the authority vested in the Administrator of the Agency for International Development (hereinafter called "A.I.D.") by the Foreign Assistance Act of 1961, as amended, and the delegations of authority issued thereunder, I hereby authorize the establishment of a loan pursuant to Part I, Chapter 2, Title I, the Development Loan Fund, to the Government of the Republic of Mali of not to exceed One Million One Hundred Thousand Dollars ($1,100,000) to assist in financing the foreign exchange and local costs of the Mali Veterinary Laboratory near Bamako, subject to the following terms and conditions.

1. Credit Fee and terms or Repayment. The credit fee on this loan shall be three quarters of one percent (3/4 of 1% per annum) on the disbursed balance of the loan. The loan shall be repaid within (40) forty years from the date of the first disbursement under the loan, including a grace period of not to exceed ten (10) years.

2. Currency of Repayment. Provision shall be made for repayment of the loan and payment of the credit fee in United States Dollars.

3. Other Terms and Conditions:

   (a) Equipment, materials and services financed under the loan shall be procured in either the United States or Mali.

   (b) All dollars used to finance local costs shall be subject to a Special Letter of Credit to limit their use to U.S. procurement.

   (c) The loan shall be subject to such other terms and conditions as A.I.D. may deem advisable.

Assistant Administrator

Date

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington 25, D. C.

Loan No.: 688-H-003
(Ref.: AID-AFE/P-19)

CAPITAL ASSISTANCE LOAN AUTHORIZATION

Provided from: Development Loan Funds

(Mali - Central Veterinary Laboratory, Bamako)

Pursuant to the authority vested in the Administrator of the Agency for International Development (hereinafter called the "A.I.D.") by the Foreign Assistance Act of 1961, as amended, and the delegations of authority issued thereunder, I hereby authorize the establishment of a loan pursuant to Part I, Chapter 2, Title I, the Development Loan Fund, to the Government of the Republic of Mali of not to exceed One Million One Hundred Thousand Dollars ($1,100,000) to assist in financing the foreign exchange and local currency costs of the Central Veterinary Laboratory near Bamako subject to the following terms and conditions:

1. Credit Fee and Terms of Repayment. The credit fee on this loan shall be three quarters of one percent (3/4 of 1%) per annum on the disbursed balance of the loan. The loan shall be repaid within forty (40) years from the date of the first disbursement under the loan, including a grace period of not to exceed ten (10) years.

2. Currency of Repayment. Provision shall be made for repayment of the loan and payment of the credit fee in United States dollars.

3. Other Terms and Conditions:

   (a) Equipment, materials and services financed under the loan shall be procured in either the United States or Mali.

   (b) All dollars used to finance local costs shall be subject to a special letter of credit to limit their use to United States procurement.

(c) The loan shall be subject to such other terms and conditions as A.I.D. may deem advisable.

Edward C. Wolf
Assistant Administrator

Nov. 23, 1963
Date

MALI LOAN 003A

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

A.I.D. Loan No. 688-H-003A
(Cap. Asst. Paper No. AID-AFE/P-19/1)
Project No. 688-22-130-002

CAPITAL ASSISTANCE LOAN AUTHORIZATION AMENDMENT

Provided from: Development Loan Funds
Mali - Central Veterinary Laboratory

Pursuant to the authority vested in the Assistant Administrator for Africa of the Agency for International Development ("A.I.D.") by the Foreign Assistance Act of 1961, as amended, and the delegations of authority issued thereunder, I hereby authorize an amendment to increase the above-captioned loan to the Government of Mali by an amount not to exceed Eight Hundred Fifty-Five Thousand Dollars ($855,000) to assist in financing the foreign exchange and local currency costs of goods and services required for the Central Veterinary Laboratory Project, subject to the following terms and conditions:

1. Interest and terms of Repayment. The interest on the increased amount of this loan shall be two percent (2%) per annum on the disbursed balance of said increased amount for the first ten (10) years of the loan, as amended, and thereafter two and one-half percent (2-1/2%) per annum on the disbursed balance of the increased amount of the loan. The loan, as amended, shall be repaid within forty (40) years from the date of the first disbursement under the loan, as amended, including a grace period of not to exceed ten (10) years.

2. Currency of Repayment. Payments of principal and interest with respect to the increased amount of the loan shall be made in United States dollars.

3. Other Terms and Conditions:

(a) Goods and services financed under the loan, as amended, shall have their source and origin in the United States and Mali.

(b) All dollars used to finance local costs will be subject to Special Letter of Credit arrangements limiting their use to U.S. procurement, and limiting the destination *

(c) Such other terms and conditions as A.I.D. shall deem advisable.

* of the U.S. goods and services financed thereunder to Mali.

Acting Assistant Administrator, Africa

April 12, 1968

Date