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PP

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT PAPER FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE (IX' APPROPRIATE BOX)
[XX] ORIGINAL [ ] CHANGE
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DOCUMENT CODE: 3

2. COUNTRY/REGIONAL ENTITY/GRANTEE: Ghana

3. DOCUMENT REVISION NUMBER: 61p

4. PROJECT NUMBER: 641-0072

5. BUREAU: A. SYMBOL AFR; B. CODE 01

6. ESTIMATED FY OF PROJECT COMPLETION: FY 80

7. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS): Farmer Assn. & Agribusiness Devel.-FAAD

8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION: A. INITIAL MO. 3 YR. 76; B. FINAL FY 79

9. SECONDARY TECHNICAL CODES (MAXIMUM SIX CODES OF THREE POSITIONS EACH)

010	920	070	083	110	200

10. ESTIMATED TOTAL COST ($000 OR EQUIVALENT, $1= ____)

A. PROGRAM FINANCING	FIRST YEAR B. FX	C. L/C	D. TOTAL	ALL YEARS E. FX	F. L/C	G. TOTAL
AID APPROPRIATED TOTAL	1755	-	1755	4375	-	4375
(GRANT)	(1755)	(-)	(-)	(4375)	(-)	(4375)
(LOAN)	(-)	(-)	(-)	(-)	(-)	(-)
* OTHER U.S. 1. P.C.	-	-	-	-	-	*
OTHER U.S. 2. -	-	-	-	-	-	-
HOST GOVERNMENT						
OTHER DONOR(S) PVOs	-	900	900	-	3000	3000
TOTALS				4375	3000	7375

11. ESTIMATED COSTS/AID APPROPRIATED FUNDS ($000)

A. APPROPRIATION ALPHA CODE	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FY 76 D. GRANT	E. LOAN	FY 10 F. GRANT	G. LOAN	FY 77 H. GRANT	I. LOAN	ALL YEARS J. GRANT	K. LOAN
FN	103	03	1755		250		1120		4375	
TOTALS			1755		250		1120			
12. ESTIMATED EXPENDITURES			1755		250		1120			

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS) [ ] CHECK IF DIFFERENT FROM PID/PRP

To support private and voluntary initiatives and action in order to determine appropriate and/or optimal means of achieving wide-scale rural improvement through farmer associations and rural-based business enterprises.

14. WERE CHANGES MADE IN THE PID/PRP FACESHEET DATA NOT INCLUDED ABOVE? IF YES, ATTACH CHANGED PID AND/OR PRP FACESHEET.

[ ] YES [ ] NO

15. ORIGINATING OFFICE CLEARANCE

SIGNATURE

TITLE: Director, USAID/Ghana

DATE SIGNED: MO. 3 DAY 1 YR. 76

16. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION: MO. DAY YR.

AID 1330-4 (5-75)

*Peace Corps involvement expected but cannot be quantified until PVOs develop proposals.

UNITED STATES GOVERNMENT

Memorandum

- File

TO : SEE DISTRIBUTION

DATE: 19 February 1976

FROM : Joan B. Coe, AFR/CWA/Ghana

SUBJECT: Project Paper for Farmer Associations and Agribusiness Dev (FAAD--072)--Ghana

Several PP's have been received from USAID/Accra, and we are now beginning the review process, establishing or reassembling project committees and distributing the documents for your review and comment.

Attached for this purpose is a copy of the PP for the FAAD Project.

We will inform you of the exact date of the committee meeting early next week.

As in the past, both AFR/CWA/Ghana and USAID/Accra appreciate thoughtful participation by all addressee offices. Some addressees have participated in the review of earlier project documents and I have assumed they will continue to be members of the project committee. In other cases, I would appreciate the Office Director's designating a member of his staff and informing the Desk who will represent the office on the project committee.

3/4/76 - Spoke to Coe. She has no idea when meeting will be held.

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PROJECT PAPER

FARMER ASSOCIATION AND AGRIBUSINESS DEVELOPMENT

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Attachments:

1. Project Performance Network
2. List of Major Characteristics of Grants to PVOs
3. Draft Letter to Potential Participating PVO's
4. Draft Grant Agreement

Prepared by:

USAID/Ghana
Food and Agriculture Division

January 6, 1975

PROJECT PAPER

FARMER ASSOCIATION AND AGRIBUSINESS DEVELOPMENT

Part I. Summary and Recommendations

A. Recommendations:

1. That the Mission Director be authorized to execute grants not to exceed $250,000 per annum to eligible PVOs for approved sub-projects.
2. That the waivers signed by the Deputy Administrator on February 28, 1975, in respect to authorized local procurement under PVO programs be considered applicable to grantees under this project, i.e.:
   a. Procurement of expendable and non-expendable commodities (excluding motor vehicles) which are regularly available and normally sold on the local market, without regard to limitation of foreign source or componentry (other than restricting componentry to 935 countries), under $2,500 per transaction.
   g. Procurement of services from preferred local firms, joint ventures as described in M.O. 1412.1 III, A.2.b., or local firms in equal preference with U.S. firms.

B. Summary Information:

Cooperating Country: Ghana

Project: Farmer Association and Agribusiness Development, (FAAD), Project 641-0072

Nature of Funding: Development Grant

Amount of Funding: $4,375,000

C. Description of the Project:

As one element of its overall strategy for rural development, USAID proposes to undertake a program to test and develop private rural action capability in Ghana by establishing a funding and evaluation mechanism through which American and Ghanaian private voluntary organizations (PVOs) will undertake activities designed to promote the well-being of the rural poor. This will be done through the creation and/or strengthening of small farmer associations and rural enterprises. These have an important role in improving the welfare of the farm and non-farm rural poor in Ghana. The creation and successful operation of this mechanism under FAAD requires the maintenance of a careful balance between flexibility for the PVOs to design and execute their various sub-projects and a formal process of review and evaluation administered by USAID.

The concept of organizing farmers to achieve greater production is an important element of the Government of Ghana's overall strategy for national development. "Operation Feed Yourself," aimed specifically at increased agricultural production on a national basis, has been a basic tenet of GOG policy since 1972. The Head of State and other national leaders have urged the organization of farm cooperatives throughout the country to facilitate equitable distribution of both required inputs and farm produce. More recently, there has been considerable interest shown by both traditional and government leaders in encouraging the increased utilization of the "Nnoboa" system in farming. The term "Nnoboa," if translated literally, refers to the traditional practice of several farmers joining together in a communal, cooperative effort to undertake all forms of agricultural work as a means of improving farm practices and

increasing total production, especially when family labor cannot meet these needs.

FAAD is designed to allow PVOs considerable flexibility in developing sub-projects to extend their very individualistic approaches to rural development within the context of general project guidelines. It is felt that this flexibility is essential if the innovativeness and originality of various PVO philosophies, as reflected in their present and contemplated action programs, are to be retained.

And yet, if the results of sub-projects under FAAD are to be of significant value to rural development in Ghana and to the PVOs and AID, it is also essential that an appropriate system of review and evaluation be established. This will permit all participants to benefit from the experience and results, both positive and negative, that develop in the course of each organization's activities. Upon this foundation it is expected that judgments may be made as to the efficacy of different approaches and the potential for joint AID/PVO cooperation in future development activities. It is expected that the nature of the project may require a second three-year phase to follow the first. A thorough evaluation is, however, obviously necessary before such a determination can be final.

Thus it is that this project paper will concentrate on the design of the above-mentioned mechanism to accomplish these broad goals. Individual sub-project activities cannot be described at this time pending the receipt by USAID of applicant proposals.

Nevertheless we believe we can expect that by the end of the FAAD project the following will have been accomplished to the satisfaction of AID:

1. PVOs will have been strengthened and will have increasingly positive impact on the quality of life in the rural areas and on the efficiency of Ghanaian rural production, both farm and non-farm;
2. Several successful approaches will have been identified for the support of farmer associations and their activities;
3. A significant number of successful rural enterprises will have been created and/or strengthened for the increased provision of improved goods and services to the rural poor;
4. Relative to the investment made, significant increases will have been achieved in the incomes obtained by and the employment opportunities available to a sizeable number of rural poor people; and
5. The utility of supporting private enterprise and voluntary initiatives as an element of a rural development strategy will have been tested.

It may well be asked why USAID has chosen to undertake these rural development activities through PVOs rather than through government institutions. In fact it is not undertaken as an alternative to action through government channels. We are or contemplate being engaged in a number of actions in close collaboration with government agencies which are highly complementary, e.g., credit, extension, farming systems development, intermediate technology development, District Council training, District-based rural development, etc. All of these are designed to strengthen the government programs which also serve the small farmer and/or the private entrepreneur. Several will be specially focussed to foster popular participation. In each case the activities of the public sector should be more effective to

the extent that private enterprise and group voluntary action are vital and positive forces in the rural community. PVOs have special capacities not always shared by government to foster such private action. It is this complementarity which we believe gives strength to the program when the strategy encompasses central and local government programs serving the rural poor as well as efforts to foster private and voluntary initiative.

The agriculture sector assessment recognizes that the mobilization of private sector resources and a more widespread participation of people in the growth process are important elements of agricultural and rural development. It also confirms the need for development of additional sources of support and services for small farmers to complement and supplement those of the Ministry of Agriculture. As a part of Ghana's overall development strategy, the strengthening of local private organizations will make them more capable of utilizing the delivery systems which are being strengthened through other programs.

Once associations of small farmers and small rural production units are organized, the GOG should find it significantly easier to deal with these associations and production units as constituted than it would have, had it to deal with separate individuals. Likewise, other USAID projects such as the Small Farmer Development project and the District Planning and Rural Development project, will hopefully have a greater impact on the rural poor through the organizational efforts of FAAD sub-projects. In brief, FAAD is not seen simply as an entity unto itself but as part of a general effort with expected synergistic effects.

D. Summary Findings

Numerous discussions have been held between USAID staff and responsible officials of private voluntary organizations expressing an initial interest in eventually presenting sub-project proposals under FAAD. These organizations include: Agricultural Cooperative Development International (ACDI); Young Men's Christian Association; Christian Council of Ghana; Technoserve, Inc.; Young Women's Christian Association; Catholic Relief Services; and the Ghana Rural Reconstruction Movement.

USAID judges that a number of potential applicants have the capacity to carry out rural development projects under the auspices of FAAD and are sufficiently interested to assure proposals from most, if not all, of these organizations and possibly others not yet having expressed an interest or presently unaware of the proposed project. In order to allow additional PVOs to apply for grants under the FAAD project, a period of 18 months from project initiation has been set aside during which any interested PVO may make application to the Mission for grants under the FAAD project. All sub-projects, however, will be approved for a three-year life regardless of date of initiation.

It is further judged that all the potential applicants so far identified are competent to manage resources made available to them under the project, to maintain the requisite financial records and properly control project funds for which they will be responsible. Prior to execution of a grant USAID will, however, conduct a review of the records and administrative systems of each applicant to ascertain that they will meet satisfactory standards and can comply with applicable rules (presumably their own). The project meets all applicable statutory criteria.

E. Project Issues

Are there PVOs with sufficient experience and interest in development to meet FAAD requirements? (See background discussion, Part II, Section A.)

Does FAAD allow sufficient flexibility to the PVOs in developing independent approaches to rural development activities? (See Part V, Section D, Criteria for Acceptance of PVO Applicants and Sub-projects.)

Is there an adequate means for review and evaluation of FAAD activities? (See Part III, Section B, Financial Analysis and Plan; and Part IV, C, Evaluation arrangements for the project.)

Part II. Project Background and Detailed Description

A. Background

Ghana is a relatively open society permitting substantial private activity both for profit and on a voluntary basis. Cooperatives and other associations are encouraged. Government generally does not seek to interfere with private voluntary organizations and has specifically agreed to USAID making PVO grants directly with only a review and clearance for such grants under the FAAD project. As discussed in the Social Analysis section of this paper, in addition to the GOG having a receptive attitude toward the types of activities to be included under the project, the general environment within Ghana is favorable for such activities. This fact is substantiated by the number of PVOs now working in Ghana. The following examples are representative of those PVOs which may wish to participate in FAAD.

The Christian Council of Ghana, through its various development committees, oversees a number of activities. The CCG's Christian Service Committee

operates eleven agricultural extension farms and three nutrition rehabilitation centers in the Northern and Upper Regions among other projects. Each farm, depending on the number of staff and the local situation, deals with from 5 to 25 neighboring villages on a regular basis. Individual farms provide demonstration plots for the introduction of new agricultural techniques and new seed varieties. They serve as centers for the distribution of various inputs such as fertilizer, pesticides, seeds, bullock plows, machetes and similar items. These are sold at somewhat more than original cost in order to help finance the farm's work.

Many of the centers have been involved to some extent in the creation of small farmer cooperatives and credit unions. Certain farms have been selected as training centers for activities such as bullock plowing and have been quite successful in introducing bullocks in a number of areas where they had not previously been used. Staff agriculturalists, primarily Ghanaian with a continuing Ghanaianization process consciously under way, spend a considerabl portion of their time traveling to the local villages for regularly scheduled visits with local farmers. These efforts, combined with "dry season" gardening, well drilling, encouragement for the creation of credit unions and storage/marketing groups, literacy programs and other projects, comprise the basic thrust of the Committee's work.

Although several farms have neared the point of financial self-sufficiency, the lack of funds remains a serious hindrance. Funds received from both local and overseas donors (including the GOG) are normally tied to specific, ongoing projects and leave little room for program expansion and innovation, This problem is again a limiting factor in the Committee's attempts to initiate new work in the Volta and Eastern Regions with the more than 80,000

refugees resulting from the creation of the Volta Lake and the displacement of many villages, and in the Western Region where the Committee has long felt there exists a need for their operations. This problem is not unique to the Christian Council, but is frequently found among many PVOs working in Ghana. The Committee annually budgets about $750,000 (approximately 65 percent from farm sales of services and supplies, 30 percent from overseas donors, and 5 percent from local donors) for its activities, the great bulk of this directed toward the agricultural sector. This figure does not include the salaries and support costs of expatriate personnel or the $750,000 to $1,000,000 of equipment, vehicles, used clothing, relief supplies, medicines, etc., annually donated. The Committee employs about 35 people to deal wholly or in great part with its agricultural work. Work is undertaken in close coordination with GOG, particularly the Ministries of Agriculture and Health.

Catholic Relief Services is another PVO heavily involved in Ghanaian development. Initially established to administer a PL 480 food distribution program and the attendant nutrition extension activities, CRS has in recent years placed increasing emphasis on agricultural outreach. Although not operating its own extension farms, CRS has been active in the support of farm centers similar to those of CSC organized by Catholic missionaries in many sections of Ghana. Activities supported include the construction of wells and small dams, gardening projects, bullock training and related efforts.

CRS also actively supports a center on the Volta Lake which trains unemployed young people to take advantage of the fishing opportunities resulting from the Lake's creation. CRS is committed to greatly expanding its operations

in this sector but is hampered by a lack of funds similar to that of the Christian Council's. CRS annually commits roughly $200,000 to its agricultural support activities administered by its central office staff and individual mission station personnel.

The Young Women's Christian Association (YWCA) of Ghana has operated for several decades in Ghana with an increasing emphasis on providing training opportunities for local women. Small business operations such as a bakery and a school lunch catering service have been developed and are operating successfully utilizing primarily middle school leavers who have not found other employment. The YW administers a commercial school with about 60 students who find employment in secretarial positions and a home management course with about 70 students which during its 10 years of operation has prepared students for a variety of jobs beyond simply the home, including restaurant, cafeteria and related employment. The YW also has established a day care center and creche for the use of working mothers. The YW has recently entered into agreements with three rural villages to assist in setting up day care centers and training young women. As many of these women are farmers, the YW plans to introduce agricultural extension work along with the creation of farmer associations and small rural production enterprises.

Technoserve, Inc. has been assisting small business enterprises in Ghana since 1970. Present projects include two sugar cane processing operations, an industrial, farming and marketing cooperative, and a national "rabbit project" designed to introduce rabbitry to rural people across the whole of Ghana. Not a funding agency itself, Technoserve provides a wide range of technical assistance and assists local entrepreneurs in locating local sources

of financing. In recent months, Technoserve has placed emphasis on developing projects in the rural areas of northern Ghana and continues to concentrate its attention on small farmer's associations and small businesses. Although a comparatively "young" PVO in Ghana, Technoserve has shown it has the potential for a much greater impact on Ghanaian development through an expanded program. Technoserve presently budgets approximately $125,000 for its Ghana program administered by its central office staff of six professionals.

The Young Men's Christian Association (YMCA) has been active in Ghana since the late 1800's. Providing a variety of short-term training courses for young men, their major project in recent years has been the establishment of a carpentry training school which has graduated and placed in employment some 150 students. The school sells the products of the students in order to cover as much of its expenses as possible. Due to recent expansion, the school has increased its enrollment from 15-20 to 80-90 students a year. With this background of experience in Ghana and success in a major training experiment, the YM has recently begun exploring means by which it might assist the rural poor.

The YMCA has chosen an area in the Volta Region for the establishment of work designed to create small farmer's associations in several villages.

The Ghana Cooperative Agricultural Producers and Marketing Association was organized in 1973 with primary attention given to increasing food production. Although woefully under-staffed and lacking sufficient funds, the Association has organized under its auspices some 167 cooperative societies with roughly 60,000 members. Another 183 societies have been

proposed and the growth potential of the Association is great. Discussions with Agricultural Cooperative Development International (ACDI) of the United States has led to a proposal for the strengthening of the Association. If successful, their combined effort could be of significant value to cooperative development in Ghana.

These and other similar organizations have developed a fund of expertise and experience from which they can draw in dealing with rural development concerns. Their basic activities are described in this project paper as illustrative of the type of PVO interested in FAAD and the type of activity normally undertaken. In the opinion of the Mission, these and other like PVOs provide a foundation for an increased and more effective outreach to the rural areas of Ghana. FAAD is designed to call upon their expertise and experience to constructively deal with providing this outreach.

B. Detailed Description

The final design logical framework matrix is outlined below. Necessarily, a project paper which provides for a number of sub-projects whose scope and content can only be defined later is not as easily dealt with as other, more conventional projects where all outputs and/or sub-project activities are determined in advance as part of the design of the project. Nonetheless, the impact of the project may be dealt with if only in comparatively general terms.

A-1. Program Goal - The broader objective to which this project contributes:

To foster improved and more equitable distribution of incomes,

expanded employment opportunities and increased well-being of rural farm and non-farm low-income people.

A-2. Measures of Goal Achievement

1. Non-farm employment increased and total income of wage earners up.
2. Small farmer total and marketed production and net incomes increased.
3. Quality and quantity of food consumed by target group of rural poor improved.
4. Housing and sanitary conditions of rural poor improved.
5. Maternal and infant mortality decreased.

A-3. Means of Verification

1. National census data.
2. Agricultural census data.
3. Epidemiologic data of the MOH.

A-4. Assumptions for Achieving Goal Targets

Basic development policy for the agriculture/rural sector in Ghana will provide increasing support to expanded productivity, increased efficiency and employment expansion for farmers and non-farm rural people.

B-1. Project Purpose

To support private and voluntary initiatives and action in order to determine appropriate and/or optimal means of achieving wide-scale

rural improvement through farmer associations and rural-based business enterprises.

B-2. End-of-Project Status

1. Strengthened PVOs with increased positive impact on agriculture and rural production, employment, incomes and quality of life,
2. Several distinct approaches identified for supporting farmer associations and their activities.
3. A variety of successful agribusinesses and other rural enterprises established and/or expanded providing increased services and goods needed by farmers and others in the rural community or market towns.
4. Communities where PVO operations have been carried out successfully under FAAD enjoying significantly increased incomes and measurably expanded employment opportunities.

B-3. Means of Verification

1. The results of separate USAID and PVO evaluations.
2. Independent, intensive evaluation carried out in first quarter, FY 1979.

B-4. Assumptions for Achieving Purpose

1. Governmental and other local institutions whose role involves the establishment of policy for and extension of financing to agribusiness will support private enterprises and provide

favorable facilities especially for those whose efforts are directed toward the small farmer.

2. Appropriate incentives and support will be provided to small farmer voluntary association development by government institutions concerned.

3. The Government of Ghana will provide a favorable climate and accord suitable status to Ghanaian and American PVOs dedicated to fostering local PVO development, farmer association and agribusiness creation and expansion.

C-1. Project Outputs

1. New farmer associations formed and/or strengthened in order to encourage:

   a) improved production and marketing practices, more efficient acquisition of credit, inputs, information, etc.; and/or

   b) social development in fields such as education, health, nutrition, family planning, etc.

2. Productive enterprises providing inputs to rural activities and/or making use of agricultural produce of farmer associations.

C-2. Magnitude of Outputs

1. and 2. Due to the experimental and innovative nature of the project, these outputs cannot be quantified at this time.

C-3. Verification of Outputs

1. Site inspections of projects.
2. Reviews of records of respective institutions and organizations.

C-4. Assumptions for Providing Outputs

1. The rural population will form, participate in and increasingly utilize associations to improve their production, income and welfare.
2. Entrepreneurship potential and initiative exists in the rural population and can be motivated and developed with appropriate assistance and encouragement.

D-1. Inputs

AID - Up to $4,300,000 in grants, depending on specific sub-project proposals.

PVOs/Other Donors - $3,000,000 estimated.

D-2. Implementation Target (Estimated)

	AID	PVOs/Other Donors
FY 76	$1,755,000	$900,000
IQ	250,000	300,000
FY 77	1,120,000	900,000
FY 78	1,250,000	900,000
	$ 4,375,000	$ 3,000,000

(NB: $45,000 is included for the cost of evaluation (6mm at 7500/mm) and $30,000 per annum for special training/observation travel, or consultants to USAID.)

The above figures are based on preliminary estimates from expected PVO applications.

D-3. Means of Verification

1. AID grant agreements
2. PVO budgets
3. Any loan agreements
4. Other donor budgets
5. Peace Corps budgets (if PCVs involved)

D-4. Assumptions for Providing Inputs

Project implementation proceeds as scheduled.

Part III. Project Analysis

A. Technical Analysis including Environmental Assessment

USAID will expect PVO grantees to utilize available and appropriate technologies in the course of their activities. Emphasis will be placed on the creative and innovative use of such technologies which may lead to suggestions for technological improvement based on practical field experience. However, judgment at this time as to whether or not the project and its technological implications are appropriate for the specific time and place for which the project is proposed or whether the project is

reasonably priced and designed in view of the proposed technical activities is clearly not possible until sub-project activities have been proposed by the PVO applicants. As a result of USAID's concern that this area be given appropriate attention, each applicant will be required to address this issue in its sub-project proposal and to be prepared for evaluation and review during the life of the project. The same approach will be undertaken in regard to environmental assessment with each grantee required to include a brief environmental impact statement.

B. Financial Analysis and Plan

Again, a full financial analysis and plan cannot be presented until receipt by USAID of sub-project proposals from PVO applicants. However, those items which can be defined at this time are outlined below.

USAID will review each applicant's accounting procedures and its set of administrative regulations and procedures to ascertain their suitability and adequacy in view of AID requirements. Care will be taken to assure that they have satisfactory cost control procedures and spending limitations.

USAID proposes that funds be obligated principally by execution of agreements extending grants to eligible PVOs. Funding of grantee operations for an initial period of 18 months is contemplated in order to give the PVOs adequate assurance of continuity. Thereafter, 12-month forward funding will be provided. Each PVO grantee will receive an operating advance of part of the obligated funds to be followed by expense reimbursement at regular intervals. The amount and duration of installment financing will be determined in accordance with each sub-project's requirements.

Funds for some additional costs (e.g., evaluation) will be obligated by ProAgs with the GOG.

The following are given as illustrative of eligible costs which may be financed by the PVOs with USAID grant funds:

1. Salaries and support costs of personnel.
2. A portion of general administrative costs attributable to administration of FAAD sub-project activities.
3. Construction of facilities required for sub-project activities, e.g., demonstration centers, stores, etc.
4. Office space, furniture and equipment in Ghana required for sub-project activities.
5. Vehicles, demonstration/training equipment and their operation and maintenance cost.
6. Operating supplies (including supplies purchased for resale, proceeds of which to be handled on a revolving fund basis).
7. Revolving funds not exceeding $25,000 for working capital advances to entrepreneurs and farmer groups.

Upon approval of the Project Paper, the USAID will advise AID/W as soon as possible (and not more than 30 days after PP approval) what its allotment requirements will be for the remainder of FY 76 based on detailed knowledge existing at that time of the cost and state of readiness for funding of pending PVO proposals. Thereafter estimates will be made as budget calls are received and as allotments are required with the best estimates available at the time. The estimates provided in the inputs section of the logical

framework (D-2) are our best projection of needs for the life of the project as seen at this time. They are subject to revision.

In anticipation of a subsequent "follow-up" project that needs to begin in FY 1979, USAID expects to include in its annual budget submission for FY 1979 a PID for a new project. This seems to be a clear need since the nature of the project will require activity beyond the three-year grants now projected.

Applicability of Fixed Amount Reimbursement (FAR) Financing Procedure:

Given the fact that the PVO sub-projects will be dealing primarily with elements of social change rather than specific, easily quantifiable outputs, the FAR procedure would not be an appropriate method of financing to use under this project. Furthermore, the PVOs lack working capital to finance costs before payments under FAR would be received from AID. Funding advances would be necessary in all cases. Even should small units of construction be proposed that meet FAR criteria, it is not likely that they would justify bringing a REDSO engineer to Ghana for the purpose of reviewing plans and specifications, making periodic inspections and certifying satisfactory completion.

C. Social Analysis

1. General:

Approximately 70 percent of Ghana's population lives in the rural areas. This population generally has a lower income and less access to social amenities than its urban counterpart, and the continued poor economic prospects for the

majority of the rural population has led to a high rate of rural/urban migration. At the same time, the urban areas are becoming increasingly incapable of coping with population pressures exacerbated by the steady influx of semi or unskilled labor. Economic and social development of rural areas has become essential both as a means of slowing urban migration and as a vehicle for reaching the majority of the poorer people in Ghana who remain outside the mainstream of the economy. The target population of the proposed project is comprised of these rural poor. (For a more complete discussion of the socio-economic status of Ghana's small-scale farmers, see the Agriculture Sector Assessment prepared in conjunction with the Ghana DAP in January 1975 (Vol. IV, Annex D) and the "Small-Scale Female Farmers of Ghana" section of the study Women in National Development in Ghana, April 1975.)

The FAAD project is directed toward improving the lot of the rural poor in both economic and social terms. It is intended to do so primarily by direct contact between PVO's receiving grants from USAID (or PVOs assisted by those who are themselves grantees) and the rural poor. This contact will be achieved in the process of encouraging groups of poor (small scale) farmers to form associations to accomplish one or more purposes the farmers themselves believe to be important and in their interest. It is further expected that whatever the initial purpose or purposes, a successful association will move on to additional new activities for the greater economic and/or social benefit of the group. Generally it is expected that PVO's would encourage farmer associations to identify multiple purposes because this can be expected to strengthen the group's appeal to a wider range of people in

the community and its capacity to function with efficiency. It is not AID's intent, however, to be directive in determining the specific aims or approach of the PVOs or of the farmer groups they encourage to become established or expand.

It is hoped that the various PVO's membership bases (headquarters and constituency) may be able to mobilize support for similar programs after USAID assistance terminates.

Individual farmer associations successfully established in an area may also serve as models and stimuli to the development of similar groups in other areas even without the assistance of PVOs.

A second means, perhaps less direct in part, of assisting the rural poor is through the encouragement of small- to medium-scale enterprises. Such enterprises are in all cases expected to be substantially labor intensive and to use intermediate technologies as and where appropriate. This has two basic justifications: 1) capital is a scarce and expensive resource; and 2) it is intended that the enterprises provide the maximum of employment consistent with sufficient efficiency to assure competitive viability. The enterprises may be engaged in a considerable range of activities. The term "agribusiness" in the title of the project is shorthand for various kinds of enterprise which may be expected to be viable in the rural setting but not all will necessarily serve agriculture as suppliers or processors of farm inputs or outputs. Since the primary objective is expanded employment opportunities and increased incomes for the rural poor, any socially desirable enterprise serving the community's needs would be appropriate. Furthermore it seems clear that this should similarly include those enterprises located

either in truly rural settings or in market towns serving the surrounding rural community.

Integrated enterprises involving the production of agricultural raw material and its processing and marketing would likewise be eligible for support and assistance by PVO sub-project grantees. Organized in this way, either the small entrepreneur or the labor which is hired or participates as stock share or cooperative share owner (or both the entrepreneur and labor) may be part of the target group of the rural poor. It is expected, however, that the PVO's would seek to ensure that the enterprises will be so structured and operated as to ensure a fully equitable return to labor and to the entrepreneur.

Beyond these direct efforts there is expected to be a broader and longer range benefit to rural poor as a target group. Where farmers and local enterprise both begin to make progress through increases in their output, productivity, efficiency and income (toward which the project is directed), the process can build internally sustaining momentum. Appropriate structuring of enterprises and the participatory nature of farmer groups should and is intended to assure widespread benefits to the poor. They should benefit especially as increasingly commercialized farm operators, as farm laborers whose labor is in greater demand and as part time workers (in the slack seasons on the farm), or as full time workers in enterprises in rural areas or market towns. It is to be expected, moreover, that prices to farmers for needed inputs and to consumers for goods they need would decline with expanded local production. Similarly the range of goods available may be

expected to increase including that of nutritious foods with attendant benefits to health, especially if farmer groups are encouraged to undertake efforts at non-formal education.

While the foregoing is a generalized discussion of the target group and the nature of the benefits which are expected to be derived, we expect that it is typical of the pattern which can emerge. This will be further reinforced if we are able to pursue the broader intended strategy of the overall USAID program of concentrating work in strengthening the inputs and services systems for small farmers under MIDAS as well as the District planning work in the same general geographic areas.

2. Organizational Structures:

The Ghana Government has given increasing emphasis to the importance of meeting the needs of the rural population, both as a means of increasing agricultural production and as a part of overall national development. At present, however, the official organs of government are unable to meet many needs of the rural community adequately. Programs are often understaffed and under-financed to provide needed information, physical inputs and services. It therefore seems wise to make maximum use of private extra-governmental channels wherever possible to achieve accelerated rural development and the improved employment and income possibilities which should accompany such development.

Organizing farmers to achieve greater production is a theme which has received substantial public support from top government officials. The government has also supported the concept of developing small-scale

industries. Given the government bureaucracy's difficulties in meeting the existing needs in these areas, the utilization of PVOs would again appear to be a logical step. There are currently a large number of PVOs operating in Ghana, both indigenous and affiliated with expatriate organizations. The degree of success they achieve in rural development efforts varies, of course, but it is anticipated that providing assistance to selected PVOs will allow Ghana to tap a source of action programs and methodologies which has been underutilized in the past.

The concept of farmer associations and cooperatives is not new to Ghana. The proposed project will, therefore, be reinforcing familiar local organizational structures through the formation or strengthening of farmer associations. It is important, however, to keep in mind the historical context which emerges from the experience with cooperatives over the past 25 years or more. In the late 40's and 50's cooperatives grew and flourished in Ghana with wide participation among farmers and rural people in many areas. A cooperative bank supplied substantial amounts of credit through and to cooperatives. During the 60's, however, cooperatives shared the fate of many other organizations in the political climate of the times. They were politicized, converted into arms of the Convention Peoples Party, and their treasuries were plundered for political purposes. As a result there remains in Ghana a residual concern that this experience could be repeated. With the passage of time, these concerns have diminished. In line with declared SMC policies, cooperatives, credit unions and farmer groups for the achievement of common economic and social purposes are being formed and are again flourishing in many areas.

3. Allocation of Time:

Substantial benefits in terms of time allocation should accrue to the small farmer as a farmer association becomes effective. Group action will obviate the need for each individual farmer to spend time seeking first necessary inputs and then appropriate markets for his/her produce.

It is hoped that the agribusiness component of the project will also encourage the development of intermediate technologies appropriate to the technical requirements and acceptable to the cultural biases of the small farmer. It is anticipated that labor-saving ideas, technologies introduced under both this project and the MIDAS Project will be particularly helpful to women farmers.

4. Motiviation:

There is considerable motivation for small farmers to be responsive to programs offered by the PVOs through the project. The increased economic and organizational strength inherent in group action will facilitate obtaining necessary inputs, securing access to more advantageous markets, etc. Credit at reasonable costs, for example, is rarely available to the individual small farmers, but the financial institutions are familiar with and have had positive results with group lending schemes. This should therefore provide a positive experience on which to build to encourage farmers to extend group and cooperative action to other economic and social activities.

5. Communication Strategies:

It is recognized that the cultural distance between the small farmers and change agents such as PVO personnel can represent a potential problem

in communications. PVOs are frequently much more aware of and sensitive to this factor than are government agencies. Under the project, the PVOs will be expected to maximize the utilization of Ghanaian staff and will be required to justify the hiring of expatriates. During informal discussions with several PVOs they have further stated their intention of using, to the extent possible, Ghanaian personnel from the geographic areas in which they are working. This will further minimize cultural/language difficulties. PVOs will be encouraged to include female Ghanaians on their field staff to facilitate contact with and the involvement of women in project activities.

In relation to the MIDAS project and other GOG activities, farmer associations can play an important role as a conduit for information flowing from research/extension to the farmer and as a voice for expressing the needs and interests of many farmers to government.

6. Spread Effects and Secondary Social Benefits

Traditional agriculture on relatively small-scale, labor-intensive holdings, at present low levels of productivity, is considered to be a low status occupation. Those who have mobility through education or other means tend to leave the traditional farm sector and go to urban areas where they will invest a considerable amount of time in under or unemployment in order to realize the expectation of wage employment. The annual increase in agricultural employment during 1960-1970 was 1.25 percent compared to annual increases in the total population of 2.8 - 3 percent. This implies that agriculture has not been absorbing much of the increase in the total

labor force and may, in fact, have released labor at higher rates than urban areas could absorb in employment during that period.

This trend has serious implications for national efforts to meet the expanding demand for agricultural products. By working through PVOs to assist small-scale farmers increase their real income on their present acreage, the proposed project, in conjunction with the MIDAS project, may help to demonstrate that small-scale farming can provide a viable employment alternative. In addition, it is likely that the increased use of improved practices and intermediate technologies will increase the productivity of land and labor and provide incentive to expand the average acreage cultivated so that farm incomes on small holdings may be comparable to those earned by semi-skilled urban dwellers. Such a shift in the structure and size of small farming may contribute to improving the quality of life in the rural areas and help stem the high rates of rural-urban migration. In pursuing the identification of viable means to encourage small farmer productivity and income growth, this project should contribute to a solution to the economically and socially unfavorable drift away from small farms.

D. Economic Analysis

As was true of the technical and financial analyses, an appropriate economic analysis cannot be made at this time prior to the receipt of formal applications on the part of the PVOs. However, USAID will again expect the PVOs to give serious attention to this area in their proposals and expect such proposals to be analyzed in economic terms. The cost-effectiveness of sub-project activities will be a major concern of the review and

evaluation process. A general discussion of the socio-economic benefits expected to accrue to rural poor reached by the various sub-projects is presented in the social analysis section of this paper.

Potential activities under the FAAD sub-projects should also be considered in conjunction with the various components of the MIDAS project which also addresses the needs of the small-scale farmer. A detailed discussion of the economic benefits to be gained by the farmer through adoption of an improved technological package of inputs/practices is found in the MIDAS PP economic analysis.

Part IV. Implementation Arrangements

A. Analysis of the Recipient's and AID's Administrative Arrangements

1. Recipient

During the pre-project phase the USAID has carried on extensive informal discussions with varius PVOs to explain the nature of the contemplated FAAD project. Some PVOs have therefore undertaken serious efforts to design projects and programs consistent with the general philosophy of FAAD as currently formulated based on the approval in principle of the PPP as received by the Mission from AID/W in May 1975. As a result a number of PVOs have now formulated tentative projects which they contemplate submitting to USAID. Naturally these submissions can only be formalized when the project paper and the scope and criteria for the project are officially approved.

Upon formal issuance by the USAID of the invitation for proposals, the PVOs will be expected to present their proposals formally for review. They

will be screened by the Mission in light of the approved criteria and a grant agreement will be executed providing each PVO with the resources required to proceed with its program as approved by the Mission.

U.S. PVOs which are already established in Ghana (such as CRS and Technoserve) have existing understandings with the GOG pursuant to which their operations may proceed. Their status, privileges and immunities are already established and their administrative arrangements are similarly organized. It will remain only for USAID to review these and determine that in all respects they are satisfactory. Generally, it will be the USAID position that the administrative rules and regulations of the PVO will govern (as opposed to applying U.S. Government regulations) unless there are specific respects in which their regulations may violate significant USG criteria. Such instances are expected to be rare and therefore the administrative arrangements, financial control mechanisms and expenditure limitations used by the PVOs will generally govern their continuing operations under USAID grants. (For more detailed administrative procedures expected of the PVOs, see pro forma grant agreement attached.)

2. A.I.D.:

As a result of the innovative approach of the FAAD project, its potential complexity, the limitations to the workload that may be expected of the present USAID staff and the need for continual review and monitoring of sub-project activities, it is necessary that a project officer be added to the Food and Agricultural Office staff to monitor and manage this project

and the agricultural field work portion of the agricultural rehabilitation and health promotion project. The job description for such a position follows:

> Farmer Association and Agribusiness and Agricultural Rehabilitation Health Promotion Officer:
>
> This project officer should have experience establishing, promoting and developing local organizations, farmers/rural associations and hopefully in developing small agribusiness/rural industries. Preferably, this individual would have at least a basic background and working knowledge of rural sociology/social anthropology, either through formal training or experience or both.

It is proposed that this project be treated as an integral element of the USAID bilateral program. Pursuant to the approved Project Paper and periodic identification of prospective funding requirements based on detailed projections of the activities of eligible PVOs, USAID will from time to time request allotments of funds in appropriate amounts. Funds allotted to the Mission will mainly be obligated through the execution of grants extended to eligible U.S. and Ghanaian PVOs under agreements along the lines of the attached sample. Such grants will be extended directly to the PVO but (pursuant to an understanding already reached with the Ministry of Economic Planning) the GOG will not be a signatory to such agreements. Prior to extending such grants, however, each will be submitted to the Ministry of Economic Planning for its review and concurrence based on its determination as to whether the grant and its purposes are consistent with GOG policies and program priorities. Sub-project proposals will also be examined by a USAID review committee to ensure their consistency with FAAD project purposes and USAID priorities. The committee will be comprised of representatives from appropriate USAID divisions, and REDSO's PVO officer

will also be invited to take a participatory role.

The Mission has given careful consideration to the possible creation of an advisory committee to assist the Mission in its implementation of the project. More specifically, among the possible arrangements considered were:

1) The creation of an advisory committee consisting of members officially representing their respective GOG agencies;
2) An advisory committee consisting of individuals drawn from GOG agencies and other institutions in Ghana but acting in their individual capacity.

Both of these alternatives have been rejected as involving an unnecessary degree of review in light of the fact that each of the PVOs themselves can be expected to be engaged in extensive dialogue with officials and other knowledgeable people in Ghana. It also will emphasize the private character of these programs and respond to the understandable desires of PVOs to avoid unnecessary identification with government. USAID has therefore concluded that there should be no advisory committee.

There will be, however, some limited elements of the program which will involve direct relationships and ProAgs with the Government of Ghana. Funds for the formal in-depth evaluation of the project will be committed through the execution of a project agreement with the GOG and certain other limited functions which may be necessary under the project may also be similarly obligated. These would include any necessary special consultants to the Mission, training, and inspection travel which may be found to be valuable in the course of the project. Limited funds to cover such activities are included within the project's budget.

Grants for PVO activities under this project will be limited to funding of no more than $250,000 annually per PVO. Authority is hereby requested for the Mission Director to execute grant agreements not in excess of this limitation. PVOs will be advised that any proposal in excess of this limit will not be eligible for grants under the FAAD project but may be submitted either to AID/W directly or through the Mission for transmission with appropriate Mission comments to AID/W for consideration as Operational Program Grant (OPG) proposals to be funded directly from AID/Washington monies.

In accordance with the waivers signed by the Deputy Administrator on February 28, 1975, the following forms of local procurement will be authorized under the PVO grant agreements:

1) Procurement of expendable and non-expendable commodities (excluding motor vehicles) which are regularly available and normally sold on the local market, without regard to limitation of foreign source or componentry (other than restricting componentry to 935 countries, i.e. free world source) under $2,500 per transaction.

2) Procurement of services from preferred local firms, joint ventures as described in M.O. 1412.1. III. A.2.b., or local firms in equal preference with U.S. firms.

Procurement of vehicles required for effective project implementation will also be authorized under the PVO grant agreements. Proprietary procurement is requested for Chevrolet Blazer and Suburban vehicles since parts and services are available in Accra for this U.S.-manufactured product and in order to continue AID's efforts to standardize vehicle imports into Ghana.

B. Implementation Plan:

The following is the implementation schedule for the project:

Event	Target Dates	Action Agent
1. PP approval	2/15/76	AID/W
2. Transmission of Project Outline to GOG	2/28/76	USAID
3. Receipt of "no objection" letter from GOG	3/15/76	GOG
4. Invitation to PVOs	3/20/76	USAID
5. Evaluation of proposals and negotiation of agreements	4/1/76 - 9/30/77	USAID PVOs
6. First project commences	6/15/76	PVO
7. In-depth evaluation completed	12/20/78	USAID/Contractor
8. Final project evaluation	9/30/79	USAID

C. Evaluation Arrangements for the Project:

Evaluation is an integral part of the FAAD project's operations. It is expected to be carried out at three different levels: internally by the PVO's; by the USAID with PVO participation as a part of normal Agency process; and on one occasion by an outside evaluation team. In addition, it is anticipated that reporting requirements and schedules will be closely related to the evaluation processes contemplated.

Evaluation by Individual PVOs - Each PVO will be charged with carrying out an appropriate baseline analysis (including collection of socio-economic

data) and annual field surveys to determine changes resulting from project activities. Funding for this evaluation effort by each individual PVO will be included in the grant extended to the PVO.

Evaluation by the USAID - In compliance with standard evaluation requirements, the Mission itself will conduct an annual evaluation scheduled at a time convenient to the PVOs and to provide maximum information for programming/budgeting purposes. These annual Mission evaluations will provide raw material for the submission of a PAR. They will be conducted in each fiscal year except when an in-depth evaluation is scheduled during the fiscal year. These evaluations will be chaired by the Mission but will include the PVOs involved in the project and such other invited participants as appropriate including selected knowledgeable individuals from the Ghanaian community.

In-Depth Outside Evaluation - Early in FY 79 an in-depth evaluation to fully assess experience gained up to that time is contemplated. This evaluation will be conducted by an independent outside team with special expertise in relevant fields. It will be designed to assess in depth the experience in testing various modes of support for PVO activity in rural development and to determine the degree of impact on employment, income and quality of life which has been achieved under the project. This evaluation is scheduled for completion by the end of the first quarter of FY 79 in order to give maximum time for gaining experience and still permit the evaluation to be an important source of design for the next phase of the FAAD project, initial funding for which is planned for FY 79. Funding for this evaluation is separately provided for, over and above grants to the individual PVOs.

Reporting by PVOs - Each PVO will be expected to report on its activities and progress semi-annually. All PVOs will report as of the same dates, namely September 30 and March 31 each year, irrespective of the date of initiation of their grant activity. The purpose of this simultaneous reporting arrangement is to facilitate overall project evaluation which can then be scheduled to coincide with availability of the latest reports. Reports due for the six months ending September 30 will be primarily concerned with narrative description of activities and progress together with a summary of expenditures to date. Reports due for six months ending March 31 will in addition provide available annual data on agreed social and economic progress indicators (e.g., jobs created, participant productivity or incomes increased, cooperative or credit union dividends declared, etc.) as well as intermediate outputs (e.g., new associations developed, new enterprises founded, new primary cooperative units established, etc.). Generally then, USAID routine evaluations will be scheduled shortly after the submission of the more comprehensive reports covering the period ending March 31.

In the formative period of the project, economic and social progress is likely to be limited. For this reason it cannot be expected that much data will be generated which will demonstrate socio-economic impact. Perhaps by the time of the in-depth evaluation scheduled for first quarter FY 79 some significant developments in these areas will have occurred and can be reported. It is believed important, however, to keep these basic objectives before ourselves and the PVOs and hence any available data will

be expected to be reported during the earlier times.

D. Criteria for Acceptance of PVO Applicants and Sub-Projects:

PVOs - To be eligible for FAAD grants, American PVOs should already be operational in Ghana or they should either presently or recently have been associated closely with a Ghanaian organization which is so operational. In any event, the American PVO must have considerable experience in rural development, whether in Ghana or in other developing nations.

To be eligible for FAAD grants, Ghanaian PVOs must already be operational in Ghana and have had significant experience in development work. It is expected either that they will have had experience in rural development or that they will obtain appropriate rural development expertise for the purposes of the FAAD project. They are expected to have a clear concept of a developmental process to be utilized in their sub-project.

In all cases, each PVO applicant will be expected to have some resources at its disposal for use in its sub-project beyond those supplied by USAID.

Sub-Projects - Minimum USAID input per year for a single sub-project will be $25,000. USAID has set a limit of $250,000 a year for AID sub-project support per sub-project. Sub-projects requiring sums in excess of this figure will not be accepted under FAAD but will have to be presented independently for consideration. Each PVO is to find significant support from non-AID sources for its sub-projects. "Significant" is seen as in the neighborhood of 25 percent of project cost, and will include such inputs as

staff salaries, supplies, equipment and monies made available specifically for the sub-project by the PVO, associated non-AID organizations or sub-project beneficiaries. USAID will not commit funds for support of U.S. overhead costs of a U.S. PVO. USAID will not make funds available for equity.

If, under the project, the PVO sells commodities (such as fertilizer, seeds, bullock plows, etc.) which are financed in whole or in part by USAID, the total proceeds of such sales are to be treated as a revolving fund which is to be utilized for procurement of additional such commodities through the life of the project.

PVO's will be allowed to utilize funds up to a total of $25,000 per sub-project for working capital advances to entrepreneurs and farmer groups. Such funds are to be repaid into a revolving fund in order to provide for their continued availability to other groups.

Following completion of the FAAD project, funds existing in successfully established revolving funds, whether for commodities or working capital advances, will be retained by the PVOs for the continuation of such programs.

There are no minimum levels for the number of people to be affected by the project. There are no limits to the number of sub-projects or to their geographical location, but encouragement will be given to operations by PVO's in areas where other rural development-related activities are carried out.

PVOs are expected to give general descriptions of the target populations in their proposals. All projects are expected to directly involve the creation and/or strengthening of small farmers' associations or rural businesses unless there is a very good justification for an indirect approach.

PVOs should maximize use of Ghanaian staff and justify the hiring of any expatriate staff.

E. Role of Women in the Project:

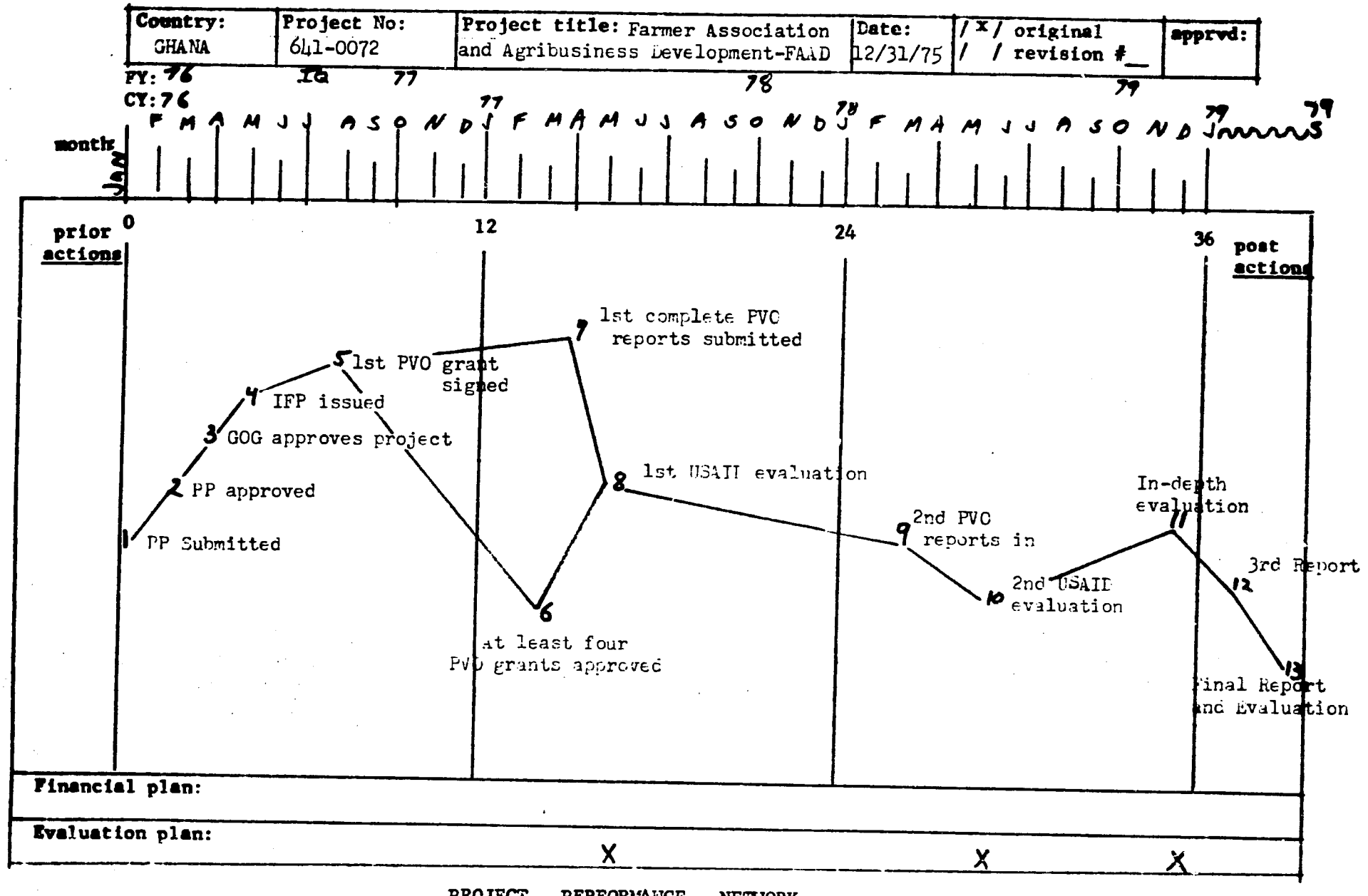
As women form a large proportion of the small farmers in Ghana and predominate in marketing of agricultural produce, they will be deeply involved in all aspects of the project. Each PVO will be expected to address the role of women in its sub-project proposal and make all reasonable efforts to involve women in its administration and afford equal opportunity to women in activities initiated under the sub-project. The role of women will be a further concern of all formal evaluations.

F. Role of Nutrition in the Project:

As the target population, the rural farm and non-farm poor represent an area of nutritional concern in Ghana, agricultural activities under FAAD auspices will be reviewed for their nutritional impact by both the PVOs and USAID. Attention to nutritional concerns will be expected to be expressed in PVO sub-project proposals.

1/2/76
USAID/Ghana

Country:	Project No:	Project title:	Date:	/ x / original / / revision #__	apprvd:
GHANA	641-0072	Farmer Association and Agribusiness Development-FAAD	12/31/75		



PROJECT PERFORMANCE NETWORK

Country: GHANA	Project No: 641-0072	Project title: Farmer Association and Agribusiness Development-FAAD	Date: 12/31/75	/ X/ original / / revision #__	apprvd:

CPI NARRATIVE		ACTION AGENT
1. 1/1/76	PP submitted to AID/W	USAID
2. 3/31/76	PP approved by AID/W	AID/W
3. 4/30/76	GOG approves concept of project and furnishes a "no objection" letter	GOG
4. 5/15/76	Invitation for Proposals (IFP) issued to PVOs	USAID
5. 8/15/76	First PVO grant signed.	USAID/ PVO
6. 3/15/77	At least four PVO grants signed.	USAID/PVO
7. 3/30/77	First set of PVO reports on grant activities received.	PVOs
8. 6/30/77	First USAID in-house evaluation completed.	USAID
9. 3/30/78	Second set of PVO reports received by USAID.	PVOs
10. 6/30/78	Second USAID in-house evaluation complete.	USAID
11. 12/30/78	In-depth evaluation complete.	USAID/ Eval.Contractor
12. 3/30/79	Third set of PVO reports received.	PVOs
13. 9/30/79	End of project Final Reports and Evaluation completed.	USAID/PVOs/ Eval.contractor

LIST OF MAJOR CHARACTERISTICS

OF GRANTS TO PVOs

Size: Annual USAID commitments not less than $25,000 nor more than $250,000 per annum.

Duration: No longer than three years for each sub-project.

Essential Program Characteristics: To be eligible sub-project grant proposals must demonstrate that through the formation and/or strengthening of farmer associations and/or private profit-oriented rural enterprises, there is a reasonable prospect of achieving increased incomes, expanded employment opportunities and a better quality of life for a specified target group of the rural poor.

Examples of Eligible Costs Financed with USAID Grant Funds:

A. Salaries and support costs of personnel;

B. A portion of general administration costs attributable to administration of FAAD sub-project activities;

C. Construction of facilities required for sub-project activities; e.g., demonstration centers, stores (warehouses), etc.:

D. Office space, furniture and equipment in Ghana required for sub-project activities;

E. Vehicles, demonstration/training equipment and their operation and maintenance cost;

F. Operating supplies (including supplies purchased for resale to project participants (beneficiaries), proceeds of which to be handled on a revolving fund basis);

G. Revolving funds not exceeding $25,000 for working capital advances to entrepreneurs and farmer groups. Such funds to be advanced for periods not exceeding two years unless approved for up to one additional year in writing by USAID/G. Upon repayment such funds must be used for purposes eligible under FAAD grants. (See Section IV.D. of Project Paper).

H. Other justifiable costs including collection of baseline and evaluative data and its analysis.

I. Local procurement of commodities under $2,500 per transaction (excluding motor vehicles) which are regularly available and normally sold on the local market. Such locally-procured commodities are restricted as to source and componentry to free world sources.

J. Procurement of services (such as technical assistance or the transportation of farm produce) from local sources.

Examples of Costs Ineligible for USAID Financing:

A. Overhead costs of U.S. PVOs outside of Ghana.

B. Costs in Ghana not associated with the administration or operation of FAAD sub-activities;

C. Local purchase of supplies in amounts in excess of $2,500 per transaction (see Item I above);

D. Vehicles other than of U.S. manufacture and of the specified make and model (i.e., Chevrolet Suburban and Blazer models);

E. Equity investments by PVOs in any enterprise.

PVO Eligibility:

A. U.S. PVOs which are already operational in Ghana or which are either presently or recently have been associated closely with a Ghanaian organization which is so operational. The U.S. PVO must have considerable experience in rural development, whether in Ghana or in other developing nations.

B. Ghanaian PVOs must already be operational in Ghana and have had significant experience in development work. It is expected either that they will have had experience in rural development or that they will obtain appropriate rural development expertise for the purpose of the FAAD project. They are expected to have a clear concept of a developmental process to be utilized in their sub-project.

C. Any PVO must also demonstrate that:

1) It has resources at its disposal for use in sub-project activities beyond those supplied by USAID;

2) It has administrative procedures governing the conduct of operations and expenditure of funds acceptable to USAID;

3) It has an effective system of budgeting and cost control acceptable to USAID.

D R A F T LETTER TO POTENTIAL PARTICIPATING PVOs

Dear _____:

The United States Agency for International Development's Mission to Ghana is pleased to invite _____(name of organization)_____ to give consideration to preparing a formal proposal for the Farmer Association and Agribusiness Development Project (FAAD). This project, designed to assist in the development of an improved standard of living for both farm and non-farm rural poor in Ghana, is described in the attachment. The project is intended to provide support to private voluntary organizations to carry out programs of development in rural Ghana benefitting the poor majority through enhanced opportunities for employment, increased income and a better quality of life. Funds are available under the project to support the creation and/or strengthening of associations of small-scale farmers or of small agribusinesses and other industrial or service enterprises in rural areas or market towns. While neither minimum levels for the number of people to be affected by the sub-projects nor preferred geographical locations have been specified, participating PVOs will be encouraged to consider areas where other rural development-related activities are being carried out.

Should your organization choose to present a sub-project activity proposal to USAID for its consideration under FAAD, it will be necessary that you provide the Mission with certain information. Your proposal will be judged on the sufficiency and adequacy of your presentation of such information. We intend to be very flexible, however, and give substantial scope for experimentation within the above basic goals. Sub-project proposals

should provide a detailed narrative description of your proposed activities and how they are to be implemented. Areas to be covered in the proposal should include, inter alia, the following:

1. A description of the geographic area in which sub-project activities will take place.

2. An identification of the target population to be affected by the sub-project;

3. A list of sub-project goals, including the means by which you will measure the achievement of these goals;

4. A description of the expected end-of-project status and the means by which you will measure this status;

5. A detailed description of the methods to be used during the course of the sub-project such as the role of intermediate technology, etc.;

6. An analysis of the economic impact (especially income and employment effects) on the target population expected as a result of your sub-project activities;

7. A statement regarding any environmental impact likely to result due to the sub-project;

8. A statement describing efforts you will undertake to assure equal access and the active involvement of women in sub-project activities (including its planning and execution);

9. A statement as to the expected effects on the nutritional status of the target population as a result of sub-project activities;

10. Present a brief history of your organization; describe any prior activity related to general development and, specifically, to rural development.

11. A statement as to the expected staffing requirements for the sub-project, including numbers, required qualifications and proposed source of such staff.

12. If you expect to enter into a formal relationship with another institution or counterpart organization for the purposes of the sub-project, describe the expected relationship and roles;

13. Present an itemized line-item budget of the sub-project. State the initial funds advance you will require to begin work. (Sub-projects will be funded for a maximum of three years.);

14. List, as part of your budget, all other funding expected to be available and any material support other than that provided by USAID which will be utilized under the sub-project. Indicate the extent to which that support is assured. (Applicants are encouraged to find at least 25 percent of sub-project costs from sources other than A.I.D. including contributions of indigenous participants);

15. Beginning with month one, list the target dates for completion of each phase or component of the sub-project as estimated over the three-year period of the grant; and

16. Describe the program for evaluation of the sub-project by which you will obtain data and judge progress in the achievement of sub-project goals.

Also attached to this invitation is a copy of a sample grant agreement as an indication of the type of arrangement that will be entered into by USAID with each private voluntary organization. Prior to extending a grant to any PVO, the USAID will obtain the clearance of the Ministry of Economic

Planning for extension of the proposed grant.

In the event that you feel that you have adequately and fully responded to any of the 16 areas of concern in prior papers or preliminary proposals made to USAID for the purposes of FAAD, you need not, if you so choose, repeat these sections in your application, but you must make precise reference to the appropriate section of the paper or preliminary proposal cited. Should any section of this invitation require further clarification or explanation, please feel free to direct your enquiries to the Food and Agriculture Office of USAID (75346, Ext. 44).

Your consideration of this invitation will be appreciated. We look forward to continuing cooperation in behalf of rural development in Ghana.

Sincerely,

Enclosures:

Project Description
Sample Grant Agreement

D R A F T

GRANT AGREEMENT

Amount:

Project: Farmer Association and Agri-business Development, Project 641-0072

Appropriation No.:

Allotment No.:

Memorandum of Agreement No. 641-

GRANT BY THE

UNITED STATES OF AMERICA

TO

(NAME OF PVO)

This grant is made by the Government of the United States of America, Department of State, Agency for International Development, acting through its Director, USAID Mission/Ghana (hereinafter called USAID) to _____ _____(name of PVO)_____(hereinafter called the Grantee). This agreement becomes effective when signed by both parties.

ARTICLE I

Purpose of the Grant

The purpose of the grant is to provide funds to the Grantee for _____(detailed narrative description of the project to be undertaken, purpose, description of how to be implemented, project output, end/of/project status, etc.)_____.

ARTICLE II

Budget

Release of funds for the operation of the project described in Article I will be in accordance with the procedures set forth in Article V below, and in accordance with the detailed budget (given below) for the first year of operation, broken down by quarters, and by dollar and cedi requirements, as projected by the Grantee, updated as necessary, and as agreed by USAID. In addition to the detailed budget for the first year of operation, a more general line item budget is to be provided covering the three-year life of project. Budgets will show AID and all other contributions, both in cedis and in-kind separately. Funds for operations for succeeding years will require annual and revised life-of-project budgets submitted early enough for review, approval and timely release of new funds.

A. There is granted at this time an amount not to exceed _____ for the purpose described in Article I. The funds are to be used in accordance with the AID-financed portion of the following budget:

1. (Give three-year life-of-project budget.)
2. (Give detailed 12-month budget, as specified above.)

B. Should expenditures for one or more items (in the AID-financed portion of the budget) fall below that budgeted, the unused monies may be reallocated to the other remaining items but in no case will expenditures for any one item rise by more than 20 percent as a result of such reallocation unless this agreement is amended in writing by the parties to so provide.

C. The funds obligated for this project shall be disbursed by USAID by reimbursement for costs falling within the categories of the above-mentioned budget as they are incurred by the Grantee in carrying out the purposes of the grant. In no event will such reimbursement for such costs exceed the maximum amount set forth in Paragraph A above.

D. These funds may be utilized during the period beginning on the effective date of this grant and ending _____.

ARTICLE III

Contribution of the Grantee

The grantee shall be responsible for the following:

A. Contracting for and supervision of consultant services required to carry out the project described in Article I;

B. Providing (or obtaining from other sources) such additional funds and facilities as shall be necessary to complete the implementation of the project described in Article I.

ARTICLE IV

Reporting

During the life of the sub-project, the Grantee will submit reports on its activities and progress semi-annually. Reports are to be submitted on September 30 and March 31, and are to cover progress to date toward project goals, any problems encountered and how they are being (or were) addressed, and a brief overview of projected activities for the succeeding

six-month period. Reports due for the six months ending September 30 should be primarily concerned with a narrative description, as specified above, together with a summary of expenditures to date. Reports due for the six months ending March 31 are to provide, in addition, available annual data on agreed social and economic progress indicators (e.g., jobs created, participant productivity or incomes increased, cooperatives or credit union dividends declared, etc.) as well as intermediate outputs (e.g., new associations developed, new enterprises founded, new primary cooperative units established, etc.). Within three months of the completion of the sub-project, the Grantee is to submit a comprehensive final report. USAID/Ghana is to receive five (5) copies of all reports.

ARTICLE V

Fiscal Provisions

A. Method of Payment

USAID will, upon request from the Grantee, make an initial advance in an amount of (to be agreed upon by USAID and PVO) in accordance with Paragraph B, 1 below, and thereafter will reimburse the Grantee an amount equal to the reported expenditures (as approved by USAID) in order to replenish the advance fund on an imprest basis. USAID will replenish the fund on a quarterly basis, or other agreed interval, upon submission of documents as prescribed in Paragraph B, 2 below until such time as the total reimbursement effected added to the initial advance equals the amount of the AID commitment stated in Article II, Paragraph A of the Agreement. Thereafter, vouchers for expenditures

submitted by the Grantee will not be reimbursed but will be applied to liquidate the remaining outstanding advance. In the event the total amount of subsequent vouchers are insufficient to liquidate the amount of the outstanding advance, the Grantee will refund the difference to the Controller of USAID in accordance with Paragraph B, 3 below.

B. Documentation Requirements

1. Initial Advance. Grantee will submit to the Controller of USAID a letter (three copies) referencing this Agreement, requesting the advance of funds in the agreed-upon amount required to establish a working fund.

2. Replenishment Vouchers. At least once each quarter, the Grantee will submit to the Controller of USAID a certified fiscal report (three copies) properly executed, in the amount of the expenditures made during the period covered. The fiscal report properly identified by the agreement number shall be substantially as follows:

Category	Budget Amount	Total Expenditures This period (dates)	Total Expenditures To date (date)	Estimated Expenditures Next Quarter (Dates)
Salaries	$ xxx	$ xxx	$ xxx	$ xxx
Allowances	xxx	xxx	xxx	xxx
Travel	xxx	xxx	xxx	xxx
Equipment	xxx	xxx	xxx	xxx
Overhead	xxx	xxx	xxx	xxx
_____	xxx	xxx	xxx	xxx
_____	xxx	xxx	xxx	xxx
_____	xxx	xxx	xxx	xxx
GRAND TOTAL	$ xxx	$ xxx	$ xxx	$ xxx

This fiscal report shall include a certification signed by an authorized representative of the Grantee as follows:

"The undersigned hereby certifies: (1) that payment of the sum claimed under the grant is proper and due and that appropriate refund to AID will be made promptly upon request of AID in the event of non-performance, in whole or in part, under the grant or for any breach of the terms of the grant; and (2) that information on the fiscal report is correct and such detailed supporting information as AID may require will be furnished promptly to AID on request.

By _____ _____

Title _____ Date _____"

Promptly after receipt of each statement of cost, AID shall make payment thereon as approved by the paying office.

3. Final Voucher. A certified fiscal report marked "No Pay" and "Final Voucher" in the format as indicated in 2. above is to be submitted to the Controller of USAID within 120 days following the end of the quarter in which services were completed or terminated, and accompanied by a refund check as prescribed by Paragraph A above, for the balance of the funds remaining on hand and not expended by the Grantee.

C. Other Fiscal Provisions

1. Procurement

a. Commodities. Local procurement of commodities under $2,500 per

transaction, including both expendable and non-expendable items (excluding motor vehicles) which are regularly available and normally sold on the local market is authorized. Such locally procured commodities are restricted as to source and componentry to free world sources. A list of eligible countries will be supplied upon request by USAID.

b. Services. Procurement of services from local sources is authorized.

c. Vehicles. Procurement of USAID-financed project vehicles is restricted to Chevrolet Blazers and Suburbans.

2. Accounting Records.

Grantee will keep full and complete records and books of account in accordance with generally accepted accounting principles covering the financial details applicable to the contract and shall require all sub-contractors, except those providing standard commercial services and supplies and raw materials, to maintain similar books and records. AID and the Controller General of the United States or any of their duly authorized representatives shall, until the expiration of three years after the final payment under the contract, have access and the right at all times to examine such records and books of account, and all other correspondence, memoranda, and other reports pertaining to the grant, of the grantee involving transactions relating to this grant.

3. Refund Provision

With respect to AID-contributed funding made available to the Grantee under the methods of financing herein described, the Grantee agrees to

refund promptly to AID upon demand by AID and pursuant to AID instructions, the entire amount of such funds expended by the Grantee (or such lesser amount as AID may demand) whenever AID determines that such expenditure was improper and in violation of the terms and conditions of this agreement and/or applicable agreement or arrangement between AID and the grantee.

4. Assignment of Claim

Grantee agrees to execute an assignment to AID upon request of any cause of action which may accrue to the Grantee in connection with or arising out of the contractual performance or breach of performance by a party to a direct contract which AID financed in whole or in part out of funds provided by the United States Government under this agreement.

5. Termination of Agreement

The present Agreement shall enter into force when signed. Either party may terminate this Agreement by giving the other party 30 days' written notice of intention to terminate it. Termination of this agreement shall terminate any obligations of the two parties to make contributions pursuant to Agreement, except for payments which they are committed to make pursuant to non-cancellable commitments entered into with third parties prior to the termination of the Agreement.

(Signature of Grantee)	USAID/Ghana
Date: _____	Date: _____