(Unclassified)

NIGER AGRICULTURE SECTOR DEVELOPMENT GRANT P.A.A.D. AMENDMENT (683-0248/47)

USAID/NIGER

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

JUN 24 1987

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

FROM: AFR/PD, Carol Peasley

SUBJECT: Niger Agriculture Sector Development Grant (683-0246 and 683-0247)

I. Problem:

Your approval is requested for an amendment to the PAAD for the Agriculture Sector Development Grant (683-0246 and 683-0247) to the Government of Niger to add $6,915,000 for a new total of $38,915,000. In the amendment $2,000,000 is from Section 121 of the Foreign Assistance Act (FAA) of 1961, as amended, the Sahel Development Program (SDP) appropriation; $1,905,000 from Section 531 of the FAA Economic Support Fund (ESF) appropriation; and $3,010,000 of reobligated Sahel Development Program funds. With this Amendment the Agriculture Sector Development Grant's funding will total $22,637,000 under SDP (683-0246) and $16,278,000 under ESF (683-0247).

II. Discussion:

A. Program Description and Purpose

The Agriculture Sector Development Grant (ASDG) as proposed in this amendment is essentially a resource transfer with a technical assistance component ($4,000,000) to finance policy studies and analysis. This amendment adds a new reform objective, that of policy adjustments in the area of seed and plant material production and distribution, to the five existing agriculture policy objectives in the original grant. The amendment is justified both in terms of achieving desirable and significant agricultural policy reforms which act to relieve constraints to growth and the need to provide domestic capital to support ongoing agricultural development activities. With the GON in need of foreign exchange to meet external sector resource gaps to carry out structural adjustment program objectives and continue key economic development activities, we have been able to negotiate successfully a sixth policy reform area in addition to those in the original ASDG. This resource transfer will be conditioned upon this sixth policy reform.

The Program purpose has been modified slightly to reflect the progress that the GON has made in achieving its short term economic stabilization objectives, so that the country can now focus on longer term structural adjustment goals of the ASDG:

-- promote agricultural production by diminishing the policy constraints to development in the agriculture sector;

-- provide resources to Niger to support ongoing development activities; and

-- contribute towards structural adjustment objectives which minimize the adverse impacts of austerity and structural adjustment measures on agriculture/rural development programs.

The ASDG as amended by this action is in full conformance with the CDSS strategy for medium term structural adjustment and agricultural production objectives. The CDSS was approved in March 1986. The agriculture sector objectives concentrate agriculture policy reforms and development of participatory self-managed organizations through cooperative development and restructuring, extension, seed multiplication, and credit and input distribution. Restructuring the seed and plant material production and distribution system will support directly the GON's efforts to stimulate agriculture production, increase and diversify farmers' incomes, and increase private and cooperative sector participation in agriculture inputs production and distribution.

The ASDG is an important component in the multi-donor effort led by the IBRD in helping the GON to implement its development program. The budget consolidation aspect of the GON structural adjustment process produced large reductions throughout the investment budget. The ASDG and the earlier RSDG provided budgetary resources to the GON which reduced the severity of the budget cuts. During the general budget contraction, the Rural Sector Development Grant/ASDG resource transfer to the GON combined agriculture/rural development investment budgets were almost 10 percent of planned expenditures in the first year (FY 1984). This figure rose to nearly 14 percent in FY 1985. The ASDG's share declines thereafter because the GON has begun to plan substantial increases in agricultural investment, and the value of the CFA vis-a-vis the dollar is higher than in 1984 and 1985. These local currency funds have a multiplier impact on investment levels since, in many cases, they finance purchases which are prerequisites to the expenditures of donor project funds.

B. Financial Summary

Funding for this amendment of the ASDG (FY 1987) will be $2,000,000 from the Sahel Development Program, $1,905,000 from Economic Support Funds, and $3,010,000 of reobligated Sahel Development Program funds, for a total of $6,915,000. Total funds available under the amended ASDG will be $38,915,000.

(Funding Source 000 U.S.$)

	This Amendment			New Total		
	SDP/ NOA	ESF	SDP reobs	SDP/ NOA	ESF	SDP reobs
Conditional Dollar Disbursement	1,000	1,905	3,010	15,627	16,278	3,010
Technical Assistance	840	--	--	3,007	--	--
Policy Studies, seminars, workshops	--	--	--	722	--	--
In service training and support	--	--	--	38	--	--
Evaluation/Audit	160	--	--	233	--	--
Total	2,000	1,905	3,010	19,627	16,278	3,010

There are no GON or other donor contributions to the ASDG.

Previous Total Funding

	Previous	This Amend.	Total
SDP	17,627	2,000	19,627
ESF	14,373	1,905	16,278
SDP (Reob)	-	3,010	3,010
Total	32,000	6,915	38,915

It is planned that an additional $755,000 will be made available from deobligations later this fiscal year to complete funding as described in the Project Paper. You are requested to delegate to the Mission Director, USAID/Niger the authority to further amend the PAAD to make this additional amount available to the program which will then total $39,670,000. With this proposed addition the Agriculture Sector Development Grant's funding will total $23,392,000 under SDP (683-0246) and $16,278,000 under ESF (683-0247).

C. Project Analyses

1. The ECPR found the macroeconomic justification for dollar disbursement satisfactory.

2. There are no human rights issues.

3. Because there are no changes in the conditions of the grant regarding environmental issues, the original determination of a categorical exclusion holds.

4. The technical analysis of the seed component is sound.

D. Implementation Plan

The implementation of this amendment uses the practices approved under the original ASDG PAAD and implemented in the existing program.

E. Major Implementing Agency

The executing agency representing the GON remains the Ministry of Plan. The major implementing agency remains the Ministry of Agriculture, Directorate of Evaluation, Program and Statistical Analysis. The Secretariat for Local Currency Management was established in the Directorate of Investment of the Ministry of Plan under the original ASDG, as was the local currency management committee.

F. Conditions and Covenants

The revised conditions are set forth in the PAAD amendment attached to this action memorandum. Covenants remain unchanged from the original Grant Agreement. The amendment adds one reform (item 2 below) to the existing five areas of policy reforms which are considered essential for better resource allocation and increases in agricultural and livestock production and income in the rural sector. The policy reforms undertaken under the ASDG are couched in terms of conditions precedent to initial and subsequent disbursements of funds as follows:

1. Reorient the agricultural input subsidy and structure of the official input supply agency in order to make available more agricultural inputs to farmers at prices which reflect benefits to the economy.

2. Establish the framework and prepare action plans for restructuring and diversifying the seed and plant material production and distribution system, including establishment of a national certification and quality control regulatory system.

3. Promote competition in grain marketing through the liberalization of official marketing and pricing policies and the consequent reduction in operating losses of the official grain marketing agency; and an increase in the relative share of agricultural outputs marketed by the cooperatives and private traders.

4. Undertake a study of the country's agricultural credit situation, particularly in the informal market, in order to formulate appropriate policies to promote the development of rural financial markets.

5. Promote border trade of livestock, cowpeas and other agricultural products through reduction of administrative and fiscal impediments.

6. Promote more cooperative and private trader participation in the supply of agricultural inputs; border trade of livestock, cowpeas and other agricultural products; and internal grain marketing and storage.

The authorization of the original ASDG incorporated specific clauses which would permit the Mission some leeway in judging whether conditions precedent to subsequent disbursements are met. The Administrator delegated to AA/AFR authority to approve any subsequent substantive changes or modifications, as may be required due to unforeseen changes in circumstances related to the ASDG. The delegation of authority remains in force.

G. Section 121 (d)

Section 121 (d) certification for dollar expenditures exists for the ASDG. Special Covenants and Conditions Precedent are in force for the programming and expenditures of local currency generated by the conditional dollar disbursements.

H. Other Considerations

This program and the amendment combines ESF and SDP funding in the sector assistance format because sector assistance provides broader development focus on the macroeconomic level than normal development projects. The program sector grant also provides an approach to address key constraints in the agriculture sector which are linked with sectoral policy reforms and are not particularly suitable for implementation through standard project assistance modalities.

III. At the March 16, 1987 Executive Committee for Project Review, the PAAD amendment was approved subject to the following:

-- Baseline data is to be established for all components of the project, including the new seed component.

-- The log frame indicators will clearly reflect program outcome and be made more specific, if necessary to do so.

-- A time-phased implementation plan for responding to the mid-term evaluation is to be developed.

-- The final program evaluation is to cover follow-up actions.

-- An Action Plan for the transfer of the production, distribution and marketing of seeds to the private sector is developed.

IV. Justification to Congress:

Congress was notified May 12, 1987, of A.I.D.'s intent to obligate $3,765,000 SDP and $1,905,000 ESF in FY 1987. The Congressional Notification waiting period expired May 27, 1987.

V. Clearances:

At both the issues and the ECPR meetings, representatives of all relevant Africa Bureau, S&T and PPC offices were present and concurred in recommending authorization of this PAAD Amendment.

VI. Recommendation:

It is recommended that:

A. You sign the attached PAAD Facesheet Amendment of the subject Grant to add $6,915,000, consisting of $2,000,000 of Sahel Development Program funds, $1,905,000 in Economic Support Funds, and $3,010,000 of reobligated Sahel Development Funds. The new total of funds available for the Agriculture Sector Development Grant will be $38,915,000, with $22,637,000 in Sahel Development Program Funds and $16,287,000 from Economic Support Funds.

B. You sign below to delegate to Mission Director, USAID/Niger the authority to further amend the PAAD to add SDP funds in an amount not to exceed $755,000 to obtained from deobligations planned for later this fiscal year.

Approved _____

Disapproved _____

Date Jul 2, 87

Clearances:

DAA/AFR:LRichards	Date	
AFR/SWA:PDichter	Date	6/23/87
AFR/PD/SWAP:BBurnett (draft)	Date	5/7/87
AFP/CONT:RKing	Date	6 23 87
AFR/TR:KSherper (draft)	Date	5/20/87
PPC/PDPR:JAtherton (info)	Date	-----
AFR/TR/PRO:BBoyd (draft)	Date	5/20/87
GC/AFR:BBryant (draft)	Date	6/3/87
AFR/PRE:BBuchanan (draft)	Date	5/20/87
AFR/DP:JPatterson	Date	6/23/87
FM/PAFD:EOwens (draft)	Date	6/17/87

drafted by:AFR/PD/SWAP:NMMcKay:4/30/87:x79339:faf:wng3912M

CLASSIFICATION

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROGRAM ASSISTANCE APPROVAL DOCUMENT (PAAD)

1. PAAD Number: 683-K-602C; 683-Y-601B; 683-Y-601C
2. Country: Niger
3. Category: Cash Transfer
4. Date:
5. To: Alexander R. Love, Acting AA/AFR
6. OYB Change Number:
7. From: Carol Peasley, AFR/PD
8. OYB Increase: To be taken from: $2.000 million (SDP); $3.010 million (SDP reob); $1.905 million (ESF)
9. Approval Requested for Commitment of: $38,915,000 (FY 1987 $6,915,000)
10. Appropriation Budget Plan Code: GESA 87-31683-KG-31; GSHX 87-31683-KG-31; GSHX 87-31683-KG-39
11. Type Funding: ☐ Loan ☒ Grant
12. Local Currency Arrangement: ☒ Informal ☐ Formal ☐ None
13. Estimated Delivery Period: 08/84 to 08/88
14. Transaction Eligibility Date: N/A
15. Commodities Financed:

16. Permitted Source	FY 87	Total
U.S. only		
Limited F.W.	--	$ 3,000,000
Free World		
Cash	$6,915,000*	35,915,000

17. Estimated Source		
U.S.		
Industrialized Countries		
Local	$7,010,000	$35,915,000
Other		$ 3,000,000

18. Summary Description

This amendment adds a new component, seed production and distribution, to the Agriculture Sector Development Grant (ASDG). It also increases the life of the Program Funding, makes additional funds available, and modifies the subsequent Conditions Precedent for disbursement of the Fourth Increment. The amount of local currency earmarked for the trust fund is also increased.

This Agriculture Sector Development Grant (ASDG) is a resource transfer with a technical assistance component. It is justified both in terms of achieving desirable and significant agricultural policy reforms which act to constrain growth and of the need to provide domestic capital to support ongoing development activities.

This amendment provides an additional $6,915,000 for a new total of $38,915,000 over the life of the ASDG. This amendment will provide the fourth increment of funds for the ASDG. The funds in this third amendment consist of $2,000,000 of New Year Authority Sahel Development Funds; $1,905,000 in Economic Support Funds; and $3,010,000 of reobligated Sahel Development Program Funds. The total of Sahel Development Funds made available under the ASDG thus amounts to $22,637,000 and the total of Economic Support Funds is increased to $16,278,000.

*$5,915,000 Cash Transfer and $1,000,000 Direct Payments for Technical Assistance

19. Clearances	Date
DAA/AFR:LRichards	
AFR/SWA:PDichter	6/23/87
AFR/PD:CPeasley	
PM/PAFD:EOwens	6/23/87
GC/AFR:BBryant (draft)	6/3/87
AFR/DP:JPatterson	6/23/87
AFR/CONT:RKing	6/23/87

20. Action: ☒ APPROVED ☐ DISAPPROVED

Authorized Signature: [signature] Date: 6/7/87

Title: Alexander R. Love, Acting, AA/AFR

AID 1120-1 (5-82)

CLASSIFICATION

Subject to the availability of funds and the mutual agreement of the parties to the terms and conditions set forth herein, grants (conditional dollar disbursements) are made available in increments of $7,000,000; $9,500,000; $12,500,000; and $5,915,000, up to a total of $34,915,000. Along with the first conditional dollar disbursement, $3,000,000 was made available under the original PAAD for direct payments by A.I.D. of foreign exchange and local currency costs of technical assistance, policy studies, workshop, in-service training and support as well as evaluations. An additional $1,000,000 will be made available under the fourth tranche for direct payments by A.I.D. for the technical assistance and related support items listed above. Each of the conditional dollar disbursements, but not direct payments for technical assistance, is tied to Conditions Precedent which evidence progress in the implementation of the policy reform program. Moreover, the Government of Niger is expected to deposit in the special local currency and Trust Fund accounts the local currency equivalent of each dollar disbursement under the grant.

The section on Conditions Precedent to disbursement of the fourth tranche is amended as follows:

C. Prior to the disbursement of the fourth tranche of U.S. dollars under the Grant, the Grantee shall, except as the Parties may otherwise agree in writing, furnish in form and in substance satisfactory to A.I.D. evidence that the Grantee has:

1. Reduced the average level of subsidy on agricultural inputs to no more than 30 percent.

2. Taken actions to make the Agricultural Input Supply Agency (CA) move closer to an autonomous, cooperatively owned entity and to ensure the existence of competition between the CA and private traders by not granting CA a monopoly, de jure or de facto, for supplying inputs.

3. Continued and maintained competition in grain marketing and further increased it with the use of a tender system for procurement of grain for OPVN's grain reserves and the village-level storage facilties.

4. Maintained and promoted free border trade, particularly in livestock and cowpeas.

5. Taken appropriate action, in accordance with the conclusions and recommendations of the agricultural credit study, to encourage the development of rural financial markets.

6. Provided USAID with an action plan to achieve policy reform for the restructuring and diversification of the seed and plant material multiplication system. This action plan will permit decentralization and autonomous decision making in price and output levels for the multiplication and distribution of seed and plant materials. It will include a national seed security and a national certification and quality control program for seed and plant material. Those components of seed and plant material production and distribution that remain within the public and mixed sectors for reasons of seed security will be so structured as to

reduce per unit production and distribution costs. The action plan will include a timetable for the issuance of the statues, arretes, and/or administrative decrees necessary for operation of the restructured seed and plant material multiplication center. All action plan items will be completed by the Program Assistance Completion Date.

7. Issued statutes, arretes, and/or administrative decrees necessary for a national certification and quality control regulatory system for seeds and plant materials.

8. Prepared a plan for implementation of the proposed policy changes that will be executed prior to the completion of the ASDG. This will include the following:

a) Reduce the average rate of subsidy on agriculture inputs to 15 percent of the delivered cost of the inputs;

b) Have in operation a tender and bid system for reconstituting OPVN stocks for all purchases and sales;

c) Maintain a minimum level of 6,000 tons on village level grain stocks through arrangements with cooperatives and groupements mutualistes;

d) Carry out recommendations of the agriculture credit study by establishing the framework for formation of credit unions;

e) Liberalize, simplify, and publicize procedures for cross border trade, especially for cowpeas and livestock, eliminating legal and administrative barriers to participation in cross-border trade by relying on market forces; and

f) Continue expansion of private and cooperative sector participation in production and distribution of agriculture inputs, cereals marketing and distribution, agriculture credit and cross border trade. This includes reliance on free market prices and continuation of the policy of not issuing official prices for cereals.

The General Covenant 4.B is revised to read as follows:

The Grantee will establish a Special Local Currency Account in the bank of its choice and deposit therein currency of the Government of the Republic of Niger in amounts equal to the conditional dollar disbursements under the Grant. Funds in the Special Local Currency Account may be used for such purposes as are mutually agreed upon by A.I.D. and the Grantee, except that with respect to funds deposited in the Special Local Currency Account before disbursement of the fourth tranche of dollars under the Grant, five (5) percent of such funds shall be placed in the Local Currency Trust Fund Account, as described below.

With respect to funds deposited in the Special Local Currency Account after the disbursement of the fourth tranche of dollars under the Grant, eight (8) percent of such funds shall be deposited in the Local Currency Trust Fund Account.

The Local Currency Trust Fund Account shall be administered by A.I.D. for program activities which will be identified from time to time by A.I.D. in Program Implementation Letters (PILs).

The last three paragraphs of the PAAD amendment 2 are deleted and the following is substituted.

The FY 1987 dollar disbursements or resource transfers covered in this PAAD amendment consist of:

$1,000,000	New Obligated Authority Sahel Development Program Funds
$1,905,000	Economic Support Funds
$3,010,000	Reobligated Sahel Development Program Funds
$5,915,000	Total FY 1987 Dollar Resource Transfer

These conditional dollar disbursements or resource transfers for FY 1987 obligations will be disbursed after the Grantee has met the Subsequent Conditions Precedent for disbursement of the fourth increment or tranche as amended as set forth above.

All of the other Conditions Precedent and Covenants, as well as other provisions set forth in the original PAAD signed on August 14, 1984, as amended on July 10, 1986 and July 23, 1986 remain in effect.

To comply with the new statutory provisions, the dollars under the Cash Transfer will be deposited in a separate bank account.

3995M

Niger
ASDG PAAD Amendment
March, 1987

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I. Executive Summary and Recommendation

A. The Request

The Government of Niger (GON) has requested an amendment to the Agriculture Sector Development Grant to undertake necessary policy adjustments in the area of seed and plant material production and distribution. This amendment will contribute to the growth and stability of the agriculture sector, and assist the GON in its structural adjustment efforts. USAID/Niger is proposing an amendment for the final year of funding (FY 1987) for a $7,670,000 sector assistance package to the GON consisting of $2,000,000 of new obligation authority Sahel Development Program funds, $1,905,000 in Economic Support Funds, and $3,765,000 of reobligated Sahel Development Funds. This increases the total of funds in the ASDG to $39,670;000.

B. Background

Niger's present economic stagnation was brought on by a sharp drop in uranium revenue since 1981. Its economic performance during 1981-1983 was further impared by mediocre harvests, inappropriate policies related to financing and subsidizing of costly and ineffective public enterprises, an over-acceleration of investment in less productive sectors, and the borrowing practices of government agencies.

The 1984/85 drought delivered a sharp setback to Niger's economic stabilization efforts as well as demonstrated dramatically Niger's very limited physical resource base for agriculture in the face of rapidly growing population. The long-term trend shows per capita crop production declining and the land's carrying capacity decreasing. Niger's social indicators are typical of the worst-off of the least developed countries.

Since 1983, the Government of Niger has successfully carried out the IMF-sponsored economic stabilization programs under standby arrangements as well as Paris and London Club's debt reschedulings. Niger's present macro-economic policy environment is generally sound. The GON has adopted policies to reduce the budget deficit by reducing capital outlays and restraining current expenditures. It is implementing a policy of divesting a number of state-owned enterprises, and reforming those that remain, so that they can operate as profit-making concerns and encounter less interference from the State.

Despite Niger's efforts, GDP adjusted for inflation was less in 1986 than in 1983. The overall balance of payments has not been positive since 1983. Despite repeated reschedulings and strict adherence to IMF guidelines, total foreign debt increased between 1983 and 1985, and the GON is running out of debt servicing which is rescheduable under current rules. For the next two years debt service levels remain as high as the 1982 crisis levels. Niger has cut its total budget deficit from 10.8 percent of GDP at the end of FY 1981 to roughly 5 percent during the drought to marginally below 4 percent at present. This has been achieved primarily through recurrent cost containment and slashed spending on development, while servicing payments on debt soared. Foreign exchange earnings remain dangerously dependent on a single commodity,

uranium. Public investments, largely donor financed, were 12 percent lower in 1986 than they were in 1983 in normal terms. The small, weak, modern sector has difficulty employing secondary school and, increasingly, university graduates who are no longer being absorbed by the contracting public and parastatal sectors.

Because of drought and population pressure on cultivable land, the GON has sought to increase production by improving yields per hectare through the use of modern inputs. Thus, input supply policy was stressed under the original ASDG, and USAID is now requesting that the amended ASDG include seed production and distribution. Both USAID and the GON have now had experience in providing bilateral project assistance for seed multiplication. The main objective of the seed multiplication component of USAID-funded agriculture production projects designed in the mid and late 1970's was to increase the productivity and economic status of traditional farmers and to provide reasonable safeguards in case of drought. The seed program was based on the need to mitigate drought related disasters and a realization that a shift has taken place in climatic patterns to shorter rainy seasons and lower rainfall. The seed program was designed to generate benefits through replacing traditional varieties of mainline crops with higher yielding and/or more yield-stable types. The seed program was also necessary if the benefits of crop improvement research were to be made available to farmers at large.

C. Conditionality and Policy Reform

Increasing food and total agriculture production (including livestock, forestry and fisheries) is the major objective of the 1979-83 Five Year Plan and the 1984-85 Interim Plan. We expect it will be the key sector in the forthcoming Five Year Plan. Because the agriculture sector is so large relative to the rest of the economy, this sector is the key to overall development. The GON has launched a major structural adjustment program and parallel policy reforms in agriculture and related areas, which move towards decentralization, reduced direct state involvement, and greatly increased roles of the private and cooperative sector in development and provision of services. This will take time to implement.

The original ASDG identified five key policy reform areas in agriculture. This amendment adds a sixth reform area: the restructuring and diversifying of the production and distribution of seed, [illegible] agricultural input. Major policy measures must be implemented in this area in order for Niger to obtain full benefits from its substantial investments in agriculture development and research programs.

The proposed policy program is consistent with the AID Policy Paper entited "Approaches to Policy Dialogue" and it is also in accordance with the program assistance guidance cable (83 State 246904).

D. Other Donor Support

The International Monetary Fund and the IBRD are major donors in the field of economic stabilization and structural adjustment. The IMF has granted a series of standby credits, and the economic stabilization package

supported by the IMF set the framework for four debt service reschedulings under the Paris Club and two under the London Club auspicies. The IBRD plays the major role in reducing structural constraints and bringing about the necessary changes for sustained development. In late 1985, the IBRD granted Niger a structural adjustment credit (SAC). The $60 million SAC addresses three priority areas for structural changes: (1) public resource management; (2) reform of state owned enterprises; and (3) agriculture policy changes and reorientation of agricultural expenditures to foster increases in rural income and wealth. The agricultural policy changes in the 1985 SAC reinforce and expand the ASDG policy program which were designed in 1984. The IBRD Road Maintenance, Education and Health sector loans all pursue structural adjustment, particularly in the area of public resource management. The IBRD Health Loan and USAID's Niger Health Sector Support pursue mutually reinforcing policy and structural adjustment changes. The IBRD provides the technical assistance for the privatization and state enterprise reform program which has been making steady progress. Both the IBRD and the IMF have provided assistance for fiscal and debt management. With the exception of the Belgian assistance for rice seed multiplication, USAID is the only donor providing assistance for seed multiplication.

E. Program Assistance Description

The goal of the ASDG remains essentially unchanged. It is fully consistent with the GON and AID strategies in the agriculture sector.

The original ASDG project purpose is modified only in that its macroeconomic objectives now stress structural adjustment objectives rather than the immediate economic stabilization objective set in 1983. The amended ASDG:

-- promotes agricultural production by diminishing the policy constraints to development in the agriculture sector;

-- provides resources to Niger to support ongoing development activities; and

-- contributes towards structural adjustment objectives through minimizing the adverse impacts of austerity and structural adjustment measures on agriculture/rural development programs.

The outputs of the amended project read as follows (the only new policy output is the second point):

1. Reorient the agricultural input subsidy policy and structuring of the officiel input supply agency in order to make available more agricultural inputs to farmers at prices which reflect benefits to the economy.

2. Establish the framework and prepare action plans for restructuring and diversifying the seed and plant material production and distribution system, including establishment of a national certification and quality control regulatory system. (this amendement)

3. Promote competition in grain marketing through the liberalization of official marketing and pricing policies and the consequent reduction in operating losses of the official grain marketing agency and increase in the relative share of agricultural outputs marketed by the cooperatives and private traders.

4. Undertake a study of the country's agricultural credit situation, particularly in the informal credit market, in order to formulate appropriate policies to promote the development of rural financial markets.

5. Promote border trade of livestock, cowpeas and other agricultural products through reduction of administrative and fiscal impediments.

6. Promote more cooperative and private trader participation in the supply of agricultural inputs; border trade of livestock, cowpeas and other agricultural products; and internal grain marketing and storage.

The inputs of the ASDG consist of: (1) conditional dollar disbursements; (2) equivalent local currencies derived from the Grant; and (3) technical assistance for policy formulation and implementation support. (Conditional dollar disbursements are made only when the GON has taken certain phased policy actions towards the policy objectives of the sector assistance program.) Upon receipt of the conditional dollar disbursements, the GON will deposit the local currency equivalent in a special local currency account. A portion of the local currency generations (5 percent in the original and 8 percent in the amendment) will be deposited in a local currency trust fund account which USAID will administer for program activities designated by Project Implementation Letters.

The local currency generated by the conditional dollar disbursement will be used to support activities or pilot projects which will contribute toward the implementation and realization of policy reforms and to support host country contributions to development projects. The financing of recurrent costs will be guided by three general criteria: first maximizing the income generating capacity, foreign exchange earning and tax base; second, local currency will not be used to support projects which will create future recurrent cost burdens; and third, reasonable assurance that the stream of benefits from recurrent cost financing is greater than using the funds for new projects.

This amendment adds a total of $7,670,000 of which $700,000 is for technical assistance to help the GON and USAID undertake the policy reform program and to manage the local currency program. The implementation of the policy reform program will continue to be supported by specific policy studies and the development of a policy analysis unit in the Ministry of Agriculture to help ensure the continuation of effective policy formulation and implementation. ASDG, as amended, provides a total of 12 work years of long term resident technical assistance staff and 36.5 person months of short term assistance.

Foreign Exchange Component	Funding Source (000 U.S.$) Original ASDG SDP	ESF	Amendment SDP	ESF	Reobs
Conditional Dollar Disbursements	14,627	14,373	1,300	1,905	3,765
Technical Assistance	2,071	--	300	--	--
Policy Studies and Related	759	--	250	--	--
Seminars and Worshops	--	--	--	--	--
In Service Training and Support	25	--	50	--	--
Evaluation and Audit	150	---	100	--	--
Total	17,627	14,373	2,000	1,905	3,765

Policy studies and support as well as assistance in local currency management and audit will also be funded from the local currency account.

F. Implementation

The executing agency for this program will be the Ministry of Plan. The Directorate for Investments within that Ministry will coordinate Management of Counterpart Fund (Local currencies) from the grant through operations of the GON/USAID Joint Management Committee and its secretariat. A "High Committee" consisting of the Secretaries General of the Office of the President and other participating Ministries monitors the progress and reports on implementation of policy reform measures. The most important of these participating ministries is the Ministry of Agriculture, although implementation of the policy reforms and local currency management also involves the Ministries of Animal Resources, Environment and Hydrology, Commerce and Transport, and Finance.

The technical assistance portion of the program includes an AID contract for long term advisors and short term consultants. The contract is with University of Michigan, which has subcontracts with Apt Associates and Tufts University. Under the amendment, one work year of long term assistance and additional short term assistance will be required. Technical Support to Mission mechanisms and IQC contracts will continue to be used for short term studies and evaluations beyond the scope of the Michigan contract.

The PACD remains September 30, 1988.

G. Program Benefits

There are three kinds of benefits, and three catagories of beneficiaries, from the proposed amendment.

1. Macroeconomic Benefits. The macroeconomic benefits are basically an extension of benefits already derived from the ASDG, namely, increased foreign exchange availability to the public sector and the increase in budgetary resources. The main beneficiary is the GON and, by extension, the citizens and taxpayers of Niger.

2. Sectoral Benefits. This is also an extension of the benefits already derived from the ASDG in that resources which are transferred to the

counterpart fund are used to support ongoing development programs and activities. The amendment will increase these funds, and thus increase the absorptive capacity of the sector by providing the counterpart funds required of U.S. and other donor programs. Since the counterpart contribution is generally less than 10 percent of the total life of project cost, a $1 million contribution from the counterpart fund to an ongoing or approved donor project will have the effect of allowing a project costing $10 million or more to operate. The beneficiaries here include the Nigeriens working for the projects (thus increasing employment opportunities) and the people the individual projects are designed to help, which will vary for each project but will generally be farmers, fishermen, and livestock herders. The counterpart fund has already contributed to the seed program by providing emergency seed and by importing improved cowpea seed. This directly benefited some 8-10 thousand farmers who used the emergency seed or the improved cowpea seed during the 1985-87 crop years.

3. Policy Benefits. The people who will benefit the most from the proposed policy reforms in the seed program are the people who produce (on contract), market or ultimately use the improved seed. People who suffer from a drought or other calamity and turn to the seed security stock to replenish their seed stock will also be beneficiaries of the seed policy.

The number of beneficiaries who contract to produce seed for the seed program was estimated to be more than 8,000 in 1986. As the contracting is done increasingly through cooperatives, this number can be expected to increase.

At this time it is nearly impossible to estimate the number of people who will benefit by getting involved in the marketing of seed and plant material. In the past cereal seed has gone mainly to the security stock, been distributed through productivity projects, been kept by farmers who distribute some of the seed to other farmers. The amendment supports the draft national seed policy, which proposes marketing and distribution through cooperatives and eventually private merchants. Given the size of the country and the number of villages, a conservative estimate of the people who may become fully or partially employed in the marketing and distribution of seed could easily exceed a thousand.

Finally, the ultimate beneficiaries are the farmers who purchase and plant the improved seed. For millet alone the economic analysis shows that the nation as a whole would "breakeven" (in terms of the economic costs of seed production) if 590 metric tons were produced, sold and planted on some 59,000 hectares. If the average farm size is 4 hectares this means that some 14,750 farm families would benefit. This analysis assumes a 25 percent increase in yield due to the improved variety. If more seed is produced, sold and used, the number of beneficiaries would increase proportionally.

H. Summary Findings

From the review and analysis of this document, USAID/Niger has found that:

1. The proposed program sector assistance and the provisions for disbursing funds under the grant are technically, economically and administratively sound;

2. The timing and funding of the program amendment are scheduled appropriately;

3. Sufficient planning has been completed to implement, monitor and evaluate progress under the program; and

4. All statutory criteria have been met.

Design team and program review committee:

This PAAD amendment was prepared by:

Thomas Olson, USAID Agricultural Economist (team leader)
Frank Casey, University of Michigan Contract Team, Agricultural Economist
Frank Martin, USAID Program Economist
Abbe Fessenden, USAID Program Officer
Sidney Chambers, USAID Project Development Officer.

The program review committee was chaired by Sidney Chambers. In addition to the USAID staff mentioned above, its membership included:

Ernest Gibson (Supervisory ADO)
Kevin Mullally(Deputy Supervisory ADO)
Steve Osagbue (Controller)
David Lockhart (Executive Officer)

I. Recommendation

USAID/Niger recommends approval by the Assistant Administrator for Africa of program assistance from Section 121 and Section 531 of the Foreign Assistance Act, as amended, in the form of an Amendment to the Agriculture Sector Development Grant for $7,670,000 ($2,000,000 Sahel Development New obligation Authority, $1,905,000 Economic Support Fund, and $3,765,000 of reobligated Sahel Development Authority Funds.

The Grant as amended will consist of $35,970,000 for conditional dollar disbursements tied to specific policy changes and $3.7 million for technical assistance, policy studies and implementation support for a total of $39,670,000.

II. Program Description

A. Macroeconomic and Sectoral Problems

1. The Macroeconomic Situation

The debt crisis brought on by the collapse in uranium prices along with the recession following the second OPEC price increase in 1979 will

constrain Niger's economic development for years to come. The 1984 drought exacerbated the situation. The Government of Niger has nevertheless undertaken difficult stabilization policies to correct the imbalances brought on by the liquidity and debt crisis and the drought. These efforts, together with extraordinary donor support, stabilized the external and public budget accounts but output levels remain below their pre-drought levels. Work is underway on a five-year development plan (1987-1991) which marks the transition from short term, stabilization to long-term development. The economic situation now facing policy makers in Niger is:

-- GDP, adjusted for inflation, was lower in 1986 than in 1983 although it was higher than in 1984/85;

-- terms of trade deteriorated in 1985 by 6 percent, reflecting a sharp decrease of livestock export prices of about 58 percent;

-- the overall balance of payments has not been positive since 1983, cumulatively reaching a $113 million deficit since that time;

-- total foreign debt increased by 18 percent between 1983 and 1985 to reach $752 million, leading to debt service ratios in excess of 50 percent;

-- an overall fiscal deficit equal to 5 percent of GDP during the drought and now only marginally below 4 percent;

-- dependence on foreign donors for the financing of all public investments whose 1986 level stands 12 percent below the 1983 level in nominal terms;

-- a small and weakened modern sector unable to employ the graduates who are no longer being absorbed into the public sector.

2. Government Finance in the Agriculture Sector

The budget consolidation aspect of the GON structural adjustment program produced large reductions throughout the investment budget. The ASDG, and the earlier RSDG, by providing budgetary resources to the GON, reduced the severity of the budget cuts.

The counterpart funds are allocated to agriculture, livestock, and forestry/natural resources activities included in the investment budget. The importance of the counterpart funds can be gauged by comparing the size of the resource transfer and the planned expenditure levels for investments in agriculture and rural development. This comparison shows that during the general budget contraction the RSDG/ASDG resource transfer to the GON agriculture investment budget was almost 10 percent of planned expenditures of the first year. The share rose to nearly 14 percent in 1985. For 1986 and the remainder of the grant the share declines as the GON substantially increases in agricultural investment and the value of the CFA increases vis a vis the U.S. dollar.

1	2	3	4
Year	GON Investment Budget Agriculture and Rural Development Investments	RSDG/ASDG Resource Transfer	RSDG/ASDG share of Column 2
1984	21,656	2,101	9.7%
1985	21,712	3,000	13.8%
1986	31,215	3,368	10.8%
1987	36,954	3,600	9.7%
1988	41,200	2,100	5.1%

(All figures in million FCFA. 1988 figure based on request contained in this amendment.)

These counterpart funds have a multiplier impact on investment levels since they, in many cases, finance goods and services which are prerequisites to the expenditure of donor project funds. Thus had the 1985 transfer of 3 billion FCFA not taken place the agriculture sector investment budget would have been reduced by more than 3 billion FCFA.

3. Agriculture Sector Setting and Constraints

More than three quarters of Niger is desert with the remaining savanna being suited for livestock and limited agriculture. The distribution of rainfall in the ecological zones largely determines production activities. Even in the more favored zones along the southern fringe, rainfall is erratic with fairly frequent years of reduced harvests.

Niger's principal food crops are rainfed millet and sorghum grown for on-farm consumption. Between 5 and 20 percent of millet/sorghum production is marketed depending on the size of the harvest. Prices swing wildly depending on harvest size. Cowpeas and peanuts are the most important dryland cash crops. Irrigation perimeters cover about 10,000 hectares, and a spreading area of micro-irrigation and recessional agriculture. In good years, Niger is marginally self-sufficient in cereals, assuming relatively normal commercial imports of rice and wheat.

Agriculture, including livestock, forestry and fisheries, provides between 42 and 47 percent of GDP. Some form of agriculture is the principal occupation of 90 percent of Niger's 6.6 million population. There are no alternatives to agriculture as the only possible engine for income diversification and development. Over the long-term, per capita crop production has declined and productivity has decreased. Crop production has extended into marginal areas, contributing to increasing soil erosion and reduced livestock carrying capacity.

Nigerien agriculture faces a large number of technical constraints, many of which concern availability and maintenance of soil fertility. The two which most concern the seed and plant materials production and distribution are, first, the current lack of farm-tested appropriate technologies which result in clear, substantial increases in production (research programs in

cereals are on the edge of releasing technologies which will result in marginal increases, especially through agronomic practices). The second area is availability of needed agricultural inputs, and factors of production, including both improved seeds and plant materials and the fertilizers, pesticides and appropriate machinery to take advantage of the improved varieties. Most of these are being dealt with in bilateral technical assistance projects.

Niger is facing a policy debate which includes broadening the definition of long-term food self sufficiency towards that of food self-reliance and making better use of comparative advantage and income generating activities. Niger cannot afford substantial subsidies and must undertake continuing efforts to improve allocation of human and financial resource. Niger also needs to develop its capacity to survive periodic droughts. All of these problems have major policy implications for the existing seed multiplication system.

The original ASDG directed itself primarily at making and implementing policy decisions in areas related to price disincentives, market dislocations and subsidy constraints. The ASDG concentrated on:

-- Agriculture input supply subsidies and policies;
-- Cereals marketing and distribution;
-- Agriculture credit;
-- Cross border trade; and
-- Weak cooperative and private sector participation in the four areas above.

(For additional information on constraints and policy programs see II.C. and III below, FY 1988 CDSS, the ASDG draft mid-term evaluation and the original ASDG PAAD, especially Annex H "Institutional and Policy Constraints to Agricultural Development.")

B. Justification for the Amendment

The policy program proposed in this amendment is consistent and congruent with the original PAAD and builds upon the same basic justification. The Mission chose program assistance for three basic reasons which are just as valid today as in 1984. These can be summarized as follows:

First, almost 90 percent of the population of Niger depends upon agriculture and livestock production for its income and subsistence, and the government can no longer depend upon uranium exports for its growth and development. Thus, it is logical to reorient public investment towards the agriculture and livestock sector in order to increase food production and promote export diversification. Livestock and cowpeas are the most important exports after uranium, and the country has the potential for other export crops, particularly peanuts, onions, peppers, garlic, potatoes and cotton. All of these crops depend upon a reliable supply of quality seed which does not exist at this time. The proposed amendment is aimed at establishing the policy framework necessary to insure that increasing diversification of both food and cash crops as well as varietal improved seed is available to the farmers of Niger.

Second, the agriculture and rural sectors have a limited capacity to absorb investment. This is caused by institutional limitations, human capital scarcity, inappropriate policies and financial constraints. The ASDG has helped to increase the national absorptive capacity of the sector by financing operating costs of projects which would have had to close down because of the nations inability to meet its counterpart fund obligations. To date the ASDG and the predecessor RSDG of FY 1983 counterpart fund has provided some $21 million including interest to projects, including the purchase of emergency seed and the importation of a new variety of cowpeas. The proposed amendment will continue to provide counterpart funds, and support to the seed program as well as other policy or productivity raising in 1987 activities. Without the amendment there would be no more ASDG funds available after the third tranche is released. This would make it almost impossible for some activities and projects to continue.

Third, the Government of Niger has been taking significant steps to restructure its public debt, reduce the role of the state and phase out many parastatals, increase government revenues and generally rationalize its policy framework. It has been meeting the conditions of the ASDG as well as the IBRD's Structural Adjustment Credit and the IMF's debt rescheduling program. The government has recently shown a significant shift in its policy emphasis away from "food self-sufficiency" (meaning that Niger should attempt to meet its food needs with domestic production) to "food security" (meaning that Niger should diversify and produce for both domestic consumption and export while importing or trading for those products not produced locally). In terms of the seed program, the Government of Niger is at a crossroads as it moves from strictly cereals to diversified crops, especially for export and cash crops. The environment for policy reform and the political will to implement the necessary policy changes is demonstrably better today than it was in 1984. Given the progress that the USAID-funded seed program has made to date, this is an opportune time to have a major influence on the government's seed policy and program.

The proposed amendment is a natural evolution of the seed program. There have been several analyses and reports done since the original PAAD. From the very beginning, these analyses have all indicated that seed policy reform is necessary for the overall seed program to succeed, but so far the project has rightly focused on specific outputs, such as actually producing seed, establishing an infrastructure for seed production, setting up an organizational system and establishing a seed security stock. While the project has accomplished these, and many other objectives, it has only begun a long process to establish a national seed policy. The project level is not the appropriate level for policy negotiation.

One of the basic advantages of sector assistance over project assistance is that it may more easily achieve policy reform because it directs the policy reform at the appropriate level of policy makers. The Agriculture Sector Development Grant enables USAID to negotiate directly with the policy makers at the Ministerial level. Under the proposed amendment our leverage should be even greater because USAID has been the only donor for the seed program since its inception and has excellent rapport with GON officials through the project.

USAID also has much more information and analyses on the seed program than was available at the time of the PAAD. The two Couvillion reports were done in 1985 and 1986 and the Mississipi report was done in 1986. In addition USAID has internal documents and records upon which to base further analyses. Perhaps most important, the project produced a draft policy paper, Avant-Projet d'une Politique Semencière Nationale in August, 1986, and USAID and the Government of Niger held a three day seminar on seed policy at Namaro in January 1987. These both stressed crop diversification, reduction of recurrent costs and privatization

Finally, the amendment is consistent with the original PAAD objectives of making more agricultural inputs available to farmers at prices which reflect real economic benefits to the agriculture sector, promoting cross-border trade of agricultural products and promoting cooperative and private sector participation in the supply of agricultural inputs. The proposed seed program and policies are aimed at diversifying crop production, involving cooperatives and the private sector in the production, marketing and distribution of seeds, and in reducing the recurrent costs of the seed program.

C. AID Agriculture Sector Development Grant Program

1. Relationship of ASDG Amendment Goals to AID Strategy in Niger

The AID program in Niger, as approved in the CDSS, has a long-term strategy objective of increasing food production leading towards food self reliance and increased income. It has three medium term objectives: structural adjustment, agriculture production, and health/family planning.

The Seed Program Policy Amendment contributes directly to the USAID/Niger strategy objectives of structural adjustment by instituting reforms that will allocate resources for agricultural inputs more effectively and by establishing the framework for increased private/cooperative sector participation in seed production and distribution.

The policy reforms will define more clearly the regulatory role of the Government in quality control for seed and plant materials, and in providing the necessary contingency plans and implementing measures for seed security which increase Niger's ability to cope with periodic droughts. They provide the framework for decreasing direct state participation in seed and plant material production, especially for cash crops, and real decentralizing of decision making for production and distribution. It contributes to agriculture production strategy objectives through policy reforms, and in the concern through decentralization to the development of participatory self managed organizations for seed multiplication and distribution.

The Agriculture Sector Development Grant is the keystone of USAID's agricultural policy dialogue and agriculture/rural development program in Niger. Its policy reforms are closely interwoven with the bilateral assistance program in agriculture. ASDG supports the necessary policies and generates local currency, while technical assistance is supplied under regular projects. Nowhere is this more important than in the agricultural input policy component of the ASDG and the input supply restructuring (along with

seed multiplication) component that form the backbone of the Agriculture Production Support Project.

a. Structural Adjustment

USAID's medium term strategy for helping the Nigerien Government improve its balance of payments and budgetary resources situation consists of backing the structural adjustment process which is now under way. AID concentrates on supporting sector policies which are conducive to structural changes necessary to alleviate constraints imposed by debt service obligations and a limited resource base. AID focuses on improving resource management and increasing efficiency of human and financial resource use in agriculture/rural development and health/family planning, as well as expanding the opportunity for resource mobilization in the private sphere.

AID's agriculture strategy in Niger stresses food production and diversification through community-based self-managed development, with emphasis on local management, private (and cooperative) sector participation and utilization of improved technical packages. Its components are:

1) Implementation of the policy reforms under the ASDG;
2) Development of Niger's applied agricultural research capacities and its linkage into extension;
3) Development of participatory self-managed organizations through cooperative development and restructuring, extension, seed multiplication, credit and input distribution; and
4) Institutionalization of land use planning and measures against desertification, and integration of these activities into ongoing activities.

The goal of the original ASDG, authorized in 1984, is "to assist Niger to achieve its economic and financial stabilization program currently in place under IMF auspices and to contribute to the goal of increasing food production and farmers' incomes."

The goal is still valid as long as the objectives are broadened to include the structural adjustment program now underway as an outgrowth of the successful stabilization program.

In general, by using sector grants, USAID programs concentrate on policy changes, better resource management and increased efficiency of human and financial resource use in agriculture/rural development and health/family planning. Policy reform and structural adjustment require institutions to develop policies, implement the reforms, monitor and evaluate their effects, and modify them if necessary. The analytic capacity necessary for policy reform will also contribute to better resource planning and management. Strengthening the institutional capacity for policy analysis and resource planning/management is an important part of the strategy.

The original seed multiplication program was developed during the uranium boom. It assumed that the GON would have high revenues, and that

the degree of subsidy could be managed. In addition the program had vital social objectives in providing seed security in times of drought which justified a certain degree of subsidies. With the liquidity crisis of 1983, and in subsequent analyses of possible economic stabilization and restructuring measures, it became clear that the recurrent expenditure burden of seed multiplication, as currently structured, is unacceptably high. It thus has become an obvious case for inclusion in the ASDG policy package.

In the case of the seed multiplication program, USAID has provided technical assistance and support for equipment procurement and construction under two bilateral projects. The program has also received very substantial support from PL 480 counterpart, RSDG and ASDG. In reviewing progress made, USAID and the Ministry of Agriculture agreed that while technical progress was indeed meeting objectives in seed production, the program was not using resources in a cost-efficient manner, primarily due to policy related constraints. The Agriculture Production Support project, while admirable in providing technical support and advice for seed multiplication and production, was not oriented so that it would promote and implement the necessary policy and structural reforms. USAID therefore decided after careful consideration to include seed policy reforms under the ASDG.

b. Agricultural Production Objectives

The APS seed multiplication component contributes directly to the agriculture sector strategy objective of developing self sustaining rural organizations. It is an integral part of agricultural input supply and distribution, which receives technical assistance and ASDG support on policy issues as well as benefitting from ASDG generated local currency.

2. Purpose of the ASDG and Amendment

The original ASDG's purpose states that the Grant:

-- promotes agricultural production by diminishing the policy constraints to development in the agriculture sector;
-- provides resources to Niger to support ongoing development activities; and
-- contributes towards economic stabilization directly and acts to minimize the adverse impact on development programs of austerity measures imposed by the Government of Niger in order to achieve its short-term stabilization goals.

The purpose remains unchanged, with one exception. The GON has succeeded in reaching its short term economic stabilization objectives, and has adopted a program for medium term structural adjustment. Therefore the last section of the purpose statement will be revised in the amendment to read:

-- contributes towards structural adjustment objectives through minimizing the adverse impacts of austerity and structural adjustment measures on agriculture/rural development programs.

In meeting that part of its purpose of reducing policy constraints to agricultural development, the ASDG encourages the GON to achieve a set of

long-term policy objectives in five areas. This amendment adds a sixth area covering seed production and distribution. The following list covers all six. The material in parentheses discusses the relationship of the seed policy objectives to the original five agriculture policy objectives. If no brackets appear after the statement the seed program will have a minimal relationship to that particular policy objective.

a. Agriculture Inputs Supply and Subsidies

-- "Increase the overall availability and use of improved agricultural inputs by adjusting prices and subsidies in a way that increases aggregate agricultural production in Niger and fully reflects production and procurement costs."

(Seed multiplication is heavily subsidized in Niger. Although a number of cost reduction measures have been instituted already, it is clear that substantial restructuring of this agriculture input production and distribution system is essential. This means promoting decentralization, increasing autonomous decision making, and reducing the role of the state in all areas of seed multiplication except for the regulatory quality control field and seed security.)

-- "Improve the responsiveness of products and suppliers of inputs to the farmers; in particular, encourage technological adaption and provision of better quality and lower cost inputs."

(The seed multiplication restructuring program is specifically designed, through decentralization and encouragement of regional specialization, to encourage responsiveness of the seed and plant material production to needs expressed by farmers. In particular, it encourages diversification into income generating crops. It also helps spread technological adoption through the farmer contract multiplication programs, as well as establishing the framework for quality control of seed and plant material products.)

-- "Minimize the strain on Niger's investment and operating budgets by shifting the cost of input production and supply to the private sector."

(The driving force behind the policy reforms to restructure seed production and distribution is precisely the need to reduce recurrent costs to the Government and to shift production and distribution costs to the private and cooperative sector. A clear distinction needs to be made between support of social insurance objectives, such as seed security, and general agriculture production matters. Cereal seed multiplication is an expensive business and serious efforts must be made to reduce the burden on the general budget. The near term objective here is reduction of costs rather than full cost recovery. Major actions have already been taken to reduce or eliminate subsidies on other agricultural inputs, as well as reducing the overall subsidy bill. While much

of the gap in financing seed multiplication is met by donors at present, these funds will not be made available indefinitely, and there are many competing uses for local currency funds, including agriculture investment budget needs.)

-- "Promote the role and importance of cooperatives in supplying inputs to farmers."

(Cooperatives are already heavily involved in contract seed production and distribution. By decentralizing the decision making process, the role of the cooperatives in establishing priorities for seed and plant material production and distribution should increase, as should private sector participation. The approved legal and administrative framework which is the end of program condition of the Amendment, must be sufficiently flexible to allow for private enterprise to take over bulk multiplication and distribution of seed/plant material for certain higher income generating crops.)

b. Seed Production and Distribution Program

-- Foster the availability, diversity and use of improved seed to expand agricultural growth and production in Niger;

-- Establish a national certification and quality control regulatory system for seed and plant materials. This would include locally produced seed as well as imported seed of any variety;

-- Encourage decentralization and autonomous decision making in price and output levels for the multiplication and distribution of seed and plant materials.

-- Minimize the drain on Government of Niger investment and operating budgets by restructuring the seed supply system to reduce per unit production and distribution costs and recurrent costs.

-- Establish an economically feasible national seed security policy based on limited replenishment of seed stocks which are lost as a result of localized natural disasters such as floods, fires, disease and insect infestations or drought. This policy should have as a sub-objective the reduction of per unit costs and recurrent costs.

c. Cereals Price and Marketing Policies

-- "Reduce the cost of supplying cereals to the urban sector and to northern areas of the country."

-- "More effectively support producer prices for cereals and reduce intra-seasonal price variations."

-- "Reduce the cost of marketing the country's emergency food reserve."

-- "Increase farmer incomes and export earnings from agricultural production."

(If diversified seed is promptly delivered to farmers, it should contribute directly to increased farm income. The movement towards producing seed for income generating crops should give an added contribution to deversifying farm income.)

d. Agricultural Credit

-- "Establish a sound social and financial basis for delivering agricultural credit to Niger's farmers."

-- "ii. Increase the ability of farmers to repay loans obtained for agricultural production by increasing access to improved inputs and by ensuring the economic use of these inputs."

(This policy objective should contribute directly to increasing the ability of cooperatives and private enterprises to improve services to farmers.)

e. Cross border trade

-- "Promote increased production and exports of cowpeas and livestock as alternatives to excessive dependence on uranium for foreign exchange."

(Cowpeas are one of the major crops for multiplication and distribution, so a restructured seed program should provide considerable long-term benefits in the form of increased cowpea availability for export. The diversification of a restructured system into other income generating crops such as onions, garlic, peppers, potatoes and tomatoes should also contribute to increased exports in the long-term. There is an export market for high quality onion seed.)

-- "Increase incomes of crop and livestock producers."

(See above)

-- "Promoted interregional trade, particularly with Nigerien and other neighboring countries as a first line of defense against failures in the region."

(See above)

-- "Promote registration of exports."

f. Cooperative and Private Sector Involvement

-- "Promote more cooperative and/or private trader participation in the supply of agricultural inputs."

(One of the major objectives of the decentralization of seed and plant material production and distribution is to encourage private and cooperative sector participation in seed production and distribution of income producing crops in particular. In the very long run, in this type of activity, the policy objective is to have the State ensure seed security arrangements for staple food crops, and also provide quality control regulatory services.)

-- "Encourage the evolution of cooperatives as grain marketing and storage intermediaries."

In addition to developing and maintaining a policy conducive to the growth and development of the agriculture sector, the ASDG and its amendment also have the objective of making available additional resources for the Government of Niger. These resources, in the form of a dollar transfer, will go into a special local currency fund to maintain implementation of agriculture, forestry, land use planning and livestock development activities.

3. Program Amendment Outputs

Within the framework agreed upon by the Government of Niger and USAID, the ASDG assists the Government of Niger's Ministries of Agriculture, Animal Resources, Planning, Commerce and Transport and other related agencies to achieve the policy reforms as amended, namely:

a. Reorientation of the agricultural input pricing and subsidy policies and restructuring of the offical Input Supply Agency (CA). (Original.)

b. Establish the framework and prepare action plans for restructuring and diversifying the seed and plant material production and distribution system, including establishment of a national certification and quality control regulatory system. (This amendment.)

c. Promotion of competition in grain marketing through the liberalization of official marketing agency and pricing policies (b. in original PAAD.)

d. Promotion of competitive in grain marketing through the liberalization of official marketing agency and pricing policies. (c. in original PAAD.)

e. Appraisal of the country's agricultural credit situation particularly in the informal credit market. (d. in original PAAD.)

f. Increase in cooperative and private trader participation in the supply of agricultural inputs; border trade of livestock, cowpeas and other agricultural products; and internal grain marketing and storage. (e. in original PAAD.)

4. Program Amendment Inputs

The amendment, like the original ASDG, has three input components: (a) conditional dollar transfers to local currency, (b) the use of local currency derived from the sector grant through the dollar transfers and (c) technical assistance and in-service training for managing the program, including monitoring the policy implementation, conducting policy studies, strengthening policy analytic capacity and evaluating the impact from policy changes.

a. Conditional Dollar Transfers

This section remains the same as in the original PAAD.

b. Local Currency Component

This section remains the same as in the original PAAD. It should be noted that local currency has already been used to fund parts of the seed program and it is expected that part of the amendment will be so allocated.

c. Technical Assistance and Policy Studies Monitoring

This section remains the same as in the original PAAD, but it should be noted that some additional technical assistance will be provided to help the Government of Niger formulate a comprehensive national seed policy, reduce the recurrent cost burden of the seed program, and rationalize the organization and structure of the seed multiplication and distribution system.

This input category will be financed by increasing the foreign exchange component from $3 million to $3.7 million, with $700,000 coming from the amendment.

d. Summary of AID Inputs Costs

(000 U.S.$)

Foreign Exchange Component	Current Agreement		This Amendment		
	SDP	ESF	SDP	ESF	REOB
Dollar Disbursements	14,627	14,373	1,300	1,905	3,765
Technical Assistance	3,000	---	700	---	---
Total	17,627	14,373	2,000	1,905	3,765

III. Program Specific Analysis

A. Macroeconomic Analysis

1. Overview, 1984-1986

The Government of Niger has spent the decade of the 1980's confronting a series of economic crises. The market for uranium collapsed in 1981. In response, the Government took the difficult steps necessary to reduce the domestic financial imbalances and re-establish a viable balance of payments position. The Government developed an adjustment program that included cutbacks in public expenditure, an increase in the tax effort, a reduction in domestic government arrears, measures designed to improve the financial performance of public enterprises, a substantial deceleration in domestic credit expansion, and restraints on foreign borrowing. Following the adoption of these adjustment measures, the balance of payments situation improved significantly. Unfortunately, the trend toward an improved balance of payments situation was interrupted by the 1984 drought and the Nigerian border closing which caused the deficit to be much larger in 1985.

The consequences of the drought were felt throughout the economy. Gross Domestic Product (GDP), adjusted for inflation, fell by almost 17 percent in 1984. Output reductions took place in all sectors of the economy except government, with the rural sector having the sharpest decline. Real GDP increased in both 1985 and 1986, by 5.5 percent and 3.0 percent respectively. This growth was largely due to Government of Niger economic policy reforms and a sharp recovery in the agriculture and livestock sectors following the improvement in weather conditions. The rate of inflation, measured by the GDP deflator, has been reduced to below 7 percent. Despite progress in boosting output and restraining inflation the economy has not yet reachieved the pre-drought level of output in real terms. The nominal levels of both public and private investment are less than pre-drought levels. Capital formation as a percentage of GDP has fallen from 15 percent to 10 percent. Uranium output is at 70 percent of its 1980 level and is not expected to increase in either volume or value terms in the near future. The government budget shows large deficits throughout the period, with some improvement in the deficit/GDP ratio from 8.4 percent to 7.8 percent. External financing provides the funds for 85 percent of the budget deficit. Exports and imports are below their 1983/84 levels. The trade balance deficit increased sharply in 1985 reflecting emergency food imports. The 1986 trade balance deficit is the same as 1984; 6.3 billion CFA francs. Debt reschedulings and official transfers are required to support current import levels. Niger's balance of payments profile will not be viable until the 1990's. In the midst of this sequence of economic crises, the ability of the Government of Niger to achieve every IMF program target since 1984 demonstrates the will and ability of policy makers to carry out and maintain the structural reforms that are designed to restore balance in the country's economic structure.

2. Dimensions of the Economic Difficulties

a. The Drought

The direct effect of the drought on the rural sector alone accounted for 11 of the 17 percent reduction of real GDP in 1984. It caused

dissavings in the subsistence economy by depleting grain reserves and decreasing herd size. Capital formation, particularly in the form of livestock, was reduced by losses due to death and premature destocking of animals. The impact of the drought on livestock is more serious on future potential than current output. The drought also aggravated the country's income distribution, both between the rural sector and the modern sector as well as within the rural economy. The income distribution effect was especially pronounced for the livestock subsector whose terms of trade (livestock vis-à-vis grain) were worsened. According to available estimates, the drought lowered rural income by more than 50 billion CFA francs.

In additon to its direct effect on the rural economy, the drought had implications on the Niger financial and adjustment program through its effects on the balance of payments and government finance. The drought contributed to a larger balance of payments deficit (8.5 billion CFA francs larger). This was due to a combination of reduced exports (livestock and cowpeas) and increased cereal imports. Its impact on the balance of payments would have been much larger (an estimated 34 billion CFA francs instead of 8.5 billion CFA francs) if it were not for much larger official transfers in the form of food aid.

With respect to government revenue, the direct effect of the drought was on the local government revenue which represents only a small portion of total government revenue (less than 5 percent). Because of the subsistence nature and relatively low tax rates, the revenue effect from the drought was insignificant. On the expenditure side it was estimated that the drought had increased government spending by 0.7 billion CFA francs. The drought was estimated to contribute to a larger budget deficit by 1.5 billion CFA francs. This was due to the inability of the Grain Marketing Agency to make previously scheduled repayments to the Treasury and thus reduced government receipts.

b. Border Closure

Niger also faced the closure of the Nigerian border from 1984 to March 1986. The border closure created inconveniences for trade and officially foreclosed the most important market for Nigerien agricultural and livestock exports. However, observations indicate that the economic effect of the border closure was substantially offset by a strong economic incentive for trade created by the serious exchange rate distortion between the Naira (Nigerian currency) and the CFA franc. No estimates of the effect of the border closure on trade flows are available. Its effect on customs receipts was estimated at 0.5-1.0 billion CFA francs.

c. Public Finance

Current expenditures fell in 1985/86 by 2 percent and rose by 5 percent in 1986/87. Interest payments are the fastest growing line item in the current budget, equal to 24 percent of current expenditures in 1986/87. Capital expenditures increased over the previous year in 1985 and 1986 after a two-year period of falling capital expenditures. The public investment budget has yet to regain the 1982/83 level. More than 90 percent of the investment budget is financed by external funds, 40 percent loans and 53 percent grants.

Revenues have increased 7.7 percent annually since the drought. Custom duties and non-tax revenue account for the increase. Revenue growth in 1987/88 will depend on growth of the tax base since the government does not intend to introduce any new tax measures. Domestic revenue efforts are able to cover only 55 percent of total government expenditures and 90 percent of current expenditures. External financing is crucial to continuation of public investment spending and it contributes to current spending. The magnitude of the fiscal deficit (7.8 percent GDP) guarantees that external financial assistance will remain essential to the stability of the government budget for the medium-term future.

The Government has taken a number of revenue-raising and expenditure-containing measures to reduce the fiscal imbalance. Revenue measures include: the introduction of a value-added tax in 1986; an increase in customs duties, stamp duties, and registration fees; increased profit margin on petroleum products concomitant with drop in world oil prices. Expenditure measures include: a reduction in scholarships and subsidies; improved expenditure controls; limited government hiring; and no cost-of-living adjustment.

d. Balance of Payments

Niger's trade balance improved between 1982 and 1984. The deficit on trade account declined from 57.9 billion CFA francs to 6.3 billion CFA francs, due to import contraction and export expansion. The drought's impact on the trade data appeared in 1985 when exports fell 15 percent and imports increased to 14 percent producing a trade deficit of 46.3 billion CFA francs. The share of cereals in total imports increased from 8 percent to 26 percent. 1986 saw a modest recovery in exports (5 percent) and a sharp drop in imports (22 percent). Imports other than cereals and petroleum products increased 1.5 percent. The trade deficit in 1986 was 6.3 billion CFA francs.

Balance of payments projections for the remainder of the decade indicate that the deficit on the trade balance will widen beyond the 1986 level despite the fact that imports will increase at approximately 5 percent annually while the rate of increase for exports is projected to be 7 percent because the base levels of imports is so much higher than exports. Official transfers are projected to increase sufficiently to keep the current account balance within 20 percent of its 1986 level. Long-term capital inflows to the public sector are projected to increase during this period such that the financing gap of the overall balance is eliminated by 1990. These projections highlight the importance of external financing in just maintaining the inflow of goods and services leaving aside the debt problem for the moment. Export receipts are 83 percent of the cost of imports and non-interest service payments. Export growth is hampered by the lack of diversification in exportables and climatic conditions. Adjusting import levels to foreign exchange availability derived from exports would force a contraction in imports essential for increases in GDP. For the remainder of the 1980's the alternative is balance of payments support by donors.

e. Foreign Debt

Niger's debt service remains heavy; the ratio of public debt service to exports of goods and non-factor services was 48.2 percent in 1986 before debt rescheduling. The ratio was reduced to 32.9 percent by rescheduling. Niger rescheduled debt via the Paris and London Clubs in 1983, 1984, 1985, and 1986. The share of outstanding debt which is not eligible for debt rescheduling (as a proportion of total external public debt outstanding) has increased from 48 percent in 1982 to 57 percent in 1985. In addition, the share of debt outstanding already rescheduled with the London and Paris Clubs was 11 percent in 1985. Thus, by 1985, more than 68 percent of total external public debt was not eligible for rescheduling or had already been rescheduled. Total disbursed debt outstanding at the end of 1985 was $752 million.

The Government instituted a strict external debt management policy which prohibits contracting or guaranteeing any new nonconcessional loans with a maturity between 0 and 12 years. The Government will stress investment projects financed by grants rather thanloans whenever possible. To improve debt management, any new loans contracted or guaranteed by the Government after March 1986, as well as any drawing against loans contracted by the Government, will require the authorization of the Minister of Finance. These policies have produced the following changes in the structure and terms of new loan commitments between 1984 and 1985; average interest rate declined from 4.6 percent to 2.8 percent, average maturity increased from 22.8 to 28.6 years, average grace period increased from 6.2 to 7.7 years, and the grant element increased from 42 percent to 56 pecent.

Notwithstanding these efforts, debt service on medium- and long-term debt will increase in 1987 to $200 million, up from $180 million in 1986 (before rescheduling). For the period 1987-1990 debt service will decline 9 percent annually, based on the current level of disbursed debt. The results of combining the balance of payments projections and the debt repayment projections show an annual financing gap of 10 billion CFA francs. Closing the gap will require continuing the annual debt rescheduling exercises or increasing official transfers beyond the high levels already contained in the projections.

3. Recovery Efforts

a. Development Planning

In 1984 the Nigerien authorities began the consolidation of public investment spending with the implementation of the 1984/85 program of consolidation. Under the consolidation program the level of spending was cut by about 20 percent. It also re-oriented more spending toward the directly productive sectors and less toward administrative infrastructure (government buildings), telecommunications, and social services. There was also added emphasis on economic policy.

In fiscal 1985 the Government also adopted an integrated investment budget approach together with the concept of a "rolling plan"

(programmation glissante). With the World Bank assistance, the authorities completed an initial three-year rolling investment program (1986-1988) of 275.5 billion CFA francs. The emphasis was in the areas of agricultural and rural development, industry, trade and commerce, and maintenance or rehabilitation of selected existing projects instead of new projects, as well as giving priority to maintenance in the transport sector.

The introduction of the three-year rolling public investment program constitutes a major improvement in investment programming. The structure of the investment program is based on sectoral strategies prepared by the Government and a reassessment of the economic justification of ongoing and newly committed projects. The share of the productive sector will increase from 38 percent of investment expenditures in 1984/85 to 48 percent in 1987/88. Rural development investments show rapid growth from 26 percent of investment expenditures in 1984/85 to 40 percent in 1987/88.

The 1987-1989 edition of the rolling three-year investment program will be incorporated into a five-year development plan. The focus of Niger's economic policy is shifting from drought recovery and financial/fiscal imbalances to longer term development strategies, with the five-year development plan (1987-1991) as the centerpiece. The plan, to be published in the summer of 1987, will be structured around four priorities:

consolidation and enlargement of the country's economic base;

strengthening of the capacity for indigenously-led development;

strengthening the efficiency of development institutions; and

improving the external and public finance accounts.

Concurrent with the drafting of the five-year plan, the Government issued a policy document, the Programme Significatif de Relance (PSR) to announce and to begin to put into effect the policy shifts which the five-year plan will elaborate. The PSR is an action plan which specifies the public policy changes that will be undertaken to revive the economy of Niger. The general thrust of the program is that the role of the state is to provide a regulatory and fiscal environment which facilitates private sector investments and production. The financial sector (public and private) is to make available sufficient credit to permit the private sector to undertake a higher level of investment. In exchange for this offer of support to the private sector the Government expects a scrupulous adherence to its laws and regulations by the private sector, especially as regards taxation and customs administration.

Based on what is contained in the PSR one can expect the five-year plan to accord some emphasis to the building of a tariff-protected industrial sector, curtail civil service growth, concentrate public investment in infrastructure and other types of social overhead capital, and look to the private sector for directly productive investments in agriculture, industry, and commerce.

b. IMF Program

Niger has had an IMF standby agreement each year since 1984, as well as a compensatory financing facility in 1983. In total these programs have transferred 71 million SDRs to Niger. The IMF program is mainly aimed at achieving financial stability. The programs each contained a set of fiscal measures, monetary and credit policies, and balance of payments policies. Through the end of 1986 all the program conditions have been met.

The Government and the IMF have agreed to a standby and a structural adjustment facility for 1987, totaling 41.7 million SDRs; 25.9 million SDRs for the standby and 15.8 million SDRs for the three-year structural adjustment facility. The program for 1987 seeks to foster conditions of increased private sector activity by reducing the structural obstacles to economic growth. The scope of price controls will be narrowed, marketing arrangements will be liberalized, and the public enterprise sector will be reformed to improve its financial position and operations. At the same time, the incresae in public sector investments and their continued emphasis on the productive sectors, will gradually expand the productive capacity of the country.

c. World Bank Program

The World Bank and the Government of Niger developed a structural adjustment credit program in 1986. The program will continue through 1988 and disbursements will total $60 million. The objective of the program is to increase the efficiency of resource use by addressing key structural problems of the economy through an economic reform program. Specifically, the program deals with three structural problems. The problem of public resource management is addressed by restructuring current expenditures towards materials and supplies and away from salaries, by higher rates of cost recovery and by improved debt management. Secondly, public enterprises are to be reformed by revising economic incentive policies, improving their legal and institutional framework and selected privatization and divestiture efforts. Finally, the structural adjustment program calls for the same agricultural policy changes as the Agriculture Sector Development Grant; liberalization of cereals marketing, reduction of agricultural input subsidies, and improvement of the agricultural credit system.

4. Relationship between the Macroeconomic Situation and AID Sector Assistance

The relationship detailed in the Program Assistance Approval Document remains valid for this amendment. The uranium bust (and the ensuing debt problem) and the drought retarded efforts to increase domestic resource mobilization. The existing economic base of the country is incapable of generating the resources needed to increase, or even maintain, the level of investment required for economic growth. Equally important, recurrent costs of existing programs and projects are not met. These constraints are felt throughout the economy but have a special force in agriculture, the workplace of 90 percent of the labor force and the source of 33 percent of GDP. Increasing labor productivity, via improved inputs and techniques, is the key

to income growth in Niger. During the next five years Niger will be completely dependent on foreign donors to continue its development efforts. In the framework of Niger's budget and investment restructuring toward recurrent costs and the productive sectors, AID's counterpart fund allocations will increase the level of absorptive capacity in agriculture and contribute to rural income growth.

B. Agriculture Sector Analysis and the Niger Seed Program

1. Background and Overview of the Niger Seed Multiplication and Production Program

The agriculture sector is clearly the most important in Niger. It provides food and fiber for the nation and employment to approximately 90 percent of the labor force. It will almost certainly continue to play a significant role in income generation and in meeting the basic food requirements of the population for years to come.

Unfortunately, Niger's resource base is very poor, with generally poor soils and rainfall varying widely from year to year and from region to region. This variability in rainfall is a major factor that constrains adoption of output-increasing technologies by Niger's farmers. To make matters worse, the rain statistics show that the average total rainfall, the number of days of rainfall, and the length of the rainy season have all been declining over the past few decades. The isoheyts have actually moved many kilometers to the south. While the past two crop seasons have been very good in terms of the timing and distribution of the rain, the total rainfall has been below average. In 1984 Niger was hit by a severe drought which nearly halved the agricultural production.

Given the above, plus the increasing population pressures on the cultivable land, the Government of Niger has sought to raise production by improving the yields per hectare through the use of modern inputs. This is why input supply policy was one of the first chosen under the ASDG, and why it continues to be important. It is also why USAID now choses to expand the ASDG by including seed policy at a time in the development of the seed program when enough progress has been made at the project level for input at the policy level to have a major impact.

The first major step to develop an organized system for seed production and supply in Niger was taken with the USAID-funded Niger National Cereals Project (NNCP). This project was designed shortly after the major drought of the early 1970s as a comprehensive research-production-economic improvement program. Its main objective was to increase the productivity and economic status of traditional farmers and to provide reasonable safeguards in case of another prolonged drought. Among its components was the seed program, based on drought-related disasters and a realization of a shift in climatic patterns to shorter growing seasons and less rainfall. The seed program was justified in terms of the economic and social benefits that would be generated through replacement of traditional varieties of mainline crops with higher yielding and/or more yield stable (e.g., drought and pest resistant) types.

The seed program was also seen as necessary if the benefits of crop improvement research, another major component of the NNCP, were to be made available to the farmers at large. The national agricultural research organization, INRAN, had already had some success in identifying local varieties which would produce in a shorter period of time on less rainfall and had breeding programs to improve the quality and uniformity of these varieties. This crop improvement research would have no benefits if the seeds of the improved varieties were not multiplied, distributed and ultimatly planted by the farmers.

One of the problems cited in reports and evaluations was the failure to define a national seed policy with clear roles and responsibilities of the agencies involved in seed production and supply. This is a classic example of the inability of a relatively small (in this case only a sub-component), bilaterally funded (the U.S. is the only donor involved) project to influence policy formation at the national level.

The NNCP was essentially Phase I of a longer term program. Phase II started in 1981 and consists of two main projects: the Niger Cereals Research Project (NCR), which focused on research and crop improvement, and the Agricultural Production Support Project (APS), aimed to continue "expansion and improvement of the national-level supporting services needed to achieve sustainable increases in agricultural production." It has six main components: agricultural extension, input distribution, cooperative training, engineering, fertilizer research and use and seed multiplication. To simplify, the NCR was designed to help develop the "technical packages", and the APS was designed to help deliver them.

The seed multiplication component of APS continued the activities begun under the NNCP, but specifically focused on two areas: improvements in national level policies (especially seed production, supply planning, coordination and supervision), and improvements at the seed multiplication center level in operational efficiency and effectiveness, responsiveness to changing needs and quality maintenance.

In terms of specific project-level objectives the seed program outlined above has had several significant accomplishments:

First, it established the essential infrastructure of a country-wide seed program/industry. This included five seed multiplication centers (SMCs) and a foundation seed farm (FSF) with adequate land and facilities, a small corps of trained personnel and a growing appreciation of the role and importance of improved seeds.

Second, it produces cereals seeds -- some 4,000 MT of millet seed alone in 1986.

Third, it established a National Seed Council and a sound organizational structure which includes the National Seed Service, the research component (INRAN), the SMCs and Departmental Seed Committees (see 2.c. below)

Fourth, it provided extension services to more that 8,000 contract seed producers in 1986.

Fifth, it gave production credit to the contract growers and to the many farmers involved in the seeds-for-grain exchange program last year.

Sixth, it supplied fertilizers and other inputs to thousands of contract seed producers in 1985 with payment to be paid in seed/grain.

Seventh, the seed program handled the emergency programs for millet and cowpea seed importation and production during and immediately after the drought.

Eighth, the seed program has established a national security seed stock for millet as insurance against devastating drought. This stock reached more than 1,500 MT of 1st and 2nd choice millet seeds in 1986.

A glance at the above list of accomplishments shows that the seed program sponsored by USAID has been called upon to do much, much more in the development area than is strictly required to produce adequate quantities of improved seeds, and it has performed quite well.

2. Major Constraints in the Seed Program

As the seed program was born in the aftermath of a national disaster, so has it continued to face many constraints. These are detailed in the report, "Seed Multiplication and Production in Niger" by the Mississippi State University (MSU) team. The section which follows will summarize the major constraints, particularly as they relate to policy reform and the Agriculture Sector Development Grant.

a. Unclear Goals

One of the major constraints pointed out by the Mississippi State Team and earlier documents is the lack of clearly defined goals for the national seed program. While the basic rationale for the seed component of the NNCP and APS is sound, the team pointed out that the primary role of a seed program in Niger should be the orderly and periodic replacement of crop varieties with improved types, and not seed supply per se. Farmers, after all, have been saving seeds of self- and open-pollinated crops such as rice, wheat, sorghum, beans, cowpeas and peanuts, and open-pollinated varieties of cross-pollinated crops such as maize and millet for planting since the beginning of agriculture more than 10,000 years ago. It is only for crops such as vegetables, forage and forest species, and for hybrid varieties (which require seed renewal every planting), that the main role of a seed program or industry can be the supply of seeds per se. Since farmer-saved seeds of traditional varieties are usually as satisfactory for planting as those available in the market, farmers have little incentive to buy or barter for seeds of the same variety they have been planting. The advantages and benefits of supplied seeds as compared to saved seeds for most crops are related to inherent or genetic superiority and not higher germination and physical purity.

Another goal of the seed program is to insure a security stock of seed. In Niger this was interpreted as a national stock of some 10,000 MT

which would be capable of replenishing seed lost to major catastrophies. In most countries this is a secondary role limited to replenishing seed stocks lost as a result of localized natural disasters such as floods, fires, disease and insect infestations or drought. The security seed stock concept is peculiar to the Sahelian region and must be considered as a form of insurance in the national interests to soften and shorten the impact of devastating droughts. This role is clearly in the public domain and should be carefully defined and separated from private sector activities. The security seed stock should not simply be the seed left over after the sales or distribution of regular seeds.

Other goals which were not a part of the original seed program design but which are now included in a draft national seed policy are crop diversification and reducing the recurrent costs of the seed program.

The amendment seeks to address this problem by requiring the Government of Niger to clearly identify the goals of a seed program. USAID supports the assertion of the Mississippi Team that the goals of the seed program in Niger should continue to be "the systematic multiplication of seed of improved varieties up to the quantities needed for periodic varietal replacement by farmers, and to help in rehabilitation efforts after local national calamities through supply of seeds to replenish lost stocks." The draft policy identifies these two same goals as the main priorities, adding only that seed should be multiplied for improved varieties of different crops, thus introducing crop diversification.

b. Unclear Roles for Public and Private Sectors

Under the seed program to date the primary responsibilities have rested with the state. The role of the private sector has been limited to contract farmers producing M2 or M3 seed and most of the final output has been sold directly to other projects with little if any of the improved seed going through private marketing channels. In many developing countries such as India, Pakistan, Brazil or Egypt the private sector is heavily involved in input supply and product marketing and they have all eventually established policies relating to the roles of the public and private sectors in seed supply, seed pricing, seed quality control, crop improvement research and so on.

The amendment calls for restructuring of the seed multiplication system and allowing decentralized and autonomous decision making. It recognizes that seed security is a public good and rightfully the responsibility of the state, but also that with crop diversification, especially into crops such as onions, potatoes and various vegetables, there is a role that can be played by the private sector in both the production and marketing of seed. There is also a clear role for the state in quality control and seed certification.

c. Unclear roles among the public sector agencies, especially with regard to seed marketing and distribution

The organizational structure of the seed program in Niger is sound and has changed very little since it was designed during the NNCP years. This structure is as follows:

National Seed Council: policy, broad direction, guidance, assurance of adequate cooperation, coordination and support.

National Seed Service: coordination, supervision and control of the seed multiplication and production.

INRAN: (national research institution) development of improved varieties and associated elements for the "technical package", maintenance of varieties and production of MO seed, technical assistance to NSS as needed.

SMCs: Seed Multiplication Centers for seed production and conditioning activities and operations coordinated, supported and supervised by NSS, routine management by Departmental Director of Agriculture (DDA). DDA to eventually control and manage the SMCs under NSS guidance and supervision.

DSC: Department Seed Committees to adapt and shape the overall seed production plans to the needs and capabilities of the Department.

This structure primarily relates to cereals seed production. The roles of the different agencies and their responsibilitieis in the critical area of seed marketing and distribution were not and have not been well defined. The seed produced to date has largely been distributed through other development projects, various "extension" type programs and emergency programs.

A basic objective of the amendment and of the draft policy is to "harmonize" the various actors in the seed program with regard to production, marketing and distribution. The Mississippi Team also noted that the costs of seed production could be reduced significantly if the seed program was relieved of the extraneous responsibilities of input supply, extension, credit and emergency programs. This implies that the agencies charged with these responsibilities must become more effective and efficient.

d. Ineffectiveness of existing organization

While the organizational structure as designed is sound, it remains a "vision". For example, the National Seed Service has little authority, few resources and essentially no operational mandate to coordinate and/or control activities even if it had adequate staff, which it does not. As presently positioned in the organization frame, the NSS is a service is on a lower level than the agencies with which it has to deal and, obstensibly, coordinate, namely, INRAN, ONAHA, UNC, etc.

As another example, the National Seed Council meets only infrequently and often members are represented by various substitutes, or the membership changes as people are reassigned to new positions. As a result a secretariat for this Concil was never developed, which leaves little institutional memory or consistency between meetings.

The draft policy and the Namaro Conference both pointed out the need to upgrade the National Seed Service and give it more authority. The NSS would play a key role in determining seed needs, formulating production plans, supervising production and controlling quality, etc. The Mississippi Team pointed out that to give the NSS more authority implies some control over the allocation of resources for seed operations (e.g., budget).

e. The need for the seed component of the APS project to compensate for the delays, deficiencies, and short-falls in the other agencies in the system.

As noted above, the seed component of the APS project has been called on to do much much more in the development area than that strictly required to produce adequate quantities of improved seeds. In addition to being a straight-forward seed production and supply program, the seed program of the APS has included extension services, production credit, input supply, emergency programs and security seed stocks. This, of course, greatly increases the costs of the seed program and the per unit costs of the seeds produced. In most countries the seed program is essentially confined to producing, conditioning and distributing seeds. As the extension, input distribution and cooperative development components of the APS progress (and as other government programs improve, such as credit, marketing and research), the seed component will be relieved of these additional responsibilities and costs. This will, however, continue to require sound government policies and coordination among the components of the system.

These problems are really best addressed at the project level, and in fact the APS has components which deal with the key agencies involved. With regard to agricultural credit the ASDG has already conducted an exhaustive study of rural financial markets in Niger and the Government is well underway in moving toward a system of cooperative credit and savings institutions at the village level. The proposed amendment deals directly with the security stock issue.

f. There is currently no system of certifying seeds and insuring quality control.

To address this the amendment proposes a condition precedent to establish a national certification and quality control regulatory system for seeds and plant materials.

g. Only limited progress has been made in millet and sorghum variety improvement.

Up to the present time research in Niger and nearby countries has not resulted in dramatically improved varieties of rainfed millet and sorghum. The improvements resulting from research have been modest given that millet and sorghum are already well adapted to the poor soils and rainfall conditions of Niger through centuries of "natural selection". The technical assistance in USAID's agricultural research projects is concentrating more on identifying better performing, more drought and disease resistant varieties which reduce the farmers risk and increase the stability of production. Some

improved varieties of millet and sorghum require considerable high cost fertilizer and other inputs as part of a "package" to maximize production, although other improved varieties increase yields marginally with no additional inputs.

Modestly improved and purified local lines combined with more promising agronomic practices and rational use of other agricultural inputs should increase farmers' productivity. Multiplication and distribution of a number of these improved varieties will require a seed multiplication program to give the farmer access to a range of seed varieties to meet different conditions and reduce vulnerability to drought and disease.

The lack of any significant break-throughs in millet and sorghum improvement has resulted in a slow rate of acceptance by farmers. Farmers will be reluctant to replace the varieties they use until the "improved" varieties demonstrate significant increases in yield and yield stability. Such an increase is a necessary, but not sufficient, condition for a successful seed program because there are a number of other factors which impede the adoption of new varieties in the Sahel (see section 3.a. below on demand).

In 2985/86 a new variety of cowpea was introduced that was developed in California and tested in Senegal, but this was part of a program to "revitalize" cowpea production after the drought. The intensive field testing stage is beginning this crop year.

Varietal improvement is a research issue. USAID is currently supporting the Niger Cereals Research project and is developing a follow-on project which would expand to irrigated crops and more diverse export or cash crops. The amendment will promote crop diversification both for food security and income generation purposes. Niger is one of the few African nations which has a seed multiplication system in place that can take advantage of new and diverse varieties as they are developed.

h. Unrealistic seed production targets

The seed production targets set forth in the APS project are:

-- 50 MT of M2 seeds produced by each of the 5 SMCs (on its lands) annually. Total = 250 MT.

-- 60 MT of M3 seeds produced by each SMC annually through arrangements with 100 or more nearby contract seed growers. Total = 300 MT.

-- 10,000 MT of M3 seeds produced through the CPTs (village-level training) annually, which would amount to about 33 percent of the total annual requirement for millet seed in Niger.

These targets, especially the 10,000 MT to be produced through the CPTs, are operationally unrealistic and technically inappropriate. Given

the limitations in personnel, transport and even facilities in Niger it is not possible to produce, condition and package 10,000 MT of good quality seed. Even if this were possible, there is no assurance that these seeds could be disposed of (i.e., sold) in such a manner as to assure that they would actually be planted.

The inappropriateness of these targets also points out the problem of projecting effective demand, which should be the basis of all seed production targets.

This problem is partially addressed in the amendment by requiring a plan for decentralization and autonomous decision making in price and output levels for the multiplication and distribution of seed and plant materials, and partially in the other sectors of the ASDG which abolish uniform national pricing and move toward regional pricing. Each center would be able to determine its own rate of production based on its estimate of effective demand. Also, each center would be required to attempt to reduce per unit production and distribution costs. For the seed security program the Mississippi Team recommended greatly reduced targets as appropriate to insure the preservation of the well-adapted gene pool of improved varieties and to supply seeds to the worst affected farmers. Since a seed security stock is a public good, the Mississippi Team recognizes that it has high recurrent costs that will require continued public funding (i.e., subsidies) but also makes several recommendations how to reduce these costs.

i. Project-level types of constraints

The Mississippi Team report also points out several project-level types of constraints. However, they note that the need for the seed component to take on extension, credit, input supply and other responsibilites (see e. above) must be taken into account in assessing its progress, accomplishments and social benefits. The team concludes that overall the seed component has made good progress and that the leadership within NCP has been very good. The types of constraints and problems they noted at the project level included the lack of personnel (especially trained personnel), agronomic problems of production, problems of management and supervision (especially in ensuring that the farmer contractors are following the recommended cultivation methods and are keeping the seed fields separate from the grain fields, etc.), and logistical problems.

Under the ASDG there will be funding for technical assistance to help with some of these problems, and also there will be local counterpart funds for operational costs. Most of these constraints will be handled at the project level, however.

j. Recurrent Cost Problems

USAID is the major donor involved with the seed program in Niger and the APS project is the only project involved with seed multiplication and distribution. However, given the organizational structure and the number of agencies involved, the Government of Niger also makes substantial contributions in terms of personnel and logistics. The

Mississippi Team identified a number of ways in which the recurrent costs of the seed program could be reduced, but the major recommendation was improved management in the production, conditioning and distribution of seed. This would result in lower per unit costs of seed. Better management implies that there is a clear, well defined national policy with commonly accepted goals and clearly understood and accepted roles and functions. A detailed list of cost reduction measures is in the Mississippi report.

3. Economic Analysis of Constraints to Seed Production and Distribution

Running throughout the constraints listed above are the economic aspects of the seed program. This analysis will focus on millet seed since that has been the main emphasis of the seed program to date. This includes the demand for seed, the supply of seed and the marketing and distribution system. From the public sector view the objective is to analyze ways of increasing efficiency by reducing the recurrent costs and budget burden while from the private sector view the objective is to analyze the potential for profitability and thus for privatization of components of the seed system. A more detailed economic analysis of the millet seed program is presented in Annex D.

While this section focuses on millet seed production, it should be noted that the seed program is at a crossroads where it is looking to diversify into other types of seed production, particularly cowpeas, peanuts, onions, potatoes and vegetables. This is consistent with the Government's direction of crop and income diversification. The production and demand factors will be very different for each crop and cannot all be lumped together in this analysis, although the marketing and distribution channels will probably overlap and be able to benefit from economies of scale.

a. Demand for Seed

The seed business, like any other business, depends upon effective demand. Effective demand is not only the desire of farmers to have improved seeds, but perhaps most importantly, their financial ability to actually purchase the seed. The latter depends upon prices (both of the input and the output), credit or subsidy, timing and availability, and the farmer's perception that the risk of loss or failure will be justified by the increased returns on his investment.

The major problem in estimating demand for M3 seed is that information on actual use (planted seed) is not available. Up until now selling M3 seed has not been a problem because the major client has been the security stock program and other donor-funded projects. At the recent seed policy conference at Namaro the Government of Niger indicated that actual use of improved M3 seed appears to be very low. Now that the security stock for millet is constituted, demand determination is even more important because further benefits from crop improvement research will be measured by the degree of replacement of traditional varieties. There needs to be more work on estimating demand and actual M3 use by region and by type of seed. A good starting place would be to analyze the results of a 1976-1979 survey on improved seed use and demand. In addition, the Monitoring and Evaluation unit of the APS project is implementing a study on demand and use and full support should be given to this effort.

Improved estimation of demand levels will require timely gathering and analysis of market data including actual sales, the needs of specific projects, farmer acceptance by variety, and comparative yields by variety. Demand projection should be done on a regional basis. The departemental seed committees must estimate demand as one of its critical functions. Firm advance orders should be obtained from cooperatives, productivity projects, and merchants whenever possible. However, it should be noted that it will be difficult to interest private traders in making advance orders of improved seed for the same reason given for privitization of the fertilizer market: traders will respond to farmer demand when the rainy season has declared itself or run the risk of not getting paid. Consequently, in the near term one would expect full-time traders to be primarily interested in the seed business in areas of the country where sufficient rainfall is guaranteed or in irrigated areas.

b. Supply of Seed

-- The Production System

In their final report the MSU team determined that the Government of Niger cereals seed multiplication/production system now in place is appropriate for varietal replacement and that the facilities for seed collection, conditioning and storage are adequate, or will be fully adequate when replacement of worn equipment and additional storage are completed. The major concern related to continued public sector involvement in seed production is reducing the costs of current operations for M1, M2, and M3 seed as well as diversification into new crops.

The MSU team has suggested that the current seed production targets, especially the 10,000 MT of M3 to be produced through the CPTs, are unrealistic and technically inappropriate. Given current resources it is not possible to produce, condition, and package 10,000 MT of good quality M3 seed. Even if production was possible, it could not be assured that 10,000 MT of M3 varieties would be actually planted. Actual production has fallen far short of the goals.

From a technical standpoint there is no good reason to replace 33 percent of M3 millet seed each year. Given the production environment and the limited marginal increases obtained with new varieties, the MSU team recommended that the following short-term production goals should be set:

Crop	1985 area planted	target as % of 1985 area	Seed Needed
Millet	3,162,710	5% (150,000 ha.)	1,500 MT/year
Sorghum	1,141,226	2% (22,800 ha.)	350 MT/year
Cowpeas	1,566,337	2% (31,000 ha.)	800 MT/year
Peanuts	142,062	5% (7,100 ha.)	700 MT/year

Even the appropriateness of these reduced targets would depend on the rate of farmer acceptance of improved varieties. Production targets, and demand, will increase if very superior seed varieties are released and/or

hybrids are introduced. Since the seed program has not dealt with other crops as suggested in the plan to diversify seed production, it is very difficult at this time to estimate demand or production targets for other crop seeds. Production of M1 and M2 seed has varied a great deal. The highest yields between 1977 and 1986 for M2 seed was 750 MTs for groundnuts, 620 MTs for cowpeas, 325 MTs for sorghum, and 920 MTs for millet.

-- Costs of Production

Production costs are discussed on the basis of on-farm costs borne by contract farmers and those multiplication costs borne by the Government of Niger seed centers. The costs of seed center multiplication are divided into M3 and M2 operations. It should be noted that to date the costs of production by the contract farmers are ultimately absorbed by the seed centers (the Government) because the seed centers purchase all of the seed from the contract farmers.

-- On-Farm Costs

To date only two estimates of on farm production costs for improved M3 seed have been carried-out (Reeser, 1980 and Couvillion, 1985). Only the Reeser report calculated net returns and results indicated that it was more profitable for farmers to multiply sorghum rather than millet seed. Returns to millet seed production was marginal, and negative for cowpeas. The meager data on post 1980 farmer costs and returns to production constitutes an important information gap for analyzing the profitability of seed multiplication by contract growers. To fill this gap the APS project is planning a survey to make better estimates of on-farm costs and demand. USAID/Niger recommends that the evaluation of the new cooperative seed multiplication activity at Hamdallaye collect cost information.

-- Seed Center Costs

The majority of cost estimates for seed multiplication have been carried-out with reference to the seed multiplication centers (Couvillion, 1985 and 1986). Two cost estimates for M1, M2, and M3 seed have been prepared for each year between 1983 and 1985; one which is comprised of a financial analysis of variable costs and a second which includes variable and fixed costs associated with amortization of equipment and infrastructure. In addition, the purchase of M1 seed for M2 production and the value of M2 plus M1 seed for M3 production have been included in the second cost calculation. An analysis of these costs and detailed tables are presented in Annex D.

One of the objectives of the Amendment and the seed program is to reduce recurrent costs. The costs per kilogram of seed produced have varied tremendously over the years, and from center to center during the same year. This reflects the nature of the environment and the variability of rainfall in Niger. It also indicates that there is great potential to reduce costs as indicated in the MSU report.

The MSU report stated that the cost of running all the seed multiplication centers in 1985 came to over 487 million FCFA. However, this

does not include the cost of administration from the NCP headquarters which would bring the total considerably higher.

Nevertheless, from a social benefit/cost point of view, substantial economic benefits can be realized. Table 1 below attempts to determine the economic breakeven levels necessary both in terms of area planted to improved millet seed and the production that would be necessary to cover this area. This table assumes a 25 percent yield increase due to the improved variety with no additional inputs as shown in rows B and C and the benefits are calculated for this increase only. The gross revenue gain per hectare (row E) is the result of multiplying this gain in average yield (row C) by the going market price in December. The net revenue gain per hectare is obtained by subtracting the cost of seed from the gross revenue gain. Row H is the cost of running all the seed multiplication centers in 1985 as mentioned above.

Thus, the breakeven level in terms of area planted is determined by dividing the cost of producing the seed (row H) by the average net revenue gain per hectare (row G), and the seed production needed to plant this area is determined by multiplying this by the seeding rate of 10 kgs per hectare.

It should be noted that the above analysis assumes that all the seed produced is purchased and actually planted by the farmers. The nation as a whole would "breakeven" in terms of the economic expense if 590 metric tons of millet seed were produced, sold and planted using the 1985 data, or 646 metric tons using 1984 data. This does not include the benefits from producing sorghum, peanut or cowpea seed. If more is produced and planted, the benefits would increase proportionally. In fact, in 1986 the SMCs produced 1,290 MTs of first choice, cleaned millet seed and marketed 1,084 MTs through cash sales, credit and in-kind exchanges. Over 1,500 MTs remain in storage as a security stock. The MSU team concluded that "the seed multiplication program far more than covers its financial losses through social benefits realized by Nigerien farmers and consumers on improved millet seed alone."

From a financial analysis of the seed program the results are very different. At the 1986 sales price of 90 FCFA/kg, the seed centers would need to produce and sell 5,419 MT of improved seed in order to break even financially. This implies that either the cost per unit produced/sold needs to be greatly reduced or that a subsidy will be needed to cover these financial costs, or both. Another alternative is to increase the sales price of the seed, but this then increases the cost and risk to the farmer, reducing the demand and requiring an even greater yield increase before a farmer will make the investment.

Table III.1. Social Benefit/Cost Breakeven Analysis

Item	Unit	1984	1985
Yield Coefficients			
A. Average Millet Yield	kg./ha.	257	458
B. Increase in Yield from improved seeds	percent	25 pct.	25 pct.
C. Increased Production from improved seeds	kg./ha.	64.25	114.5
Net Revenue from Yield Gain			
D. Market Price	FCFA/kg.	130	80
E. Revenue Gain/ha.	FCFA/ha.	8,352	9,160
F. Cost of improved seed	FCFA/kg.	800	900
G. Net Revenue Gain/Ha.	FCFA/ha.	7,522	8,260
H. Cost of producing M3 at all SMCs (1985 est.)	FCFA (000)	487,730	487,730
Economic Breakeven Levels			
I. Area planted to improved varieties to cover costs	ha.	64,579	59,047
J. Seed production needed to plant area in I. above	MT	646	590

Note: Assumes 25 percent yield gain from improved millet variety only.

c. Marketing and Distribution System for Seeds

The marketing and distribution of improved seeds is somewhat different at each stage of seed production. The major clients for breeder (M0) and foundation seed (M1) are the seed multiplication centers. For M2 seed the major clients are also the seed centers, but it is proposed that cooperatives take some role in the multiplication of M2 as well. The major producers of M3 seed are currently contract growers. It is proposed that production of M3 be mainly carried out using contract growers but under the cooperative system and that the major client should be other farmers. Private sector participation is recommended for distribution of improved M3 seed. Because the major problems have been related to marketing improved seed to farmers the emphasis is placed on marketing and distribution of M3 seed.

With increasing stocks the cereal seed program must give more attention to marketing and distribution. To a large degree, the M3 seeds produced have been distributed through other development projects, or in the case of millet, have been used to compile a seed security stock. The proposed amendment supports the draft national seed policy to use a variety of means for seed marketing and distritution: cooperatives, private merchants, parastatals, productivity projects, etc.

For M3 millet, over 1000 MTs were sold in 1986. In 1986 there was a quantum leap in M3 cowpea seed stocks available for marketing but in 1986 only about 6 percent of cowpea seed bought in 1985 was sold. All peanut seed purchased from growers in 1985 was resold to farmers in 1986 (77 MTs).

Other major marketing problems of M3 seed have included the lack of funds to transport seed from the multiplication centers to cooperative warehouses, the lack of information to farmers so they can judge the performance of new seed, and the lack of credit for farmers to buy seeds. These are all areas being addressed in the APS or the ASDG, or both.

The existing seed marketing and distribution system needs improvemet if returns to seed research and multiplication are to increase. Although large amounts of M3 seed were distributed through cooperatives through an in-kind exchange system (1.5 kgs of grain for 1 kg of improved seed), no one really knows how much was actually planted.

Cash sales of M3 grain seed remain very low. In 1983, of 600 MTs for sale by the project, only 300 MTs were sold. Cash sales or credit sales reimbursed in cash for groundnuts and cowpeas made up nearly all farmer purchases.

For cowpea and peanuts the marketing and distribution problem is formidable because there is no plan for security stocks and they store very poorly. MSU has suggested an in-kind exchange program using millet and sorghum and engaging a consultant for formulating details of a marketing program in collaboration with the NCP, The Directorate of Marketing, and private merchants.

The program for in-kind exchanges for M3 millet seed (started in 1986) should be continued. Although costly, the program increases the use of improved seed by farmers. This may be considered a social benefit in that where the risk and cost to the government are higher, the social returns from expanded farmer use of improved seeds offset these costs. However, the politically motivated seed-for-grain program will not generate the desired economic benefits if the seeds are not planted.

The MSU report has suggested that a pilot program of cash sales of M3 seed through existing private markets be aggressively promoted for cowpea and peanut while continuing in-kind exchanges of millet seeds where there exists a clear demand by farmers.

The seed sold through private channels must be recognizably more attractive than market grain and should be cleaned, conditioned and packaged. Cowpeas especially should be treated to control storage and seedbed pests because they are likely to offer substantially improved germination and seedling vigor as compared to bruchid-infested market cowpea grain.

It is for these reasons that the amendment is proposing a national certification and quality control regulatory system for seeds and plant materials. This would guarantee the consumer that the seeds being purchased were of a certain standard and quality with a minimum germination

rate. This is part of marketing, which could include packaging seeds in bags of appropriate size for the majority of the farmers.

Incentives must be given to seed sellers. One way to do this would be to set wholesale prices for seed and leave the determination of the retail sales price to private merchants. MSU recommended pilot programs in Niamey, Maradi, and Zinder areas with a follow-up evaluation by the APS monitoring unit.

C. Program Impact

1. Macroeconomic Impact of the Amendment

The macroeconomic impact of the sector assistance will come from the increased foreign exchange availability to the public sector and the consequent increase in budgetary resources, as was the case for the original grant. The ASDG allows Niger to increase the level of imports above that which would have been possible otherwise. The proposed increase would equal 10 percent of the anticipated foreign exchange financing gap in the 1987 balance of payments. The impact in subsequent years should include higher levels of cash crop exports made possible by the use of improved seeds introduced as a result of the new seed policies. Higher levels and greater diversification of exports will support both higher import and rural income levels.

The local currency generated from the cash transfer will be deposited in a special local currency account and programmed in support of development activities in agriculture. These funds can reduce shortfalls in Government of Niger contributions to projects' recurrent costs. Such shortfalls are due to the weak public finance situation which constrains the amount of budgetary resources allocated to the sector. Low productivity limits the revenue yield the Government can obtain from domestic production. The local currency account augments the Government's revenue-raising capability without exacerbating the public debt problem. The local currency spending will take place in the sector that has become the leading element of the Government's long-term development strategy as well as one of the three components of the World Bank structural adjustment credit program.

2. Agriculture Sector Impact of the Amendment

This amendment will have an impact in several ways and at several different levels in the agriculture sector.

At the Ministry of Agriculture the amendment will provide technical assistance to help design a national seed policy and prepare an action plan to restructure and diversify the seed multiplication system. This will include restructuring various components within the Ministry to be more effective.

Within the seed multiplication system the amendment will result in an action plan to restructure the seed and plant material multiplication centers, with a special emphasis on decentralization and autonomous decision making in price and output levels and reducing recurrent costs. This should eventually

result in more efficient and effective production of seed and plant materials, reduced government expenditures and increased availability and diversify of seed and plant materials to the farmer.

At the level of the seed centers, the amendment will result in an action plan which will permit increased private sector and cooperative participation in the production and distribution of seed and plant materials. Technical assistance will also examine ways to better utilize the private sector and cooperative in seed production and distribution. This is especially important as the system diversifies into new crops such as onions, potatoes, garlic, etc.

The amendment will have an impact on the seed marketing and distribution system by providing for a national certification and quality control regulatory system for seeds and plant materials. This will have the effect of product differentiation, ensuring that the seeds meet minimum standards and qualifications. This is very important in establishing consumer confidence and loyality.

Finally, if all the above are achieved, the amendment should ultimately have an effect on farmer's crop yields and income levels as they use improved varieties and quality of seed in their fields. This would translate into increased national production of food and agricultural products, thus moving towards the goal of food security.

IV. Program Inplementation

A. Overall Implementation Responsibilities

This sector assistance program will continue to be comprised of two groups of activities under the proposed amendment: (1) policy implementation and its support activities; and (2) management of local currencies derived from the grant.

1. Government of Niger

The "High Committee", chaired by the Secretary General of the Office of the President, and consisting of the Secretaries General of participating ministries, is responsible for monitoring and reporting on implementation of policy reform measures agreed to in the grant.

The Ministry of Plan is responsible for use and accounting for local currencies derived from the grant. Within the Ministry of Plan, the National Investment Fund Office will continue to program, monitor and account for allocation and use of local currency (from the grant counterpart funds). The joint GON/USAID Management Committee and the Secretariat will continue to coordinate activities and prepare necessary reports and documentation related to the counterpart component.

2. AID

USAID's Agricultural Development Office will continue to manage the program and coordinate its implementation with the Program Office. The

program steering committee, established under the original program, will continue to monitor and evaluate the program. The committee is comprised of the Agricultural Development Officer, who is the chairman of the committee, a financial analyst from the Office of the Controller, an agricultural economist, and a macroeconomist. The specific responsibilities of the committee remain as decribed in the original PAAD and Project Grant Agreement.

B. Implementation of Policy Reform

Under the original Agriculture Sector Development Grant, the Government of Niger agreed to modify its sectoral policies during the life of the program in the areas of pricing and marketing, input subsidies, input supply system, credit, border trade with Nigeria, and cooperative and private sector promotion. Under the proposed amendment, the policy reform program will be broadened to include policy reform for the restructuring and diversification of the seed and plant material multiplication system. The specific actions to be carried out to achieve the seed policy objectives are described in the Program Description (Section II) of this amendment.

1. Implementation Responsibilities

Government of Niger

Under the original ASDG Program, the Ministry of Rural Development (MRD), Office of Program and Studies in coordination with the Ministry of Planning was the agency responsible for policy implementation. However, in 1985 the MRD was reorganized into two ministries, the Ministry of Agriculture and the Ministry of Animal Resources. These two ministries are now the principal agencies responsible for policy implementation and will continue in this capacity under the proposed amendment. Their responsibities include:

-- monitoring the program of policy reforms;

-- carrying out the necessary policy studies, assessments, seminars or workshops aimed at achieving intended policy reforms;

-- ensuring or coordinating the issuance of necessary administrative decrees for policy implementation from appropriate ministries or agencies; and

-- coordinating inter-ministerial reviews and evaluations of the policy reform program.

AID

The Agricultural Development Office, with the support from the steering committee will continue to be responsible for:

-- monitoring the policy reform program and preparing reports for USAID and AID/Washington as required under this program;

-- preparing and reviewing with the Government of Niger any changes or revisions in the grant agreement;

-- coordinating and carrying out the necessary reviews and evaluations to ensure that policy reforms are properly implemented.

2. Policy Implementation Schedule

The revised indicative policy implementation schedule is as follows:

Action	Month/Year
Grant Agreement Amendment signed	April 1987
Conditions Precedent for third tranche met	April 1987
25 percent of OPVN reserve stock replenishment/ turnover made through tenders and bids from cooperatives and merchants accomplished	Dec. 1987
Village-level storage of OPVN's grain stock rises toward the target of 5,000 tons	Dec. 1987
Semi-annual progress report submitted and reviewed	Dec. 1987
20 district-level markets covered by radio broadcasting	Dec. 1987
Average rate of subsidy on agricultural inputs reduced to no more than 25 percent	Dec. 1987
Preparation for plan of action to be undertaken during the next fiscal year to reach policy targets begins	Dec. 1987
Provide USAID with an action plan to achieve policy reform for the restructuring and diversification of the seed and plant material multiplication system.	Dec. 1987
Issue statutes, arrêtés, and/or administrative decrees necessary for a national certification and quality control regulatory system for seeds and plant materials.	Dec. 1987
Prepare a plan for implementation of the proposed policy changes that will be executed prior to the completion of the ASDG.	Dec. 1987
Semi-annual progress report submitted and reviewed	Dec. 1987
End-of-Program evaluation	July-Aug. 1988
Village-level storage reaches 6,000 tons	Sept. 1988

75 percent of all district-level markets
covered by radio broadcasting----------Sept. 1988

Average rate of subsidy on agricultural
inputs reduced to no more than 15 percent----------Sept. 1988

Semi-annual progress report submitted and reviewed----------Sept. 1988

C. Conditional Dollar Disbursements

The dollar disbursements for local currency generation under this proposed sector assistance program amendment will continue to be conditioned on evidence of the Government of Niger's progress in carrying the policy reform program described in Section II of this amendment. To date two tranches of $10 million and $9.5 million have been disbursed. Disbursement of a $12.5 million tranche is imminent. The fourth tranche of $6,970,000, to be provided by the proposed amendment, will be conditioned on evidence that the Government of Niger has satisfied the conditions set forth in VI A. of this amendment.

The following performance criteria indicators are also the remaining conditions precedent to further dollar disbursements. The GON's record in meeting conditions precedent has been good to date. USAID agreed to postpone complete fulfillment of only one requirement pertaining to the export of female cattle, and that because of the 1984 drought.

Table IV.1

Performance Criteria Indicators and Targets

Indicators of Progress Made in Policy Changes	Targets of Policy Reforms
Before Release of Third Tranche	
1. Appropriate actions taken to develop the agricultural input supply agency (CA) toward a cooperatively owned input supply entity in competition with other merchants and traders in the private sector	1. Average rate of subsidy on agricultural inputs reduced to thirty percent (30%) of the delivered cost of the inputs
2. Increased use of the tender system for OPVN's local sales and purchases of grain.	2. By the PACD, tender system used for fifty percent (50%) of local sales and purchases of grain.
3. Increased use of village level grain storage.	3. The level of OPVN grain storage at the village level increases toward target of 6,000 tons.
4. Uniform national pricing for cereals abolished.	

5. Agricultural credit study completed.

6. Plan prepared for implementation of the proposed policy changes to be effectuated prior to disbursement of the fourth tranche of U.S. Dollars under the Grant.

Indicators of Progress Made in Policy Changes	Targets of Policy Reforms
Before Release of Fourth Tranche	
1. Reduce the average level of subsidy on agricultural inputs to twenty-five percent (25%) of the delivered cost of the inputs.	1. By the PACD the average level of subsidy on agricultural inputs will not exceed fifteen percent (15%).
2. Take appropriate actions to make the CA move closer to being an autonomous cooperatively owned entity and ensure the existence of competition between the CA and private traders by not granting the CA a monopoly, de jure or de facto, in the supply of inputs.	2. Input supply system will not be a monopoly but will be autonomous private/cooperatively owned enterprise.
3. Maintain and further increase the competition in grain marketing through the use of the tender system for OPVN's grain reserves and the use of village level grain storage facilities.	3. Reduce government intervention in cereals markets.
4. Maintain and promote increased free border trade, particularly with respect to exports from Niger of livestock and cowpeas.	4. Increase farmer incomes and export earnings.
5. Take appropriate actions, in accordance with the conclusions and recommendations of the agricultural credit study, to encourage the development of rural financial markets.	5. Establish an effective and efficient rural financial system.
6. Provide USAID with an action plan to achieve policy reform for the restructuring and diversification of the seed and plant material multiplication system. This action plan will permit decentralization and autonomous decision making in price and output levels for the multi-	6. Increase the availability and diversity of improved inputs.

plication and distribution of seed and plant materials. It will include a national seed security and a national certification and quality control program for seed and plant material. Those components of seed and plant material production and distribution that remain within the public and mixed sectors for reasons of seed security will be so structured as to reduce per unit production and distribution costs. The action plan will include a timetable for the issuance of the statues, arrêtés, and/or administrative decrees necessary for operation of the restructured seed and plant material multiplication center. All action plan items will be completed by the Program Assistance Completion Date.

7. Issue statutes, arrêtés, and/or administrative decrees necessary for a national certification and quality control regulatory system for seeds and plant materials.

8. Prepare a plan for implementation of the proposed policy changes that will be executed prior to the completion of the ASDG.

D. Local Currency Management Procedures and Implementation Schedule

With the additional $6.970 million to be added to the local currency program by this amendment, the equivalent of $35,970,000 (less the trust fund) in CFA francs will be generated from this sector assistance program. The local currency will be used to support recurrent cost and host country contributions of development activities and activities contributing to the implementation of the policy reform program. The criteria for the allocation of local currency remains as described in Annex O of the original PAAD.

A special account has been established for the local currency. The local currency in this account is considered additional but separate resources for the National Investment Fund. The allocations of the local currency are determined by the Counterpart Management Committee. A local currency trust fund equivalent to 5 percent of the total local currency generated from the program was established under the original program for USAID's use. This percentage will be increased to 8 percent under the proposed amendment.

The Government of Niger and USAID have established the Counterpart Management Committee which consists of six members, one representative from each of the following:

Government of Niger:
Ministry of Planning (Office of the National Investment Fund)
Ministry of Agriculture (Office of Program and Studies)
Ministry of Animal Resources (Office of Program and Studies)
Ministry of Commerce and Transport
Ministry of Finance.

AID:
USAID/Niger, Agricultural Development Office

For operational purposes, a quorum consists of a representative from the Ministry of Plan and the USAID/Niger representative.

The joint Government of Niger/USAID Counterpart Management Committee reviews and rank orders proposals for financing from the local currency special account. Following the review, the Committee makes written recommendations for the approval to the Minister of Plan and to USAID. Funds can be transferred from the special account only when both the USAID Mission Director and the Minister of Plan have countersigned the approval document.

The revised indicative schedule for local currency management is as follows:

Action	Month/Year
Disbursement of local currency under 3rd dollar disbursement tranche begins	April 1987
Semi-annual report submitted and reviewed	June 1987
4th proposed plan for local currency use prepared	Nov. 1987
Semi-annual report submitted and reviewed	Dec. 1987
4th proposed plan for local currency use plan reviewed and approved	Dec. 1987
Disbursement of local currency under 4rd dollar disbursement tranche begins	Dec. 1987
Joint Government of Niger/USAID review of the local currency management and procedures and revised/ update allocation plan	May 1988
Semi-annual report submitted and reviewed	June 1988
4th senior Government of Niger/USAID management annual program review and assessment	July 1988
End-of-Program evaluation	July-Aug. 1988

E. Other Foreign Exchange Components of the Program

Under the foreign exchange component of the original PAAD, $ 1.5 million was made available for technical assistance and $1.5 was made available for policy studies, related seminars and workshops, in-service training and support and evaluation.

The technical assistance team, comprised of a senior agricultural policy advisor, an agricultural policy analyst, a development economist and a microcomputer resource specialist, was fielded in October, 1985. Currently three members of the team are located in the Ministry of Agriculture and the fourth in the Ministry of Plan. In addition, the subsidy study conducted by the Southeast Consortium for International Development and the credit study conducted by Ohio State were completed in December 1985 and October 1986 respectively. The mid-term evaluation of the program was conducted from October through December, 1986.

Under the proposed amendment, an additional $700,000 will be made available for technical assistance, studies, short-term training, audit and evaluation. It is planned that the microcomputer specialist's contract will be extended 12 months for a total of three years. Also, additional technical assistance will be provided to assist the Government of Niger in the area of seed policy reforms. USAID and the Government will be discussing the advisibility of moving one or more team members to other ministries to maximize the team's effectiveness in dealing with this interministerial program.

Short-term technical assistance will be provided in the areas of seed multiplication and seed policy. Short-term TA will also be provided to determine the feasibility of establishing a monitoring system using baseline information at the farm level to aid in program monitoring.

Additional studies will be undertaken which are complementary to the seed policy reform program. Given the number of studies envisioned under the original PAAD, a priority ranking of studies will be made by the Government and USAID to ensure that the most important studies are carried out by the PACD.

As a follow-up to the Ohio State University credit study recommendations, short-term training will be financed for cooperative credit union development.

F. Monitoring and Reporting

The monitoring of the program implementation under this sector assistance includes: (1) monitoring of the policy reform program; and (2) monitoring of the local currency program.

Monitoring of Policy Reform

Up until the 1985 reorganization of the MRD, the Office of Program and Studies within the MRD, in coordination with the Office of Planning and

Program within the Ministry of Plan, was responsible for monitoring the policy reform program. Since the 1985 reorganization of the MRD, the Office of Program and Studies within the Ministry of Animal resources has been responsible for monitoring and reporting on the progress (or problems) toward the implementation of the policy reforms concerning the promotion of border trade of livestock. These same responsibilities have been carried out by the Office of Program and Studies within the Ministry of Agriculture (MOA) for the other policy areas. The policy reform measures have been and will continue to be carried out under the coordination of the "High Committee" chaired by the Secretary General of the Office of the President, with membership consisting of the Secretaries General of the Ministries of Agriculture, Animal Resources, Plan, Finance, Commerce and Transport, and Environment and Hydrology. The additional seed policy reforms proprosed under this amendment will be monitored within the MOA.

Prior to the 1985 reorganization of the MRD, a needs assessment was conducted with the Office of Program and Studies of the MRD to assist the ministry in setting up appropriate systems for effective monitoring, coordination, and evaluation of the program. In addition, a policy analysis unit was to be established. Although the functions are being carried out by the TA team and the ministries, the policy analysis unit has not been officially established. The responsibilities of the policy analysis unit are as follows:

1. identify relevant data to be used in the evaluation and determination of progress made in the implementation of the policy reform program;

2. collect the data considered above;

3. assist the Offices of Program and Studies within the Ministries of Agriculture and Animal Resources in the preparation of necessary reports to be used as inputs in the review, assessment, and determination of whether the conditions precedent related to policy reforms have been met;

4. assist the Office of Program and Studies prepare terms of reference for necessary policy studies, promote policy debates, seminars and workshops to increase the awareness of the significance of appropriate policy framework;

5. provide continuing analysis and evaluation of the effects of policy changes on resource allocation, government finance, and agricultural production;

6. following the analysis and evaluation, make recommendations as to the need to modify the policy reform targets and to mitigate any unforeseen negative effects of the policy changes;

7. coordinate and assist other ministries or governmental agencies involved in the implementation of the policy reform program;

8. provide training aimed at transferring skills in economic policy analysis, formulation, and monitoring to the Nigerien counterparts in order to develop the policy analytic capability in the Ministry of Rural Development; and

9. prepare required reports for both the Government of Niger and for USAID.

The technical assistance team will continue to assist in carrying out the functions of the policy analysis unit. The policy analysis unit will work closely with the Agricultural Development Office of USAID/Niger in monitoring the implementation of the policy reform program. The steering committee will provide recommendations to USAID senior management in determining whether satisfactory policy actions have been taken to meet the conditions precedent for subsequent dollar disbursements.

Annual review and assessment between the Government of Niger and USAID senior management will continue to be held to discuss progress or problems encountered in the policy reform program. Such reviews will provide the basis for determining subsequent disbursements of funds under the grant. They will also provide an opportunity to make necessary adjustments to the program. Other methods of monitoring the program will include monthly progress reports, semi-annual program implementation reports, joint reviews, audits and evaluations.

The Mission Director with inputs from the USAID steering committee and the policy analysis unit will make the determination as to whether necessary conditions precedent for subsequent dollar disbursements have been met or whether modifications of policy reform targets are needed. AID/W will be informed of the decision with necessary documentation to support the decision. Any decision involving substantive modifications of the program will be deferred to the AA/AFR.

Monitoring of Local Currency Program

Under the direction of the joint GON/USAID Counterpart Management Committee, a secretariat has been established to monitor and account for use of counterpart funds. The responsibilities of the secretariat include technical and financial review of counterpart use proposals, regular reports on allocation and expenditure of funds, assisting in annual audits, and site visits to assess performance of counterpart funded activities.

The mid-term evaluation suggested a number of management improvements in the operation of the secretariat including appointing deputies to assist the Executive Secretary in management of the secretariat; publishing standard operating procedures; installing an internal control system for document receipt and action; adopting a standard format for project submission to the counterpart fund; providing training on the use of microcomputers and others, including establishing the position of Deputy Chairman of the Joint Management Committee to assure continuity of operations; These recommendations are summarized in the draft Project Evaluation Summary attached as Annex C to this amendment. USAID and the Government of Niger have began to implement these recommendations and will continue to do so under the amended program.

G. Financial Plan

Tables 2 and 3 show the schedule of obligations and disbursements of funds and their sources. With the proposed amendment, a total of $35,970,000 (less $2,007,000 for the trust fund) is planned for dollar disbursements under the program. As discussed in section IV E of this amendment, the dollar disbursements will be made available to the Government of Niger in four tranches, two of which have been made. The disbursement of funds will be tied to evidence of progress in the implementation of the policy reform program.

Dollar disbursements will be made via electronic transfer as follows:

1. AID and the Government of Niger will sign the Grant Agreement Amendment which will contain certain policy performance indicators and conditions precedent to the dollar disbursements;

2. After the Government of Niger has satisfied conditions precedent, the U.S. Treasury will be requested by M/FM/BFD, based on documentation provided by USAID/Niger, to disburse dollars to Citibank, New York;

3. Citibank, New York will electronically transfer to Citibank, Niamey, Niger the funds with instructions to immediately notify USAID/Niger and the Government of Niger (Treasury of Niger);

4. Local currencies equivalent to 8 percent (up from 5 percent) of the dollar disbursements, will be deposited in the Special Local Currency Trust Fund Account with the West African Monetary Union Central Bank in Niamey, Niger for the USAID/Niger Trust Fund.

Funds have been set aside in the foreign exchange component for audits of the program. The Government of the Niger will arrange for independent audits of the local currency program. Normal USG audit provisions will apply to technical assistance contractors under the grant, with whom AID has a direct contractual relationships.

The $3.0 million budgeted for technical assistance, policy studies, workshops, in-service training, and evaluation was fully obligated in fiscal year 1984. Direct AID contracting was used for these activities. The method of financing for these activities was direct payment. Under the proposed amendment, an additional $700,000 will be made available for the foreign exchange component of the program. These funds will cover the costs of additional technical assistance, policy studies, in-service training, audit and evaluation. The illustrative methods of implementation and financing are provided in table 4.

Section 121 (d) certification is not required by statute for counterpart funds generated by program assistance (see AFR/SWA memorandum, dated 11/21/85). However, 121 (d) certification standards have been and will continue to be applied to the Secretariat. A "121(d)-like" certification review will be carried out on a semi-annual basis, which will include inspection of all books and ledgers of the Ministry of Plan and site visits of

projects financed through the local currency fund. No local currency funding will be controlled by the Grantee under the technical assistance component of the grant. Direct procurement and payment will continue to be used by USAID for this component of the program.

Table IV. 2

Obligation of Funds
($000)

	FY 1984		FY 1985		FY 1986		FY 1987		Total	
	SDP	ESF	SDP	ESF	SDP	ESF	SDP	ESF	SDP	ESF
Dollar disbursements	2,000	5,000	4,500	5,000	8,127	4,373	5,065	1,905	19,692	16,278
Technical Assistance:										
Long-term (12 person years)	1,615	--	--	--	--	--	200	--	1,615	--
Short-term (36.5 person months	456	--	--	--	--	--	100	--	556	--
Policy Studies, Workshops and Seminars	779	--	--	--	--	--	250	--	1,029	--
In-Service Training	--	--	--	--	--	--	50	--	50	--
Evaluation	150	--	--	--	--	--	50	--	200	--
Audit	--	--	--	--	--	--	50	--	50	--
	5,000	5,000	4,500	5,000	8,127	4,373	5,765	1,905	23,392	16,278

Table IV. 3

Illustrative Financial Plan
(Disbursements)
($000)

DA	FY 1984		FY 1985		FY 1986		FY 1987		FY 1988		Total	
	SDP	ESF	SDP	ESF	SDP	ESF	SDP	ESF	SDP	ESF	SDP	ESF
ollar disbursements	2,000	5,000	4,500	5,000	8,127	4,373	--	--	5,065	1,905	19,692	16,278
f which: USAID Trust Fund (5%)	(100)	(250)	(225)	(250)	(406)	(219)	(0)	(0)	(405)*	(152)*	(1136)	(871)
echnical Assistance:												
ong-term (12 person years)	1,615	--	--	--	--	--	200	--	--	--	1,815	--
hort-term (36.5 person months	456	--	--	--	--	--	100	--	--	--	556	--
olicy Studies/Workshops nd Seminars	779	--	--	--	--	--	250	--	--	--	1,029	--
n-Service Training	--	--	--	--	--	--	50	--	--	--	50	--
valuation	150	--	--	--	--	--	50	--	--	--	200	--
udit	--	--	--	--	--	--	50	--	--	--	50	--
	5,000	5,000	4,000	5,000	8,127	4,373	700	--	5,065	1,905	23,392	16,278

* Trust fund percentage increased from 5 to 6 percent.

Table IV.4

Agricutlture Sector Grant Amendment
Method of Implementation and Financing
(in $000) Project No. 683-0246

Type of Assistance	Method of Implementation	Method of Financing	Approximate Amount
1. Foreign Exchange Component			
Technical Assistance	Direct AID Contracts	Direct Payment	2,371
Policy Studies, Workshops and Seminars	Direct AID Contracts	Direct Payment	1,029
In service Training	Direct AID Contracts	Direct Payment	50
Evaluation	Direct AID Contracts	Direct Payment	200
Audit	Direct AID Contracts	Direct Payment	50
2. Local Currency Fund	Basket of sub-projects (Disbursed by program) controlled by FNI under 121(d) standards)	GON provided Local currency	35,970
		TOTAL	39,670

The project amendment conforms to the mission's general assessment entitled Mission Financing Policy and Procedures updated as of December 31, 1985. The are no departures from the general assessment.

V. Evaluation Plan

The date for the final evaluation of the program is changed from December, 1988 to July through August 1988. Except for this change, the description of the evaluation plan presented in section V of the original PAAD remains the same.

VI. Conditional Precedent Covenants and Negotiating Status

A. Conditions Precedent to Subsequent Disbursement

All conditions precedent to the disbursement of the first, second and third tranches of U.S. Dollars under the grant remain unchanged. The first five conditions precedent for the release of the Fourth tranche remain unchanged and the following CP's will be added:

6. Provide USAID with an action plan to achieve policy reform for the restructuring and diversification of the seed and plant material

multiplication system. This action plan will permit decentralization and autonomous decision making in price and output levels for the multiplication and distribution of seed and plant materials. It will include a national seed security and a national certification and quality control program for seed and plant material. Those components of seed and plant material production and distribution that remain within the public and mixed sectors for reasons of seed security will be so structured as to reduce per unit production and distribution costs. The action plan will include a timetable for the issuance of the statues, arrêtés, and/or administrative decrees necessary for operation of the restructured seed and plant material multiplication center. All action plan items will be completed by the Program Assistance Completion Date.

7. Issue statutes, arrêtés, and/or administrative decrees necessary for a national certification and quality control regulatory system for seeds and plant materials.

8. Prepare a plan for implementation of the proposed policy changes that will be executed prior to the completion of the ASDG. This will include:

a. Reduce the average rate of subsidy on agriculture inputs to not more than 15 percent of the delivered cost of the inputs;

b. Have in operation a tender and bid system for reconstituting OPVN stocks for all purchases and sales;

c. Maintain a minimum level of 6,000 MT of village level grain stocks through arrangements with cooperatives and groupements mutualistes;

d. Carry out recommendations of the agriculture credit study by establishing the framework for formation of credit unions;

e. Liberalize, simplify, and publicize procedures for cross border trade, especially for cowpeas and livestock, by eliminating legal and administrative barriers to participation in cross-border trade by relying on market forces; and

f. Continue expansion of private and cooperative sector participation in production and distribution of agriculture inputs, cereals marketing and distribution, agriculture credit and cross border trade. This includes reliance on free market prices and continuation of the policy of not issuing official prices for cereals.

B. Conditions Precedent to Disbursement of Local Currency Generated

-- No change

C. General Covenants

-- No change

D. Negotiating status

Building on previous reports, analyse evaluations, and project documents concerning seed production in Niger, including most recently the Mississipi State report, representatives of USAID and the Ministry of Agriculture conducted a seed policy workshop January 15-17, 1987. From this workshop a report and recommendations were issued. These were transformed by USAID/Niger into a set of proposed seed policy objectives and seed policy reform measures and presented to the Ministry of Agriculture for review. The Ministry of Agriculture indicated acceptance of these policy objectives and reform measures by letter 0367/DEP/SA to USAID dated February 6, 1987 (See Annex E).

These objectives and measures were further reviewed and discussed by the "High Committee" chaired by the Secretary General of the Office of the President at a meeting held February 25, 1987 with the Director of USAID and ADO staff. The "High Committee" agreed in principle to the amendment, which will be reviewed for technical detail at the Annual Agriculture Meetings to be held at the end of March.

Niger Agriculture Sector Development Grant

P.A.A.D. Amendment

ANNEXES

Annex A.	Logical Framework
Annex B.	Statistical Annex
Annex C.	Draft Project Evaluation Summary (PES)
Annex D.	Economic Analysis of Constraints to Seed Multiplication and Distribution (emphasis on Millet)
Annex E.	Letter from Minister of Agriculture
Annex F.	Draft PAAD Action Memo and Authorization

ANNEX A

LOGICAL FRAMEWORK

ANNEX A

LOGICAL FRAMEWORK

Project Title and Number: Agriculture Sector Development Grant 683-2046/0247

Life of Project:
From FY 1984 to FY 1988
Total U.S. Funding: $23,392,000 (SDF)
$16,278,000 (ESF)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Program or Sector Goal: 1. To assist the GON achieve its economic and financial stabilization program currently in place under the IMF auspices.	1. No further deterioration in the country's balance of payments and budget deficits and debt situation.	GON statistics and IMF economic reports and assessment.	1. IMF program implemented and additional external donor assistance available.
2. To contribute to the goal of increasing food production and farmers income.	2. Increased crop production and farmer incomes.	GON reports, surveys, and independent evaluations and assessments.	2. GON commitment to increasing food production remains high priority.
			3. Climate, rainfall, soil, and other natural environment do not change drastically.
			4. Higher yield seed varieties will be developed under current GON and donor-financed projects.
			5. Agricultural technical packages are effective in increasing production and are accepted by farmers.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Program Purpose To assist Niger continue its development activities in the sector in light of the reduced level of budgetary resources and the austerity effort currently in place: -- To promote the implementation of growth-oriented agricultural policies in the marketing of agricultural outputs and in the supply of agricultural inputs through increasing use of market incentives and competition. -- To provide additional resources to the agriculture sector in order to maintain existing investment activities and raise the level of the sector's absorptive capacity in view of the country's macroeconomic and financial situation.	**Conditions indicating purpose has been achieved:** 1. More agricultural inputs are made available to farmers at prices which reflect benefits to the economy. 2. The role of the Official Agricultural Input Supply Agency is reduced and transformed toward a cooperatively owned agency in competition with other cooperatives and private traders. 3. Operating losses of the Grain Marketing Agency are reduced by 30 to 50 percent of the average 1981-1983 losses. 4. Cross-border trade in livestock, cowpeas, and other agricultural products increase. 5. Development activities supported by the recurrent cost funding from the program continue to progress toward their objectives. 6. Framework established for restructuring and diversifying the seed and plant material production and distribution system. National certification and quality control regulatory system operating.	Ministry of Rural Development reports and surveys. Ministry of Planning evaluation reports. Grain Marketing Agency reports.	1. The increased use of market incentives and more competition improve resource allocation. 2. Dollar Disbursements Program is functional and generates the local currency as planned. 3. Local currency generated from the program is used to finance activities which contribute directly or indirectly to increase agricultural productivity and the sector's absorptive capacity.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Outputs: 1. Reorientation of the agricultural input subsidy policy and restructuring of the Official Input Supply Agency achieved.	Conditions indicating outputs have been achieved: 1. Level of subsidy on any input reduced to no more than 50 percent of its full delivered cost.	Government decrees, reports and surveys from Ministries of Rural Development, Commerce, Finance, Planning, Official Grain Marketing and Input Supply Agencies.	1. Farmers are responsive to economic incentives both in the use of agricultural inputs and in their decision to produce and market their outputs.
	2. Rate of subsidy declines to a maximum average of no more than 15 percent.		2. The response from cooperatives and private sector is adequate in ensuring competition in both the marketing of agricultural outputs and supplying agricultural inputs.
	3. Significant progress made in the restructuring of the Official Input Supply Agency toward a cooperatively owned input supply entity.	Sector Assistance Program records, evaluation reports, and special studies.	3. The GON continues its commitment to develop self-managed cooperatives and encourage private sector development.
2. Promotion of competition in grain marketing through the liberalization of official marketing and pricing policies achieved.	4. Removal of all restrictions and fiscal impediments, except requirements for professional licensing, on the movement of grain within the country.		4. Cooperatives and private sector are responsive to the opening up of marketing opportunity in both the agricultural outputs and inputs.

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NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
	5. The role of Official Grain Marketing Agency in urban markets is reduced toward that of managing food reserve stock at the wholesale level, food aid handler, and supplier of cereals to collective consumers.		5. Cooperatives have adequate storage capacity and are able to manage the grain reserves owned by the Official Grain Marketing Agency at the village level.
	6. A system of tenders and bids is established by the Official Grain Marketing Agency in order to encourage competition in the purchases and sales of grain from the Agency; the target level is 40 percent of the Agency's total transactions during the life of this sector assistance program.		6. The GON provides staff who are adequately trained in policy analysis and capable of implementing the policy reforms in appropriate offices.
	7. Village level grain storage through arrangements with cooperatives established and functional; the target level is 6,000 tons during the life of this sector assistance program.		
	8. Radio broadcasting of grain marketing situation at the "arrondissement" level established and functional; the target level is 75 percent of all the "arrondissement" markets.		
	9. Uniform national pricing abandoned.		

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NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
3. Appraisal of the country's agricultural credit situation, particularly in the informal credit market, achieved.	10. In-depth study of agricultural credit in the country done and appropriate policy recommendations and experimental programs adopted.		
4. Policy to promote border trade of livestock cowpeas, and other agricultural products adopted.	11. Reduction of administrative and fiscal requirements for obtaining trading permits and export licenses for all agricultural products.		
	12. System of high minimum license fees for livestock and other agricultural products is replaced by a fee system which is proportional to actual volumes.		
5. Promote more cooperative and private trader participation in the supply of agricultural inputs; border trade of livestock, cowpeas, and other agricultural products; and internal grain marketing and storage.	13. Administrative decrees issued to allow cooperatives and private traders to supply agricultural inputs in competition with the Official Input Supply Agency.		
	14. Administrative decrees issued to allow cooperatives and private traders to engage in primary marketing of grain freely including during the official buying campaigns.		

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTION
6. Establish the framework and prepare action plans for restructuring and diversifying the seed and plant material production and distribution systems, including establishment of a national certification and quality control regulatory system.	15. The relative share of agricultural inputs marketed by cooperatives and private traders increases at an annual average rate of 2 to 5 percent during the program period.		
	16. The relative share of agricultural outputs marketed by cooperatives and private traders increases at an annual average rate of 2 to 5 percent during the program period.		
	17. Increased availability and use of improved seed.		
	18. Decentralized and autonomous decision making in price and output levels for the multiplication and distribution of seed and plant materials		
	19. Reduced per unit production, distribution and recurrent costs of seed supply system.		

ANNEX B.

STATISTICAL APPENDIX

TABLE B.1

NIGER: SUPPLY AND USE OF RESOURCES AT CURRENT MARKET PRICES, 1976-1985
(in billions of CFA francs)

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
SUPPLY OF RESOURCES:	239.9	308.6	374.9	483.3	602.8	733.6	807.9	849.7	869.3	794.9	911.1
Gross domestic product	180.4	237.9	288.8	359.1	443.2	536.2	589.9	642.7	674.6	615.4	705.1
Imports of goods and nonfactor services	59.5	70.7	86.1	124.2	159.6	197.4	218.0	207.0	194.7	179.5	206.0
USE OF RESOURCES:	247.8	321.6	382.3	493.2	611.5	740.4	807.4	796.5	816.2	794.4	933.4
Consumption	186.0	226.9	268.8	332.8	393.1	489.7	606.4	590.3	631.6	682.1	744.8
Private	162.3	198.8	237.7	298.7	352.1	435.7	541.9	579.4	639.6	639.7	665.0
Public	23.7	28.1	31.1	34.1	41.0	54.0	64.5	71.0	77.2	79.3	89.0
Gross fixed capital formation	36.7	43.6	65.8	90.7	112.8	136.7	130.0	120.5	91.2	81.6	105.4
Private	20.9	28.5	42.1	66.3	80.5	89.5	65.0	56.4	46.6	39.7	47.9
Public	15.8	15.1	23.7	24.4	32.3	47.2	65.0	64.1	44.6	42.9	57.5
Changes in stocks	6.1	19.1	17.7	22.9	28.2	32.4	-6.0	18.2	-14.9	-73.4	6.7
Exports of goods and nonfactor services	34.6	47.1	53.7	71.2	109.7	128.8	142.0	131.6	152.5	147.0	134.0
RESOURCE GAP (deficit -)*	-24.9	-23.6	-32.4	-53.0	-49.9	-68.6	-76.0	-75.4	-42.2	-32.5	-72.0
Resource gap as % of GDP	-13.8	-9.9	-11.2	-14.8	-11.3	-12.8	-12.9	-11.7	-6.3	-5.3	-10.2
Gross fixed capital formation as percentage of GDP	20.3	18.3	22.8	25.3	25.5	25.5	22.0	18.7	13.5	13.3	14.9

*Resource gap is the difference between exports and imports of goods and nonfactor services.

Source: MINISTRY OF PLANNING

TABLE B.2

NIGER: GROSS DOMESTIC PRODUCT AT CURRENT MARKET PRICES, 1976-1985
(in billions of CFA francs)

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Rural Sector	88.6	121.4	145.7	166.1	188.7	228.1	269.3	299.5	311.5	268.2	322.1
Agriculture		64.5	78.1	87.3	96.5	120.8	145.0	156.6	159.7	153.1	207.5
Livestock		42.4	52.5	61.4	72.2	89.0	104.1	120.8	128.0	92.7	100.0
Forestry & Fishing		12.5	15.1	17.4	20.0	18.4	20.2	22.1	23.8	22.4	24.6
Mining	10.6	10.6	17.2	37.0	63.1	67.4	52.0	49.8	55.5	53.6	59.3
Industry and Energy	14.7	15.5	16.2	16.4	19.4	22.2	27.0	32.4	36.9	35.7	38.5
Construction & Public Works	5.1	6.8	10.2	17.1	24.6	32.1	26.6	24.8	23.9	19.2	23.7
Commerce, Transport, & Services	38.5	54.6	66.9	84.1	103.2	125.5	147.6	159.1	169.0	161.9	171.6
Commerce		29.7	33.6	40.7	51.1	62.1	69.1	72.9	78.2	75.6	79.4
Transport		8.7	10.4	14.6	18.0	22.6	24.3	28.5	28.7	26.9	31.5
Services		16.2	22.9	28.8	34.1	41.6	54.2	58.6	62.5	59.4	61.7
Government	16.0	18.8	20.9	22.8	25.1	33.8	39.6	45.8	49.8	52.8	54.9
GDP at factor cost	173.5	227.7	277.1	347.5	424.1	509.1	562.1	611.4	646.6	591.4	680.1
Import Taxes & Duties	6.9	10.2	11.7	15.6	19.1	27.1	27.8	31.3	27.0	24.0	25.0
GDP at current market prices	180.4	237.9	288.8	359.1	443.2	536.2	589.9	642.7	674.6	615.4	705.1
Modern sector	130.8	170.7	203.3	246.6	285.4	345.9	404.0	449.6	474.4	423.7	493.7
Traditional sector	49.6	67.2	85.5	112.5	157.8	190.4	185.9	193.1	200.2	191.7	211.4
Implicit GDP deflator (1976=100)	86.0	100.0	115.4	133.9	144.1	164.0	182.1	197.9	215.5	224.3	251.9
GDP at constant 1976 prices	209.8	237.9	250.3	268.2	307.6	327.0	323.9	321.4	313.0	262.7	280.0
Annual rate of growth of GDP		13.4	5.2	7.2	14.7	6.3	-0.9	-0.8	-2.6	-16.1	6.6
Annual rate of growth of GDP deflator		16.3	15.4	16.0	7.6	13.8	11.0	9.8	7.3	8.7	7.5

Source: MINISTRY OF PLANNING

TABLE B.3

NIGER: GROSS DOMESTIC PRODUCT AT CURRENT MARKET PRICES, 1976-1985
(ANNUAL PERCENTAGE CHANGE)

	75-76	76-77	77-78	78-79	79-80	80-81	81-82	82-83	83-84	84-85
Rural Sector	37.0	29.0	14.0	13.6	20.9	18.1	11.2	4.0	-13.9	23.8
Agriculture		21.1	11.8	10.5	25.2	20.0	8.9	2.0	-4.1	25.5
Livestock		23.8	17.0	17.6	23.3	17.0	16.0	6.0	-27.6	7.9
Forestry & Fishing		20.8	15.2	14.9	-8.0	9.8	9.4	7.7	-5.9	9.8
Mining	0.0	62.3	115.1	70.5	6.8	-22.8	-4.2	11.4	-3.4	10.6
Industry and Energy	5.4	4.5	1.2	18.3	14.4	21.6	20.0	13.9	-2.3	7.8
Construction & Public Works	33.3	50.0	67.6	43.9	30.5	-17.1	-6.8	-3.6	-19.7	23.4
Commerce, Transport, & Services	41.8	22.5	25.7	22.7	21.6	17.6	7.8	6.2	-4.2	6.0
Commerce		13.1	21.1	25.6	21.5	11.2	4.2	8.6	-3.3	5.0
Transport		19.5	40.4	23.3	25.6	7.5	17.3	-3.7	-4.7	13.4
Services		41.4	25.8	18.4	19.6	22.8	6.1	6.7	-5.0	7.4
Government	17.5	11.2	9.1	10.1	24.7	17.2	15.7	8.7	6.0	4.0
GDP at factor cost	31.2	21.7	24.0	23.5	20.0	10.4	6.9	5.8	-9.5	15.0
Import Taxes & Duties	47.8	14.7	23.5	22.4	41.7	2.6	12.6	-15.5	-14.3	4.2
GDP at current market prices	31.9	21.4	24.3	23.4	21.0	10.0	9.0	5.0	-9.8	14.6
Modern sector	30.5	19.1	21.3	15.7	21.2	16.2	11.3	5.5	-19.7	16.5
Traditional sector	35.5	27.2	31.6	40.3	20.7	-2.4	3.9	3.7	-4.2	19.3
Implicit GDP deflator (1976=100)	16.3	15.4	16.0	7.6	13.8	11.0	9.8	7.8	8.7	7.5
GDP at constant 1976 prices	13.4	5.2	7.2	14.7	6.3	-0.9	-0.8	-2.6	-16.1	6.6

11/22/85

TABLE B.4

NIGER: STRUCTURE OF PRODUCTION, 1975-1985
(in percent)

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Rural Sector	49.1	51.0	50.5	46.3	42.6	42.5	45.7	46.6	46.2	43.6	47.1
Agriculture		27.1	27.0	24.3	21.8	22.5	24.6	24.4	23.7	24.9	29.4
Livestock		17.8	18.2	17.1	16.3	15.6	17.6	18.8	19.0	15.1	14.2
Forestry & Fishing		5.3	5.2	4.8	4.5	3.4	3.4	3.4	3.5	3.6	3.5
Mining	5.9	4.5	6.0	10.3	14.2	12.6	8.8	7.7	8.2	8.7	8.4
Industry and Energy	8.1	6.5	5.6	4.6	4.4	4.1	4.6	5.0	5.5	5.8	5.5
Construction & Public Works	2.8	2.9	3.5	4.8	5.6	6.0	4.5	3.9	3.5	3.1	3.4
Commerce, Transport, & Services	21.3	23.0	23.2	23.4	23.3	23.4	25.0	24.8	25.1	26.3	24.3
Commerce		12.5	11.6	11.3	11.5	11.6	11.7	11.2	11.6	12.3	11.3
Transport		3.7	3.6	4.1	4.1	4.2	4.1	4.4	4.2	4.4	4.3
Services		6.8	7.9	8.0	7.7	7.6	9.2	9.1	9.3	9.7	8.8
Government	8.9	7.9	7.2	6.3	5.7	6.3	6.7	7.1	7.4	8.6	7.8
GDP at factor cost	96.2	95.7	95.9	95.7	95.7	94.9	95.3	95.1	95.8	96.1	96.5
Import Taxes & Duties	3.8	4.3	4.1	4.3	4.3	5.1	4.7	4.9	4.2	3.9	3.5
GDP at current market prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Traditional ~~Rural~~ sector	72.5	71.0	70.4	69.7	64.4	64.5	68.5	70.0	70.3	68.8	70.0
~~Traditional~~ sector (Modern)	27.5	28.2	29.6	31.3	35.6	35.5	31.5	30.0	29.7	31.2	30.0

Source: TABLE 1

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TABLE B. 5

NIGER: INDICES OF PRODUCTION, YIELD, AND OFFICIAL PRODUCER PRICES
OF PRINCIPAL AGRICULTURAL CROPS, 1976-1985
(1976 = 100)

	1976	1977	1978	1979	1980	1981	1982	1983	1984
Millet:									
Production	100.0	110.9	110.2	123.2	133.9	128.9	126.9	130.0	76.4
Average Yield	100.0	102.7	101.4	106.5	110.1	107.3	104.0	104.8	63.8
Official Producer Price	100.0	120.0	160.0	160.0	160.0	280.0	320.0	320.0	400.0
Sorghum:									
Production	100.0	117.1	129.3	122.3	128.2	112.2	124.4	126.1	83.6
Average Yield	100.0	98.4	99.4	104.9	102.7	70.3	67.3	69.6	46.8
Official Producer Price	100.0	125.0	175.0	175.0	175.0	250.0	350.0	350.0	500.0
Rice:									
Production	100.0	93.1	110.3	82.8	106.9	137.9	141.4	148.3	175.9
Average Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Official Producer Price	100.0	100.0	115.4	115.4	141.0	179.5	217.9	217.9	217.9
Cowpeas:									
Production	100.0	94.5	124.2	138.8	121.5	121.7	124.2	122.8	89.0
Average Yield	100.0	109.0	109.2	123.1	92.0	83.9	75.8	66.1	49.6
Official Producer Price	100.0	100.0	150.0	150.0	150.0	0.0	283.3	300.0	400.0
Groundnuts:									
Production	100.0	103.8	126.6	112.7	159.5	129.1	111.4	93.7	39.2
Average Yield	100.0	97.8	98.9	127.4	137.7	101.3	96.1	96.6	45.0
Official Producer Price	100.0	112.5	125.0	125.0	125.0	125.0	225.0	225.0	250.0
Cotton:									
Production	100.0	53.4	61.6	62.5	39.7	24.7	27.4	54.8	89.0
Average Yield	100.0	50.1	72.0	36.7	33.7	16.5	13.1	30.3	34.1
Official Producer Price	100.0	117.0	131.9	131.9	131.9	179.2	255.3	255.3	255.3

Source: USAID/Niger's calculations based on data from Min. of Agriculture, Min. of Commerce, and Min. of Planning.

TABLE B. 6

NIGER: INDICES OF HERD SIZE, 1976-1984
(1976 = 100)

	1976	1977	1978	1979	1980	1981	1982	1983	1984
Cattle	100.0	111.0	116.8	121.9	125.6	128.0	130.6	131.8	66.0
Sheep	100.0	112.1	116.4	121.5	126.3	135.4	140.8	146.5	n.a.
Goats	100.0	110.0	112.7	115.6	118.4	119.7	122.7	125.8	n.a.
Camels	100.0	129.7	132.5	135.3	138.2	141.0	143.8	146.6	121.6
Other	100.0	119.0	121.4	123.6	126.1	128.7	130.9	133.3	101.9

NIGER: RATES OF GROWTH OF HERD SIZE, 1976-1984
(in percent)

	1976	1977	1978	1979	1980	1981	1982	1983	1984
Cattle		11.0	5.2	4.4	3.0	1.9	2.0	1.0	-50.0
Sheep		12.1	3.8	4.4	4.0	7.2	4.0	4.0	
Goats		10.0	2.4	2.6	2.5	1.1	2.5	2.5	
Camels		29.7	2.2	2.1	2.1	2.0	2.0	2.0	-17.1
Other		19.0	2.0	1.8	2.1	2.0	1.7	1.8	-23.6

Source: USAID/Niger's calculations based data from Min. of Planning.

TABLE B. 7

NIGER: URANIUM PRODUCTION AND EXPORTS, 1975 - 1985

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Production (in tons)	1306	1460	1441	2061	3615	4132	4360	4250	3400	3274	3390
Exports:											
Quantity (in tons)	1548	1498	1463	2216	3421	4255	4686	3800	4000	3300	3500
Value (in billions of CFAF)	11.9	20.5	29.2	53.4	83.6	100.8	98.0	91.5	110.0	97.7	104.0
End-of-year stock (in tons)	....	....	271	296	603	777	173	598	511	5	...
Price (CFA francs/kg.)											
Minegate	10000	14000	20000	23500	24500	24500	20000	24000	27500	29250	29500
Unit value of exports	7687	13685	19959	24097	24437	23690	20913	24079	27500	29606	29714
Uranium exports as % of total merchandise exports	40.1	50.0	60.5	82.3	81.0	82.8	74.4	75.6	77.9	72.2	83.5
Uranium exports as % of GDP	6.6	8.6	10.1	14.9	18.9	18.8	16.6	14.2	16.3	15.9	14.7
Uranium receipts as % of domestic revenue	....	....	17.9	19.7	21.0	14.9	14.0	8.6	9.2	9.0	9.3

Source: USAID/Niger's calculations based on data from Min. of Planning.

TABLE B. 8

NIGER: INDUSTRIAL OUTPUT, VALUE ADDED, AND TURNOVER, 1978 - 1984
(in millions of constant 1978 CFA francs)

	1978	1979	1980	1981	1982	1983	1984
Output	7780	11566	10313	12587	12464	16312	27726
Value added	2908	4825	4577	5202	5294	5482	8136
Turnover	9658	15755	14411	16117	16149	15860	26200
Investment	1080	2066	3535	2182	2029	2658	1322
Rate of growth							
Output		48.7	-10.8	22.0	-1.0	30.9	70.0
Value added		65.9	-5.1	13.7	1.8	3.6	48.4
Turnover		63.1	-8.5	11.8	0.2	-1.8	65.2
Investment		91.3	71.1	-38.3	-7.0	31.0	-50.3

NIGER: INDICES OF INDUSTRIAL OUTPUT, VALUE ADDED, AND TURNOVER, 1978 - 1984

	1978	1979	1980	1981	1982	1983	1984
Output	75.4	112.1	100.0	122.0	120.9	158.2	268.8
Value added	63.5	105.4	100.0	113.7	115.7	119.8	177.8
Turnover	67.0	109.3	100.0	111.8	112.1	110.1	181.8
Investment	30.6	58.4	100.0	61.7	57.4	75.2	37.4

Source: USAID/Niger's calculations based on data from Min. of Planning.

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TABLE B. 9

NIGER: CAPCITY UTILIZATION OF SELECTED INDUSTRIES, 1975 - 1984
(in percent)

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Vegetable oil	50.8	21.6	11.4	22.9	...	1.8	1.2	2.1	3.4	1.2
Flour	20.0	60.0	17.5	37.5	33.3	9.1	27.3	3.0	...	...
Rice processing	21.0	60.0	54.0	23.0	73.0	31.5	28.5	25.5	28.0	37.0
Cotton ginning	39.5	55.5	35.5	...	26.7	20.0	17.0	10.9	11.5	20.0
Cement	33.6	70.4	71.6	81.6	84.8	100.0	91.0	36.6	76.0	63.0
Brickmaking	100.0	89.3	90.0	89.3	54.8	54.8	54.8	12.7	21.5	2.5
Textile	94.0	90.0	57.0	...	100.0	84.9	100.0	100.0	95.4	84.3
Tannery	56.9	52.2	...	...	59.0	86.3	71.0	68.6	87.2	100.0

Source: USAID/Niger's calculations based on data from Min. of Planning.

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TABLE B.10

NIGER: CENTRAL GOVERNMENT FINANCE, 1978 - 1985
(in billions of CFA francs)

	1978	1979	1980	1981	1982	1983	1984	1985
I. TOTAL REVENUE	45.6	59.9	73.3	75.2	73.6	68.8	70.0	68.0
of which uranium-related	(12.2)	(12.7)	(11.2)	(10.8)	(7.0)	(5.5)	(5.6)	(6.0)
Tax revenue	38.6	51.1	65.2	64.1	65.9	62.6	61.1	60.7
Nontax revenue	6.9	8.8	8.1	11.1	7.9	6.2	8.9	7.3
II. TOTAL EXPENDITURE	59.2	74.1	105.8	139.2	118.8	117.4	101.2	101.4
Current expenditure	31.5	37.7	45.8	50.6	57.2	55.4	65.2	70.4
Interest payments	4.2	3.6	4.5	6.5	7.1	9.2	13.6	17.1
Wages and salaries	10.8	13.5	16.6	18.9	20.3	22.2	23.1	25.3
Materials, transp. & housing	8.7	12.0	13.8	13.6	19.1	13.8	15.6	16.4
Subsidies and transfers	7.9	8.6	10.7	11.8	10.7	10.2	12.9	11.6
Development expenditure	27.7	36.4	46.9	70.2	37.9	58.7	32.4	30.0
Budget--FNI	14.1	17.6	23.9	26.9	11.7	9.5	5.9	5.0
Extrabudgetary	13.6	18.8	22.1	43.3	26.2	49.2	26.5	25.0
Other expenditure			14.0	18.2	23.7	3.3	3.6	1.0
III. BUDGET DEFICIT (I-II) (consistent basis)	-13.5	-14.2	-32.5	-64.0	-45.0	-48.6	-31.2	-33.4
IV. CHANGE IN ARREARS (+ decrease)		1.9	2.7	2.8	14.4	-1.7	-12.4	-4.1
V. OTHER ADJUSTMENTS						1.9	0.9	
VI. BUDGET DEFICIT (III+IV+V) (cash basis)	-13.5	-12.4	-29.8	-61.2	-30.6	-48.4	-42.7	-37.5
DEFICIT FINANCING:		12.4	29.8	61.2	30.6	48.4	42.7	37.5
External financing		13.8	18.2	40.4	20.2	42.3	18.6	19.5
Drawings		14.3	22.1	43.3	26.2	49.9	32.9	30.0
Repayments		-0.5	-3.9	-2.9	-6.0	-7.6	-14.3	-10.5
Domestic financing		-1.4	11.6	20.8	10.4	6.1	8.2	10.0
Banking system		-2.9	5.1	11.3	5.9	1.7	5.3	9.0
Other--nonbanking system		0.6	6.5	9.5	4.5	4.4	2.9	1.0
Debt relief							15.9	17.0
FINANCING GAP								

Source: MINISTRY OF FINANCE and MINISTRY OF PLANNING

From File FIN 1 (12/14/85)

TABLE B. 11

NIGER: FUNCTIONAL CLASSIFICATION OF CURRENT EXPENDITURE
FISCAL 1980-1986

	1980	1981	1982	1983	1984	Budgeted 1985	Budgeted 1986	Average annual rate of change 1980-84	Average annual rate of change 1980-86
	(in millions of CFA francs)								
Agriculture	2,656	2,672	2,968	3,163	3,564	2,393	2,317	7.4%	-2.3%
Mining	657	705	632	486	473	213	191	-8.2%	-20.6%
Roads	1,247	1,635	1,506	1,446	1,448	1,470	1,336	3.7%	1.1%
Transport and Communication	1,070	1,071	1,115	1,124	1,555	1,569	1,680	9.3%	7.5%
National Defense	3,219	3,631	3,792	4,203	4,428	4,711	4,956	8.0%	7.2%
Education	11,409	11,652	14,316	15,078	16,039	13,446	13,548	8.5%	2.9%
Health	3,143	3,386	3,625	4,018	4,290	4,833	5,077	7.8%	8.0%
Other Social Services	551	571	576	652	669	772	781	4.9%	5.8%
General Public Services	13,036	13,020	13,106	12,985	13,402	13,396	14,128	0.6%	1.3%
Other Unallocable Expenditures	8,758	12,407	15,639	12,286	19,332	27,597	27,387	19.6%	19.0%
of which: interest payments	(4,545)	(6,500)	(7,097)	(9,240)	(13600)	(17100)	(16300)	27.0%	
Total Current Expenditure	45,796	50,750	57,275	55,441	65,200	70,400	71,400	8.8%	7.4%
	(as % of total current expenditure)								
Agriculture	5.80	5.27	5.18	5.71	5.47	3.40	3.25		
Mining and Industries	1.43	1.39	1.10	0.88	0.73	0.30	0.27		
Roads	2.72	3.22	2.63	2.61	2.22	2.09	1.87		
Transport and Communication	2.34	2.11	1.95	2.03	2.38	2.23	2.35		
National Defense	7.03	7.15	6.62	7.58	6.79	6.69	6.94		
Education	24.91	22.96	25.00	27.20	24.60	19.10	18.97		
Health	6.86	6.67	6.33	7.25	6.58	6.87	7.11		
Other Social Services	1.20	1.13	1.01	1.18	1.03	1.10	1.09		
General Public Services	28.57	25.66	22.88	23.42	20.56	19.03	19.79		
Other Unallocable Expenditures	19.12	24.45	27.31	22.16	29.65	39.20	38.36		
of which: interest payments	(9.92)	(12.81)	(12.39)	(16.67)	(20.86)	6.46	6.37		
Total Current Expenditure	100.00	100.00	100.00	100.00	100.00	100.00	100.00		

Source: IMF, Ministry of Finance, and USAID/Niger's estimates

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Table B. 12

NIGER: FUNCTIONAL CLASSIFICATION OF BUDGETARY CAPITAL EXPENDITURE
FISCAL 1980-1984

	1980	1981	1982	1983	1984	Average annual rate of change 1980-84
	(in millions of CFA francs)					
Agriculture	2,711	2,553	1,752	486	602	-37.6%
Mining and Industries	2,503	2,006	227	406	408	-45.3%
Water and Electricity	1378	1685	822	1026	275	-40.7%
Roads	1,238	1,934	516	1,436	1,561	5.8%
Other Economic Services	3,378	3,971	1,105	626	219	-68.4%
National Defense	815	679	422	82	....	....
Education	6,363	8,054	2,260	2,506	1,081	-44.3%
Health	835	1,563	1,331	411	181	-38.2%
Other Social Services	1,488	2,120	890	128	337	-37.1%
General Public Services	2,533	1,753	1,770	1,874	355	-49.1%
Unallocable Expenditures	649	631	573	562	....	....
Total Budgetary Cap. Exp.	23,911	26,949	11,668	9,543	5,019	-39.0%
	(as % of total budgetary capital exp.)					
Agriculture	11.34	9.47	15.02	5.09	11.99	
Mining and Industries	10.47	7.44	1.95	4.25	8.13	
Water and Electricity	5.85	6.25	7.04	10.75	5.48	
Roads	5.18	7.18	4.42	15.05	31.10	
Other Economic Services	14.13	14.74	9.47	6.56	4.36	
National Defense	3.41	2.52	3.62	0.86	0.00	
Education	26.61	29.89	19.37	26.26	21.54	
Health	3.49	5.80	11.41	4.31	3.61	
Other Social Services	6.22	7.87	7.63	1.34	6.71	
General Public Services	10.59	6.50	15.17	19.64	7.07	
Unallocable Expenditures	2.71	2.34	4.91	5.89	0.00	
Total Budgetary Cap. Exp.	100.00	100.00	100.00	100.00	100.00	

Source: IMF, Ministry of Finance, and USAID/Niger's estimates

TABLE B. 13

NIGER: CENTRAL GOVERNMENT REVENUE
(in millions of CFA francs)

	1977	1978	1979	1980	1981	1982	1983	Prel. Estimates 1984	Prel. Estimates 1985	Av. annual rate of change 1980-84
I. TAX REVENUE	30,307	38,810	51,070	65,230	64,134	65,863	62,575	61,453	60,590	-1.5%
1. Income and Profit Taxes	10,458	12,592	17,267	18,402	15,478	13,898	14,295	14,184	13,720	-6.5%
Industrial & commercial	6,266	8,358	12,722	12,758	10,009	7,994	7,434	6,676	....	-16.2%
(of which: mining)	(4900)	(7422)	(8311)	(3959)	(1813)	(230)	....	....	....	....
Professional income	6	13	16	20	24	48	57	69	....	31.0%
Wages & salaries	1,305	1,538	2,109	2,687	3,044	3,191	3,634	3,708	....	8.1%
Property income	1,397	1,614	1,734	1,313	1,036	857	990	1,164	....	-3.0%
General income*	1,484	1,069	686	1,624	1,365	1,808	2,380	2,567	....	11.4%
2. Payroll Tax (Employers)	50	88	72	119	141	109	149	199	200	12.9%
3. Property Taxes	1,025	993	1,506	2,326	2,491	1,431	1,384	1,346	1,350	-13.7%
4. Taxes on Goods and Services	6,585	9,638	12,779	16,615	16,954	18,147	19,953	20,631	20,420	5.4%
Turnover taxes	3,384	5,900	7,198	9,405	9,892	10,810	10,581	10,167	10,000	1.9%
Excise taxes	3,145	3,279	5,107	6,748	6,517	6,744	8,729	9,808	10,450	9.3%
(of which: mining)	(1511)	(1259)	(3165)	(4477)	(4130)	(4074)	(4525)	(4525)	....	....
Other	356	459	474	462	545	593	643	656	656	8.8%
5. International Trade Taxes	11,689	15,499	19,446	27,768	29,070	32,278	26,794	25,093	24,800	-2.5%
Import duties	9,972	13,325	16,900	24,360	24,881	28,126	21,904	20,233	20,000	-3.7%
Export duties	1,680	1,945	2,299	3,148	3,920	3,865	4,625	4,265	4,200	6.1%
(of which: mining)	(283)	(208)	(611)	(996)	(1186)	(816)	(1012)	(1114)	....	....
Stamp duty	237	229	247	260	269	287	265	595	600	16.6%
II. NONTAX REVENUE	7,410	6,940	8,800	8,063	11,085	7,938	6,236	8,520	7,390	1.1%
TOTAL REVENUE	37,717	45,750	59,870	73,293	75,219	73,801	68,811	69,973	67,980	-0.9%
MEMORANDUM ITEMS:										
Uranium revenue	6,746	9,019	12,587	10,932	10,529	6,311	6,311	6,311	6,311	-11.0%
Non-uranium revenue	30,971	36,731	47,283	62,361	64,690	67,490	62,500	63,662	61,669	0.4%

Source: Ministry of Finance, IMF, and USAID/Niger's estimates

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TABLE B. 14

NIGER: COMPOSITION OF GOVERNMENT REVENUE
FISCAL 1977-1985

	1977	1978	1979	1980	1981	1982	1983	Prel. Estimates 1984	1985
				(as percentage of GDP)					
Taxes on income and profit	3.63	3.51	3.90	3.43	2.62	2.16	2.12	2.30	1.95
Taxes on goods and services	2.39	2.68	2.93	3.10	2.87	2.82	2.96	3.35	2.90
Taxes on international trade	4.13	4.32	4.37	5.18	4.93	5.02	3.97	4.08	3.52
Taxes on property	0.36	0.28	0.34	0.43	0.42	0.22	0.21	0.22	0.19
Revenue from uranium	2.34	2.51	2.84	2.84	1.78	0.98	0.94	1.03	0.90
				(as percentage of total revenue)					
Taxes on income and profit	27.73	27.52	28.84	25.11	20.58	18.83	20.77	20.27	20.18
Taxes on goods and services	18.25	21.07	21.24	22.67	22.54	24.59	29.00	29.46	30.04
Taxes on international trade	31.52	33.83	32.48	37.87	38.65	43.74	38.94	35.86	36.48
Taxes on property	2.72	2.17	2.52	3.17	3.31	1.94	2.01	1.92	1.99
Revenue from uranium	17.89	19.71	21.02	14.92	14.00	8.55	9.17	9.02	9.28

Jan. 14, 1986

TABLE D. 15

NIGER: COMPARISON OF ACTUAL AND PLANNED INVESTMENT EXPENDITURE
DURING THE FIVE-YEAR PLAN, 1979-1983
(in billions of CFA francs)

SECTOR	Plan targets for public investment 1979-83	Actual Spending in current prices 1979	1980	1981	1982	1983	Total spending in constant 1979 CFAF 1979-1983	Ratio of actual to planned spending 1979-1983	Actual spending allocations (in %) 1979-1983	Planned investm allocat (in %) 1979-19
I. DIRECTLY PRODUCTIVE SECTOR	175.98	27.64	36.85	42.55	31.50	35.40	140.09	0.80	38.49	45.78
Rural sector	92.04	9.61	13.32	16.74	15.54	18.31	58.22	0.63	15.99	23.94
Mining, energy, and industry	70.21	12.68	19.70	17.10	11.50	15.10	62.12	0.88	17.07	18.26
Commerce & tourism	13.73	4.95	3.83	8.71	4.46	1.99	19.76	1.44	5.43	3.58
II. ECONOMIC INFRASTRUCTURE	67.76	17.98	28.37	32.34	23.50	18.42	97.77	1.44	26.86	17.62
Roads & transport	48.55	13.65	24.25	15.61	20.16	16.88	73.14	1.51	20.09	12.63
Telecommunications	12.77	4.33	4.12	16.73	3.34	1.54	24.63	1.93	6.77	3.32
III. SOCIAL SERVICES	114.44	11.44	24.18	25.99	25.25	14.49	81.16	0.71	22.30	29.77
Education	65.86	7.58	14.20	14.89	15.47	6.84	47.26	0.72	12.98	17.14
Health	18.97	1.36	1.26	3.13	2.95	1.04	7.77	0.41	2.13	4.93
Water supply	24.42	1.58	3.41	4.41	5.63	3.17	14.26	0.58	3.92	6.35
Housing & urbanization	5.19	0.92	5.31	3.96	1.20	3.42	11.37	2.29	3.26	1.35
IV. ADMINISTRATIVE INFRASTRUCTURE	26.27	8.28	7.68	13.93	13.09	4.50	37.98	1.45	10.43	6.85
V. OTHER EXPENDITURE		0.59	1.03	0.81	0.87	6.33	7.00	....	1.92	
TOTAL	384.45	65.93	97.51	115.62	94.21	79.14	364.00	0.95	100.00	100.00

Annual percentage changes in GDP deflator are used to convert 1980-1983 spending to constant 1979 CFA francs. The annual percentage changes are as follows: 1980, 13.8%; 1981, 11.0%; 1982, 9.8%; and 1983, 7.8%.

Source: MINISTRY OF PLANNING AND MINISTRY OF FINANCE

Dec. 27, 1985

TABLE B.16

NIGER: PUBLIC INVESTMENT EXPENDITURE IN PROGRAM OF CONSOLIDATION, 1984-1985
(in millions CFA francs)

SECTOR	Planned Expenditure (in constant 1984 CFAF) TOTAL	1984	1985	Actual Expenditure (at current prices) TOTAL	1984	1985	Ratio of actual to planned spending (const. 1984 CFAF) 1984-1985	Allocation of spending (in %)	Allocation planned expenditur (in %)
DIRECTLY PRODUCTIVE SECTORS	59,268	27,556	31,712	44,510	21,410	23,100	0.72	38.01	40.30
Agriculture and rural dev.	43,368	21,656	21,712	32,100	16,800	15,300	0.72	27.41	29.49
Mining, industry & energy*	15,900	5,900	10,000	12,410	4,610	7,800	0.75	10.60	10.81
SOCIAL SERVICES	46,391	21,754	24,637	24,580	12,870	11,710	0.51	20.99	31.55
Education and training	10,857	4,152	6,705	6,200	4,100	2,100	0.56	5.30	7.38
Health	5,693	2,551	3,142	2,300	1,440	860	0.39	1.96	3.87
Housing and urban dev.	7,925	3,140	4,785	1,490	1,490	...	0.19	1.26	5.39
Water Supply	21,916	11,911	10,005	14,600	5,850	8,750	0.64	12.47	14.90
INFRASTRUCTURE	39,807	14,878	24,929	36,600	15,180	21,420	0.88	31.26	27.07
Transport	28,900	10,300	18,600	28,900	12,920	16,080	0.96	24.68	19.65
Telecommunications	8,407	3,578	4,829	5,200	1,560	3,640	0.39	4.44	3.72
Government building	2,500	1,000	1,500	2,500	800	1,700	0.95	2.14	1.70
OTHER EXPENDITURE	1,586	662	924	11,400	2,230	9,170	6.78	9.74	1.08
TOTAL	147,052	64,850	82,202	117,090	51,690	65,400	0.77	100.00	100.00

*including private investment

Source: MINISTRY OF PLANNING, PROGRAMME INTERIMAIRE DE CONSOLIDATION, 1984 - 1985 and MINISTRY OF FINANCE.

TABLE B. 17

NIGER: BALANCE OF PAYMENTS, 1975 - 1985
(in billions of CFA francs)

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
I. CURRENT ACCOUNT, NET	-1.8	-5.1	-23.5	-45.3	-40.2	-61.1	-49.4	-53.8	-27.3	-20.6	-31.0
Trade balance	-2.0	-6.3	-10.9	-27.6	-30.5	-46.1	-46.4	-49.9	-20.5	-13.5	-46.4
Exports, f.o.b.	29.7	41.0	48.3	54.9	103.2	121.7	135.7	121.1	141.2	135.3	124.6
(of which: uranium)	(11.9)	(20.5)	(27.2)	(53.4)	(83.0)	(109.8)	(98.0)	(91.5)	(119.9)	(97.7)	(104.9)
Imports, c.i.f.	-31.7	-47.3	-59.2	-82.5	-133.7	-167.8	-180.1	-171.0	-161.7	-148.8	-171.0
Net Services	-13.5	-20.5	-25.5	-16.6	-26.7	-34.6	-30.5	-39.0	-39.0	-44.5	-41.3
(of which: interest)	(-0.9)	(-1.3)	(-2.5)	(-4.9)	(-7.7)	(-13.1)	(-21.8)	(23.0)	(-21.5)	(-28.5)	(-25.4)
Goods and services, net	-15.5	-26.8	-36.4	-44.2	-57.2	-80.6	-76.9	-88.9	-59.5	-57.8	-59.7
Net Transfers	13.7	21.7	12.9	18.6	17.0	19.6	29.5	35.1	32.2	37.0	28.1
Private	-3.5	-3.6	-4.0	-7.3	-9.3	-10.5	-11.0	-12.4	-13.2	-9.0	-11.5
Public	17.2	25.0	17.5	26.2	26.3	30.3	42.1	47.5	45.5	46.0	67.6
II. CAPITAL ACCOUNT, NET	7.3	9.3	24.0	45.7	42.4	51.2	56.1	7.3	21.1	12.9	9.3
Public (net)	3.8	7.1	21.3	36.1	32.6	38.1	37.3	19.4	31.4	19.0	13.6
Private (net)	3.5	2.2	6.3	9.6	9.8	13.1	14.8	-12.1	-10.8	-6.7	-4.5
III. ERRORS AND OMISSIONS	-5.2	5.1	-1.9	-2.9	-4.5	-5.1	-2.6		-1.3	7.9	-1.5
IV. OVERALL BALANCE	0.3	7.4	4.3	-2.5	-2.9	-15.0	1.9	-46.5	-7.5	-4.9	-23.8
FINANCING:											
Net foreign assets	-0.3	-7.4	-4.3	2.5	2.9	15.0	-1.9	46.5	4.1	-17.4	8.9
Banks	0.2	0.2	-0.3	5.8	2.0	16.1	-0.5	25.2	-0.6	-2.0	
BCEAO	-1.1	-7.6	-4.0	-3.3	0.9	-1.1	-1.4	21.3	4.6	-14.8	3.9
of which: IMF					(0.4)	(0.4)	(0.9)	(0.3)	(12.3)	(6.4)	(6.4)
Debt Relief									3.4	21.4	17.8
MEMORANDUM ITEMS											
Exchange rate (annual average)											
CFA francs per U.S. dollar	214.3	239.0	245.7	225.6	212.7	211.3	271.7	328.6	381.1	437.0	436.0
CFA francs per SDR	260.3	275.9	286.8	262.5	274.8	275.0	326.4	362.0	467.7	459.1	452.6
					(as percentage of GDP)						
Trade balance (deficit -)	-1.1%	-2.6%	-3.8%	-7.7%	-8.9%	-8.6%	-8.2%	-7.8%	-3.9%	-2.2%	-8.9%
Current account balance	-1.0%	-2.1%	-8.1%	-12.6%	-9.1%	-11.4%	-9.4%	-8.4%	-4.0%	-3.4%	-4.8%
Overall balance	0.2%	3.1%	1.5%	-0.7%	-0.7%	-2.8%	0.3%	-7.2%	-1.1%	-0.8%	-3.7%

Sources: Central Bank (BCEAO) and Ministry of Planning

TABLE B. 18

NIGER: BALANCE OF PAYMENTS, 1975 - 1985
(in millions of U.S. dollars)

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
I. CURRENT ACCOUNT, NET	-6.40	-21.34	-95.65	-230.80	-166.96	-285.16	-181.80	-163.71	-71.63	-47.60	-60.00
Trade balance	-9.35	-26.36	-44.36	-122.34	-143.38	-218.17	-178.12	-151.85	-53.79	-30.89	-115.24
Exports, f.o.b.	138.59	171.55	196.58	287.68	465.14	575.96	464.67	368.51	370.51	309.61	296.67
(of which: uranium)	55.53	85.77	118.84	236.70	393.00	477.05	360.65	278.44	268.64	223.57	249.05
Imports, c.i.f.	-147.92	-197.91	-240.94	-410.02	-626.53	-794.13	-642.79	-520.36	-424.30	-340.50	-411.90
Net Services	-59.84	-50.87	-113.03	-162.23	-125.52	-164.69	-112.24	-118.68	-102.34	-101.37	-98.33
Goods and services, net	-72.33	-112.13	-148.15	-284.57	-268.90	-382.87	-290.36	-270.53	-156.13	-132.27	-213.57
Net Transfers	63.93	90.79	51.50	83.76	79.92	93.71	108.56	106.81	84.49	84.67	153.57
Private	-16.33	-16.32	-16.72	-32.36	-43.72	-45.65	-46.37	-37.73	-34.69	-29.59	-27.33
Public	80.26	107.11	71.23	116.13	123.64	143.49	154.93	144.54	119.39	125.26	180.95
II. CAPITAL ACCOUNT, NET	34.06	38.91	129.47	202.57	198.38	242.51	191.73	22.21	55.37	29.52	22.14
Public (net)	17.73	29.71	86.69	160.02	153.25	180.31	137.27	59.03	83.71	44.85	32.66
Private (net)	16.33	9.21	33.76	42.55	45.13	62.00	54.47	-36.82	-28.34	-15.33	-10.71
III. ERRORS AND OMISSIONS	-24.27	13.39	-7.33	-12.85	-23.03	-24.14	-2.64		-3.41	8.92	-3.57
IV. OVERALL BALANCE	1.40	30.96	17.50	-11.08	-13.63	-76.99	6.99	-141.50	-19.68	-9.15	-41.43
FINANCING:											
Net foreign assets	-1.40	-30.96	-17.50	11.08	13.63	70.99	-6.99	141.50	10.76	-39.62	19.05
Banks	3.73	0.84	-1.22	25.71	9.40	76.19	-1.84	76.68	-2.10	-5.95	0.00
BCEAO	-5.13	-31.80	-16.26	-14.63	4.23	-5.21	-5.15	64.82	12.86	-33.67	19.05
of which: IMF					1.9	1.9	3.5	0.9	32.3	14.6	15.2
Debt Relief									8.92	48.97	42.38
MEMORANDUM ITEMS											
Exchange rate (annual average)											
CFA francs per U.S. dollar	214.5	239.0	245.7	225.6	212.7	211.3	271.7	328.6	381.1	437.0	420.0
CFA francs per SDR	260.2	275.9	266.8	282.5	274.8	275.0	320.4	362.0	419.2	457.1	411.8
						(as percentage of GDP)					
Trade balance (deficit -)	-1.1%	-2.6%	-3.9%	-7.7%	-6.9%	-8.6%	-6.2%	-7.6%	-3.0%	-2.4%	-6.9%
Current balance	-1.0%	-2.1%	-8.1%	-12.6%	-9.1%	-11.4%	-8.4%	-8.4%	-4.0%	-3.4%	-4.8%
Overall balance	0.2%	3.1%	1.5%	-0.7%	-0.7%	-2.8%	0.3%	-7.2%	-1.1%	-0.8%	-3.7%

TABLE B. 19

NIGER: External Debt--Outstanding and Disbursed, 1985-1994
(in millions of CFA francs)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
TOTAL OUTSTANDING AND DISBURSED DEBT	331,928	346,268	353,581	348,628	317,871	289,154	264,189	238,090	216,444	196,923
MULTILATERAL	137,875	157,715	171,805	174,506	164,033	156,384	150,654	144,939	139,025	133,367
BILATERAL	161,112	163,203	163,602	161,329	146,799	129,155	111,632	92,706	77,272	63,556
Paris Club Bilateral	121,710	117,577	112,811	107,097	96,045	82,103	66,263	54,571	44,162	35,307
of which: France	(82,406)	(85,142)	(85,805)	(85,733)	(80,421)	(69,946)	(59,016)	(48,146)	(36,792)	(30,764)
Financial Institutions:	29,481	23,056	17,091	11,791	7,561	4,904	2,743	647	201	
of which: France-guaranteed	(26,579)	(20,433)	(14,769)	(9,720)	(5,931)	(3,768)	(1,989)	(219)		
Other Bilateral	39,402	45,626	50,991	54,232	50,754	47,052	43,349	38,135	33,110	28,249
of which Arab Countries	(29,815)	(34,000)	(37,148)	(38,332)	(35,010)	(31,464)	(27,918)	(24,275)	(20,790)	(17,467)
LONDON CLUB	32,941	25,350	17,974	12,791	7,039	3,615	1,903	445	147	
of which: France	(23,636)	(19,235)	(15,055)	(10,878)	(6,262)	(3,401)	(1,833)	(445)	(147)	
DEBT PREVIOUSLY RESCHEDULED	(84,168)	(43,579)	(42,360)	(41,669)	(36,232)	(26,916)	(17,769)	(8,097)	(3,716)	(367)

Notes:

1. The years refer to calendar years and the amounts represent end-of-year amounts.
2. The exchange rates used to convert all loans into CFA francs are the average 1985 exchange rates used by Ministry of Finance. For example, following rates are used: 420 CFA/dollar; 430 CFAF/SDR; 346 CFAF/ECU; 583 CFAF/pound sterling; 7.62 CFAF/Belgian franc; 1370 CFAF/Kuwaiti dinar; 112 CFAF/Saudi Arabian riyal; 140 CFAF/Chinese yuan; 465 CFAF/unit of Af. Dev. Bank; and 427 CFAF/unit of African Dev. Fund.

Source: MINISTRY OF FINANCE

Dec. 21, 1985

TABLE B. 20

MIDEM Projections of Debt Service Payments, 1985-1994
(in billions of U.S. dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
MULTILATERAL	20.5	26.0	37.3	43.5	32.6	24.5	19.2	16.6	16.9	17.2
Principal	11.0	16.1	27.3	34.2	24.9	18.2	13.6	13.6	14.1	13.5
Interest	9.5	9.9	10.0	9.3	7.7	6.3	5.6	3.0	4.4	3.6
BILATERAL--Paris Club	44.9	51.4	50.6	45.4	44.6	49.1	45.7	42.5	31.8	26.2
Principal	23.9	27.7	29.4	25.0	26.3	33.2	32.9	32.7	24.8	21.1
Interest	21.0	23.8	22.1	20.4	18.5	15.9	12.8	9.8	7.0	5.1
OTHER BILATERAL	8.9	10.2	9.4	9.2	10.1	10.5	10.2	13.6	12.9	12.2
Principal	6.4	8.5	7.4	7.2	8.3	8.6	8.8	12.4	12.0	11.6
Interest	2.4	1.7	2.1	2.0	1.7	1.9	1.4	1.2	1.0	0.6
LONDON CLUB	23.3	27.2	24.6	17.3	17.0	10.0	5.0	3.7	0.8	0.4
Principal	15.6	18.3	17.7	12.5	13.1	8.1	4.1	3.5	0.7	0.4
Interest	4.6	7.0	6.8	4.7	3.9	1.8	0.7	0.5	0.1	0.0
TOTAL PUBLIC DEBT SERVICE PAYMENTS	97.6	114.6	121.8	115.5	104.6	94.1	80.2	76.5	64.0	56.1
Principal	60.0	70.4	80.8	78.7	73.2	68.4	59.5	62.2	51.5	46.5
Interest	37.6	44.3	41.0	36.6	31.4	25.7	20.7	16.4	12.4	9.7
DEBT PREVIOUSLY RESCHEDULED	(4.0)	(3.9)	(3.9)	(11.8)	(22.6)	(30.2)	(27.5)	(25.1)	(15.5)	(6.6)
Principal	(0.8)	(0.8)	(0.8)	(1.6)	(13.0)	(22.2)	(21.6)	(21.6)	(11.9)	(7.9)
Interest	(3.2)	(3.1)	(3.1)	(10.1)	(9.6)	(8.0)	(5.8)	(3.5)	(1.6)	(0.7)
IMF	(4.0)	(6.0)	(21.1)	(25.6)	(11.7)	(6.0)	0.0	0.0	0.0	0.0

Source: Ministry of Finance

Dec. 21, 1985

TABLE B. 21

NIGER: MONETARY SURVEY, 1978-1986
(in billions of CFA francs)

	1978 Dec.	1979 Dec.	1980 Dec.	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec.	Projections 1985 Dec.	1986 Dec.
MONEY SUPPLY	54.20	64.51	77.93	94.01	82.98	82.11	100.62	110.21	119.71
Currency outside banks	19.74	27.28	31.05	34.78	35.27	30.95	30.63	....	....
Demand deposits	26.66	29.99	33.54	39.91	35.65	35.02	47.37	....	....
Quasi-money	7.80	7.24	13.34	19.32	12.06	16.14	22.62	....	....
NET FOREIGN ASSETS	17.36	13.49	12.19	22.14	-20.52	-15.76	1.87	-2.43	-3.83
Central bank	23.27	22.28	27.36	29.69	8.78	4.00	18.80	....	....
Commercial banks	-5.91	-8.79	-15.17	-7.55	-29.30	-19.76	-16.93	....	....
DOMESTIC CREDIT	42.36	57.46	82.31	98.97	126.68	125.29	119.79	134.50	147.10
Net claims on government	-11.88	-18.36	-7.49	-2.99	16.33	18.14	21.61	26.90	30.60
Credit to private sector	54.24	75.82	89.80	101.96	110.35	107.15	98.18	107.60	116.50
OTHER ITEMS (net)	-5.52	-6.44	7.12	10.55	3.15	-8.57	-14.25	-6.38	-4.68
				(percentage changes)					
MONEY SUPPLY		19.02	20.80	20.63	-11.73	-1.05	22.54	9.53	8.62
Currency outside banks		38.20	13.82	12.01	1.41	-12.25	-1.03	....	....
Demand deposits		12.49	11.84	18.99	-10.67	-1.77	35.27	....	....
Quasi-money		-7.18	84.25	44.37	-37.58	33.83	40.15	....	....
NET FOREIGN ASSETS		-22.29	-9.64	81.62	-192.68	-23.20	-111.87	-229.95	57.61
Central bank		-4.25	22.80	8.52	-70.43	-54.44	370.00	....	....
Commercial banks		48.73	72.58	-50.23	285.08	-32.56	-14.32	....	....
DOMESTIC CREDIT		35.65	43.25	20.24	28.00	-1.10	-4.39	12.28	9.37
Net credit to government		54.55	-59.20	-60.08	-646.15	11.08	19.13	24.48	13.75
Credit to private sector		39.79	18.44	13.54	8.23	-2.90	-8.37	9.59	8.27
OTHER ITEMS		16.67	-210.56	48.17	-70.14	-372.06	66.28	-55.23	-26.65

Source: IMF and Central Bank (BCEAO)

Dec. 8, 1985

TABLE B. 22

NIGER: INTEREST RATES IN THE MONEY MARKET
(in percent per annum)

Date	Overnight Deposits	Overnight Advances	One-month Deposits	One-month Advances	Three-month Deposits	Three-month Advances
July 1975	7.000	7.125	....	....	....	....
February 1976	6.500	6.750	....	....	....	....
August 1976	7.250	7.500	....	....	....	....
August 1977	7.000	7.250	....	....	....	....
February 1978	7.500	7.750	....	....	....	....
August 1978	7.000	7.250	7.063	7.313	7.125	7.375
March 1979	6.125	6.375	6.250	6.500	6.500	6.750
August 1979	7.750	8.000	7.875	8.125	8.125	8.375
March 1980	10.750	11.000	10.875	11.125	11.125	11.375
April 1980	9.750	10.063	9.875	10.125	10.125	10.375
May 1981	14.750	15.063	14.875	15.125	15.125	15.375
December 1981	14.250	14.563	14.375	14.625	14.625	14.875
February 1982	13.750	14.063	13.875	14.125	14.125	14.375
March 1982	15.250	15.625	15.375	15.625	15.625	15.875
December 1982	13.000	13.313	13.125	13.375	13.375	13.625
March 1983	11.000	11.313	11.125	13.375	11.375	11.625
June 1983	12.000	12.313	12.125	12.375	12.375	12.625
July 1984	11.500	11.813	11.625	11.875	11.875	12.125
October 1984	10.750	11.000	10.875	11.125	11.725	11.375
January 1985	10.625	10.875	10.750	11.000	11.000	11.250
December 1985	9.750	10.000	9.875	10.125	10.125	10.375

NIGER: AVERAGE ANNUAL INTEREST RATES IN THE MONEY MARKET, 1975 - 1985
(in percent per annum)

1975	7.000	7.125	....	....	....	....
1976	6.875	7.125	....	....	....	....
1977	7.000	7.250	....	....	....	....
1978	7.250	7.500	7.063	7.313	7.125	7.375
1979	6.938	7.188	7.063	7.313	7.313	7.563
1980	10.250	10.531	10.375	10.625	10.625	10.875
1981	14.500	14.813	14.625	14.875	14.875	15.125
1982	14.000	14.333	14.125	14.375	14.375	14.625
1983	11.500	11.813	11.625	12.875	11.875	12.125
1984	11.125	11.406	11.250	11.500	11.800	11.750
1985	10.625	10.875	10.750	11.000	11.000	11.250

Source: IMF and Central Bank (BCEAO)

ANNEX C

DRAFT

UNCLASSIFIED
CLASSIFICATION

App 12A-1, Chp 12, HB 3
(TM 3:43) 9-30-82

PROJECT EVALUATION SUMMARY (PES) — PART I

Report Symbol U-447

1. PROJECT TITLE	2. PROJECT NUMBER	3. MISSION AID/W OFFICE
Agriculture Sector Development Grant	683-0246	USAID/Niger

4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) 683-87-0

☒ REGULAR EVALUATION ☐ SPECIAL EVALUATION

5. KEY PROJECT IMPLEMENTATION DATES			6. ESTIMATED PROJECT FUNDING	7. PERIOD COVERED BY EVALUATION
A. First PRO-AG or Equivalent FY 84	B. Final Obligation Expected FY 87	C. Final Input Delivery FY 88	A. Total $ 32 mill.	From (month/yr.) 9/84
			B. U.S. $ 32 mill.	To (month/yr.) 12/86
				Date of Evaluation Review

8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
1. POLICY DIALOGUE AND REFORM		
a. Decisions		
1. Establish middle level GON-USAID policy committee.	GON/USAID	3/87
2. Increase USAID staff participation in policy reform monitoring.	USAID	continuing
3. Incorporate seed supply policy into program design (PAAD amendment).	USAID	6/87
4. Continue policy dialogue in five strategy areas, improve data collections for subsidy monitoring (fertilizer), continue to support policy reform performance through activities of bilateral projects.	USAID	continuing
b. Issues to be raised with GON	GON/USAID	2/87
1. Require clarification from GON on insecticide subsidy issue.	"	"
2. Require justification from GON on ban on cattle export.	"	"
3. Status of tender and bid for OPVN wholesale sales.	"	"

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS

- ☒ Project Paper
- ☐ Financial Plan
- ☐ Logical Framework
- ☒ Project Agreement (add C.P.s)
- ☒ Implementation Plan e.g., CPI Network
- ☒ PIO/T
- ☐ PIO/C
- ☐ PIO/P
- ☐ Other (Specify)
- ☐ Other (Specify)

10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT

- A. ☐ Continue Project Without Change
- B. ☐ Change Project Design and/or ☒ Change Implementation Plan
- C. ☐ Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)

Ernest Gibson, ADO

Laoul Chafani, Director, Studies and Programming, Ministry of Plan

Sanda Maina, Director of Studies, Programming and Statistics, Ministry of Agriculture

12. Mission/AID/W Office Director Approval

Signature

Typed Name: Peter Benedict

Date

AID 1330-18 (3-78)

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4.	Repeal of "indicative" producer prices for cereals. Reestablishment of regional variations in OPVN sales prices.	GON/USAID	2/87
5.	Status of transition of C.A. - statutes, 5 year transition period.	"	"
6.	Explanation of cooperative role in village level grain storage.	"	"
7.	Status of plans for radio broadcasts of market prices.	"	"

Other recommendations are for changes in approach by GON, and not within USAID's purview. See evaluation report for details.

2. COUNTERPART FUND MANAGEMENT

a. Decisions

1.	Secretariat: Propose that GON publish standard operating procedures, define limits of discretion for personnel, republish work rules, install internal control system for document receipt and action.	MinPlan	4/87
2.	Secretariat: Revise contract or work plan of financial counselor to be consistent with actual duties performed (or vice versa).	Plan/ USAID	2/87
3.	Secretariat: Provide training to employees on use of micro computers for spreadsheet and other management applications.	Plan/ USAID	on-going
5.	Joint Counterpart Fund Management Committee: Reduce quorum to representatives of Plan and USAID only	Plan/ USAID	done
6.	Adopt standard format for project submission to Counterpart Fund	Plan/ USAID	3/87

b. Issues to be raised with GON — Plan/ USAID — 2/87

1.	Joint Counterpart Fund Management Committee: Propose that Minister of Plan establish position of Deputy Chairman of the committee to assure continuity of operations.	"	"
2.	Secretariat: Revise position description of the Executive Secretary to upgrade qualifications and requirements for daily management of sector grants or otherwise restructure Secretariat.	"	"

3. TECHNICAL ASSISTANCE

a. Decisions

1.	Revise work plan for team to make it more manageable, establish schedule for major actions	USAID/ GON UMichigan	2/87
2.	Revise reporting requirements to make T.A. team responsible to GON, not USAID	" "	3/87
3.	Propose formal assignment of team to appropriate offices of GON and nomination of counterparts	USAID	3/87
4.	Establish liaison link with Ministry of Animal Resources policy analysis unit (Tufts University team)	GON/ USAID	3/87
b.	Issues to be raised with GON	GON/ USAID	3/87
1.	Determine the feasibility of establishing baseline data at farm level for ASDG economic monitoring.	"	"
2.	Consider moving individual T.A. members to other offices or ministries after completion of this year - may not be acceptable to GON, may not resolve problems of T.A. effectiveness.	"	"

13. Summary

The Agriculture Sector Development Grant is at chronological mid-point in its implementation. In reality, however, two years may be insufficient time to judge whether the approach will assure achievement of goal and purpose in the long term. Several months elapsed from the time the grant was signed to the time administrative functions were established for disbursement of the local currency fund associated with the grant program. Nearly a year passed before the long-term technical assistance team was put in place. Only two tranches of dollar disbursements had been made at the time of mid-term evaluation, and only the second tranche had strong policy reform conditionality. Hence, definitive answers on program impact are premature. The evaluation did conclude that the program is progressing as expected, overall. The independent team identified a variety of operational areas in which alterations should be made, or further policy dialogue conducted in order to assure achievement of program goal and purpose.

14. Evaluation Methodology

The mid-term evaluation was called for in the Grant Agreement. Its purpose was to measure progress to date, and to indicate appropriate mid-course corrections. The evaluation was organized as a joint Government of Niger-USAID endeavor, with a three person team of consultants engaged to lead the effort. Unfortunately, from AID's viewpoint, the committee appointed by

the Grantee chose a passive role of coordinator in the process. The methodology followed by the independent evaluation team stressed interviewing a wide range of government and other donor representatives. This program is interministerial in nature. Key actors include the ministries of Plan, Agriculture, Animal Resources, Commerce, Tutelage, Finance. Major donors such as the IBRD, UNDP, FED have related activities, and were consulted as well. The evaluation cost approximately $90,000, without factoring in costs of USDH personnel directly involved in the process.

15. External Factors

During the first two years that the program has been in operation, a major drought and drought recovery effort have occurred, shifting government and donor emphasis temporarily to emergency actions. Because of the drought, USAID agreed to postpone complete fulfillment of one requirement (pertaining to export of livestock) in releasing funds for the second tranche. The drought also retarded management improvements in the grain marketing operations of the parastatal agency, OPVN, since OPVN was called on by the government to undertake a massive drought relief role during this time period. ASDG was a minor participant in the multi-donor drought effort. It is worthwhile noting that the ASDG program adapted well to the drought situation in its local currency project component. The joint Government-USAID management committee allocated approximately $2 million to projects of an emergency nature (cattle feed for the pastoral zone, emergency import of improved cowpea seed).

The Government of Nigeria officially closed its borders to trade from January 1985 to March 1986. While certain products were allowed to pass (livestock seeking pasture from north to south during the drought, for example), and clandestine import/export continued, the closure prevented official export of cowpeas and other major agricultural products by Niger, reducing foreign exchange earnings and delaying implementation of actions to facilitate crossborder trade.

Various institutional changes in the Government and parastatal organizations intervened between program design and commencement of operations, requiring modification of approaches to implementation. The key technical ministry, Rural Development, split into two (Agriculture and Animal Resources) in 1985, making policy dialogue more complicated procedurally, and effectively assigning technical assistance resources to Agriculture alone. However, three long term technicians including a livestock policy advisor are being provided to the Ministry of Animal Resources under the amended Integrated Livestock Production (ILP) Project. A formal link will be established between the ILP Project and the ASDG which will facilitate policy dialogue between. The agricultural credit parastatal had been approaching bankruptcy since the early 1980's and essentially ceased operations in 1984. The cooperative parastatal was transformed into a new, in priciple more autonomous organization during the early period of the grant. In the short term these changes were somewhat disruptive, their long-term effects are still uncertain. When ASDG was in the design stage, the Commerce portfolio was under the Ministry of Plan. By the time the agreement was signed, Commerce was a separate Ministry. We assumed that Agriculture, Livestock and Plan would have more influence on grain

marketing and distribution and on cross border trade policies than they do in fact. The internal and external trade directorates do end up controlling and regulating trade and it is very hard for Agriculture to push for policy reforms in another Ministry. This has added to the complications in policy coordination, because there are more independent actors on the scene. This is somewhat counterbalanced by the coordinating role of the Secretary-General of the Presidency which we had not foreseen in the design.

The assumptions are still valid.

16. Inputs

This is not a project, therefore there are few direct AID inputs (the program consists of $29 million cash transfer and $3 million technical assistance and studies component). The long-term technical assistance team has been in place slightly more than one year. The evaluators praised the professionalism of the University of Michigan team, but recommended that the T.A. team's work plan be modified to reduce the number of studies unrelated to policy reform activities. The current scope of work is deemed overly ambitious. In addition, the team leader's clear role in monitoring policy change for ASDG places the team in a somewhat precarious position in the Ministry of Agriculture, being perceived by some colleagues as donor watchdogs or agents. In the future, the team should not formally report directly to USAID, but to the Ministry in which it is located (Agriculture for 3 members, Plan for the fourth).

USAID and the Government should make efforts to assure the integration of the team into the Ministry of Agriculture. This may require team members to undertake staff responsibilities (e.g. preparing special papers, computer analyses of previous and ongoing surveys, etc...) on behalf of the ministry. More involvement by host country counterparts in the team's work is recommended, but no single manner of facilitating involvement can be proposed for the varied aspects of the assignment (simply naming counterparts, for example, does not guarantee involvement). The evaluation also recommended that USAID and the Government discuss the advisability of moving one or more team members to other offices or ministries after this year to maximize the team's effectiveness in dealing with an interministerial program. A formal link should be created between the ASDG team and another USAID-financed T.A. team in the Ministry of Animal Resources to assure monitoring of activities related to ASDG in that agency.

17. Outputs

Description (from Log Frame):	Status:
1. Reorientation of the agricultural input subsidy policy and restructuring of the official input supply agency achieved.	On course. Plans underway to transfer input supply agency to cooperative movement. Subsidy reductions on schedule generally, although problems exist in definition of which ag inputs are covered by the agreement. (Are chemical products

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	for non-food cash crops included, or should the subsidy issue be restricted to inputs related to cereals production?)
2. Promotion of competition in grain marketing through the liberalization of offical marketing and pricing policies achieved.	Progress made in village level grain storage and competitive bidding for grain purchases by parastatal agency (OPVN), as called for in grant. Tender and bid for grain sales by OPVN not begun, uniform national pricing still partially applied for some crops, cereals prices published by OPVN, but radio broadcasting of sales prices not started. The GON implemented the village level grain storage by requiring that the Village Development Committees (which include cooperatives among several member organizations) hold the grain. They now have much more than the target level holdings. Field investigation determined that although it was hard to find out who controlled the stocks, obviously less than the target was held by groupement mutualistes or cooperatives. The original intent was to strengthen local stocking of grain in such a way that it would facilitate increased cooperative and private sector participation and profit making in grain marketing.
3. Appraisal for the country's ag credit situation, particularly in the formal credit market achieved.	Ag credit study completed on schedule. Recommendations approved by Government and donors and USAID proceeding with design of credit union program.
4. Policy to promote border trade of livestock and cowpeas.	Cowpea trade promoted. Livestock trade facilitated at beginning of program, policy reversed for animals as a result of drought as emergency measure to promote restocking of herds. USAID and Grantee currently reassessing livestock export question before release of 3rd trache.
5. Promote more cooperative and private trader participation in the supply of	Progress made: Parastatal monopoly on export of cowpeas cancelled; ag

ag inputs, border trade of livestock, cowpeas and other agricultural products, and internal grain marketing and storage.	input supply agency being transferred to cooperative movement gradually; traders and coops assuming larger official role in internal grain marketing and storage. Licensing and pricing restrictions still inhibit full and profitable participation of cooperatives in the case of millet.

18. Purpose

"To assist Niger to continue its development activities in the sector in light of the reduced level of budgetary resources and the austerity effort currently in place:

- To promote the implementation of growth-oriented agricultural policies in the marketing of agricultural outputs and in the supply of agricultural inputs through increasing use of market incentives and competition.

- To provide additional resources to the agriculture sector in order to maintain existing investment activities and raise the level of the sector's absorptive capacity in view of the country's macro-economic and financial situation."

Progress has been made towards achievement of End of Program Status indicators (EOPS), listed below. Indicators are still valid measures of achievement of purpose. It is too early to judge when, and if, EOPS will be fully achieved.

Indicator (from Logical Framework)	Status
1. More ag inputs are made available to farmers at prices which reflect real economic benefits to the economy.	Reduction of subsidies and lack of credit for inputs has led to reduction in distribution of some inputs (e.g., plows, tool bar, donkey cultivator and other heavy equipment). Purchase of farm implements has declined overall, but sales have become more rational (sharp reduction in low rainfall farming areas where use of plows, etc. is not cost-effective). Effect on distribution of fertilizer not seen yet, as most fertilizer is now donor-contributed. In long-term, supply of inputs should increase as production/sale becomes profitable. Four year life of ASDG is not sufficient for achievement of EOPS.

2. The role of the official ag input supply agency is reduced and transformed toward a cooperatively-owned agency in competition with other cooperatives and private traders.	On course as of February 1987. Statutes for the transfer of CA to cooperatives have been prepared but not yet issued. Promotional sale to liquidate old (often ill-adapted) stocks underway. Five year transition period called for in ASDG may be reduced. Effects of accelerated transition not yet clear. Financial viability of agency during transition period must still be assured.
3. Operating losses of the grain marketing agency are reduced by 30 to 50% of the average 1981-83 sales.	Behind schedule. USAID's major role with OPVN has been as donor of food aid, assisting with distribution accounting records, etc. ASDG provides no TA and has little formal role in OPVN, limiting AID's ability to affect commercial operations. Major USAID humanitarian role in OPVN in drought relief diverted efforts from commercial issues during 1984/85. Food aid transferred to OPVN complicated local buying and sales systems during period. Still, OPVN used tender/bid system for local purchases of cereals.
4. Cross-border trade in livestock, cowpeas, and other ag products increase.	Cowpea trade increased since re-opening of Nigeria border in 1986 (ASDG-funded purchase of improved seeds assisted in increasing 1986 harvest). Livestock export blocked following drought. Export of female animals and all cattle still formally banned (though clandestine export continues). Ban on livestock export must be reversed in order to meet this EOPS indicator by 1988, and for release of 3rd tranche.
5. Development activities supported by the recurrent cost funding from the program continue to progress toward their objectives.	On schedule. Use of GON-owned local currency Counterpart Fund has enabled donor-financed projects with host country contribution requirements to continue on schedule during this period. The fund is now supporting both AID and other donor and PVO projects which contribute to achievement of the goals of the grant program.

19. Goal

1. To assist the GON to achieve its economic and financial stabilization program currently in place under IMF auspices.

2. To contribute to the goal of increasing food production and farmers' income.

ASDG plays an important role in the Government's economic stabilization program. The influx of $29 million to the agriculture and rural development sector over the four year life of program has a positive impact on government development activities in those areas. Impact on the government investment budget is easily assessed. ASDG cash transfers were 10% and 14% of public investments in agriculture and rural development in 1984 and 1985 respectively. This support was given at a time when the GON had to cut its development expenditures for three years in a row. Access to the counterpart funds made it possible to continue agriculture and rural development projects that otherwise would have been shut down. Thus, at a time of seven budget contractions, ASDG funds continued to augment the absorptive capacity of the agricultural sector. These funds provide the basis for increases in budget allocations to agricultural investments in 1986 and 1987 as was envisiged in the economic and financial stabilization program.

Some progress towards increasing food production and farmers' income can be traced to ASDG. It should be remembered, in assessing impact, that the 1984/85 drought had a negative effect on achievement of both goals during the early period of the grant program. In 1986 ASDG can be credited partially for increased production and export of cowpeas in Niger, as the Agricultural Production Support project (683-0234) and ASDG Counterpart Fund financed the import of improved cowpea seeds (CB5) which were highly productive. It is assumed that relaxed regulations for export of cowpeas by private traders and coops, which ASDG required, also encouraged farmers to plant more of this crop. Joint efforts under ASDG and other USAID projects have had short-term impact on other aspects of the food production/farmer income status issue. It is too early to judge the extent to which policy reforms undertaken by the Grantee and projects supported in part by the Counterpart fund will have a measurable, long-term impact on agricultural production and farmer income. Definitive assessment may never be possible. As in the case of macro-conomic impact, there are numerous other causal factors which affect production and income which are not within the control of the program.

20. Beneficiaries

As this is a sector grant which is largely composed of a direct cash transfer to the Government of Niger, the direct beneficiary is the Treasury of the Government of Niger, which passes the benefits on to programs in the agriculture/rural development sector through the Counterpart Fund. To date, the CFA equivalent of $15,675,000 has been deposited into the Counterpart Fund. Direct beneficiaries of the technical assistance/studies component of the grant are counterparts in government agencies who have been involved in studies under the program, namely the Ohio State University study on Rural Financial Markets, the SECID study of subsidies, and some of the University of Michigan studies on fertilizer, marketing, and prices.

The population of Niger has benefitted indirectly, through the programming of Niger-owned local currency in the Counterpart Fund. Various agricultural and rural development projects which have the aim of increased agricultural production and enhanced rural incomes have received partial funding from the CPF. Since no project is fully funded by the CPF, this has the effect of multiplying the impact of the CPF contribution. For example, if a $10 million project requires a $1 million Government of Niger contribution which the Government itself is not able to make, the ASDG counterpart fund contribution of $1 million effectively allows a $10 million project to continue instead of stop.

The population, particularly farmers and traders, will also benefit from policy reforms undertaken by the Government of Niger under the auspices of ASDG. The extent to which groups benefit from policy reforms is highly variable at this point, especially as not all intended reforms have been implemented to the extent foreseen ex ante. For example, immediate benefits have accrued to traders who exported cowpeas and who participated in bid and tender sales to OPVN. Cooperatives which bought grain from members at "indicative" prices benefited less because market prices were lower than the "indicative" prices, and the cooperatives thus had difficulty selling at profitable prices. This underlines the need to abolish uniform national (indicative prices). Farmers no longer able to buy inputs with heavy subsidies and easy credit appeared to suffer in the short-term. However, most may not suffer a real loss at all, as inputs which are inappropriate to rainfed conditions have only marginal production benefits, and financial benefits are only due to the subsidy.

21. Unplanned Effects.

The evaluation team found no unplanned effects.

22. Lessons Learned.

Monitoring and management of policy based programs is more personnel intensive for AID than originally foreseen. The nature of USAID monitoring of such a program requires consistent intellectual involvement, while reducing the requirement for certain project management tasks (USAID purchase and monitoring of commodities, construction, and other normal input-related tasks are reduced or eliminated, as inputs are mainly purchased by the Grantee using Grantee-owned local currency). Using contractors to carry out day-to-day monitoring of policy reform performance is a viable way to assure sufficient manpower in the face of frozen or diminishing USDH staffing levels, but the burden of responsibility for such monitoring must rest with the USAID mission itself. Monitoring of the Counterpart Fund (programming, financial management) also requires consistent participation by professional employees. ASDG has been lucky in this regard, as the GON detached a senior civil servant to USAID to monitor programming of the fund, and highly skilled contract employees have been available for assistance in financial management. Such a program also requires high level USAID involvement of an intensive nature.

Joint management and monitoring of the policy reform program requires active participation by both parties to the grant on a regular basis. Use of a high

level committee composed of Secretaries General from several ministries under the chairmanship of the Secretary General of the Presidency has not been an effective mechanism in this case. The individuals involved are too busy to meet on a regular basis, and those representing ministries which are not major beneficiaries of the Counterpart Fund have less motivation to attend than those actively involved in the grant program. The plethora of large committees requiring periodic attendance by high level officials has become a problem throughout the Nigerien Government. Committees for IMF and World Bank program direction and compliance, and internal GON committees leading economic stabilization and national development planning efforts compete for time with ASDG. USAID is now seeking creation of a middle-level committee for policy reform monitoring, similar to the middle-level committee for Counterpart Fund management. USAID made design changes in the parallel health sector grant as a result of these lessons learned.

Attempts to influence outcome in areas in which AID has no investment of money or personnel are doomed to difficulty. As a case in point, aside from its major role as a donor of food aid and assistance in managing food aid stocks and distribution, USAID has little role in the commercial operations of OPVN and therefore has limited influence on its operations apart from moral suasion. Close donor coordination and agreement by the major donors in a subsector to press for the same policy measures can mitigate this problem. At the same time, contradictory action by a major donor can neutralize the impact of AID-supported policy reforms. This has not happened in ASDG, but the threat is tangible. For example, donors differ in interpretation of the "fixed price." Some say it is a "floor price," others an "indicative price" which may or may not be strictly followed. Policy reform progress is less likely to occur in these cases than in areas where there is donor agreement. Measurable progress is most likely to occur in performance in policy reform areas which are supported by technical and material assistance in complementary AID projects.

As the program matures, modifications need to be made to operations and to policy agenda. It is recommended that seed policy be incorporated into ASDG benchmarks starting in 1987. Seed policy was earlier excluded because seeds are not handled by the input supply agency. However, access to seeds at appropriate times, prices, quality and quantities is essential to improvement of agricultural production and income. USAID also has strong complementary programs under projects which are aimed at improving seed supply.

This evaluation did not demonstrate a successful methodology for evaluation of policy-based sector grants. It is unclear whether the fault lies with the methodology defined by USAID, but followed only partially by the team, or in the re-interpretation of the methodology by this particular consultant team. USAID would posit the latter, and the team argue the former. The team successfully raised issues related to program operations and performance of the Grantee in meeting policy reform conditions. What the team was unable to produce to USAID's satisfaction was an image of the overall program, its place in Nigerien economy and development, and its potential impact on the same.

23. Special Comments

Cross-cutting policy issues: The cross-cutting policy issues (sustainability, women in development, environmental impact) to be considered in project evaluation were reviewed prior to formulation of the terms of reference for this evaluation. They were deemed to be not highly relevant to this non-project assistance program at this point.

Annex D

Economic Analysis

of

Constraints to Seed

Multiplication and Distribution
(Emphasis on Millet)

Annex D. Economic Analysis of Constraints to Seed Multiplication and Distribution (Emphasis on Millet)

I. Introduction.

The scope of this analysis is determined by three criteria; previous types of financial analysis carried-out to date, basic assumptions which reflect seed policy choices, and lastly, the amount and type of information available concerning the respective costs associated with the demand and supply of seeds. The analysis draws on and summarizes previous work carried-out by Mississippi State Univeristy (MSU) (1986) and Couvillion (1985,1986).

The analysis is based on three program goals. The first is that the role of Niger's national seed program should continue to be the orderly and periodic replacement of crop varieties with improved types of food crops and not to be the primary distributor of improved seed to non-project farmers. The second is that the GON should assist seed rehabilitation efforts after local national calamities through the supply of seeds to replenish lost stocks, i.e. maintenance of seed security stocks. The third program goal is to lower the GON recurrent costs for seed multiplication and initial distribution.

A. Systematic Replacement of Crop Varieties.

The systematic multiplication of improved seed varieties for periodic replacement by farmers is important because new varieties are more susceptible to diseases and must frequently be replaced with more recent varieties. This means that a program which has introduced and multiplied new varieties must be sustained. Thus, the emphasis for an analysis of the national program is on production. Taking on a national seed marketing role would lead to unrealistic expectations about the role of seed multiplication centers, opportunities for privatization, and to a massive hemorrhaging of government funds required for a marketing role.[1]

In the past the seed multiplication component of the APS project has been much more than a straight forward seed multiplication program. It has become much more because of delays or deficiencies and short-falls in the other components of the APS;

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[1]Only with respect to specialty crops such as vegetables, forage, and forest species, and for hybrid varieties (which require seed renewal every planting) is seed supply per se the main function of a national seed program.

extension, input supply, and credit. Previous analysis of the seed multiplication costs and benefits has taken into account the broad development role associated with the seed multiplication component. Seeds could be multiplied for much less if these complimentary activities were costed to other activities of the APS project.

However, it should be recognized that the viability of a seed multiplication program is affected by several factors located both up-stream and down-stream from the multiplication operation. Up-stream factors include the administrative structure for seed policy formulation and implementation and crop improvement research which generates the new seed product to be multiplied. Down-stream factors include the level of demand, the quality of extension, the ability of the cooperative structure to procure inputs, and an efficient marketing system. The APS project has incorporated these down-stream activities into its past program.

The seed multiplication component was correctly rationalized in terms of the direct and social benefits that would be generated through replacement of traditonal varieties of mainline crops with higher yielding and/or more yield stable types (e.g., drought and pest resistant). The benefits of crop improvement research are determined in the final analysis by the degree to which seeds of the improved varieties replace those of traditional varieties in the area of adaptation. If the seeds of the improved varieties developed through research are not multiplied, distributed and planted by farmers, there are no benefits.

Since farmer-saved seeds of traditional varieties are usually as satisfactory for planting as those available in the market, farmers have little incentive to buy or barter for seeds of the same variety they have been planting. The advantages and benefits of improved multiplied seeds as compared to saved seeds are related to inherent or genetic superiority and not higher germination and physical purity. The problem with improved varieties of millet to date has been the lack of any identifiable improvement in yield of new varieties with consequent low adoption rates.

B. Maintenance of a Seed Security Stock.

The APS seed program has had responsibility for establishing a national security seed stock for millet. More than 1500 mt of emergency stocks of 1st and 2nd choice millet seeds are now in stock (Tables G.1 and G.2). These stocks insure that seeds of adapted varieties will be available to farmers in disaster years when their own stocks for planting may be consumed.

A recent report by Mississippi State University concluded that the establishment and maintenance of a security stock can "perhaps" best be done by the seed multiplication program, but it should not be totally costed to the seed program. Maintenance of security seed stocks is a proper "in the national interest" type of program for the central government and it should be considered as a sort of national insurance. There is no reason for saddling the seed program with the cost of the insurance premium associated with unavoidable losses of security seed stocks.

C. Lowering GON Recurrent Costs for Seed Multiplication and Distribution.

There have been several suggestions for lowering GON recurrent costs for seed multiplication and distribution extending from foundation seed (M1) to farmer multiplied seed (M3) operations. While cost reducing measures for M1 and M2 seed are concerned with increased efficiency of current GON programs, M3 production and distribution have been discussed in terms of following a strategy of privitization. The primary change is the proposal to shift M3 seed production of millet, cowpeas, and peanuts from contract growers managed by the SMC's to the cooperatives, which would also involve contract farmers.

In the case of rice, wheat, sorghum, and maize seeds the cooperatives would presumably also produce M2 seed. The cooperatives would be heavily involved in the production, marketing and diffusion of improved seeds, eventually take charge of the total infrastructure beyond the M1 stage, and participate fully in the elaboration of seed policy. Other important agencies in the seed area would include the development projects, the ONAHA, and the Departement Seed Committees (DSC's).

The MSU report indicates that there is little potential for profit in M1 and M2 millet seed production, hence few private sector entities will be interested unless they are directly and heavily subsidized. There is some scope in the long term for a modest level of privatization in production and marketing of M3 millet,cowpea, peanut, corn, and sorghum seed. Multiplication and distribution of improved vegetable seeds offer excellent opportunities for the private sector.

The next paragraphs discuss the major factors associated with the demand and supply of improved seed in Niger and provides the framework for recomendations concerning the three major program goals described above.

II. Demand for Seed.

The market for improved seed, like the market for other inputs, is demand driven irrespective of what national seed policies or

activities may be. The demand for improved seed varies according to the type of seed (M1-M3) and who the clientel are for each type. M1 seed clientel is the GON seed multiplication centers (SMC's). In the past M2 seed clientel consisted solely of the SMC's, but as suggested cooperatives could take on M2 production and marketing of some crops. The clientel for M3 seed for all crops are either contract growers who multiply it, cooperatives, and farmers who wish to plant it in their own fields. Because most proposals for cost reduction and privitization are relevant to M3 production and marketing, the demand for M3 seed is the major topic addressed in this section.

The major problem in estimating demand for M3 seed is that information on actual use (planted seed) is not available. Up until now demand for M3 seed has not been a problem because the major client has been the security stock program. Now that the security stock for millet is constituted, knowing demand is important because further benefits from crop improvement research will be measured by the degree of replacement of traditional varieties. However, at the recent seed policy conference sponsored by USAID, the GON indicated that actual use of improved M3 seed appears to be very low. There needs to be more work on estimating demand and actual M3 use by region and by type of seed. A good starting place would be analyze the results of a APS 1976-1979 survey on improved seed use and demand. In addition the Monitoring and Evaluation unit of the APS project is implementing a study on demand and use and full support should be given to this effort.

A. Factors Affecting Demand.

Generally, the quantity of M3 seed demanded by farmers is determined by perceptions of a new seeds superiority translated through rate of acceptance and size of the area of adaptation. Therefore, in analyzing the quantitative goals of a seed multiplication program one must take into consideration that production implies usage and that farmers acceptance, hence use, of improved multiplied M3 seed, is determined by many factors of greater importance than the quantity produced and available for distribution. The degree of improvement represented by the new varieties in terms of increased productivity, the efficiency of the extension service and input supply program, and the fairness of the market are more dominant influences on farmer rate of adoption. If these other down-stream factors are not operating in the proper direction, then the seed program will not be able to market the seeds it produces regardless of the efficiency attained in its own operations.

The major characteristics which demand estimations must take into account are the uncertain physical evironment and the degree to

which farmers are risk adverse. In Niger this problem is compounded by wide swings in production from year to year.

More specific factors which affect farmer demand for M3 seed include the following:

- Varietal characteristics, including yield, food quality, crop cycle, and disease suseptibility. So far improved varieties have only been marginally better than locals and with inputs (i.e. fertilizer) they yield almost the same.

- Rate of acceptance and diffusion of a new variety.

- Potential for saving seed by farmers. The potential for saving seed by farmers reflects the potential flexibiltiy of the system. Farmers face trade-offs between maintaining their own stocks (in part to guarrantee genetic diversity) and purchasing improved seed. Also, there is no need to purchase improved seed each year. Preserving ones own seed is tied to farmer desire to avoid risk by keeping as many varieties on hand as possible.

- Seed prices

- Grain prices. Expectations about grain marketing potential is also important. Farmers will not adopt new seed varieties and production practices unless the additional production can be disposed of in an equitable market. If a farmer adopts new practices and increases his production by 50%, but has to market the surplus (amount above subsistence requirement) at a depressed price due to overloading of the local market, then he has gained nothing by additional work required for harvesting.

- Ease of maintaining viability

- Accessability of seeds to farmers. Availability of new varieties.

- Farmer education about seed and its value (viable extension package)

- Credit availability.

B. Levels of Demand.

Estimates of demand are crucial in order to set seed production targets. This is especially true of M3 production and distribution to farmers. In the past, demand estimates have not been critical for the seed program because of the necessity to build a security stock. However, this stock has already been

established and future estimates of demand will be more critical to increasing the efficiency of the multiplication program.

Based on 1985-86 sales data for M3 millet seed production plans for 1986-87 for millet have been estimated (Table G.3). Actual data on sales and stocks need to be taken into account for determining production levels. A recomendation is that the same approach used to compile Table G.3 should be done on a variety by variety and site by site basis. Nevertheless, the MSU study indicated that the aquistion of about 300 kg of M3 millet seed/ha is reasonable to renew millet seed security stocks (Table G.3).

The level of demand may also be determined by the form of repayment for improved seed (Table 3.4). In 1985-86 about 88% of M3 millet and sorghum seed sales were in-kind. On the other hand, nearly all sales of cowpea and groundnut seed were in cash or credit which is to be paid back in cash.

Improved estimation of demand will require timely gathering and analysis of market data including actual sales, the needs of specific projects, farmer acceptance by variety, comparative yields by variety.

Demand projection should be done on a regional basis. This means that the regional or departemental seed committees who estimate demand must be made operational. Firm advance orders should be obtained from coops, productivity projects, and merchants whenever possible. However, it should be noted that it will be difficult to interest private traders in making advance orders of improved M3 seed for the same reason given for privitization of the fertilizer market: commercents will respond to farmer demand when the rainy season has declared itself or run the risk of not getting paid. Consequently, one would expect full time commercents to be interested in the seed buisness only in areas where a minimum amount of rainfall is guaranteed.

III. Supply of Seed.

A. The Production System.

In their final report the MSU team determined that the GON seed multiplication/production system now in place is appropriate for varietal replacement and that the facilities for seed collection, conditioning and storage are adequate, or will be fully adequate when replacement of worn equipment and additional storage are completed. The major concern related to continued GON involvement in seed production is reducing the costs of current operations for M1, M2, and M3 seed.

Current production outputs envisaged by the APS project included:

- 250 MT of high quality M2 seeds produced annually

- 500 contract growers producing 300 MT of M3 seeds annually.

- 10,00 MT of M3 seeds produced annually through the CPT's. This would fulfill about 33% of the annual requirement for millet seeds in Niger.

The MSU team has suggested that these targets, especially the 10,000 MT of M3 to be produced through the CPT's, are unrealistic and technically inappropriate. Given current resources it is not possible to produce, condition, and package 10,000 MT of good quality M3 seed. Even if production was possible, it could not be assured that 10,000 Mt of M3 varieties would be actually planted. Figure 1 shows the evolution of M3 millet seed production in comparison with the past goals of the APS project. It can be seen that actual production has fallen far short of the goals set.

From a technical standpoint the MSU report states that there is no good reason to replace 33% of M3 millet seed each year. Given the production environment and the limited marginal increases obtained with new varieties, the MSU team recommended that the following short-term production goals should be set on the basis of areas planted in 1985 (Table 5)*:

-Millet: 5% or 1500 mt/year.

-Sorghum: 2% or 350 mt/year.

-Cowpeas: 2% or 800 mt/year.

-Peanuts: 5% or 700 mt/year.

Even the appropriateness of these reduced long term goals would depend on the rate of farmer acceptance of improved varieties. From an economic standpoint, seed production targets ought to be established on the basis of projected demand. Production targets, and demand, will change to higher levels if very superior seed varieties are released and or hybrids are introduced.

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*Seeding rates in Table 5 are artificial because they are the same for all regions. Another problem with these statistics is that the figures given for area planted are in fact area harvested. Therefore seed needs estimated on the basis of a drought year would be unreliable.

Production of M1 seed has varied a great deal (Table 6). The same could be said for M2 production levels (Figures 2 to 5) between 1977 and 1986. Highest yields over this period for M2 seed was 750 mts for groundnuts, 620 mts for cowpeas, 325 mts for sorghum, and 920 mts for millet.

1. Costs of Production.

Production costs are discussed on basis of on-farm costs borne by contract farmers and those multiplication costs borne by the GON seed centers. The costs of seed center multiplication are divided into M3 and M2 operations.

a. On-Farm Costs.

To date, only two estimates of on farm production costs for improved M3 seed have been carried-out (Reeser, 1980 and Couvillion, 1985). Only the Reeser report calculated net returns and results indicated that it paid more for farmers to multiply sorghum seed. Returns to millet seed production was marginal and negative for cowpea. The meager data on farmer costs and returns to production constitutes an important information gap for analyzing the profitability of seed multiplication by contract growers. To fill this gap the AFS project is planning a survey to make better estimates of on-farm costs and demand. It should also be recommended that as part of the evaluation of the new cooperative seed multiplication activity at Hamdallaye that cost information be gathered.

b. Cost and Reimbursement for Production Inputs.

In the past in-kind reimbursement of production input credits such as fertilizer has been based on a national price for re-couped seed, i.e 110 FCFA/KG in 1986. The MSU report recommended that this policy continue to insure that input costs are covered, thus reducing income risk to farmers. While farmers suffered from low yields (even with fertilizer) in 1984 the problem in 1985 was prices. For example, at the October 1986 Maradi grain price of 30 FCFA/KG it would take approximately 380 kg of response to pay fro 100 kg of urea at 50 FCFA/KG and 100 kg of simple super-phosphate at 65 FCFA/KG. At a grain price of 90 FCFA/KG, it would take only 127 kg of added production to pay for the fertilizer. In terms of input cost reimbursement, an in-kind price set for seed and inputs before the agricultural season begins can insulate farmers from some of the price risks associated with in-kind reimbursement for inputs.

c. Seed Center Costs.

The majority of costing work for seed multiplication has been carried-out with reference to the seed multiplication centers

(Couvillion, 1985 and 1986). Two cost estimates for M1, M2, and M3 seed have been prepared for each year between 1983 and 1985; one which is comprised of a financial analysis of variable costs and a second which includes variable and fixed costs associated with amortization of equipment and infrastructure. In addition, the purchase of M1 seed for M2 production and the value of M2 plus M1 seed for M3 production have been included into the second cost calculation.

The first estimates comprised of only variable seed production costs are presented in Tables 8 thru 10. Couvillion gives a full explanation of the basis for estimating these costs in his 1986 report. Those costs which account for fixed costs are shown in Tables 11 to 13. Regardless of the type of cost estimate shown production costs only reflect center costs and does not include overhead of main project headquarters. Because the major changes envisioned for the seed program involve the production of M2 and M3 seed only these categories are analyzed.

The production costs of M2 seed per kilogram are summarized for the years 1983 to 1985 for millet, cowpea, and groundnut in Tables 14 to 16. Two estimates of production costs are shown for each seed multiplication center. Estimate 1 refers to only variable costs while Estimate 2 is comprised of both variable and fixed costs. Average costs are calculated across years and across all production sites. Both cost estimates for 1984 are inflated due to that year's drought and resulting low output of seed (all M2 and M3 seed crops are produced under rainfed conditions).

For M2 seed groundnut is more expensive to produce than millet or cowpea (Table 16). The average cost of production over all years and across all seed centers is about 1130 FCFA/KG counting only variable costs and about 2500 FCFA/KG if fixed costs and the cost of M1 seed are included. Again, these estimates are on the high side because of the low production levels in 1984. The lowest production cost recorded is 169 FCFA/KG (Magaria, 1983). The production costs of M2 millet (Table 14) and cowpea (Table 15) are about the same across all years and stations, but quite a bit of variation exists between seed centers and between years. For example, average Estimate 2 costs of M2 millet production range from 325 FCFA/KG to about 2600 FCFA/KG. For cowpea Estimate 2 costs across all years the range in average prices extends from 537 FCFA/KG to about 1780 FCFA/KG. The lowest M2 seed production estimated costs for millet is 215 FCFA (Kourougoussauo, 1985) and for cowpeas 421 FCFA/KG (Magaria, 1983).

Production costs for M3 millet, cowpea, and groundnut seed are given in Tables 17 to 19, respectively. Despite the fact that the cost of M2 seed is added to the production costs of M3, overall production costs are quite a bit lower because costs are

spread over much larger land areas. As with M2 seed there is a lot of varietability in costs between years, sites, and crops. However, on average, cowpea seed seems to be the less expensive to produce, followed by millet and groundnut seed. Using Estimate 2 production costs the lowest average cost for millet is about 20 FCFA/KG, 43 FCFA for cowpea, and 41 FCFA/KG for groundnuts. All of these average costs were reported for the seed center at Doukou-Doukou.

Table 20 summarizes and compares the average costs of M2 and M3 seed production across all sites for the period 1983-85. Leaving out the high figures associated with 1984 production costs it would seem reasonable that farmers and cooperatives could become interested in M3 seed multiplication for all crops. On the other hand the estimated production costs of M2 seed would probably discourage the private sector unless input prices were heavily subsidized or the GON could guarrantee a minimum output price

Calculation of returns to the GON seed program could be improved if better inventory and sales records were maintained. The current system of stocks accounting is not adequate and has resulted in descrepencies for stocks of seed and exchanged grain. The project does not know what seed has been sold until deposits show up in their accounts, often with several months delay.

Cost accounting proceedures at the multiplication centers needs to include depreciation of buildings and equipment. Improved efficiency of seed center operations could be attained if each center was given autonomy over its own accounting and buying and selling operations.

The MSU report stated that the cost of running all the seed multiplication centers in 1985 came to 487 million FCFA. However, this does not include the cost of administration from the NCP headquarters which would bring the total considerably higher. Nevertheless, substantial economic benefits have been realized. At 1985 costs, the entire network of SMC's could break even by producing only 590 mt of M3 millet seed (Table 21). In fact, the SMC's produced 1290 mts first choice, cleaned millet seed and marketed 1,084 mts through cash sales, credit and in-kind exchanges. Over 1500 mts remain in storage as a security stock. The MSU report concluded that "the seed multiplication program far more than covers its financial losses through social benefits realized by Nigerien farmers and consumers on improved millet seed alone". As such, "the need for subsidation of mainline crops (millet, sorghum, cowpea, and groundnuts) will continue in the forseeable future, but the efficiency of the SMC's must be improved".

B. Marketing and Pricing System for Seeds.

The marketing and distribution of improved seeds is somewhat different for each type of seed produced. The major clients for breeder (M0) and foundation seed (M1) are the seed multiplication centers. For M2 seed the major clients are also the seed centers, but it is being proposed that cooperatives take some role in the multiplication of M2 as well. The major producers of M3 seed are currently contract growers with the seed program as the main client. It is proposed that production of M3 be mainly carried out using contract growers but under the cooperative system and that the major client should be farmers. Private sector participation is recommended for distribution of improved M3 seed. Because the major problems have been related to marketing improved seed to farmers the emphasis is placed on marketing and distribution of M3 seed.

With increasing stocks the seed program must give more attention to marketing and distribution. To a large degree, the M3 seeds produced have been distributed through other development projects, or in the case of millet, has been used to compile a seed security stock. It should be noted, however, that current thinking as manifested in the draft national seed policy would utilize a variety of means and avenues for seed marketing and distritution: cooperatives, private merchants, parastatals, productivity projects, etc.

For M3 millet, counting stocks and programmed aquistions, the security stock is now constituted and can be sustained. In 1986 there was a quantum leap in M3 cowpea and seed stocks available for marketing. However, in 1986 only about 6% of niebe seed bought in 1985 was sold. All peanut seed purchased from growers in 1985 was resold to farmers in 1986 (77 mts).

A major problem the current seed program has faced is getting farmers to plant the seeds it produces. However, this reflects short-falls and deficiencies in the outputs of research and development more than inadequacies in marketing and distribut on. Substantial marketing problems will continue to exist if farmers continue to resist replacing the varieties they use because the so-called improved varieties do not represent very substantial advancements in yield and yield stability.

Other major marketing problems of M3 seed have included the lack of funds to transport seed from the multiplication centers to cooperative warehouses, the lack of information to farmers so they can judge the performance of new seed, and the lack of credit for farmers to buy seeds. In addition, farmer purchases of improved seed for multiplication have been limited in the past because of poor guarantees by the GON to purchase multiplied seed or by insisting that all agricultural input credit be reimbursed in a single year.

It is obvious that the existing seed marketing and distribution system needs improvemnet if returns to seed research and multiplication are to increase. Although large amounts of M3 seed were distributed through cooperatives through an in-kind system, no one really knows how much was actually planted (Table G.4.).

1. Prices Paid by Producers for M3 Seed.

Contract growers of M3 seed have paid for seed inputs through two methods, in cash or in-kind. The price for M3 millet seed in 1986 was 90 FCFA/KG. For the first time in 1986 farmers were also given the option of reimbursing seed costs in-kind by giving 1.5 kgs of grain (millet or sorghum) for every kilograme of seed taken. The in-kind program only applied to M3 millet seed. As a result cash sales of M3 grain seed were very low while for groundnuts and cowpeas cash sales or credit sales reimbursed in cash made up nearly all farmer purchases (Table G.4.).

The one national price had some equity problems for farmers paying cash. In some areas farmers paid a higher price for M3 seed than for grain. This discourages demand for improved seed. On the other hand farmers in grain surplus areas paying for improved M3 seed grain through the in-kind paid much less than the cash price. For example, in May 1986 the price of millet in Maradi (20 km from the Kouroungoussaou multiplication center) was 40 FCFA/KG and farmers paying in-kind effectively only paid 60 FCFA/KG at the set 1.5/1 ratio.

However, the in-kind exchanges offer two advantages. They are equitable in a country where farmers hold their wealth in grain rather than money, and, they eliminate the need to have cash on hand. The major disadvantage is management of accumulating grain stocks. Also, grain price variability makes budgeting more difficult and increases the financial risks to the seed multiplication program.

There are currently 1500 mts of grain stocks that were traded for seed in 1986 and their value has declined since they were traded. If in-kind exchanges are to continue then some type of program for the orderly disposal of grain must be arranged. The in-kind program should be continued but with better management in the timing of sales sales. This would necessitate more decentralized decision making than is currently in place. For example, each multiplication center could develop their own liquidation program by requesting bids for purchase from private traders. Since most stocks are currently in areas where grain prices are quite low, the different multiplication centers should have the option to sell when and where they want.

Although the in-kind program is costly, it does increase the usage of improved seed by farmers. This may be considered a

social benefit in that where the risk and cost to the government are higher, the social returns from expanded farmer use of improved seeds offset these costs. However, the politically motivated seed-for-grain program will not generate the desired economic benefits if the seeds are not planted.

For cowpea and peanuts the marketing and distribution problem is formidable since there is no plan for security stocks and because of their poor storability. MSU has suggested an in-kind exchange program using millet and sorghum and engaging a consultant for formulating details of a marketing program in collaboration with the NCP, The Directorate of Marketing, and private merchants.

The motivation for increased use of improved seed must come from the inherent value of the seed product. In this respect the cooperative structure must do more to express demands upward through the system. This may be indeed taking place with the work now being carried-out in the CLUSA program and village seed multiplication activities in the Maradi and Tahoua Productivity Projects.

The MSU report has suggested that a pilot program of cash sales of M3 seed through existing private markets be aggressively promoted for cowpea and peanut while continuing in-kind exchanges of millet seeds where there exists a clear demand by farmers for improved seed.

The M3 seed sold through private channels must be recognizably more attractive than market grain and should be cleaned, conditioned and packaged. Cowpeas especially should be treated to control storage and seedbed pests because they are likely to offer substantially improved germination and seedling vigor as compared to bruchid-infested market cowpea grain. Incentives must be given to seed sellers. One way to do this would be to set wholesale prices for seed and leave the determination of the retail sales price to private merchants. A pilot program in Niamey, Maradi, and Zinder could be started with private merchants with a monitoring effort carried-out to evaluate the costs and benefits of including the private sector.

2. Purchase Prices For Improved Seed Paid to Growers.

Current GON purchase prices of improved seed from contract farmers are set for the entire country by a committee prior to harvest but after planting. The price given to producers for M3 millet seed in 1985 was 110 FCFA/KG. There is no information on the extent of marketing or price levels of improved seed sold by contract growers to other farmers or merchants.

The MSU report recommended that prices to growers for improved seed should be based on grain prices in any given year. These prices should be set above grain prices to insure that producers will sell seeds to the program and not on the open market. In the past the National Seed Council has set prices above grain prices. The ratio of seed to grain price has varied regionally because of regional grain price variations.

Figure 6 shows the range of grain price differences from the average national price by Departement in 1985. The average price of grain in Niger was approximately 95 FCFA/KG, thus the seed price was superior. However, a closer look at Figure G.6 shows that prices in Dosso were about equal to seed price offered during October through December while grain prices in Maradi were about 45 FCFA below the official seed price. Prices in Diffa, Tahoua, and Zinder were about equal to the average grain price giving producers in these areas a premium of about 15 FCFA/KG. From these data one would conclude there would be very little incentive from a price standpoint to produce seed in Agadez Dosso, or Niamey for October delivery and a large quantity in Maradi for producing seed. During the months of November and December Maradi seed producers received premiums of almost 70 FCFA/KG above grain prices. For these months all of the farmers of Niger received premiums for seed production.

Setting seed prices by region according to local grain prices could reduce overall costs to the seed multiplication program. It has the added merit of eliminating the inter-regional disparities in farmers' incomes due to differences between local grain prices and the official national one. However, better skills in management and better accounting would be called for within the seed program. Nevertheless, a relatively simple system could be set up where the DSC's could monitor grain prices by coordinating with other agencies (Agricultural Statistics Service, OPVN, INRAN, etc.) and fix a single regional price for purchases from seed growers.

A regionalized pricing system would involve purchases from seed growers at a fixed percentage mark-up over local market prices on a predetermined date during or after the harvest season. Subsequent sales of conditioned seed to consumers would be set at this purchase price plus a reasonable mark-up to cover the value added through processing. Regional prices would need to be based on markets that reflect opportunity costs to seed growers.

Low millet prices following good production years remain a major obstacle to adoption of improved millet seeds. On the other hand, with high market grain prices improved seed will go for consumption. Which ever the case purchase prices should be set above grain prices and before the growing season to insure that producers will sell seeds to the program. In addition to the

concept of setting purchase prices based on regional opportunity costs, purchase price policy should also be set with reference to the costs of production, alternative sources of seed, and the potential superiority of improved seed.

IV. Security Stocks.

The current level and purpose of the seed security stock have already been discussed above. The major questions discussed here relate to the cost of maintaining the security stock and how these costs might be allocated.

The MSU report recommended that not all costs of the security seed program should be charged against the project. The security stock is aimed to insure that some improved seed is available in time of need. As such the security stock be accounted for and funded apart from the seed multiplication activities, and seperately acquired and maintained even if done by the same agency. Costs of seed security should not be mingled with costs of seed multiplication program.

Any program of seed security stocks is bound to require a continuing government subsidy. The national government has a comparative advantage in this activity and considerable social benefits are derived by the public. Quantification of the benefit can be made by considering the impact of replacing 5% of seed stocks needed after a drought year with seeds of improved varieties. Based on an estimated 25% yield increase without fertilizer, this would amount to 15,000 mt of increased millet production just in the first year after replacement[3]. Use of seeds in subsequent years and farmer-to-farmer diffusion would increase the benefits over a 2-3 year period. At an average market price of 50 FCFA per kg. the 15,000 mt would represent increased economic returns of some 750 million FCFA in the first year.

While the benefits of maintaining a seed security stock are high so are the costs. A rough estimate for annually acquiring and maintaining a stock of improved millet seeds equal to 10% of the national seed requirement at 1985 prices comes to about 229 million FCFA, depending on the aquisition price and liquidation price (Table 21). Given these large costs the MSU report

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[3]This calculation assumes a national mean millet yield of 400 kg/ha on a surface area of 3 million hectares. Hence planting 5% (150,000) would give added yields of 100 kgkkk/ha, or 1,500,000 kgs. INRAN on-farm trial results in 1985 found improved varieties to yield 26-58% higher than local varieties under traditional cultivation techniques (no fertilizer) in three regions of the country.

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recommended that GON should not try and hold stocks at the level of 100% replacement of farmers needs.

If security stocks were reduced to 5% of millet seed requirements costs could be reduced substantially. Furthermore, costs could be cut by stocking unconditioned seed, by acquiring it close to the market grain price, and by rolling over the stock over a period of years depending on the retention period for viability.. Assuming 1/2 replacement of annual millet security stock and December acquistion prices in the open market, costs could be held to about 37 million FCFA/year (Table 21).

V. Cost Reducing Measures in the Production and Marketing System for Seeds.

The primary reason why cost reduction is necessary in the improved seed and multiplication system is that if the entire operation were to be supported by the GON tomorrow it would have to be drastically cut back. For example, even if Niamey administrative costs are ignored, less than 10% of 1985 M2 seed multiplication costs and less than 2.5% of estimated M3 seed costs were borne by the GON (Tables 16 and 17). On the other hand the current system is capable of producing more millet and cowpea seed than is marketed.

The MSU team estimates that improved stock management, lower cost alternative program activities, and more rational accounting, could have reduced net cash losses in 1985 by up to 410 million FCFA, or five-sixths of program outlays. Two general cost reducing methods are proposed. First, within the current GON program thriftier management of existing resources and/or cutting non-essential programs. The second method would be transfer some program activities and their financing to other agencies or individuals.

A. Specific Cost Reducing Measures of Current GON Program.

Specific cost reducing measures through improved efficiency of current GON activities include the following suggestions.

1. Operations at Seed Multiplication Centers.

a. Seed centers should charge activities in the areas of input credits, extension services, storage, and security stock purchases and maintenance to other sources. While these activities are well run and fulfill a real need they are not inherent to a seed multiplication system. After 10 years of extension efforts aimed at contract growers it is possible to cut down on extension work. Input supply should be turned over to cooperatives.

b. Equipment maintenance and operational costs can be reduced. May want to contract out M2 seed production to cooperatives. The MSU report estimated that contracting GON could save about 20 million FCFA/year on labor expenses. However, GON would still want to maintain close supervision over seed quality and could do so by offering its land for growers to use.

c. Move the activities at the Lossa foundation seed farm to another site with more suitable soils. Yields at Lossa have been very poor and costly.

2. Purchase of Improved Seed From Farmers.

A revised program for seed procurement and sales could offset program costs. For example, seed purchase costs can be reduced if the program pays a guaranteed price for input reimbursement and then buys additional amounts at 10% above the market price prevailing at each site. 1985 savings of the latter strategy would have amounted to about 84 million FCFA (Table 23).

The savings obtained in the different timing and location of purchases may not always be this large. If this strategy would have been followed for acquiring peanuts and cowpeas then the project would have expended 115% more on cowpea and 33% more on peanuts in Niamey and Maradi. However, it might have also acquired more than the paltry amounts actually purchased.

The project could also pay lower prices for seed by either buying seed from producers in the regions having the lowest market prices or by instituting a bidding system cooperatives.

3. Seed Stocks.

The seed program should proceed with the liquidation of grain stocks. There is no reason to hold on to them after the system and can be used to offset production costs. Table 24 shows that the project could have brought in about 75 million FCFA and earned some 9% interest by selling off these stocks. Even if stocks are sold at a loss they should never occupy warehouse space past the end of the marketing year.

Savings could be made if only security stock of millet was held and other crops were sold off. Seed should be purchased in lowest priced markets and over 50% of the stock should be rolled over each year. The MSU report recommended that most desireable way to cut costs on security stock maintenance and acquisition would be to remove it from the control and accounting of the seed multiplication program.

B. Reduction of Costs through Privitization.

In pursuing a privitization strategy the following points must be considered:

- The private sector must supply correct technical information to users.

-Current clients for improved seeds are mostly around centers.

-There would be more potential for privitization in Niamey because of the presence of commercents and functionnaires.

-The private sector can only be progressively brought in to supply or produce seed because of its lack of experience. In addition, it is apparent that more opportunities for marketing improved seed are open to the private sector rather than producing.

A major suggestion of cost reduction through privitization is that cooperatives take on some M3 production role to increase efficiency. However, the MSU report underlined two problems in this strategy. First, it is known that cooperatives are reluctant to take on the M3 multiplication activities of seed centers because of the lack of experience. Second, up to this point, it would be unwise to give up contract farmers because coops have not been able to demonstrate better ability to produce. The shift to cooperatives may come at a potentional cost in lost efficiency by losing the expertise of farmers who currently produce improved seed.

The MSU report further states that reliance on cooperatives for primary M3 seed production assumes that the on-going pilot seed production programs under CLUSA tutelege will be successful, that they can be sufficiently replicated to provide an adequate structure for seed production, and that there will not be serious slippage following the exit of CLUSA and donor financial assistance. In view of these great uncertainities, a combination of contract farmers around the SMC's and cooperative seed production would be the best compromise. Abondonement of the contract seed production operations would, of course, mean abandonment of a very effective "extension" aspect.

In order to evaluate the CLUSA work there is a need to obtain and analyze the financial data on costs for the cooperative carrying-out the seed multiplication activity. As yet no financial data has been collected on this operation. A comparison could then be made of the CLUSA experiment with current system of individual contractors.

Should the CLUSA experiment prove successful then the current seed program should allocate more money to training.

Annex D Table 1

STOCKS OF M3 SEED ON HAND, BOTH CONDITIONED AND UNCONDITIONED BY DEPARTMENT, (OCT 1986), NIGER, 1986.

DEPARTEMENT / CULTURE/VAR	DIFFA	DOSSO	MARADI	NIAMEY	TAHOUA	ZINDER	TOTAL
MILLET							
CIVT		201.230	542.405	95.500		12.116	851.251
HKP	5.190	97.968	30.211	87.050	69.004		289.423
ANKOUTES	2.156	17.789	7.650	8.700	0.316	10.562	47.173
P3 KOLO			17.600				17.600
MORO	0.414						0.414
GUERGUERO							0.000
B.ANGOURE							0.000
TOTAL	7.760	316.987	597.866	191.250	69.320	22.678	1205.861
SORGHUM							
EL MORO							0.000
BDF							0.000
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000
COWPEAS							
TN 88-63		32.327					32.327
N. LOCAL		0.573			47.181		47.754
CB 5							0.000
TOTAL	0.000	32.900	0.000	0.000	47.181	0.000	80.081
PEANUTS							0.000

Annex D Table 2

STOCKS OF 2ND CHOICE SEED ON HAND, BY DEPARTMENT, (OCT 1986), NIGER, 1986.

DEPARTEMENT / CULTURE/VAR	DIFFA	DOSSO	MARADI	NIAMEY	TAHOUA	ZINDER	TOTAL
MILLET							
CIVT							0.000
HKP							0.000
ANKOUTES							0.000
P3 KOLO							0.000
MORO							0.000
GUERGUERO							0.000
B.ANGOURE							0.000
TOTAL	0.000	41.000	0.000	11.800	12.790	248.550	314.140
SORGHUM							
EL MORO							0.000
BDF							0.000
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000
COWPEAS							
TN 88-63							0.000
N. LOCAL							0.000
CB 5							0.000
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PEANUTS							0.000

Annex D Table 3

TOTAL SALES BY METHOD, BY DEPARTMENT, 1985-86, AND PLANS FOR 1986-87 PURCHASES, NIGER.

	DIFFA	DOSSO	MARADI	NIAMEY	TAHOUA	ZINDER	TOTAL
1985-86							
PURCHASES	55	597	1175	649	468	649	3592
CASH SALES	0	25	15	6	0	0	46
CREDIT SALES	0	21	16	18	18	16	89
IN-KIND SALES	0	0	561	22	255	109	947
TOTAL SALES	0	46	592	46	273	125	1082
MILLET 1986-87							
RECOUP 90%*	0	218	205	227	194	218	1062
PURCHASES	0	300	300	300	300	250	1450
TOTAL 1986-87	0	518	505	527	494	468	2512
ACQUITIONS KG/ HECTARE	0	301	310	293	325	271	300
COWPEAS 1986-87							
RECOUP 90%*	32	77	65	57	80	56	367
PURCHASES	500	800	800	800	750	800	4450
TOTAL 1986-87	532	877	865	857	830	856	4817
ACQUITIONS KG/ HECTARE	920	624	732	822	569	856	754

SOURCES: ANNEX TABLES 5,6,7,14, AND COUVILLION, 1986 REPORT TABLE 19.

* RECOUP ASSUMED 61.2 KG/HA FOR COWPEAS AND 140 KG/HA FOR MILLET

Table 4.COMPARISON OF NATIONAL PCN CASH, CREDIT, AND IN-KIND SALES OF M3 SEED BY CROP, 1985/86 (M4s)

CROP	TYPE OF TRANSACTION CASH	CREDIT	IN-KIND	TOTAL
MILLET				
CIVT	37.6	30.8	270.6	339.0
HPA	2.5	43.1	181.9	227.5
ANKOUTES	0.6	6.4	351.1	358.1
FILKOLO	4.6	10.4	67.1	82.1
TOPO	0.0	0.0	0.0	0.0
GUERGURO	0.1	0.0	71.6	71.7
D. ANGOURE	0.0	0.0	5.3	5.3
TOTAL	45.4	90.7	947.6	1083.7
%	5.0	8.0	87.0	100.0
SORGHUM				
EL MORO	9.8	0.0	69.4	78.2
B.D.F.	0.0	0.0	0.0	0.0
TOTAL	9.8	0.0	69.4	72.8
%	12.0	0.0	88.0	100.0
NIEBE				
TN88-63	23.0	1.1	0.0	24.1
N.LOCALE	0.1	0.0	0.0	0.1
CB-5	0.0	0.0	0.0	0.0
TOTAL	23.1	1.1	0.0	24.2
%	98.0	2.0	0.0	100.0
GROUNDNUTS	0	75	0	75
%	0	100	0	100

*SOURCE: DRAFT REPORT, SEED MULTIPLICATION AND PRODUCTION IN NIGER,ANNEX TABLES 5-7
MISSISSIPPI STATE UNIVERSITY

Table 5. Area planted and total seed needs for the four main crops in Niger.

Seed Kind	Area Planted Ha	Seeding Rate Kg/Ha	Total Seed Needs MT
Millet	3,162,710	10	31,627
Niamey	796,568		7,966
Dosso	639,934		6,399
Tahoua	439,160		4,392
Maradi	643,451		6,434
Zinder	588,868		5,889
Diffa	53,844		538
Agadaz	885		9
Sorghum	1,141,226	15	17,118
Niamey	95,663		1,435
Dosso	58,194		873
Tahoua	236,730		3,551
Maradi	419,582		6,294
Zinder	331,023		4,965
Diffa	-		-
Agadaz	34		1
Cowpea	1,566,337	25	39,156
Niamey	159,852		3,996
Dosso	465,603		11,640
Tahoua	265,038		6,625
Maradi	368,206		9,205
Zinder	281,216		7,030
Diffa	26,344		658
Agadaz	78		2
Peanut	142,062	100	14,206
Niamey	1,507		151
Dosso	12,430		1,243
Tahoua	-		-
Maradi	65,107		6,511
Zinder	62,614		6,261
Diffa	404		40
Agadaz	-		-

Source: MSS, 1985 estimates except 1984 for peanut.

Table 6. M1 seed production by the FSF-Loosa, 1980-1985, by crop and variety.

Year	Millet			Sorghum		Cowpeas
	P_3K	HKP	CIVT	L30	BDF	TN 88-63
	MT					
1980	1.4	1.2	1.3			1.4
1981	3.6	1.6	4.8	4.0		0.6
1982	2.8	1.6	2.4	5.5		2.5
1983	2.6	1.4	2.1	3.1	1.6	1.0
1984	2.5	3.2	2.9	2.4	1.5	4.6
1985	2.0	3.3	3.6	2.8	3.4	1.8

Source: Garba, B. 1986. Rapport de Stage: Politique Semenciere au Niger: Exemple des Trois Principales Cultures (Mil, Sorgho, et Niebe. Faculte D'Agronomie, Department des Productions Vegetales, Universite De Niamey.

Table 7.

DEPENSES DE LA FERME SEMENCIERE ET LES CENTRES DES MULTIPLICATION DE SEMENCES - 1993

RUBRIQUES	LOESA	MANDALLAYE		KOUPOUMGOUSSAOU		MAGARIA		GUECHEME		DOUMO-DOUROU		TOTAL	
	R1	R2	R3	R2	R3	R2	R3	R2	R2	R2	R2	R2	R3
MAT.FOURN.	4.009.829	1.152.749	10.374.745	1.056.711	9.510.400	1.041.282	9.371.539	128.132	1.153.189	1.370.290	12.332.612	5.749,183	51.742.655
EQUIPEMENT	432.102	964.260	964.260	964.260	964.260	216.551	216.551	964.265	964.265	216.551	216.551	3.325,094	3,325.994
EXT. INF	8.435.835	7.000		250.000								257.000	
FORMATION			1.744.500		1.678.500		1.657.500		1.760.500		1.657.500		8.478.507
VOYAGE							9.500						9.500
EXT. VEH.	138.420	544.689	544.689	420.864	420.864	140.901	140.901	483.041	483.041	202.007	202.007	1.791,902	1.791.902
IMPREVUS													
R.D+R.O.T.	3.674.177	6.569.971		6.277.262		5.022.727		6.506.575		1.281.095		30,657,631	-
TOTAL	16.691.363	9.238.670	12.628.194	8.969.097	12.574.024	6.421.441	11.395.991	8.082.014	4.360.995	3.069.949	22.408.676	41.781,191	65.347.893
SUPERFICIE	21	10	1.926	58	900	60	923	51	1.642	96	2.207	57	1.523
COUT / HA	794.827	152.978	7.074	154.540	13.971	107.024	12.347	132.492	2.645	197.172	10.107	169.061	9.323
RENDEMENT													
MIL	670	722	750	734	800	531	473	1.095	890	999	998	814	775
NIEBE	570	434	500	293	700	652	347	314	452	872	970	513	57
ARACHIDE		190		305		633		440	400			392	403
COUT / KG													
MIL	1.187	212	[illegible]	211	17	202	26	121	[illegible]	230	11	189	1[illegible]
NIEBE	1.394	355	14	529	20	164	36	422	[illegible]	221	12	339	[illegible]
ARACHIDE		910		507		169		301				447	

Table 5.

DEPENSES DE LA FERME SEMENCIERE ET LES CENTRES DE MULTIPLICATION DE SEMENCES - 1984

RUBRIQUES	LOSSA		MANDELLAYE		KOUROUNGOUSSAOU		NAGARIA		GUECHEME		LOURNO-EKOUNO		TOTAL	
	M1	M2	M1	M2	M1	M2	M1	M2	M1	M2	M1	M2	M1	M2
MAT.FOURN.	2.198.314	1.252.526	11.272.738	1.099.165	9.892.682	1.242.608	11.184.194	1.430.794	12.877.145	1.194.154	10.657.435	5.209.332	55.882.992	
EQUIPEMENT	440 000	220 000	220 000	220 000	220.000	220 000	220 000	220.000	220 000	220 000	220.000	1.100.000	1.100.000	
EXT. INF.	2.077.400	200 000						59 000		914 635		1.173 635		
FORMATION														0
VOYAGE			33.600				60 000		12 600					106 200
EXT. VEH.	2,794,691	1,832.688	1,832,688	2.939,924	2,939,924	1,289,060	1.289,060	1.553,898	1.553.898	1.439.464	1.439.464	9,095,034	9.095.034	
IMPRIMES	332,340	166,170	166,170	166,170	166,170	166,170	166,170	166,170	166,170	166.170	166.170	830,850	830 850	
R.O+R.O.T.	3,574,564	3,914,098		5,006,410		5,375,262		5,655 754		5 961 664		25,913,300		
TOTAL	11.417,289	7.585,482	13.525.196	9.631.669	13,218,577	8,293,180	12,919,424	9 085.816	14 829.913	9.986,092	12.483.068	44,282,260	66,976 077	
SUPERFICIE	44	32	916	40	726	36	460	40	1 136	34	1.284	182	4 522	
COUT / HA	259,484	237,046	14.770	235,792	18,207	227,210	28,095	230.021	13.049	290 767	9.722	1,228,837	83 803	
RENDEMENT														
MIL	626	333	22	1	1	123	299	215	553	95		151	219	
NIEBE	506	572	60	1	1	18	169	235	400	110		157	157	
ARACHIDE		168	23	1	1	48		1	375			73	132	
COUT / KG														
MIL	414	712	669	235,792	18,207	1,847	94	1,070	24	3.421		48,368	4 748	
NIEBE	513	636	267	235.792	18.207	12,757	166	979	22	1.817		50,296	4 663	
ARACHIDE		1,411	640	235,792	18,207	4,773		230 021	35			157,332	6 294	

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Table 9.

DEPENSES DE LA FERME SEMENCIERE ET LES CENTRES DES MULTIPLICATION DE SEMENCES - 1985

DEPENSES	LOSSA	MANDILLIME		FOUMBONGSSAMI		MAGRIA		GIEDIEME		DOUDU-DOUDU		TOTAL	
	R1	R2	R3	R2	R3	R2	R3	R2	R3	R2	R3	R2	R3
MAT./FOURN.	3,704,197	277,560	2,698,036	267,127	2,224,164	202,184	1,819,654	176,864	1,584,572	264,910	2,332,288	1,167,744	10,909,69[illegible]
EQUIPEMENT	873,445	1,099,004	1,099,004	1,341,972	1,341,972	1,835,481	1,835,481	1,780,639	1,780,639	1,345,304	1,345,304	7,322,484	7,322,40[illegible]
EQT. INF.	750,000	750,000		750,000		1,674,126		750,000		750,000		4,674,126	
FORMATION			2,205,000		2,205,000		2,205,000		2,205,000		2,205,000		11,025,00[illegible]
VOYAGE			131,712				190,440		112,980				435,13[illegible]
EQT. VEH.	6,990,252	3,610,626	3,610,626	1,863,176	1,863,176	3,556,692	3,556,692	3,438,754	3,438,754	2,951,308	2,951,308	15,425,556	15,425,55[illegible]
R.O+O.T.	3,125,252	2,646,791		2,670,799		2,646,416		1,975,896		2,649,505		12,389,487	
TOTAL	17,443,146	8,383,982	9,544,381	6,873,075	7,634,252	9,514,899	9,607,267	8,041,752	9,041,945	7,961,028	9,984,902	40,779,237	44,717,78[illegible]
SUPERFICIE	18	60	4,264	58	2,400	57	1,394	60	3,289	54	2,865	289	14,21[illegible]
COUT / HA	969,064	139,733	2,238	118,501	3,181	166,928	6,894	134,023	2,750	147,517	3,102	141,185	3,14[illegible]
RENDEMENT													
RIZ	1,102	780	600	1,756	683	452	635	845	422	1,186	200	926	58[illegible]
MIEIE	650	178	250	660	180	519	139	222	89	327	200	381	17
ARACHIDE		160	305	295	200	52	200	410	305	375	200	258	26[illegible]
COUT / KG													
RIZ	880	179	4	97	5	369	11	159	5	124	5	153	[illegible]
MIEIE	1,490	783	9	180	18	322	50	604	31	452	15	370	1[illegible]
ARACHIDE		873	7	402	16	3,223	36	327	4	293	10	546	1[illegible]

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Table 10

DEPENSES DE LA FERME SEMENCIERE ET LES COUTS DES MULTIPLICATION DE SEMENCES - 1987

PERIODES	LOUGA		MONDALLAYE		FIMPONGUESSOU		NAGRIB		OKONEME		DIGRIS-DIGRIS		TOTAL	
	M1	M2	M1	M2	M1	M2	M1	M2	M1	M2	M1	M2	M1	M2
MAT.FOURN.	4.009.829	1.152.749	10.374.745	1.056.711	9.510.400	1.041.282	9.371.579	829.132	1.153.189	2.370.299	21.332.517	5.749.165	51.742.471	
EQUIPEMENT	144.367	321.420	321.420	321.420	321.420	72.184	72.184	321.422	321.422	72.185	72.185	1.107.421	1.129.171	
ENT. INF.	8.425.875	7.000		250.000								257.000		
FORMATION			1.744.500		1.675.500		1.657.500		1.740.500		1.657.500		8.475.500	
DEPACE							9.500						9.500	
ENT. DEV.	139.420	544.699	544.699	420.914	420.914	140.901	140.901	482.041	482.041	202.007	202.007	1.791.502	1.791.502	
DEPENSES														
DEPRECIATION	9.251.320	5.539.000	5.539.000	5.539.000	5.539.000	5.539.700	5.539.000	5.539.000	5.539.000	5.539.000	5.539.000	27.490.000	27.490.000	
M.O.M.O.T.	3.674.177	1.569.971		5.277.262		5.022.727		5.506.575		5.251.094		20.457.331		
SEED		4.637.250	16.291.428	4.637.250	17.079.735	4.637.250	15.361.290	4.637.250	16.442.265	4.637.250	17.957.990	22.184.750	82.159.497	
TOTAL	25.752.968	18.771.180	34.814.782	18.501.607	34.548.919	16.452.444	32.150.114	17.614.520	25.199.417	19.100.925	46.766.285	80.440.679	172.707.711	
SUPERFICIE	21	60	1.926	58	900	60	922	61	1.542	44	2.207	57	1.522	
COUT / HA	1.226.379	312.852	18.072	319.093	38.399	274.207	34.833	288.767	15.656	415.238	21.190	322.011	25.125	
RENDEMENT														
MIL	670	722	750	734	800	531	472	1.095	990	999	999	814	[illegible]	
NIEBE	570	434	500	297	700	452	347	714	452	572	579	512	[illegible]	
ARACHIDE		190		301		633		440	400			352	490	
COUT / KG														
MIL	1.831	433	24	435	48	516	74	264	18	420	21	414	37	
NIEBE	2.152	721	36	1.099	55	421	100	820	35	472	[illegible]	734	50	
ARACHIDE		1.647	—	1.046		422		556	39			725	37	

Cash vs. Annual Accounting

Cash Cost A

Used by project

Costs per crop not followed
Position m1, m2, m3

Table 11

DEPENSES DE LA FERME SEMENCIERE ET LES CENTRES DES MULTIPLICATION DE SEMENCES - 1994

m2 COSTS Cost of m1 in 83 - cost split equally between m1 and m2
- cost included all m2 crops (as with mechanization)

RUBRIQUES	LOSSA		HANDALLAYE		KOUMBOUSSADU		MACARIA		OUCHEME		DOUNKI-DOUPTI		TOTAL	
	M1	M2	M2	M3	M2	M2	M2	M3	M2	M3	M2	M3	M2	M3
MAT.FOURN.	2,198,314	1,252,526	11,272,738	1,009,165	9,892,482	1,242,689	11,184,194	1,430,794	12,877,145	1,184,159	10,657,435	1,209,777	55,012,087
EQUIPEMENT	291,034	394,753	394,753	394,753	394,753	145,517	145,517	394,755	394,755	145,519	145,519	1,475,209	1,475,209
ENT. INF.	2,077,400	200,000						59,000		914,675		1,173,675	
FORMATION													0
VOYAGE			33,600				60,000		12,600				106,200
ENT. VEH.	2,794,691	1,832,689	1,832,689	2,939,924	2,939,924	1,289,060	1,289,060	1,553,899	1,553,899	1,439,464	1,439,464	9,055,034	9,055,034
DIVERS	332,340	166,170	166,170	166,170	166,170	166,170	166,170	166,170	166,170	166,170	166,170	830,850	830,850
DEPRECIATION	9,351,320	5,539,000	5,539,000	5,539,000	5,539,000	5,539,000	5,539,000	5,539,000	5,539,000	5,539,000	5,539,000	27,490,000	27,490,000
M.D.O.U.	3,574,544	3,914,099		5,006,410		5,375,262		5,655,954		5,961,664		25,917,309	
SEED		5,150,790	18,771,180	5,150,790	18,501,607	5,150,790	16,452,444	5,150,790	17,614,520	5,150,790	19,100,929	25,753,949	90,440,680
TOTAL	20,619,643	18,449,025	38,009,129	20,295,212	37,432,937	18,907,487	34,835,385	19,949,361	38,157,099	20,500,400	37,047,515	99,101,495	185,402,065
SUPERFICIE	44	32	928	40	726	36	660	40	1,136	34	1,294	152	4,522
COUT / HA	468,628	576,532	41,506	507,380	51,561	518,013	75,647	505,047	33,574	602,953	28,857	2,709,924	221,142
RENDEMENT													
MIL	626	333	22	1	1	123	299	215	552	95		151	219
NIEBE	506	373	60	1	1	19	169	235	400	160		157	157
ARACHIDE		168	23	1	1	48		1	375			72	122
COUT / KG													
MIL	748	1,731	1,879	507,380	51,561	4,211	253	2,249	61	7,094		104,552	17,438
NIEBE	926	1,547	696	507,380	51,561	29,086	447	2,150	94	3,769		105,784	13,197
ARACHIDE		2,432	1,799	507,380	51,561	10,983		505,047	90			742,247	17,914

m3 seed costs = Total of m2 costs for past 10 years on basis stations across all crops

Kg/ha

Table 12

DEPENSES DE LA FERME SEMENCIERE ET LES CENTRES DES MULTIPLICATION DE SEMENCES - 1985

RUBRIQUES	LOSSA	NANDILLAYE		EBROUMGNISSAOU		NAGAFIA		GUECHEME		DOUROU-DOUROU		TOTAL	
	M1	M2	M3	M2	M3	M2	M3	M2	M3	M2	M3	M2	M3
MAT.FOURN.	5,706,197	277,560	2,498,021	247,127	2,224,144	202,184	1,819,[illegible]54	176,044	1,584,572	264,810	2,383,299	1,167,744	10,509,695
EQUIPEMENT	1,164,699	1,493,759	1,493,759	1,736,726	1,736,726	1,990,998	1,990,998	2,095,394	2,095,394	1,490,824	1,490,824	8,797,702	8,797,702
ENT. INF.	750,000	750,000		750,000		1,674,126		750,000		750,000		4,674,126	
FORMATION			2,205,000		2,205,000		2,205,000		2,205,000		2,205,000		11,025,000
VOYAGE			131,712				190,440		112,990				435,122
ENT. VER.	6,990,252	3,610,626	3,610,626	1,863,176	1,863,176	3,556,692	3,556,692	3,438,754	3,438,754	2,956,309	2,956,309	15,425,556	15,425,556
Dépenses de MAINT	9,391,220	5,539,000	5,539,000	5,539,000	5,539,000	5,539,000	5,539,000	5,539,000	5,539,000	5,539,000	5,539,000	27,690,000	27,690,000
M.O.P.O.T.	3,129,252	2,646,791		2,670,799		2,446,416		1,975,896		2,649,505		12,389,407	
SEED		4,123,929	18,449,025	4,123,929	20,295,212	4,123,929	18,907,457	4,123,929	19,949,361	4,123,929	20,500,400	20,619,643	99,101,455
TOTAL	27,085,500	18,440,665	33,926,159	16,929,757	33,862,258	19,[illegible]345	34,199,272	18,098,036	34,924,061	17,772,375	35,073,920	90,544,177	171,984,570
SUPERFICIE	18	60	4,264	58	2,400	57	1,394	60	3,298	54	2,865	299	14,210
COUT / HA	1,504,750	307,344	7,956	291,892	14,109	338,989	24,541	301,634	10,622	329,137	12,242	313,371	12,107
RENDEMENT													
MIL	1,102	790	600	1,356	683	452	635	845	423	1,194	600	924	599
NIEBE	650	178	250	660	190	519	139	222	89	327	200	391	171
ARACHIDE		160	305	295	200	52	200	410	305	375	300	258	242
COUT / KG													
MIL	1,366	294	13	215	21	749	39	357	25	277	20	779	21
NIEBE	2,314	1,722	32	443	79	652	177	1,359	121	1,009	51	922	71
ARACHIDE		1,921	26	990	71	5,544	122	776	35	879	41	1,217	41

- Expenses [illegible] total [illegible] M3

M3 seed [illegible] security stock [illegible] to farmers at special prices. - 110 [illegible] purchase M3 - No labor costs - Individual

142

Estimate 2: Seed costs include: See BLIT report.

1) Depreciation of Equip. expense over 3 yrs: 83-85

2) Costs of producing M1

Millet M1 Seed

MSEED1.wk1

Out of Range:

215,000

and

307,350, [illegible]

13.

Table [illegible]. Comparative Costs of M2 Millet Seed (FCFA/kg) 1983-1985

Year	Mangalbaye	Koumongoussaou	Magrite	Guechene	Doumbo-Doumbo	Average
1983						
Estimate 1	217	211	[illegible]	121	299	189
Estimate 2	433	435	516	264	420	414
1984						
Estimate 1	[illegible]	[illegible]	1 047	1 070	3 421	1 410
Estimate 2	1 731	[illegible]	4 211	2 341	7 044	3 [illegible]
1985						
Estimate 1	179	97	161	159	124	184
Estimate 2	344	235	164	357	277	396
Average						
Estimate 1	598	149	309	450	1 240	594
Estimate 2	953	325	1 625	690	2 347	1 [illegible]

Niebe MZ Seed

NSEED1.wk1

Table 14 COMPARATIVE COSTS OF MZ NIEBE SEED

ITEM	MANGALATE	LUCAMBO/MOUTAMBA	MAGETA	SKECHEME	EDUDU-EDUDU CU	AVERAGE
1983						
ESTIMATE 1	359	528	114	422	226	279
ESTIMATE 2	721	1 089	421	920	476	725
1984						
ESTIMATE 1	130	N/A	N/A	979	1 817	1 144
ESTIMATE 2	1 547	N/A	N/A	2 110	3 768	2 475
1985						
ESTIMATE 1	783	190	322	605	452	470
ESTIMATE 2	1 722	447	[illegible]	1 359	1 088	1 053
AVERAGE						
ESTIMATE 1	591	359	243	669	872	579
ESTIMATE 2	1 330	766	537	1 463	1 777	1 175

M2 Peanut Seed

PSEED1.WK1.

COMPARATIVE COSTS OF M2 PEANUT SEED : Table 15.

YEAR	HAMDALLAYE	KOURGUNGOUSSAU	MAGARIA	GUECHEME	DOUKOU-DOUKOU	AVERAGE
1983						
ESTIMATE 1	810	507	169	301	N/A	447
ESTIMATE 2	1 647	1 046	433	656	N/A	946
1984						
ESTIMATE 1	1 411	N/A	4 773	N/A	N/A	3 092
ESTIMATE 2	2 432	N/A	10 833	N/A	N/A	7 133
1985						
ESTIMATE 1	973	402	3 223	327	393	1 044
ESTIMATE 2	1 921	990	6 544	736	376	2 214
AVERAGE						
ESTIMATE 1	1 031	455	2 722	314	N/A	1 130
ESTIMATE 2	2 333	1 018	5 937	696	N/A	2 496

Millet

M3 Seed.

COMPARATIVE COSTS OF M3 MILLET SEED (FCFA/KG), 1983-1985 Table ~~3.8~~ 16

Year	Mandallave	Kourounguseaou	Magaria	Guechene	Doukou-Doukou	Average
1983						
Estimate 1	9	17	26	3	11	13
Estimate 2	24	46	74	16	21	37
1984						
Estimate 1	909	N/A	98	24	N/A	262
Estimate 2	1,079	N/A	293	61	N/A	731
1985						
Estimate 1	4	5	11	3	5	5
Estimate 2	13	21	34	25	2[illegible]	24
AVERAGE						
Estimate 1	227	11	44	11	8	60
Estimate 2	639	35	[illegible]	75	21	170

MSEED2.WK1.

Niebe M3 Seed

COMPARATIVE COSTS OF M3 NIEBE SEED (FCFA/KG), 1983-1985 : Table 17

YEAR	HAMDALLAYE	FOUFOUNGOUSSAU	MAGARIA	GUECHEME	DOUROU-DOUKOU	AVERAGE
1983						
ESTIMATE 1	14	17	26	3	11	14
ESTIMATE 2	36	55	100	35	24	50
1984						
ESTIMATE 1	247	N/A	166	33	N/A	149
ESTIMATE 2	696	N/A	447	84	N/A	409
1985						
ESTIMATE 1	9	10	50	31	16	25
ESTIMATE 2	32	76	177	121	61	94
AVERAGE						
ESTIMATE 1	90	18	81	22	14	45
ESTIMATE 2	255	67	241	80	43	137

NSEED2.WK1

Peanuts M3 Seed

COMPARATIVE COSTS OF M3 PEANUT SEED (FCFA/KG) 1983-1985 Table 18 ~~3.9~~.

EAR	HAMDALLAYE	KOURGUNGOUSTAI	MAGARIA	GUECHEME	DOUNOU-DOUNOU	AVERAGE
1983						
ESTIMATE 1	N/A	N/A	N/A	7	N/A	7
ESTIMATE 2	N/A	N/A	N/A	39	N/A	39
1984						
ESTIMATE 1	640	N/A	N/A	35	N/A	338
ESTIMATE 2	1,799	N/A	N/A	90	N/A	945
1985						
ESTIMATE 1	7	16	34	9	10	15
ESTIMATE 2	21	71	113	35	41	59
AVERAGE						
ESTIMATE 1	324	16	34	17	10	99
ESTIMATE 2	917	71	113	55	41	240

PSEED2.WK1

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Table 19.

COMPARISON OF AVERAGE COSTS OF M2 AND M3 SEED PRODUCTION ACROSS ALL SITES, 1983-1985 : ~~Table 3A1~~ ~~3120~~.

(FCFA/KG.)

Year	M2 MILLET	M3 MILLET	M2 NIEBE	M3 NIEBE	M2 PEANUT	M3 PEANUT
1983						
Estimate 1	189	13	339	14	447	7
Estimate 2	414	37	725	50	946	39
1984						
Estimate 1	1,410	262	1,144	149	3,092	338
Estimate 2	3,077	731	2,475	406	7,133	945
1985						
Estimate 1	164	9	470	25	1,044	15
Estimate 2	[illegible]	24	1,053	94	2,214	51
AVERAGE						
Estimate 1	[illegible]	[illegible]	[illegible]	47	[illegible]	[illegible]
Estimate 2	[illegible]	[illegible]	[illegible]	82	[illegible]	[illegible]

AVERAGE 1.

TABLE 20. ECONOMIC BREAKEVEN BUDGET
FOR MILLET SEED MULTIPLICATION, 1984 AND 1985

ITEM	UNIT	1984	1985
YIELD COEFFICIENTS			
Millet yield	kg/ha	257	458
Impr.var. yield margin	percent	0.25	0.25
Yield advantage	kg/ha	64.25	114.5
NET REVENUE FROM YIELD GAIN			
Market price (Dec.)	FCFA/kg	130	80
Revenue gain/ha.	FCFA/ha	8352.5	9160
Cost of seed	FCFA/ha	800	900
NET REVENUE GAIN/HA.	FCFA/ha	7552.5	8260
COST OF MJ MULTIPL....(1985)	FCFA	487730000	487730000
ECONOMIC BREAKEVEN LEVELS			
Area planted in improved vars. to cover costs	ha.	64577	59047
Seed to plant area	metric tons	646	590

Note: Assumes 25% yield gain from improved millet (Ly et al, p.20)

Annex D Table 21

MANAGEMENT ALTERNATIVES FOR MILLET SEED SECURITY STOCK

ITEM	UNIT	OFF.PRICE 10% STOCK 100% ROLLOVER	OFF.PRICE 5% STOCK 100% ROLLOVER	OFF.PRICE 5% STOCK 33% ROLLOVER	MKT.PRICE 5% STOCK 33% ROLLOVER
STOCK SPECIFICATIONS					
National seed demand	metric ton	30000	30000	30000	30000
Security proportion		0.1	0.05	0.05	0.05
Security stock	metric ton	3000	1500	1500	1500
Rollover proportion		1	1	0.33	0.33
Annual rollover	metric ton	3000	1500	500	500
Storage loss		0.05	0.05	0.05	0.05
Annual resale	metric ton	2850	1425	475	475
UNIT COSTS/REVENUES					
Purchase price (1985)	FCFA/kg	110	110	110	80
Liquidation price	FCFA/kg	50	50	50	50
Packaging	FCFA/kg/yr	2	2	2	2
Warehousing/insectic.	FCFA/kg	2	2	2	2
Transport/handling	FCFA/kg	10	10	10	10
TOTAL COST	1000 FCFA	372000	186000	64000	49000
RESALE REVENUE	1000 FCFA	142500	71250	23750	23750
NET ANNUAL COST	1000 FCFA	229500	114750	40250	25250
REDUCED COST	1000 FCFA	0	114750	74500	15000

Source: MSU Report, 1986.

Annex D Table 22

INDICATIVE 1985 COSTS OF PRODUCING M2 SEED
(MILLIONS OF FCFA)

ITEM	GON costs	USAID costs	TOTAL COST	TOTAL COST IF CONTRACT OUT M2	TOTAL COST IF CLOSE LOSSA FARM
PERSONNEL					
SMC chiefs	3.18		3.18	3.18	2.27
SMC asst. chiefs	2.27		2.27	2.27	1.63
SMC Manual laborers		19.95	19.95	3.30	
Crew supervisors		2.34	2.34	2.34	1.95
Watchmen		1.82	1.82	1.82	1.52
Chauffeurs		2.34	2.34	2.34	1.95
Tractor drivers		1.17	1.17	0.40	
Herders		2.34	2.34		
Plant protection	0.30		0.30	0.30	0.25
INPUTS					
M1 seed (minus personnel)		14.31	14.31	14.31	5.00
Fertilizer		2.51	2.51	2.51	2.51
Insecticides		0.75	0.75	0.75	0.75
PACKAGING		2.55	2.55	2.55	2.55
FUEL & MAINTENANCE		15.43	15.43	15.43	15.43
TOTAL COST	5.75	65.51	71.26	51.50	35.81

Assumptions: 6 B-level cadres @ 70,000 FCFA/month X 6.5 months,
6 C-level cadres @ 50,000 FCFA/month X 6.5 months,
60 permanent laborers @ 25.000 FCFA/month X 13 months
3 tractor drivers @ 30,000 FCFA/month X 13 months,
6 herders @ 25,000 FCFA/month X 13 months,
6 crew supervisors @ 30,000 FCFA/month X 13 months,
6 chauffeurs @ 30,000 FCFA/month X 13 months,
7 watchmen @ 20,000 FCFA/month X 13 months,
6 C-level plant protection cadres @ 50,000 FCFA/month X 1 month.
Packaging @ 100 FCFA/sack X 10 sacks/tonne.

Source: MSU Report, 1986.

Annex D Table 23

PROJECTED COST REDUCTIONS FROM TWO PRICING ALTERNATIVES FOR MILLET SEED IN 1985
(1000'S FCFA)

ITEM	DEPARTMENT Niamey	Dosso	Tahoua	Maradi	Zinder	Diffa	TOTAL
MILLET PURCHASED (metric tons)	537	449	334	868	330	93	2611
MILLET PRICES (FCFA/kg)							
Official price	110	110	110	110	110	110	
Market price (12/85)	90	84	74	48	77	78	
Market price + 10%	99	92	81	53	85	86	
ACQUISITION COSTS (1000's FCFA)							
Official price	59070	49390	36740	95480	36300	10230	287210
Market price + 10%	53163	41308	27054	46004	28050	7998	203577
Half at min. cost + 10%	40812	32553	22378	46004	22770	6464	170980
REDUCED COST: MKT. + 10%	5907	8082	9686	49476	8250	2232	83633
REDUCED COST: HALF AT MIN.+10%	18258	16838	14362	49476	13530	3767	116230

* Note: Assumes half of quantities purchased elsewhere are bought in lowest price region at the market price + 10%.

Source: MSU Report, 1986.

Annex D Table 24

INDICATIVE IMPACT OF COST REDUCTION OPTIONS ON 1985 M3 SEED PRODUCTION (millions FCFA)

COSTS/REVENUES	ACTUAL VALUES (1985)	STOCK MANAGEMENT OPTIONS: BUY MIL. AT MARKET PLUS 10%	BUY HALF MIL. AT MIN. COST	SELL EXCHANGED GRAIN	COST REDUCTION OPTIONS: NO INPUT CREDIT	OUTSIDE EXTENSION	CONTRACT OUT M2	SELL SECURITY STOCK
COSTS								
ADMINISTRATION								
SMC chiefs & assts.	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91
Inspector/supervisors	10.80	10.80	10.80	10.80	10.80	10.80	10.80	10.80
Supervisory aides	19.96	19.96	19.96	19.96	19.96	0.00	0.00	0.00
INPUTS								
M2 seed	71.26	71.26	71.26	71.26	71.26	71.26	51.50	51.50
Fert. credit (1)	25.01	25.01	25.01	25.01	0.00	0.00	0.00	0.00
Insecticides	3.45	3.45	3.45	3.45	3.45	3.45	3.45	3.45
TRAINING	11.[illegible]	11.03	11.03	11.03	11.03	0.00	0.00	0.00
PACKAGING	2.55	2.55	2.55	2.55	2.55	2.55	2.55	2.55
VEHICLE MAINTENANCE	15.45	15.45	15.45	15.45	12.00	12.00	12.00	1[illegible]0
SEED PURCHASES (2)	324.31	240.68	208.08	208.08	208.[illegible]	208.08	208.08	[illegible]08.08
TOTAL COST	487.73	404.10	371.50	371.50	343.04	312.05	292.29	292.29
REDUCED COST	0.00	83.63	32.60	0.00	28.46	30.99	19.76	0.00
REVENUES								
Cash sales (3)	7.56	7.56	7.56	83.42	83.42	83.42	83.42	216.57
Exchanged grain (4)	75.86	75.86	75.86	0.00	0.00	0.00	0.00	0.00
Value of M3 stocks (3)	133.15	133.15	133.15	133.15	133.15	133.15	133.15	0.00
GROSS REVENUE	216.57	216.57	216.57	216.57	216.57	216.57	216.57	216.57
NET CASH LOSS	480.17	396.51	363.94	288.08	259.62	228.63	208.87	75.72
REDUCED CASH LOSS	0.00	83.63	32.60	75.86	28.46	30.99	19.76	133.15

Note: Does not count cost of producing M0 seed.
Assumes 1985 staffing patterns (no accountants).
Assumes half of SMC chiefs' and assistants' time spent on M3.
Inspector/supervisor role currently being played by Peace Corps Volunteers.

(1) Fert. credit=Admin.(25%)+bad debts(10%)+foregone int.(9%) of fertilizer cost, =0.43 * 58.17 million FCFA.

(2) Seed purchases at 110 FCFA/kg.

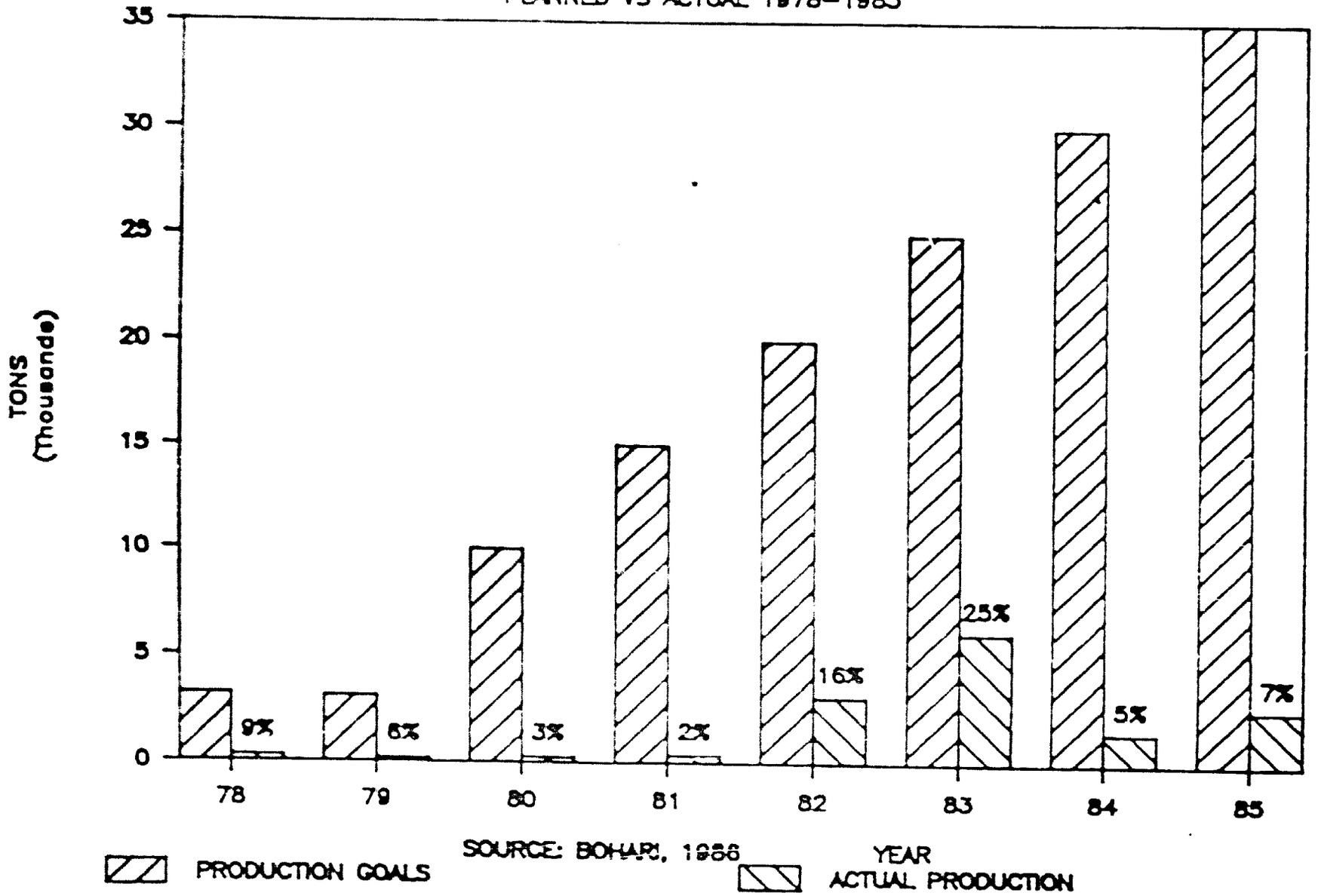
(3) Exchanged grain valued at 50 FCFA/kg.

(4) Cash sales and M3 stocks valued at 90 FCFA/kg.

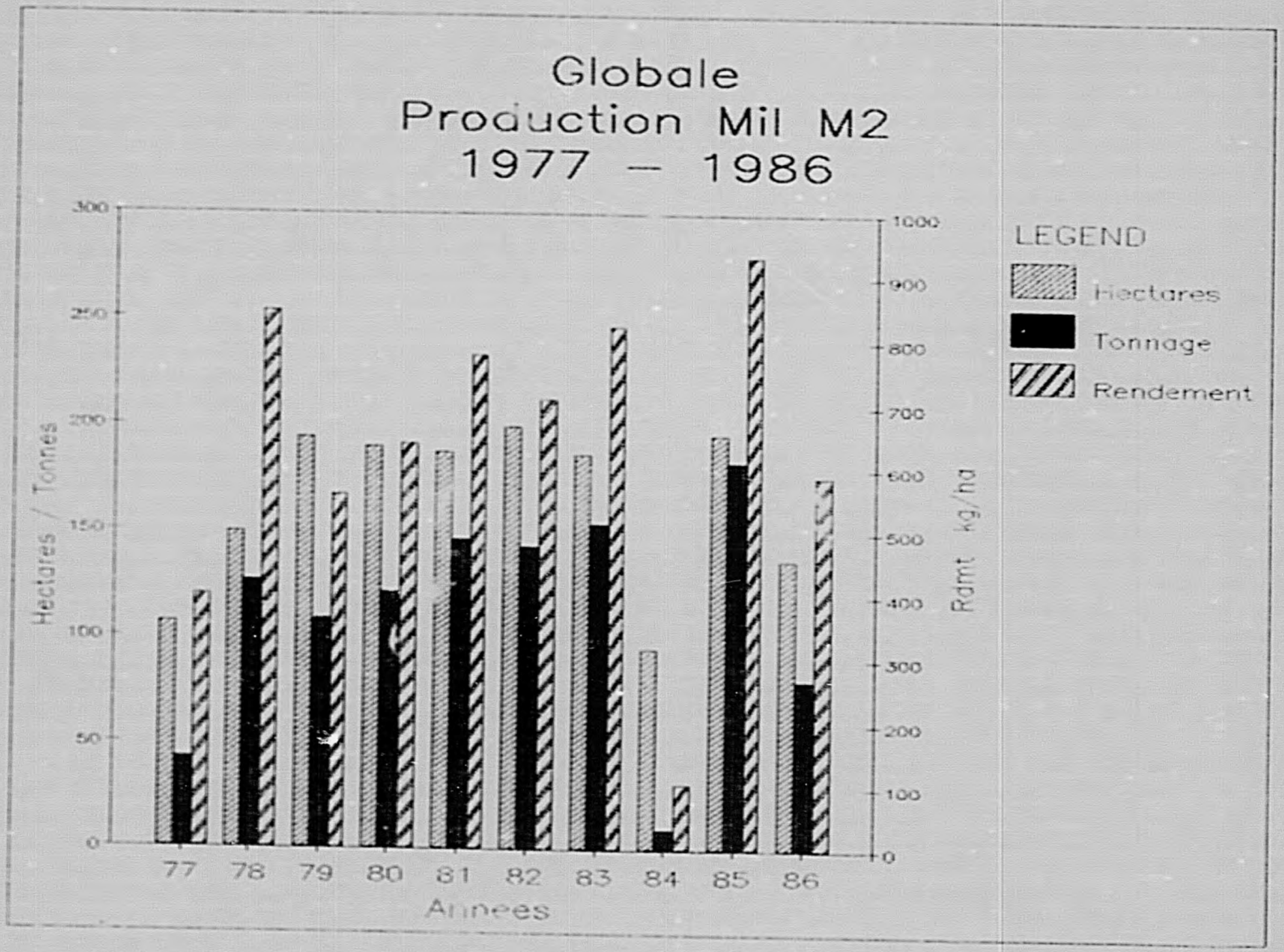
Source: MSU Report, 1986.

FIG 1 EVOLUTION OF MILLET PRODUCTION

PLANNED VS ACTUAL 1978–1985



SOURCE: BOHARI, 1986



Annex D Figure 2

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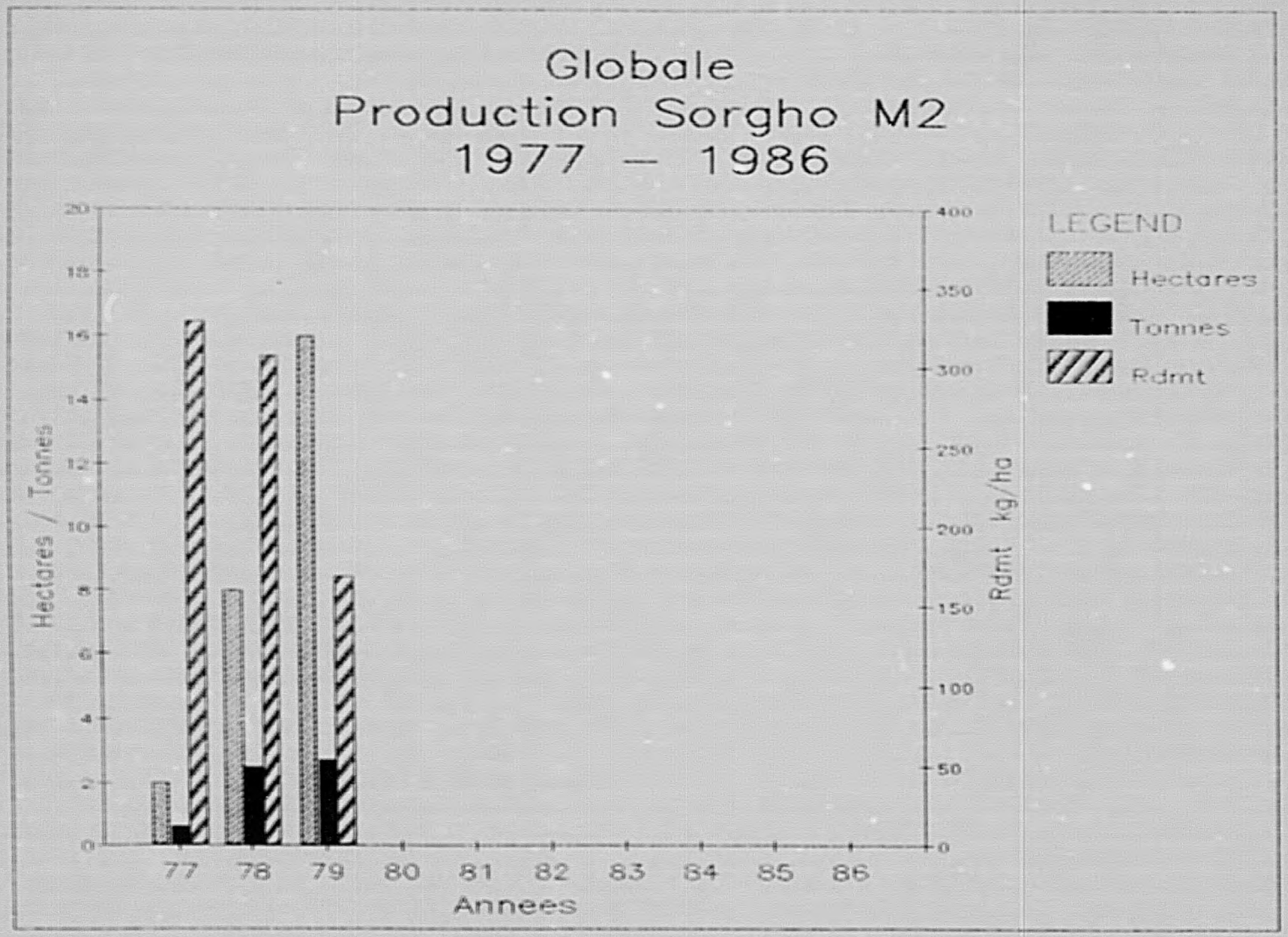

Annex D Figure 3

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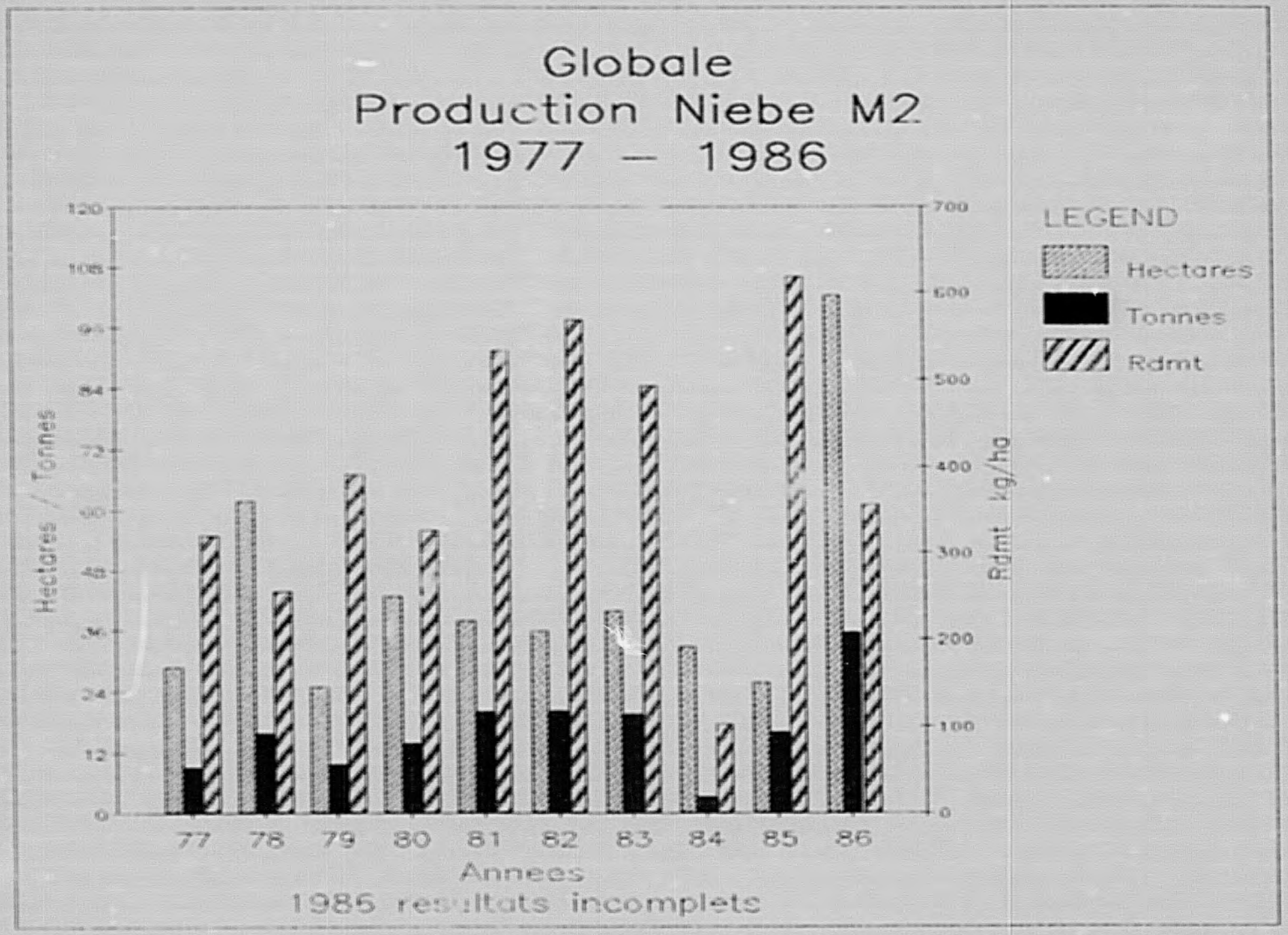
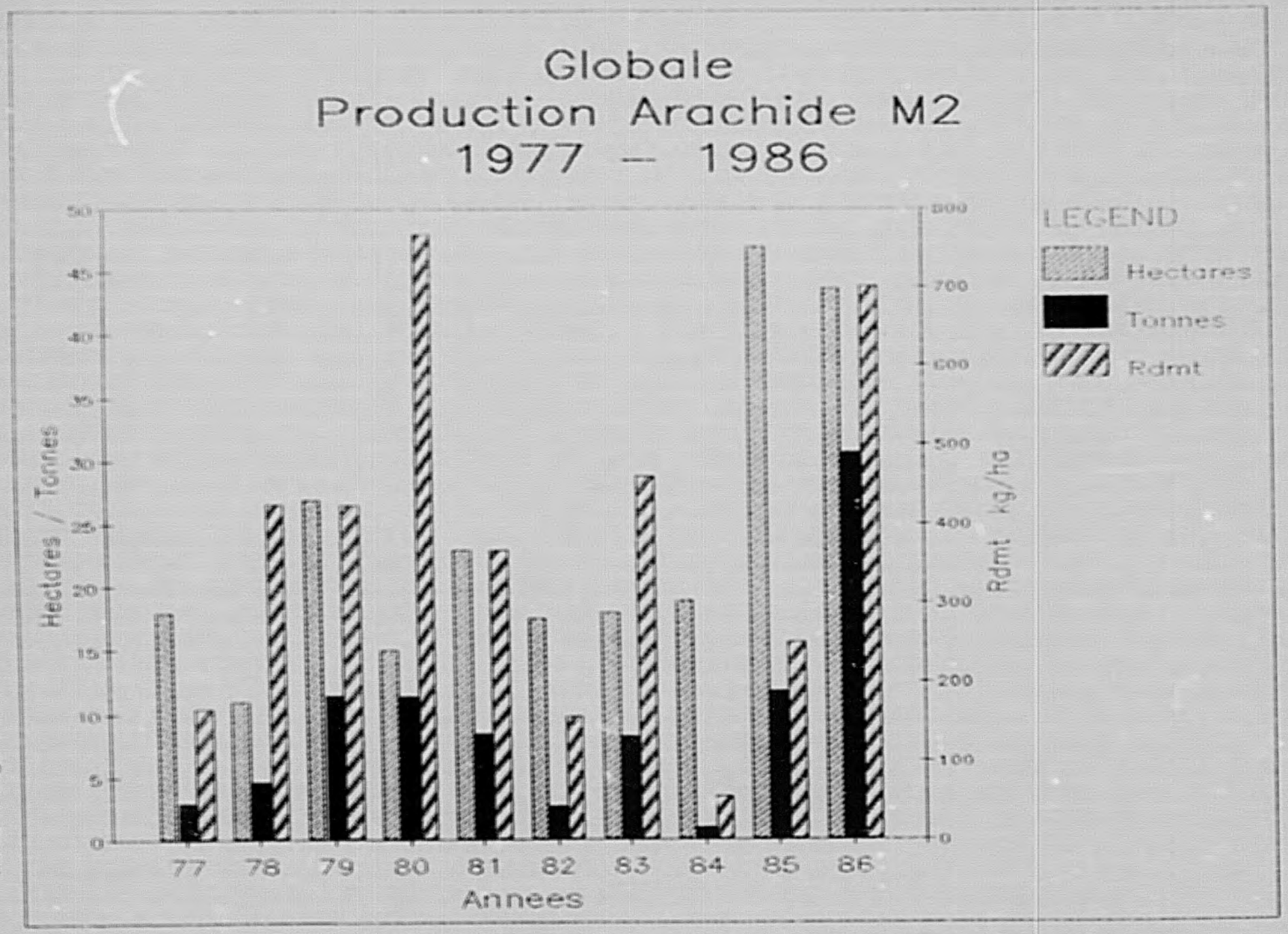


Annex D Figure 4



Annex D Figure 5

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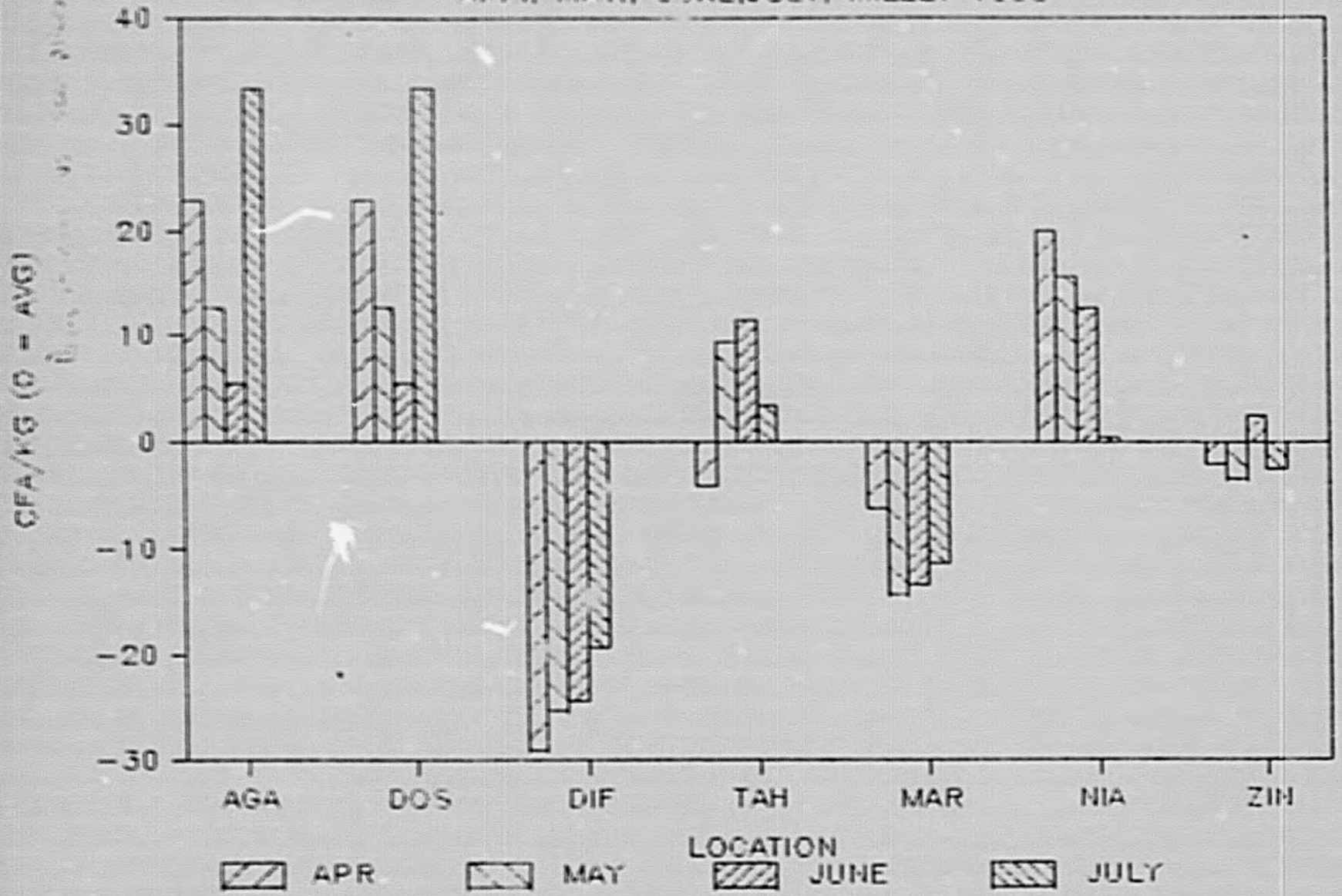
FIG 6. PRICE DIFFERENCES (MON. – AVG.)

APR., MAY., JUNE,JULY, MILLET 1985



ANNEX E

Agriculture Sector Development Grant Amendment

1. Letter from Minister of Agriculture (English)
2. Letter from Minister of Agriculture (French)
3. Letter from AID Director (English)
4. Letter from AID Director (French)

ANNEX E

TRADUCTION OFFICIEUSE

Niamey le 6 février 1987

Mr. Directeur
USAID/Niger
Niamey, Niger

Subject: Proposed Conditions Precedent
to the Amendment to the Agriculture
Sector Development Grant (683-0246/47)

Ref: Y/L No.0081/USAID
of February 3, 1987

Dear Director:

Pursuant to our discussion held on February 4, 1987, I have the honor of informing you that I approve the conditions precedent to the amendment to the Agriculture Sector Development Grant.

Sincerely,

ALLELE EL HADJ HABIBOU
Minister
Ministry of Agriculture

ANNEX E

REPUBLIQUE DU NIGER

CONSEIL MILITAIRE SUPREME

MINISTERE DE L'AGRICULTURE

N° 0036 /DEP/SA

Niamey, le 6 FEV 1987

2/9/87

683-0246

LE MINISTRE DE L'AGRICULTURE

EMBASSY OF THE
UNITED STATE OF AMERICA
FEB 09 REC'D
NIAMEY

A

ACTION: ADO
INFO: DIR;DD
CHRON
DATE DUE: 2/17/87

Monsieur le Directeur de l'USAID

Objet : Conditions préalables proposées pour l'amendement à la subvention au Développement du Secteur Agricole (683-0246/47)

Réf : V/L n° 0081/USAID du 3 Février 1987.

Monsieur le Directeur,

Comme suite à notre entretien du 4 Février 1987, j'ai l'honneur de vous informer que je marque mon approbation quant aux conditions préalables à l'amendement à la subvention au développement du secteur agricole.

Je vous prie d'accepter, Monsieur le Directeur, l'expression de ma haute considération.

ALLELE ELHADJ HABIBOU

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ANNEXE E

UNITED STATES AID MISSION TO NIGER

American Embassy

United States of America

B.P. 11201
NIAMEY

Niamey, 03 FEB 1987

USAID/N 0081

The Minister
Ministry of Agriculture
Niamey, Niger

Ref.: Proposed Conditions Precedent for the Amendment to the Agriculture Sector Development Grant (683-0246/47)

Dear Mr. Minister:

As you know, we have been working on an amendment to the Agriculture Sector Development Grant. AID Washington requires that we add conditions precedent in addition to adding funds. We have decided to concentrate on seed policy for the conditions precedent based on the discussions held at Namaro with AID and members of your government.

Attached please find a draft of the conditions precedent which I would like to discuss with you during our meeting tomorrow, February 4. These will be subject to change as we prepare the amendment and elaborate any other changes we may find necessary. This draft represents the general line of thought from the Namaro Workshop and subsequent discussions with your staff.

Sincerely,

P. Benedict

Peter Benedict
Director
USAID/Niger

Encls.

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CP's for ASDG

6. Provide USAID with an action plan to achieve policy reform for the restructuring and diversification of the seed and plant material multiplication system. This action plan will permit decentralization and autonomous decision making in price and output levels for the multiplication and distribution of seed and plant materials. It will include a national seed security and a national certification and quality control program for seed and plant material. Those components of seed and plant material production and distribution that remain within the public and mixed sectors for reasons of seed security will be so structured as to reduce per unit production and distribution costs. The action plan will include a timetable for the issuance of the statues, arrêtés, and/or administrative decrees necessary for operation of the restructured seed and plant material multiplication center. All action plan items will be completed by the Program Assistance Completion Date.

7. Issue statutes, arrêtés, and/or administrative decrees necessary for a national certification and quality control regulatory system for seeds and plant materials.

8. Prepare a plan for implementation of the proposed policy changes that will be executed prior to the completion of the ASDG. This will include:

a) Reduce the average rate of subsidy on agriculture inputs to not more than 15 percent of the delivered cost of the inputs;

b) Have in operation a tender and bid system for reconstituting OPVN stocks for all purchases and sales;

c) Maintain a minimum level of 6.000 Tons of village level grain stocks through arrangements with cooperatives and groupements mutualistes;

d) Carry out recommendations of the agriculture credit study by establishing the framework for formation of credit unions;

e) Liberalize, simplify, and publicize procedures for cross border trade, especially for cowpeas and livestock, by eliminating legal and administrative barriers to participation in cross-border trade by relying on market forces; and

f) Continue expansion of private and cooperative sector participation in production and distribution of agriculture inputs, cereals marketing and distribution, agriculture credit and cross border trade. This includes reliance on free market prices and continuation of the policy of not issuing official prices for cereals.

Drafted: ADO: Ernest F Gibson;mdj-1250d 1/30/87

UNITED STATES AID MISSION TO NIGER
American Embassy
United States of America
B.P. 11201
NIAMEY

TRADUCTION OFFICIEUSE

Niamey, 03 FEB 1987

USAID 0081

Monsieur le Ministre
Ministère de l'Agriculture
Niamey, Niger

Réf.: Conditions Préalables Proposées pour l'Amendement à la Subvention au Développement du Secteur Agricole (683-0246/47)

Monsieur le Ministre,

J'ai l'honneur de vous rappeler que nous travaillons sur l'amendement à la Subvention au Développement du Secteur Agricole. L'AID/Washington éxige que nous ajoutons des conditions préalables concernant les fonds supplémentaires qui ont été fournis. Nous avons décidé de nous concentrer sur la politique adoptée en matière de semences en ce qui concerne les conditions préalables sur la base des discussions que l'AID et les membres de votre Gouvernement ont eues à Namaro.

Vous trouverez ci-joint un projet des conditions préalables que je voudrais que nous éxaminons pendant notre réunion de demain, 4 février . Ces conditions pourront être modifiées à mesure que nous préparerons l'amendement et procéderons à d'autres modifications que nous estimerons nécessaires. Ce projet représente l'idée générale de l'Atelier de Namaro et des discussions subséquentes ayant eu lieu avec vos agents.

Veuillez agréer, Monsieur le Ministre, l'assurance de ma haute considération.

Peter Benedict
Directeur
USAID/Niger

Pièce Jointe

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Conditions Préalables Relatives à la SDSA

6. Fournir à l'USAID un plan d'action en vue de réaliser la réforme des politiques aux fins de la réorganisation et diversification du système de multiplication de semences et plants. Ce plan d'action permettra de procéder à une décentralisation et autonomie de prise de décision sur les prix et niveaux de production en semences et plants. Il comportera au niveau national, un programme de stock semencier de sécurité et de certification et de contrôle de la qualité des semences et plants. Les volets de production et distribution des plants et semences qui resteront dans les secteurs public et mixte pour raisons de sécurité semencière seront structurés de manière à réduire les coûts de production et de distribution par unité. Le plan d'action comportera un calendrier pour la publication de status, arrêtés et/ou decrets administratifs nécessaires au fonctionnement des centres restructurés de multiplication semencière. Tous les points du plan d'action devront être réalisés avant la Date d'Achèvement du Programme d'Assistance.

7. Publier des lois et/ou arrêtés, decrets administratifs nécessaires à un système réglementant la certification nationale et le contrôle de qualité des semences et plants.

8. Préparer un plan de mise en oeuvre des modifications politiques proposées devant être exécutées avant l'achèvement de la SDSA. Cela comprendra:

a) la réduction du taux moyen de la subvention aux intrants agricoles, à un taux n'excédant pas 15% du coût des intrants à la livraison;

b) le fonctionnement effectif d'un système d'appels d'offres à la concurrence et de soumissions couvrant la totalité des achats et ventes de l'OPVN;

c) le maintien d'un niveau minimum de 6000 tonnes des stocks céréaliers villageois grâce aux dispositions prises avec les coopératives et groupements mutualistes;

d) l'application des recommandations formulées par l'étude sur le crédit agricole en mettant en place le cadre de formation d'associations, d'épargne et de crédit;

e) la publication et vulgarisation de procédures plus libérales et simplifiées relatives au commerce frontalier, notamment celui du niébé et du bétail, grâce à la suppression des barrières juridiques et administratives entravant une large participation à ce commerce et en comptant sur les forces du marché;

f) la poursuite de l'expansion de la participation du secteur privé et du mouvement coopératif à la production et distribution des intrants agricoles, à la commercialisation et distribution des céréales, au crédit agricole et au commerce frontalier; et la confiance aux prix du marché libre et la poursuite de la politique de non-émission des prix officiels des céréales.

ANNEX F

Agriculture Sector Development Grant Amendment

1. Draft PAAD Action Memo

2. Draft Authorization (in part)

Annex F - Draft PAAD Action Memo and Authorization

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR - DRAFT

FROM: Carol Peasley, Director, Program Development Office

SUBJECT: Niger Agriculture Sector Development Grant (683-0246 and 683-0247)

I. Problem:

Your approval is requested for an amendment to the Agriculture Sector Development Grant (683-0246 and 683-0247) to the Government of Niger to add $7,670,000 for a new total of $39,670,000. In the amendment $2,000,000 is from Section 121 of the Foreign Assistance Act (FAA) of 1961, as amended, the Sahel Development Program (SDP) appropriation; $1,905,000 from Section 531 of the FAA Economic Support Fund (ESF) appropriation; and $3,765,000 of reobligated Sahel Development Program Funds. With this Amendment the Agriculture Sector Development Grant's funding will total $23,492,000 under SDP (683-0246) and $15,278,000 under ESF (683-0247).

II. Discussion

A. Program Description and Purpose

The Agriculture Sector Development Grant (ASDG) as proposed in this amendment is essentially a resource transfer with a technical assistance component ($3,700,000) to finance policy studies and analysis. This amendment adds a new reform objective, that of policy adjustments in the area of seed and plant material production and distribution, to the five existing agriculture policy objectives in the original grant. The amendment is justified both in terms of achieving desirable and significant agricultural policy reforms which act to relieve constraints to growth and the need to provide domestic capital to support ongoing agricultural development activities. With the GON in need of foreign exchange to meet external sector resource gaps to carry out structural adjustment program objectives and continue key economic development activities, we have been able to negotiate successfully a sixth policy reform area in addition to those in the original ASDG, upon which this resource transfer will be conditioned.

The program purpose has been modified slightly to reflect the progress that the GON has made in achieving its short term economic stabilization objectives, so that the country can now focus on longer term structural adjustment goals of the ASDG:

-- promote agricultural production by diminishing the policy constraints to development in the agriculture sector;

-- provide resources to Niger to support ongoing development activities; and

-- contribute towards structural adjustment objectives which minimize the adverse impacts of austerity and structural adjustment measures on agriculture/rural development programs.

The ASDG and this amendment are in full conformance with the CDSS strategy for medium term structural adjustment and agricultural production objectives. The CDSS was approved in March 1986. The agriculture sector objectives concentrate agriculture policy reforms and development of participatory self-managed organizations through cooperative development and restructuring, extension, seed multiplication, and credit and input distribution. Restructuring the seed and plant material production and distribution system will support directly the GON's efforts to stimulate agriculture production, increase and diversify farmers' incomes, and increase private and cooperative sector participation in agriculture inputs production and distribution.

The ASDG is an important component in the multi-donor effort led by the IBRD in helping the GON to implement its development program. The budget consolidation aspect of the GON structural adjustment process produced large reductions throughout the investment budget. The ASDG and the earlier RSDG provided budgetary resources to the GON which reduced the severity of the budget cuts. During the general budget contraction, the RSDG/ASDG resource transfer to the GON combined agriculture/rural development investment budgets was almost 10 percent of planned expenditures on the first year (FY 1984), and this figure rose to nearly 14 percent in FY 1985. The ASDG's share declines thereafter because the GON has begun to plan substantial increases in agricultural investment and the value of the CFA vis-à-vis the dollar is higher than in 1984 and 1985. These local currency funds have a multiplier impact on investment levels since, in many cases, they finance purchases which are prerequisites to the expenditures of donor project funds.

B. Financial Summary

Funding for this amendment of the ASDG (FY 1987) will be $2,000,000 from the Sahel Development Program, $1,905,000 from Economic Support Funds, and $3,765,000 of reobligated Sahel Development Program funds, for a total of $7,670,000. Total funds available under the amended ASDG will be $39,670,000.

(Funding Source 000 U.S.$)

	This Amendment			New Total		
	SDP/ NOA	ESF	SDP reobs	SDP/ NOA	ESF	SDP reobs
Conditional Dollar Disbursement	1,300	1,905	3,765	15,927	16,278	3,765
Technical Assistance	300	--	--	2,071	--	--
Policy Studies, seminars, workshops	350	--	--	759	--	--
In service training and support	50	--	--	25	--	--
Evaluation	--	--	--	150	--	--
Total	2,000	1,905	3,765	19,627	16,278	3,765

The are no GON or other donor contributions to the ASDG.

C. Socio-economic, Technical, Financial and Environment

1. The ECPR found the macroeconomic justification for dollar disbursement satisfactory.

2. There are no human rights issues.

3. Because there are no changes in the conditions of the grant regarding environmental issues, the original determination of a categorical exclusion holds.

D. Implementation Plan

The implementation of this amendment uses the practices approved under the original ASDG PAAD and implemented in the existing program.

E. Major Implementing Agency

The executing agency representing the GON remains the Ministry of Plan. The major implementing agency remains the Ministry of Agriculture, Directorate of Evaluation, Program and Statistical Analysis. The Secretariat for local currency management was established in the Directorate of Investment of the Ministry of Plan under the original ASDG, as was the local currency management committee.

F. Conditions and Covenants

The revised conditions are set forth in the PAAD amendment attached as annex A to this action memorandum. Covenants remain unchanged from the original grant agreement. The amendment adds one output to the existing five areas of policy reforms which are considered essential for better resource allocation and the increase in agricultural and livestock production and income in the rural population. The policy reforms undertaken under the ASDG are couched in terms of conditions precedent to initial and subsequent disbursements of funds as follows:

1. Reorient the agricultural input subsidy and structure of the officiel input supply agency in order to make available more agricultural inputs to farmers at prices which reflect benefits to the economy.

2. Establish the framework and prepare action plans for restructuring and diversifying the seed and plant material production and distribution system, including establishment of a national certification and quality control regulatory system.

3. Promote competition in grain marketing through the liberalization of official marketing and pricing policies and the consequent reduction in operating losses of the official grain marketing agency; and an increase in the relative share of agricultural outputs marketed by the cooperatives and private traders.

4. Undertake a study of the country's agricultural credit situation, particularly in the informal market, in order to formulate appropriate policies to promote the development of rural financial markets.

5. Promote border trade of livestock, cowpeas and other agricultural products through reduction of administrative and fiscal impediments.

6. Promote more cooperative and private trader participation in the supply of agricultural inputs; border trade of livestock, cowpeas and other agricultural products; and internal grain marketing and storage.

The authorization of the original ASDG incorporated specific clauses which would permit the Mission some leeway in judging whether conditions precedent to subsequent disbursements are met. The Administrator delegated to AA/AFR authority to approve any subsequent substantive changes or modifications, as may be required due to unforeseen changes in circumstances related to the ASDG. This delegation of authority remains in force.

G. Section 121 (d)

Section 121 (d) certification for dollar expenditures exists for the ASDG. Special Covenants and Conditions Precedent are in force for the programming and expenditures of local currency generated by the conditional dollar disbursements.

H. Section 611 (a)

Secton 611 (a) requirements for dollar disbursements are met by the Conditions Precedent to subsequent disbursements under the ASDG.

I. Program Implementation

Program implementation arrangements were made under the original ASDG. The executing agency for the GON remains the Ministry of Plan. The original arrangements have been modified slightly and strengthened as a result of experience gained in implementation.

J. Other Considerations

This program and the amendment combines ESF and SDP funding in the sector assistance format because sector assistance provides broader development focus on the macroeconomic level than normal technical assistance projects. The program sector grant also provides an approach to address key constraints in the agriculture sector which are linked with sectoral policy reforms and are not particularly suitable for implementation through standard project assistance modalities.

III. Justification to Congress:

IV. Clearances:

At both the issues and the ECPR meetings, representatives of all relevant Africa Bureau, S & T and PPC offices were present and concurred in recommending authorization of this PAAD.

V. Recommendation:

That you authorize an amendment of $7,670,000 consisting of $2,000,000 of Sahel Development Program funds, $1,905,000 in economic support funds, and $3,765,000 of re-obligated Sahel Development Funds for the Agriculture Sector Development Grant. The new total of funds available for the Agriculture Sector Development Grant reach $39,670,000 with $23,392,000 in Sahel Development Program Funds and $16,287,000 from Economic Support Funds.

Approved: _____

Date: _____

Disapproved: _____

Date: _____

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DRAFT

Summary Description for block 18 of PAAD Facesheet

The first four paragraphs of PAAD Amendment 2 are deleted and the following paragraphs are substituted.

This amendment adds a new component, seed production and distribution, to the Agriculture Sector Development Grant (ASDG). It also increases life of Program Funding, makes additional funds available, and modifies the subsequent Conditions Precedent for disbursement of the Fourth Increment. The amount of local currency earmarked for the trust fund is also increased.

This Agriculture Sector Development Grant (ASDG) is a resource transfer with a technical assistance component. It is justified both in terms of achieving desirable and significant agricultural policy reforms which act to constrain growth and of the need to provide domestic capital to support ongoing development activities.

This amendment provides an additional $7,670,000 for a new total of $39,670,000 over the life of the ASDG. This amendment will provide the fourth and final increment of funds for the ASDG. The funds in this third amendment consist of: $2,000,000 of New Year Authority Sahel Development Funds; $1,905,000 in Economic Support Funds; and $3,765,000 of reobligated Sahel Development Program Funds. The total of Sahel Development Funds made available under the ASDG thus amounts to $23,492,000 and the total of Economic Support Funds is increased to $16,278,000.

Subject to the availability of Funds and the mutual agreement of the parties to the terms and conditions set forth herein, grants (conditional dollar disbursements) are made available in increments of $7,000,000; $9,500,000; $12,500,000; and $6,970,000, up to a total of $35,970,000. Along with the first conditional dollar disbursement, $3,000,000 was made available under the original PAAD for direct payments by A.I.D. of foreign exchange and local currency costs of technical assistance, policy studies, workshop, in-service training and support as well as evaluations. An additional $700,000 will be made available under the fourth tranche for direct payments by AID for the technical assistance and related support items listed above. Each of the conditional dollar disbursements, but not direct payments for technical assistance, are tied to Conditions Precedent which evidence progress in the implementation of the policy reform program. Moreover, the Government of Niger is expected to deposit in the special local currency and Trust Fund accounts the equivalent of each dollar disbursement under the grant.

The section on Conditions Precedent and Covenants is amended as follows:

2. Conditions Predecent to Subsequent Disbursement

C. Prior to the disbursement of the fourth increment or tranche of US dollars under the Grant, the Grantee shall, except as the Parties may otherwise agree in writing, furnish in form and in substance satisfactory to A.I.D. evidence that the Grantee has carried out the following.

1. Reduced the coverage level of subsidy on agricultural inputs to 25-30 percent.

2. Taken actions to make the Agricultural Input Supply Agency (CA) move closer to an autonomous, cooperatively owned entity and ensure that there is the existence of competition between the CA and private traders by not granting CA a monopoly, de jure or de facto, for supplying inputs.

3. Continued and maintained competition in grain marketing and further increased it with the use of a tender system for procurement of grain for OPVN's grain reserves and the village-level storage facilities.

4. Maintained and promoted free border trade, particularly in livestock and cowpeas.

5. Taken appropriate action, in accordance with the conclusions and recommendations of the agricultural credit study, to encourage the development of rural financial markets.

6. Provided USAID with an action plan to achieve policy reform for the restructuring and diversification of the seed and plant material multiplication system. This action plan will permit decentralization and autonomous decision making in price and output levels for the multiplication and distribution of seed and plant materials. It will include a national seed security and a national certification and quality control program for seed and plant material. Those components of seed and plant material production and distribution that remain within the public and mixed sectors for reasons of seed security will be so structured as to reduce per unit production and distribution costs. The action plan will include a timetable for the issuance of the statues, arrêtés, and/or administrative decrees necessary for operation of the restructured seed and plant material multiplication center. All action plan items will be completed by the Program Assistance Completion Date.

7. Issue statues, arrêtés, and/or administrative decrees necessary for a national certification and quality control regulatory system for seeds and plant materials.

8. Prepare a plan for implementation of the proposed policy changes that will be executed prior to the completion of the ASDG. This will include:

a) Reduce the average rate of subsidy on agriculture inputs to 15 percent of the delivered cost of the inputs;

b) Have in operation a tender and bid system for reconstituting OPVN stocks for all purchases and sales;

c) Maintain a minimum level of 6,000 tons on village level grain stocks through arrangements with cooperatives and groupements mutualistes;

d) Carry out recommendations of the agriculture credit study by establishing the framework for formation of credit unions;

e) Liberlize, simplify, and publicize procedures for cross border trade, especially for cowpeas and livestock, by eleminating legal and administrative barriers to participation in cross-border trade by relying on market forces; and

f) Continue expansion of private and cooperative sector participation in production and distribution of agriculture inputs, cereals marketing and distribution, agriculture credit and cross border trade. This includes reliance on free marked prices and continuation of the policy of not issuing official prices for cereals.

The General Covenant 4.B is revised to read as follows:

The Grantee will establish a Special Local Currency Account in the bank of its choice and deposit therein currency of the Government of the Republic of Niger in amounts equal to the conditioal dollar disbursements under the Grant. Funds in the Special Local Currency Account may be used for such purposes as are mutually agreed upon by A.I.D. and the Grantee, except that 5 percent (5%) of the funds under the first three increments or tranches shall be placed in a Local Currency Trust Fund Account to be administered by A.I.D. for program activities which will be identified by A.I.D. in Project Implementation Letters, (PIL). The fourth increment, however, shall have eight percent (8%) of the funds placed in the Local Currency Trust Fund Account.

The last three paragraphs of PAAD amendment 2 are deleted and the following paragraph are substituted.

FY 1987 dollar disbursements or resource transfers covered in this PAAD amendment consist of:

$1,300,000	New obligated Authority Sahel Development Program Funds
$1,905,000	Economic Support Funds
$3,765,000	Reobligated Sahel Development Program Funds
$6,970,000	Total FY 1987 dollar resource transfer

These conditional dollar disbursements or resource transfers for FY 1986 obligations will be disbursed after the Grantee has met the Subsequent Conditions Precedent for disbursement of the fourth increment or tranche as Amended set forth above.

All of the other Conditions Precedent and Covenants, as well as other provisions set forth in the original PAAD signed on 14 August 1984, as amended on 10 July 1986 and 23 July 1986 remain in effect.