

PL-480-9627

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United States International Development Cooperation Agency
Agency for International Development
Washington, DC 20523

TRANSFER AUTHORIZATION

PL480, Title II, Section 206
Food for Development

AID/No. 688-XXX-000-9627
Program Approval Date:
23 May 1989

Executive Vice President
Commodity Credit Corporation
U.S. Department of Agriculture
Washington, D.C. 20520

Program Title:
Section 206 Food for
Development Program:
Cereals Policy and
Development

In accordance with the provision of Title II P.L. 480 (as amended) Section 1.201 of Executive Order 12220 and the International Development Cooperation Agency Delegation of Authority No. 5 effective June 27, 1980, the Commodity Credit Corporation (CCC) is hereby authorized to transfer and deliver food grain to the Government of the Republic of Mali (GRM) in an amount valued at an estimated US \$ 3,450,000 pursuant to the following instructions.

1. USG Fiscal Year 1989

Quantity (Metric Tons (MT)), not to exceed: 6,000

2. Commodity to be shipped

<u>Code</u>	<u>Commodity</u>	<u>Amount (MT)</u>	<u>Est. Value (\$)</u>
042.250	Rice	6,000	US \$2,100,000

3. Estimated Ocean and Inland Transportation Costs: US \$ 1,350,000.

Shipping to destination by ocean and inland will be via a through bill of lading (TBL). All actual transportation expenditures under this program, regardless of the estimate shown above, are to be charged to the appropriate Title II bilateral freight accounts provided by AID/SER/OP/TRANS.

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4. International Trade Issues:

In order to assure that the commodities provided under this authorization will not displace commercial purchases from the United States or otherwise disrupt world food prices or trade patterns, the Government of Mali agrees that Mali will import, against commercial purchases, not less than 30,000 MT of rice during Calendar Year 1989.

5. Specifications: Rice

- A. USDA Grade 5 or better, maximum 20% broken. Parboiled not acceptable.
- B. Bagged (50 kg. net) - abbreviated markings for sales program.

6. Shipping Instructions

- A. The US Government (USG) will transfer title to the GRM upon arrival of the commodities in Bamako or other mutually agreed points of entry (P.O.E.'s) in Mali. The USG will take all necessary actions to assure integrity of the commodities up to the time title is transferred and to assure that commodities transferred meet quality specifications set forth in Item 5 above.
- B. Thorough inspection and phytosanitary treatment at U.S. port of embarkment, to take place within 24 hours of embarkation. Inspection personnel to witness loading of commodity on board.
- C. Thorough inspection and phytosanitary treatment at port of discharge immediately upon arrival at port of discharge.
- D. Delivery Schedule: As soon as possible
- E. Contractual Instrument: Through bill of lading
- F. Port of Discharge: As mutually agreed by USAID Washington and USAID Bamako.
- G. Consignee: Director-General
Offices des Produits Agricoles du Mali (OPAM)
Route de Soutouba
B.P. 132
Bamako, Mali

H. Loss/Damage Claims: Irrespective of transfer to the cooperating sponsor of title to the commodities donated pursuant to this transfer authorization, CCC shall have the right to initiate and prosecute, and retain the proceeds of, all claims against ocean carriers for cargo loss and damage arising out of shipment of commodities transferred or delivered by the CCC hereunder for which A.I.D. has contracted for ocean transportation. In this regard, CCC will arrange and pay for an independent discharge survey at the destination port.

7. Transmission Of Documents

Send copies of bill of lading, inspection certificates and phytosanitary certificate to:

A. Original and two copies to Consignee, Director General, OPAM, Bamako, Mali: Send via air

B. Original and two copies to OPAM regional delegate, OPAM, Sevare/Mopti, Mali.

C. Original and two copies to OPAM regional delegate, OPAM, Grand Marché de Kayes, Kayes, Mali.

D. Original and two copies to OPAM regional delegate, OPAM, Koulikoro Gare, Koulikoro, Mali.

E. Original and two copies to Abidjan, Dept. of State, Washington, DC 20520 Attn: RFFPO

F. Original and two copies to Bamako(ID), Dept of State, Washington, DC 20520 Attn: David Atwood

G. Original and two copies to AID/SER/OP/TRANS, Washington, DC 20523 ATTN: Robert Goldman.

8. Program Objectives: Use of Commodities and Conditions of Transfer:

A. The commodity authorized herein is contributed by the Government of the United States of America to the Government of the Republic of Mali in the framework of the Cereals Market Restructuring Program (PRMC).

B. The objective of this contribution is to help improve Mali's food security and to support private sector participation in supplying the cereals market. The self-help measures provided

herein will help achieve the goal of food security by improving the policy and market environment for grain production and for greater private sector participation in grain distribution and marketing.

C. The funds generated from the sale of this commodity will be used to improve Mali's food security. The funds will be used for purposes and activities approved under the PRMC and to help further the self-help measures outlined below.

D. The GRM will sell the commodity provided hereunder according to the following specifications:

1. The commodity will be sold at wholesale (not retail).
2. Prices charged for the commodity will reflect current market prices at the time of sale, consistent with the agreement between the GRM and OPAM in its 1989 performance plan.
3. All sales will be made on the basis of a process of bid and tender, as specified for food aid rice in the GRM-OPAM performance plan.
4. All sales shall be conducted in such a way as to avoid discriminating among prospective purchasers and intermediaries.
5. At least half of the commodity will be sold within the first five months after transfer to OPAM; all of the commodity will be sold prior to one year after transfer to OPAM.

E. The GRM agrees to provide USAID/Bamako, for approval, a detailed execution plan for sales and distribution of these commodities before their arrival in country. The plan shall include the quantity to be delivered to each sale point, as well as an estimate of OPAM's handling and overhead costs in FCFA per kilogram. Should actual costs vary more than 5% from the approved estimate, the GRM agrees to request USAID/Bamako approval in writing and provide all necessary documentation before these costs are paid. The GRM will pay all storage, handling, transportation, and distribution costs in excess of the maximum amount authorized above to be used for such logistics costs.

F. Deposit of local currency proceeds.

1. An amount will be deducted from the gross proceeds of commodity sales, corresponding to OPAM's handling, storage, overhead, transportation, and distribution costs related to the sale of the commodities, as determined following PRMC procedures and consistent with OPAM's own internal accounting procedures.
2. Any losses incurred by OPAM will be the subject of a detailed report explaining the losses; records and facilities will be open for US verification of losses.

3. The resulting net proceeds will, be deposited in a special PRMC interest bearing account only for proceeds of US rice sales, No. 36/280-236/Z with the Banque Internationale de l'Afrique de l'Ouest (BIAO).
4. The amount deposited in the special account shall be, at least, the local currency equivalent of the FOB/FAS value of the commodities as shown on the bills of lading. The conversion will be calculated at the highest legal exchange rate obtainable in Mali at the time the commodities are sold.
5. The deposit of net proceeds in the PRMC special bank account for proceeds from USAID rice will take place within four months from the time of sale.
6. Local currency funds can be released from the special account only upon: written approval by USAID/Bamako for the use and amount stated in the government's request, followed by co-signature of any check by the designated representative of the PRMC Secretariat and of the GRM.
7. OPAM will send USAID/Bamako a deposit advice one working day after each deposit.

G. Use of local currency proceeds: The net proceeds will be used for support to the GRM's Cereal Market Restructuring Program (PRMC), for activities including the following: market information, credit for village groups, credit for private traders, grain processing activities, private sector training activities, policy studies, early warning, and transport of emergency grain. The use and disbursement of funds will be made with the approval of the Director, USAID/Bamako, and will be consistent with the joint government-donor protocols agreed to by the PRMC. The funds will be used to support activities that conform to the criteria outlined in Section 103 of the U.S. International Cooperation legislation (assistance to rural and agricultural sectors).

9. Implementation of Food for Development Program

A. Operational aspects of those project activities in support of PRMC will be handled through the established GRM-PRMC multi-donor mechanisms. Financial aspects of those project activities will be managed and monitored through the established mechanisms under the PRMC program.

B. All accounts and records pertaining to project activities and financial management will be available upon request by officials representing the USG, the GRM or the secretariat of the PRMC (presently located at the headquarters of the United Nations World Food Program).

10. Entry of Commodity

The GRM will admit the commodity into the country free of all customs duties and taxes imposed on imports into the Republic of Mali.

11. Distribution of Commodity

The GRM agrees to submit to the USG the initial distribution plan and to keep the USG fully informed concerning the status of the commodity receipts, distribution, and sales, and to provide complete details as requested. Representatives of the USG responsible for food aid in Mali will be permitted to audit and have access to all records pertaining to the use of the commodities provided by this Transfer Authorization, and to undertake verification missions to assess the storage and control procedures put in place for the commodities under this program.

In addition to the initial distribution plan, the following reports shall be provided by OPAM to USAID:

A. Quarterly reports, with the following information:

- Beginning and ending stocks
- Arrivals
- Sales
- Damaged stocks and losses, with full verifiable explanation
- Currency generated
- Handling, storage, and overhead costs
- Prices and quantities of different lots sold
- Deposits into special USAID PRMC account

B. A report on the annual OPAM stocks as it pertains to stocks of rice provided by the USG.

C. Following each bid and tender for US rice, a report on the names, bid prices, and bid quantities of all bidders, together with the names, final prices, and quantities of winning bidders.

12. Self help measures

A. The GRM agrees to continue to facilitate importation of rice by private grain traders for profit.

B. The GRM agrees to implement the performance plan agreed on between OPAM and the GRM for 1988/89 and 1989/90.

C. The GRM agrees that OPAM's provision of food to deficit areas will be done in a way that does not replace or compete with private sector provision of food to deficit areas. In addition, the GRM agrees to study the impact of provision of food to deficit areas during its "evaluation of operations in 1989".

D. The GRM agrees to continue the Market Information System as a technical information system serving the private and public sectors and the donor community. The system will be free of outside influence in the information that it analyses and distributes.

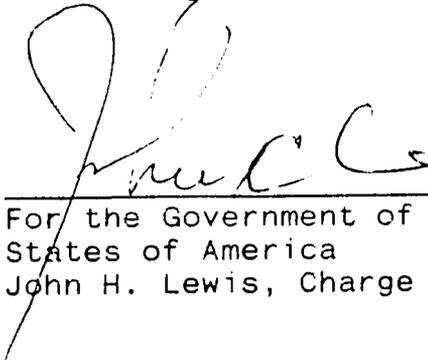
E. The GRM agrees to establish a permanent system of financial management, reporting, control, and functional accounting by activity on the basis of the 1989 audit of OPAM and in consultation with the PRMC donors. The system is to be operational by December 31, 1989.

F. Beginning in July 1989, the GRM agrees to enhance the environment of private sector competition and market transparency by widely disseminating the following on a regular basis:

1. The names, bid prices, and bid quantities of all bids and tenders engaged in by OPAM during the quarter, as well as the names, final prices, and quantities of winning bids.
2. Planned OPAM grain marketing actions (including but not limited to future tenders.)
3. Recent regulations, decrees, arretes, and other GRM decisions affecting the grain market.

13. Official Version

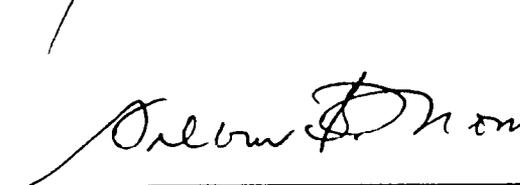
In the event of a conflict between the French and English versions of this agreement, the English version shall prevail.



For the Government of the United States of America
John H. Lewis, Charge d'Affaires



Date: JUN 7 1989



Wilbur G. Thomas, Acting Director
USAID/Mali



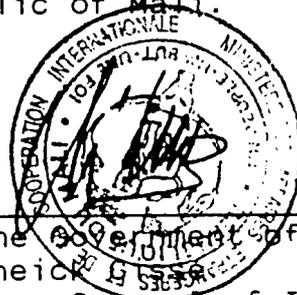
Date: JUN 7 1989

14. Request and Acceptance

The assistance hereby described in this authorization is hereby requested and terms and conditions of this agreement and AID Regulation 11, 44 F.R. 34034-45, June 13, 1979 (attached and incorporated herein by reference) except as otherwise specifically provided herein are hereby accepted by the Government of the Republic of Mali.



For the Government of the Republic of Mali
Dr. Cheick B. Sissoko
Director General of International Cooperation



Date: 07 JUIN 1989