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USAID MALI
 AMBASSADE AMERICAINE

JUN 29 1991

PD - ABD - 324
 1991


Bamako (I.D.)
 Dept. of State
 Washington, D.C. 20520
 Télex 448

AGREEMENT
 BETWEEN
 THE GOVERNMENT OF THE UNITED STATES OF AMERICA
 AND
 THE GOVERNMENT OF THE REPUBLIC OF MALI
 FOR THE DONATION OF AGRICULTURAL COMMODITIES

WHEREAS it is the policy of the Government of the United States (hereinafter referred to as the United States) to enhance food security in eligible countries through the use of agricultural commodities and local currencies accruing upon their sale to combat world hunger and malnutrition and their causes; promote broad-based, equitable, and sustainable development, including agricultural development; expand international trade; develop and expand export markets for United States agricultural commodities; and foster and encourage the development of private enterprise and democratic participation in such countries; and

WHEREAS the Government of The Republic of Mali (GRM) (hereinafter referred to as the Cooperating Country) has a long-term plan for broad-based, equitable and sustainable development, has demonstrated the need for and capability to use food assistance effectively and has committed itself to policies that promote food security, including policies to reduce measurably hunger and malnutrition;

NOW THEREFORE,

The Agency for International Development (A.I.D.), on behalf of the United States, and the Ministry of Plan and International Cooperation on behalf of the Cooperating Country (hereinafter referred to as the Parties), desiring to set forth the understandings that will govern the supply of agricultural commodities to the Cooperating Country for a Food for Development Program pursuant to Title III of the Agricultural Trade Development and Assistance Act of 1954, as amended (hereinafter referred to as the Act), and the measures the Parties will take in furthering the policies stated above, have agreed as follows:

Article I - Financing Arrangements

Section 1.1 Donation. (a) A.I.D. shall donate to the Cooperating Country the following agricultural commodities during United States fiscal year 1991:

Commodity	Approximate Quantity (Metric Tons)	Market Value (Dols 000)
Rice	10,000	3,400

b) A.I.D. shall also donate to the Cooperating Country the following agricultural commodities during United States fiscal year 1992:

Commodity	Approximate Quantity (Metric Tons)	Market Value (Dols 000)
Rice	10,000	3,400
or	Approximate Quantity (metric Tons)	Market Value (Dols 000)
Wheat	18,250	2,208.3

c) The donation of commodities to the cooperating country is made subject to the terms and conditions of this Agreement, the Plan of Operations in Annex A, the Commodity and Shipping Information and Requirements in Annex B and the Standard Provisions in Annex C, each of which is attached to and forms part of this Agreement. Within the limits of the Food for Development Program set forth in Article II of the Agreement, elements of the Plan of Operations in Annex A may be changed by written agreement of the authorized representatives of the Parties named in section 4.1 without formal amendment of this Agreement.

Section 1.2 Payment of Costs. (a) Except as otherwise provided, the United States will donate the agricultural commodities without charge and will arrange for and pay the costs of purchasing, processing, handling and transporting the commodities to United States ports of export and will arrange for and pay the costs of ocean and other transportation to points of entry in Mali and survey fees. The total costs paid by A.I.D. under this Agreement for FY 1991 shall not exceed \$2,850,000. For FY 1992 these costs are calculated at \$2,850,000 if rice is provided and \$4,289,800 if wheat is provided.

(b) The Cooperating Country shall arrange for and pay the costs of handling, transportation and distribution of donated commodities within the Cooperating Country.

Section 1.3 Maximum Export Value. The value of the total quantity of each type of commodity donated under this Agreement shall not exceed the maximum export value of the commodity specified in section 1.1 and Annex B. A.I.D. may limit the total value of each type of commodity to be donated as prices decline or as other factors require so the quantities of such commodities donated will not substantially exceed the applicable approximate quantity specified in the Agreement.

Section 1.4 Title to Donated Commodities. Title to donated commodities shall pass to the Cooperating Country at the time and place the commodities are discharged from ocean vessels, except when A.I.D. has agreed to arrange for and pay the costs of overland transportation from a designated port abroad to a point of entry in a landlocked Cooperating Country in which case title shall pass at the time and place the commodities are delivered to the point of entry in the Cooperating Country.

Section 1.5 Delivery Periods. All deliveries of commodities donated under this Agreement shall be made within the supply period(s) specified in the commodity table in section 1.1 and Annex B, except as A.I.D. may otherwise agree in writing. For this purpose, delivery shall be deemed to occur as of the on-board date shown in the ocean bill of lading signed on behalf of the carrier.

Section 1.6 Subject to Availability. (a) The undertakings made by A.I.D. in this Agreement to donate commodities and pay costs are subject to the availability, during each fiscal year, of funds and commodities and to the mutual agreement of the Parties to proceed each year.

(b) In determining whether to proceed each year, A.I.D. shall review and consider the Cooperating Country's need for agricultural commodities, its performance in satisfying the terms and conditions of this Agreement and such other factors as A.I.D. deems appropriate, including the extent to which the Cooperating Country is:

- (1) making significant economic development reforms;
- (2) promoting free and open markets for food and agricultural producers; and
- (3) fostering increased food security.

Article II - Food for Development Program

Section 2.1 Use of Donated Commodities. In accordance with this Agreement and the Plan of Operations in Annex A, donated commodities may be sold in the country by the cooperating country or its designee. The program will be implemented through the multi-donor Cereals Marketing Restructuring Plan (PRMC) and sold in the country by the Cooperating Country or its designee.

Section 2.2 Country Development Plan. Donated commodities or local currency sales proceeds shall be integrated into the overall development plans of the Cooperating Country through consultation between the Cooperating Country and the PRMC to help improve food security and support private sector participation in supplying the cereals market by improving the policy and market environment for grain production and encouraging greater private sector participation in grain distribution and marketing. Local currency proceeds may be used for such activities as development of a market information system, a GRM famine early warning system, purchase and transport of food during local food emergencies, reconstitution of the national security stock, grain processing activities, management and financing of credit lines for traders and cooperatives, and other programs agreed to through the PRMC and/or activities subject to local currency agreements under this document in a manner described in Annex A.

Section 2.3. Sales Procedures and Ownership of Local Currency Proceeds. (a) The Cooperating Country shall sell donated commodities, and the sales price(s) for such commodities shall be established, in the manner described in this Agreement, including the Plan of Operations in Annex A, or in Program Implementation Letters issued by A.I.D. pursuant to section C-1.2 of this Agreement.

(b) Local currency revenues generated by the sale of donated commodities (hereinafter referred to as local currency proceeds) shall be deposited in the multi-donor PRMC account which has been designated exclusively for local currency from USAID food aid. PRMC donors and the GRM will collectively determine uses of all donor local currency.

Section 2.4 Separate Account. (a) The Cooperating Country shall deposit local currency proceeds into a separate, interest bearing account in the manner described in Annex A. Interest earned on such deposits shall be treated as local currency proceeds for all purposes of this Agreement. The PRMC Secretariat shall be responsible for the management of the separate account, including deposits to and disbursements from the account (hereinafter referred to as the Account Manager).

(b) The Account Manager shall maintain books, records and other documentation adequate to show deposits to the separate account and disbursements from the separate account for the purposes mutually agreed upon by the Cooperating Country and A.I.D. In addition, the Account Manager shall provide A.I.D. a quarterly report regarding deposits to, withdrawals from and disposition of local currency from the separate account and shall direct the bank at which the account is maintained to provide account statements to A.I.D., as well as to the Account Manager.

(c) The Cooperating Country shall cause the books and records of the separate account to be audited annually in accordance with generally accepted auditing standards and accounting principles that have been prescribed by the laws of the Cooperating Country or adopted by public accountants or an association of public accountants in the Cooperating Country, together with generally accepted international auditing standards where feasible. The audit shall be performed by a private firm, the Cooperating Country's central audit agency or other audit entity which shall be selected by the Cooperating Country and approved by A.I.D.

Section 2.5 Use of Local Currency Proceeds. (a) The Parties consider local currency proceeds to be an integral part of the overall development strategy of the Cooperating Country and A.I.D. To the extent and in the manner set forth in Annex A of this Agreement, or in local currency agreements between the Cooperating Country and A.I.D., local currency proceeds shall be used in the Cooperating Country for the following specific economic development purposes:

- the promotion of specific policy reforms to improve food security and agricultural development within the Cooperating Country and to promote broad-based, equitable, and sustainable development;

- the establishment of development programs, projects or activities that promote food security, alleviate hunger, and improve nutrition.

- the promotion of increased access to food supplies through the encouragement of specific policies and programs designed to increase employment and incomes within the Cooperating Country;

- the promotion of free and open markets through specific policies and programs;

- support for United States private voluntary organizations and cooperatives and encouragement of the development and utilization of indigenous nongovernmental organizations;

- the purchase of agricultural commodities, including transportation and processing costs, produced in the Cooperating Country in order to meet urgent or extraordinary relief requirements in the Cooperating Country or neighboring countries, or to develop emergency food reserves;

- the purchase of goods and services, other than agricultural commodities and related services, to meet urgent or extraordinary relief requirements;

- private sector development activities, including loans to financial intermediaries for use in making loans to private individuals, cooperatives, corporations and other entities;

- the development of rural infrastructure such as roads, irrigation systems, and electrification to enhance agricultural production;

- research on malnutrition and its causes, as well as research relating to the identification and application of policies and strategies for targetting resources made available under this Agreement to address the problem of malnutrition; and

- support for research, including collaborative research which is beneficial to the United States and the Cooperating Country, education, and extension activities in agricultural sciences.

(b) A nongovernmental organization may, with the prior written approval of A.I.D., invest local currency proceeds provided to it by the Cooperating Country under this section, and any interest earned on such investment may be used for the purpose for which assistance is provided to that organization.

Section 2.6 Local Currency Agreements. (a) Local Currency agreements executed by the Cooperating Country and A.I.D. pursuant to this Agreement may be used to identify the purposes, programs, projects or activities within the scope of Section 2.5 for which the Cooperating Country and A.I.D. have agreed that local currency proceeds may be disbursed. Each local currency agreement shall be deemed to include all the terms and conditions of this Agreement, irrespective of whether such terms and conditions are repeated or are incorporated by reference in such local currency agreements, together with such other terms and conditions as A.I.D. and the Cooperating Country consider appropriate. The majority or the totality of local currency agreements will be joint PRMC donor agreements within the framework of GRM requests or GRM/PRMC accords.

(b) Except as otherwise agreed in writing by the Cooperating Country and A.I.D., or as provided in this Agreement, each local currency agreement and each recipient agency agreement between the Cooperating Country and a government or other recipient agency, defined in section C-1.1, shall identify the specific, tangible results or achievements anticipated from the program, project or activity for which local currency proceeds will be provided (hereinafter referred to as performance indicators). Performance indicators should be those results which demonstrate that the purpose(s) of the use of local currency proceeds has or have been accomplished and must be described in a manner that is measurable and verifiable.

Section 2.7 Support for Indigenous Nongovernmental Organizations. Except as provided in Annex A or as A.I.D. may otherwise agree in Program Implementation Letters, to the extent possible, not less than 10 percent of the local currency proceeds in the separate account shall be used by the Cooperating Country to support the development and utilization of indigenous nongovernmental organizations and cooperatives that are active in rural development, agricultural education, sustainable agricultural production, other measures to assist poor people, and environmental protection projects in the Cooperating Country.

Article III - Administration of the Food for Development Program

Section 3.1 Monitoring and Auditing by the Cooperating Country. The Account Manager, or other government agency selected by the Cooperating Country and approved by A.I.D. (hereinafter referred to as the Program Monitor), shall monitor and audit the programs, projects or activities financed with local currency proceeds. In the event these responsibilities are performed by a government agency other than the Account Manager, the Cooperating Country shall furnish to A.I.D., in form and substance satisfactory to A.I.D., a written description of how the responsibilities will be shared by the Account Manager and the Program Monitor, including the kinds and frequency of reports that will be provided to the Account Manager about the use of local currency proceeds for the purposes agreed upon by the Cooperating Country and A.I.D. and progress made toward achieving performance indicators.

Section 3.2 Disbursements for Specific Projects. Prior to the use of local currency proceeds for specific projects of government or other recipient agencies, the Account Manager or Program Monitor shall assess the capability of the recipient agency to use and account for local currency proceeds. Thereafter, the Account Manager or Program Monitor shall obtain and verify reports regarding the use of local currency proceeds by the recipient agency and conduct or arrange for audits of the recipient agency's use of local currency proceeds for the approved projects. The format and frequency of reports that will

be obtained, and the frequency of audits that will be conducted by the Account Manager or Program Monitor shall be described in Project Implementation Letters.

Article IV - Final Provisions

Section 4.1 Representatives. For all purposes relevant to this Agreement, the Cooperating Country will be represented by the person holding or acting in the Office of Minister of Economy and Finance and A.I.D. will be represented by the person holding or acting in the Office of Mission Director, each of whom, by written notice, may designate additional representatives for all purposes other than the power to revise the Plan of Operations in Annex A. The names of the representatives of the Cooperating Country, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 4.2 Language of Agreement. This Agreement is prepared in both English and French. In the event of any ambiguity or conflict between the two versions, the English language version shall control.

Section 4.3 Entry into Force. This Agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the respective representatives of the Parties, duly authorized for the purpose, have signed the present Agreement.

Done at _____, in duplicate, this _____ day of _____, 1991.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA
USAID


Dennis Brennan
USAID Mission Director

JUN 29 1991

FOR THE GOVERNMENT
OF THE REPUBLIC OF MALI


Mrs. S. Maimouna
Acting Minister of Plan and
International Cooperation

29 JUIN 1991

ANNEX A
FOOD FOR DEVELOPMENT PROGRAM
PLAN OF OPERATIONS

Article I - Program Strategy

Section A-1.1 Development Conditions. Over the past several years, the Government of the Republic of Mali (GRM) has undertaken a number of measures to improve food and agricultural development, alleviate poverty and promote broad-based equitable, and sustainable growth. There has been a strong movement away from a centrally controlled to a more free market economy. Measures such as the end to forced procurement from farmers at artificially low prices, the ending of GRM blockages on internal grain distribution, abolition of official prices and increased privatization of grain storage and marketing have provided more incentives to farmers to produce food for the people of Mali. Agricultural research and extension projects have been undertaken with donor support. Increased attention is also being given to the educational and health needs of the Malians.

Section A-1.2 Program Objectives. (a) Mali continues to face serious food security problems, caused both by the unstable physical and biotic environment in which crop production takes place, and by remaining food policy and management problems, both in the area of producer costs, trader incentives and grain market liberalization and in food aid and relief planning and administration.

(b) The objective of this program is to improve Mali's food security, defined as its ability to ensure both adequate overall food supplies and access to food by households and individuals. This objective will be accomplished through actions involving continued improvement in efficient grain trade and distribution and support to activities with a direct link to increased food production.

Section A-1.3 Country Development Plan. The sales proceeds from the donated food will be integrated into Mali's overall plan to improve its food security and quality of life. Proceeds may be used for such activities as development of a market information system to help private traders and an early warning system to identify potential food shortages, purchase and transport of food during local food emergencies, reconstitution of the national security stock, grain processing activities, and management and financing of credit lines for traders and cooperatives.

Section A-1.4 A.I.D. Strategy. A.I.D.'s overall goal in Mali is to promote economic growth and improve the quality of life. Specific objectives include increasing private sector participation in the economy, increasing incomes in the areas of high productive potential, and improving delivery of health and education services. Both the local currency generated under this program and the dialogue with the GRM and other donors is an integral part of USAID's overall agricultural activities and economic policy reform program. Proceeds from commodity sales will continue to be used for activities which encourage farmers to produce more food, provide assistance to private traders who in turn sell the food to the people of Mali, and provide early warning and security in time of famine. The overall greater availability of food improves the nutritional status of the people of Mali.

Section A-1.5 Country Policy. The Government of Mali is undertaking a number of measures to further liberalize the grain market and make more food available to the people of Mali. These are as follows:

1. Only coarse grains are kept in the national security stock.
2. An annual food distribution plan for food aid is drafted and circulated for discussion and GRM approval.
3. OPAM and the GRM have formally agreed on, and comply with, the "Contrat-Plan" (performance plan) approved in January 1991.
4. Grain exports will be permitted during surplus production years.
5. Rice Import legislation has been drafted, following a study of rice imports. Although the legislation has not yet been passed, a major loosening of rice import controls took place in January 1991.
6. All analytical conclusions of Market Information Systems (MIS) reports are based on available MIS or other technical market data.
7. The MIS Technical Review Commission is reviewing the annual and semi-annual MIS reports.
8. Prices and quantities of all bids and tenders of the Grain Marketing Agency (OPAM)'s auctions are available for the asking. OPAM's market actions (auctions, sales, rotation of the national security stock etc.) are widely publicized. The GRM is increasing its openness regarding dissemination of information on new legislation.

Article II - Use of Donated Commodities.

Section A-2.1 Allocation of Donated Commodities. All of the donated commodities will be used to support program objectives by sale of commodities to generate local currency that will be used for the program.

Section A-2.2 Participation of the Private Sector. All commodities will be distributed and sold through private sector channels, with the GRM serving only as a transit point before sales to wholesalers (for rice) or a private miller (for wheat). In addition, substantial amounts of local currency generations benefit, directly or indirectly, the private sector. PRMC local currency purchase and transport of food for food deficit zones is done through the private sector. Local currency generated under this program supports the Market Information System which has greatly facilitated access of private traders and cooperatives to market information. Credit lines financed by the PRMC are used by private traders and cooperatives. Continued opening up of the grain sector through privatization of much milling in the Office de Niger and use of tenders instead of direct sales by OPAM has made the grain sector one where there have been substantial growth opportunities for private business.

Article III - Sale of Donated Commodities.

Section A-3.1 Sale Procedures. (a) The commodities will be transferred from the USG to the GRM grain marketing agency (OPAM) before the private sector takes possession. In the case of wheat, the commodity will be transferred immediately from OPAM to the Grands Moulins de Mali. In the case of rice, OPAM will have the responsibility for receiving, transporting, storing and selling the commodities;

(b) Rice will be sold through competitive tenders (ie auction) to the private sector, wheat through negotiated contracts with the sole wheat milling firm (Grand Moulins de Mali);

(c) All of the grain will be sold at market prices, which will in all cases be substantially in excess of the Gulf port FOB value of the commodity;

(d) Acceptable terms of sale;

(e) If the commodities are sold at subsidized prices, indicate the amount of additional local currency required from the government to offset the amount of the subsidy as required in section C-2.10 of the Agreement; and

(f) Following the sale of the rice, 10% of the gross proceeds will be deducted by OPAM for commodity sales corresponding to OPAM's handling, storage, overhead, transportation, phytosanitary treatment and distribution costs related to the sale of the commodities, consistent with OPAM's Performance Plan No. 2. These deductions will only reflect costs directly attributable to the sale of U.S. rice under this Program Agreement. For wheat, 1% of the amount of gross proceeds (from sale to the Grands Moulins du Mali) will be retained by OPAM, consistent with OPAM's Performance Plan. Net receipts will be transferred directly from OPAM to the PRMC account opened at BIAO/Mali and exclusively for proceeds from the sale of U.S. commodities.

Section A-3.2 Separate Account. (a) The net proceeds from the sale of the commodities will be deposited within 3 months of sale in a special PRMC interest bearing account which is exclusively for proceeds of sales of U.S. food aid, No. 36/280-236/Z with the Banque Internationale de l'Afrique de l'Ouest (BIAO), Bamako main office. OPAM will notify USAID by letter of cash deposit in the special account within three working days of the deposit. The amount deposited in the special account shall be, at least, the local currency equivalent of the FOB/FAS value of the commodities. The conversion into FCFA will be calculated at the central bank's highest legal exchange rate obtainable for domestic transactions on the date of each call forward approval under this program agreement. (A second account may be opened in the event that the GRM and USAID mutually agree to local currency financing outside of the PRMC program).

(b) The separate account is managed and programmed jointly by the PRMC donors (including USAID) and the GRM Minister of Economy and Finance, under the management of the World Food Program, which serves as the Secretariat for the PRMC donors. The World Food Program Director of Operations and the Minister of Finance have joint signing authority for all accounts.

(c) OPAM should provide USAID/Mali with five reports.

1) Reception Plan - The GRM agrees to provide USAID/Mali with a detailed implementation plan for the reception prior to the shipment of the commodities from the USA under this Program Agreement. This plan should include:

- quantities to be delivered at each reception point,
- storage capacity available at each reception point,
- phytosanitary and pest treatment of warehouses where the commodities should be stocked, within 15 days prior to delivery of the commodities.

2) Reception Reports

a) Progress Reception Reports: From the beginning of the reception operations, OPAM shall provide USAID/Mali each week a progress report including among others, the following information:

- expected quantities
- quantities received
- losses (quantities, estimated value, circumstances or causes, measures planned and taken for recovery)
- quantities delivered to GMM (for wheat)

Each progress report should indicate the above mentioned information for the week covered by the report, but also cumulatively for all the receptions made to the date of each report.

b) A Final Reception Report: OPAM shall provide USAID/Mali a final reception report within a month from the closing of reception operations. It is understood that the closing of reception operations shall occur 72 hours after the departure of the last truck (wagon) from the West African transit port.

3) Notice of sales through bids: OPAM should inform USAID/Mali in writing of any bids it intends to call for, at least a week prior to call for bids. Such notice should include, among others:

- the quantities to be sold,
- the size of the lots,
- the place(s) of the sale,
- the extent to which sales requirements have been advertised
- the date, place and time of bid opening.

4) Transaction Report: This report should be submitted to USAID within three months following the opening of tenders and shall include all the information about bid opening and the practical implementation of bidding. They are among others:

- the list of the names, offers, quantities for all the bidders
- and the names, prices and quantities bought by the successful bidders.

5) Management Report: This report shall be by trimester and include two parts:

a) Physical Inventories, indicating the results of regular physical inspections by OPAM, especially:

- the original stock
- losses (quantities, estimated value, circumstances or causes, measures already taken and envisioned for the recovery.
- the quantities sold,
- stock report

b) Financial Management, presenting among others, the following information:

- the quantities sold
- the total proceeds
- transaction fees
- net amount of proceeds deposited into the special USAID/PRMC account
- the balance to be deposited into the special USAID/PRMC account at BIAO

(d) 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 commodities provided by this Program Agreement, and to undertake verification missions to assess the storage and control procedures put in place for the commodities under this program.

Article IV - Distribution Programs

The commodities under this program are for sale and are not programmed for use in any programs of free food distribution.

Article V - Emergency Food Reserves

The commodities under this program are for sale and will not be used in any reserve stock or food security stock.

Article VI - Joint Programming of Local Currency

Section A-6.1 Detailed Plan for Local Currency Use (a) There are a number of activities that are likely to be financed with local currency from the separate account. They are as follows: 1) A market information system which provides critical information to donors and the GRM relative to grain shortages and important market developments; 2) Policy Studies on various influences on the grain market; 3) Training of private sector traders; 4) Provision of credit to Cooperatives; 5) Provision of credit to private traders; 6) Assistance in improvement of grain processing ; 7) Purchase and transport of emergency grain; 8) Improvement of the GRM Early Warning System; and 9) other PRMC support.

(b) A number of the activities financed by the local currency disbursements are for "promotion of specific policy reforms to improve food security and agricultural development

within the country and to promote broad-based, equitable and sustainable development" under section 306(a)(1) of PL 480 or for "promotion of increased access to food supplies through the encouragement of specific policies and programs designed to increase employment and incomes within the country." These include support to continued improvements in the grain market and other food security areas, principally food crop production. Activities to be supported in this area may be complementary to ongoing USAID bilateral food production activities, such as agricultural research and support, agroforestry activities, and grasshopper and locust control.

(c) The purposes, programs, projects and activities for which generated local currency will be used are all monitored by the PRMC Secretariat which sits on the GRM Coordinating Committee of PRMC (COC). The use and disbursement of funds will be made with the approval of the Director, USAID/Mali, and will be consistent with the joint government-donor protocols agreed to by the PRMC. Financial aspects of those project activities will be managed and monitored through established mechanisms under the PRMC program. 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)

Specific information on the activities which may be funded through local currency generation is as follows:

- (1) The government agency or private nongovernmental organization (collectively referred to as recipient agency or agencies) to which local currency could be disbursed;
 - a. Market Information System (MIS):
OPAM
 - b. Policy studies:
OPAM; IER/DET (Studies division of agricultural research institute); CNAUR (National food relief and rehabilitation committee)
 - c. Training of private sector traders:
direct contracts to private trainers; OPAM; NGO's
 - d. Provision of credit to cooperatives:
BNDA (national agricultural bank); other private banks; cooperatives and groupings of borrowers
 - e. Provision of credit to private traders:
Various private and public lending institutions (in particular, BIAO, BDM, BMCD, BOAM, BNDA)
 - f. Assistance in improving of grain processing:
IER; Ministry of Agriculture Machinery Division; Food Technology Laboratory; NGO's working in grain processing
 - g. Purchase and transport of emergency grain:
CNAUR; American NGO's

- h. Improvement of the GRM Early Warning System:
SAP (GRM early warning system)
- i. Purchase of grain for distribution or for national security stock:
OPAM; CNAUR; American NGO's
- j. Other PRMC support

(2) The problems being addressed and the development objectives to be achieved:

a. The Market Information System (MIS) - Lack of access to timely and accurate information on grain surpluses, shortages, prices etc. has hampered the activities of private traders. The establishment of this system makes grain marketing more efficient and increases access to food for the Malians.

b. Policy studies - Better understanding of market functioning; policy effects on farmers, traders, and consumers; and the location of the most serious food security problems are necessary for more informed GRM food security decisions.

c. Training of private traders - Because of the tradition of central control of the grain market, many private traders lack experience in areas such as storage and accounting. This will increase their effectiveness.

d. Credit for Cooperatives - Although progress has been made through such programs as the PRMC village association credit program and work by PVOs in small credit programs, more needs to be done to help people be able to rely on the private grain market rather than on government grain distribution activities in bad years.

e. Provision of credit to private traders - There is still instability in grain market prices which this activity will help lessen.

f. Assistance in improvement in grain processing - This will provide a useful outlet for occasional local surpluses in a way that stabilizes the market, is consistent with household economic and milling/cooking constraints and frees up women's (who do much of the milling) time.

g. Purchase and transport of emergency grain - Drought and resulting local shortages are a serious problem. This provides contingency funds to permit public sector transportation of food into deficit areas

h. Improvement of the GRM Early Warning System - Identifying areas of risk is an important tool in fighting potential famine. Because the GRM policy requires food distribution to be made only on the basis of careful technical

review, the early warning system provides a tool to avoid some of the careless free food distributions made in the past which may have hampered private grain trade in some food deficit areas.

(3) What will be done with the local currency in support of the program, project or activity by the recipient agency:

- a. Market Information System:
Operating expenses; salary costs; material support; technical assistance; staff training
- b. Policy studies:
Financing the costs of local and international consultancies
- c. Training of private sector traders:
Financing material and staff costs of workshops and training
- d. Provision of credit to cooperatives:
Financing loans to cooperatives to store grain
- e. Provision of credit to private traders:
Financing loans to groups of traders and to individual traders to store and market grain
- f. Assistance in improvement of grain processing:
Financing studies, advertising campaigns, equipment development
- g. Purchase and transport of emergency grain:
Purchase and transport of grain from OPAM warehouses or surplus production areas to areas requiring emergency food assistance: financing contracts for grain purchase and contracts with private transporters or ONG's to transport and monitor food distribution.
- h. Improvement of the GRM Early Warning System:
Financing costs of TA and ongoing staff, material, and operating costs
- i. Other PRMC support.

(4) Who the beneficiaries of the assistance will be:

a. Market Information System - Consumers, farmers, and grain traders, all three of which currently use MIS information in their food security and market decisions.

b. Policy studies - Directly the GRM, NGO's, donors and cooperative members benefitting from results of studies in their ongoing decisions about food security. Indirectly farmers, consumers, and grain traders who will benefit from the better policies, institutions, or techniques coming out of the studies.

c. Training of private sector traders - The grain traders and ultimately the consumers who will be served more efficiently.

d. Provision of credit to cooperatives - The members of the cooperatives.

e. Provision of credit to private traders - The grain traders and ultimately the people who will be served more efficiently.

f. Assistance in improvement of grain processing - Producers, who will benefit from a more stable and predictable market environment; consumers, who will benefit from a wider range of nutritious food products; women householders, whose preparation time for food will be reduced; private traders and manufacturers who may produce new food products or machinery to make them.

g. Purchase and transport of emergency grain - The people in the drought-afflicted areas.

h. GRM Early Warning System - The people in the drought prone areas, who will benefit from earlier and more accurate GRM decisions on food distribution.

(5) The performance indicators to measure achievement of results by the recipient agency:

a. Management and Information Systems:

. Consistent data collection methods established during the first year.

. Related Malian non-price data (e.g., food distributions, import/export data) reported starting year one.

. Price data from neighboring countries reported during years one and two.

. Lag time between data collection and publication is reduced; it is expected that the lag time will be decreased by one week by the end of the two-year program.

. Overall, a more efficient information system will be in place at the end of the two-year program, making prices reflect true market prices, minimizing regional price imbalances; MIS will also allow measurement of market abundance in Malian markets - data heretofore unavailable.

b. Training private sector traders:

. The number of training sessions will broaden from the pilot project stage in Bamako, and expand to the national level. After 13 months, four (4) regions, in addition to Bamako, will have training sessions available for private sector traders;

at the end of the two-year program, three (3) more regions will offer training sessions, thereby completing the geographic coverage of the country.

. The number of topics taught at training sessions increases to include: (1) stock management and phytosanitary treatment; (2) stacking of bags and specifically the construction of wooden pallets to avoid contamination of bags; (3) teaching, with guest speakers from the Direction Nationale des Affaires Economiques (DNAE) and the customs office, the rights, laws and responsibilities of traders under the legal system.

. Increased number of Malian trainees, reaching a total of over 100 at the end of the two year program.

c.1 Provision of credit to cooperatives:

. Increased number of beneficiaries (cooperatives) receiving credit, totalling an average of about 500 to 800 per year for each year of the program (based on average of past years).

. USAID/PRMC's selection criteria for the cooperatives is based on good past repayment record and/or prospects for or existence of good cooperative management. An 85% repayment rate of the total amount of credit given is expected.

c.2 Provision of credit to private traders:

. Increased number of beneficiaries, both wholesalers ("grossistes") and "demi-grossistes", respectively, by one to two (1-2) each year, and by five (5) for years one and two of the program.

. The selection criteria for making credit available to new traders (both "grossistes" and "demi-grossistes"), as with the cooperatives, is also based on a good past repayment record or appropriate management and escrow devices. An 85% repayment rate of the total amount of credit given is expected.

. The provision of credit to cooperatives and private traders will eliminate the capital constraint right up to harvest time, and thus allow produces not to sell at a low price, thereby helping them increase their earning (greater producer prices is the overall goal of the PRMC program).

d. Grain processing:

. Processing units are made available to A.V.'s by the end of the second year. A pilot project will be established consisting of two elements: (1) principally, the provision of small artisanal dehullers for rice paddy; and to a lesser extent

(2) small maize grinders ("moulins"). Both of these experimental projects would be funded through loans to village associations.

. One new technology or food product will be tested or advertized by the end of year 2.

e. Purchase and transport of emergency grain:

. The process of delivering emergency grain will be undertaken more quickly, decreasing from 10 months total time from determination of deficitary locations in Mali (usually done around December) to completion of the transportation of food aid, to five to six (5-6) months for that same process. It will be completed by the months of August during the first year, and June the second year.

f. Improvement of GRM early warning system:

. GRM/CNAUR's early warning system background information, as well as other previously unpublished data collected by GRM/CNAUR will be distributed publicly to the international donor community in Mali and to the various GRM entities involved in monitoring the famine and food situation in Mali.

. Resulting in increased awareness and understanding of the food security situation in Mali, and leading to more rapid responses by donors and from GRM overall. Improvements should be measurable by the end of year one, and be standard mode of operation starting year two.

(6) The system that will be used by the monitoring agency to monitor the programs, projects or activities for which it is responsible:

- a. MIS
- b. Policy Studies
- c. Training private sector traders
- d. Provision of credit to cooperatives
- e. Provision of credit to private traders
- f. Grain processing
- g. Purchase and transport of emergency grain
- h. GRM early warning system

All of these programs will be monitored by extensive review of reports and interviews with participants, led by the Program Sponsor (PRMC Secretariat located at the World Food Program), with the substantive and active participation of the PRMC Technical Committee, which includes one full time member representing USAID. In addition, transport and purchase of emergency grain will be monitored by field verification trips during and/or after food distribution.

(7) The system the Cooperating Country will use to audit the program, project or activity conducted by the recipient agency with the local currency proceeds.

- a. MIS
- b. Policy Studies
- c. Training private sector traders
- d. Provision of credit to cooperatives
- e. Provision of credit to private traders
- f. Grain processing
- g. Purchase and transport of emergency grain
- h. GRM early warning system

These programs will all be included in the annual audit of PRMC accounts.

Section A-6.2 Additional Disbursements. Additional uses of local currency proceeds under this program may be the subject of local currency agreements between USAID and the GRM.

Article VII - Illustrative Program Financial Plan

	\$
a. MIS	500,000
b. Policy Studies	500,000
c. Training private sector traders	150,000
d. provision of credit to cooperatives	250,000
e. provision of credit to private traders	250,000
f. grain processing	300,000
g. purchase and transport of emergency grain	2,000,000
h. GRM early warning system	250,000
i. Audits and evaluations	100,000
j. Other	700,000
TOTAL	\$5,000,000

Article VIII - Indigenous NGOs

Section A-8.1 Programs for Indigenous NGOs. NGO's have received and will continue to receive major support through the multi-donor PRMC program, accounting for more than ten percent of total program expenditures during several of the past years. NGO's include in particular farmer cooperatives and lending groups of small traders seeking credit. The financial plan in article V above allocates 10% of the total program budget to these two groups of NGO's. However, it is possible that there needs may be limited in future years, or that -- to the extent earlier programs succeed -- their needs may be met directly by commercial banks. The 10% represents a viable target under present circumstances, but one which may change according to evolution of the market.

Article IX - Implementation Arrangements. Mutually agreed on operating procedures, within the context of PRMC, will provide the basic implementation arrangements for monitoring, management,

programming, and audit between AID, OPAM, the Ministry of Economy and Finance, the PRMC Secretariat, and the other PRMC donors. Future programming and food needs will be made on the basis of information collected each year by AID and the GRM regarding annual harvest prospects and food needs.

Article X - Monitoring and Evaluation Plan. The key monitoring role as regards commodity management and local currency reflows will be played by the USAID food policy advisor and food for peace officer, relying on OPAM and the PRMC Secretariat. The key monitoring role as regards program impact will also be the USAID food policy advisor and the USAID food policy analyst, together with the USAID food for peace officer. These three mission staff will rely on reports from the MIS, SAP, CNAUR, and OPAM for assessment of program impact. They will also conduct, or contract for, impact studies as deemed appropriate. In addition, they will rely on the PRMC Secretariat and Technical Committee for additional assistance in monitoring program impact.

Baseline indicators are currently available from the MIS, SAP, OPAM, and a series of PRMC and bilateral USAID studies of cooperative credit programs, bank performance, food distribution, and household level food security.

ANNEX B

COMMODITY AND SHIPPING INFORMATION AND REQUIREMENTS

Article I - Commodity Information and Requirements

Section B-1.1 Bills of Lading, Consignee(s) and Notify Party. Bills of lading covering donated commodities will be consigned to: Director-General, Office des Produits Agricoles (OPAM), Route de Sotuba, B.P. 132, Bamako, Mali. Such bills of lading will specify as the "Notify Party": USAID, B.P. 34, Bamako, Mali, Attn: S/ADO, via air courier. Original bills of lading for receipt of cargo will be provided to the Cooperating Country through the A.I.D. Mission in a timely manner prior to discharge of the cargo.

Section B-1.2 Kind of Commodities.

(a) Fiscal Year 1991:	Commodity	Total Metric Tons
	Milled rice	10,000
	Total	10,000 MT
(b) Fiscal Year 1992:	Commodity	Total Metric Tons
(Estimate)	Milled rice	10,000
If wheat is used in substitute for rice, then (Estimate)	Wheat	up to 18,250

Rice - USDA specifications, white milled, Grade 5, 20 percent broken; packaging in 50 kg jute bags. Inspection and phytosanitary certification at U.S. port of embarkment and again at West African port.

Wheat - USDA specifications, U.S. Standard No. 2, or better, hard red Spring (maximum 13.5 percent moisture content); packaging in 50 kg bags. Inspection and phytosanitary certification at U.S. port of embarkment, and again at West African port.

Section B-1.3 Delivery Schedule. (a) Rice Delivery Schedule. To be determined, but in no case should the commodity arrive at OPAM warehouses after December 1991.

(b) Port of discharge: For rice - The A.I.D. transportation division MS/OP/TRANS, in consultation with USAID Mali will determine port selection.

(c) Contractual instrument: All ocean and inland transportation and expenditures to the Cooperating Country will be contracted by a through bill of lading (TBL) and provided by A.I.D. MS/OP/TRANS.

(d) Ports of entry:

- I. 6,000 MT: OPAM warehouse Bamako
- II. 3,000 MT: OPAM warehouse Sévaré
- III. 1,000 MT: OPAM warehouse Kayes

Section B-1.4 - Usual Marketing Requirements. For purposes of this Agreement covering the import period U.S. fiscal years 1991-1992, the Cooperating Country agrees to import on a commercial basis 30,000 metric tons of rice during United States fiscal year 1991. For United States fiscal year 1992, if rice is selected, then the Cooperating Country agrees to import on a commercial basis 30,000 metric tons; if wheat is selected as the Title III commodity, then the Cooperating Country agrees to import on a commercial basis 20,000 metric tons of wheat during United States fiscal year 1992.

Section B-1.5 - Export limitations (a) The export limitation period shall be United States fiscal years 1991 and 1992 during which commodities donated under this agreement are being imported or utilized. Import shall be deemed to have occurred when the commodity has entered the Cooperating Country and passed through customs, if any. Utilization shall be deemed to have occurred when the commodity has cleared customs and has been distributed to eligible recipients or as sold within the cooperating country.

(b) The commodities that may not be exported during the export limitation period are:

- (i) For rice - rice in the form of paddy, brown or milled.
- (ii) For wheat - wheat, wheat flour, rolled wheat, semolina, farina, and bulgur (or the same products under different names).

Article II - Shipping Information and Requirements

Section B-2.1 Booking Arrangements. As provided in Section 1.2 of this agreement, A.I.D. shall arrange ocean and other transportation, including freight forwarding, charter broking and inland transportation, to the point(s) of entry as agreed, as indicated in Section B-1.3.

Section B-2.2 Transmission of Documents. (a) Send copies of bill of lading, inspection certificate and phytosanitary certificate as follows:

1. Original and two copies to Consignee:
Director-General, OPAM, Bamako, Mali
Send via pouch c/o S/ADO (AID), Bamako, Department of State, Washington, DC 20520-2050

2. Original and two copies to:
Abidjan, Department of State, Washington, DC 20520-2010, Attn.: RFFPO, via pouch.
3. Original and two copies to USAID, B.P. 34, Bamako, Mali, Attn.: S/ADO, via air courier.
4. Send two copies of transport contract between A.I.D. and shipper to: S/ADO (AID), Bamako, Department of State, Washington, DC 20520-2050, via pouch.
5. Send two copies of survey contract between CCC and independent survey agent to: USAID, B.P. 34, Bamako, Mali, Attn.: S/ADO, by air courier.