

Action Memorandum for the Mission Director, USAID/ Senegal

Date: September 25, 1992

From: David M. Robinson, PDO

*David M. Robinson*

Subject: Authorization for a cooperative agreement with Africare/Senegal for the Kaolack Agricultural Enterprise Development project

I. Actions Requested:

You are requested to authorize and therefore approve the Kaolack Agricultural Enterprise Development project (685-0302) to be implemented through a cooperative agreement with Africare in the amount of \$8 million funded from the SDP appropriation account.

II. Background and Project Development Process

The project was originally submitted as an unsolicited proposal in March 1992 for local currency funding under PL 480 Title III. After discussion with the Mission, the proposal was resubmitted as a grant application in June 1992.

Based on initial review of the proposal, discussions with Africare, and with receipt of a final proposal, the Mission proceeded to develop the Kaolack Agricultural Enterprise Development project predicated on the acceptance of the proposal. In this context, the mission forwarded a new project description and other data to AFR/SWA and requested: (1) forwarding of a congressional notification for the new activity; (2) AA/AFR authority to approve/authorize the project; and (3) approval of the IEE. The mission also requested an *ad hoc* delegation of contracting authority to sign the proposed \$8 million assistance instrument.

- Congressional Notification (CN). The CN was forwarded on August 11 and expired without objection on August 26, 1992 as the mission was advised per STATE 277157 (Attachment A)
- AID/W Approval. State 296969 described the results of the AID/W review of the project proposal and delegated the mission the authority to provide PID-level approval and to proceed to authorize the activity. The review meeting also provided comments and issues that were addressed in the final project design.
- Initial Environmental Examination (IEE). The activity received a negative IEE determination as indicated in STATE 291907 (Attachment B).
- Delegation of contracting authority. The mission director received per STATE 260758 an *ad hoc* delegation of authority to sign the proposed grant. An amendment to that delegation of authority per STATE 309950 broadens the authority to include the signing of assistance instruments. (See Attachment C)

- Waiver of the 25 percent requirement. Based on the circumstances of the project, the Mission Director has approved a waiver of the requirement that 25 percent of the project cost come from Africare or other non-AID sources.

The proposal has been thoroughly reviewed in the mission. A project committee participated in the design. An issues/ECPR meeting, chaired by the project development office and by the mission director reviewed project issues raised in the mission and in the AID/W guidance. A key aspect of the review and approval was the decision to restructure the assistance instrument as a cooperative agreement rather than as an OPG. The major impetus behind this change was the mission's need for additional clarity on the relationships between Africare and the other cooperating institutions that will participate in the project. The mission's involvement in the cooperative agreement will ensure effective coordination between Africare and its collaborators. A summary of the review meeting notes is included in Attachment D.

Based on the mission's discussions, the program description for the PIO/T was developed and approved in the mission. The RCO's negotiation of the cooperative agreement with Africare reflected the mission's concerns. All documentation is in order for you, with your signature, to authorize the project thereby approving the project. Following project authorization, and exercising your delegated authority, your signature, as grant officer on the cooperative agreement will complete the project obligation.

### III. Discussion

#### A. Project Description

Senegal is currently facing two major problems: a rapidly increasing population and an eroding resource base. During the last decade, farm households responded to decreasing soil productivity and a long-term decline in rainfall by allocating more land to food crops. One important consequence was that production of peanuts, which is Senegal's primary cash crop, declined. Incomes of farm households dropped as lower valued food crops replaced peanuts, and cash income was reduced most sharply. There is progressively less money available for investment in agriculture (particularly for fertilizer and improved seeds) or in family members' health and education.

The Kaolack Region escaped some of the worst effects of declining rainfall and remains a food-surplus-producing area of the country. This relatively good fortune does not offset the need for continued growth in incomes for a population swelling at an estimated annual rate of 2.7 percent in the rural areas and 3 percent in urban areas. The effects of land degradation are also apparent in the region. Kaolack cannot maintain production or provide additional jobs and income for its population unless more environmentally sound techniques are used to increase yields and soil productivity.

A strategy to address these problems must simultaneously increase food production, cash incomes, and farm productivity. If it is to be effective in the longer run, that strategy must also be implemented in a manner that protects and enhances the natural resource base.

Agriculturally based, community enterprise groups using improved, intensive management practices are one likely alternative for generating needed income and yield increases on a sustainable basis. But this strategy requires a population with appropriate skills in literacy and numeracy, and financial resources (including credit) for investment in infrastructure and working capital. Technical advice over a sustained period of enterprise establishment can contribute to progress in these areas.

Africare's program will rely on a combination of credit, training, and technical assistance to increase rural agricultural and related productivity in the target area. The project will adapt a participatory style of decision making in carrying out the following sets components:

1. Technical assistance in production and marketing.
2. Appropriate training in (a) literacy; (b) private enterprise principles, development, planning, and management; and (c) regenerative agricultural techniques.
3. Construction of small-scale infrastructure (e.g., small grain mills) needed by village agriculture-based enterprises (ABEs) to permit their involvement in productive activities.
4. Credit to purchase production inputs.

Africare will collaborate extensively with local, public, and international institutions already working in the project region. During the project's preliminary design, Africare established initial contacts with several such institutions and will develop the contacts further during the first phase of the project's operation.

#### B. Project Implementation and Strategy

At present technical assistance and other complementary resources are very limited and can cover only a small portion of the expressed needs in the rural villages of the Kaolack region. Africare's program goal therefore is to increase incomes and productivity derived from sustainable use of natural resources in the Kaolack Region. The program objective is to establish or support 72 viable agricultural enterprise groupements d'interêt économique (GIEs) that use environmentally sound production methods.

Africare will work towards these objectives by collaborating with the following institutions:

- The Senegalese Institute for Agriculture (ISRA), which is the major agricultural research institute in West Africa. ISRA has

developed many techniques for environmentally sound agriculture. USAID/Dakar has well established relations with ISRA and has just begun a \$19.7 million project (Natural Resources-Based Agricultural Research Project, 685-0285) to assist ISRA in improving its operations.

- Rodale International, which is a US PVO that has extensive experience in rural extension of environmentally sound agricultural production techniques.
- *Agence de Credit pour l'Entreprise Privée (ACEP)*, which was created by USAID's Community Enterprise and Development Project (685-0260) to provide an independent source of credit for small and medium-scale enterprises. ACEP currently operates in important locations throughout Senegal, and began its operations in Kaolack.
- Several NGOs working in Kaolack in literacy and numeracy training, which are developing local language materials on topics relevant to the project's interventions.
- The Government of Senegal through its Centers for Rural Expansion (CERs), and the Services of Agriculture, Water and Forestry, and Animal Husbandry.
- The US Peace Corps, from which Africare will request three volunteers to assist in the project.

Africare will negotiate arrangements with these institutions through which the institutions will apply their expertise in helping GIEs in the project area.

Africare staff will work with technical personnel from the collaborating institutions in such areas as control of wind and water erosion, agroforestry, and enterprise development.

Africare staff will assist in choosing ABEs and other farmer groups to participate in the project. Where necessary, field agents will assist farmers in creating ABEs or ABE federations.

Project staff will work with collaborating institutions to train ABE members in literacy and numeracy, technical areas, and marketing, business development, and management.

The project will transfer technology at two levels: directly and regularly from the field agents to village ABEs, and indirectly from participating project ABE members to ABE members in satellite villages.

The project will assist participating ABEs in establishing infrastructure needed for their productive activities. These will include living fences or similar barriers for field crop production; cereal mills and an initial supply of fuel and spare parts; feedlots and associated equipment for animal fattening; double fencing, walls, pumps and other supplies for vegetable gardening.

Finally, working through ACEP or another credit institution, the project will make credit available to ABEs for their business activities.

### III. Financial Summary

The total cost of the project is estimated at \$8.918 million as shown in the following table.

USAID	8,000,000
Africare (in kind)	465,000
Project villages (cash and in kind)	364,000
ISRA (in kind)	9,000
The GOS (in kind)	80,000

Handbook 3 requires that 25 percent of the cost of the project must come from the grantee or from other non-AID sources. Africare's application shows that approximately 10 percent of the total estimates costs come from non-AID sources. Therefore, a waiver for the 25 percent contribution for this cooperative agreement has been prepared and appears as Attachment E.

### IV. Authority

Handbook 13, chapter 2 sets forth AID policy requirements regarding competition in the award of grants, but provides for exceptions when justified. Section 2.B.3.a(1) states that competition is not required for assistance awards based on an unsolicited application when the project officer certifies based on explanatory findings and determination that the proposal:

"(1) was not solicited by AID; and  
 (2) is unique, innovative or proprietary and acceptance would be fair, reasonable and would represent appropriate use of AID funds to support or stimulate a public purpose."

The Africare proposal was sent to USAID in March 1992 as a proposed PL 480 Title III "Multi-Year Operational Plan." After discussions with the mission, the proposal was revised and resubmitted as a grant application. The application was not solicited by the mission. It is unique and proprietary as it was developed internally by Africare, based on Africare's previous experience in Senegal. Africare has worked with similar activities in the Ziguinchor region (vegetable gardening), the Fleuve (grain mills and vegetable gardening), Tivaouane (cattle fattening), and Kaolack (grain mills, cattle fattening, and credit). The written expressions of interest from GOS entities show that the activities fit within the priorities of the GOS. The activities are also consistent with the goals and objectives in USAID/Senegal's CPSP, which emphasizes the importance of creating income-generating activities from sound natural resources management.

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Based on these circumstances, I certify that, under Handbook 13, section 2B.3.a., competition is not required to provide an assistance instrument to Africare on the basis of its unsolicited application.

STATE 309950 gives you the authority to approve an assistance instrument with Africare for an amount not to exceed \$8 million in accordance with provisions in Ad Hoc Redelegation of Authority 1181.92.62, Amendment 1.

V. Section 611(e) Certification. By signing this memorandum, you certify that Senegal has the financial and human resources capability to effectively maintain and utilize this Project in accordance with the requirements set forth in Section 611(e) of the Foreign Assistance Act of 1961, as amended.

VI. Gray Amendment

Africare is a Gray Amendment entity with 20 years of experience working throughout Africa.

VII. Recommendation:

That by your signature here and on the attached Project Authorization you

1. approve the proposal (PID) level approval per STATE 296969;
2. approve the project design as indicated in the proposal and as modified in the cooperative agreement;
3. approve the non-competitive award of a cooperative agreement to Africare for the Kaolack Agricultural Enterprise Development project;
4. certify that the requirements of Section 611(e) of the Foreign Assistance Act of 1961, as amended, are met; and
5. authorize the project.

Approved Julien E. Glesic

Disapproved \_\_\_\_\_

Date 9/25/1992

Clearances:

Jvan der Veen, PRM  
DAAdams, RLA  
SCromer, RCO  
WMcKeel, OFM  
DSheldon, DDIR

<u>[Signature]</u>	date: 24 Sep 92
<u>[Signature]</u>	date: 25 Sept 1992
<u>[Signature]</u>	date: 9/25/92
<u>[Signature]</u>	date: 9/21/92
<u>[Signature]</u>	date: 9/25/92

UNCLASSIFIED

STATE 277157

Attachment A

ACTION: AID INFO: EXEC ECON RIG

VZCZCDA0157  
OO RUEHEK  
DE RUEHC #7157 240003Z  
ZNR 00000 ZZH  
O 270038Z AUG 92  
FM SECSTATE WASHDC  
TO AMEMBASSY DAKAR IMMEDIATE 6728  
BT  
UNCLAS STATE 277157

LOC: 195 779  
27 AUG 92 0744  
CN: 06665  
CHRG: AID  
DIST: AID

*26 JAN  
26 AUG 92  
UNCLAS*

AIDAC

E.O. 12356: N/A

TAGS:

SUBJECT: SENEGAL: CONGRESSIONAL AND TECHNICAL  
NOTIFICATIONS -- EXPIRATION OF WAITING PERIOD

THE FOLLOWING CN'S AND TN'S EXPIRED WITHOUT OBJECTION:

- 685-0285 NATURAL RESOURCES-BASED AG RESEARCH (TN)  
(1,000,000 DOLLARS)
- 685-0286 SENEGAL CHILD SURVIVAL/FAMILY PLANNING (TN)  
(2,000,000 DOLLARS)
- 685-0306 SENEGAL AIDSCAP (TN) (2,000,000 DOLLARS)
- 685-0302 KAOLACK AG ENTERPRISE (CN) (8,000,000  
DOLLARS) KANTER

BT  
#7157

NNNN

UNCLASSIFIED

STATE 277157

UNCLASSIFIED

STATE 291907

ACTION: AID INFO: EXEC ECON RIG

*Dave*

VZCZCDK0914  
PP RUEHDK  
DE RUEHC #1907 2530147  
ZNR UUUUU ZZH  
P R 090147Z SEP 92  
FM SECSTATE WASHDC  
TO RUEHDK/AMEMBASSY DAKAR PRIORITY 6933  
INFO RUEHAB/AMEMBASSY ABIDJAN 2340  
BT  
UNCLAS STATE 291907

LOC: 213 623  
09 SEP 92 0813  
CN: 09302  
CHRG: AID  
DIST: AID

Attachment B

AIDAC ABIDJAN FOR REDSO (REGION. ENVIRON. OFFICER)

E.O. 12356: N/A

TAGS:

SUBJECT: SENEGAL KAOLACK AGRICULTURAL ENTERPRISE  
DEVELOPMENT PROJECT (OPG) IEE

REF: (A) STATE 250346; (B) DAKAR 09365

1. BUREAU ENVIRONMENTAL OFFICER RECENTLY WAS BRIEFED BY LANCE JEPSON ON SUBJECT OPG, WHILE JEPSON WAS ON TDY IN AID/W. BEO AGREED WITH JEPSON THAT MONITORING AND EVALUATION NEEDS, CALLED FOR IN REF A, COULD EASILY BE MET BY ENSURING THAT SEVERAL KEY INDICATORS WERE INCLUDED IN THE SURVEY INFORMATION GATHERED BY THE PROJECT STAFF DURING THE COURSE OF COLLECTING THEIR BASELINE DATA (PAGE 4 PARA 4 OF OPG PROFOSAL).

*PDO*

2. KEY INDICATORS, FOR EXAMPLE, WOULD BE: HOW MUCH NEW LAND IS BEING CLEARED PER ANNUM ON A VILLAGE BASIS? HOW MUCH FORESTED AREA IS CLEARED, OR HOW OFTEN ARE TREES OF A CERTAIN DIAMETER CUT TO MAKE WAY FOR NEW FARMS? HOW MUCH SOIL IS LOST DURING RAINS, AND HAS THE PATTERN OF EROSION CHANGED, BEFORE AND AFTER PROJECT INTERVENTIONS? ETC.

*Raf...*

3. IEE ADDENDUM NOW READS AS FOLLOWS:

AFRICARE MONITORING EVALUATION AND MITIGATION PLAN.

AFRICARE WILL INCORPORATE CERTAIN KEY INDICATORS IN THE PROJECT MONITORING AND EVALUATION PLAN, SUCH AS: HOW MUCH NEW LAND IS BEING CLEARED PER ANNUM ON A VILLAGE BASIS? HOW MUCH FORESTED AREA IS CLEARED, OR HOW OFTEN ARE TREES OF A CERTAIN DIAMETER CUT TO MAKE WAY FOR NEW FARMS? HOW MUCH SOIL IS LOST DURING RAINS, AND HAS THE PATTERN OF EROSION CHANGED, BEFORE AND AFTER PROJECT INTERVENTIONS? ETC.

AFRICARE WILL USE THE MONITORING AND EVALUATION PLAN TO DETERMINE WHICH OF THE MANY IMPACTS WILL BE ADVERSE, BUT ALSO AFRICARE WILL PROVIDE GUIDANCE AT THE PROJECT LEVEL ON HOW TO MITIGATE THESE IMPACTS. THUS, IF FOREST ENCROACHMENT IS FOUND TO BE OCCURRING AT A SIGNIFICANT RATE, THE PROJECT STAFF WILL WORK WITH LOCAL GROUPS, AND/OR GOS TO REVERSE THAT IMPACT. REALIZING THAT THE

PROJECT WILL BE INVOLVED IN MANY DIFFERENT SECTORS, THE BUREAU ENVIRONMENTAL OFFICER IS SENDING TO THE MISSION ENVIRONMENTAL OFFICER, A MANUAL OF GUIDANCE DEVELOPED FOR PVOS/NGOS IN DESIGNING AND IMPLEMENTING ENVIRONMENTALLY-SOUND PROJECTS IN RURAL AREAS OF AFRICA. COPIES OF THIS SHOULD BE PASSED TO PROJECT STAFF TO ENSURE THAT THE PROJECT ACTIVITIES ARE DESIGNED AND IMPLEMENTED IN AN ENVIRONMENTALLY-SOUND MANNER.

IF ANY SUB-PROJECT OR SUB-GRANT WILL BE PROCURING OR USING PESTICIDES, AFRICARE WILL CONDUCT A RISK-BENEFIT ANALYSIS AS REQUIRED BY A.I.D. PESTICIDE PROCEDURES IN SECTION 216.3(B)(1)(I)(A-L).

ON THE BASIS OF THIS ADDENDUM AND THE DISCUSSION IN THE ABOVE IEE. MISSION REQUESTS A NEGATIVE DETERMINATION FOR THIS OPG.

4. IEE HAS BEEN MODIFIED TO REFLECT THE ABOVE WORDING, AND WILL BE POUCHED TO MISSION. ASSUME FROM REF B THAT ABOVE CONDITIONS ARE ACCEPTABLE. EAGLEBURGER

BT

#1987

NNNN

*Done A. K. ...*

ACTION: AID INFO: EXEC RIG

VZCZCDK0180  
PP RUEHDK  
DE RUEHC #9950 2670442  
ZNR UUUUU ZZH  
P 230441Z SEP 92  
FM SECSTATE WASHDC  
TO RUEHDK/AMEMBASSY DAKAR PRIORITY 7134  
INFO RUEHAB/AMEMBASSY ABIDJAN PRIORITY 2736  
BT  
UNCLAS STATE 309950

LOC: 234 658  
23 SEP 92 0838  
CN: 12445  
CHRG: AID  
DIST: AIDA

Attachment C

ADM AID

E.O. 12356: N/A

TAGS:

SUBJECT: AD HOC REDELEGATION OF AUTHORITY NO.  
1181.92.62, AMENDMENT NO. 1

REF: (A) CROMER/CORDARO TELCON 9/18/92; (B) STATE 230758

1. PURSUANT TO REDELEGATION OF AUTHORITY NO. 1181 FROM THE DEPUTY ASSISTANT TO THE ADMINISTRATOR FOR FINANCE AND ADMINISTRATION, I HEREBY AMEND AD HOC REDELEGATION OF AUTHORITY NO. 1181.92.61 TO CHANGE THE LAST SENTENCE IN PARAGRAPH 1, REF B, TO READ AS FOLLOWS: PURSUANT TO REDELEGATION OF AUTHORITY NO. 1181 FROM THE DEPUTY ASSISTANT TO THE ADMINISTRATOR FOR FINANCE AND ADMINISTRATION, I HEREBY REDELEGATE TO THE MISSION DIRECTOR, USAID/SENEGAL, THE AUTHORITY TO SIGN AN ASSISTANCE INSTRUMENT WITH AFRICARE FOR AN AMOUNT NOT TO EXCEED 8 MILLION DOLLARS.

3. LAST SENTENCE, PARAGRAPH 3, REF B SHOULD READ: REFERENCE BOTH THIS AD HOC NO. AND GRANT OR COOPERATIVE AGREEMENT NO. WHEN FORWARDING REQUESTED DOCUMENTS.

3. ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME.

4. SIGNED: ELIZABETH CORDARO, CHIEF, EVALUATION BRANCH. WISNER

BT  
#9950

NNNN

## Attachment D

### MEMORANDUM

September 24, 1992

To: See Distribution

From: David Robinson, PDO 

Subject: Issues meeting on Africare proposal

An issues meeting on the subject project was held on September 3, 1992. Attending were representatives from ANR, EXO, OFM, PDO, PRM, the deputy director and the director. The meeting discussed and resolved the following issues:

#### Credit

Access to credit is a crucial part (though not monetarily large) of this project. The project envisions working out an arrangement with the *Agence de Credit pour l'Entreprise Privee* (ACEP), which is currently a component of the Community and Enterprise Development Project (685-0280), through which ACEP will manage Africare's credit activities. Part of the proposed arrangement is a guarantee fund to be placed in an interest-bearing account. The account would have two purposes: first, to increase ACEP's capital base, and second, to create opportunities for access to credit for high risk clients. Africare proposes setting aside \$100,000 for this "special lending window" to serve as a cushion that will facilitate the provision of credit privileges to groups with little or no credit experience or collateral. Thus while such groups represent a higher risk category to the ACEP, they will not be denied access to credit required to establish their businesses and credit history.

This experience will allow nascent and inexperienced enterprises to develop their skills and build viable portfolios. As these groups increase their income levels and expand their collateral base, they will be encouraged to obtain ACEP membership (when ACEP becomes a credit union) and eventually apply directly for credit as participating members. At that point, the Africare-established guarantee fund will no longer be required and ACEP will be able to assume the risk associated with the loans. Africare proposes to retain the interest gained on the guarantee fund. At the end of the project, Africare proposes turning over any unused amount in the guarantee fund to the 16 field agents in

order to help them establish a consulting organization that can continue to provide services to GIEs in the Kaolack area or elsewhere.

The issues meeting raised questions about the relationship between ACEP and Africare. For example, would ACEP have to change its standards and procedures for approving loans to GIEs that would probably be weaker institutionally than ACEP's usual clients? Should the mission encourage ACEP to provide more credit to production agriculture? Given ACEP's current status as an AID project, with its own project objectives, should Africare explore other options for carrying out its credit program?

The project committee also raised questions about the guarantee fund. Do Africare's arguments in favor of a guarantee fund justify the mission's seeking an exception to AID's policy of not using guarantee funds in its projects? Is it advisable for Africare to turn over unused funds in the guarantee fund to the field agents?

#### Resolution:

The mission will be involved in the design and approval of the credit component. Thus the mission will ensure that a satisfactory relationship is worked out between Africare and ACEP, or whichever institution operates the credit component.

### **Cooperating institutions**

Issue: The successful implementation of the project will depend heavily on the effective involvement of several cooperating institutions (GOS, ISRA, Peace Corps, ACEP, Rodale, and local NGOs). Although Africare has received letters of support or interest from these institutions, the scope and nature of their involvement has yet to be defined.

Discussion: During project design, Africare contacted several institutions with a view to securing their participation in various aspects of the project. Some of these institutions may be able to provide technical training during the project, "either during the course of their regular activities or under contract." This external technical assistance is anticipated for the following activities: field crop production, soil and water conservation, and related topics; the use and maintenance of cereal mills; animal fattening; well drilling and matters related to vegetable production under irrigated conditions; market and business development; and literacy and numeracy training, and developing local language materials on topics pertinent to project interventions.

The mission is concerned about the institutional arrangements, and wants to ensure that Africare and the cooperating institutions will work effectively with each other.

Resolution: As part of its involvement in this activity, the mission will review all proposed institutional arrangements.

## **Africare's institutional capacity to manage this grant**

This project will be the largest and most complex grant Africare has in Senegal (perhaps the largest it has anywhere). What steps should the mission take to monitor Africare's progress in developing its management capacity in Senegal?

### Discussion

Africare currently has a staff of two expatriates and ten Senegalese in country. The proposed grant will provide Africare with the following challenges: setting up a field office in Kaolack; recruiting, training, and managing 16 field agents; procuring supplies; establishing and maintaining effective contractual relations with a number of institutional cooperators. It is not clear from the proposal that Africare has the institutional resources to manage a project of this size and complexity.

AID/W called for a "rigorous assessment at the end of the second year to review institutional arrangements and the management and technical capacities of the cooperating institutions." The project committee discussed this as one option, but concluded that two years might not be enough time to justify a full-scale evaluation of the activity. Instead, the project committee suggested dealing with the institutional issue by carefully monitoring project implementation and by requesting Africare to provide the mission with the details of the arrangements they work out with their cooperators.

Resolution. In a meeting at Africare on September 4, Africare agreed to send more information on its general institutional capacity to the mission to be included as part of the proposal. For its part, the mission offered to provide additional assistance to Africare after the grant is signed in setting up sound financial management systems. This will be done informally through visits by the mission's office of financial management to Africare's offices in Dakar and later to the project site in Kaolack .

### **Audit**

The mission wants to ensure that AC contracts directly for an audit of the Kaolack program. This will form a part of the overall opinion of Africare's general audit.

Resolution: AID discussed this issue at Africare on September 4 and will include in the grant language requiring AID to review and approve the scope of work for this audit.

### **Technical issues**

Choice of interventions. The success of one of the agricultural interventions, vegetable gardens, depends not only on its economic viability but also on its agronomic viability. Among the possible vegetables Africare has selected for its gardens are onions and Irish potatoes. Although it may be possible to grow these in small quantities in the Kaolack region, the general agronomic conditions may be more suitable for other produce such as chili peppers and bissap. Africare needs to ensure that the soils, water resources, and growing season in the villages it works in can support the type of vegetable gardening introduced.

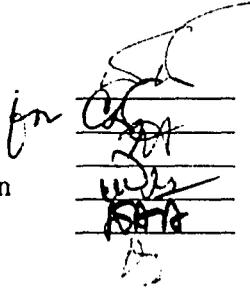
Resolution: The mission's review of Africare's workplans, and the joint program reviews will provide the mission with ample opportunity to review Africare's proposed technical interventions.

Pesticides. The revised IEE, for which the mission received an addendum from AID/W on September 9, has a provision for possible use of pesticides. This means Africare does not have to remove the word "pesticides" from the proposal, but it also requires Africare to conduct a risk-benefit analysis as required by A.I.D. pesticide procedures in Section 216.3(B)(1)(i) (a-1).

Recommendation: At the September 4 meeting, the mission asked Africare to remove all references to pesticides in the proposal and not to use production techniques that require pesticides in the project. After that meeting, the mission received new language from AID/W for the IEE. That language, which has now been included in the PIO/T, allows for possible use of pesticides as long as Africare conducts a risk-benefit analysis as required by A.I.D. pesticide procedures in Section 216.3(B)(1)(i) (a-1).

Clearance:

ANR: DDelgado  
EXO: Mireland  
OFM: McKeel  
PRM: Jvan der Veen  
RLA: DAAdams

*for* Handwritten signatures and initials on a lined background. The signatures appear to be 'for' followed by several lines of scribbled-out text, possibly representing the names of the individuals listed in the clearance list.

Info:

PDO: JWooten  
RCO: SCromer/MDiouf

Action Memorandum for the Mission Director, USAID/ Senegal

Date: September 25, 1992

From: David M. Robinson, PDO



Subject: Cooperative agreement with Africare/Senegal for the Kaolack Agricultural Enterprise Development project: waiver of the requirement that 25% of the cost of the project must come from non-AID sources.

I. Action Requested:

AID Handbook 3, Section 4B5e(5)(a) requires PVOs making applications for OPGs to have 25 percent of the project cost come from non-AID sources. Africare has requested a waiver of this requirement.

II. Discussion

A. Project Background and Description

The proposed project will utilize a combination of credit, training, and technical assistance to increase rural agricultural and related productivity in the target area. The program's components consist of the following:

1. Technical assistance in production and marketing.
2. Appropriate training in (a) literacy; (b) private enterprise principles, development, planning, and management; and (c) regenerative agricultural techniques.
3. Construction of small-scale infrastructure (e.g., small grain mills) needed by village agriculture-based enterprises (ABEs) to permit their involvement in productive activities.
4. Credit to purchase production inputs.

Africare will collaborate extensively with local, public, and international institutions already working in the project region. During the project's preliminary design, Africare established initial contacts with several such institutions and will develop the contacts further during the first phase of the agreement's operation.

B. Project Implementation and Strategy

Africare's program goal is to increase incomes and productivity derived from sustainable use of natural resources in the Kaolack Region. The program objective is to establish or support 72 viable agricultural



enterprise groupements d'intérêt économique (GIEs) that use environmentally sound production methods.

Africare will work towards these objectives by collaborating with the following institutions:

- The Senegalese Institute for Agriculture (ISRA), which is the major agricultural research institute in West Africa. ISRA has developed many techniques for environmentally sound agriculture. USAID/Dakar has well established relations with ISRA and has just begun a \$19.7 million project (Natural Resources-Based Agricultural Research Project, 685-0285) to assist ISRA in improving its operations.
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- *Agence de Credit pour l'Entreprise Privée (ACEP)*, which was created by USAID's Community Enterprise and Development Project (685-0260) to provide an independent source of credit for small and medium-scale enterprises. ACEP currently operates in important locations throughout Senegal, and began its operations in Kaolack.
- Several NGOs working in Kaolack in literacy and numeracy training, which are developing local language materials on topics relevant to the project's interventions.
- The Government of Senegal through its Centers for Rural Expansion (CERs), and the Services of Agriculture, Water and Forestry, and Animal Husbandry.
- The US Peace Corps, from which Africare will request three volunteers to assist in the project.

Africare will negotiate arrangements with these institutions so that they can help GIEs in the project area.

Africare's staff will work with technical personnel from the collaborating institutions in such areas as control of wind and water erosion, agroforestry, and enterprise development.

Africare staff will assist in choosing ABEs and other farmer groups to participate in the project. Where necessary, field agents will assist farmers in creating ABEs or ABE federations.

Project staff will work with collaborating institutions to train ABE members in literacy and numeracy, technical areas, and marketing, business development, and management.

The project will transfer technology at two levels: directly and regularly from the field agents to village ABEs and indirectly from participating project ABE members to ABE members in satellite villages.

The project will assist participating ABEs in establishing infrastructure needed for their productive activities. These will include living fences or similar barriers for field crop production; cereal mills and an initial supply of fuel and spare parts; feedlots and associated equipment for animal fattening; double fencing, walls, pumps and other supplies for vegetable gardening.

Finally the project will make credit available to ABEs for their business activities.

### III. Discussion

The total cost of the project is estimated at \$8.918 million as shown in the following table.

USAID	8,000,000
Africare (in kind)	465,000
Project villages (cash and in kind)	364,000
ISRA (in kind)	9,000
The GOS (in kind)	80,000

Africare's application shows that approximately 10 percent of the total estimates costs come from non-AID sources. Handbook 3 Section 4B5e(5)(a) requires that 25 percent of the cost of the project must come from non-AID sources. Africare and the other contributors to the project are not in a position to meet the entire 25 percent contribution, and Africare has requested the waiver in their proposal.

In particular, Africare has requested in writing to waive the 25 percent requirement for the following reasons:

1. Declining interest in private giving as dictated by severe recession, especially in the minority community which is presently focused on domestic problems;
2. Increasing interest by the private donor community in Eastern Europe and the former Soviet republics;
3. Increased demand for Africare private funding in Southern African countries which have a magnetic appeal to the African-American community in particular and the U.S. community in general when compared with nations in the Sahel;
4. The demand for African private funds in countries where Africare is not receiving significant USAID funding, such as Zimbabwe, Ethiopia, Namibia, Sierra Leone, etc.;
5. Africare's current matching obligation with USAID is approximately US\$4,000,000. To assume additional match requirements at this time is an invitation to financial disaster.

Authority:

Handbook 3 Section 4B5e(5)(a) provides authority to the appropriate AID bureau or mission to waive the 25 percent requirement.

Recommendation:

That you approve this request to waive the requirement for 25 percent of the cost of this agreement to come from non-AID sources.

Approved Jules E. Colson

Disapproved \_\_\_\_\_

Date 9/25/1992

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Clearances:

Jvan der Veen, PRM  
DAAdams, RLA  
McKeel, OFM  
DSheldon, DDIR

Draft date: 9/22/92  
*Draft* *see my notes* date: *9/25/92*  
Draft date: 9/22/92  
*D* date: *9/22/92*