

No. 18145

**UNITED STATES OF AMERICA
and
MALI**

**Grant Agreement for cereal production improvement—
Action Riz-Sorgho Project (with annex). Signed at
Bamako on 30 March 1978**

Authentic texts: English and French.

Registered by the United States of America on 5 December 1979.

**ÉTATS-UNIS D'AMÉRIQUE
et
MALI**

**Accord de subvention pour augmenter la production de
céréales — *Projet de l'action riz-sorgho* (avec annexe).
Signé à Bamako le 30 mars 1978**

Textes authentiques : anglais et français.

Enregistré par les États-Unis d'Amérique le 5 décembre 1979.

**PROJECT GRANT AGREEMENT¹ BETWEEN THE GOVERNMENT
OF THE REPUBLIC OF MALI AND THE UNITED STATES OF
AMERICA FOR ACTION RIZ-SORGHO**

Dated: March 30, 1978

AID Project No. 688-0206

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A.I.D. Project No. 688-0206

PROJECT GRANT AGREEMENT between the GOVERNMENT OF THE
REPUBLIC OF MALI (Grantee) and the UNITED STATES OF AMERICA, acting
through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

Article 1. THE AGREEMENT

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described herein, and with respect to the financing of the Project by the Parties. The U.S. contribution will be by Grant.

Article 2. THE PROJECT

Section 2.1. DEFINITION OF THE PROJECT. The Project, which is further described in annex 1, consists of the provision of the technical assistance, training,

¹ Came into force on 30 March 1978 by signature.

² For the text of the annex, see "Project Grant Agreement between the United States of America and Egypt for applied science and technology research, signed at Cairo on 29 March 1977" in United Nations, *Treaty Series*, vol. 1116, p. 97.

goods and services required to increase cereal production in the Gao area of the Seventh Region of Mali and to introduce the farmers in the area to the concept of technological development.

Annex 1, attached, amplifies the definition of the Project contained in this section 2.1. Within the limits of the definition of the Project in this section 2.1, elements of the amplified description stated in annex 1 may be changed by written agreement of the authorized representatives of the Parties named in section 7.2, without formal amendment of this Agreement.

Section 2.2. INCREMENTAL NATURE OF PROJECT. (a) A.I.D.'s contribution to the Project will be provided in increments. A.I.D.'s contribution to the Project with the increment of \$1,000,000 (one million) granted herein total \$2,005,000 (two million, five thousand). Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

(b) Except as modified hereby, all terms and conditions of Project Agreements 76-2, 77-1, Revision No. 1, and related Letters of Implementation shall remain in full force and effect.

(c) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D., based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under an individual increment of assistance.

Article 3. FINANCING

Section 3.1. THE GRANT. To assist the Grantee to meet the costs of carrying out the Project, A.I.D. pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed one million United States ("U.S.") dollars (\$1,000,000) ("Grant").

The Grant may be used to finance foreign exchange costs, as defined in section 5.1, and local currency costs, as defined in section 5.2, of goods and services required for the Project.

Section 3.2. GRANTEE RESOURCES FOR THE PROJECT. (a) The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by the Grantee over the life of the Project will not be less than the equivalent of U.S. \$1,463,000 (one million, four hundred and sixty-three thousand), including costs borne on an "in-kind" basis.

Section 3.3. PROJECT ASSISTANCE COMPLETION DATE. (a) The "Project Assistance Completion Date" (PACD), which is June 30, 1981, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree to in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described in section 6.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period. In no event will any part of the Grant be disbursed after thirty-six (36) months following the first in-country disbursements for planning and preparation costs outside the Republic of Mali, without further justification satisfactory to A.I.D.

Article 4. SPECIAL CONVENANTS

Special Provisions 1 through 7 found in Project Agreement 77-1, article IV, remain in effect. Other covenants are as follows:

- (a) To ensure the continued success of this Project and to enhance the chances of Action Riz-Sorgho to attain financial viability, the Grantee agrees that the producers in the zone will not be subjected to the constraints of official commercialization during the life of the Project;
- (b) The managerial capability of the Action Riz-Sorgho headquarters staff will be increased. A Financial Manager and an Economist will be added to the staff along with the creation of an evaluation unit;
- (c) Staffing of the Action will be increased to improve the ratio of managers per production unit;
- (d) A system of dues and fees and a schedule of rates for charges to participating farmers will be instituted by the Action to assure funding for continuation of Action operations after the Project ends;
- (e) A credit program for participating farmers will be established; and
- (f) A study and plan for the creation of rice processing facilities in the Project area will be prepared by the Grantee and the Action Riz-Sorgho.

Article 5. PROCUREMENT SOURCE

Section 5.1. FOREIGN EXCHANGE COSTS. Disbursements pursuant to section 5.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States, except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex,¹ section C.1. (b) with respect to marine insurance.

Section 5.2. LOCAL CURRENCY COSTS. Disbursements pursuant to section 6.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in the Republic of Mali.

¹ See footnote 2 on p. 212 of this volume.

Article 6. DISBURSEMENT

Section 6.1. DISBURSEMENT FOR FOREIGN EXCHANGE COSTS. (a) The Grantee may obtain disbursements of funds under the Grant for the foreign exchange costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may mutually be agreed upon:

- (1) By submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or (B) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project; or
- (2) By requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

Section 6.2. DISBURSEMENT FOR LOCAL CURRENCY COSTS. (a) The Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained by acquisition by A.I.D. with U.S. dollars by purchase. The U.S. dollar equivalent of the local currency made available hereunder will be the amount of U.S. dollars required by A.I.D. to obtain the local currency.

Section 6.3. OTHERS FORMS OF DISBURSEMENT. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

Section 6.4. RATE OF EXCHANGE. If funds provided under the Grant are introduced into the Republic of Mali by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of the Republic of Mali at the highest rate of exchange which, at the time the conversion is made, is not unlawful in the Republic of Mali.

Article 7. MISCELLANEOUS

Section 7.1. COMMUNICATIONS. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will

be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following addresses:

To the Grantee:

Mail address:

Minister of Rural Development
Bamako, Mali

To A.I.D.:

Mail address:

USAID, American Embassy
B.P. 34
Bamako, Mali

Alternative address for cables:

USAID, AMEMBASSY, BAMAKO.

All such communications may be in English or in French. If A.I.D. communicates with the Government of Mali in both English and French, the English text is the controlling language. Other addresses may be substituted for the above upon the giving of notice.

Section 7.2. REPRESENTATIVES. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the office of Minister of Rural Development, and A.I.D. will be represented by the individual holding or acting in the office of Country Development Officer, USAID/Mali, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under section 2.1 to revise elements of the amplified description in annex 1. The names of the representatives of the Grantee, 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 7.3. CONTROLLING LANGUAGE. This Agreement is prepared in both French and English. In the event of ambiguity or conflict between the two versions, the English language version will control.

Section 7.4. STANDARD PROVISIONS ANNEX. A "Project Grant Standard Provisions Annex" (annex 2)¹ is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

Government of the Republic of Mali:

By: MOUSTAPHA DEME

Title: Director, International Cooperation

United States of America:

By: RONALD D. LEVIN

Title: CDO (Country Desk Officer)

¹ See footnote 2 on p. 212 of this volume.

ANNEX I

PROJECT DESCRIPTION

I. *Goal and Purpose*

The Seventh Region of Mali has an estimated population of 340,000, which includes 45,000 rural farm families. To meet the yearly minimum food requirements, approximately 65% of the region's cereal consumption needs is imported. The traditional form of rice and sorghum culture has been in practice for over 800 years. To assist the population in this region to produce more of its cereal consumption requirements, Action Riz-Sorgho was established under the Five-year Plan. The area served by the Action begins 95 kilometers above Gao and ends 97 kilometers below Gao in the flood plain of the Niger River.

The goal of Project Action Riz-Sorgho is to decrease the cereal deficit in the Seventh Region of Mali and to increase the nutritional standard of living of the region's population based on a stable food supply. The purpose of the Project is to increase cereal production in the chronically deficit Gao area and to introduce the area's farmers to the concept of technological development.

II. *Interventions*

The Project will consist of the four major interventions listed below which are stated in Project Agreements 76-2, dated September 30, 1976, and 77-1, dated August 30, 1977:

- (i) Improving rice production in an area of 5,000 ha in the Niger River flood plain through introduction of selected and treated rice seeds of improved varieties, better cultural practices, reparation of the existing submersible dikes with hand labor, and installation of water-control gates and fish screens;
- (ii) Improving rice production in an additional area of 5,000 ha through the construction of insubmersible dikes with earth-moving machinery, installation of water-control gates and fish screens, introduction of selected and treated seeds of improved varieties, and better cultural practices, including a shift from seed broadcasting to transplanting;
- (iii) Improving sorghum production in an area of 3,300 ha through seed treatment;
- (iv) Installing a field research station for trials of new varieties, cultural practices and fertilizer doses, as well as for the introduction of improved techniques such as fertilizers, animal traction and oxdraw water-lifting wheels on a pilot basis.

The intervention mentioned above is expected to provide the following:

1. An increase in cereal production in the Seventh Region by 3,750 metric tons per year by 1980.
2. Introduction of new varieties of cereals and improved practices to 10,000 farmers by 1980.

III. *Targets for Calendar Year 1978*

1. Obtaining all necessary inputs for dike construction to begin in 1979.
2. Construction or renovation of an experimental research station completed.
3. 1,700 hectares of improved sorghum planted.
4. 5,000 hectares of improved rice planted.
5. Repair existing dikes for 1,670 hectares completed.
6. Training courses conducted for Action personnel.

IV. *Grantee Contribution*

The total GRM contribution in both cash and kind within parameters set out in section 3.2 of the Project Grant Agreement, includes the following:

- A. Personnel costs in thousands of Malian Francs for Action Riz-Sorgho annually as indicated below:

1976	1977	1978	1979
21,719	42,226	58,153	82,520

- B. Land and buildings not otherwise provided from other resources.
- C. Costs of operating heavy equipment, support costs for field and headquarters staff, and other contributions in kind as agreed to in writing.

V. *AID Contribution*

The A.I.D. dollar contribution to the Project, within parameters set out in section 3.1 of the Project Grant Agreement, will be provided for expenditure in accordance with the Project Financial Plan to be agreed to in writing at a later date.
