

No. 19207

UNITED STATES OF AMERICA
and
SIERRA LEONE

Agreement for the sale of agricultural commodities (with memorandum of negotiations). Signed at Freetown on 23 August 1979

Amendment to the commodity table of the above-mentioned Agreement

Authentic texts: English.

The Agreement and the certified statement were registered by the United States of America on 30 October 1980.

ÉTATS-UNIS D'AMÉRIQUE
et
SIERRA LEONE

Accord relatif à la vente de produits agricoles (avec procès-verbal des négociations). Signé à Freetown le 23 août 1979

Modification du tableau des produits de l'Accord susmentionné

Textes authentiques : anglais.

L'Accord et la déclaration certifiée ont été enregistrés par les États-Unis d'Amérique le 30 octobre 1980.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF SIERRA LEONE FOR THE SALE OF AGRICULTURAL COMMODITIES UNDER PUBLIC LAW 480 TITLE I PROGRAM

The Government of the United States of America and the Government of Sierra Leone have agreed to the sale of agricultural commodities specified below. This agreement shall consist of the preamble, parts I and III of the Agreement signed August 31, 1978,² together with the following part II:

Item I. COMMODITY TABLE

<i>Commodity</i>	<i>Supply period (U.S. fiscal year)</i>	<i>Approximate maximum quantity (metric tons)</i>	<i>Maximum export market value (millions)</i>
Wheat/wheat flour (grain equivalent basis)	1979	2,500	Dols. 0.464
Corn/sorghum	1979	1,000	0.135
Tobacco	1979	130	<u>0.601</u>
TOTAL			Dols. 1.200

Item II. PAYMENT TERMS

Convertible local currency credit (40 years):

1. Initial payment, none.
2. Currency use payment, 5 percent for Section 104(a) purposes.
3. Number of installment payments, 31.
4. Amount of each installment payment, approximately equal annual installments.
5. Due date of first installment payment, ten years from date of last delivery of commodities in each calendar year.
6. Initial interest rate, 2 percent.
7. Continuing interest rate, 3 percent.

Item III. USUAL MARKETING TABLE

<i>Commodity</i>	<i>Import period (U.S. fiscal year)</i>	<i>Usual marketing requirement (metric tons)</i>
Wheat/wheat flour (grain equivalent basis) . . .	1979	26,500
Feed grains	1979	437
Tobacco	1979	990
		(of which 160 shall be from U.S.)

¹ Came into force on 23 August 1979 by signature, in accordance with item VI (C).

² United Nations, *Treaty Series*, vol. 1150, p. 211.

Item IV. EXPORT LIMITATIONS

A. The export limitation period shall be U.S. fiscal year 1979—or any subsequent U.S. fiscal year during which commodities financed under this agreement are being utilized or imported.

B. For the purpose of part I, article III (A) (4), of the Agreement, the commodities which may not be exported are: for wheat/wheat flour—wheat, wheat-flour, rolled wheat, semolina, farina or bulgur (or the same product under a different name); for feedgrains—corn, sorghums, barley, oats and rye, including mixed feed containing such grains; for tobacco—none.

Item V. SELF-HELP MEASURES

A. In implementing these self-help measures specific emphasis will be placed on contributing directly to development progress in poor rural areas and enabling the poor to participate actively in increasing agricultural production through small farm agriculture.

B. The Government of Sierra Leone agrees to:

1. Strengthen the extension service within the Ministry of Agriculture and Forestry to speed diffusion of new agricultural technology to small farmers, by implementation and adequate support of a national training program for farmer-level extension technicians;
2. Accelerate the production and distribution of technology-related inputs such as improved food crop seed to small farmers, by establishment and support of the seed multiplication project and rice development program on a national basis providing assistance to small farmers in securing and utilizing improved seeds;
3. Accelerate and expand food crop adaptive research and replicable delivery systems, by increased support to the National Agricultural Research Center and Njala University College for the development of new food crop varieties responsive to local conditions, by establishment and adequate support of a National Food Crops Adaptive Research and Extension Institute, by implementation of supervised on-farm adaptive food crops research and extension trials among small farmers, and by distribution and supervision of food crop mini-kits which are properly synthesized (being technically sound, economically feasible and socially compatible) for direct small farmer use and benefit;
4. Study the need for appropriate changes in the land tenure system, including recommended national and local government actions, through support of capable bilateral and/or multilateral organization;
5. Continue efforts to improve incentives for per capita increases in food crop production and real income earnings for small farmers through favorable relationships between costs and returns to small farmers, by implementation of appropriate economic and regulatory policies (including strengthening the capacity for policy analysis) for agricultural inputs and farm produce;
6. Improve marketing systems through expansion of rural transportation routes (farm to market roads) available to small farmers and by construction of feeder roads in key rural areas;

7. In cooperation with appropriate national/international organizations and the Government of the United States of America, namely the United States Department of Agriculture/United States Agency for International Development conduct an official review of the current supply distribution and trade data in the agricultural sector to determine completeness and validity for its utilization for economic development and related research analysis and projection and for Public Law 480-type programming. Particular emphasis will be given to updating supply/demand and trade data required for commodities proposal for PL 480 programming.

Item VI. ECONOMIC DEVELOPMENT PURPOSES FOR WHICH PROCEEDS ACCRUING TO IMPORTING COUNTRY ARE TO BE USED

A. The proceeds accruing to the importing country from the sale of commodities financed under this Agreement will be used for financing the self-help measures set forth in the Agreement and for the following economic development sectors: agriculture, rural development and population planning.

B. In the use of proceeds for these purposes emphasis will be placed on directly improving the lives of the poorest of the recipient country's people and their capacity to participate in the development of their country.

C. This agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present agreement.

DONE at Freetown, Sierra Leone, in duplicate, this 23rd day of August, 1979.

For the Government
of the United States of America:

[Signed]

JOHN A. LINEHAN
Ambassador of the United States
of America

For the Government
of the Republic of Sierra Leone:

[Signed]

FRANCIS M. MINAH
Minister of Finance

MEMORANDUM OF NEGOTIATIONS

The following issues were discussed and agreed upon during negotiations leading to the 1979 Agreement between the Government of Sierra Leone and the Government of the United States for Sales of Agricultural Commodities. The negotiators were for the Government of Sierra Leone (GOSL), Peter J. Kuyembeh, Development Secretary of the Ministry of Development and Economic Planning and for the Government of the United States (USG), Ronald L. Nicholson, Acting A.I.D. Affairs Officer, Embassy of the United States.

I. *Role and Rationale for the Title I PL-480 Program*

The concessional sale of U.S. commodities:

- a) Provides foreign exchange relief during a period of foreign exchange scarcity and thus frees resources for other essential imports and development expenditures. In this context the FY 1979 sales program is directly supportive of the recent GOSL-IMF "standby" discussions.

b) Generates, in a non-inflationary manner, revenues for the GOSL development effort, thus ensuring program continuity in a period of budget austerity.

II. *Conditions and Procedures*

Mr. Kuyembeh was provided a copy of the negotiating instructions, 18 July 1979, issued by the Agency for International Development and the U.S. Department of Agriculture. The points raised in that instruction were subsequently reviewed by the negotiators and agreed upon. Summarized briefly below these were:

a) The export market value is the final determinate of the amount of commodities which can be purchased.

b) During FY 1979 the GOSL and AID will evolve more specific self-help indicators susceptible to periodic evaluation.

c) The Ministry of Development and Economic Planning and AID will hold quarterly reviews to evaluate the progress of the programs financed under Item V of the Agreement.

d) The commodities financed under the Agreement will be received, stored and distributed within Sierra Leone as indicated below unless otherwise agreed to:

Receipt. All commodities are received at the port of Freetown and delivered directly to the purchasers.

Storage. All the purchasers have adequate storage facilities capable of handling many times the volume of the commodities provided under the PL 480 program. There is no record of commodity spoilage or loss in storage.

Distribution. PL-480 commodities lose their identity during processing/manufacturing. The ultimate price to the consumer therefore is dictated by market forces and not normally by government regulation. The price of the end products, flour, feed and cigarettes has remained fairly constant over the past three years.

	1977	1978	Current 8/31/79 (Leones)	Projected 12/31/79
Flour (100 wt)	19.40	19.40	21.50	21.50
Feed (100 wt) (average)	16.10	16.30	16.50	16.50
Cigarettes (20/pack)	0.36	0.39	0.43	0.43

e) The possibility of commodity diversions outside normal marketing channels or other misuse was discussed and it was noted that there has been no problem in this regard in the past. Furthermore, it is felt that the quantities involved are small enough to be relatively easy to secure in the short interval between off-loading and conversion by the purchaser.

The Development Secretary noted that as in the past, the GOSL would keep the flow of the commodities under close scrutiny and stood ready to prosecute any person guilty of theft or misuse of the commodities.

f) The GOSL is completely familiar with the requirement to ship at least 50 percent of the commodities on U.S. flag carrier.

g) The new legislative and regulatory requirements (detailed in paragraph 7-A of the Instruction) were discussed at some length. The Development

Secretary expressed his concern that the new procedures, which were meant to ensure the probity of the procurement process in the U.S., could delay the actual procurement/shipment of the commodities beyond the September 30 cut-off date. Subsequent AID enquiries to the Regional Agricultural Attaché, Abidjan, and USDA/Washington confirmed our concern. USDA/W has promised to provide maximum assistance and guidance to the GOSL representative during the procurement process. USDA/W and the AAO [have] agreed to request a three-month extension of the import period to December 31, 1979, should that prove necessary.

h) The procurement and shipping arrangements in Washington will be managed by the Development Secretary who will travel to Washington immediately upon signature of the Agreement with all the required information and authorities.

i) The GOSL is prepared to open operable letters of credit for both commodities and freight immediately following contracting under the PA's. The payment procedures for ocean freight and the provisions concerning claims were also noted.

j) The GOSL is now providing the requisite compliance arrival and shipping reports on a timely basis. The USG presently enjoys access on request to all points involved in the receipt and storage of PL-480 commodities before conversion, and plans to make spot checks of the commercial entities mentioned above which have purchased the commodities from the GOSL.

[Signed]

RONALD L. NICHOLSON
A.I.D. Affairs Officer (Actg.)
U.S. Embassy, Sierra Leone

[Signed]

PETER J. KUYEMBEH
Development Secretary
Ministry of Development
and Economic Planning

AMENDMENT TO THE COMMODITY TABLE OF THE AGREEMENT OF 23 AUGUST 1979 BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF SIERRA LEONE FOR THE SALE OF AGRICULTURAL COMMODITIES¹

By an agreement in the form of an exchange of notes dated at Freetown on 5 and 6 September 1979, which came into force on 6 September 1979, the date of the note in reply, in accordance with the provisions of the said notes, it was agreed to modify part II, item I, of the commodity table of the above-mentioned Agreement, as follows:

Under item I, Commodity table, column entitled Supply period (U.S. fiscal year), delete "1979" for all commodities and substitute "1979 plus October 1 through December 1979".

¹ See p. 312 of this volume.