

UNITED STATES GOVERNMENT

Memorandum

6150159 (6)

PD-AAA-231

TO : AA/AFR, Dr. Samuel C. Adams, Jr.

DATE: May 14, 1975

FROM : AFR/ESA, Jerry Knoll

SUBJECT: OIC Project in Kenya

As we discussed the other day, I think that we are still in a "no-go" situation with OIC in Kenya. The new project proposal is not significantly different from the previous OIC effort in Kenya, although it offers additional types of skill training, would have a larger staff for longer duration, and of course costs considerably more.

AFR's review of the proposal agrees with the Mission comments. While the project may be better than the Mission appraisal would indicate, and probably could be modified in certain respects, the most significant weakness from my point of view is the absence of any indication of Kenyan interest, either official or unofficial. In the past the GOK gave OIC neither financial support nor encouragement. It does not appear that the Government has changed its position, although it has not formally advised OIC of its lack of interest in the proposed project. I would be willing to overrule the Mission if only we had some indication from the GOK of interest (or even curiosity) in the project and willingness to provide duty-free entry and tax exemptions and to consider future financial support if the project achieves minimum objectives. This is not asking very much and should be consistent with OIC's position that it can hardly get commitments of financial support until it proves its ability to do a successful training program with the appropriate support and cooperation from AID.

It is clear we are left with a dilemma. The GOK has not responded to OIC initiatives; no OIC activity is in progress; the USAID is anxious to have the contract terminated immediately; OIC personnel in Kenya are left with great uncertainty as to their future; finally and most important, it is costing us money while we delay a decision.

I assume that Rev. Sullivan will not willingly accept a termination of OIC activities in Kenya and at a minimum will request a delay in any adverse decision until he makes his proposed trip to Kenya next month. While I would prefer a clear and clean break, this may not be possible. Another element in the picture, possibly a helpful one, is the recently negotiated establishment of a GM assembly plant in Kenya, the timing of which is uncertain at this point.



I recommend that you talk to Rev. Sullivan, making the following points:

1. The OIC proposal for continued activity in Kenya is unacceptable for reasons stated in the Mission commentary, a copy of which was sent to Diallo last week.

2. While there may be questions of validity and relevance of USAID criticism, the central issue is the absence of any indications thus far of Kenyan interest and present and potential cooperation and support. Even if the program were modified to meet USAID objections, the absence of Kenyan interest would still be a matter of concern for AID and OIC.

3. Without Kenyan support, we prefer to terminate OIC activity in Kenya. On the other hand, we would reconsider this position if an OIC activity were tied to some major industrial development such as the GM assembly plant. In this instance OIC would have as its central purpose training for this activity, although it would also offer training for other purposes as agreed between OIC, AID and the Kenyans. Since the timing of the GM investment is uncertain, perhaps it would be best for OIC to suspend consideration of a new program along the lines proposed in the April submission and to consider resumption at a later date if the GM or similar type of project is finalized.

If you agree, I suggest you first discuss this approach with Ms. Crowley.

AFR/ESA:JKnoll:bwc

cc: AA/PHA:HCrowley
AFR/RA:JKraus

Clearance: AA/PHA:AFurman (subs)
AA/AFR:DBrown (draft)



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(D) LETTERS RICHARDS/MARWITZ 4/18/75-3/31/75
(E) NAIROBI 477 (F) NAIROBI 10505, 12/18/74

1. USAID HAS REVIEWED DIC PROPOSAL (REF C) FOR CONTINUATION, EXPANSION EXISTING KENYA ACTIVITY. ALSO DISCUSSED PROPOSAL APRIL 24 WITH DIALLO, JACOBS, AND MWASI (OIC/K PROGRAM DIRECTOR). USAID COMMENTS FOLLOW:

A. PROJECT REDESIGN REPORTEDLY BASED ON JACOBS' APPRAISAL/RE-ASSESSMENT ON-GOING PROGRAM AND TRAINING AVAILABILITIES, EMPLOYMENT SITUATION IN NAIROBI. COPY HIS REPORT PASSED TO USAID APRIL 30. APPRAISAL PREVIOUSLY FORWARDED AID/W ACCORDING TO DIALLO. MISSION COMMENTS ON APPRAISAL GIVEN PARA 2 BELOW.

B. OIC/I PERSONNEL AND PROPOSAL BOTH VIEW EMPLOYMENT PROBLEM WHICH PROJECT TO ADDRESS AS BEING "MOST PRESSING" ONE OF "LACK OF SKILLED WORKERS." PER ILO/UNDP REPORT (PG 51) PROBLEM IS THAT EXPANSION EMPLOYMENT INADEQUATE TO PROVIDE JOB OPPORTUNITIES FOR EXISTING URBAN ADULT POPULATION, MUCH LESS ANNUAL INCREASE THIS POPULATION. ABILITY ECONOMY TO CREATE JOBS IN PRESENT ECONOMIC SITUATION UNDOUBTEDLY LESS THAN AT TIME 1972 ILO STUDY, AND OUTLOOK OVER NEXT SEVERAL YEARS NOT BRIGHT ACCORDING TO MOST RECENT IBRD ASSESSMENT.

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ECONOMIC DOWNTURN ALREADY AFFECTING JOB PLACEMENTS OTHER LOCAL TRAINING

FACILITIES PER OBSERVATION REF B, PARA 4B. GOK 1974-78 DEVELOPMENT PLAN ALSO STRESSES FACT EMPLOYMENT MODERN ENTERPRISES NOT INCREASING RAPIDLY ENOUGH TO ABSORB ALL SCHOOL LEAVERS, AND GOK TO STRESS AGRICULTURE DEVELOPMENT AS MAJOR MEANS RAISING INCOMES AND INCREASING JOBS. THEREFORE, MISSION CONCLUDES SKILLS TRAINING NEEDS MAY BE LESS IMPORTANT FOR MODERN SECTOR EMPLOYMENT AT WHICH UIC TRAINING AIMED THAN JOB CREATION.

C. OBJECTIVES PER PG 4 PROPOSAL NOT ALL REFLECTED IN PROJECT IMPLEMENTATION PLAN SECTION. FOR EXAMPLE, SEE OBJECTIVES FIVE, SEVEN. ON WHOLE PROPOSAL'S COURSE OF ACTION VERY UNCLEAR.

D. OIC/I CONTINUES IN PROPOSAL TO ASSUME LOCAL SUPPORT TO BE GENERATED, YET SETS NO TARGETS FOR OBTAINING FINANCING AND PROVIDES NO ASSESSMENT POSSIBILITIES FOR RAISING FUNDS. GIVEN PAST EXPERIENCE THIS AREA CITED

IN USAID PROJECT EVALUATION IN NOVEMBER, BELIEVE ASSUMPTION NOT RPT NOT TENABLE. VAGUE, GENERAL STATEMENTS OF SUPPORT INCLUDED JACOBS' ASSESSMENT DO NOT CONSTITUTE, IN OUR VIEW, FIRM COMMITMENTS OF FUNDS OR IN-KIND CONTRIBUTIONS. 1975/76 GOK BUDGET NOT TO BE ANNOUNCED UNTIL

JUNE ALTHOUGH ESTIMATES NOW BEING PRINTED SO USAID CANNOT VERIFY INCLUSION/EXCLUSION FUNDS FOR OIC/K PROGRAM. ACCORDING TO JACOBS, OIC/K RECEIVED WITHIN LAST FEW WEEKS LETTER FROM GOK SAYING IT STILL CONSIDERING OIC/K'S REQUEST FOR FUNDS. IN LIGHT INFORMATION AVAILABLE USAID RE STATUS BUDGET, GOK ATTITUDES TOWARD FINANCING SUCH A PRIVATE TRAINING PROGRAM AS UIC (REFS C), AND REPORTED GOK DECISION REDUCE EDUCATION EXPENDITURE, MISSION BELIEVES IT HIGHLY UNLIKELY GOK FINANCING TO BE FORTHCOMING. WE NOTED WITH CONSIDERABLE INTEREST INCLUSION IN PROPOSAL OF AID FINANCING FOR SPACE RENTAL AND FULL LOCAL SALARY REQUIREMENT IN FY 1976. WHILE NO BUDGET

FIGURES SHOWN IN PROPOSAL FOR FY 77-78, BASED ON JACOBS' STATEMENTS TO MISSION AND GOK, OIC/I ENVISAGES AID'S PAYING 100 PERCENT THESE COSTS FOR DURATION OF EXTENSION. THIS SEEMINGLY CONTRADICTS ASSUMPTION MADE ABOUT LOCAL SUPPORT AVAILABILITY AND ALSO RAISES QUESTION RE AMOUNT AID

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FUNDS NEEDED AFTER FY 78. FYI, IN RESPONSE DIRECT QUESTION AT APRIL 24 MEETING ON EXPECTED SOURCES LOCAL FINANCING AND WHETHER ANY FIRM, WRITTEN COMMITMENTS FOR FINANCING RECEIVED YET, JACOBS STATED OIC/K PLANNING RAFFLES, DANCES, OTHER SIMILAR FUND RAISING EFFORTS. EVEN UNDER BEST CIRCUMSTANCES BELIEVE THESE SOURCES INADEQUATE FUND TRAINING PROGRAMS OF MAGNITUDE PROPOSED.

F. PROJECT IMPLEMENTATION PLAN PARAGRAPHS ON OIC/K BOARD DO NOT SPECIFY ROLE, RESPONSIBILITIES BOARD TO HAVE, PARTICULARLY VIS-A-VIS OIC/I STAFF. ALSO, UMITS REFERENCE TO NEED TO REVISE CHARTER, ESTABLISH PROCEDURE FOR CHANGING MEMBERSHIP, ETC., WHICH PAST EXPERIENCE INDICATES ARE ESSENTIAL. BOTH PARAGRAPHS ASSUME BOARD MEMBERS, CHAIRMAN HAVE COMMITMENT, TIME AVAILABLE TO PLAY ACTIVE, LONG-TERM ROLE REQUIRED, PARTICULARLY IN GENERATING FUNDS, INTEREST AND AWARENESS AMONG LOCAL BUSINESSES. FYI, USAID UNAWARE OF ROLE BOARD MAY/MAY NOT HAVE PLAYED IN DEVELOPING AND REVIEWING PROPOSAL.

F. ENTREPRENEURIAL TRAINING PER PROPOSAL TO PREPARE KENYAN BUSINESSMEN TO PARTICIPATE IN GOK KENYANIZATION PROGRAM. OIC TRAINING TO DATE HAS INVOLVED SMALL TRADERS OPERATING IN CITY MARKETS. MISSION BELIEVES THIS GROUP ALREADY KENYANIZED AND GOK PROGRAM AIMED AT LARGER SCALE BUSINESSES. REVIEW OF QUIT NOTICES ISSUED ONLY FEW WEEKS AGO TO ASIAN-EXPATRIATE BUSINESSES INDICATES THIS IS CASE. OIC UNIT HANDLING ENTREPRENEURIAL TRAINING ALSO TO LAY GROUNDWORK FOR SMALL-SCALE ECONOMIC DEVELOPMENT PROJECTS WHICH NEVER EXPLAINED IN PROPOSAL.

G. END-OF-PROJECT STATUS SO VAGUELY DESCRIBED PAGE 10-11 AS TO BE ALMOST USELESS FOR EVALUATION PURPOSES. BELIEVE MOST THESE ITEMS UNMEASURABLE.

H. OIC/I ASSUMES ALL FIVE U.S. STAFF TO BE ON-BOARD NEXT JULY 1. NONE OF THESE TO BE TEACHERS IN NEW VOCATIONAL TRAINING AREAS. ALSO, STATES ALL 15 LOCAL STAFF, REPRESENTING INCREASE OF 10 OVER CURRENT STAFF, TO BE ON-BOARD THROUGHOUT 1975 AND BEYOND. WHILE 1975 LOCAL-HIRE PROJECTION CLEARLY ERROR, BELIEVE BOTH U.S.-LOCAL STAFF PROJECTIONS UNREALISTIC AND INEFFICIENT. FOR EXAMPLE, NONE OF CURRENT

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FIVE LOCAL OIC/K STAFF CAN TEACH NEW VOCATIONAL SUBJECTS. JACOBBS AT MEETING TALKED OF USING VOLUNTEERS FROM TRADE UNIONS, OTHER LOCAL GROUPS AS TEACHERS. IN ANY CASE, HIRING QUALIFIED STAFF TO TEACH NEW COURSES LIKELY TO TAKE TIME. WE NOTE CURRICULA FOR FEEDER, VOCATIONAL COURSES NOT TO BE COMPLETED FOR 15 MONTHS WHILE ANNUAL TARGETS FOR GRADUATES THESE COURSES TO BE MET STARTING IN FY 76 PER LOG FRAME. (FYI, THERE ARE SIGNIFICANT DISCREPANCIES BETWEEN TARGET NUMBERS FOR GRADUATES BETWEEN PG. 20 AND LOG FRAME MATRIX.) IN LIGHT ABOVE QUESTIONS THESE TARGETS, WHO TO DEVELOP CURRICULA?

1. BUDGET HAS SEVERAL QUESTIONABLE ITEMS: EXCESSIVE E&E; USE 45-DAY EXCURSION AIR FARES FOR TCT NUMBERS; EDUCATIONAL ALLOWANCES MAY BE LOW AS APPROVED RANGE IN NAIROBI \$1400 - \$1500 BASED ON AGE CHILDREN; HHE SHIPMENTS AND STORAGE TOO MINIMAL TO BE REALISTIC OR APPROPRIATE UNLESS EMPLOYEE TO ASSUME COSTS OUT OF COMPARATIVELY LOW SALARIES (RAISING QUESTION OF EQUITABILITY AND COST TO EMPLOYEE OF OVERSEAS SERVICE FOR OIC/I); SPACE RENTAL TOO LOW IN LIGHT ACTUAL MARKET SITUATION IN NAIROBI. FYI, MISSION COPY PROPOSAL MISSING BUDGET PG. 4B.

2. APPRAISAL IN MISSION VIEW SLAP-DASH, SUPERFICIAL EFFORT BASED ON STATISTICAL DATA WHICH MAY BE OUTDATED AND IRRELEVANT. BASICALLY, APPRAISAL MAKES DECLARATIVE STATEMENTS WHICH NOT SUPPORTED IN TEXT OR ATTACHMENTS BY FACTS/REASONS BEHIND STATEMENTS. PAPER LACKS COMPREHENSIVE ANALYSIS TRAINING PROGRAMS AVAILABLE IN KENYA AND THEIR OUTPUT TO OIC TARGET GROUPS FOR TRAINING AS WELL AS FACTUAL UP-TO-DATE SURVEY JOB OPPORTUNITIES. THEREFORE, BELIEVE QUESTION POSSIBLE OIC DUPLICATION EXISTING GOK/PROVATE TRAINING EFFORTS AND ABILITY OIC GRADUATES TO BE EMPLOYED STILL EXISTS. (FYI, USAID LAST WEEK APPROACHED BY ILO RE POSSIBLE PARTICIPATION IN ASSISTANCE EFFORT TO DEVELOP AN ADDITIONAL AUTO MECHANICS TRAINING PROGRAM FOR NATIONAL YOUTH SERVICE. THIS TO RAISE NUMBER SUCH NYS PROGRAMS TO THREE GRADUATING ABOUT 900 ANNUALLY.) ALSO, APPRAISAL DOES NOT ADDRESS REQUIREMENT FOR GOK RECOGNITION AND CERTIFICATION OF ALL TRAINING PROGRAMS IN KENYA, FACT WHICH REFLECTED IN PROPOSAL'S OMISSION ANY REFERENCE TO HAVING FACILITY,

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CURRICULA, TEACHERS FOR VOCATIONAL COURSES CERTIFIED BY GOVERNMENT PER REF B. CERTIFICATION IMPORTANT POINT IN LIGHT LACK STAFF FOR NEW VOCATIONAL AREAS PER PARA 1.H. ABOVE AND JACOBS' PROPOSAL USE VOLUNTEERS.

3. MISSING STRONGLY BELIEVES PROPOSAL INADEQUATE IN PROVIDING SCHEMA FOR CURING ILLS OF EXISTING PROGRAM, LAYING SOLID BASIS FOR EXPANDED EFFORT, OR JUSTIFYING CONTINUATION/EXPANSION; THEREFORE, BELIEVE PROJECT SHOULD BE TERMINATED AS PREVIOUSLY RECOMMENDED. WOULD HOPE AID/W COULD REACH DECISION AND AGREEMENT WITH OIC/I ASAP AS US-LOCAL STAFF IN KENYA UNCERTAIN ABOUT THIER FUTURES. UNCERCTAINTY RE FUTURE PROJECT HAS EXISTED FOR SEVERAL MONTHS AS AID/W AWARE.
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MEANS PROVIDE SIMILAR DEGREE OF SUPPORT OR GUARANTEE EMPLOYMENT. THEREFORE, TYPE OIC PROGRAM PROPOSED INAPPROPRIATE TO KENYAN SITUATION. MISSION BELIEVES RECOMMENDATION IN EVALUATION (REF D) STILL VALID AS IS RECOMMENDATION PARA. 3 REF F ABOUT DEVELOPMENT NEW OIC ACTIVITY.

2. AS REQUESTED BY REF A FOLLOWING ARE COMMENTS ON OIC/I PROPOSAL SUBMITTED UNDER COVER REF C.

A. PROPOSAL BASICALLY REPEAT OF ORIGINAL PROJECT PROPOSAL SUBMITTED BY 72 WITH LITTLE UPDATING BACKGROUND INFORMATION OR ADJUSTMENT TO REFLECT ACTUAL CIRCUMSTANCES EXISTING PROGRAM (SEE ALSO REF E). FOR EXAMPLE, PAGE 2 STATES PROGRAM "...TO TRAIN AND RETRAIN UNEMPLOYED, UNDEREMPLOYED AND EVENTUALLY UNEMPLOYABLE..." YET TRAINING PROGRAM AS IMPLEMENTED HAS FOCUSED PRINCIPALLY ON SELF-EMPLOYED SMALL NAIROBI TRADERS, WHICH COMPRISE 84 OF TOTAL 106 GRADUATES TO DATE. ALSO, PER REF D, GRADUATES FIRST SECRETARIAL COURSE FOUND NOT TO BE COMPETITIVE WITH GRADUATES OTHER SIMILAR TRAINING PROGRAMS AND MANY NOW UNDERTAKING FURTHER TRAINING ELSEWHERE. FINALLY, MISSION UNDERSTANDS PROPOSAL PREPARED IN PHILADELPHIA AND REFLECTS FEW INPUTS OIC/I FIELD TEAM.

B. PROJECT OBJECTIVE (PAGE 4) STATED IN VERY GENERAL TERMS AND ARE NOT MEASURABLE IN WAYS SO THAT ACHIEVEMENT, OR PROGRESS TOWARD ACHIEVEMENTS, CAN BE SHOWN. PROPOSAL PROVIDES LITTLE INFORMATION RE WHAT ACTIONS TO BE TAKEN LEADING TO ACHIEVEMENTS SOME OF THESE OBJECTIVES, SUCH AS NUMBER 7, MISSION QUESTIONS APPLICABILITY OBJECTIVE OF PRODUCING WORKER WHO "PROPERLY MOTIVATED FOR 'WORLD OF WORK'" SINCE MOTIVATION PROBLEMS DUE KENYAN SOCIO-CULTURAL BACKGROUND ARE NOT SAME AS THOSE IN U.S., TO BEST MISSION'S KNOWLEDGE OIC/I HAS NEITHER CONDUCTED IN-DEPTH STUDIES NOR HAS STAFF EXPERIENCE TO ENABLE IT TO ADDRESS MOTIVATIONAL PROBLEM. IMPLEMENTATION TARGETS STATED PGS. 18-20 SEEMINGLY IGNORED ACHIEVEMENTS PROGRAM TO DATE AND INCLUDE NEW TRAINING ACTIVITIES (MANAGEMENT TRAINING FOR EXAMPLE CITED 4.A) NOT ELSEWHERE DESCRIBED IN PROPOSAL. BELIEVE TRAINEE OUTPUT TARGETS PAGE 19 WILL RESULT IN PROJECT HAVING MINIMAL, IF ANY, IMPACT ON KENYA UNEMPLOYMENT PROBLEM. ALSO, GIVEN EXISTING TARGETS FOR SECRETARIAL AND ENTREPRENEURIAL TRAINING

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CLASS SIZE PER REF D, IT APPEARS NEW PROGRAMS TO COMPRISE ONLY ABOUT HALF EVENTUAL TARGET 100 GRADUATES PER YEAR.

C. WHILE "MAIN AND ESSENTIAL INGREDIENT" OF LOCAL SELF-HELP PROGRAM STATED TO BE UIC/K BOARD AND LOCAL STAFF SUPPORT BY UIC/I (REF. 6), BELIEVE PROPOSAL DOES NOT ADDRESS SEVERE PROBLEM LOCAL SUPPORT RAISED REF D OR REFLECT UNDERSTANDING OF IMPLICATIONS AND NECESSARY ACTIONS WHICH MUST FOLLOW IF UIC/K BOARD AND LOCAL STAFF TO BE INVOLVED IN PROGRAM DEVELOPMENT/IMPLEMENTATION AND POLICY MAKING IN MEANINGFUL AND EFFECTIVE WAY. FOR EXAMPLE, BOARD NOT CONSULTED RE UIC/I PROPOSAL PRIOR ITS SUBMISSION TO AID EVEN THOUGH UIC/I RECENTLY INSTIGATED CHANGES IN BOARD MEMBERSHIP TO ATTEMPT FORM MORE EFFECTIVE BOARD. IF BOARD TO HAVE MORE EFFECTIVE AND INVOLVED ROLE, WHICH USAID BELIEVES ESSENTIAL, RANGE OF ACTIONS MUST OCCUR FROM EXTENSIVE REVISION BOARD CHARTER TO FULLY INVOLVEMENT BOARD IN DECISION-MAKING RE CONTENT PROGRAM, FINANCING, ETC. THIS WILL OBVIOUSLY REQUIRE CHANGE IN STYLE OF OPERATION ON PART BOTH BOARD AND UIC/I. BELIEVE ANY VALID PROGRAM PROPOSAL SHOULD ADDRESS BOTH THIS NEED AND STEPS NEEDED TO CARRY OUT INTENTION AS WELL AS BE DEVELOPED JOINTLY WITH UIC/K BOARD AND HAVE ITS CONCURRENCE/SUPPORT.

MISSION UNDERSTANDS BOARD CONCERNED ABOUT LOCAL FINANCING OPERATIONS AND ITS ROLE IN THIS REGARD, PARTICULARLY IN LIGHT PROPOSED PROGRAM EXPANSION. EXPANSION ALONG LINES IN PROPOSAL WILL NECESSITATE OBTAINING PERMANENT FACILITY FOR WHICH UIC/I HAS NO FUNDS AND WHICH NOT MENTIONED IN PROPOSAL. PER REF D, FACILITY PROBLEM LONG-STANDING ONE AS IS OVERALL PROBLEM LOCAL FINANCING, WHICH MAKES EVEN MORE PUZZLING TO MISSION UIC/I

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PER PUPIL COST, AND COMPARISONS TO COSTS OF OTHER LOCAL PROGRAMS. MISSION ATTEMPT TO ESTIMATE TOTAL COST FRUSTRATED BY PROPOSAL'S CONFLICTING STATEMENTS (PAGE 6,7, 17 AND APPENDIX D, PG. 2) ABOUT NUMBER LOCAL STAFF TO BE HIRED.

G. PROPOSAL DOES NOT REFLECT ANY KNOWLEDGE ABOUT KENYA LEGAL REQUIREMENTS FOR CERTIFICATION OR OPERATION VOCATIONAL TRAINING ACTIVITIES (SEE PARA.4.).

H. BUDGET FIGURES NEED TO BE REVIEWED CAREFULLY ON ACCURACY, COMPLETENESS, AND CONSISTENCY. FOR EXAMPLE, OIC/I STAFF NAIROBI NOTES FIGURES APPENDIX C, PG. 1 FOR "CUM TO 1975" APPEARS TO EXCEED WHAT THEY ACTUALLY RECEIVED; EMERGENCY EVACUATION ESTIMATES SEEM EXCESSIVE IN ALL YEARS; SPACE RENTAL (APPENDIX C, PG. 5) BOTH UNEXPLAINABLE AND TOO LOW GIVEN SITUATION NAIROBI WHILE VEHICLE PROVISION (PG 6) SEEMS TO IGNORE COSTS MAINTENANCE/REPLACEMENT AND, PROBABLY, REQUIREMENT TO PURCHASE IN US; INTERNATIONAL TRAVEL FOR PARTICIPANTS (C, PG.7) EXCESSIVE; CY 75 COSTS APPENDIX D UNREALISTIC SINCE BASED ON ASSUMPTION EXPANDED US AND LOCAL STAFF ON BOARD AT JAN.1.

3. FY1, IN DISCUSSION MISSION REPRESENTATIVES HAD WITH OFFICIAL EXTERNAL AID DIVISION JANUARY 7, USAID TOLD IT UNLIKELY OIC/K TO RECEIVE ANY GOK FINANCIAL SUPPORT. COPY OIC/I PROPOSAL LEFT WITH OFFICIAL, BUT NO OTHER COMMENTS RECEIVED TO DATE.

4. WITH REFERENCE OIC EXPANSION PROPOSAL, MISSION CONDUCTED SURVEY OF TECHNICAL/VOCATIONAL TRAINING INSTITUTIONS IN NAIROBI - GOVERNMENT AND PRIVATE. BRIEF SUMMARY OUR FINDINGS FOLLOWS, WITH MEMO CONVERSATION AND COPIES LITERATURE TO FOLLOW IN POUCH. AS MISSION HAS NOT COMPLETELY FAMILIAR WITH KENYAN EDUCATIONAL SYSTEM AND RESOURCES, AND WORKING WITHIN SHORT TIME FRAME, SURVEY COULD NOT BE ALL-INCLUSIVE. IF OIC/K PROPOSAL IS TO RECEIVE FURTHER CONSIDERATION, MISSION STRONGLY URGES MORE COMPREHENSIVE SURVEY. ALSO ENCOUNTERED PROBLEM DUE EXTREME VAGUENESS OIC PROPOSAL. WITHIN ANY PARTICULAR VOCATIONAL FIELD, THERE DIFFERENT LEVELS AND METHODS OF SKILLS TRAINING AND CONSEQUENTLY MANY DIFFERENT INSTITUTIONS TO PROVIDE THESE SKILLS. EXAMPLES IN KENYA ARE VILLAGE POLYTECHNICS, NATIONAL VOCATIONAL INDUSTRIAL TRAINING CENTER (NVITC) AND KENYA POLYTECHNIC, ALONG WITH LARGE NUMBER PRIVATELY-RUN SECRETARIAL TRAINING PROGRAMS AS ADVERTISED IN NEWSPAPERS FOR EXAMPLE, JUST FOR

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NAME FER.

A.) THERE APPEARS TO BE UNFILLED DEMAND IN KENYA FOR HIGH-QUALITY SKILLED PERSONNEL IN ALL FOUR FIELDS. THE PROBLEMS ARE THE OBVIOUS ONES; SKILLED TEACHERS, TRAINING FACILITIES, EQUIPMENT, AND INTEGRATION WITH GOVERNMENT-SPONSORED SCHEMES. ALSO, MISSION KNOWS OF ONE PRIVATE SECRETARIAL SCHOOL WHICH HAS SPENT ONE YEAR GETTING GOK PERMISSION TO OPERATE.

B.) ENTREPRENEURIAL DEVELOPMENT: KENYA POLYTECHNIC OFFERS COURSES IN ACCOUNTING, MANAGEMENT, BANKING AND INSURANCE, PURCHASE/SUPPLY OFFICE ORGANIZATION. SCHOOL CATERES TO EMPLOYED FORM IV GRADUATES (SIMILAR TO LEVEL SOME OIC TRAINEES) SPONSORED BY EMPLOYERS AND IS SORT OF WORK- STUDY PROGRAM. GRADUATE CAPACITY

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"PROFESSIONAL" PART OF BUSINESS STUDIES DEPARTMENT IS ABOUT 100 STUDENTS PER YEAR. OTHER INSTITUTIONS OFFERING SAME OR SIMILAR TRAINING INCLUDE AMONG OTHER KYA, MAFSONO GOVERNMENT TRAINING COLLEGE, AND STRATHMORE COLLAGE (PRIVATE), KENYA. POLYTECHNIC COSTS ABOUT \$30/COURSE, \$15/WEEK HOSTEL FEES. HEAD OF BUSINESS STUDIES DEPARTMENT COMMENTED THAT PLACEMENT OF EMPLOYED STUDENTS WAS BECOMING INCREASINGLY MORE DIFFICULT DUE TO GENERAL ECONOMIC SLOWDOWN IN KENYA.

C. SECRETARIAL SKILLS: KENYA POLYTECHNIC ALSO GIVES WORK-STUDY ORIENTED PROGRAM FOR ABOUT 350 STUDENTS PER YEAR. SCHOOL PLANNING EXPANSION INTO SPECIALIZED AREAS SUCH AS MEDICAL AND LEGAL SECRETARIAL TRAINING. THERE IS LARGE NUMBER OF PRIVATE SECRETARIAL SCHOOL AND COLLEGES IN NAIROBI AREA OFFERING BASIC TYPING, SHORTHAND, EXECUTIVE POLISHING COURSES. POLYTECHNIC COSTS SAME AS PARA 3D ABOVE, OTHER SCHOOLS VERY GREATLY. ALL NON-BOOK SCHOOLS MUST REGISTER WITH MOE.

D. BUILDING TRADES: NVITC HAS WORK-STUDY PROGRAM OPEN TO STUDENTS WHO HAVE COMPLETED 2-YEAR TECHNICAL HIGH SCHOOL. STUDENTS MUST ALSO BE EMPLOYED. EMPLOYERS PAY SALARIES TO TRAINEES, TUITION, (\$10 COURSE), AND TOOL COSTS.

CHRISTIAN INDUSTRIAL TRAINING PROGRAM OPEN TO INDIGENOUS MALI STUDENTS AND SPONSORED BY GOK AND ANGLICAN CHURCH. TWO-YEAR TRAINING OFFERS FULL-TIME COURSE AND PRACTICAL WORK IN

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CARPENTRY, PAINTING, SHEET-METAL WORK, BLACK-SMITHING, AND WELDING.

5. AUTOMOTIVE MECHANICS: THIS MOST POPULAR COURSE AT NVITC, PROBABLY THROUGHOUT COUNTRY. WORK-STUDY PROGRAM OPEN TO STUDENTS WHO COMPLETE 2-YEAR TECHNICAL HIGH SCHOOL. STUDENTS MUST BE ALREADY EMPLOYED. COURSE AND PRACTICAL WORK AVAILABLE IN DIESEL AND GAS AUTO MECHANICS, BODY WORK, AUTOMOTIVE ELECTRONICS. SAME COSTS AS PARA 3D. DUE TO DEMAND FOR AUTO SKILLS, SEVERAL PRIVATE FIRMS LICENSED TO TEACH APPRENTICE SKILLS, INCLUDING CAR DEALERSHIPS AND CONSTRUCTION EQUIPMENT COMPANIES. AFTER PROGRAM, STUDENT RECEIVE CERTIFICATE OF APPRENTICESHIP AND AUTOMATICALLY BECOMES QUALIFIED SKILLED CRAFTSMAN. AS SUCH STUDENT ENTITLED TO CRAFTSMAN'S RATE OF PAY. (THIS ALSO APPLIES TO BUILDING TRADES APPRENTICESHIP PROGRAM.) OIC NOT KNOWN TO NVITC.

6. MINISTRY OF EDUCATION: SENIOR EDUCATION OFFICER (TECHNICAL) WITH NO KNOWLEDGE OIC. EXPAINED THAT ANY TYPE SKILLS TRAINING, INCLUDING BUILDING TRADES AND AUTOMOTIVE MECHANICS, COME UNDER JURISDICTION OF MOE AND NVITC. SCHOOLS, WHETHER PROFIT OR NON-PROFIT MUST BE REGISTERED. THIS INVOLVES INSPECTION AND APPROVAL OF FACILITIES, TEACHER QUALIFICATIONS, EQUIPMENT, SYLLABUS.

OFFICIAL STRESSED NEED FOR SYLLABUS TO INTEGRATE PRACTICAL KNOWLEDGE WITH THEORY. FOREGOING IS EXPLAINED IN MUCH GREATER DETAIL IN THE GOK INDUSTRIAL TRAINING ACT, THE NATIONAL INDUSTRIAL TRAINING SCHEME (COPIES TO BE POUCHED). MOE ALSO EMPHASIZED ACUTE SHORTAGE OF QUALIFIED TEACHERS AND HIGHER SALARIES AVAILABLE TO SUCH SPECIALISTS IN PRIVATE INDUSTRY.

7. TAKING ALL ABOVE INTO CONSIDERATION ALONG WITH EVALUATION FINDINGS AND RECOMMENDATION PARA 3, REF F, MISSION FEELS EXPANSION PROJECT

NOT WARRANTED AND SHOULD BE REJECTED. IN THIS REGARD, PROPOSAL NOT REPEAT NOT SERIOUS. HARD LOOK AT PROGRAM PROMISED BY DIALLOON LAST AUGUST (REF E). GIVEN LEGAL REQUIREMENTS INDUSTRIAL TRAINING ACT, HIGHER SALARY LEVELS AVAILABLE TO THOSE QUALIFIED AS SKILLED CRAFTSMEN WHICH OIC PROGRAM DOES NOT PROVIDE, AND FACT SUCH CRAFTSMEN TRAINED FOR FIRMS BY WHICH THEY ALREADY EMPLOYED, ONLY POSSIBLE ROLE FOR OIC PROGRAM IN KENYA MAY BE AS PROGRAM TO QUALIFY STUDENTS FOR ENTRANCE NVITC, POLYTECHNICS (OF WHICH

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THERE THREE IN KENYA), ETC. ALTHOUGH THIS ROLE NOW BEING
PERFORMED BY TECHNICAL HIGH SCHOOLS.
MARSHALL

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ACTION AID-59

INFO OCT-01 ADP-00 AF-05 EB-05 IGA-02 INR-09 L-03 /084 W
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FM AMEMBASSY NAIROBI
TO SECSTATE WASHDC 0576

UNCLAS NAIROBI 0425

AIDAC

SURJ: OICI

- REF: A. STATE 011712
- B. NAIROBI 3262
- C. C. JAMES/NDFGWA LETTER OF 8/10/72
- D. NAIROBI 6422
- E. STATE 230507

1. IN VIEW PREVIOUS DIALOGUES WITH KENYANS, E.G. REF (B) AND (C), BELIEVE WE MUST INFORM GOK OF AID INTENTIONS PRIOR SIGNATURE CONTRACT WITH OICI. ALTHOUGH REF (C) LETTER NEVER ANSWERED BY GOK, FACT REMAINS THAT KENYANS WERE ASKED TO CO-SPONSOR PROJECT WHICH IS NOW TO BE IMPLEMENTED UNILATERALLY.

2. WE RECOMMEND THAT USAID SEND LETTER TO MINFIN INFORMING THEM THAT AID PLANS GRANT TO OIC TO ENABLE OIC IMPLEMENT PROGRAM IN ENTREPRENEUR TRAINING. LETTER WOULD STATE THAT ACTUAL OPERATIONS IN KENYA WOULD BE SUBJECT TO NORMAL GOK APPROVALS OF ANY SUCH ACTIVITY IN KENYA. (GOK HAS ALREADY GIVEN MOST SUCH APPROVALS AS REQUIRED ALREADY).

3. IT WOULD HELP IF PROJECT FUNDS CLEARLY CAME FROM REGIONAL OR OTHER AID/W RATHER THAN USAID/K ALLOTMENT AS PROPOSED REF (A). GOK PRONE TO MISINTERPRET PRESENCE OF OIC/K FUNDS IN OUR BUDGET AS COMING FROM OUR T.A. ALLOTMENT IN KENYA. SEE PARA 2; REF B. ASSUME PROJ WILL BE UNILATERAL ISSUANCE PER REFS C AND D.

4. SCOPE OF OIC ACTIVITY HAS EXPANDED SOMEWHAT SINCE EXCHANGE REF (D) AND (E). REQUEST AID/W GUIDANCE ON

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FUTURE ROLE EXPECTED OF USAID ONCE IMPLEMENTATION BEGINS.
HAS OICI BEEN INFORMED OF USAID ROLE EXPECTED BY AID/W?
MCILVAINE

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ORIGIN AID-36

INFO UCT-01 AF-05 /042 R

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AIDAC

E.O. 11652 N/A

SUBJ: OIC

REF: (A) NAIROBI 2343 (B) STATE 66436 (C) STATE 14534
(D) LETTER JAMES/NDEGWA 8/10/72

TO JAMES FROM ADAMS

1. AGAIN HAVE THOROUGHLY REVIEWED YOUR REQUEST TO FINANCE OIC/KENYA ACTIVITY FROM WASHINGTON ALLOTMENT. ALTHOUGH YOUR CONCERN POSSIBILITY OF IMPAIRED GOOD RELATIONSHIPS WITH GOR PERHAPS MIGHT HAVE BEEN CORRECT WHEN AID PLANNED UNDERTAKE BILATERAL FUNDING OIC EFFORT AT INITIALLY PROPOSED LEVEL OF 10 US AND 24 KENYAN PERSONNEL PLUS LARGE COMMODITY COMPONENT, BELIEVE THE SIGNIFICANT REDUCTION OF THE PROJECT IN BOTH TOTAL DOLLAR INPUT AND NUMBER OF PERSONNEL SHOULD SERVE TO LESSEN POTENTIAL

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NEGATIVE REACTION BY GOK. ALSO POSSIBLE THAT REDIRECTION PROJECT TOWARD ENTREPRENEUR ENDEAVOR MAY BE MORE PALATABLE TO GOK THAN STRICTLY SKILLS TRAINING EFFORT. WISH TO NOTE FURTHER THAT THERE IS APPARENT PRECEDENT IN PROVIDING KENYA MISSION FUNDS FOR ACTIVITIES NOT NEGOTIATED VIA A PROJECT AGREEMENT SUCH AS TECH SUPPORT PROJECT AND DIRECT HIRE PERSONNEL COMPONENT OF OTHER TA PROJECTS. THEREFORE FIND IT DIFFICULT UNDERSTAND HOW GOK COULD PRESUME TO

CONSIDER A SPECIFIC DOLLAR AMOUNT OF TOTAL KENYA BILATERAL FUNDS AS SUBJECT TO US/GOK MUTUAL CONTROL OR TO CONSIDER THAT FUNDING FOR OIC MIGHT BE MADE AVAILABLE FOR OTHER ACTIVITY IN KENYA.

2. AGAIN WISH SUGGEST THAT IT NOT NECESSARY FORMALY RAISE SUBJECT SOURCE AND AMOUNT OF FUNDING OIC WITH GOK SINCE ADMINISTRATIVE RESERVATION PROCEDURE WILL BE UTILIZED AS FINANCING MECHANISM. ROGERS

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