

I. PROJECT TITLE

PLANNING AND MANAGEMENT SERVICES

APPENDIX ATTACHED
 YES NO
 2. PROJECT NO. (M.O. 1025.2)
660-11-740-050
 3. SUBMISSION DATE **11/8/72**
 ORIGINAL REV. NO. _____
 CONTR./PASA NO. _____

3. RECIPIENT (specify)

COUNTRY Republic of Zaire

REGIONAL INTERREGIONAL

4. LIFE OF PROJECT

BEGINS FY **1973**

ENDS FY **1975**

II. FUNDING (\$000) AND MAN MONTHS (MM) REQUIREMENTS

A. FUNDING BY FISCAL YEAR	B. TOTAL \$	C. PERSONNEL		D. PARTICIPANTS		E. COMMODITIES \$	F. OTHER COSTS \$	G. PASA/CONTR.		H. LOCAL EXCHANGE CURRENCY RATE: \$ US <u>0.50</u> (U.S. OWNED)		
		(1) \$	(2) MM	(1) \$	(2) MM			(1) \$	(2) MM	(1) U.S. GRANT LOAN	(2) COOP COUNTRY	
										(A) JOINT	(B) BUDGET	
1. PRIOR THRU ACTUAL FY												
2. OPRM FY 73	65	59	15				6	59	15			60
3. BUDGET FY 74	340	286	84	40	60		14	286	84			46 86
4. BUDGET +1 FY 75	518	464	0	48	60		6	464	120			220
5. BUDGET +2 FY												
6. BUDGET +3 FY												
7. ALL SUBQ. FY												
8. GRAND TOTAL	923	809	219	88	120		26	809	219			106 306

(B 53) (B 153)

9. OTHER DONOR CONTRIBUTIONS

(A) NAME OF DONOR	(B) KIND OF GOODS SERVICES	(C) AMOUNT

III. ORIGINATING OFFICE CLEARANCE

1. DRAFTER James H. Purcell	TITLE Asst. Program Officer	DATE 11/7/72
2. CLEARANCE OFFICER J. Neptune	TITLE Food & Ag. Officer	DATE 11/8/72
James Kelly	TITLE Asst. USAID Director (Program)	
Hermon S. Davis	TITLE USAID Director	

1. CONDITIONS OF APPROVAL

This project is approved for three years - FY 1973 through FY 1975. There shall be no U.S. funding beyond that time without:

- (1) a special evaluation of the project, and
- (2) submission and approval of a new PROP.

2. CLEARANCES

BUR/OFF.	SIGNATURE	DATE	BUR/OFF.	SIGNATURE	DATE
AFR/CWA/Ag	GEason	11/16/72	PPC/DPR	RSolem	11/16/72
AFR/CHA	JBrooks	11/16/72	AA/AFR	ADisdier	11/21/72
AFR/DP	EHogan	11/22/72	AFR/ODS	MBillings	

3. APPROVAL AAS OR OFFICE DIRECTORS

SIGNATURE [Signature]	DATE 11/22/72	SIGNATURE	DATE
TITLE Asst. Administrator for Africa		ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT	

UNITED STATES GOVERNMENT

Memorandum

*File
Zaire Prop.*

TO : AA/AFR, Dr. Samuel C. Adams, Jr.
THRU : AFR/DF, Edward B. Hogan
FROM : AFR/CWA, James R. Brooks

DATE: November 16, 1972

SUBJECT: Request for Project Authorization: Planning and Management
Services, 660-11-740-050 (Zaire)

1. This project is designed to furnish key advisory personnel (PASA/contract) to assist the Government of Zaire in managing the country's resources in the AID/GOZ concentration sectors of agriculture and transportation. The U.S. advisors will work alongside GOZ policymakers and other donor experts in the key areas of development planning and allocation of resources. Project funding will provide for (a) advisors, (b) participant training, and (c) the services of short-term specialized U.S. consultants who will undertake analyses in critical constraint areas within the agricultural and transportation sectors.
2. Inputs to the project during FY 1973 will consist of two PASA Agricultural Economists and short-term consultant services. In FY 1974, two contract Transport Advisors will be added, also training for five participants and further consultant services.
3. This is a short-term project, constructed to supply immediate advisory assistance, at the urgent request of the GOZ, and to provide a basis for longer-term GOZ projects. Now is a crucial period in the development of the agricultural and transportation sectors in Zaire; it is the take-off stage. The IBRD, at a meeting on November 10 reviewing a recent multi-nation workshop on agriculture in Zaire, agreed that the U.S. assistance planned in this project is timely and highly desirable.
4. The attitude of the GOZ toward this project is reflected in the following excerpt from KINSHASA 7456 of November 10, 1972: "Commissioner of Agriculture Kayinga has again expressed concern that Agricultural Planning and Management Advisors, which USAID was to provide and which all observers agree are requisite in getting ag sector moving, are still not yet in place. Accordingly, Mission urges AID/W expedite consideration and approval PROP for Planning and Management project (050)."



5. The concept of Project 660-11-740-050 was presented in Zaire's recent DAP and FBS submissions. The attached PROP has been carefully reviewed by representatives of AFR/CWA, AFR/DP, AFR/DS, and PPC/DPR and they concur in its presentation. (Please see attached memo for PPC/DPR comments.)
6. We recommend that you sign the attached PROP.

Attachments:

PROP for Project 660-11-740-050
Solem-Warnecke memo of 11/15/72

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I. SETTING

A. Background

Seven years of post-independence rebellion eroded much of Zaire's infrastructure and disrupted an economy which had become one of the more highly developed and diversified economies in sub-Saharan Africa. In the Belgian dominated economy of 1959, the contribution to Gross Domestic Product (GDP) of agriculture, livestock, and fisheries was approximately 30%, services 9%, government 15%, mining and metallurgical industries 20%, and the manufacturing sector 6%.

Two of the areas most seriously affected during the post-independence period were the transportation network and the country's rate of agricultural production. Since Zaire covers nearly 2.4 million square kms with its major centers of population, production and trade located in the peripheral regions, the country has required an extensive transport system to effect the desired administrative and economic integration. At independence in 1960, there existed a comparatively effective transport network of 15,000 kms of lakes and rivers, 5,000 kms of railways, 140,000 kms of roads and about 200 airstrips. During the 1960 decade, however, the capacity and efficiency of this transport system severely declined as a result of: damage to infrastructure and equipment during the periods of disorder; inadequate repair and maintenance; the departure of many technical personnel; and inadequate numbers of trained equipment operators. By 1969 the transport system was able to handle only about 70% of the traffic managed in 1958.

A similar fate befell the agricultural sector. As a result of the dilapidated transport service, inadequate security conditions, a scarcity of required inputs (improved seeds, tools, pesticides, etc.), inadequate incentives for exporters and peasant farmers, and the collapse of the agricultural extension service - a sharp decline in agricultural production occurred. Today in an economy where nearly 70% of the population is rural, the current contribution of agriculture is disproportionately low. The value of agricultural output is roughly 18% of GDP, and agricultural exports make up only 14% of total exports. Self-sufficient in maize and rice before 1960, Zaire currently imports both food grains (approximately 20,000 tons of rice and 70,000 tons of maize) - though there are indications that per capita consumption may have diminished in the last decade. Zaire is presently a substantial net importer of both meat and fish products.

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B. Development Efforts

Now that order has been restored and successful efforts have been made to maintain security, the GOZ has turned its attention to the problematic concerns involved in the economic development of the nation. It has assigned high priority to Zaire's key sectors of agriculture and transportation.

Transportation: Within an IBRD-designed and multi-donor framework, the US, Canada, UNDP, FED, and others are collaborating with the GOZ in implementing urgent programs for road restoration, road construction, and manpower training. Following a comprehensive plan developed in 1971, the multi-donor group is making available \$46 million (of which \$10 million is coming from AID) for road development in Zaire. At the same time, the Government has taken important steps to reorganize its outdated transport agencies, hire more competent staff, and devote larger sums of money from the national budget (nearly 30% of the 1972 GOZ operating and investment budget is earmarked for transportation development).

Present estimates indicate that \$220 million will be required over a ten-year period to rehabilitate the 20,000 kms of priority roads, and \$52 million over the next three years to repair and restore the river transport facilities of ONATRA (Office National de Transports). Only with substantial assistance from external donors can Zaire ever hope to mobilize additional investments of this magnitude. But foreign donors will not continue to make sizeable investments unless they are persuaded that the GOZ can make effective use of their contributions. Accordingly, the GOZ realizes it must build donor confidence by (1) making use of the foreign assistance it is now receiving in an impressive manner and at a good rate, and (2) formulating realistic strategies for the utilization of additional capital and technical assistance. Regrettably, Zaire does not now have sufficient planning or management talent to carry out adequately either of these tasks and, as a result, has requested significant assistance from abroad.

GOZ: Government of Zaire
 IBRD: International Bank for Reconstruction and Development
 UNDP: United Nations Development Program
 FED: European Economic Community (Fonds European de Developpement)

Agriculture: It is not difficult to understand why the GOZ has assigned high priority to its agriculture sector. While the growth rate of agricultural production has been declining, the demand for food production has been increasing as a result of heavy population growth (2.8% annually) and rapid urban migration. The marketing chain, which has not kept pace with urban population growth, appears badly under-capitalized and contributes to high consumer prices and reduced demand. Because agriculture affects the living standard and purchasing power of such a large percentage of the country's population, the GOZ is seriously trying to sort out those policy issues which must be resolved if there is to be a general upswing in agricultural production. Expansion of agricultural output will depend, of course, upon the success the GOZ has in establishing and applying a guiding sector strategy, in stimulating new investments in specific production projects, and in rehabilitating the marketing system.

In the past few years the agriculture sector has suffered from a low priority in Government economic policy, judging from real resources allocated to the sector. Less than 1% of expenditures in the 1970 and 1971 budgets was devoted to agriculture. The higher priority now attached by the GOZ is reflected in the budget allocation increase for agriculture of 230% (\$18 million) for CY 1972. Notwithstanding this financial commitment, the understaffed Department lacks the capability to launch a program commensurate with the nation's need. It has no authority with respect to pricing policies or agricultural research. In addition, it is frustrated by archaic civil service practices. Given the seriousness of the current production plight and the Department's institutional weaknesses, the GOZ has turned to foreign donors for assistance.*

II. RATIONALE

In its effort to rehabilitate the transport system and to revive agricultural production, the GOZ has had to take into account the scarcity of local planning and management talent. It is well known that in 1960 the newly formed Zaire Government inherited a comparatively complex administrative structure but had only a handful of trained Zairians capable of formulating and executing public decisions. As a result, unlike several other potentially prosperous African nations, Zaire found itself in need of substantial numbers of expatriate personnel to fill operational positions.

*(See FY 1974 DAP for full details of Mission strategies in agriculture and transport sectors.)

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Over the past decade, there has been a marked increase in the number of Zairians who have been trained to take over positions in the public sector. Donors as well as the GOZ have undertaken significant programs to provide the required training. For example, the FED has inaugurated a \$4.2 million scholarship program designed to provide overseas training for approximately 1,350 Zairians over a four-year period. In 1972, the GOZ is spending the equivalent of \$20 million in support of the National University. Such programs are creating an increasing number of Zairian personnel qualified to man operational posts within the Government.

Understandably, the mid-level executive and technical personnel who were trained early in the past decade presently lack the experience required to cope with complexities engendered by Zaire's rapidly evolving economy. They sometimes show a tendency to be too deliberate in decision making, to become bogged down with procedural matters, and to score low on "willingness to undertake innovative approaches." As a result of these tendencies, short and medium plans of the GOZ are often not as well formulated as they could be. Important commitments are sometimes undertaken without full realization of possible consequences. In short, the feebleness of the Government planning/management apparatus results in inefficiency in operations and mis-allocation of funds.

Undoubtedly, the experience gained during the decade of the 1970s will enable the new generation of Zairian planner/managers to handle the requirements of the 1980s in a skillful fashion. But of immediate concern to top GOZ officials is the series of crucial development decisions which must be made over the next five-year period. These decisions range over a variety of subjects from multi-million-dollar food production schemes to judgements as to the degree of equipment standardization required in the GOZ Office of Highways. To assist high GOZ officials in coming to grips with such pressing sector problems, the Government has turned to AID for advisory assistance.

III. APPROACH

AID's approach in providing advisory assistance requested by the GOZ over the next several years will be fully consistent with overall Mission strategy outlined in the FY 74 DAP. In view of the urgent need for technical assistance in the concentration sectors of agriculture and transportation, this short-term project is proposed to (a) provide immediate assistance in both areas and (b) provide a basis for longer-term GOZ projects.

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The Agricultural Economists obtained through a PASA with the Department of Agriculture may be subsequently incorporated into the Ministry's prospective Economic Policy Analysis Unit, for which the GOZ may also request assistance. Further, by the end of the three-year life of this project, the GOZ will possibly develop projects in the transport sector, for which foreign assistance may be necessary.

Now, however, is a crucial period in the development of these sectors; it is the take-off stage. "Mini" Consultative Group meetings are scheduled in both agriculture and transport, and the course of action for these sectors will be further defined in the next few months. The advisors recommended for this project will work alongside GOZ policymakers and other donor experts in the key areas of development planning and allocation of resources. Their primary effort will be to assist in developing medium and short-term plans, identifying and overcoming obstacles to effective use of capital funds, and obtaining maximum utilization of external assistance to the Government of Zaire.

These long-term US advisors will be supplemented by TDY experts who will undertake pin-pointed studies required to clarify certain aspects of core problem areas. In addition, 10 Zairian students will receive advanced academic training in the US to prepare them to assume planning/management positions in GOZ agriculture and transportation agencies. These participants will be selected by their superiors and the US advisors on the basis of their demonstrated problem solving capabilities, and potential in the areas of management skills and project planning.

The number of US advisors furnished under this project will be subject to annual AID/W-USAID review. At present, we contemplate 228 man-months of advisory assistance will be provided over a three-year period, but the actual man-month total will be dependent upon the degree to which GOZ officials make effective use of advisory services furnished during FY 1973-74. (Note: Because of AID budgetary constraints at this time, only the first two experts are reflected in the Funding Section of this PROP. However, the transportation planner is urgently needed also, and should be recruited if funds become available later in the year.) Their areas of responsibility will be as follows:

1 Agricultural Economist

The assignment of this advisor will consist of a combination of operations, trouble shooting, and counselling of the Director General and the National Counselor for Agriculture (formerly titled Minister of Agriculture). In practice, this will include special reports and

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memoranda concerning program and policy issues, and the preparation and transmittal of a modest flow of relevant information on current and prospective agricultural developments. This advisor will also be expected to identify and arrange for the utilization of short-term consultants to deal with particular situations requiring a specialized competence.

1 Agricultural Economist

The primary function of this advisor will be to undertake, promote, and coordinate project analysis and project evaluation in the agriculture sector, starting with a situation in which there exists a relatively large and heterogeneous collection of projects subject to a limited amount of Zairian direction and control. The advisor will develop and help initiate a program of training in project analysis and project management, and will do this using a strategy that also addresses the contextual question of program planning. Some such training will be initiated within country and a basis for its continuance and development will be established. Other such training will be arranged out of country.

Along with a focus at the outset on the actual job of analyzing projects, the aim will be to contribute to the Department of Agriculture's capacity to plan, coordinate, manage and evaluate projects and groups of projects treated programmatically. The advisor will identify and arrange for short-term expert inputs as appropriate.

1 Transportation Planner

Under a proposal now being developed (with UNDP advisory assistance), a 26-man national planning bureau will be created in the Presidency late in 1972. Staffed by qualified Zairians and expatriates, this office, in conjunction with the planning units of the various departments, will develop sector and sub-sector strategies. The US transport economist serving in the Presidency, who will be an integral part of this unit, will provide technical expertise in the field of transport economy including the preparation of programs for studies, plans, and projects. He will also act as a liaison with the Office des Routes, and the Departments of Finance, Transport, and Public Works. This will include overseeing the planning and programming functions of these transport organizations to assure consistency with the GOZ overview.

Project funding for FY 1973 is currently limited to \$65,000 of which \$50,000 is needed for six months of services of the two agricultural economists under a US Department of Agriculture PASA; \$9,000 for short-term consultants; and \$6,000 for support costs of operational travel outside Zaire, computer analyses performed in the US, and miscellaneous contract expenses.

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During FY 1974, provision will be made (two-year contract funding) for the transportation planner described above, and for a second transportation planner who will serve as a senior advisor to the National Counselor (Minister) for Transport and Communications. His duties will involve assisting the Counselor in monitoring the quality and execution of the Department's planning, programming, and financial functions. He will also provide, on a regular basis, advice on coordinating development of the different modes of transportation within the overall transport strategy.

Funding for short-term consultants in FY 1974 will amount to \$38,000. Among the problem areas identified for close examination by these consultants are agricultural research as well as required operational changes within the Department of Agriculture. A management design study will formulate organizational, managerial, and personnel innovations which will improve the Department's response capability at the national and provincial levels. A similar study will propose alternative approaches for restructuring public research in the biological and physical sciences.

GOZ Contribution

Local project costs will be paid by the Government of Zaire utilizing counterpart and national budget funds. To avoid possible delays in the critically important first year of the project, the GOZ will finance the FY 1973 local costs entirely from its counterpart funds. The following year funds will be drawn from both counterpart and the national budget. By FY 1975, all local costs will be paid from the national budget.

In addition to its direct financial contribution to support the US advisors, the Government will also provide air-conditioned office space, office equipment and supplies, secretarial services, in-country travel, and funds for other local operational needs. Local funds will also be provided for Zairian research centers, like the Institute for Economics and Social Research (IRES), to conduct research studies designed by the US advisors.

IV. FRAMEWORK DATA

A. Program Goal

To contribute to Zaire's economic development by assisting in the restoration and development of its extensive transport system and by increasing agricultural production.

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B. Project Purpose

1. To provide immediate technical assistance to the GOZ in the form of key advisory personnel who will assist senior GOZ officials in planning and allocating resources made available for the development of agriculture and transportation in Zaire.

2. To provide GOZ with a framework within which to develop and refine its requirements for long-term assistance in the sectors of transport and agriculture.

C. Conditions expected at the end of Project

- 1. A clearer grasp on the part of senior GOZ officials of the nature of obstacles which impede optimum utilization of GOZ and donor development resources.
- 2. A strengthened capability on the part of policy makers to mobilize resources and execute development projects as called for by the nation's needs.
- 3. Conversely, a strengthened capability on the part of GOZ officials to decline project assistance offers which have neither revenue-producing aspects nor fall within stated sector priorities.
- 4. An increase in external assistance totals as donors become better able to identify projects suitable for financing.
- 5. An approach to decision-making by senior officials that is rational, pragmatic, and decisive.
- 6. AID assistance in the sectors of agriculture and transport delineated and being implemented through projects designed to tackle specific problems and attain definite targets and goals.

D. Project Outputs

Because of the nature of this project, its outputs are defined in qualitative as well as quantitative terms. Certain outputs will be more clearly defined later in project staging when more is known about the additional types of planning and management talents the Government of Zaire will be requesting within the transport and agricultural sectors.

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The outputs listed below apply in varying degrees to the GOZ Office of the Presidency, and the Departments of Agriculture and Transport - agencies to which US advisors will be attached.

1. The development of specific, realistic sub-sector strategies which can be effectively implemented in the agricultural and transportation areas.
2. Formulation of development project guidelines which will enable GOZ officials to make prudent choices among available resource alternatives.
3. Development of organization proposals and procedures, including specific recommendations for improving resource allocation and fiscal management.
4. Ten Zairians trained in the US and experienced in effective development planning and management techniques.
5. Development of a cadre of personnel knowledgeable about the criteria for obtaining, and requirements for utilizing, donor development assistance.

E. PROJECT INPUTS (\$000)^{a/}

	<u>FY 73</u>			<u>FY 74</u>			
	U.S.	MM	GOZ ^{b/}	U.S.	MM	GOZ ^{b/}	GOZ ^{c/}
I. <u>U.S. Personnel</u>							
<u>Full Time</u>							
<u>PASA</u>	50	(12)	32	73	(24)	20	20
<u>Contract</u>				175	(48)	18	20
<u>Consultants</u> (Short-term)	9	(3)	6	38	(12)	8	10
II. <u>Participants</u>				40	(60)		12
III. <u>Commodities</u>			12				16
IV. <u>Other Costs</u>	6		10	14			8
TOTALS	<u>65</u>		<u>60</u>	<u>340</u>		<u>46</u>	<u>86</u>

Notes: ^{a/} All Government of Zaire local contributions expressed in dollars.
^{b/} Counterpart.
^{c/} Regular Budget.

E. PROJECT INPUTS (\$000)

	<u>FY 75</u>			<u>TOTAL</u>			
	<u>U.S.</u>	<u>MM</u>	<u>GOZ</u>	<u>U.S.</u>	<u>MM</u>	<u>GOZ</u>	<u>GOZ</u>
<u>I. U.S. Personnel</u>							
<u>Full Time</u>							
<u>PASA</u>	42	(12)		165	(48)	52	20
<u>Contract</u>	380	(96)	160	555	(144)	18	180
<u>Consultants</u> (Short-term)	42	(12)	18	89	(27)	14	28
<u>II. Participants</u>	48	(60)	12	88	(120)		24
<u>III. Commodities</u>			20			12	36
<u>IV. Other Costs</u>	6		10	26		10	18
TOTALS	<u>518</u>		<u>220</u>	<u>923</u>		<u>106</u>	<u>306</u>

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F. Basic Project Assumptions

1. That the Office of the Presidency and other concerned agencies of the GOZ will continue to recognize the relationship between effective utilization of existing resources to the willingness of donors to provide more aid.
2. That internal or international political changes will not be of such significance as to alter the present donor interest in helping with Zaire development.
3. That institutional changes can be made within the Department of Agriculture so that Zaire will have the capacity to implement successfully the strategies developed.
4. That French speaking project personnel can be recruited and on board in the stated time frame and that commodities arrive in a timely fashion.
5. That the GOZ will meet all local project costs from its counterpart funds or regular budget.
6. That sufficient numbers of trainable personnel will be available and that subsequent to training they will be retained in appropriate jobs.
7. That top officials in the Presidency and the Departments will maintain a commitment to agricultural and transport development.
8. That through evidence of professionalism and reliability, advisors provided will develop the confidence of decision makers.