

UNCLASSIFIED
CLASSIFICATION

For each address check one ACTION

INFO

6150133 (2)
DATE REC'D.

TO - *AD/...* TO ID - 407 X

FROM - AIRGRAM

SUBJECT - HONORIFICAL PROJECT PAPER (PROF)
Agriculture Planning - 615-11-190-133

REFERENCE -

HONORIFICAL PROJECT PAPER (PROF)

Country: Kenya Project No.: 615-11-190-133

Submission Date: August 29, 1969 Original: X

Project Title: Agriculture Planning

U.S. Obligation Span: FY 1965 through FY 1972

Physical Implementation Span: FY 1967 through FY 1972

Gross Life-of-project Financial Requirements:

U.S. dollars	521,000
U.S.-owned local currency	-
Cooperating Country cash contribution	123,000
Other donor	- a/
Total	644,000

a/ Precise information is not available as to the dollar value of other donor assistance, including Ford Foundation, but it is estimated to be in the order of magnitude of about \$150,000 annually. The total for the life of the project is estimated at \$1.0 million.

PAGE 1 OF 12

Enclosure: 1 Table

DRAFTED BY H. A. Jones:jeb	OFFICE E&A	PHONE NO.	DATE 8-29-69	APPROVED BY: Harold D. Smith, Director
-------------------------------	---------------	-----------	-----------------	---

AID AND OTHER CLEARANCES
RUS:CDoggett
JIF:MMDeupree
EXO:JJBarney

CLASSIFICATION

4
DISTRIBUTION ACTION
CFR
1/FO.
Accont
Rnpe
SRD
ITA
ITAD
WOF
AWOH

100w

State
How
Agri
Com

C.S.

DATE SENT
8-29-69

A. Summary Description, Including Tabulation of Planned Inputs**1. Necessity and Justification for Project****a. Necessity**

The Kenya Development Plan states: "Planning must be comprehensive in nature, dealing in particular with the economic, financial, physical and social aspects of development....The planning organization must coordinate the planning and implementation activities of all ministries to ensure that development proceeds in a rapid and orderly fashion." (Emphasis supplied)

b. Justification

The excellent statement in the Development Plan regarding the planning function had some practical drawbacks. The Ministry of Agriculture had no planning unit within the Ministry. To give the Ministry this capability on an organized basis, the Kenya Government requested external assistance from several donors, among others the United States.

Because of the priority and the need for proper planning in a developing country, it was decided to respond to the Kenya Government request and make agricultural planning experts available to the Ministry of Agriculture.

2. Project Goals and Targets

Project goals and targets are:

- a. To provide assistance to the Ministry of Agriculture in the development of a planning Unit and the institutionalized establishment of such a unit within the Ministry of Agriculture.
- b. To assist in the formulation and evaluation of agricultural development projects.
- c. To advise the Minister of Agriculture on policy issues associated with the negotiations in international trade in farm products.
- d. To assist in the evaluation of on-going projects.
- e. To assist in the preparation of policy reports for Government of Kenya officials to be used in connection with policy determinations relating to the economic growth of the agricultural and related industries in Kenya.
- f. Subject to the Government of Kenya making the necessary personnel available, to train three Kenyans in agricultural economics and planning.

3. Minimum Levels of Output or Achievement

The minimum level of achievement will be regarded as effective action by the Ministry of Agriculture to define the status of the Planning Unit of the Ministry and to provide an adequate budget for its annual operation.

4. General Approach and Plan of Action

a. General Approach

The general approach was to provide technical experts in agriculture planning to the Ministry of Agriculture. These experts would collaborate with the experts provided by other donors and endeavor to establish a Planning Unit as a functional organization in the Ministry and undertake to plan an agriculture program for Kenya, subject to the direction of the Minister.

The original concept was for the U.S. to fill the gap left by other donors and provide two experts. The Ministry has recently indicated its desire to obtain another American expert to serve in the Ministry with the Planning Unit. Before USAID/Kenya would be prepared to make a recommendation in support of this request, it would have to be satisfied as to the effectiveness of the Planning Unit under the recent reorganization of the Ministry of Agriculture.

b. Plan of Action

(1) The United States

To provide financing annually for the services of two agricultural planning experts and at an appropriate phase to provide financing for the training of up to three Kenyan staff personnel to replace the American technicians.

(2) Cooperating Country

To provide the necessary financial and logistical support to permit the Planning Unit to function as an effective entity in the Ministry of Agriculture. The Ministry should also nominate candidates for training promptly so that the training may proceed on schedule.

(3) Other Donors

To provide financing and personnel to help staff the Planning Unit of the Ministry of Agriculture.

5. Tabulation of Project Costs

See Table 1 attached.

6. Non-Availability of Other Resources

A diligent effort reveals that non-AID resources are not available in a sufficient amount to provide the total external assistance required to achieve the objectives of the Government of Kenya in establishing a Planning Unit in the Ministry of Agriculture.

B. Setting or Environment

1. General

With current emphasis on the importance of the planning function in economic and social development, it was quite logical for the Ministry of Agriculture to desire to develop such a unit within the Ministry. An expert and properly staffed planning unit could assist substantially in developing a rational plan for the overall development of agriculture in the country. Since agriculture contributed the largest single sector percentage to the Gross Domestic Product (estimated at 13.5% of the monetary Gross Domestic Product in 1970 in the Development Plan 1966-1970) it was important that a well organized and effectively directed planning unit be developed in order to enable agriculture to make a continuing major contribution to the growth of Kenya. Such a unit also could develop reliable statistical information and put it in such form that it could be used by top Government officials in making policy decisions.

2. Factors Which Affect Need for Project

In addition to the general considerations mentioned in the preceding paragraph, there are several specific factors affecting the need for this project.

- a. The lack of trained planning technicians in Kenya.
- b. The lack of financial resources to meet all economic development needs.
- c. The lack of an institutionalized planning unit in the Kenya Government which could serve as a model for the Ministry of Agriculture in developing its own planning unit.

3. Relationship of Project Goals to Country Development Plan

There is a direct relationship between project goals and the Kenya Development Plan 1966-1970. Some rational approach appears to be required if the agricultural sector is to continue the projected output of selected crop and livestock products (target increases are 66.18% and 32.1% respectively.) An agricultural planning unit could provide the necessary data for government officials to determine and make policy decisions that will indicate the most effective means of achieving the increased sectoral output targets.

4. Economic, Social, Legislative and Administrative Obstacles

a. Economic, Social and Legislative

There are no economic, social or legislative obstacles to the achievement of project goals.

b. Administrative

The administrative obstacles that may exist arise from an inherent bureaucratic resistance to changes from the British colonial administrative organization. This resistance however is breaking down and is not regarded as an insurmountable obstacle in view of the reorganization plan promulgated by the Minister of Agriculture in which the Planning Unit is finally established as a distinct part of the organizational entities.

5. Major Factors and Problems in Country Situation Bearing Upon Project

a. Need

The need for a substantially increased production in the agricultural sector to help feed the rapidly growing population in Kenya and the need to provide foreign exchange earnings to help finance the Kenya Government's plan for economic and social development have coincided to assist in gaining acceptance of the concept of a formal planning organization in the Ministry of Agriculture. These needs have also served to accord high priority in the thinking of the Ministry for obtaining top level external professional personnel to man the planning unit while African personnel could be trained to fill the positions.

b. Character

It is true that the Minister initially did not utilize the capabilities of the planning unit to maximum advantage. After some initial trial and error operations, it now appears that the unit will serve as a true planning entity and serve to provide the Ministry with soundly developed plans for the future expansion of the agricultural sector.

Sound planning however will not eliminate entirely political considerations in promulgating a sound agricultural policy for Kenya. For example, the Ministry is still encouraging an expansion in tea acreage for increased tea production despite the continuing trend of declining world tea prices. Sound planning however will serve to mitigate the dangers of pursuit of expansion of agricultural production to the extent serve to mitigate at least the most excessive actions detrimental to the agricultural prosperity of Kenyan farmers.

c. Priority of Project Goals

Project goals have a high priority consistent with the importance attached to the development of the agricultural sector ascribed by the Government of Kenya.

6. Special Features for Full Understanding of the Project

a. Local Economic

Government price controls on wheat and maize and the necessity for heavy Government subsidies for exports of these commodities serve to stimulate a government drive for diversification of crops. The problem thus becomes one of determining which crops should be stimulated under a diversification program. No particular advantage would accrue to the Kenyan farmer to expand into coffee, tea or wheat which already are in world surplus supply.

Proper planning coupled with market research should enable the Kenya Government to pursue a rational agricultural policy which will enhance the income of the farmer and help raise the farm family standard of living.

b. Institutional

Since the planning function was not well integrated under the Ministry of Agriculture, it will be necessary to endeavor to establish the planning unit as an institutional basis. As noted above, the Ministry of Agriculture reorganization plan is a major step in this direction.

c. Politico-social Setting

See classified message.

C. Strategy

1. Strategy and Method Proposed to Achieve Project Goals

a. Strategy

The strategy to achieve project goals is to provide two technical experts to assist the Ministry in meeting its immediate needs and then train Africans as replacements.

b. Method

The method selected to implement the strategy was through:

- (1) A TASS Agreement.
- (2) Training of Kenyan personnel in the United States.

2. Extent and Manner of Project Contribution to U.S. Goals

See classified message.

3. Alternative Approaches or Techniques

a. Description and Analysis of Comparative Advantages and costs of Alternative Approaches

Investigation disclosed that it would be difficult to recruit the desired agricultural planning experts either from the AID pool of available personnel or from available external private agencies. The USDA did have staff personnel with the requisite qualifications and was in a position to release such personnel for overseas service promptly.

From a cost standpoint a PASA arrangement would be only slightly more expensive than a direct hire assignment and from an estimated \$5,000 to \$7,000 less costly than university or private firm contract personnel.

An essential element was an ability to respond quickly to the Government of Kenya request. The USDA had this capability and hence it was decided to request the negotiation of a PASA. USDA did respond but unfortunately the promptness of its response left something to be desired.

4. Cooperating Country Leadership

See classified message.

5. Cross Relationships

This project serves mutually to reinforce other AID-financed projects in the agricultural field since it promotes a means of providing a thoroughly integrated agricultural program for Kenya into which the other AID-financed projects fit in a logical manner. It also serves to provide a means for taking into high level Kenya Government consideration the aims and objectives not only of U.S. but other donor activities in the agricultural field.

D. Planned Targets, Results and Outputs

1. Concept and Specifications for Completion

a. Concept

The concept for the completion of this project entails the provision of professional technical services to the Kenya Ministry of Agriculture during the initial years of agricultural planning and assisting in the firm establishment of agricultural planning as a recognized institution in the Ministry. A part of

this goal was achieved in the recent Agriculture Ministry Plan of Reorganization. The initial critical years of work should be terminated by the end of FY 1972. By that time the techniques of agricultural planning should be well established within the Ministry of Agriculture.

b. Specifications

There are no quantitative specifications to signal completion of the project except the completion of training of the African personnel to replace the American technicians. It is anticipated that the Government of Kenya will be able to release competent personnel to undertake the requisite training in the U.S. for this purpose.

2. Improvement of Quality of Cooperating Country Resources and/or Performance

The quality of Kenyan agricultural and range resources will be improved through the effective use of such resources through proper planning.

The quality of performance of Kenyan personnel will be improved through the training received under the project.

3. Targets or End Results

a. Situation at Beginning:

There was no organized planning unit in the Ministry of Agriculture to carry out the planning function.

b. Situation at End

A fully functional planning unit established as a separate entity in the Ministry of Agriculture.

c. Time Span

The project covers a time span from FY 1963 through FY 1972.

E. Courses of Action

1. Time-frame Sequence of Actions

a. Mobilization, Deployment and Utilization of Inputs

(1) The United States

The action required are those necessary:

(a) To assure adequate U.S. financing to make the services of two U.S. technical experts in agriculture planning available until June 30, 1972. This will require timely action by USDA to nominate and release for overseas

service the requisite personnel to avoid any gap in the services of the experts. An overlap of arriving and departing personnel would be desirable.

(F) Providing timely and adequate financing for the training of up to three participants in the U.S. in the field of agricultural economics and planning through both academic and practical work.

(2) The Cooperating Country

(a) Kenya should be prepared to provide the necessary financial and logistical support for the external and local personnel to staff the Agriculture Planning Unit.

(b) The Government of Kenya should nominate the candidates to receive training in the U.S. on a timely basis.

(c) The Kenya Government should make a timely decision in regard to its requirements for a third American expert and forward a formal request to USAID/Kenya for consideration.

(3) Other Donors

Hopefully other donors will take adequate actions to continue the availability of the experts being provided under such donor auspices.

2. Interrelationship of Inputs in Terms of Substance and Scheduling

These various project inputs are mutually interrelated. As noted, an overlap in technician services would be desirable. The training of the replacement personnel should commence no later than 1970.

3. Country Self-Help Actions

The desire of the Government of Kenya to establish a planning unit in the Ministry of Agriculture is evidence that the country is endeavoring to help itself move ahead in economic and social development by harnessing its available resources in the most efficient manner possible.

4. Cooperating Country Resources

The cooperating country is using its resources to best advantage in providing financial and logistical support of the planning unit. It has no local expertise to draw on and hence must rely on foreign personnel.

5. Appropriateness of Scale of Project

The project is in appropriate scale in consideration of the objectives of the Government of Kenya. From the standpoint of Kenya it is better to obtain an international planning group which has the advantage of providing a cross fertilization of ideas regarding possible approaches to meet the needs of Kenya in its present stage of development.

6. Ability to Produce Results

The project has produced results which satisfy the Government of Kenya. The Government is eagerly awaiting the replacement of the USDA technician who departed during May 1959 and has indicated it would like to have an additional technician made available as soon as possible for the remaining duration of the project.

A footnote on Table 1 indicates the increased project cost such a proposal entails.

7. Ability of Country to Absorb, Support and Utilize Project Results

Kenya is quite capable of absorbing, fully, and utilizing effectively, the services of the technicians provided under the project. The country has the ability to undertake any approved plans for the expansion of the agricultural sector.

8. Need for Research Component

There is no need for a research component in this project at this time. Research for the planning effort is provided from Government of Kenya resources. After the termination of the project, the Government may wish to undertake some operational research to determine the effectiveness of the operations of the Ministry of Agriculture Planning Unit.

NONCAPITAL PROJECT FUNDING (OBLIGATIONS IN \$'000)Table 1
Page 1 of 2PROJ DATE: Aug. 29, 1969
Original X
Project No. 615-11-193-133

11 COUNTRY: KENYA Project Title: Agriculture Planning

Fiscal Years	Ap	L/G	Total	Cont ^{1/}	Personnel Serv.		Participants		Commodities		Other Costs	
					AID	FASA	CONT	U.S. Agencies	CONT	Dir U.S.Ag	CONT	Dir & U.S.Ag
Prior through Act. FY <u>69</u>	TC/DG	G	256			215				1		40
Oper. FY <u>70</u>	TC/DG	G	95			65		20				10
Budg. FY <u>71</u>	TC/DG	G	65 ^{a/}			65		5				15
B + 1 FY 72	TC/DG	G	65 ^{a/}			65		5				15
B + 2 FY ___												
B + 3 FY ___												
All Subs.												
Total Life	TC/DG	G	521			410		30		1		80

a/ If third technician is added, as indicated by the Government of Kenya, cost will increase by an estimated \$45,000 annually with FY 1970 increase prorated.

1/ Memorandum (nonadd) column

UNCLASSIFIED

TOTAL A- 407

HAIRONI

UNCLASSIFIED

12

Table 1

Page 2 of 2

Exchg rate \$1.00 = 7.1 Kenya Shillings^{2/}

Project No.: 615-11-190-133

12

Fiscal Years	AID-controlled Local Currency		Other Cash Contribution Cooperating Country	Other Donor Funds (\$ equiv)	Food for Freedom Commodities	
	U.S.- owned	Country- owned			Metric Tons (000)	World Market Price (\$000)
Prior through Act. FY <u>69</u>			60,000	b/		
Oper. FY <u>70</u>			13,000	b/		
Budg. FY <u>71</u>			20,000	b/		
B + 1 FY <u>72</u>			25,000	b/		
B + 2 FY <u> </u>						
B + 3 FY <u> </u>						
All Subs.						
Total Life			123,000			

2/
b/

As of preparation date
No data available. Estimated to be in order of magnitude of \$1,000,000
for total life of project.

UNCLASSIFIED

TO: ID A-407

MARSON

UNCLASSIFIED