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UNCLASSIFIED

AGENCY FOR
INTERNATIONAL
DEVELOPMENT

ANNUAL BUDGET SUBMISSION

FY 82

KENYA

BEST AVAILABLE

JUNE 1980

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
WASHINGTON, D.C. 20523

UNCLASSIFIED

USAID/Kenya
FY 1982 Annual Budget Submission

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CHIEF OF MISSION APPROVAL

I approve the program and workforce levels for fiscal years 1981 and 1982 for USAID/Kenya as presented in the FY 1982 Annual Budget Submission.

John Blane
Charge' d'Affairs a.i.

Date: May 29, 1980

FY 1982 ANNUAL BUDGET SUBMISSION

TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT ($ Thousands)

Decision Unit KENYA

Development Assistance	FY 1980 EST.	FY 1981 EST.	FY 1982 REQUEST MIN	CURR	AAPL	PLANNING PERIOD 1983	1984	1985	1986
Agriculture, Rural Dev. & Nutrition									
Grants	15,984	22,700	10,950	12,650	22,650	8,500	9,600	8,000	19,000
Loans	- *	4,000	6,000	6,000	6,000	22,000	23,000	40,000	37,000
Population									
Grants	1,183	2,500	500	550	550	2,500	8,000	10,000	13,000
Loans	-	-	-	-	-	-	-	-	-
Health									
Grants	1,870	5,250	2,500	3,500	3,500	7,000	3,000	3,000	4,000
Loans	-	-	3,800	3,800	3,800	-	9,000	7,000	-
Education & Human Resources									
Grants	-	-	-	1,500	1,500	3,000	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Selected Dev. Activities									
Grants	725	1,500	-	2,000	2,000	2,000	2,400	2,000	2,000
Loans	-	-	-	-	-	-	-	-	-
Total DA Accounts									
Grants	19,762	31,950	13,950	20,200	30,200	23,000	23,000	23,000	38,000
Loans	-	4,000	9,800	9,800	9,800	22,000	32,000	47,000	37,000
Economic Support Fund									
Grants	-	-	-	-	-	-	-	-	-
Loans (not in FY 81 C.P.)	10,000	10,000	-	-	-	-	-	-	-
TOTAL DA AND ESF	29,762**	45,950	23,750	30,000	40,000	45,000	55,000	70,000	75,000

TABLE I cont.

	FY 1980 EST.	FY 1981 EST.	FY 1982 REQUEST MIN	CURR	AAPL	PLANNING PERIOD 1983	1984	1985	1986
PL 480 (Non-Add)									
Title I	16,900	18,000	15,000	15,000	15,000	15,000	-	-	-
Title II	4,200	5,900	6,000	6,200	6,200	6,500	6,800	7,200	7,500
Housing Guaranties (Non-Add)	17,000	20,000				10,000	-	25,000	25,000
TOTAL PERSONNEL***	68	69	69	69	69	68	65	62	62

* USAID is aware that the AFR Bureau OYB includes, at this time, $6.6 million in ARDN loan funds. This budget for FY 80 assumes that $6.6 million of ARDN grant funds will become available to finance the program.

** Includes $1.395 million for two OPG's (615-0202 and 615-0203) originally budgeted in AFR/Regional category.

*** Includes RHUDO, excludes REDSO/EA, AAG/EAR and EAAC.

USAID/Kenya work force effort is also required for design, implementation and evaluation services for AID/W funded activities. Of the following AID/W centrally funded activities in Kenya, 15 require substantial mission effort for an aggregate of 1 person year:

AID/W Funded Activities in Kenya

*Regional Locust Control
*AFR/WID
*ICIPE (Insect parasitology)
AFGRAD II
*CRSPs (Legumes, Small Ruminants)
*AALC (Labor Center)
*Clark University (Research)
*IRT (Appropriate Technology)
*ILRAD (Livestock Research)
*Radio Reading Project
Regional Environmental Training and Management
Remote Sensing
*Southern Access Roads (Sudan)
*Futures - RAPID (Policy)
*University of Chicago (IEC)
*IPPF (Population Activities)
*Pathfinder (FP Services)
University of North Carolina (Training)
*FPIA (FP Services)
APHA (Program Planning/Evaluation)
IPAVS (FP Services)
JHPIEGO (Training)
UNFPA (Population)
AHEA (IEC)
Battelle (Policy)
Human Rights Fund

*Represents projects for which substantial Mission staff effort is required.

Table I Narrative

USAID/Kenya anticipates increased efficiency in the use of direct hire personnel in the budget period FY 1982-1986, particularly in the use of U.S. direct hire staff. By 1982, all divisions of the Mission will have at least one professional foreign national on the staff and two U.S. secretaries will be replaced by foreign nationals. By 1986, the U.S. direct hire staff will be further reduced as the implementation portfolio progressively changes from one of high personnel intensity to a larger program requiring less direct U.S. intervention in implementation. Foreign national clerical and support staff will also be reduced.

The personnel requirements in this annual budget submission are set forth as follows:

- Total personnel levels covered on Table VII include USAID/Kenya, the East Africa Accounting Center (EAAC), the Area Auditor General for East Africa, and the Regional Office of Housing for East and Southern Africa (ROH/ESA, formerly known as RHUDO).
    - -- REDSO/EA personnel are excluded.
    - -- The East Africa Accounting Center is presented as "Non-Mission Specific" because the workload of this center is overwhelmingly concentrated in providing financial services to 14 countries of East and Southern Africa other than Kenya.
- In accordance with instructions, the USAID/Kenya personnel planning levels used as benchmarks cover USAID/Kenya and ROH/ESA.
- Table V personnel figures cover USAID/Kenya and ROH/ESA.

I. FY 1982 AAPL and Workforce

The Mission expects to be able to implement its FY 1982 program at the AAPL level of $40 million and the Housing Guaranty Program of Eastern and Southern Africa and to design future year programs with 31 U.S. direct hire (six below the personnel planning level) and 38 foreign national personnel (10 below the planning level). Of the six U.S. direct hire positions not required by the Mission, four are available for allocation to the East African Accounting Center and two for other missions. Allocation of the 10 excess foreign national positions could be utilized to fill 10 of the 22 positions required by EAAC; the other 12 would have to be covered from the total world-wide ceiling to provide for the needs of the 14 client posts.

The total direct hire staff of 69 will not be significantly different in composition from the 1980 staff, mainly because of the nature and size of the pipeline of projects being implemented in 1982. The staff will be handling:

- 16 bilateral projects in the pipeline, including one major project with 14 components and another with four;

- four new bilateral projects;

- an expanded human resources development activity formerly handled through an Africa regional project;

- seven ongoing operational program grants;

- two new operational program grants;

- the pipeline of FY 1980-1981 Economic Support Fund obligations;

- a P.L. 480 Title I program;

- a P.L. 480 Title II program;

- two Housing Guaranty programs in Kenya and 12 in other countries;

- design work for two bilateral projects and three OPGs for 1983; and

- 25 AID/W funded projects, fifteen of which require substantial staff time.

A significant portion, close to half, of Mission staff will be assigned to Mission support activities. USAID/Kenya provides support in communications, personnel and management services for the staffs of USAID/Kenya; East Africa Accounting Center; REDSO/EA; AAG/EAFR and ROH/ESA. About 1.5 person years of staff time are required for procurement, repairs of equipment, customs clearance and forwarding from Missions in countries where the availability of such services is virtually non-existent.

Executive and program staff of USAID/Kenya will total 34 (21 USDH and 13 FNDH), and of ROH/ESA five (three USDH and two FNDH).

II. Program and Staff FY 1983-1984

During the ABS period project design and implementation staff will increasingly be oriented toward policy issues and monitoring of the activities of host country contractors and other intermediaries carrying out the program called for by the CDSS strategy. The transition from USDH to FNDH staff in professional as well as clerical and support positions will continue as trained Kenyans are recruited to the staff. Total personnel in 1985 will represent a 10 percent reduction from 1982, while total program levels will increase by 66 percent.

Efficiency measures invoked by the Mission will include:

- increased use of intermediaries such as PVOs and universities and expanded cooperation with Peace Corps in 1982 and beyond;

- reduction in the number of active projects in the portfolio;

- increased size of projects, especially of OPGs, which will be approved only if they will have a significant development impact in support of the U.S. Mission strategy;

- replication of project elements or project approaches in rural access roads, development of fuelwood, and training for development;

- geographic concentration of programs in Western Kenya and certain arid and semi-arid areas;

- exclusive use of host country constracts for bilateral projects;

- requirements that contractors and PVOs, with Government, provide for their own logistical support (this implies reduced reliance on PASA technicians);

- increased reliance on REDSO and AID/W for design and analytical skills; and

- cooperation with other donors in design, evaluation and negotiation of economic assistance programs.

The Mission expects to save staff time spent on OPGs by limiting the number of OPGs considered and approved each year, fully funding each approved OPG and concentrating on relatively large OPGs. The question whether application of dollar resources to OPGs rather than to bilaterally negotiated projects, dollar by dollar, can result in personnel savings is problematic, however. If the Mission strategy for the substantive role of OPGs in the program is firm and if the Mission has authority to approve OPGs up to the limit established for bilateral projects the average time spent per project unit on discussing an idea, talking with Government, giving guidance on project writing and going through the approval process can be less for an OPG than for other projects. Much of the project development and writing for an OPG will be completed by the PVO whereas for a major bilateral project the Mission may have to develop one or two scopes of work and supervise consultants for one or two feasibility studies and the project design before PID and PP approval can be completed. Funding levels for OPG projects in Kenya, however, are not expected to average anywhere near the level of the average bilateral project.

USAID/Kenya program levels will almost double from FY 1982 to 1986 and will more than double from FY 1981. The number of new project starts, excluding OPGs, will be three to five each year, including one each in agriculture, population and one area of social services (e.g., nutrition or health). New initiatives in energy will be limited to one every other year and sector support resource transfers are planned for 1983, 1985 and 1986. The total number of projects in all categories being implemented in Kenya, including OPGs, Housing Guaranty, and sector assistance will decline. OPGs represent about one-fourth of the number of projects in the work load.

The ratio of total program dollars managed by USDH staff will increase from $1.9 million in 1982 to $3.7 million in 1986 while the ratio of U.S. staff to project unit will decline from .9 to .8 over the same period. The total USDH plus FNDH staff -- executive, program and support -- required per project remains the same, at 1.9, while the ratio of portfolio dollars to staff person rises from 1 million to 2.2 million. Ratios such as these are, in some sense, merely superficial indicators of efficiency. We expect to demonstrate qualitative improvements also, through changes in the nature of projects, the implementation mode and Government commitment of project management, but these will be more difficult to measure.

TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT
FY 1980 - FY 1982
(($ thousands)

Decision Unit KENYA

APPROPRIATION ACCOUNT		L/G	FY 1980	FY 1981	FISCAL YEAR 1982		
					MINIMUM	CURRENT	AAPL
Agriculture, Rural Development and Nutrition							
615-0157	National Range Ranch Development	G	850	-	-	-	-
615-0162	Rural Planning	G	387	-	-	-	-
615-0168	Rural Roads Systems	G	348	-	-	-	-
615-0169	ASSP	G	4,000	5,000	5,128	5,128	5,128
615-0172	ASAL Development	G	2,000	3,000	3,822	3,822	3,822
615-0180	Drylands Cropping Systems	G	850	3,000	-	-	-
615-0182	Rural Market Centers	G	-	2,500	-	-	-
615-0182	Rural Market Centers	L	-	4,000	-	-	-
615-0189	Rural Planning - II	G	2,800	-	-	-	-
615-0190	Food Crops Storage	G	-	7,800	-	-	-
615-0191	ASAL Roads Networks	G	-	-	2,000	2,000	2,000
615-0191	ASAL Roads Networks	L	-	-	6,000	6,000	6,000
615-0196	Coast Institute Development	G	-	-	-	-	10,000
615-0205	Renewable Energy Development	G	4,749	-	-	-	-
615-0207	Nutrition Planning	G	-	-	-	1,500	1,500
615-0208	Small Business Development (OPG)	G	-	1,200	-	-	-
	PDS - (Rural Market Centers)	G	-	200	-	-	-
	(Coop College, Fuel Wood Dev. Crop Intensification - Western Kenya)	G	-	-	-	200	200
Population							
615-0165	PSRC	G	1,183	-	-	-	-
615-0193	Family Planning - II	G	-	2,000	-	-	-
	New OPG's	G	-	500	500	500	500
	PDS - (Population Family Planning Development)	G	-	-	-	50	50

TABLE III cont.

APPROPRIATION ACCOUNT		L/G	FY 1980	FY 1981	FISCAL YEAR 1982		
					MINIMUM	CURRENT	AAPL
Health							
615-0177	Community Water - I	G	-	4,000	-	-	-
615-0187	Health Planning	G	-	950	-	-	-
615-0203	Rural Blindness Prevention - II (OPG)	G	1,870	-	-	-	-
615-0206	Kitui Rural Health	G	-	-	2,500	2,500	2,500
615-0206	Kitui Rural Health	L	-	-	3,300	3,300	3,300
	New OPG's	G	-	300	-	1,000	1,000
Education And Human Resources Development							
615-0178	Training for Development	G	-	-	-	1,500	1,500
Selected Development Activities							
615-0201	National Coop Housing (OPG)	G	300	700	-	-	-
615-0202	Credit Union (OPG)	G	425	-	-	-	-
	New OPG's	G	-	500	-	2,000	2,000
	PDS (Housing Guaranty Evaluation)	G	-	300	-	-	-
	TOTAL DA ACCOUNTS		19,762	35,950	23,750	30,000	40,000
Economic Support Fund							
615-0200	Agriculture and Export Development	L	10,000	10,000	-	-	-
	TOTAL DA AND ESF ACCOUNTS		29,762	45,950	23,750	30,000	40,000
698-0384	AMDP (non-add)		(300)	(600)	(600)	-	-

DECISION UNIT: KENYA

TABLE IV PROJECT BUDGET DATA

PROJECT NUMBER	TITLE	G/L	OBLIGATION DATE INITIAL	OBLIGATION DATE FINAL	DATE OF NEXT PLANNED NON-ROUTINE EVAL.	CUM PIPELINE AS OF 9/30/79	FY 1980 OBLIG.	FY 1980 EXPEND.	FY 1980 CUM. PIPELINE	FY 1981 OBLIG.	FY 1981 EXPEND.	FY 1981 CUM. PIPELINE	FY 1982 AAPL OBLIG.	FORWARD FUNDED TO (MO/YR)	FUTURE YEAR OBLIGATIONS
	Estimated U.S. Dollar Cost ($000)														
	Agriculture, Rural Development & Nutrition														
615-0157	National Range and Ranch Development	G	73	80	3/81	1,409	850	1,356	903	-	400	503	-	9/82	-
615-0162	Rural Planning	G	76	80	2/81	47	387	334	100	-	100	-	-	12/80	-
615-0168	Rural Roads	G	78	80	10/80	1,095	348	320	1,123	-	320	803	-	2/84	-
615-0169	Agriculture Systems Support	G	78	83	3/81	6,253	4,000	5,142	5,111	5,000	6,014	4,097	5,128	9/85	5,499
615-0172	ASAL Development	G	79	82	1/81	4,179	2,000	1,000	5,179	3,000	2,000	6,179	3,822	12/84	-
615-0180	Drylands Cropping Systems	G	79	81	1/81	2,150	850	1,675	1,325	3,000	575	3,750	-	1/84	-
615-0182	Rural Market Centers	G	81	81	6/82	-	-	-	-	2,500	500	2,000	-	9/87	-
615-0182	Rural Market Centers	L	81	81	6/82	-	-	-	-	4,000	1,000	3,000	-	9/87	-
615-0189	Rural Planning II	G	80	80	9/81	-	2,800	-	2,800	-	700	2,100	-	9/84	-
615-0190	Food Crops Storage	G	81	81*	6/82	-	-	-	-	7,800	400	7,400	-	9/86	-
615-0191	ASAL Roads Networks	G	82	82	6/84	-	-	-	-	-	-	-	2,000	9/87	-
615-0191	ASAL Roads Networks	L	82	82	6/84	-	-	-	-	-	-	-	6,000	9/87	-
615-0196	Coast Institute Development	G	82	82	8/84	-	-	-	-	-	-	-	10,000	9/87	-
615-0205	Renewable Energy Development	G	80	80	-	-	4,749	-	4,749	-	600	4,149	-	9/84	-
615-0207	Nutrition Planning	G	82	82	8/84	-	-	-	-	-	-	-	1,500	12/84	-
615-0208	Small Business Development (OPG)	G	81	81	8/82	-	-	-	-	1,200	200	1,000	-	9/85	-
	PDS	G	-	81	-	-	-	-	-	200	200	-	200	12/83	-

AID 1330-8 (4-80)

DECISION UNIT: KENYA

TABLE IV PROJECT BUDGET DATA

ESTIMATED U.S. DOLLAR COST ($000)

PROJECT NUMBER	TITLE	G/L	OBLIGATION DATE INITIAL	OBLIGATION DATE FINAL	DATE OF NEXT PLANNED NON ROUTINE EVAL.	CUM PIPELINE AS OF 9/30/79	FY 1980 OBLIG.	FY 1980 EXPEND.	FY 1980 CUML. PIPELINE	FY 1981 OBLIG.	FY 1981 EXPEND.	FY 1981 CUML PIPELINE	FY 1982 APPL. OBLIG.	FORWARD FUNDED TO (MO/YR)	FUTURE YEAR OBLIGATIONS
	Population														
615-0165	PSRC	G	76	80	8/80	898	1,183	520	1,561	-	650	911	-	9/82	-
615-0193	Family Planning - II	G	81	81	5/83	-	-	-	-	2,000	200	1,800	-	12/86	-
	New OPG's	G	81	82	6/82	-	-	-	-	500	150	350	500	9/85	-
	PDS	G	-	82	-	-	-	-	-	-	-	-	50	12/83	-
	Health														
615-0177	Community Water - I	G	81	81*	10/83	-	-	-	-	4,000	500	3,500	-	9/86	-
615-0187	Health Planning	G	79	81	6/81	1,500	-	300	1,200	950	850	1,300	-	9/84	-
615-0203	Rural Blindness Prevention - II (OPG)	G	80	80	9/81	-	1,870	935	935	-	935	-	-	9/83	-
615-0206	Kitui Rural Health	G	82	82	12/84	-	-	-	-	-	-	-	2,500	9/85	-
615-0206	Kitui Rural Health	L	82	82	12/84	-	-	-	-	-	-	-	3,800	9/85	-
	New OPG's	G	81	82	-	-	-	-	-	300	250	50	1,000	9/84	-
	Education and Human Resources Development														
615-0178	Training for Development	G	82	84	8/83	-	-	-	-	-	-	-	1,500	6/87	3,000

DECISION UNIT: KENYA

TABLE IV PROJECT BUDGET DATA

PROJECT NUMBER	PROJECT TITLE	G/L	OBLIGATION DATE INITIAL	OBLIGATION DATE FINAL	DATE OF NEXT PLANNED NON-ROUTINE EVAL.	CUM PIPELINE AS OF 9/30/79	FY 1980 OBLIG.	FY 1980 EXPEND.	FY 1980 CUM. PIPELINE	FY 1981 OBLIG.	FY 1981 EXPEND.	FY 1981 CUM. PIPELINE	FY 1982 APPL. OBLIG.	FORWARD FUNDED TO (MO/YR)	FUTURE YEAR OBLIGATIONS
	Selected Development Activities														
615-0201	National Coop Housing (OPG)	G	80	81	-	-	300	150	150	700	300	550	-	9/83	-
615-0202	Credit Union (OPG)	G	80	80	-	-	425	100	325	-	200	125	-	9/82	-
	New OPG's	G	-	-	-	-	-	-	-	500	150	350	2,000	12/83	-
	PDS (Housing Guaranty Evaluation)	G	81	81	-	-	-	-	-	300	100	200	-	9/84	-
	Economic Support Fund														
615-0200	Agriculture and Export Development	L	80	81	-	-	10,000	2,000	8,000	10,000	10,000	8,000	-	12/82	-
	Unliquidated Balances All Other Projects with No Obligations after FY 79 (as of 9-30-79)	L/G				48,482	-	18,315	30,167	-	20,027	10,140	-	-	-
	Subtotal - OPG					1,807	2,595	2,085	2,317	3,200	2,590	2,927	3,500		-
	- PDS					-	-	-	-	500	300	200	250		-
	- Bilateral					64,206	27,167	30,062	61,311	42,250	44,431	59,130	36,250		8,499
	Total Program					66,013	29,762	32,147	63,628	45,950	47,321	62,257	40,000		8,499

ESTIMATED U.S. DOLLAR COST ($000)

PROJECT NUMBER : 615-0191

PROJECT TITLE : ASAL Roads Networks

PROPOSED FUNDING (Thousands $)	FY 1981	-	
	FY 1982	Loan	$6,000
		Grant	$2,000
		Total	$8,000
	LOP	Loan	$6,000
		Grant	$2,000
		Total	$8,000

APPROPRIATION ACCOUNT: FN

Purpose: To provide isolated rural areas in the Arid and Semi-Arid Lands (Kitui District) with surface access to agricultural and social services.

Problems To Be Addressed: The lack of all-weather access roads is currently hampering the Government of Kenya's (GOK) efforts to implement and monitor soil and water conservation programs and provide extension services to smallholders in the Arid and Semi-Arid Lands (ASALs) areas of Kenya. Development of the ASALs, which comprise approximately 80 percent of the country and contain 20 percent of the population, is assigned a high priority in the GOK 1979/83 Development Plan. A USAID/GOK FY 1979 $13 million project (615-0172) provides funding for data gathering and soil conservation activities in Kitui District. This proposed project will complement these activities by providing smallholders and others with necessary access to rural market centers, facilities, and services. Reforestation and water resources projects are also expected to be undertaken in the area in later years.

An A.I.D.-financed pre-investment study for the Arid and Semi-Arid Lands has identified approximately 1,500 kilometers of secondary and minor roads in Kitui District which require upgrading to all-weather standards. The study also identifies the need to construct up to 400 kilometers of new rural access roads and ten rural bridges. Based on USAID's and GOK's experience with similar project activity in Western Kenya (615-0168 and 0170), this project will emphasize labor-intensive technologies in construction of the rural access roads, and in maintaining new and upgraded roads.

Host Country And Other Donors: Construction will be under the jurisdiction of the Ministry of Transport and Communication. The GOK's Arid and Semi-Arid Lands Coordinating Committee will be charged with ensuring consistency between ASAL roads activity and ASAL development more broadly. The District Development Committee will select specific roads for project financing.

The GOK will provide at least 25 percent of the total cost of the roads project. Other donors currently active in Kitui District -- Netherlands, Canada, and World Bank at $2 million each -- are supporting the construction of approximately 300 kilometers of rural access roads and the upgrading of about 150 kilometers of secondary and minor roads.

Major Issues To Be Addressed During Project Development: A number of implementation issues will be closely studied during project design, drawing on lessons learned during the ongoing A.I.D.-supported roads projects (615-0168 and 0170) in Western Kenya. These issues include (1) optimal mix of labor and equipment in road construction and maintenance; (2) inter-ministerial cooperation in ASAL development; and (3) the selection and approval process for particular roads to be constructed.

Target Group: The estimated population of Kitui District will be 388,000 by 1985. Of this population, perhaps fifty percent will potentially benefit from greater access to goods and services at reasonable prices, lower agricultural input prices and reduced transport costs for produce. The roads will also serve as a stimulus to the embryonic trading and transport industry in Kitui. In addition, social services, such as health and family planning, will be delivered more efficiently.

PROJECT NUMBER	:	615-0196	
PROJECT TITLE	:	Coast Institute Development	
PROPOSED FUNDING (Thousands $)	:	FY 1981	-
		FY 1982	Grant $10,000
		LOP	Grant $10,000
APPROPRIATION ACCOUNT:		FN	

Purpose: To increase the capability of the Government of Kenya (GOK) to provide certificate level trained personnel for the Agricultural Extension Service.

Problems To Be Addressed: An AID-financed agriculture manpower assessment recommended, among other things, a major expansion of Kenya's capability to train agricultural personnel to the two-year certificate level. The demand for this type of personnel is projected to be 6,390 by 1983 (the planned start-up date for the Coast Agricultural Institute) and to rise to 14,082 by 1988. The need will be met partially by expansion of the current combined output of 375 per year from the three existing institutes and by creation of a new institute at the Coast which is to produce approximately 320 certificate holders per year. The three existing two-year certificate-level institutions offer programs in the areas of crop production, animal production, agricultural engineering, farm management, home economics, extension and administration. As these institutions are located in the highlands, the students have little opportunity to learn of and gain experience with lowland, tropical agriculture. The Coast Agricultural Institute will provide both a general curriculum and the opportunity for specialized study in coastal agriculture. Students from the highlands institutes will rotate to the Coast Agricultural Institute for a period of some three to four months in order for them to get a meaningful exposure to lowland agriculture. At the same time, the regular student from the Coast Agricultural Institute will be undergoing a similar experience at the highland institutes.

The preliminary feasibility study for the Coast Agricultural Institute was completed under the Agricultural Systems Support Project (615-0169) for consideration by USAID and the World Bank. Government has indicated that they would like AID assistance in training of the faculty, supplying the necessary technical assistance, and providing such commodities as laboratory equipment, farm implements, vehicles, etc. The World Bank (possibly with other donors) has been asked to help finance construction of the physical facilities (buildings, infrastructures, and fixed equipment).

Host Country And Other Donors: The project will be administered through the Ministry of Agriculture's Manpower/Training Division. The GOK will provide at least 25 percent of the cost of the proposed project, while the World Bank (or other donors) will provide some $15 to $18 million for the basic construction and infrastructure.

Major Issues To Be Addressed During Project Development: An issue in this project is the ability of the GOK to cover the recurrent costs of both operating the institute and the support of its graduates, a preponderance of whom will be employed by the Ministries. Another is the Government's commitment in strengthening and generally rejuvenating the agricultural Extension Service, without which the institute's impact on agricultural production would be considerably diminished. USAID has informed government that a study of the extension service and an action program for dealing with deficiencies identified by the study would be required if AID were to consider contributing to this activity. Government has agreed to this study. The final project is likely to evolve into a broader activity encompassing other aspects of the development of the extension service, not simply that of preservice training.

Target Group: The graduates of agricultural certificate institutions serve increasingly as the direct contact agents of Kenya's extension service. They currently comprise about one-third of the direct contact agents. The GOK plans to phase out the less well trained Junior Agricultural Assistants, replacing them with certificate holders. Increased and better trained extension agents will result in better quality service to the target group, the nation's smallholder farmers (particularly those in the coastal area), enabling them to increase their production and income.

PROJECT NUMBER : 615-0207

PROJECT TITLE : Nutrition Planning

PROPOSED FUNDING : FY 1981 -
(Thousands $)
FY 1982 Grant $1,500
LOP Grant $1,500

APPROPRIATION ACCOUNT: FN

Purpose: To help the Government of Kenya(GOK) develop a nutrition strategy and establish a capability to plan and coordinate Government and non-Government nutrition planning, research, training and project implementation.

Problems To Be Addressed: The National Nutrition Survey conducted by the Central Bureau of Statistics in February-March 1977 found about one-third of rural Kenyan children in the one to four year age group to have mild to moderate Protein Energy Malnutrition (PEM). Another major problem identified was wide-spread anemia among women, especially pregnant women. Ongoing programs to combat these and related problems include: 1) various Ministry of Health programs, such as the MCH/Family Planning program and training of Nutrition Field Workers at the Karen College of Nutrition; 2) the Ministry of Housing and Social Services' Family Life Training Centers; 3) numerous non-Government efforts such as P.L. 480 Title II MCH and preschool feeding programs; and 4) missionary-operated MCH programs.

The GOK's Development Plan for 1979-83 aims to alleviate malnutrition among the most nutritionally vulnerable groups, i.e., pastoralists, small farmers with low income or those who grow only cash crops, landless rural workers, urban poor and (especially) preschool children and pregnant and lactating women. To help achieve this goal, the GOK is integrating food and nutrition considerations into overall policy. This endeavor will require a multi-year effort and close coordination between GOK Ministries and other organizations. Such coordination is especially critical given the number of nutrition-related activities already being implemented and the increasing interest of Government, donors and non-government entities in such activities. A Food and Nutrition Planning Unit (FNPU) has been established in the Ministry of Economic Planning and Development (MEPD); to date, only one staff position has been filled, however. In addition, an Inter-Ministerial Coordinating Committee composed of representatives from relevant Ministries and non-Government organizations involved in food and nutrition activities will be established. Within this institutional framework, existing planning divisions in all relevant Ministries will be strengthened. The Ministries of Agriculture and Health will have full-time nutrition officers for assessing nutritional implications in the formulation of development projects.

Through two years of technical assistance, training, feasibility studies and limited commodities, this A.I.D. project will assist the FNPU within the MEPD to strengthen its capacity to coordinate existing Government and non-Government nutrition research, training and action programs to meet the needs of people more effectively. Other key Ministries will be assisted in strengthening their nutritional impact assessment and planning capabilities. As an important component of this project, feasibility studies will assess how the capability of various GOK institutions and programs (e.g., Karen College of Nutrition, the Nutrition Field Workers program, and the Family Life Training program) can be augmented and integrated into other development programs.

Host Country And Other Donors: Responsible GOK implementing agencies will be those identified above. The GOK will provide facilities, personnel and operational expenses estimated at a minimum of 25 percent of the total costs of the project. Other donors (e.g., UNICEF), are expected to fund complementary activities.

Major Issues To Be Addressed During Project Development: To date, the GOK has not taken a substantive role in planning and coordinating nutrition activities. The major issue to be addressed is thus the ability of the GOK to establish nutrition policies and plans and to coordinate these in an effective multi-sectoral approach among the several relevant GOK Ministries and numerous non-Government organizations in a manner that will have a direct impact on the nutritionally vulnerable populations in Kenya.

Target Group: Ultimate beneficiaries will be Kenya's nutritionally vulnerable rural and urban dwellers, especially children under five and pregnant and lactating women.

PROJECT NUMBER : 615-0208

PROJECT TITLE : Small Business Development

PROPOSED FUNDING : FY 1981 Grant $1,200

(Thousands $) FY 1982 -

LOP Grant $1,200

APPROPRIATION ACCOUNT: FN

Purpose: To enhance the production capabilities and employment potential of small-scale entrepreneurs in rural market centers and secondary cities.

Problem To Be Addressed: Small-scale enterprises in Kenya provide a wide range of needed goods and services to the poor; assist in absorbing Kenya's growing labor force; play a significant role in formation of capital goods industries; and, finally, serve to develop Kenyan entrepreneurial talent. Illustrative areas of small business activity include manufacturing, clothing, craftmaking and services (such as small hotels and restaurants). The Government of Kenya's (GOK) Development Plan estimates that there are at least 40,000 small scale enterprises in the rural areas, and another 30,000 in main cities and towns, which together provide employment for about 500,000 people. These enterprises are characterized by managerial ignorance, lack of knowledge as to when and how to use credit, and poor access to formal credit systems. Under a 1977 OPG, AID/afr-6-1268, the Partnership for Productivity (PfP), has had mixed, but on the whole positive, results in assisting a limited number of such enterprises in western Kenya through (a) technical assistance in such categories as record-keeping, inventory control and money management and (b) loans to its more progressive and competent clients. Through this project the coverage established under the current experimental OPG will be extended to a much larger beneficiary group.

Drawing on lessons learned from the PfP OPG, appropriate PVO operations will be significantly expanded in western Kenya and will commence in Coastal, Eastern and Central Provinces. The PVO will stress, in this expanded program, an integrated development approach adapted to the economic and cultural characteristics of subsistence - level beneficiaries. Every attempt will be made to "graduate" successful clients into the commercial banking channel and to encourage the use of sound money management and other principles of financial management.

Host Country And Other Donors: Local entities, such as rural market committees and women's groups will be consulted and involved to the extent practical. The PVO is expected to secure additional funding, amounting to at least 25% of project costs, from the GOK, and perhaps the Ford Foundation and bilateral donors.

Major Issues To Be Addressed During Project Development: Issues to be examined during project design include: (1) workable arrangements for encouragement of small scale entrepreneurs to use the commercial banking sector; (2) practicality of a PVO recruiting, training and retaining the large number of extension workers which project success will imply; and (3) long-term viability of a PVO program through financing other than AID's.

Target Group: Technical assistance from the PVO would reach an estimated 5,000 low-income small entrepreneurs over the life of the project. Of these, 2,000 would receive credit and perhaps 400 graduate into commercial banking channels.

PROJECT NUMBER : 615-0206

PROJECT TITLE : Kitui Rural Health

PROPOSED FUNDING	FY 1981	–	
(Thousand $)	FY 1982	Loan	$3,800
		Grant	$2,500
		Total	$6,300
	LOP	Loan	$3,800
		Grant	$2,500
		Total	$6,300

APPROPRIATION ACCOUNT: HE

Purpose: To establish a Government of Kenya (GOK) capability in constructing, staffing and maintaining low-cost health services in arid and semi-arid lands (ASAL).

Problems To Be Addressed: Kenya's 1979-83 National Development Plan establishes two major components for its rural health services program: 1) expansion of health services to rural areas; and 2) promotion of community-based participation in the delivery of health services with greater exphasis on cooperation and coordination between Government and non-Government agencies.

With health services extended primarily from static facilities, only about 25-30 percent of the rural population can be reached effectively. The Ministry of Health (MOH) therefore plans to enlarge its field arm to emphasize community-based health systems relevant to the varied ecological, cultural, economic and social conditions that exist in Kenya. Through the provision of grant-financed technical assistance and training and loan-financed commodities and rehabilitation/construction of health facilities, this project will assist the GOK to expand its rural health services more effectively into ASAL areas by designing, planning and implementing a district-level rural health program for Kitui District. The project will develop a mix of static, mobile and community-based health services that are low cost and designed to reach the maximum number of people in the district. Finally, the project will complement related A.I.D. efforts under the Health Planning and Information Project (615-0187) and the ASAL Development Project (615-0172).

Host Country And Other Donors: The MOH will provide facilities, personnel and operational expenses estimated at $2 million over the life of this four-year project. Other donors are expected to fund similar activities (e.g., World Bank in Baringo District) as well as complementary activities (e.g., SIDA, World Bank).

Major Issues To Be Addressed During Project Development: The major issues will be the ability of the GOK to provide the recurrent costs and trained personnel for staffing and operating the newly constructed and rehabilitated static health facilities proposed for Kitui. Secondary issues include the level of GOK commitment to the support and integration of non-Government health services into the MOH rural health services delivery program, the GOK's ability to establish viable patient referral and drug distribution systems, and the delineation of an appropriate mix of static, mobile and community-based health services to meet the primary health care needs of the people of Kitui District at an affordable cost to the MOH.

Target Group: It is expected that this project will extend basic health services to reach up to 80 to 90 percent of the total rural population of 446,000 in Kitui District. Presently less than 60 percent of this group is being reached

PROJECT NUMBER : 615-0178

PROJECT TITLE : Training for Development

PROPOSED FUNDING : FY 1981 -
(Thousands $)
FY 1982 Grant $1,500
LOP Grant $4,500

APPROPRIATION ACCOUNT: EH

Purpose: Provide selected personnel with the skills necessary to enable the GOK to implement its development programs.

Problems To Be Addressed: The GOK is currently lacking in many of the human resources skills necessary to successful formulation and implementation of its major developmental activities. This problem is especially severe in the areas of management and administration in such ministries as Environment and Natural Resources; Housing and Social Services; Basic Education; and Labor. In recognition of this problem, the GOK's 1979/83 Development Plan assigns major importance to the training/human resources category. The Directorate for Personnel Management (DPM) within the Office of the President serves as coordinator of training programs funded from GOK and donor resources. DPM is now (Spring of 1980) completing a major review and analysis which will identify short-term (5 year) critical gaps in Civil Service staffing levels. The GOK will thereafter be seeking donor assistance to help address those gaps falling within important developmental categories.

USAID has been assisting the GOK in human resources development in recent years through the participant training component of all USAID/GOK bilateral projects in such fields as agriculture, population, and health. Other human resources training requirements in development categories where A.I.D. has not had bilateral projects, such as energy, environment, education and trade union development, have been addressed through the African Manpower Development Project (AMDP), which is funded on an Africa Bureau-wide basis. AMDP has been found an increasingly useful development activity in recent years by both USAID and GOK. However, due to its regional nature, AMDP has not been able to make resources available in a magnitude sufficient to address the problem of the GOK's growing need for competently trained managers, especially at the middle levels. It is to address these requirements, in a magnitude and manner designed to make a significant impact, that the current project is proposed.

Host Country And Other Donors: DPM, in consultation with line Ministries, will be the GOK's implementation agency. The GOK will provide at least

25 percent of total project costs. Other donors, such as UNDP, UK and FRG, have regularly been contributing to meeting a portion of the GOK's human resources requirements; these programs are expected to continue.

Major Issues To Be Addressed During Project Development: There are two major issues which must be addressed during project design. One is the GOK's terms of service for civil servants and their affect on retention of personnel and loss to the private sector. The second is the demand for high pay by higher educated civil servants and the overall effect of demand for higher salaries on the GOK's recurrent costs.

Target Group: Primary beneficiaries will be those Kenyans who receive training as well as those served through the efforts and contributions of returned participants.

Table V
Proposed Program Ranking
Supporting Narrative

Overview

The FY 1982 program pursues the Mission's major strategy thrusts toward increased smallholder agricultural production, generation of off-farm employment, population planning and enhancing social service delivery systems. Major development initiatives that will be underway at the beginning of FY 1982 will include: Arid and Semi-Arid Lands (ASAL) development in Kitui District, Eastern Province; development of new technologies for small farmers and pastoralists; improving rural market centers in western Kenya and the ASALs; reduction of smallholder post-harvest crop losses; further decentralization of rural planning; health planning; population and family planning; community water supply systems; renewable energy development; and shelter and community services in secondary cities. Most of these activities have a substantial element of primary delivery of services to farm cultivators, pastoralists and rural village dwellers in Western Kenya and the ASALs. Rural planning; reduced crop storage losses, improved agriculture technologies; and renewable energy development, which are countrywide in focus, are designed to set in place the institutional framework necessary to enable rural people to deal more directly with development constraints.

New initiatives for FY 1982 include: (1) rural access roads in the ASAL of Kitui District, (2) rural health services delivery in Kitui, (3) nutrition planning, (4) development of a Coast Institute to train extension agents and (5) substantial funding for private voluntary organizations that have special competencies in such areas as population, health, agri-business, income generation activities, and trade union development in rural areas.

The FY 1982 program also includes PL 480 Title I credits for wheat and maize and continuation of Title II volag MCH and pre-school feeding and food-for-work activities with increased emphasis on nutritionally vulnerable groups. The agriculture and export development activity to be funded in FY 1980 and 1981 by the Economic Support Fund will still be in implementation but will not receive additional funds. There will be no additional Housing Guaranty Programs for Kenya until FY 1983.

Only two ongoing projects will require funds in FY 82; the "mortgage" on future funds will be reduced to one last tranche of $5.5 million in FY 1983. All projects approved in FY 1980 and beyond will be fully funded at the time of initial obligation.

The 1982 additions to the Mission's program will specifically support two of four U.S. development objectives: No. (1) increasing employment, income and smallholder production and No. (4) planning and delivery of social services.[1/] Geographic focus of the program will be the ASALs, through rural roads and health services projects, and development of the Coast Institute to train field extension workers. Special emphasis will be given to PVOs to establish services delivery systems in rural communities. Ongoing activities forward funded in prior years will continue to sustain program momentum toward the other two objectives of the Mission's strategy: No. (2) reducing population growth, No. (3) energy development. In all U.S. funded activities development opportunities for women, family health and other factors that can be expected to reduce fertility will be emphasized. In FY 1983 and beyond, the family planning information and education programs of FY 1981-1982 will be followed by major family planning service efforts.

[1/] USAID Kenya, FY 1982 CDSS, pp. 31-33

Decision Package: Minimum

The Minimum package, at $23.75 million, reflects a program strategy which: (1) pays off two-thirds of the Mission's outstanding mortgage for two major agricultural projects (ASSP and ASAL Development), (2) initiates a rural access roads program, (3) establishes a rural services program in Kitui District, a major ASAL area in which there will be ongoing activities in food production and soil and water conservation, and (4) enhances the momentum in family planning through private voluntary organizations. Funding, however, for other OPGs will be held in abeyance at the Minimum level. PDS funds will not be required at this level on the assumption that program preparation for future year activities is not part of a Minimum effort.

Reduction of the mortgage of future program obligations is necessary to increase the efficiency of the work force over the next five years. A significant amount of time is required to justify increments of funding for ongoing projects for each annual ABS, Congressional Presentation, OYB and allotment process as well as for annual negotiations with Government. It will become increasingly necessary that available personnel resources be channeled to implementation of ongoing projects, identification and design of new initiatives and program and project evaluation. For these reasons it has become Mission policy to give priority to reduction of the outstanding mortgage and to fully fund new activities.

The rural roads initiative in Kitui directly supports the U.S. strategy to expand smallholder production and incomes in ASAL areas. The scarcity of unused lands in areas of high agricultural potential has driven farmers into the medium and low potential ASALs. These areas are experiencing population pressures and soil erosion caused by inappropriate technologies. The ASALs contain approximately 15 percent of all poor smallholder farmers (over 750,000 persons), 37 percent of the national cattle herd, 65-70 percent of the sheep and goats and virtually all the camels. These areas are endowed with a relatively poor and fragile natural resource base of limited productivity. The people have low incomes and poor access to social and economic services.

Current U.S. supported development activities in the ASALs include soil conservation and research and extension of drylands cropping and rangeland management systems. These activities will provide the institutional base in Kitui District necessary to bring improved and appropriate agricultural practices and inputs to smallholders. The need for efficient road linkages with smallholders, affordable production inputs and economical transport production surpluses to markets are next in the sequence of development activities in Kitui. Mission experience with construction of rural access roads in western Kenya indicates a strong positive correlation between such construction and expanded marketing and other economic activity and spontaneous creation or expansion of rural trade centers where economic and social services can be provided. The ASAL roads project will finance the construction and rehabilitation of 1,500 Km of rural access roads, bridges and culverts in Kitui District. This is the minimum necessary to support and expand the effect of U.S. investment in smallholder production in this area.

Forward momentum of the U.S. supported ASAL program, limited geographically to Kitui District, will be provided by the rural health services delivery project. Adequate and accessible health services are among the important basic needs recognized by Government, but financing to date has been mainly for traditional, capital intensive and high recurrent cost systems. The U.S. strategy is to advocate and demonstrate innovative, low cost approaches that can be replicated through an enhanced institutional capacity, development of such approaches is being supported by the current health planning project. Given Government's resource limitations and the reluctance of the U.S. and other donors to continue to finance high cost systems, more efficient and innovative approaches are needed if health services are to reach a significant proportion of Kenya's low income population. The priority given to this health program stems from U.S. commitment to Government to experiment and undertake efforts to identify appropriate technologies and low cost delivery systems for social services that are sustainable within the resource constraints of local administrations.

The proposed PL 480, Title I program is based on current Mission and Government projections of Kenya's ability to reorient its food production capacity by 1984. On the basis of best estimates of food demand and Kenya's capacity to overcome its agricultural production constraints in the near term, a proposed level of $15 million is required at the Minimum package. Title I is important to ensure that people are fed, reduce Kenya's foreign exchange outlay for food, and mitigate the political pressure on Government that inevitably follows serious food shortages. The Mission proposes a food package consisting of about 20,000 MT of wheat and about 89,000 MT of yellow corn. If, as Kenya planners and agricultural experts predict, marketing and storage disparaties are alleviated in 1982, the harvest in October/November 1983 may satisfy most of Kenya's food requirements. In such an event, a fifty-fifty probability in view of Kenya's current high rate of population growth, FY 1983 would be the last year for Title I assistance as an annually programmed requirement. (See PL 480 Section of the ABS for an analysis of Kenya's food crops production constraints.)

Title II food programs have been important interventions in combatting malnutrition in Kenya since the early 1960s. In recent years Title II program focus has shifted toward integration of nutrition, education/information and health for preschoolers in the crucial 0-5 year age group and food for work projects. Title II programs support the GOK's strategy for increasing emphasis on promoting better nutrition and health. These programs will continue in Kenya for the foreseeable future with priority given to selected, high risk target populations such as preschoolers, handicapped children and persons in serious food deficit areas as well as food for work activities. The 1982 program proposal projects a target group of about 150,000 recipients that require 9,400 MT of food valued at $6.2 million (CIF).

If there were no new obligations in 1982 and beyond, the USAID workforce of FY 1981, a total of 61 USDH and FNDA, could be reduced by eight persons by the end of FY 1982. However, implementation of the Minimum program and design of the Current, AAPL and future year programs will require 31 USDH and 38 FNDH positions (USAID plus RHUDC). This is based on the requirement to allocate six USDH and ten FNDH positions, currently on USAID/Kenya's personnel planning level, to EAAC or other overseas organizations.

Decision Package: Current

The Current Package of $6.25 million provides financing for (1) human resources development, (2) PVO initiatives in population, health, employment generation, and trade union development, (3) a nutrition planning initiative and (4) funding to design projects for FY 1983 and beyond. This Package basically rounds out the FY 1980-1982 program by providing resources to address additional significant economic and social needs of the smallholders and other rural dwellers who are the main target of the Kenya program strategy.

Highest priority is given to the training of Kenyans in development related fields through a bilateral project that will replace and expand the Kenya allotment from the African Manpower Development project. The project is designed to enhance the capacity of GOK institutions to plan, implement and evaluate Kenya's development programs. Key individuals from various government entities will be selected for graduate level training in the United States or other appropriate countries. Past candidates have been trained from several Ministries, such as; Economic Development and Planning, Finance, Water Development, Agriculture and Education, and various parastatal bodies. Their return to and successful performance in Government assignments is a positive indication of program effectiveness and augurs well for continuation and expansion of this effort.

PVOs are playing an increasingly important role in implementing basic needs development activities in Kenya. A number of PVOs, U.S. and Kenya-based, have proposed and implemented projects that are strong in their development purpose, innovative and replicable. These have been in such areas as preventive, promotive and therapeutic health care (rural primary health care and blindness prevention), mobilization of savings (credit cooperatives) and business and employment generation (technical assistance to small entrepreneurs). Second priority in the Current Package is accorded to PVO efforts in health, and community and business services that can serve as models to government and other private sector organizations for expanding services and income generating activities. Approval and funding of PVO activities are not accomplished without cost in staff time; therefore, the Mission will concentrate on those activities that have the most promise for development impact within the program strategy and the best linkage to U.S. bilateral or PL 480 supported food-for-work programs.

Program and project design activities for FY 1982 and beyond will have to be financed in FY 1982 to permit timely development of project ideas and preparation of necessary studies and analyses. In keeping with Mission strategy (see Kenya CDSS), relatively few new initiatives are scheduled for FY 1983. Therefore, requirements for project design funding in FY 1982 will be modest. New initiatives will be in energy, health and population.

The last priority of the Current Package is a modest nutrition planning project designed to enhance Kenya's policy making, planning and coordination capacity in this area. Studies of Kenya's nutrition problems have noted and reported duplication in nutrition education programs and research and a generally ineffective nutrition extension system. The major problem is lack of direction and leadership for an amalgamation of Government and privately financed nutrition programs. The modest FY 1982 effort exemplifies the strategy to help Kenya begin planning to meet a basic need and open the way for other donors and private interests to coordinate efforts to respond to the pervasive problem of malnutrition affecting Kenyans in all geographical areas of the country.

The Current program level can be designed and implemented without addition of personnel. The human resources development activity is an expansion of the African Manpower Development Project currently managed by the Mission. The time that is now spent justifying Government and Mission priorities and objectives to AID/Washington, waiting for funding allocations and curtailing the program when requested funds are not available can be spent in planning and implementing an expanded program with Government. The review of PVO projects and programmed design efforts to be funded under Program Development and Support will require the allocation of some staff time; that allocation will have to be at the expense of attention to centrally funded activities and visitors that are not integral to the U.S. bilateral program strategy. The nutrition project will be developed by an officer of the Mission who backstopped the studies leading to the conclusion that nutrition planning is essential for this Government, is the USAID's Food for Peace officer and contributes an analytical perspective on all projects from the point of view of nutrition (as the population officer provides a similar perspective from the point of view of effect on fertility).

Decision Package: AAPL

The AAPL Package contains a single new initiative, the Coast Institute. More than just another agricultural educational training facility, the Institute represents an expansion of Kenya's certificate level training capacity and a quantum increase in the quality of training, primarily in crops and technologies in non-highland agriculture. Training in this area is important for the future of ASALs and tropical agriculture in Kenya. Graduates will be the agricultural agents who will provide the linkages between farmers and district and provincial agricultural officers.

If work on the Institute commences in 1982 as planned, the first graduates should be assigned to the field in 1987. Kenyan agricultural research institutions should be adequately staffed by Kenyan experts by then to ensure a steady flow of new technology packages to field agents who are responsible for ensuring that these new ideas are understood and used by farmers. The U.S. strategy to increase smallholder production rests essentially on the success of the communications linkage between researcher and farmers. A vital link in this chain is formed by the local agents whose current level of training is disproportionate to the important role they play in reaching farmers. In the future, most will receive two years of specialized training following four years of secondary school. Regardless of background, local agents are recruited for training with the idea they will be assigned subsequently to their own locality at the end of two years of certificate level schooling. Many agents return to their home farms and continue to cultivate on a part-time basis while working for the Extension Service. They often use their own farms to demonstrate new technologies and practices. Others depend on cooperators in the community to demonstrate new ideas. In either case, local agents are expected to be self starters, teachers and facilitators of new technologies, skills that are rare in many developing countries, but which will be the center piece of the Coast Institute curriculum. The Coast Institute was conceived by Kenya Government officials with this kind of training in mind.

Design of the U.S. funded portion of the multi-donor Coast Institute Development Project (technical assistance in curriculum and staff development and teaching equipment) is in large part completed. The IBRD, prospective donor for financing construction, has not as yet completed its appraisal of the project. As final commitments are made by all parties to the project, the Institute's development can move ahead without additions to USAID staff. The project will be designed in such a way that the Mission role in monitoring and implementation is minimal, as the staff of the Agriculture Division is, and will be, heavily burdened with implementation of activities authorized in the recent past.

Bureau Code: Decision Code:

TABLE V - FY 1982 PROPOSED PROGRAM RANKING

DECISION UNIT KENYA

RANK	DECISION PACKAGES/PROGRAM ACTIVITY		PIPELINE/ ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING ($000)		WORKFORCE (Number of Positions)			
		DESCRIPTION				INCR	CUM	USDH INCR	USDH CUM	FNDH INCR	FNDH CUM
	DECISION PACKAGE MINIMUM										
	PIPELINE PROJECTS										
	615-0165	PSRC	P	G	PN	(911)	(911)				
	615-0168	Rural Roads	P	G	FN	(803)	(1,714)				
	615-0177	Community Water I	P	G	HE	(3,500)	(5,214)				
	615-0180	Drylands Cropping Systems	P	G	FN	(3,750)	(8,964)				
	615-0182	Rural Market Centers	P	G	FN	(2,000)	(10,964)				
	615-0182	Rural Market Centers	P	L	FN	(3,000)	(13,964)				
	615-0187	Health Planning	P	G	HE	(1,300)	(15,264)				
	615-0189	Rural Planning II	P	G	FN	(950)	(16,214)				
	615-0190	Food Crops Storage	P	G	FN	(7,400)	(23,614)				
	615-0193	Family Planning II	P	G	PN	(1,800)	(25,414)				
	615-0201	National Coop Housing (OPG)	P	G	SD	(550)	(25,964)				
	615-0205	Renewable Energy Development	P	G	FN	(4,149)	(30,113)				
		(FY 80-81) New OPG's	P	G	FN	(600)	(30,713)				
		(FY 80-81) New OPG's	P	G	PN	(350)	(31,063)				
		(FY 80-81) New OPG's	P	G	HE	(450)	(31,513)				
		(FY 80-81) New OPG's	P	G	SD	(300)	(31,813)				
		PDS Housing Guaranty Evaluation	P	G	SD	(150)	(31,963)				
		SUBTOTAL (Non-Add)					(31,963)	26	26 1/	35	35 1/
	NEW AND CONTINUING PROJECTS										
1.	615-0169	ASSP	O	G	FN	5,128	5,128				
2.	615-0172	ASAL Development	O	G	FN	3,822	8,950				
3.	615-0191	ASAL Roads Networks	N	G	FN	2,000	10,950				
3.	615-0191	ASAL Roads Networks	N	L	FN	6,000	16,950				
4.		Population (OPG)	N	G	PN	500	17,450				
5.		PL-480 Title I	-	-	-	(15,000)	17,450				
6.		PL-480 Title II	-	-	-	(4,500)	17,450				
7.	615-0206	Kitui Rural Health	N	G	HE	2,500	19,950				
7.	615-0206	Kitui Rural Health	N	L	HE	3,800	23,750				

Bureau Code: Decision Code:

TABLE V - FY 1982 PROPOSED PROGRAM RANKING

DECISION UNIT KENYA

RANK	DECISION PACKAGES/PROGRAM ACTIVITY DESCRIPTION	PIPELINE/ONGOING/NEW	LOAN/GRANT	APPROP. ACCT.	PROGRAM FUNDING ($000) INCR	PROGRAM FUNDING ($000) CUM	WORKFORCE (Number of Positions) USDH INCR	USDH CUM	FNDH INCR	FNDH CUM
	Basic Work Force	-	-	-	-	23,750				
	Work Force Increment for Project Design	-	-	-	-	23,750	5	31 1/	3	38 1/
	TOTAL MINIMUM PACKAGE AND RELATED WORKFORCE					23,750	31		38	
	DECISION PACKAGE CURRENT									
8.	615-0178 Training for Development	N	G	EH	1,500	25,250				
9.	Health OPG	N	G	HE	1,000	26,250				
10.	SDA OPG	N	G	SD	2,000	28,250				
11.	POP/FP PDS	N	G	PN	50	28,300				
12.	FN PDS	N	G	FN	200	28,500				
13.	615-0207 Nutrition Planning	N	G	FN	1,500	30,000				
	Workforce Increment Current Package					30,000				
	Total Current Package and Related Workforce				6,250		-	31 1/	-	38 1/
	DECISION PACKAGE AAPL									
14.	615-0196 Coast Institute Development	N	G	FN	10,000	40,000				
	TOTAL AAPL PACKAGE AND RELATED WORKFORCE				10,000		-	31 1/		38 1/

AID 1330-9 (4-80)

Bureau Code: Decision Code:

DECISION UNIT KENYA

TABLE V - FY 1982 PROPOSED PROGRAM RANKING

RANK	DECISION PACKAGES/PROGRAM ACTIVITY DESCRIPTION	PIPELINE/ONGOING/NEW	LOAN/GRANT	APPROP. ACCT.	PROGRAM FUNDING ($000) INCR	PROGRAM FUNDING ($000) CUM	WORKFORCE (Number of Positions) USDH INCR	USDH CUM	FNDH INCR	FNDH CUM
	1/ Personnel levels are less than planning levels. Personnel levels: (a) include USAID and RHUDO/EA staff. (b) exclude, as non-Mission-specific, the offices of AAG/EAR and EAAC. (c) include 2 USDH and 1 FNDH of the RHUDO/EA staff for Housing Programs outside Kenya; and in EXO 2 USDH and 5 FNDH for Regional Management Support. (d) Exclude 12 FNDH in EXO which the Mission proposes to put on contract before the end of FY 1980.									

TABLE VI
PROJECT SUMMARY

NUMBER OF PROJECTS[1/]

	FY 79	FY 80	FY 81	FY 82 MIN	FY 82 CURR	FY 82 AAPL
IMPLEMENTATION AT BEGINNING OF YEAR.......... 2/	17 (3)	22 (5)	21 (7)	23 (7)	23 (7)	23 (7)
MOVING FROM DESIGN TO IMPLEMENTATION DURING YEAR..........	5 (2)	5 (3)	7 (3)	3 (1)	6 (2)	7 (2)
DESIGN FOR FUTURE YEAR IMPLEMENTATION..........	4 (3)	6 (3)	7 (2)	2 (2)	5 (3)	5 (3)
SUBTOTAL..........	26 (8)	33 (11)	35 (12)	28 (10)	34 (12)	35 (12)
NUMBER OF NON-PROJECT ACTIVITIES.......... 3/	4	7	7	5	5	5
TOTAL..........	30	40	42	33	39	40

NUMBER OF PROJECTS MOVING FROM DESIGN TO IMPLEMENTATION BY PROJECT SIZE

AID'S CONTRIBUTION TO LIFE OF PROJECT COST	FY 79	FY 80	FY 81	FY 82 MIN	FY 82 CURR	FY 82 AAPL
LESS THAN $1 MILLION..........	2	1	2	1	1	1
$1 TO $5 MILLION..........		4	3		3	3
$5 TO $15 MILLION..........	3		2	2	2	3
$15 TO $25 MILLION..........						
MORE THAN $25 MILLION..........						

See page 37 for notes.

Table VI
(Continued)

Explanatory Notes For Table VI

1/ The number of OPGs included in each total is shown in parentheses.

2/ The number of projects in implementation at the beginning of each year is overstated by one project. This additional project is included to represent the amount of Mission effort (at least one person-year) required for AID/W funded projects. See list appended to Table I.

3/ Includes P.L. 480 Title I and Title II; Sector Resource Transfers; and Housing Guaranty Projects (for Kenya only). Excludes Housing Guaranty projects in other East and Southern African countries for which regional office personnel in Nairobi have direct responsibility (one in 1979, four in 1980, eight in 1981, and 12 in 1982).

USAID/Kenya
Comments on Operating Expense Budget

Background

The administration of Operating Expenses (OE) for AID organizations in Kenya is probably unique within the Agency: The USAID/Kenya Executive Office provides administrative and logistical support to all AID operations in Kenya (USAID/K, AAG/EAFR, REDSO/EA and RHUDO); and the USAID Controller's Office (East Africa Accounting Center) provides financial management services to each of the aforementioned organizations and also to 14 client posts throughout Eastern and Southern Africa.

Recognizing the problems involved and workload implications inherent in attempting to separately fund, under multiple allotments, the cost of common and shared services for the AID Organizations in Nairobi and client posts in the region, the Bureau has concurred in our request to fund through the USAID/Kenya OE budget and allotment all OE funded services which are provided. USAID agreed, however, to develop budgets in a manner that shows the estimated direct and attributable costs for the various benefiting organization.

Table VIII shows that the combined requirements for 1981 and 1982 of $5,266 and $5,434 respectively. The following subsidiary tables show the costs applicable to the various organizations as follows:

	FY 1981	FY 1982
Table VIII (A) USAID/Kenya - Direct	$ 1,594	$ 1,622
Table VIII (B) AAG/EAFR - Direct	913	990
Table VIII (C) EAAC	898	898
Table VIII (D) Executive Office	680	739
Table VIII (E) REDSO/EA	1,171	1,277
	$ 5,266	$ 5,434

Also included for fiscal years 1980, 1981 and 1982 are analyses of USAID/Kenya OE funded costs showing operating expenses directly attributable to each organization and distributing the costs of the USAID/Kenya service organizations (EXO and EAAC) to the benefiting organizations based on existing workload levels.

Consistent with Nairobi 9215 EAAC is included in Table VII as "Non-Mission Specific." Controller services for USAID/Kenya represent less than 20 percent of EAAC's workload.

Discussion of the FY 1981 OE Requirements

The combined OE budget of USAID/Kenya (excluding AID/W funded costs) for FY 1981 exceeds by 43 percent the OE request for 1980 of $3,675 and by 64 percent the OE approved budget of $3,204.

The major factors contributing to this sharp increase are (1) rapid inflation particularly in rents and local services, (2) budget constraints during the current and prior years resulting in a build-up in our requirements, (3) fast growth in workload, particularly of EAAC, and (4) recognition of the need to up-grade support services capability. Significant increases from our 1981 ABS request are discussed below:

U.S. Direct Hire:

The increase is due to higher costs of airfares and transportation of HHE as well as an increase in post assignments and home-leaves. Most of the increase is due to USAID/Kenya and AAG/EAFR direct hire.

Foreign National Staff:

A general salary increase of 17 percent becomes effective June 15, 1980, and due to present workloads (refer to Nairobi 9215) our FSN staff must be increased.

FSN Contract Personnel:

Same as above.

Housing Expense:

A 25 percent inflation factor was used on all new leases and leases to be renegotiated in 1981. Provision is made for the first time for housing for two REDSO/EA longterm PSCs which is presently funded from REDSO's OE budget. In addition, provision has been made to acquire furniture and appliances previously deferred because of OE funding constraints.

Office Operations:

Additional space is being leased to ease crowding and provision is made for inflation (20 percent) since the building lease is to be renewed in September, 1981. In addition, provision has been made for (a) word processing equipment and training ($100,000),

(b) computer hardware and software ($230,000), (c) acquisition of two copying machines, (d) acquisition and installation of a generator capable of assuring an uninterrupted supply of electricity for essential office equipment such as the data processing equipment and electric typewriters, (e) replacement of four passenger vehicles and (f) office furniture and equipment to cover replacement and to augment present inventories.

(Note: Our estimates for ADP and WP equipment and related services are based on best information available here. These estimates could, however, be somewhat high).

USAID is responding under separate cover and State 120186/01, para. 4 regarding identification of action that could be taken in the event of funding cuts of 5, 10 and 20 percent.

TABLE VII
OPERATING EXPENSE FUNDED PERSONNEL
YEAR END POSITIONS

USAID/Kenya (Summary)

FUNCTIONS	FY 79 USDH	FY 79 FNDH	FY 79 US CONT	FY 79 FN CONT	FY 80 USDH	FY 80 FNDH	FY 80 US CONT	FY 80 FN CONT	FY 81 USDH	FY 81 FNDH	FY 81 US CONT	FY 81 FN CONT
Executive Direction	3	2			3	2			3	2		
Program Planning	7	2			6	2			6	2		
Project Design	3	1			3	1			3	1		
Project Implementation	.9	5			10	6			10	7		
Financial Management	INCLUDED UNDER "NON MISSION SPECIFIC" (see Table VII C)											
Mission Support	7	31		1	7	23		12	7	23		12
Non Mission Specific	19	21			18	23	1		18	27	1	
TOTAL..........	48	62		1	47	57	1	12	47	62	1	12
PLUS: PASAs (OE & Program)	10				11				8			
LESS: JAO Details		IDIs				IDIs				IDIs		
MODE Required	58	-			58	1a/			55	1a/		

See Tables VII (A), (B) and (C) for USAID; EAAC; and AAG/EAFR.

a/ Included in total USDH positions.

TABLE VII USAID/Kenya (Summary)

FUNCTIONS	FY 82 MINIMUM				FY 82 CURRENT				FY 82 AAPL			
	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT
Executive Direction									3	2		
Program Planning									5	3		
Project Design									3	1		
Project Implementation									10	7		
Financial Management												
Mission Support									7	23		12
Non Mission Specific									18	27	2	
TOTAL............									46	63	2	12
PLUS: PASAs (OE & Program)									7			
LESS: JAO Details		IDIs				IDIs				IDIs		
MODE Required									53	1 a/		

a/ Included in total USDH positions.

TABLE VII 'A'
OPERATING EXPENSE FUNDED PERSONNEL
YEAR END POSITIONS

USAID/Kenya (Mission)
(Including RHUDO)

FUNCTIONS	FY 79 USDH	FY 79 FNDH	FY 79 US CONT	FY 79 FN CONT	FY 80 USDH	FY 80 FNDH	FY 80 US CONT	FY 80 FN CONT	FY 81 USDH	FY 81 FNDH	FY 81 US CONT	FY 81 FN CONT
Executive Direction	3	2			3	2			3	2		
Program Planning	7	2			6	2			6	2		
Project Design	3	1			3	1			3	1		
Project Implementation	9	5			10	6			10	7		
Financial Management												
Mission Support	7	31		1	7	23		12	7	23		12
Non Mission Specific (RHUDO)	4	2			3	2			3	2		
TOTAL...........	33	43 1/		1	32	36 1/		12	32	37 1/		12
PLUS: PASAs (OE & Program)	10				11				8			
LESS: JAO Details		IDIs				IDIs				IDIs		
MODE Required	43	-			43	1 2/			40	1 2/		

1/ Does not include two part-time FN positions.

2/ Included in total USDH positions.

USAID/Kenya (Mission)
(Including RHUDO)

TABLE VII 'A'

FUNCTIONS	FY 82 MINIMUM				FY 82 CURRENT				FY 82 AAPL			
	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT
Executive Direction									3	2		
Program Planning									5	3		
Project Design									3	1		
Project Implementation									10	7		
Financial Management												
Mission Support									7	23		12
Non Mission Specific (RHUDO)									3	2		
TOTAL............									31	38[1/]		12
PLUS: PASAs (OE & Program)									7			
LESS: JAO Details		IDIs				IDIs				IDIs		
MODE Required									38	1[2/]		

1/ Does not include two part-time FN positions.

2/ Included in total USDH positions.

TABLE VII 'B'
OPERATING EXPENSE FUNDED PERSONNEL
YEAR END POSITIONS

USAID/Kenya
(AAG/EAFR)

FUNCTIONS	FY 79 USDH	FY 79 FNDH	FY 79 US CONT	FY 79 FN CONT	FY 80 USDH	FY 80 FNDH	FY 80 US CONT	FY 80 FN CONT	FY 81 USDH	FY 81 FNDH	FY 81 US CONT	FY 81 FN CONT
Executive Direction												
Program Planning												
Project Design												
Project Implementation												
Financial Management												
Mission Support												
Non Mission Specific	11	1			11	2 1/			11	3 2/	1 3/	
TOTAL..........	11	1			11	2			11	3	1	
PLUS: PASAs (OE & Program)												
LESS: JAO Details		IDIs				IDIs				IDIs		
MODE Required	11	-			11	-			11	-		

1/ Includes one FNDH auditor stationed in Tunis.

2/ Includes two FNDH auditors - one stationed in Tunis; and one anticipated to be stationed in Madrid.

3/ One U.S. resident hire secretary.

4/ Two U.S. resident hire secretaries. (See Page 2)

TABLE VII 'B'

USAID/Kenya
(AAG/EAFR)

FUNCTIONS	FY 82 MINIMUM				FY 82 CURRENT				FY 82 AAPL			
	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT
Executive Direction												
Program Planning												
Project Design												
Project Implementation												
Financial Management												
Mission Support												
Non Mission Specific									11	3	2	
TOTAL............									11	3 2/	2 4/	
PLUS: PASAs (OE & Program)									[illegible]			
LESS: JAO Details		IDIs				IDIs			–	IDIs		
MODE Required									11	–		

2/ and 4/ See Page 1

TABLE VII 'C'
OPERATING EXPENSE FUNDED PERSONNEL
YEAR END POSITIONS

USAID/Kenya
(EAAC)

FUNCTIONS	FY 79				FY 80				FY 81			
	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT
Executive Direction												
Program Planning												
Project Design												
Project Implementation												
Financial Management												
Mission Support												
Non Mission Specific	4	18			4	19			4	22		
TOTAL...........	4	18 1/			4	19 1/			4	22 1/		
PLUS: PASAs (OE & Program)	-				-				-			
LESS: JAO Details	-	IDIs			-	IDIs			-	IDIs		
MODE Required	4	-			4	-			4	-		

1/ Does not include two part-time FN positions.

USAID/Kenya

(EAAC)

TABLE VII 'C'

FUNCTIONS	FY 82 MINIMUM				FY 82 CURRENT				FY 82 AAPL			
	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT
Executive Direction												
Program Planning												
Project Design												
Project Implementation												
Financial Management												
Mission Support												
Non Mission Specific									4	22		
TOTAL............									4	22[1/]		
PLUS: PASAs (OE & Program)									-			
LESS: JAO Details		IDIs				IDIs			-	IDIs		
MODE Required									4	-		

1/ Does not include two part-time FN positions.

TABLE VIII

OPERATING EXPENSE SUMMARY USAID/Kenya (Summary)

COST SUMMARIES	FY 1979 ($000's)	FY 1979 Related Workyear	FY 1979 Unit Cost	FY 1980 ($000's)	FY 1980 Related Workyear	FY 1980 Unit Cost	FY 1981 ($000's)	FY 1981 Related Workyear	FY 1981 Unit Cost
US Direct Hire	2012	42.7	47	1912	40.1	48	2249	44.6	50
FN Direct Hire	274	54.2	5	511	57.9	9	666	62.4	11
US Contract Pers.	3	0.3	10	3	0.3	10	15	1.5	10
FN Contract Pers.	6	1.5	4	27	6.0	4	52	12.0	4
Housing Expense	656	36.0	18	1208	63.6	19	1886	74.0	25
Office Operations	609	xx	xx	1164	xx	xx	2170	xx	xx
Total Budget	3560	xxx	xxx	4825	xx	xx	7038	xx	xx
Mission Allotment	2110	xxx	xxx	3204	xx	xx	5266	xx	xx
FAAS	1/	xxx	xxx	122	xx	xx	132	xx	xx
Trust Fund	0	xxx	xxx	0	xx	xx	0	xx	xx

1/ FY 79 actual FAAS costs not available in the Mission.

TABLE VIII USAID/Kenya (Summary)

COST SUMMARIES	FY 1982 MINIMUM			FY 1982 CURRENT			FY 1982 AAPL		
	($000's)	Related Workyear	Unit Cost	(000's)	Related Workyear	Unit Cost	($000's)	Related Workyear	Unit Cost
US Direct Hire							2268	43.1	53
FN Direct Hire							778	64.4	12
US Contract Pers.							25	2.5	10
FN Contract Pers.							60	12.0	5
Housing Expense							2034	73.0	28
Office Operations		xx	xx		xx	xx	2080	xx	xx
Total Budget		xx	xx		xx	xx	7245	xx	xx
Mission Allotment		xx	xx		xx	xx	5434	xx	xx
FAAS		xx	xx		xx	xx	156	xx	xx
Trust Fund		xx	xx		xx	xx	0	xx	xx

TABLE VIII 'A'

OPERATING EXPENSE SUMMARY USAID/Kenya (Mission)

COST SUMMARIES	FY 1979			FY 1980			FY 1981		
	($000's)	Related Workyear	Unit Cost	($000's)	Related Workyear	Unit Cost	($000's)	Related Workyear	Unit Cost
US Direct Hire	2012	42.7	47	1054	20.5	51	1159	22.6	51
FN Direct Hire	274	54.2	5	65	11.9	5	103	12.7	8
US Contract Pers.	3	0.3	10	1	0.1	10	2	0.2	10
FN Contract Pers.	6	1.5	4						
Housing Expense	656	36.0	18	408	19.0	21	586	22.0	27
Office Operations	609	xx	xx	348	xx	xx	633	xx	xx
Total Budget	3560[2/]	xxx	xxx	1876	xx	xx	2483	xx	xx
Mission Allotment	2110	xxx	xxx	1004	xx	xx	1594	xx	xx
FAAS	[1/]	xxx	xxx	45	xx	xx	46	xx	xx
Trust Fund	0	xxx	xxx	0	xx	xx	0	xx	xx

1/ FY 79 actual FAAS costs are not available in the Mission.

2/ Includes costs for AAG/EAFR, EAAC, and EXO.

TABLE VIII 'A' USAID/Kenya (Mission)

COST SUMMARIES	FY 1982 MINIMUM			FY 1982 CURRENT			FY 1982 AAPL		
	($000's)	Related Workyear	Unit Cost	(000's)	Related Workyear	Unit Cost	($000's)	Related Workyear	Unit Cost
US Direct Hire							1107	21.1	52
FN Direct Hire							135	14.7	9
US Contract Pers.							2	0.2	10
FN Contract Pers.									
Housing Expense							589	21.0	28
Office Operations		xx	xx		xx	xx	665	xx	xx
Total Budget		xx	xx		xx	xx	2498	xx	xx
Mission Allotment		xx	xx		xx	xx	1622	xx	xx
FAAS		xx	xx		xx	xx	54	xx	xx
Trust Fund		xx	xx		xx	xx	0	xx	xx

TABLE VIII 'B'

OPERATING EXPENSE SUMMARY

USAID/Kenya
(AAG/EAFR)

COST SUMMARIES	FY 1979 2/ ($000's)	FY 1979 2/ Related Workyear	FY 1979 2/ Unit Cost	FY 1980 ($000's)	FY 1980 Related Workyear	FY 1980 Unit Cost	FY 1981 ($000's)	FY 1981 Related Workyear	FY 1981 Unit Cost
US Direct Hire				394	9.0	44	585	11.0	53
FN Direct Hire				26	2.0	13	56	3.0	19
US Contract Pers.				1	0.1	10	11	1.1	10
FN Contract Pers.									
Housing Expense				174	9.0	19	278	11.0	25
Office Operations 1/		xx	xx	197	xx	xx	418	xx	xx
Total Budget		xxx	xxx	792	xx	xx	1348	xx	xx
Mission Allotment		xxx	xxx	449	xx	xx	923	xx	xx
FAAS		xxx	xxx	13	xx	xx	15	xx	xx
Trust Fund		xxx	xxx	0	xx	xx	0	xx	xx

1/ This line includes following support costs (excluding FAAS) for AAG/EAFR:

	Fiscal Year 1980	1981	1982
Housing Expenses	174	278	307
Office Operations	66	174	182
	240	452	489

2/ FY 1979 costs are included in USAID/Kenya Table VIII A.

TABLE VIII 'B'

USAID/Kenya
(AAG/EAFR)

COST SUMMARIES	FY 1982 MINIMUM ($000's)	Related Workyear	Unit Cost	FY 1982 CURRENT (000's)	Related Workyear	Unit Cost	FY 1982 AAPL ($000's)	Related Workyear	Unit Cost
US Direct Hire							582	11.0	53
FN Direct Hire							64	3.0	21
US Contract Pers.							21	2.1	10
FN Contract Pers.									
Housing Expense							307	11.0	28
Office Operations		xx	xx		xx	xx	472	xx	xx
Total Budget 1/		xx	xx		xx	xx	1446	xx	xx
Mission Allotment		xx	xx		xx	xx	990	xx	xx
FAAS		xx	xx		xx	xx	18	xx	xx
Trust Fund		xx	xx		xx	xx	0	xx	xx

1/ See Page 1

TABLE VIII 'C' USAID/Kenya (EAAC)

OPERATING EXPENSE SUMMARY

COST SUMMARIES	FY 1979 [1/]			FY 1980			FY 1981		
	($000's)	Related Workyear	Unit Cost	($000's)	Related Workyear	Unit Cost	($000's)	Related Workyear	Unit Cost
US Direct Hire				207	4.0	52	223	4.0	56
FN Direct Hire				224	18.4	12	313	23.7	13
US Contract Pers.							1	0.1	10
FN Contract Pers.									
Housing Expense				67	4.0	17	100	4.0	25
Office Operations		xx	xx	180	xx	xx	444	xx	xx
Total Budget		xxx	xxx	678	xx	xx	1081	xx	xx
Mission Allotment		xxx	xxx	505	xx	xx	898	xx	xx
FAAS		xxx	xxx	16	xx	xx	18	xx	xx
Trust Fund		xxx	xxx	0	xx	xx	0	xx	xx

1/ FY 1979 costs are included in USAID/Kenya Table VIII A.

TABLE VIII 'C' USAID/Kenya (EAAC)

COST SUMMARIES	FY 1982 MINIMUM			FY 1982 CURRENT			FY 1982 AAPL		
	($000's)	Related Workyear	Unit Cost	(000's)	Related Workyear	Unit Cost	($000's)	Related Workyear	Unit Cost
US Direct Hire							297	4.0	74
FN Direct Hire							359	23.7	15
US Contract Pers.							1	0.1	10
FN Contract Pers.									
Housing Expense							110	4.0	27
Office Operations		xx	xx		xx	xx	229	xx	xx
Total Budget		xx	xx		xx	xx	996	xx	xx
Mission Allotment		xx	xx		xx	xx	806	xx	xx
FAAS		xx	xx		xx	xx	21	xx	xx
Trust Fund		xx	xx		xx	xx	0	xx	xx

TABLE VIII 'D'

USAID/Kenya
(Executive Office)

OPERATING EXPENSE SUMMARY

COST SUMMARIES	FY 1979 [1]			FY 1980			FY 1981		
	($000's)	Related Workyear	Unit Cost	($000's)	Related Workyear	Unit Cost	($000's)	Related Workyear	Unit Cost
US Direct Hire				257	6.6	39	282	7.0	40
FN Direct Hire				196	25.6	8	194	23.0	9
US Contract Pers.				1	0.1	10	1	0.1	10
FN Contract Pers.				27	6.0	4	52	12.0	4
Housing Expense				100	5.6	18	175	7.0	25
Office Operations		xx	xx	242	xx	xx	215	xx	xx
Total Budget		xxx	xxx	823	xx	xx	919	xx	xx
Mission Allotment		xxx	xxx	622	xx	xx	680	xx	xx
FAAS		xxx	xxx	16	xx	xx	18	xx	xx
Trust Fund		xxx	xxx	0	xx	xx	0	xx	xx

1/ FY 1979 costs are included in USAID/Kenya Table VIII A.

TABLE VIII 'D'

USAID/Kenya
(Executive Office)

COST SUMMARIES	FY 1982 MINIMUM			FY 1982 CURRENT			FY 1982 AAPL		
	($000's)	Related Workyear	Unit Cost	(000's)	Related Workyear	Unit Cost	($000's)	Related Workyear	Unit Cost
US Direct Hire							282	7.0	40
FN Direct Hire							220	23.0	10
US Contract Pers.							1	0.1	10
FN Contract Pers.							60	12.0	5
Housing Expense							194	7.0	27
Office Operations		xx	xx		xx	xx	229	xx	xx
Total Budget		xx	xx		xx	xx	986	xx	xx
Mission Allotment		xx	xx		xx	xx	739	xx	xx
FAAS		xx	xx		xx	xx	21	xx	xx
Trust Fund		xx	xx		xx	xx	0	xx	xx

TABLE VIII 'E'

USAID/Kenya
(REDSO/EA Support)

OPERATING EXPENSE SUMMARY

COST SUMMARIES	FY 1979 1/			FY 1980			FY 1981		
	($000's)	Related Workyear	Unit Cost	($000's)	Related Workyear	Unit Cost	($000's)	Related Workyear	Unit Cost
US Direct Hire									
FN Direct Hire									
US Contract Pers.									
FN Contract Pers.									
Housing Expense				459	26.0	18	747	30.0	25
Office Operations		xx	xx	197	xx	xx	460	xx	xx
Total Budget		xxx	xxx	656	xx	xx	1207	xx	xx
Mission Allotment		xxx	xxx	624	xx	xx	1171	xx	xx
FAAS		xxx	xxx	32	xx	xx	35	xx	xx
Trust Fund		xxx	xxx	0	xx	xx	0	xx	xx

1/ FY 1979 support costs are included in REDSO/EA OE budget as they were directly charged to REDSO/EA allotment in FY 1979.

TABLE VIII 'E'

USAID/Kenya
(REDSO/EA Support)

COST SUMMARIES	FY 1982 MINIMUM			FY 1982 CURRENT			FY 1982 AAPL		
	($000's)	Related Workyear	Unit Cost	(000's)	Related Workyear	Unit Cost	($000's)	Related Workyear	Unit Cost
US Direct Hire									
FN Direct Hire									
US Contract Pers.									
FN Contract Pers.									
Housing Expense							834	30	28
Office Operations		xx	xx		xx	xx	485	xx	xx
Total Budget		xx	xx		xx	xx	1319	xx	xx
Mission Allotment 1/		xx	xx		xx	xx	1277	xx	xx
FAAS		xx	xx		xx	xx	42	xx	xx
Trust Fund		xx	xx		xx	xx	0	xx	xx

1/ See Page 1

USAID/KENYA OE BUDGET

ANALYSIS OF SUPPORT SERVICES COSTS FOR

FY 1981 (TOTAL OE BUDGET)

	DIRECT COSTS					DISTRIBUTE SUPPORT COSTS				
	USDH 1/	FNDH 1/	HOUSING	OFFICE	TOTAL	EXO	EAAC	TOTAL	GRAND TOTAL	PERCENT
USAID/KENYA	1160.9	103.1	586.2	632.4	2482.6	321.6	162.2	483.8	2966.4	42.2
AAG/EAFR	596.7	55.5	278.0	417.5	1347.7	119.4	37.9	157.3	1505.0	21.4
REDSO/EA			747.0	460.3	1207.3	349.1	108.1	457.2	1664.5	23.6
RHUDO						36.7	16.2	52.9	52.9	0.7
REGIONAL SUPPORT SERVICES						91.9	756.9	848.8	848.8	12.1
EXO	282.4	246.2	175.2	214.9	918.7	(918.7)		(918.7)		
EAAC	223.9	313.0	99.9	444.5	1081.3		(1081.3)	(1081.3)		
	2263.9	717.8	1886.3	2169.6	7037.6	-0-	-0-	-0-	7037.6	100.0

1/ Includes Contract Personnel Costs

2/ Includes $37.5 for Mission Director's Residence

3/ Includes $230.0 for Computer

USAID/KENYA OE BUDGET

ANALYSIS OF SUPPORT SERVICES COSTS FOR

FY 1981 (TOTAL MISSION ALLOTMENT REQUIREMENTS)

	DIRECT COSTS					DISTRIBUTE SUPPORT COSTS				
	USDH 1/	FNDH 1/	HOUSING 2/	OFFICE	TOTAL	EXO	EAAC	TOTAL	GRAND TOTAL	PERCENT
USAID/KENYA	317.6	103.1	586.2	586.9	1593.8	238.0	134.7	372.7	1966.5	37.3
AAG/EAFR	186.8	55.5	278.0	402.3	922.6	88.4	31.4	119.8	1042.4	19.8
REDSO/EA			747.0	424.5	1171.5	258.3	89.8	348.1	1519.6	28.9
RHUDO						27.2	13.5		40.7	0.8
REGIONAL SUPPORT SERVICES						68.0	628.4		696.4	13.2
EXO	61.5	246.2	175.2	197.0	679.9	(679.9)		(679.9)		
EAAC	58.3	313.0	99.9	426.6 3/	897.8		(897.8)	(897.8)		
	624.2	717.8	1886.3	2037.3	5265.6	-0-	-0-	-0-	5265.6	100.0

1/ Includes Contract Personnel Costs

2/ Includes $37.5 for Mission Director's Residence

3/ Includes $230.0 for Computer.

USAID/KENYA OE BUDGET

ANALYSIS OF SUPPORT SERVICES COSTS FOR

FY 1982 (TOTAL OE BUDGET)

	DIRECT COSTS					DISTRIBUTE SUPPORT COSTS				
	USDH 1/	FNDH 1/	HOUSING	OFFICE	TOTAL	EXO	EAAC	TOTAL	GRAND TOTAL	PERCENT
USAID/KENYA	1108.6	135.4	588.9	664.9	2497.8	344.9	149.4	494.3	2992.1	41.3
AAG/EAFR	602.1	64.4	307.4	472.1	1446.0	128.1	34.9	163.0	1609.0	22.2
REDSO/EA			833.7	485.8	1319.5	374.5	99.6	474.1	1793.6	24.8
RHUDO						39.4	15.0	54.4	54.4	0.7
REGIONAL SUPPORT SERVICES						98.6	697.4	796.0	796.0	11.0
EXO	283.1	280.4	193.5	228.5	985.5	(985.5)		(985.5)		
EAAC	298.5	358.9	110.3	228.6	996.3		(996.3)	(996.3)		
	2292.3	839.1	2033.8	2079.9	7245.1	-0-	-0-	-0-	7245.1	100.0

1/ Includes Contract Personnel Costs

2/ Includes $35.5 for Mission Director's Residence

USAID/KENYA OE BUDGET

ANALYSIS OF SUPPORT SERVICES COSTS FOR

FY 1982 (TOTAL MISSION ALLOTMENT REQUIREMENTS)

	DIRECT COSTS					DISTRIBUTE SUPPORT COSTS				
	USDH 1/	FNDH 1/	HOUSING 2/	OFFICE	TOTAL	EXO	EAAC	TOTAL	GRAND TOTAL	PERCENT
USAID/KENYA	286.7	135.4	588.9	611.1	1622.1	258.6	120.9	379.5	2001.6	36.8
AAG/EAFR	163.8	64.4	307.4	454.2	989.8	96.0	28.2	124.2	1114.0	20.5
REDSO/EA			833.7	443.4	1277.1	280.7	80.6	361.3	1638.4	30.2
RHUDO						29.5	12.1	41.6	41.6	0.8
REGIONAL SUPPORT SERVICES						73.9	564.1	638.0	638.0	11.7
EXO	57.5	280.4	193.5	207.3	738.7	(738.7)		(738.7)		
EAAC	129.3	358.9	110.3	207.4	805.9		(805.9)	(805.9)		
	637.3	839.1	2033.8	1923.4	5433.6	-0-	-0-	-0-	5433.6	100.0

1/ Includes Contract Personnel Costs

2/ Includes $35.5 for Mission Director's Residence.

USAID/KENYA

ATTACHMENT TO TABLE VIII

NARRATIVE STATEMENT - ADP

ACQUISITION, OPERATION, AND USE
OF AUTOMATIC DATA PROCESSING (ADP)
EQUIPMENT, SERVICES, AND SYSTEMS

The East Africa Accounting Center, USAID/Kenya has completed (except a few programming technical problems) the conversion of its mechanized accounting operation from a Burroughs L-5000 accounting machine to NCR 499 system with NCR 7200 remote input terminals. All the basic and peripheral equipment was purchased utilizing FY 1978 and FY 1979 OE funds. Some additional programming services were obtained in FY 80 from NCR to make minor modifications to existing programs.

The NCR 499 system is already inadequate to meet existing workload requirements and to provide on a timely basis comprehensive financial data to our clients. Moreover, recent review shows that our workload is increasing by about 30 percent annually. This is due in large part to the fast acceleration of project implementation in our service area. In view of this situation, we believe that advance planning should be made at this time to meet this demand, and therefore, we have budgeted in FY 1981 for a full-fledged computer (wang type) and related software/programming requirements. EAAC believes that if the purchase of the computer is approved in early FY 1981, it can be ordered, delivered, and installed by the end of FY 1981 or early FY 1982, and can become fully operational by the end of FY 1982. This will enable EAAC to meet increased workload and provide more effective services to the AID complex in Nairobi and client missions.

USAID/KENYA

ATTACHMENT TO TABLE VIII

REPORT ON OBLIGATIONS AND INVENTORY

OF ADP SYSTEMS INVENTORY

($ 000)

	Fiscal Year 1980	1981	1982
	$	$	&
1. Capital Investment			
A. Purchase of ADP Equipment	3.0	180.0	-
B. Purchase of Software	1.5	59.0	5.0
C. Sub-Total	4.5	230.0	5.0
2. Personnel			
A. Compensation, Benefits, Travel	25.0	39.0	43.0
B. Workyears	(3.0)	(3.7)	(3.7)
C. Sub-Total	25.0	39.0	43.0
3. Equipment Rental and Other Operating Costs			
A. ADP Equipment (ADPE) Rentals			
B. Supplies and Leased Software	15.5	20.0	50.0
C. Sub-Total	15.5	20.0	50.0
4. Commercial Services			
A. ADP Service Bureau			
B. Systems Analysis and Programming	5.0	3.0	15.0
C. APDE Maintenance (If separate from Item 3.A)	8.5	6.0	15.0
D. Sub-Total	13.5	9.0	30.0
5. Total Obligations - (Sum of 1C, 2C, 3C, & 4D)	58.5	298.0	45.0
6. Interagency Services			
A. Payments			
B. Offsetting Collections			
C. Sub-Total			
GRAND TOTAL - (Sum of 5 plus 6C)	58.5	298.0	128.0

USAID/KENYA

ATTACHMENT TO TABLE VIII

REPORT ON OBLIGATIONS AND INVENTORY OF
WORD PROCESSING SYSTEM

		Fiscal Year ($000)		
		1980 $	1981 $	1982 $
A.	Capital Investment in W/P Equipment	16	100	-
B.	W/P Equipment Rental and Supplies	-	5	10
C.	Other W/P Costs	4	10	15
D.	Total	20	115	15

Narrative Statement:

In order to move forward this FY to improve interal administrative efficiency, mission plans to purchase this FY (subject to availability of funds) a single station word processing machine. This will be expanded to a 4 station system in 1981.

Word Processing equipment is to be made available to each AID organization in Nairobi. This includes USAID/Kenya, REDSO/EA, AAG/EAFR, and RHUDO. We prefer to acquire the additional equipment as soon as funding becomes available. We will however, need expert advise and assistance on selection, procurement, installation and operation of the system. We assume that SER/DP will be prepared to assist.

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING
POSITION REQUIREMENTS - FY 19 80- 1982
(By Function, Organizational Unit, Position Title and Professional Speciality)

DECISION UNIT Kenya

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	NUMBER OF POSITIONS									
	FY 1980		FY 1981		FY 1982					
					Minimum		Current		AAPL	
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH
EXECUTIVE DIRECTION										
Director's Office										
Director	1		1						1	
Asst. Director	1		1						1	
All Other (Non-Professional)	1	2	1	2					1	2
Sub-total Executive Direction	3	2	3	2					3	2
PROGRAM PLANNING										
Program Office										
Program Officer	1		1						1	
Deputy Prog. Officer	1		1						1	
Asst. Prog. Officer	1		1							
Prog. Economist	1		1						1	
Budget Analyst				1						1
Economic Analyst										1
All Other (Non-Professional)	1	2	1	1					1	1
Sub-total Program Planning	5	2	5	2					4	3

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING
POSITION REQUIREMENTS - FY 19 80 - 1982
(By Function, Organizational Unit, Position Title and Professional Speciality)

DECISION UNIT Kenya

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	NUMBER OF POSITIONS									
	FY 1980		FY 1981		FY 1982					
					Minimum		Current		AAPL	
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH
PROJECT DESIGN AND IMPLEMENTATION										
Agriculture Division										
Ag. Development Officer	1		1						1	
Asst. Ag. Development Officer	1		1						1	
Ag. Advisor Training	1		1						1	
Ag. Advisor Agronomist	1		1						1	
Ag. Advisor Livestock	1		1						1	
Ag. Economist	1		1						1	
IDI			1						1	
All other (non-professional)	1	2		3						3
Sub-total - Agriculture Division	7	2	7	3					7	3
Health, Nutrition, and Population										
Health/Family Development Officer	1		1						1	
Family Planning Development Officer	1		1						1	
Asst. Program Officer	1		1						1	
Program Operations Asst.		1		1						1
All Other (Non-Professional)		1		1						1
Sub-total - HNP Division	3	2	3	2					3	2

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING
POSITION REQUIREMENTS - FY 19 80 - 1982
(By Function, Organizational Unit, Position Title and Professional Speciality)

DECISION UNIT Kenya

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	FY 1980		FY 1981		FY 1982 Minimum		FY 1982 Current		FY 1982 AAPL	
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH
PROJECT DESIGN AND IMPLEMENTATION (Continued)										
Multisector and Engineering										
General Development Officer	1		1						1	
General Engineering Officer	1		1						1	
Civil Engineering Advisor	1		1						1	
Capital Project Development Officer	1		1						1	
Training Asst.		1		1						1
All Other (Non-Professionals)		2		2						2
Sub-total M&E Division	4	3	4	3					4	3
Sub-total Project Design and Imp.	14	7	14	8					14	8
MISSION SUPPORT										
Executive Office										
Executive Officer	1		1						1	
Deputy Executive Officer	1		1						1	
General Services Officer	1		1						1	
Asst. General Services Officer	1		1						1	
Asst. General Services Officer	1		1						1	
C&R Supervisor	1		1						1	
Sr. Personnel Asst.		1		1						1
Personnel Asst.		1		1						1
Admin. Mgmt. Asst.		1		1						1
General Services Specialist		1		1						1
All Other (Non-Professional)	1	19	1	19					1	19
Sub-total Mission Support	7	23	7	23					7	23

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TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING
POSITION REQUIREMENTS - FY 1980 - 1982
(By Function, Organizational Unit, Position Title and Professional Speciality)

DECISION UNIT: Kenya

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	NUMBER OF POSITIONS: FY 1980		FY 1981		FY 1982: Minimum		Current		AAPL	
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH
NON-MISSION SPECIFIC (RHUDO)										
Housing Advisors	3		3						3	
Sr. Program Asst.		1		1						1
Sr. Secretary		1		1						1
Sub-total - Non Mission Specific	3	2	3	2					3	2
Cumulative Total (Excluding EAAC)	32	36	32	37					31	38
FINANCIAL MANAGEMENT (EAAC)										
Controller	1		1						1	
Deputy Controller	1		1						1	
B&A Officer	1		1						1	
Acct. Financial Analyst	1		1						1	
Financial Mgmt. Specialist		1		1						1
Accounting Specialist		1		1						1
Voucher Examiner Specialist		1		1						1
Data Mgmt. and Systems Specialist		1		1						1
Sr. Accountants		2		2						2
Sr. Voucher Examiner		1		1						1
Accountants		3		5						5
All Other (Non-Professional)		9		10					4	10
Sub-total Financial Management	4	19	4	22					4	22
Cumulative Total - EAAC	4	19	4	22					4	22

DECISION UNIT: KENYA

TABLE X SPECIAL CONCERNS
ADDITIONAL PROJECTS

PROJECT NUMBER AND TITLE	APPROP	CONCERN CODE		FUNDING FOR SPECIAL CONCERN ($000)				
						FY 1982		
		PRIME	SUB 1/	FY 1980	FY 1981	MINIMUM	CURRENT	AAPL
615-0205 Renewable Energy Development	ARDN	ENER		4,749	-	-	-	-
615-0202 Credit Union (OPG)	SDA	PVOU		425	-	-	-	-
New OPGs								
ARDN	ARDN	PVOU		-	1,200	-	-	-
Population	POP	PVOU		-	500	500	500	500
Health	HEALTH	PVOU		-	300	-	1,000	1,000
Selected Development Activities	SDA	PVOU		-	500	-	2,000	2,000

1/ Use only for Environment Activities

FY 1982 ANNUAL BUDGET SUBMISSION
PROJECT BUDGETS AND OBLIGATIONS
TO MEET SPECIAL CONCERNS
(THOUSANDS OF DOLLARS)

05/01/80

DECISION UNIT: 615 KENYA

TABLE X

PROJECT NUMBER AND TITLE: 6150157 NATIONAL RANGE - RANCH DEVELOPMENT APPROPRIATION: AGRICULTURE, RURAL DEV. AND NUTRITION

A. BUDGET IN CP: FY 1980 - $ 998 BUDGET IN ABS: FY 1980 - $ 850
FY 1981 - $ 0 FY 1981 - $ -0-
FY 1982 - MINIMUM: $ -0- CURRENT: $ -0- AAPL: $ -0-

B. OBLIGATIONS TO MEET SPECIAL CONCERNS:

ADP ITEM	CONCERN	SUB-CODE	1980 BUDGET IN CP	1980 BUDGET IN ABS	1981 BUDGET IN CP	1981 BUDGET IN ABS	1982 BUDGET IN ABS MINIMUM:	1982 BUDGET IN ABS CURRENT:	1982 BUDGET IN ABS APPL:
2638	ENVR	4	$ 499	$ 499	$ 0	$ -0-	$ -0-	$ -0-	$ -0-

PROJECT NUMBER AND TITLE: 6150173 RURAL BLINDNESS PREVENTION(PVO) APPROPRIATION: HEALTH

A. BUDGET IN CP: FY 1980 - $ 900 BUDGET IN ABS: FY 1980 - $ 1,870
FY 1981 - $ 0 FY 1981 - $ -0-
FY 1982 - MINIMUM: $ -0- CURRENT: $ -0- AAPL: $ -0-

B. OBLIGATIONS TO MEET SPECIAL CONCERNS:

ADP ITEM	CONCERN	SUB-CODE	1980 BUDGET IN CP	1980 BUDGET IN ABS	1981 BUDGET IN CP	1981 BUDGET IN ABS	1982 BUDGET IN ABS MINIMUM:	1982 BUDGET IN ABS CURRENT:	1982 BUDGET IN ABS APPL:
2513	PVOU		$ 900	$ 1,870	$ 0	$ -0-	$ -0-	$ -0-	$ -0-

FY 1982 ANNUAL BUDGET SUBMISSION
PROJECT BUDGETS AND OBLIGATIONS
TO MEET SPECIAL CONCERNS
(THOUSANDS OF DOLLARS)

05/01/80

PROJECT NUMBER AND TITLE: 6150177 XXXXXXXXXXXXXXXXXXXXXXXXX XCOMMUNITY WATER-I APPROPRIATION: HEALTH

A. BUDGET IN CP: FY 1980 - $ 0 BUDGET IN ABS: FY 1980 - $ -0-
FY 1981 - $ 5200 FY 1981 - $ 4,000
FY 1982 - MINIMUM: $ -0- CURRENT: $ -0- AAPL: $ -0-

B. OBLIGATIONS TO MEET SPECIAL CONCERNS:

ADP ITEM	CONCERN	SUB-CODE	1980 BUDGET IN CP	1980 BUDGET IN ABS	1981 BUDGET IN CP	1981 BUDGET IN ABS	1982 BUDGET IN ABS MINIMUM:	1982 BUDGET IN ABS CURRENT:	1982 BUDGET IN ABS APPL:
685	ENVR	6	$ 0	$ -0-	$ 5200	$ 4,000	$ -0-	$ -0-	$ -0-

PROJECT NUMBER AND TITLE: 6150180 DRYLANDS CROPPING SYSTEMS RESEARCH APPROPRIATION: AGRICULTURE, RURAL DEV. AND NUTRITION

A. BUDGET IN CP: FY 1980 - $ 850 BUDGET IN ABS: FY 1980 - $ 850
FY 1981 - $ 3000 FY 1981 - $ 3,000
FY 1982 - MINIMUM: $ -0- CURRENT: $ -0- AAPL: $ -0-

B. OBLIGATIONS TO MEET SPECIAL CONCERNS:

ADP ITEM	CONCERN	SUB-CODE	1980 BUDGET IN CP	1980 BUDGET IN ABS	1981 BUDGET IN CP	1981 BUDGET IN ABS	1982 BUDGET IN ABS MINIMUM:	1982 BUDGET IN ABS CURRENT:	1982 BUDGET IN ABS APPL:
2639	ENVR	4	$ 425	$ 425	$ 1500	$ 1,500	$ -0-	$ -0-	$ -0-

FY 1982 ANNUAL BUDGET SUBMISSION
PROJECT BUDGETS AND OBLIGATIONS
TO MEET SPECIAL CONCERNS
(THOUSANDS OF DOLLARS)

PROJECT NUMBER AND TITLE: 6150186 ARID AND SEMI-ARID LAND DEV PHASE II   APPROPRIATION: AGRICULTURE, RURAL DEV. AND NUTRITION

A. BUDGET IN CP: FY 1980 - $ 0   BUDGET IN ABS: FY 1980 - $ -0-

FY 1981 - $ 5600   FY 1981 - $ -0-

FY 1982 - MINIMUM: $ -0-   CURRENT: $ -0-   AAPL: $ -0-

B. OBLIGATIONS TO MEET SPECIAL CONCERNS:

ADP ITEM	CONCERN	SUB-CODE	1980 BUDGET IN CP	1980 BUDGET IN ABS	1981 BUDGET IN CP	1981 BUDGET IN ABS	1982 BUDGET IN ABS MINIMUM:	1982 BUDGET IN ABS CURRENT:	1982 BUDGET IN ABS APPL:
684	ENVR	4	$ 0	$ -0-	$ 1680	$ -0-	$ -0-	$ -0-	$ -0-

PROJECT NUMBER AND TITLE: 6150198 RURAL HEALTH DELIVERY (PVO)   APPROPRIATION: HEALTH

A. BUDGET IN CP: FY 1980 - $ 0   BUDGET IN ABS: FY 1980 - $ -0-

FY 1981 - $ 0   FY 1981 - $ -0-

FY 1982 - MINIMUM: $ -0-   CURRENT: $ -0-   AAPL: $ -0-

B. OBLIGATIONS TO MEET SPECIAL CONCERNS:

ADP ITEM	CONCERN	SUB-CODE	1980 BUDGET IN CP	1980 BUDGET IN ABS	1981 BUDGET IN CP	1981 BUDGET IN ABS	1982 BUDGET IN ABS MINIMUM:	1982 BUDGET IN ABS CURRENT:	1982 BUDGET IN ABS APPL:
90	PVOU		$ 0	$ -0-	$ 0	$ -0-	$ -0-	$ -0-	$ -0-

FY 1982 ANNUAL BUDGET SUBMISSION
PROJECT BUDGETS AND OBLIGATIONS
TO MEET SPECIAL CONCERNS
(THOUSANDS OF DOLLARS)

05/01/80

PROJECT NUMBER AND TITLE: 6150199 RURAL TRADE DEVELOPMENT (PVO) APPROPRIATION: AGRICULTURE, RURAL DEV. AND NUTRITION

A. BUDGET IN CP: FY 1980 - $ 0 BUDGET IN ABS: FY 1980 - $ -0-

FY 1981 - $ 0 FY 1981 - $ -0-

FY 1982 - MINIMUM: $ -0- CURRENT: $ -0- AAPL: $ -0-

B. OBLIGATIONS TO MEET SPECIAL CONCERNS:

ADP ITEM	CONCERN	SUB-CODE	1980 BUDGET IN CP	1980 BUDGET IN ABS	1981 BUDGET IN CP	1981 BUDGET IN ABS	1982 BUDGET IN ABS MINIMUM:	1982 BUDGET IN ABS CURRENT:	1982 BUDGET IN ABS APPL:
91	PVOU		$ 0	$ -0-	$ 0	$ -0-	$ -0-	$ -0-	$ -0-

PROJECT NUMBER AND TITLE: 6150201 NATIONAL COOPERATIVE HOUSING (OPG) APPROPRIATION: SELECTED DEVELOPMENT ACTIVITIES

A. BUDGET IN CP: FY 1980 - $ 300 BUDGET IN ABS: FY 1980 - $ 300

FY 1981 - $ 0 FY 1981 - $ 200

FY 1982 - MINIMUM: $ -0- CURRENT: $ -0- AAPL: $ -0-

B. OBLIGATIONS TO MEET SPECIAL CONCERNS:

ADP ITEM	CONCERN	SUB-CODE	1980 BUDGET IN CP	1980 BUDGET IN ABS	1981 BUDGET IN CP	1981 BUDGET IN ABS	1982 BUDGET IN ABS MINIMUM:	1982 BUDGET IN ABS CURRENT:	1982 BUDGET IN ABS APPL:
2512	PVOU		$ 300	$ 300	$ 0	$ 200	$ -0-	$ -0-	$ -0-

P.L. 480

I. Overview

A. Economic Situation

Nineteen hundred and seventy nine and 1980 represent a major watershed in Kenya's post-independence development. The easy growth options of the first 15 years of independence have been played out and the coffee boom's momentum is gone. Kenya is faced with the problem of generating higher production levels in order to alleviate domestic poverty in a world of growing scarcities. To achieve long-term self-sustaining growth and to satisfy the legitimate demands of the mostly rural population, Kenya must both (a) successfully implement a rural development and poverty alleviation strategy in order to raise rural welfare and to distribute incomes more equitably and (b) significantly increase export-oriented production in order to provide income earning opportunities for Kenya's growing population. The two development themes of long-term growth and poverty alleviation lie at the heart of the 1979-1983 Development Plan.

Major problems now threaten Kenya's ability to sustain its very creditable record of growth performance and its efforts to alleviate poverty. Kenya's development challenges include: (a) sustaining high agricultural growth rates; (b) continuing the transition to a more competitive and outward-oriented industrial sector; (c) insuring that the poor benefit from economic growth and Government services; and (d) reducing population growth.

Per capita food production is declining as additional marginal agricultural land is cultivated, and soil erosion, high input prices, and problems with agricultural pricing and marketing affect productivity on better farm lands. At the same time, the growing rural population faces limited non-agricultural employment opportunities.

A highly protective import-substitution policy that discourages the expansion of export-oriented industries and has gradually skewed the rural-urban terms of trade in favor of relatively inefficient industries has limited expansion of employment opportunities. Current population growth rate of about 4 percent is putting severe pressure on Kenya's limited land resources of which less than 20 percent of the total land areas has good potential.

The conclusion drawn from a recent Government white paper on the state of the economy is that Kenya's economic and development projections in the immediate future are bleak. The Government has recognized that it must correct certain structural imbalances in the economy and curtail a number of social and economic activities, recurrent and developmental, in order to permit medium term steps toward its longer term development objectives.

Two constraints have emerged with increased force since formulation of the 1979/83 Development Plan. These are the shortage of foreign exchange resulting from adverse movement in the international terms of trade and the imbalance between Government receipts and expenditures. Following are highlights of the Sessional Paper: Growth rate is expected to fall from an annual average of 6.3 percent to 5.4 percent; Government revenues are expected to drop by 4 percent in 1980; Ministerial expenditures will be slashed from $8.6 billion to $7.6 billion over the Plan period; wage increases are to be held below the inflation rate; export incentives will be increased; Balance of Payments deficits are estimated to grow at twice the rate forecast in the Five Year Plan; and social services will be reduced from those projected in the Plan. The paper has, however, reaffirmed Government's commitment toward increased agriculture production and support for expanding export oriented industry.

B. CDSS Strategy

USAID/Kenya's FY 1982 CDSS sets forth a development assistance strategy which is oriented toward increasing equity by assisting those rural areas which have not shared equally in Kenya's development thus far. Inequity is manifested primarily in terms of differences in income and level of GOK development and social services. The U.S. development strategy supports and complements the GOK's efforts to address basic human needs of the rural poor, especially in the arid and semi-arid lands (ASAL) and western Kenya. The current efforts will require significant GOK and donor-financed investments in agriculture and rural development. For AID, there will be a greater emphasis on problems at the sub-sector level, closer to the ultimate beneficiary. The Mission's agricultural strategy is primarily concerned with increasing rural incomes and reducing the effect of constraints to increased agricultural production, rural employment and marketing, which underlie limited incomes. The CDSS identifies P.L. 480, Title I and II, as one set of U.S. foreign assistance instruments which makes a significant contribution to the achievement of Kenya's basic human needs strategy and the nutrition needs of the people, as detailed in the Development Plan 1979-1983. In the case of Title I, the foreign exchange savings alleviates Kenya's Balance of Payments situation and the generations of local currency supports production and marketing policies necessary for providing incentives to producers.

C. The P.L. 480 Program

The 1982 proposed Title I program is for 109,200 MT of wheat and yellow corn for a total value of $15.0 million. The 1981 program is for 142,500 MT of wheat and yellow corn valued at $18.0 million. The latter is a $5 million increase over 1981 figures used heretofore for planning purposes. Moreover, the planning level included vegoil as well as wheat. The differences in both quantities and mix are due to the Mission's analysis of Kenya's food production in early 1980 resulting in the conclusion that Kenya's food problems are more serious than those attributable to the vagaries of climate. (See Kenya Justification for Second Tranche PL 480, Title I, April 1980). The decision to eliminate vegoil from Title I for 1980 through 1983 reflects the Mission's concern that its P.L. 480 program avoid interventions that may prove disruptive to Kenya's agriculture production sector. In this case, concern was for Kenya's small corn oil industry, notwithstanding the fact that a general maize shortage tends to adversely effect this industry as well.

The 1982 Title II proposed program includes 9,451 MT of commodities, i.e., NFDM, bulgar, rice and vegoil for a total CIF value of $6.2 million. The program targets 149,500 recipients. The 1981 program proposal for 9,200 MT of commodities is similar to that programmed in 1982. However, the planning figure for 1981 at CIF value is $5.9 million. This cost projection differs from the 1981 planning level as indicated in Attachment A of 1982 ABS guidance. The difference is due to use of FAS planning figures compared to use of CIF projections in this ABS.

Part III below provides additional details on the scope of the P.L. 480 program in Kenya and the rationale for phasing out Title I and continuation of a modest Title II effort.

D. Self Help Measures

The 1980 P.L. 480 Agreement established self help measures designed to support Government's efforts to increase food production. Government has agreed to: enhance applied agricultural research to increase food crop production; upgrade Extension Service in Kenya to benefit smallholders; improve availability of credit on a timely basis to smallholders; increase support to the maintenance fund of Ministry of Transport and Communications for use in rural, farm-to-market road projects; expand soil conservation programs to the ASALs; and enrich the Rural Development Fund.

Although Government is attempting to pursue a course of action that will increase food production in the long term, it does not have a mechanism in place that is adequately responsive to the vagaries of climate and price fluctuations. Government has agreed to broaden the mandate of its existing food crops forecasting group or establish a new body appropriately empowered to: 1) improve data collection and analysis related to food crops production and marketing, and 2) analyze production problems, producer constraints and policy issues, as basis of recommendations to the cabinet. Its current financial restraints should not inhibit its actions in this area as it will have at its disposal almost $17 million in local currency generations to support food crop production policies. Future Title I generations, 1981 thru 1983, will be programmed for specific policies and production constraints as may be determined by the Government and USAID.

II. Kenya Food Problem

A. Projected Food Supply and Demand

During the past four years, production of all food commodities except sugar has failed by varying degrees to keep pace with growth in demand.

Maize production experienced a steady growth rate of 3.4 percent from 1976. If this pace were sustained, Kenya would have been able to meet its requirements in 1982. Instead, the growth rate required to catch up now has more than doubled. Under a high growth scenario, i.e., maize production achieves 1976 levels (this represents a 30 percent increase in 1980 over 1979 production) thus leaving a short fall in 1980 of 186,000 MT. If this is followed by two successive years of 8 percent p.a. growth rate, Kenya would be self sufficient in maize by the end of 1982, although it would have no reserve stocks. The implications for Kenya of less than unusually high growth rates as indicated by the high growth scenario above, are import requirements that will vary between 135,000 MT and 510,000 MT p.a. for 1981 thru 1984.

Wheat demand in 1983 is estimated at 200,000 MT. Production of wheat at a high growth scenario would be 173,000 MT in 1983. A low production growth scenario would produce a yield of 125,000 MT. Import requirements, therefore, will vary between 27,000 MT at the high growth scenario and 75,000 MT p.a. at a low growth rate.

Rice supply requirements for 1983 are estimated at 67,000 MT but at a high growth scenario of 3 percent p.a. Kenya will be able to produce 26,000 MT. Import requirements, therefore, will be around 41,000 MT p.a. However, as it is Government policy to restrict rice consumption to its production levels, imports of rice will be minimal in the near term.

1. Wheat Consumption and Production

a. Background

Wheat provides approximately 5 percent of the average Kenyan's caloric intake and 5 percent of total protein consumption. In comparison, maize accounts for approximately 45 percent of caloric and protein intake.

Two major forces are working against Kenya's effort to match domestic wheat consumption with production. The domestic demand for wheat is estimated to be increasing at the rate of 8 percent per annum. Domestic wheat production, on the other hand, has been sluggish.

b. Consumption

Wheat consumption has steadily increased as Kenyans developed a preference for this convenience food. Over the past decade, domestic consumption increased over 8 percent per annum. The late 1960s saw rapid increases in wheat production as well as increases in consumption. While production has declined in recent years, consumption has continued to increase. The increase is attributable to:

(a) Kenya's high (4 percent) population growth rate;

(b) the rapid (6.1 percent) urban population growth and the growing popularity of bread as an urban convenience food, especially for low income urban dwellers;

(c) the expansion of off-farm employment in rural areas which has increased rural cash incomes and has increased exposure to and opportunities for buying bread.

The urban population consumes 2.8 times as much bread (18.6 kilograms per year per capita in urban areas as against 6.6 kilograms in rural areas) and 3.8 times as much wheat flour per capita as the rural population (11.5 kilograms per year per capita in urban areas as against 3.0 kilograms in rural areas). In the aggregate, however, the rural areas consume more bread and wheat flour than do the urban areas. About 70 percent of the bread and 65 percent of the wheat flour is consumed in rural areas where 87 percent of the population lives. Furthermore, wheat shortages affect rural areas first as production and transportation cost factors combined with political pressures insure that urban areas are first in line during a shortage. In fact, during recent shortages, urban areas have received close to their normal wheat allocation while more distant rural areas have received none.

c. Production

In contrast to a rapidly increasing demand for bread and wheat, national wheat production has fallen from a gross production level of 241,200 metric tons in 1967 to 135,000 metric tons in 1979. Land under wheat cultivation fell from 167,000 hectares in 1968 to 103,000 hectares in 1979. Yields per hectare have also declined over the past decade.

Wheat is mainly grown on large scale farms accounting for over 70 percent of wheat acreage. Small farms have generally been unable to compete because wheat can be grown most economically in Kenya on large areas with considerable mechanization. The bulk of the wheat is sown, sprayed, and harvested mechanically. Attempts to mechanize wheat growing on small plots have almost always been unsuccessful because drills, sprayers and combine harvesters do not work efficiently or economically in the small inaccessible plots. Non-mechanized wheat production has generally not proven to be cost-effective in relationship to other smallholder subsistence or cash crops. Since independence, many large farms were subdivided into smallholdings with production shifting from commercial crops (such as wheat) to subsistence crops, including maize and pulses and minor cash crops.

2. Maize Production and Consumption

a. Background

Maize dominates smallholder production as well as the diet of both urban and rural dwellers throughout Kenya. Forty percent of cultivated land in Kenya is under maize production; however, in 1979 growers planted fewer acres of maize because of: a) lower prices to producers as compared to other cash crops such as sugar cane, b) late fertilizer deliveries and credit approvals, c) discontinuance of the Guaranteed Minimum Return (GMR) program, and d) low rainfall.

Maize is grown in six of Kenya's seven provinces (North Eastern Province is the exception). It is harvested throughout the year in some part of of the country with the exception of the long rainy season from April to June. Yields vary greatly in Kenya. The higher areas of Nyanza and Western Provinces average around four tons per hectare compared to less than one ton per hectare in the lower parts of Eastern Province (1975 production figures). As reliability of rainfall is almost as important as average annual rainfall, generally speaking for the same elevations, the further west in the country, the more reliable the rainfall. This is an important reason why the western part of the country plays an important role as a maize growing area. The Rift Valley produces 45 percent of the total maize crop followed by Nyanza and Western provinces combining for 26 percent of maize produced in Kenya.

Kenya is a country of smallholders who cultivate small acreages on a relatively intensive scale. Their production is primarily used to provide food for the farm family with surpluses diverted to the market place.

In addition to its position as an important food crop, maize is also an important source of supplemental income for rural smallholders. Despite the widespread cultivation of maize and other food crops, the poor smallholders are not considered self-sufficient in food production. It is estimated that only 42 percent of the total food consumption (55 percent being maize) is home grown. The remainder is purchased or bartered in the market place.

b. Consumption

The average smallholder household includes seven members, about one-half of whom are under 15 years of age. Nearly all households produce some of the food consumed by their families. Smallholders consume approximately 55 percent of the maize they produce. This compares to the consumption of about 72 percent of the pulses produced.

Maize and beans are major foods for most Kenyans. An estimated 80 percent of the diet of smallholders is based on maize meal. The remaining staples include English and sweet potatoes, cassava, wheat and rice. The degree in which other staples are used, especially wheat and rice, is directly related to income level and geographic/ethnic background.

c. Production

An estimated 1.7 million smallholder farmers or 10.5 million people live on small farms in Kenya. As a group, the smallholders produce about 51 percent of Kenya's marketed food crops which is dominated by maize.

Maize production, however, has decreased nationally. Estimated total maize production for 1980 is 1.8 million metric tons compared to 1.3 million metric tons in 1979 and compared with about 2.2 million metric tons in 1976. This takes into account almost 16 percent in post-harvest losses, a significant factor during periods of shortages. Maize production per capita fell about 35 percent from 154 kg. per capita in 1978 to 101 kg. per capita estimated for 1979. As only farm surpluses in maize from small holdings are marketed through the National Cereals and Produce Board, it is difficult to estimate actual maize production; therefore, the use of Cereal Board purchases of domestic maize is the indicator commonly used by Government to estimate annual crop production.

Maize production in 1976 was about 2.2 million metric tons and 2 million in 1978. In 1979 it decreased to 1.3 million tons but is expected to increase to 1.8 million tons in 1980. Post harvest losses in the 11 percent to 16 percent range, therefore, account for a substantial amount of maize and in times of shortages these losses take on special significance. Under the proposed food crops storage project, losses are expected to be reduced from 16 percent to about 6 percent or a 10 percent savings of total production.

Maize accounts for almost 20 percent of all agricultural production and 48 percent of value of food crop production in Kenya. Moreover, it provides 25 percent of agricultural employment and 77 percent of food crop employment. Therefore, among food crops maize is an important element in Kenya agriculture. Nearly all smallholders grow either local or hybrid maize.

B. Foreign Exchange Requirements and Gap Analysis

The World Bank's analysis confirms Kenya's dependence upon imports, not only for consumption goods (only 8.7 percent of 1977 imports) but for fuels (22 percent), industrial supplies (30 percent), machinery and equipment (19 percent), and transport equipment (14 percent). In 1979 its fuel expenditure reached 24 percent of foreign exchange outflows. Kenya's continued economic growth is dependent on imports. With coffee and tea export revenues declining as their prices fall, even higher petroleum prices, an import-dependent inefficient domestic manufacturing sector and increased military expenditures, Kenya's balance of payments worsened in 1978 and is expected to remain poor over the next several years.

As a result of increased political tension in the Horn of Africa and East Africa, military expenditures have increased from 5.5 percent of Kenya's FY 1976 budget to 11.0 percent in FY 1980. Until recently expenditures for military needs were minimal. In order to break out of its dependence on balance of payments support, Kenya's economy needs to undergo a structural transformation. Foreign economic assistance will be required, during the transition phase, to shift from import substitution toward a greater reliance on export-based production.

Although World Bank estimates of Kenya's Foreign Exchange requirements for 1980 - 1983 were about $818 million, the GOK's revised projections reduce its requirement to about $763.0 million. Perhaps this may be optimistic because the large net capital inflow for 1979 included $101 million borrowed in Euro dollars from the IMF on relatively hard terms, increasing the burden of external debt servicing. Secondly, the 1980 foreign exchange gap remains relatively uncovered, and thirdly, the 1980 figures are estimates at this point. Overall, the figures below reflect the seriousness of Kenya's international financial position. Its heavy dependence on external borrowing and the resulting increases in external debt service from 4.6 percent for public and parastatal in 1977 to an estimated 11.2 percent in 1979 is a serious problem.

The Government's recent sessional paper modified its prior balance of payments projections as follows:

Kenya: Balance of Payments Projections
($ million)

	FY 1979[1/]	FY 1980	FY 1981	FY 1982	FY 1983
Trade Balance	- 367.4	- 488.1	- 509.6	- 502.4	- 533.8
Current Account Balance	- 468.1	- 583.3	- 594.8	- 576.7	- 599.8
Foreign Exchance Gap	+ 204.1	- 281.9	- 229.9	- 121.3	- 130.1

1/ GOK fiscal year, July 1 - June 30.

For detailed discussions of Kenya's balance of payments, reference should be made to IBRD, Kenya: Economic Memorandum, March 1979, IMF, "Kenya: Structural Adjustment Credit," IDA/RSO-26, February 13, 1980 and Kenya's Sessional Paper on Economic Prospects and Policies, May 1980.

Kenya's debt servicing burden in the Central Government sector has been reasonably steady over the period 1972-1978 increasing from 3.5 percent to 5.5 percent respectively. However, in the public and parastatal sectors, debt burden increased from 6.0 percent in 1972 to an estimated 14.5 percent in 1978. A slight decline to 11.2 percent is estimated for 1979. These recent increases reflect substantial expenditures for military hardware, much of which has yet to be delivered at a cost considerably above that negotiated in 1977 and 1978.

The absence of longterm, soft credits to purchase food would force Kenya to borrow on relatively hard terms, foreign exchange increasing the burden of external debt servicing in both fiscal and Balance of Payments terms. Therefore, the provision of P.L. 480, Title I in addition to helping alleviate food shortages would have a direct and important affect in ameliorating Kenya's foreign exchange debt position.

C. Government Priorities and Strategies

Kenya Government priorities are to regain its lost food production capacity and to maintain agricultural growth rates around 4 to 5 percent per annum. It has set a course of action for two of its major food grains designed to eliminate imports of maize in four years and reduce wheat imports to a minimum.

In an effort to overcome bottlenecks in wheat production, the GOK has already taken the first major step. It signed a technical assistance agreement with Canada to resume wheat breeding activities at Njoro, and expansion of triticole, a wheat-rye hybrid that shows promise of substituting as a wheat-like product.

There is an important requirement in Kenya to develop new rust resistant varieties to overcome some of the current problems with wheat yields. The 1979-1983 Development Plan anticipates a 1 percent per annum increase in wheat production through expansion of smallholder wheat in low density settlement scheme areas. Wheat yields in 1979 were 1.3 metric tons per hectare down from a high of 1.62 MT per ha. in 1976. By 1983, the GOK expects average production yields to rise to 1.5 metric tons a hectare through increased application of production inputs including new varieties of seed.

The second step in bringing back wheat production was the establishment of a credit scheme in early 1980 to replace the defunct Guaranteed Minimum Return (GMR). With the demise of the GMR in 1978, farmers were at a loss for sources of credit at reasonable terms. As a result, large numbers of farmers reduced acreage in wheat with the consequence that the 1979 wheat harvest was the lowest in a decade. The new scheme should provide an important imput to producers.

The third step necessary to ensure a continuing growth rate in wheat supplies is the establishment of a rational wheat pricing policy that will encourage production but which will not adversely effect demand for wheat products by low income consumers. Under self help measures in the 1980 Title I Agreement, Kenya has agreed to nationalize its wheat pricing polices over the next several years.

Kenya's maize production goals are straightforward — achievement of self sufficiency in the shortest possible time. Its current projections for achieving its objective is a requirement for an 8 percent per annum growth rate in maize production for 1981 and 1982 and 4 to 5 percent p.a. increases each year thereafter. These growth rates would ensure a 180,000 MT reserve by 1984. However, there is little likelihood that it will achieve its targets even in the next three years because of certain far reaching structural problems with its maize production and pricing systems. The 1979 downturn, for example, is attributable to shortcomings in the Government's marketing system and pricing policies, inefficiencies in availabilities of inputs and credit as well as adverse weather conditions.

The GOK has set out a five point program to ameliorate its maize production deliveries: 1) It has established a new credit scheme to provide small farmers (who are the predominant producers of maize) credit on a timely basis. Government has not as yeat been able to overcome bureaucratic problems to ensure that credit is made available at the beginning of the crop season. 2) Government has established a high level food policy committee to review and keep abreast of the food situation and will redefine the committee's role to enable it to prepare policy recommendations that effect the food chain. 3) Government marketing and pricing policies will be rationalized to ensure that farmers are properly rewarded for their labor and other costs while maintaining reasonable costs for consumers. 4) Efforts will be made to reduce post harvest losses on farms. An AID financed project in 1980 is designed to assist farmers reduce their current losses of around 16 percent to 5 or 6 percent. 5) In the longer term, it will expand the capacity of its market board to enable it to buy up surpluses in good years and to maintain reasonable price levels for farmers.

III. The P.L. 480 Program

A. Program Summary

The 1982 P.L. 480 program includes the following:

Title I: $15.0 million for 109,200 MT of wheat and yellow corn.

Title II: $6.2 million for 9,400 MT of NFDM, bulgar, rice and vegoil for 149,500 recipients.

The Title I program is designed to assist Kenya overcome a serious food shortage which is projected to continue through 1983. The reasons for the food shortage and steps necessary to alleviate it are recounted in Section II above.

The Title II program is a longer term feeding effort which focuses special attention on pre-schoolers, maternal and child health, and food-for-work activities. Under Title II, foods such as non-fat dried milk, rice, bulgar and vegoil are distributed through private voluntary organizations in Kenya, principally Catholic Relief Services (CRS).

B. Title I Requirements

The CDSS projects a modest P.L. 480, Title I program through 1986 based on an analysis of needs at the time. The program was designed to help Government alleviate its food needs as well as its deteriorating balance of payments situation. At the time of the preparation of the CDSS, Kenya's food production situation did not appear to have the difficulties that further review revealed. The balance of payments situation downturn, on the other hand, was clearly evident because of increased oil prices and defence expenditures for military hardware.

The size of the Title I program in 1982 and beyond differs from projections in the Kenya CDSS. A reassessment of the food situation after the 1979 harvest provided a stark picture of Kenya's production problems. These problems are detailed in the document dated April 1980 on the Justification for P.L. 480, Title I for Kenya. Subsequent review of the situation with GOK technical staff confirmed our conclusions.

In order to assit Kenya sustain reasonable momentum in its development, external donors will have to increase their inflow of foreign exchange in real terms. The U.S. plans to do so through its P.L. 480, Title I program which will help Kenya meet basic food needs during a period of transition to increased production and at the same time alleviate its balance of payments situation. In pursuing a strategy to increase employment and income and agriculture production, the Mission plans to provide sector lending, which directly benefits producers and particularly smallholder farmers, in 1983, 1985 and 1986 in order to reinforce gains from Title I concessional lending.

It appears likely, however, that in the absence of accelerated increases in production, Kenya will require food assistance for the next decade. The Mission believes that U.S. food assistance to Kenya should not be offered beyond 1983. It is extremely critical that the Kenya Government be encouraged to take the difficult decisions which it recognizes are required, in order to reorient its agriculture production systems. Although we recognize that a fine line exists between real shortages and belt tightening, the Mission is opting for a strategy that induces Government to take the necessary actions to increase food production and at the same time reduce the flow of concessional food which may serve as a possible deterent to competitive market forces in 1984 and beyond. The Mission's Title I food strategy, therefore, is designed to relieve continued dependence by Kenya on concessional food imports.

FY 1982 ANNUAL BUDGET SUBMISSION

TABLE XI
Country: Kenya
P.L. 480 TITLE I/III REQUIREMENTS
(Dollars in Millions, Tonnage in Thousands)

COMMODITIES	FY 1980						Estimated FY 1981						Projected FY 1982					
	Agreement		Shipments		Carry into FY 1981		Agreement		Shipments		Carry into FY 1982		Agreement		Shipments		Carry into FY 1983	
	$	MT	$	MT	$	MT	$	MT	$	MT	$	MT	$	MT	$	MT	$	MT
Title I																		
Wheat	10.3	60.8	10.3	60.8	-	-	3.3	20.0	3.3	20.0	-	-	3.4	20.0	3.4	20.0	-	-
Yellow Corn	2.4	20.5	2.4	20.5	-	-	14.7	122.5	14.7	122.5	-	-	11.6	89.2	11.6	89.2	-	-
Rice	4.2	10.0	4.2	10.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	16.9	91.3	16.9	91.3	-	-	18.0	142.5	18.0	142.5	-	-	15.0	109.2	15.0	109.2	-	-
Of which Title III	N/A																	
Total																		

COMMENT:

FY 1982 ANNUAL BUDGET SUBMISSION

TABLE XII

COUNTRY: Kenya

PL 480 TITLE I/III

Supply and Distribution
(000 Metric Ton)

STOCK SITUATION	FY 1980	Estimated FY 1981
Commodity - Wheat		
Beginning Stocks	30.1	27.0
Production	135.0	160.0
Imports	99.0	190.0
Concessional	(81.0)	(60.0)
Non-Concessional	(18.0)	(130.0)
Consumption	237.0 1/	290.0 2/
Ending Stocks	27.0	80.0
Commodity - Maize		
Beginning Stocks	49.9	50.0
Production	150.0	400.0
Imports	250.0	200.0
Concessional	(20.5)	(100.0)
Non-Concessional	(229.5)	(100.0)
Consumption	400.0	400.0
Ending Stocks	49.9	250.0 3/
Commodity - Rice		
Beginning Stocks	-	-
Production	23.0	28.0
Imports	34.0	36.0
Concessional	(10.0)	(10.0)
Non-Concessional	(24.0)	(24.0)
Consumption	57.0	60.0 4/
Ending Stocks		

Comment:

1/ Rationed up to February 80.

2/ Assuming no rationing.

3/ Of which 100.0 MT is for strategic reserve

4/ Assumes increased imports and unrestricted market.

C. Title II Requirements

The Mission has supported Title II programs in Kenya since the early 1960s. In recent years, major Title II activities have been handled through Catholic Relief Services (CRS) Maternal and Child Health (MCH), pre-school children feeding (PSCF) and food for work (FFW) activities. MCH and PSCF programs focus on improving the nutrition status of children under five years of age and mothers. The activity has strong educational and humanitarian elements. The recent drought and resulting food shortage in Kenya has underscored the importance of a Title II program to respond rapidly to save lives and to alleviate suffering among select, high risk groups in the population.

Significant nutritional problems exist in Kenya due to ignorance of balanced diet concepts combined with regional and socio-economic imbalances in food production and income distribution. The Title II MCH program, through its educational activities, attempts to address these nutrition problems by helping mothers become more proficient in the use of nutritious foods for their families. Both the MCH and the PSCF programs provide sustenance to children most vulnerable to malnutrition, i.e., those in the crucial 0-5 year age group, for their physical and psychological development. The GOK in its current Five Year Plan (1979-1983) calls for increased focus on promoting better nutrition; Title II is supportive of this emphasis.

One of the major constraints on Title II activities has been the high cost of inland transportation; this has adversely impacted on the program cost in the northern three-fifths of Kenya where food need is greatest. In FY 1979 CRS received an Outreach Grant to support, expand and extend Title II activities to the most inaccessible and needy areas of Kenya. As a direct result of this grant and the MCH Assessment Project Growth Surveillance System (GSS) grant, CRS has been able to open several new MCH centers and support FFW projects in northern Kenya. During FY 1981 further expansion of MCH and FFW will be needed in Northern Kenya, the area hardest hit by drought and famine, in order to combat malnutrition and to help people rehabilitate themselves.

In FY 1979 a FFW activity was added to the Title II program in order to help rural people undertake projects for which they are the direct beneficiaries. FFW projects have included rural access road construction and repair, livestock watering dams, drinking water systems, land clearing for cultivation, and school construction.

The Mission has encouraged the integration of Title II nutrition and education objectives into GOK programs and greater GOK participation in Title II activities. On April 27, 1980, the GOK and CRS signed a Country Agreement which should facilitate these Mission efforts. Through the nutrition study in FY 1979 and an upcoming Title II program evaluation, the Mission hopes to increase the effectiveness of Title II activities.

There is a need in Kenya to enhance Government's active participation in current Title II program activities if there is any hope of decreasing its dependence on concessional food assistance. Until Government is able to make a commitment to assist preschoolers, handicapped and Maternal Child Health Centers with food aid it will be difficult for the U.S. to realistically plan to disengage from its current commitment to provide food aid under Title II over the ABS Plan period.

PLAN OF OPERATION - FISCAL YEARS 1981-1982

A. IDENTIFICATION:

1. Name of Distribution Agency: Catholic Relief Services - USCC

2. Country: Republic of Kenya

3. Date Submitted: 28th May, 1980

4. Name of Agency Counterparts in Foreign Country:

   (a) Ministry of Health

   (b) Ministry of Housing and Social Services

   (c) 20 CRS Area Coordinators

5. American Citizen Representative:

   Mr. John G. Mathews, Program Director
   Catholic Relief Services/Kenya Program,
   P.O. Box 49675,
   NAIROBI, Kenya

B. AGENCY AGREEMENTS:

1. Catholic Relief Services' written agreement with the Government of Kenya was signed on 24th April, 1980. The provisions of the agreement are fully honoured through normal Government of Kenya administrative procedures and regulations which:

   (a) Provide for Duty-free entry of PL 480 foods and other relief supplies per Customs and Excise Act (1978) paragraph 12 (1) of part 'A' of the Third schedule.

   (b) Grant Sales Tax exemption on all PL 480 foods and other goods imported by CRS for the needy (and Section 42 (4) of the Sales Tax Act 1973)

   (c) Give CRS and its counterpart agencies freedom of action and permit close supervision:

   (d) Exempt CRS from Taxation under the Income Tax Act of 1973;

   (e) Provide U.S. Government and CRS inspectors authority at all time to control and inspect foods at any stage of the distribution process and to

   (f) Allow appropriate publicity to inform people that the foods are a gift from the American people to the people of Kenya.

2. The CRS/Kenya operation, as detailed herein, is complementary and supportive of GOK policy in general and specially as follows:

   (a) It is targeted to lower income groups:
   (b) It provides them nutrition, low-cost food:
   (c) It encourages curative and preventive health strategics;
   (d) It aims to change dietary habits; and
   (e) through demonstration (kitchen) gardens it stimulates
   the production of local high protein foods as well as the raising of chickens and rabbit for home consumption.
   (f) Expand

C. <u>AREA - SCOPE - CONDITIONS OF OPERATIONS:</u>

1. The program is nation-wide.
2. <u>Distribution:</u>

   (a) <u>Mothers/Pre-school aged Children:</u>
   This category of recipients is served through selected voluntary agency and Government sponsored centers who conduct a specialised program in Pre-school health and nutrition education. CRS/Kenya's present emphasis is on the above named group. An essential part of the program is the education and training, especially of the mothers to make them better able to utilize locally available food resources to the best advantage of each member of the family, particularly, the under-five children. This program, therefore, is directed to mothers who will attend organized clinic sessions together with <u>all</u> of their children up to the age of five years. The following methods of operation have been adapted:-

   Registration of children in the 0-5 age groups:

   Weighing of each child and recording the weight on both a Master Chart for the group of children and on individual charts for each child enrolled. The individual weight chart is kept by mother and returned with each monthly visit. The Master Chart is sent to the CRS Office every month for monitoring and evaluation.

Interpretation of the date on the individual child's chart to mothers. The chart serves as an educational device, indicating to the mother whether or not the growth of her child is satisfactory. She is given relevant individual advice.

The general appearance of the child is checked. Minor ailments are treated and, if necessary, the child is referred to a hospital or dispensary for further examination or treatment. Illness and diseases are recorded on the charts.

Innoculations and immunizations are administered and anti-malarias provided to the children whenever possible in accordance with the recommendations of medical authorities. These are also recorded on the charts:

Education of mothers is given through lessons in nutrition, hygiene and child-care, and through practical demonstrations in preparing food that is particularly valuable for young children. Emphasis is placed on local foods, supplemented by foods made available through CRS, which might best be used for this age group. Mothers are encouraged to participate in this preparation and serving of food. They are also encouraged to grow more of the nutritionally valuable foods for their families' use.

Distribution of P.L. 480 foods (currently NFD Milk, bulgur wheat and oil) to serve as a supplement to the diet of the children and mothers:

Mothers and their pre-school aged children are expected to attend these clinics sessions at monthly intervals; and

Each participating mother contributes U.S. $0.65 per child and per mother per visit. These funds are used to pay transport charges from the port of entry to the respective center. They are also used to defray the cost of personnel engaged in the pre-school program.

Satisfactory implementation of the program and continuous evaluation of its effectiveness, calls for periodic supervision of its various aspects to be carried out by trained and experienced personnel. To be sure that the mothers understand the instructions and are able to apply their own homes the advice given to them, follow-up visits are made. Discussions with the mothers help to determine whether the advice given at the clinic is being followed and if there is need for adjustment in the methods of approach.

The extent to which mothers adopt the recommended foods in feeding their children helps to determine the educational aspects of the program. Changes in food production and types of food being produced and consumed indicate whether the advice given has been acceptable to the people and is within the possibility of implementation.

(b) <u>Other Child Feeding</u>:

1. <u>Nurseries</u> It has become an accepted practice especially in areas of high concentration population, that a child should have attended a nursery school as a condition for acceptance into a primary school. Further, other nursery schools have been established so that working mothers can leave their children in proper daily-care centers. CRS/Kenya encourages and supports these activities which, as yet have received no government assistance, by providing one nutritious meal per child per day. The popularity of this program continues to grow.

D. FOOD FOR WORK

CRS/Kenya's Food For Work program has, during the current fiscal year, grown steadily and - more importantly - successfully. At the end of 1979, FFW supported 7 projects employing, in all, 384 workers and feeding 4,420 (4 dependants for each employee). At the date of writing, FFW is presently comprised of 22 distinct projects, virtually scattered throughout the whole of Kenya, employing 1,561 and thus feeding 7,805.

The FFW program has rapidly diversified as well as expanded under the full time supervision of Mike Maren, a Peace Corps Volunteer working in conjunction with CRS. There are now 3 cattle dam projects (Wajir, Sololo-Moyale, Barsaloi), 4 projects involving land clearing for re-settlement (Gabra, Mpekatoni, Margarini and Sololo-Moyale) 5 projects for the digging of ditches and the laying of water pipe and/or storage containers (Kionweni, Kasikeu, Koru, Badassa and Kabondo) and two for wells and irrigation (Alale-Lokisnar and Kaputir). There are 2 road building projects (Mbooni and Pokot), 3 school constructions projects (Mbuinzau-Kai, Oltipese-Eremit and Pokot) and 3 projects to help increase the earning power of village women (Wajir, Mogotio and Mbuinzau-Kai). There is one re-forestation project in Marsabit.

Future projects, already investigated, approved and ready to be implemented when sufficient food and funding have been secured, include further water projects in Tonga, Wema and Meru, another road building project in Lorugumu and an experimental bee-keeping project in Samia. There are countless other potential projects awaiting only sufficient time, staff and resources.

Like any other program, FFW requires money as well as food. The vast majority of the $425,000 allotted for the past fiscal year has been spent on simple transport of goods (to ship 1 carton of oil on the train cost 15/=; 1 bag of rice costs 24/=. This does not include the subsequent changes of hiring a truck to take the goods from railhead to project site). Yet an analysis of the cost/benefit is very optimistic. Over the past year the program has been able often to cut down the estimated time of project completion (requiring employees to work full-time) as well as to use its growing influence to improve upon previously conceived projects.

D. (cont'd)

Using food, instead of cash, as a basis for salaries obviously helps preserve whatever cash resources are at hand for further development projects along with a definite economic support for each individual community involved. It should be noted that throughout the entire program there has been no discernable corruption, waste or 'mysterious losses' whatsoever. FFW is an ideal blending of food relief (where necessary) and primary-level development.

E. CONTROL RECORDS - RECEIPTING PROCEDURE/AUDITING

Losses during and after discharge are handled in the following manner.

CRS/Kenya forwards distribution instructions with other shipping documents to the forwarding agent for filing with Customs prior to the notified date of arrival of food at port. Besides an advance Notice and receipt, Issue notice is sent to the warehouse or consignee by CRS. When food is received, signed delivery Report is sent to CRS.

When food arrives, the forwarding agent moves the food inland, according to CRS distribution instructions. He sends duplicate copies of the Railway Waybill, one to consignee and one to CRS office.

CRS maintains the right to audit the food program at any agency, at any level and at any time or without notice. This right is also reserved for United States Government inspectors.

(a) Short-landed units. These are recorded on the survey

(b) Units landed in defective or damaged condition are taken to a "breakage room" for reserving or rebagging. After these have been weighed and recorded on the survey, CRS/Kenya forwards copies of the port examination vouchers to CRS/New York for the processing of claims against the carriers.

E. (c) Railroad delivery - Differences between quantities railed and received are settled with the railways.

(d) Area Warehouse - A monthly "CEntral warehouse control Report" by all other recipient centres is sent to CRS by each Area Coordinator. These reports are evaluated and recorded in "Food Commodities accountability cards: Losses reported from warehouse are reported to USAID monthly.

(e) Individual Centre - "Monthly Inventory Report": These are sent by all recipient centres to CRS Nairobi for evaluation.

(f) End-Use checking is carried out twice a year by MCH Supervisors and annual at OCF centres by CRS Representatives. -

In case of "a" the clearing agent on behalf of CRS follows up queries in the first instance and lodges claims with the port authority. Finally, when the port authority officially declares short landing, CRS files a non-receipt declaration with the carriers' agents.

F. PORT FACILITIES - PRACTICES:

1. Off-loading facilities at Mombasa are adequate to handle food required.
2. Cargo surveys are conducted on all title II shipments

G. STORAGE FACILITIES:

1. There are adequate storage facilities available in Kenya for quarterly imports of CRS Title II Commodities. There are 20 inland warehouses as listed:-

MAJOR AREA WAREHOUSE:

1. Gatanga
2. Ngong
3. Kisii
4. Kisumu
5. Kitui
6. Machakos
7. Marsabit

8. Meru
9. Nairobi
10. Karatina
11. Kiganjo
12. Lodwar
13. Longonot
14. North Kinangop
15. Voi
16. Mombasa
17. Naro moru
18. Ol Kalau
19. Nakuru
20. Isiolo

In addition to these central storage points unlimited storage facilities can be utilized in Mombasa through our clearing agents, Kenya Bonded Warehouse.

A project has been presented to the CRS Overseas Office in GEneva contemplating the construction of four new warehouses at Voi, Embu, Kitui and Kakamega. The total value of the project is U.S.$179,000.00. With Outreach Grant a warehouse has been built at Ngong to serve Masai area and contracts have been signed to build another warehouse at Nairobi at the cost of $56,000.00. With these two more warehouses will mean more 10% operating reserve.

2. CRS retains control of all foods in storage.

H. <u>INLAND TRANSPORTATION</u>:

1. Rail and trucking facilities are available for inland distribution.
2. As in most African Countries, inland transportation costs are very high.

I. <u>PROCESSING</u>: No foods are used to produce a new end-point.

J. <u>FINANCING</u>:

It is important to note the cash and kind contribution of local agencies which make possible the implementation of CRS/Kenya's P.L. 480 program.

Volagency - general administration: U.S.$116,796.00
Volagency - pre-school administration: U.S.$ 145,833.00
Inland transport of Food: US$247,854.00
Additional Food inputs: US$755,921.00

Storage: U.S.$. 179,000.00

K. ACCEPTABILITY OF AVAILABLE FOODS AND RATION LEVELS:

The commodities NFD Milk, S.F. Bulgur, wheat and soybeans salad vegetable oil will be distributed to MCH, nursery school and Institutional recipients during FY 81 and FY 82. Food for work recipients will be allocated soybean salad oil and rice for these years.

The following ration level has been requested for each of the following recipient categories:

Maternal Child Health: Commodity	Mothers and Children Kilos per month
NFD Milk	2
S.F. Bulgur wheat	2
Soybean Salad Oil	1

Other Child Feeding Commodity	Nurseries Kilos per month
NFD Milk	1.5
S.F. Bulgur wheat	1.5
Soybean salad Oil	0.5

Other Child Feeding Commodity	Institutions Kilos per month
NFD Milk	2
S.F. Bulgur wheat	2
Soy bean salad oil	1

Food for Work Commodity	Kilos per month
Rice	9 x 5 = 45 per family
Soy bean salad oil	0.68 x 5 = 3.4 per family

L. PROGRAM PUBLICITY:

Recipients are informed of the source of foods through periodical issuance by CRS of information bulletins and through personal visits by CRS field representatives. News releases in the local press also serve to inform recipients of the U.S. donated foods.

M. TITLE II FOODS - NO DISINCENTIVE:

Importation of Title II foods into Kenya does not create a disincentive to local food production. CRS beneficiaries have no purchasing power. Therefore, the CRS inputs increase consumption and has no effect on the market.

Kenya produces wheat in sufficient quantities to meet local needs of commercial market. However, the entire production is utilized for sale as bread flour and Atta for chapatis. S.F. Bulgur wheat is not produced in Kenya. The same statement can be made again that consumption of S.F. Bulgur wheat by beneficiaries does not interfere with the local market.

Kenya imports edible oil, but the GOK would not reduce imports of oil because CRS imports of oil are too small to have an impact.

Rice is also grown in Kenya, but the very small amount imported by CRS would not act as a disincetive to local production.

The GOK has recently started a free milk distribution program to all primary school student. CRS distribution of NFD milk will complement the recent initiative taken by GOK.

In summary, CRS Title II imports are on too small a scale to be a disincentive. The GOK would not reduce food imports because of Title II commodities imported by CRS. Consumption is increase by CRS food inputs to beneficiaries without purchasing power.

STATISTICAL SUPPLEMENT FOR VOLUNTARY AGENCIES AND INTER-ORGANIZATIONS
FY 1980/81 TITLE II PROGRAMS.

1. Maternal/Child Health

A. Number of Mothers participating	-	35,000.
B. Number of children participating (age 5 and under)	-	70,000.
C. Number of persons served prepared foods through health clinic and nutritional education centres?	-	- 0 -

11. Pre-School and Other Child Feeding:

FY 81

1. Nurseries 20,000
2. Institutions 3,000

FY 82

1. Nurseries.............................. 22,500
2. Institutions 3,000

Plan for Implementation of G.S.S. in Kenya.

All children registered are now on the GSS. All centres are using the GSS but on-going training is still needed because of the turn-over of personnel at the centres.

The GSS data has shown that a certain percent of children do not improve when they are in the regular program. These children need a special care program which was introduced at the last seminar. It is estimated that the percent of these children is somewhere between 10% and 20%.

This program will increase the work load for not only the centre personnel but also the CRS Supervisors. The Supervisors must follow up this new program very closely and so they must visit the centres with a special care program very often in order to see that the scale is correct and the children are being weighed correctly, that the proper ration is being given, that the records of the special care children are being done properly, and that the program is well organized so that mothers are not kept longer than necessary.

D. Mission Review of CRS Operational Plan

1. FY 1980 Program

a. Maternal Child Health (MCH)

With the assistance of the MCH Assessment Project - Growth Surveillance System (GSS) grant, CRS now has the capability to reach all 105,000 MCH recipients projected in CRS's FY 1980 AER. The GSS grant provides funds for additional Kenyan nutritionists who, during FY 1980, have been able to organize and open several new MCH centers. Whereas in the First Quarter of FY 1980 CRS was able to provide food to only about 70,000 recipients, CRS during the Fourth Quarter of FY 1980 should be able to reach all 105,000 recipients.

b. Preschool Children Feeding (PSCF)

CRS has had no difficulties serving the 20,000 PSCF recipients during FY 1980.

c. Food-For-Work (FFW)

CRS was delayed in early FY 1980 in reaching its projected 2,000 worker-recipients. However, CRS obtained the services of a Peace Corps Volunteer to work with developing and managing FFW projects throughout Kenya. CRS also purchased a four-wheel drive vehicle (from outreach grant funds) to support FFW activities. These two steps, and a strong interest in FFW projects by Kenyans, will permit CRS/Kenya to attain its projected number of recipients (i.e., 2,000 worker years) by the end of FY 1980.

d. Other Child Feeding (OCF)

CRS has thus far been able to maintain the phase-out schedule for OCF; however, it believes it will be unable to terminate the program by the end of 1980 as originally proposed. The total number of recipients in this category was reduced from 5000 in FY 1979 to 3000 in FY 1980. However, because of severe food shortages in Kenya, OCF activities will need to continue for at least another year at the present level of 3,000 recipients. This is discussed further in Section 2.d. below.

e. Famine Relief

The normal "short rains" (October-November) did not materialize in Kenya's bi-modal areas in 1979, thereby causing severe shortfalls in harvests of food grains, reduced milk production and heavy losses of livestock (cattle, sheep and goats). The most severely affected areas were, in general, the nomadic pastoralist areas of northern Kenya. CRS, at the request of the GOK, and various missionary societies in Turkana (perhaps the worst of the famine stricken areas) provided 109 metric tons of bulgar wheat to northern Turkana to supplement GOK famine relief efforts. Despite the advent of the "long rains," famine conditions (i.e., disease and hunger) in Turkana will prevail for at least another six to nine months, i.e., through 1980. An estimated 35 percent of the people in northern Turkana have lost all or most of the livestock which is their exclusive or primary source of sustenance and new crops will not mature until late 1980. CRS plans to further assist the people of Turkana during August, September and October 1980 by using food commodities in its FY 1980 AER not scheduled for use in its regular FY 1980 program activities.

For more detail on CRS and USAID/Kenya's involvement in Turkana famine relief activities see communications sent in May 1980 to the Office of Foreign Disaster Assistance (OFDA), AID/Washington.

2. FY 1981 and FY 1982 Program

a. Maternal Child Health Programs for FY 1981 and FY 1982 are the same as in FY 1980. In its FY 1981 ABS, USAID/Kenya noted that CRS was having difficulty reaching the 105,000 recipient level. Both USAID/Kenya and CRS are now confident that these levels will be reached in FY 1980 and be maintained throughout FY 1981 and FY 1982. The GSS grant is now funding three additional staff and one vehicle which were needed to implement the MCH Program at its presently projected recipient level. USAID/Kenya will continue to monitor the progress in the MCH activity by reviewing the Quarterly Recipeint Status Reports and by making field visits.

b. Preschool Children Feeding (PSCF)

USAID/Kenya anticipates no difficulty in CRS's maintaining the 20,000 recipient level for FY 1981 and the increased level of 22,500 in FY 1982. Most of the additional 2,500 recipients in FY 1982 will be in institutions already being served by CRS.

c. Food-For-Work (FFW)

As noted in Section 1.c. above, CRS now has a Peace Corps volunteer working full-time with the FFW activity and has assigned a vehicle to be used only for FFW projects. Although FFW projects have been promoted seriously for only the past six to nine months, there has been a rapidly growing demand from people throughout Kenya to be included in this activity. The demand has been so great that CRS is beginning to establish priority categories of projects to be considered, e.g., water development.

In coordination with USAID/Kenya, CRS has established criteria for reviewing FFW projects. As of February, 1980, USAID/Kenya reviewed FFW projects to ensure that they followed Handbook 9 guidance. Since then, CRS will review all FFW projects and will keep USAID/Kenya informed on the status of each project. Copies of these reports will be sent to AID/W. Given CRS' increasing management competence (see below), USAID considers this revised procedure to be more efficient.

State 111122 recommended that the FFW recipient status level be limited to only 12,500 in FY 1981 in order to be consistent with the targets of the Outreach Grant. USAID/Kenya, however, strongly recommends approval of programs for 18,000 recipients for the following reasons.

(1) FFW projects, as they are being designed in Kenya, have strong self-help and development aspects. FFW projects can therefore be an effective means to help people affected by famine conditions to move from passive famine relief recipients to participants in activities which can help them to return to a more normal life. The increased levels requested by CRS will be needed to assist in this effort, especially in Turkana.

(2) Food is still short in Kenya and will be for some time to come. FFW projects are an excellent way to help people feed themselves and, in a small way, relieve the pressure on limited GOK food stocks.

(3) GOK's national goal to provide water to every Kenyan by the year 2000 will be supported by FFW water projects.

(4) Finally, CRS has the managerial capacity and funds (from Outreach and other sources) for transportation and storage to implement FFW projects up to the recipient levels requested for FY 1981 and FY 1982.

d. Other Child Feeding (OCF)

Both CRS and USAID/Kenya agree that OCF activities should be phased out of Title II activities for the reasons stated in the FY 1981 ABS. However, due to the drought and the ensuing severe food shortage in Kenya, OCF institutions which provide for the disabled and homeless have been unable to find sufficient food to feed recipients. Furthermore, funds available to those institutions still remain severely limited. CRS and USAID/Kenya had hoped that OCF institutions would have been able to obtain food assistance from the GOK or other donors. However, this has not been the case.

USAID/Kenya, therefore, has agreed with CRS to continue to support 3,000 OCF recipients for FY 1981 and to reduce this to 2,000 or further in FY 1982 with phase-out now planned for the end of FY 1983. CRS, in the interim, will assist OCF institutions in finding other sources for food assistance and to keep USAID/Kenya informed of the specific steps taken to accomplish this.

3. Other Issues

a. Ration Levels and Commodities

Ration levels for FY 1981 and 1982 are the same as FY 1980 and nearly approach the FFP guidelines of meeting 50 percent of the Recommended Daily Requirement (RDR) for calories and protein in Africa (see 78 STATE 36804). One problem which still remains is the use of Non-Fat Dry Milk (NFDM) in the MCH program. There is a tendency for parents and other adults to consume the NFDM, thus reducing the nutritional impact on children. Furthermore, if NFDM is improperly mixed with water, there is the danger of overdilution and infant diarrhea which can lead to malnutrition. Finally, there is the question of possible adverse effects of NFDM on weaning practices and as a substitute to breast-feeding.

CRS is aware of these potential problems and side effects. In its MCH nutrition education sessions, MCH staff provide information and demonstrations on how NFDM can be cooked along with the other food commodities distributed. CRS plans to monitor the MCH program through the GSS and report regularly to USAID/Kenya its assessment of positive and negative nutritional effects of NFDM. Also the upcoming CRS/Kenya P.L. 480 Title II program evaluation (June/July 1980) should provide information on the nutritional impact of NFDM.

b. CRS Managerial Capacity

In late FY 1979, the AAG/EAFR Office audited CRS/Kenya. The audit reported significant improvement in CRS/Kenya's managerial and accounting practices. (See Audit Report No. 3-615-79-15 dated September 18, 1979, which was sent to FFPO.) The Mission has noted definite improvements over the past year in CRS's managerial capacity which is at least in part due to assistance received from the GSS and Outreach grants. A problem in recent years of frequent turnover in CRS's senior staff has apparently been ameliorated.

c. Storage Capacity and Disincentives

CRS's statements on these aspects appear satisfactory as presented in the FY 1981 and FY 1982 Operational Plan. The Title II Program Review will examine disincentives in food production at the micro or family level. Under the Outreach Grant, and with funds from other sources, CRS has been expanding its warehouse space, thus allowing CRS to be less dependent on commercial warehouses and thereby reducing its operational costs. These arrangements will also provide CRS with an expanded storage capacity to respond to emergency situations, such as the ongoing Turkana famine.

d. GOK-CRS Country Agreement

CRS and the GOK signed a multi-year Country Agreement on April 27, 1980. Included in this Agreement are: provisions for duty-free entry of commodities, household effects for CRS expatriate staff and project equipment; sales tax remission; and provision of transport for commodities by Government for GOK Title II projects. A copy of the GOK-CRS Country Agreement has been sent to FFPO. USAID views the execution of this Agreement as a major step forward in improving program implementation and toward GOK commitment to that program.

e. Multi-Year Planning

CRS submitted a multi-year plan to the Ministry of Economic Planning in FY 1979 which served as a basis for negotiating the GOK-CRS Country Agreement. When the findings of the Title II Program Review (June/July, 1980) are available, CRS will finalize a multi-year plan in cooperation with USAID/Kenya. Completion of this plan is expected in FY 1981.

f. Title II Program Evaluation, Nutrition Study and GSS Project

During June/July 1980, the FFP Office, at the request of the Mission, will conduct an evaluation of the CRS P.L. 480 Title II program in Kenya. Issues to be examined include "the nutritional impact of MCH and preschool feeding programs; the development impact of FFW projects; the feasibility of integrating Title II activities into existing and future GOK nutrition programs; necessary actions to enhance CRS's capability to evaluate and monitor its own program activities; and other issues that need further study by CRS and/or an outside consultant.

The Mission conducted a nutrition study in FY 1979 to determine the nature, magnitude and nutrition problems in Kenya, the resources in coordination with the GOK to address such problems. A copy of this report has been sent to the FFP Office.

Finally, CRS is implementing the MCH Assessment Project (GSS) whose purpose is to demonstrate the contribution of GSS towards the improvement of the nutritional status of preschool children. The GSS is useful in tentatively locating pockets of malnutrition in Kenya, especially where data is lacking such as in northern Kenya. In addition, the GSS is expected to provide data and analyses needed for further nutrition evaluations.

On the bais of these three activities, the Mission, CRS and the GOK plan to develop a plan of action for future Title II programs to involve the active participation of the GOK and to maximize the nutritional and development impact of the program.

FY 1982 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

I. Country KENYA

Sponsor's Name Catholic Relief Services

A. Maternal and Child Health........................Total Recipients 105,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
105.0	NFDM	2,520	$1,056
105.0	S.F. Bulgar	2,520	736
105.0	Veg. Oil	1,260	1,254
Total MCH		6,300	$3,046

B. School Feeding.................................Total Recipients 22,500

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
22.5	NFDM	304	$127
22.5	S.F. Bulgar	304	89
22.5	Veg. Oil	101	100
Total School Feeding		709	$316

C. Other Child Feeding..........................Total Recipients 2,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
2.0	NFDM	48	$20
2.0	S.F. Bulgar	48	14
2.0	Veg. Oil	24	24
Total Other Child Feeding		120	$58

D. Food for Work................................Total Recipients 20,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
20.0	Rice	2,160	$812
20.0	Veg. Oil	162	161
Total Food for Work		2,322	$973

Total Recipients	149,500
Total Commodities	9,451 metric tons
Total FAS Value	$4,393,000
Total CIF Value	$6,200,000