UNCLASSIFIED PD-AAS-471 42861

AGENCY FOR INTERNATIONAL DEVELOPMENT

ANNUAL BUDGET SUBMISSION

FY 1981

KENYA

DEPARTMENT OF STATE

JUNE, 1979

UNCLASSIFIED

Annual Budget Submission

Table of Contents

				Pages
	Chief of Mission Approval			1
1.	Table I - Long Range Plan			2
2.	Table III - Project Obligations By Appropriation Account			3-4
		Annex A:	Changes in FY 79 Funding	5
		Annex B:	Changes in FY 80 Funding	6
3.	Table IV - Project Budget Data			7-8
	IV(a)-1 - Africa Bureau Regional Projects			9
	IV(b)-2 - Project Development and Support Funds			10
	FN:	0186	Arid and Semi-Arid Lands - Phase II	11-13
		0189	Rural Planning II	14-15
		0190	Food Crops Storage	16-17
		0191	Rural Roads - ASAL	18-19
		0199	Rural Trade Development (OPG)	20-21
	PN:	0193	Family Planning - II	22-24
	HE:	0192	Schistosomiasis Control	25-27
		0198	Rural Health Delivery (OPG)	28-29
	HIIG:	na	Narrative	30-32
	IV-B - Additional Programming Requirements (shelf)			33-34
		0194	Cooperative College Expansion	35
		0196	Extension Service Assistance	36
		0200	Non-Project Loan	37-38
		0178	Human Resources Development	39
		0196	Coast Institute of Agriculture Development	40
		0197	Analysis and Development Studies	41
4.	Decision Package Narrative			
	A.	Overview		42-43
	B.	Minimum		44-48
	C.	Current/AAPL		49-50

5. Table V - Proposed Program Ranking 51-52

6. Workforce and Operating Expenses

A. Table VI - Project Summary 53

B. Table VII - Personnel Schedule 54

C. Table VIII - Operating Expense Summary 55

Table VIII A 55(A-1/A-18)
Table VIII B 55(B-1/B-5)
Table VIII C 55-C
Table VIII D 55-D
Table VIII E 55-E
Table VIII F 55-F

D. Table IX - Position Requirments 56-58

Narrative 59

E. Automatic Data Processing (ADP) Narrative 60

7. Table X - Special Concerns 61-63

8. PL 480 - Title I 64-74

Title II 75-94

CHIEF OF MISSION APPROVAL

I approve the program and workforce levels for fiscal years 1980 and 1981 for USAID/Kenya, as presented in the FY 1981 Annual Budget Submission. I further approve the following end-of-year personnel ceilings:

	FY 1980	FY 1981 (Current/AAPL Package)
USDH	39	38
FNDH	63	63
PASA	15	14

Wilbert J.LeMelle,Ambassador

Date:

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

Decision Unit: KENYA

Development Assistance	FY 1979 Est.	FY 1980 Est.	FY 1981 REQUEST Minimum	FY 1981 REQUEST Current/AAPL	PLANNING PERIOD 1982	1983	1984	1985
Agriculture, Rural Dev. & Nutrition								
Grants	14,553	8,284	5,850	10,000	10,600	16,000	16,000	20,500
Loans	-	8,100	4,000	10,000	9,400	14,000	26,000	26,500
Population								
Grants	594	683	3,650	3,650	2,000	2,000	3,000	2,000
Loans	-	-	-	-	-	-	6,000	-
Health								
Grants	5,374	3,750	-	350	4,000	3,000	4,000	2,000
Loans	5,500	-	-	-	8,000	11,000	-	14,000
Education								
Grants	-	-	-	-	-	1,000	-	5,000
Loans	-	-	-	-	-	-	-	-
Selected Dev. Activities								
Grants	-	-	-	-	1,000	3,000	4,000	3,000
Loans	-	-	-	-	-	-	6,000	7,000
SUBTOTAL FUNCTIONAL ACCOUNTS								
Grants	20,521*	12,717**	9,500	14,000	17,600	25,000	27,000	30,500
Loans	5,500*	8,100**	4,000	10,000	17,400	25,000	38,000	49,500
Other DA Accounts (Specify)								
Grants	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Total DA ACCOUNTS								
Grants	20,521	12,717	9,500	14,000	17,600	25,000	27,000	30,500
Loans	5,500	8,100	4,000	10,000	17,400	25,000	38,000	49,500
Security Supporting Assitance								
Grants	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
TOTAL DA AND SSA	26,021*	20,817**	13,500	24,000	35,000	50,000	65,000	80,000
PL 480 (non-add)								
Title I	-	-	12,270	12,270	13,000	13,500	14,000	14,600
Title II	4,300	4,300	4,787	4,787	5,300	6,000	6,500	7,500
Housing Guaranties (non-add)	25,000	-	-	20,000	-	-	-	25,000

*See Table III, Annex A **See Table III, Annex B

TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT
FY 1979 - FY 1981
(Thousands $)

DECISION UNIT
KENYA

APPROPRIATION ACCOUNT/PROJECT NO./TITLE	L/G	FY 1979	FY 1980	FY 1981 Minimum	FY 1981 Current /AAPL	FY 1981 ~~XXXPX~~
Agriculture, Rural Development & Nutrition						
615-0157 National Range-Ranch Development	G	681	998	-	1850	
615-0162 Rural Planning	G	742	388	-	-	
615-0168 Rural Roads Systems	G	500	348	-	-	
615-0169 ASSP	G	5330 **	900***	1590	1590	
615-0169 ASSP	L	-	-	-	-	
615-0172 ASAL Development	G	* 6000 **	-	-	-	
615-0180 Drylands Cropping Systems	G	1300	850	1260	1260	
615-0182 Rural Market Centers	G	-	800***	1400	1400	
615-0182 Rural Market Centers	L	-	* 6600***	-	-	
615-0186 ASAL Development - II	G	-	-	1600	1600	
615-0186 ASAL Development - II	L	-	-	4000	4000	
615-0189 Rural Planning II	G	-	* 3000***	-	-	
615-0190 Food Crop Storage	G	-	* 1000***	-	-	
615-0190 Food Crop Storage	L	-	* 1500***	-	-	
615-0191 ASAL Road Networks	G	-	-	-	2000	
615-0191 ASAL Road Networks	L	-	-	-	6000	
615-0199 Rural Trade Development (OPG)	G	-	-	-	300	
Population						
615-0161 Family Planning	G	124	-	-	-	
615-0165 PSRC	G	470	683 ***	-	-	
615-0193 Family Planning II	G	-	-	3650	3650	
Health						
615-0173 Rural Blindness Prevention (OPG)	G	461**	-	-	-	
615-0177 Community Water	L	* 5500**	-	-	-	
615-0177 Community Water	G	* 3000**	-	-	-	
615-0185 Kitui Primary Health Care (OPG)	G	413**	-	-	-	
615-0187 Health Planning	G	* 1500**	-	-	-	
615-0192 Schistosomiasis Control	G	-	*3750***	-	-	
615-0198 Rural Health Delivery (OPG)	G	-	-	-	350	

* Full life of project funding **See Annex A ***See Annex B

TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT
FY 1979 - FY 1981
(Thousands $)

DECISION UNIT
KENYA

APPROPRIATION ACCOUNT/PROJECT NO./TITLE		L/G	FY 1979	FY 1980	FY 1981 Minimum	FY 1981 Current/AAPL	~~XXXX~~
HIG's (non-add funding)			(25,000)	-	-	(20,000)	
PL 480, Title I (non-add funding)			-	-	(12,270)	(12,270)	
PL 480, Title II (non-add funding)			(4,300)	(4,300)	(4,787)	(4,787)	
Other Activities (non-add funding)							
PDS (FN)			(431)	(130)	(300)	(300)	
PDS (HL)			(196)	(40)	(50)	(50)	
PDS (Pop)			-	(50)	(50)	(50)	
PDS (EHR)			-	(180)	-	-	
PDS (Special Development)			-	(50)	-	-	
Subtotal PDS			(627)	(450)	(400)	(400)	
AMDP			(350)	(500)	(500)	(500)	
Total Program	OPG		874**	-	-	650	
	Bilateral		25,147**	20,817***	13,500	23,350	
	Total		26,021	20,817	13,500	24,000	

** See Annex A
*** See Annex B

AID 1330-12 (3-79)

Decision Unit: Kenya

Explanatory Annex A to Table III

Project No.	Change (+ or -) ($'000)	Explanation of Change in FY 79 Funding Level
Agriculture, Rural Development & Nutrition		
615-0169 (G)	+ 5,330	Incremental funding made possible by less than planned funding requirements for 615-0172.
615-0172 (G)	+ 4,670	Full life of project funding.
615-0172 (L)	- 10,000	No loan funding currently planned during life of project.
Health		
615-0173 (G)	+ 461	Additional OPG funding.
615-0177 (G)	+ 2,300	Full life of project grant funds.
615-0177 (L)	+ 1,500	Additional loan funds required for full life of project funding. Cost revisions based on major changes in design from CP submission, with 615-0177 split into two separate projects: 615-0177 and 615-0187.
615-0185 (G) (OPG)	+ 413	Additional OPG funding.
615-0187 (G)	+ 1,500	Full life of project funding for new project resulting from division of original 615-0177 as submitted in FY 80 CP. (See 615-0177 explanation above)

Summary	Grant	Loan	
Food and Nutrition	+10,000	-10,000	Design of 615-0172 currently can not accommodate loan funding.
Health			
OPG	+ 874	-	Additional FY 79 appropriations.
Others	+ 3,800	+ 1,500	Full life of project funding for revised project designs resulting from division of 615-0177 into two: 615-0177 and 615-0187.

Decision Unit: Kenya

Explanatory Annex B to Table III

Project No.	Change (+ or -) ($'000)	Explanation of Change in FY 80 Funding Level
Agriculture, Rural Development & Nutrition		
615-0169 (G)	- 3,100	FY 79 planned obligations increased by $5,300,000 in accordance with forward funding guidelines set forth FY 81 ABS Guidelines and changes in FY 79 programs at the project levels (See Annex A). FY 79 funding increase permits FY 80 decrease.
615-0172 (G)	- 2,000	Full life of project funding in FY 79.
615-0182 (G)	- 1,000	Revised funding estimates.
615-0182 (L)	+ 600	Revised funding estimates.
615-0189 (G)	+ 3,000	Not shown in FY 80 CP.
615-0190 (G)	+ 1,000	Not shown in FY 80 CP.
615-0190 (L)	+ 1,500	Not shown in FY 80 CP.
Health		
615-0177 (G)	- 1,500	Full life of project funding in FY 79.
615-0177 (L)	- 2,250	Full life of project funding in FY 79.
615-0192 (G)	+ 3,750	Not shown in FY 80 CP.
Population		
615-0165 (G)	+ 233	Revised funding estimates reflecting (a) increase costs per participant year, (b) lengthier degree training than originally anticipated and (c) increased costs for U.S. technical advisers.

TABLE IV PROJECT BUDGET DATA

DECISION UNIT: KENYA

PROJECT NUMBER	PROJECT TITLE	G/L	OBLIGATION DATE INITIAL	OBLIGATION DATE FINAL	DATE OF NEXT PLANNED NON-ROUTINE EVAL.	CUM. PIPELINE AS OF 9/30/78	FY 1979 OBLIG.	FY 1979 EXPEND.	FY 1979 CUM. PIPELINE	FY 1980 OBLIG.	FY 1980 EXPEND.	FY 1980 CUM. PIPELINE	FY 1981 AAPL OBLIG.	FORWARD FUNDED TO (MO/YR)	FUTURE YEAR OBLIGATIONS FY 1982	FUTURE YEAR OBLIGATIONS FY 1983 & BEYOND
	<u>Agriculture, Rural Development & Nutrition</u>															
615-0157	National Range and Ranch. Development	G	72	81	6/79	1,567	681	852	1,396	998	1,051	1,343	1,850	6/82	-	-
615-0162	Rural Planning	G	76	80	6/79	164	742	576	330	388	574	144	-	12/81	-	-
615-0168	Rural Roads Systems	G	78	80	6/79	844	500	406	938	348	327	959	-	2/84	-	-
615-0168	Rural Roads Systems	L	78	78	6/79	12,965	-	4,470	8,495	-	2,450	6,045	-	2/84	-	-
615-0169	Agriculture Systems Support	G	78	83	82	5,573	5,330	1,944	8,959	900	4,965	4,894	1,590	4/82	6,000	6,807
615-0169	Agriculture Systems Support	L	78	82	82	20,200	-	4,644	15,556	-	4,000	11,556	-	3/82	3,400	-
615-0172	Arid and Semi-Arid Land Development Phase I	G	79	79	82	-	6,000	-	6,000	-	1,500	4,500	-	9/83	-	-
615-0180	Drylands Cropping Research	G	79	83	82	-	1,300	840	460	850	1,030	280	1,260	12/81	1,092	1,502
615-0182	Rural Market Centers	G	80	81	82	-	-	-	-	800	125	675	1,400	3/85	-	-
615-0182	Rural Market Centers	L	80	80	82	-	-	-	-	6,600	649	5,951	-	3/85	-	-
615-0186	Arid and Semi-Arid Land Development Phase II	G	81	83	83	-	-	-	-	-	-	-	1,600	3/83	2,000	1,400
615-0186	Arid and Semi-Arid Land Development Phase II	L	81	83	83	-	-	-	-	-	-	-	4,000	9/83	4,000	2,000
615-0189	Rural Planning II	G	80	80	82	-	-	-	-	3,000	115	2,885	-	9/84	-	-
615-0190	Food Crops Storage	G	80	80	82	-	-	-	-	1,000	125	875	-	9/84	-	-
615-0190	Food Crops Storage	L	80	80	82	-	-	-	-	1,500	-	1,500	-	9/84	-	-
615-0191	Rural Roads - ASAL	G	81	81	83	-	-	-	-	-	-	-	2,000	9/85	-	-
615-0191	Rural Roads - ASAL	L	81	82	83	-	-	-	-	-	-	-	6,000	9/83	2,000	-
615-0199	Rural Trade Development (OPG)	G	81	81	83	-	-	-	-	-	-	-	300	9/84	-	-

TABLE IV PROJECT BUDGET DATA

DECISION UNIT: KENYA

PROJECT NUMBER	PROJECT TITLE	G/L	OBLIGATION DATE INITIAL	OBLIGATION DATE FINAL	DATE OF NEXT PLANNED NON-ROUTINE EVAL.	ESTIMATED U.S. DOLLAR COST ($000): CUM. PIPELINE AS OF 9/30/78	FY 1979 OBLIG.	FY 1979 EXPEND	FY 1979 CUM. PIPELINE	FY 1980 OBLIG.	FY 1980 EXPEND.	FY 1980 CUM. PIPELINE	FY 1981 AAPL OBLIG.	FORWARD FUNDED TO (MO/YR)	FUTURE YEAR OBLIGATIONS FY 1982	FUTURE YEAR OBLIGATIONS FY 1983 & BEYOND
	Population															
615-0161	Family Planning	G	75	79	79	829	124	913	40	-	40	-	-	-	-	-
615-0165	PSRC	G	76	80	80	659	470	418	711	683	587	807	-	9/82	-	-
615-0193	Family Planning - II	G	81	81	83	-	-	-	-	-	-	-	3,650	9/86	-	-
	Health															
615-0173	Rural Blindness Prevention (OPG)	G	75	79	79	-	461	200	261	-	261	-	-	4/80	-	-
615-0177	Community Water Supply	G	79	79	82	-	3,000	-	3,000	-	480	2,520	-	9/84	-	-
615-0177	Community Water Supply	L	79	81	82	-	5,500	-	5,500	-	1,500	4,000	-	9/84	-	-
615-0185	Kitui Primary Health Care (OPG)	G	79	79	81	-	413	166	247	-	118	129	-	9/82	-	-
615-0187	Health Planning	G	79	79	82	-	1,500	-	1,500	-	225	1,275	-	9/83	-	-
615-0192	Schistosomiasis Control	G	80	80	83	-	-	-	-	3,750	-	3,750	-	9/85	-	-
615-0198	Rural Health Delivery (OPG)	G	81	81	83	-	-	-	-	-	-	-	350	9/84	-	-
	Subtotal - OPG					0	874	366	508	-	379	129	650		-	-
	- Bilateral					42,801	25,147	15,063	52,885	20,817	19,743	53,959	23,350		18,492	11,709
	Total Program					42,801	26,021	15,429	53,393	20,817	20,122	54,088	24,000		na	na
	- PL 480 (non-add)					na	4,300	na	na	4,300	na	na	17,057	na	18,300	na
	- HIIGs (non-add)		na	na	na	na	25,000	na	na	-	na	na	20,000	na	-	25,000

Table IV(a)-1

AFRICA BUREAU REGIONAL PROJECTS**

Project Title/Number	Estimated Funding Requirements ($000)		
	FY 79	FY 80	FY 81
1. Improved Rural Technology (698-0407)	-	50	-
2. Women in Development (698-0388)	-	150	150
3. AMDP (698-0384)			
Direct Training 1/	350	500	750
AFGRAD	N/A	N/A	N/A
4. Energy Initiatives for Africa (698-0424)	-	500	-
5. Accelerated Impact Program (698-0410)	-	-	- 2/
6. Environmental Training and Institution Building (698-0XXX)	-	-	150
7. AHTIP (698-0359)	*	*	*
8. ACOSCA (698-0154)	*	*	*
9. African Labor Development (698-0363)	*	*	*
TOTAL	350	1,200	1,050

1/ FY 80 and FY 81 levels in lieu of alternative training funds under bilateral Human Resources Development Project (shelf).

2/ None planned.

* Currently active in Kenya, expenditure levels unknown.

** The above list is based on "Umbrella Projects" prepared by the AFR/RA. USAID/Kenya is also interested in drawing upon centrally funded project resources (AFR/RA and DSB) in the fields of nutrition and Section 104(d) concerns.

Table IV(a)-2

Project Development and Support Funds

Projects Number	Title	No. Person Months	Funding Requirements $(thousands) FY 79	FY 80	FY 81
Agriculture, Rural Development & Nutrition					
615-0172	ASAL - Design	13	151		
615-0182	Rural Market Centers - Design	25	200		
na	PL 480 Title II Evaluation	1	10		
na	Poultry and Swine Feasibility	2	20		
na	Nutrition Assessment	6	50		
615-0189	Rural Planning - II Design	2		30	
na	Extension Services/Ag Sector Assessment	8		100	
615-0186	ASAL Phase II - Design	12			150
na	Livestock III - Design	12			150
	Subtotal		431	130	300
Health					
na	Rural Health Delivery PASA	na	196		
615-0192	Schistosomiasis Control - Feasibility	3		40	
na	Community Water II - Design	3			50
	Subtotal		196	40	50
Population					
na	Family Planning - Evaluations	3		50	
615-0193	Family Planning II - Design	3			50
	Subtotal		-	50	50
Education and Human Resources					
na	Education Assessment: Special Studies 1/	9		100	
na	Human Resources Needs Analysis	6		80	
	Subtotal		-	180	-
Other: Special Development					
na	Rural Energy Needs Assessment	3		50	
	Subtotal		-	50	-
	Total		627	450	400

1/ Administrative and curricula reform; vocational education; non-formal education; adult literacy; elementary education; rural education.

Title: Arid and Semi-Arid Lands (ASALs) - Phase II

Number: 615-0186

Life of Project:	Loan	$10,000,000
	Grant	5,000,000
	Total	$15,000,000

Initial Obligation:	FY 81:	Loan	$4,000,000
		Grant	1,600,000
		Total	$5,600,000

Estimated PACD: FY 86

Purpose: To conserve the natural resource base (soil and water), and to increase agricultural productivity and incomes of smallholders and pastoralists in Kenya's arid and semi-arid lands (ASALs).

Background: Approximately 80 percent of Kenya's land area, encompassing 50 percent of its livestock and 20 percent of its population, is arid and semi-arid. These ASALs are characterized by growing population pressure, increasing resource degradation, and a dependence on famine-relief measures. Because of the worsening ecological and socio-economic situation, the GOK is launching a major coordinated program to develop these areas. The Fourth Five-Year Plan, as well as the recently completed inter-ministerial Task Force report on ASALs, testify to the Government's clear commitment to this effort. The GOK regards the U.S. as a major source of expertise and experience in the areas of soil and water conservation and dryland agriculture. Accordingly, US AID was asked to finance a major pre-investment study of several ASALs in Kenya, including parts of Kitui District (615-0164). Based on the conclusions and recommendations of that study, completed in August 1978, AID is preparing an ASAL Development project for FY 79 funding (615-0172). The FY 1979 project is the first stage of a major development assistance effort in the ASALs. Phase II, to be funded in FY 1981, represents a significant expansion and acceleration of AID financed assistance activities in the ASALs, moving out of the pilot study and seed project phases into high-impact action-oriented assistance activities.

Host Country and Other Donors: Kenya's ASAL Development Program is accorded high priority in the Fourth Development Plan. The U.S. has been requested at the highest levels of the GOK to assume a leading role in assisting the Government to implement the Program. Other donors are also expected to provide substantial amounts of financial assistance. Currently, the EEC is financing the Machakos Integrated

Agricultural Development Project which is located in a semi-arid area ($25 million); the United Kingdom and FAO have been providing assistance in the Meru/Embu/Isiolo area ($790,000), also a dry area; the UNEP is studying ecological degradation and desert encroachment in the arid zones ($1.25 million); AID has been assisting water development and range management activities in the North Eastern Province (615-0157 and 615-0160); the IBRD is expected to provide a major input into the development of the Baringo area. The GOK convened a meeting in May 1979 with the major donors in order to present and discuss the GOK's comprehensive policy framework for the planning, implementation, and evaluation of development activities in the ASALs. The GOK's framework stressed decentralized design and management of development projects while the GOK's presentation emphasized the significant levels of donor assistance which are required to implement an ASAL development program.

Beneficiaries: The direct beneficiaries of this activity will be rural households primarily at the district level in Kitui and other districts, through the application of experience gained under the ASAL I project. Water resources will be developed and soil conservation activities will be introduced and accelerated primarily using local labor. Through the application of improved technology and husbandry, the productivity and income of rural households in the project area are expected to rise. Because the US role in assisting Kenya's ASAL Development Program will encompass more than activities at the district level, there will be a large number of indirect beneficiaries located throughout Kenya's ASALs. Such households will benefit indirectly through the provision of technical assistance and training activities.

FY 81 Program: Specific project activities for FY 81 will be based directly on the results of the ASAL Development Project (615-0172). Thus, assuming that the results of the demonstrations and trials concerning soil and water conservation and improved tillage implements are positive, these activities will be replicated and accelerated starting in FY 81. In addition, the various feasibility studies carried out under the ASAL Development Project (615-0172) are expected to provide the groundwork and the data base for activities such as health facilities, tree nurseries, and water catchment and storage which may be financed under this project.

Major Outputs	All Years
Soil Conservation Schemes Initiated	15
Areas Reforested	5
Water Catchment and Harvesting Projects Completed	1,000
Farmers Introduced to Improved Tillage Implements	20,000
Trained Conservation Specialists	50

AID Financed Inputs		FY 81 ($ 000)	
Grant			
Personnel:	4 US contract technicians (8 py)	800	
	10 US technical consultants (10 pm)	100	
Training:	12 academic participants (24 py)	420	
	20 non-academic participants (120 pm)	180	
	In-country training	100	
			$1,600
Loan			
Vehicles, equipment, other commodities		1,000	
Soil Conservation and Water Development activities (likely to be FAR financing)		3,000	
			4,000
Total			$5,600

Title: Rural Planning - II

Number: 615-0189

Life of Project Funding: Grant $3.0 million

Initial Obligation: FY 80 Grant $3.0 million

Estimated PACD: FY 84

Purpose: To improve the capability for rural development planning within the Ministry of Economic Planning, emphasing district level planning; and to train a cadre of District Development Planners to implement Kenya's decentralized rural planning process.

Background: Under the Rural Planning Project (615-0162) A.I.D. has been providing assistance to the Rural Planning Section of the Ministry of Economic Planning (MOEP) since April, 1976. Although this project is scheduled to terminate in December 1980, the need to provide assistance for a total period of approximately eight years was anticipated when the project was designed. By December, 1980, the project will have provided 12 person-years of advisory services, 12 person-months of consultant services and 8 trainee-years. The mid-term assessment of the project (March, 1979) indicatedthat substantial progress has been made to date and identified critical gaps that must be filled if decentralized planning in Kenya is to be institutionalized. The Rural Planning - II project will assist in filling these gaps. The GOK is strongly committed to the principle of decentralized rural planning as manifested by the recently published 1979-83 Development Plan. Over the next five years, the GOK will more than double the resources to implement projects identified by the District Development Committees.

Host Country and Other Donors: External donors which contributed to the Fund during the previous Five-Year Plan include Denmark, Norway, Sweden, and the Netherlands; Canada is likely to contribute during the current plan period. Informal discussions indicate that both Canada and the United Kingdom are interested in helping to train District Planning Officers.

Beneficiaries: The purpose of the GOK's policy to decentralize the rural planning process is to increase the allocation of development resources to meet the perceived needs of rural people. This project will assist in improving the long-term effectiveness of the decentralized rural planning process in Kenya. Accordingly, the indirect beneficiaries of the project are rural Kenyans. The immediate beneficiaries include the Kenyan planners in the Rural Planning Section of MOEP, Kenyans trained as District Planning Officers, and District Development Committees assisted by Peace Corps Volunteers.

FY 80/81 Program: This project will finance the advisory services of three long-term consultants in the Ministry of Economic Planning commencing in the second quarter of FY 81 and continuing throughout the life of the project; second, it will finance approximately 12 consultants, perhaps Peace Corps Volunteers, at the district level, especially in the two geographic areas of primary concern to USAID's strategy (western Kenya and the semi-arid lands); third, it will provide the resources to train 20 District Planning Officers to the masters degree level; finally, it will support the Rural Development Fund, as needed, or alternatively, provide commodities in support of decentralized rural planning.

Major Outputs

-- 20 District Planning Officers trained;

-- a methodology to analyse district level development activities as they relate to National Plan objectives;

-- activities identified in current District Plans implemented.

AID Financed Inputs			FY 80 ($ thousands)
Personnel:	3 US contract technicians	(12 py)	1,200
	12 Peace Corps Volunteers	(48 py)	360
Training:	20 academic participants	(40 py)	700
Rural Development Fund (or commodity support of rural planning activities)			740
Total			$3,000

Title: Food Crops Storage

Number: 615-0190

Life of Project Funding:	Grant	$1.0 million
	Loan	1.5 million
		$2.5 million

Initial Obligation: FY 80 Total $2.5 million

Estimated PACD: FY 84

Purpose: To provide small farmers with the opportunity to increase their incomes through access to on-farm and improved village-level crop storage facilities.

Background: Under the on-going Agricultural Systems Support Project (615-0169), USAID is providing grant financing for a technical team to conduct a comprehensive study of Kenya's smallholder food storage needs. The study, to be conducted by a five-man team over a six-month period beginning in June, 1979, will provide specific recommendations for a program to cover some of the major storage problems which the study identifies as having a negative impact on small farm income. This project will provide the resources needed to initiate the proposed program both in terms of capital costs of storage facilities and the training of extension agents. (For further details see ASSP Project No. 615-0169, PP, pages 37-38).

Host Country and Other Donors: Several donors and multilateral agencies have assisted or are now aiding in research, training, facility construction and stocks management. The FAO is currently financing a major national marketing study and preliminary recommendations include, inter alia, the construction of cooperative and farm-level storage facilities in accord with the basic concept underlying this project. The FAO study does not examine in detail the economic, social, biological, and technical aspects of smallholder crop storage but rather, from an examination of marketing flows, the FAO has identified the generalized role of crop storage in the marketing process. The AID funded study will examine in depth smallholder crop storage, from the perspective of the farm as a single economic unit, as well as from the perspective of crop flows through the local and national marketing systems. The GOK is reviewing its overall agricultural crop storage system and developing a comprehensive plan for meeting perceived requirements. The U.S.-sponsored study financed under the ASSP project will contribute directly to the completion of this plan and this project will assist in its realization.

Beneficiaries: The project will focus on storage requirements of smallholder farmers in western Kenya and semi-arid regions. The precise dimensions of the project will have to await completion of the storage study discussed above, but it is estimated that over the four-year project life about 20,000 farm families could benefit from the on-farm storage facilities with another 20,000 families benefiting from the village-level facilities. Reduction of post-harvest storage losses could result in increased annual incomes in the magnitude of 12 to 15 percent. Mechanisms which may be established under the project (e.g., a revolving loan fund), however, could continue, enabling up to 80,000 additional families to benefit from new storage facilities established in the five years following the PACD.

FY 80/81 Program: The project will be initiated in late FY 80, with major project activity commencing in FY 81. Specific output targets will have to await completion of the storage study but, by way of illustration, it is reasonable to expect that five village-level storage facilities could be constructed and a revolving fund established to finance 3,000-5,000 on-farm storage units.

Major Outputs	All Years
Village-level Storage Facilities	15
On-farm Storage Facilities	20,000
Extension workers trained	100

AID-Financed Inputs		FY 80 ($ thousands)
Personnel:	2 U.S. Contract technicians (8 py)	760
Training:	4 long term participant (12 py)	204
	In-country training	36
Loan:	Storage Facility Financing (F.A.R.)	1,500
Total		$2,500

Title: Rural Roads-ASAL

Number: 615-0191

Life of Project Funding:	Grant	$ 2,000
	Loan	8,000
		$10,000

Initial Obligation:	FY 81	Grant	$ 2,000
		Loan	6,000
			$ 8,000

Final Obligation: FY 82

Estimated PACD: FY 86

Purpose: To provide isolated rural areas in the arid and semi-arid lands with access to agricultural and social services by expanding the network of all weather rural roads.

Background: The Government of Kenya's recently published Five-Year Development Plan for 1979-1983 assigns high priority to the development of its arid and semi-arid lands (ASAL), which comprise approximately 80 percent of the country and contain 20 percent of the population. USAID is designing (FY 1979) and planning (FY 1981) agricultural development projects for the ASALs, emphasizing Kitui District as the area for direct impact aspects at the outset (615-0172 and 615-0186). The proposed rural roads project will complement these projects by providing smallholders with greater access to rural market centers, agricultural inputs, crop storage facilities, and other services in rural areas. In addition, all-weather access roads will assist the Government in implementing and monitoring soil and water conservation programs and agricultural extension services to smallholders. A recently completed AID-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 and the need for constructing up to 400 kilometers of new rural roads and ten rural bridges. Economic and technical feasibility studies will be undertaken in FY 1980 to establish project design details. Based on USAID's and GOK's experience with similar project activity in Western and Nyanza Provinces of Kenya (615-0168 and 615-0170), this project will be implemented with an emphasis on labor-intensive technologies. Labor-intensive technologies will be utilized for the maintenance of upgraded roads and newly constructed roads to the fullest extent possible. An AID financed pilot maintenance program for low volume rural roads designed to develop appropriate maintenance procedures began in FY 1978.

Host Country and Other Donors: The GOK will provide at least 25 percent of the total cost. During the 1979-83 Plan period the GOK expects to spend $64 million on rural access roads. Other major donors who are providing financial and technical assistance in Kitui District are: Netherlands ($2 million); Canada ($2 million); World Bank ($2 million).

Beneficiaries: The target area's road users are the direct beneficiaries, including the farmers who gain greater access to goods and services, experience lower input prices and reduced transport costs for their produce and the transporters, traders, government services and other vehicle users. Experience with rural roads in western Kenya indicates that total road generated benefits are distributed as follows: transports-24%; traders-17%; government-13%; small farmers and cooperatives-38%; other-8%.

FY 1980 Program: An economic and technical feasibility study will be undertaken by Mission personnel supplemented by AID/W and/or contractor services. Based on the study, the Mission will submit a PID for this activity.

FY 1981 Program: With a program agreement signed by June 1981, the Mission could initiate procurement of technical services and equipment during the last quarter of FY 1981. The GOK, through its District Development Committees, would begin the process of selecting specific roads for construction or up-grading, with the Ministry of Works and USAID reviewing such selections for their consistency with agreed upon social, economic, technical, and environmental criteria.

Major Outputs: Details of major outputs will be provided in the feasibility study. However, a preliminary estimate of major outputs follows.

	All Years
Rural Access Roads Constructed (km)	100
Minor and Secondary Roads Improved (km)	1,500
Bridges Constructed	10

AID-Financed Inputs:	FY 81 ($' thousands)
Loan: Road Construction and Equipment	$6,000
Grant: Personnel: 4 U.S. contract technicians (19 p.y.)	1,800
Evaluations:	200
TOTAL	$8,000

Title: Rural Trade Development (OPG)

Number: 615-0199

Life of Project Funding: Grant $300,000

Initial Obligation: FY 81 Grant $300,000

Estimated PACD: FY 84

Purpose: To assist small-scale rural Kenyan traders and entrepreneurs in developing basic business management skills.

Background: Under the Rural Market Centers Project (615-0182) AID will assist the GOK in the development and expansion of rural market centers, strengthening the physical and economic linkage between farms, local markets, regional markets, and the larger urban centers, in Western Kenya.1/ Through the Partnership for Productivity (PfP) Rural Enterprise Development Project (OPG) (615-0174) assistance is being provided for a commercial skills extension program for rural traders. The Rural Trade Development Project will be based in Western Kenya and complement activities under the Rural Market Centers Project, assisting in the expansion of off-farm employment opportunities for Kenya's rural population. It is expected that a PVO such as Partnership for Productivity will be the implementing agent and that activities will combine elements of basic business extension and training with efforts to bridge the gap between commercial and public credit sources and the small-scale rural trader and business.

Host Country and Other Donors: Rural trade and commerce is supported by the Ministry of Commerce and Industry, however few resources are currently directed toward the small-scale trader and business. Major external donors include Sweden and UNIDO/UNDP.

Beneficiaries: Traders and entrepreneurs participating in the project program will be the direct beneficiaries, with indirect benefits including improved flow of goods between the rural and urban producers and consumer, and greater commercial activity in general in rural areas.2/

1/ See Rural Market Centers Project (615-0182) PID

2/ Further elaborations on benefits and beneficiaries available in the Rural Market Centers PID

FY 81 Program: FY 1981 will be the start-up year, involving primarily the initiation of extension services.

Major Outputs	All Years
Rural traders instructed in basic business management	X
Commercial loans secured by project traders	X

AID Financed Inputs	FY 81 ($ thousands)
Personnel: Kenyan staff and field agents	$175
Commodities, Vehicles	75
Training: In country and consultants	50
Total	$300

Title: Family Planning - II

Number: 615-0193

Life of Project Funding: Grant $3.65 million

Initial Obligation: FY 81 Grant $3.65 million

Estimated PACD: FY 85

Purpose: To contribute to the reduction of Kenya's population growth rate by strengthening the capability of the national Maternal Child Health/Family Planning (MCH/FP) network to provide integrated family planning and health services throughout Kenya.

Background: Kenya's annual population growth rate is estimated to be as high as 4.0 percent. At the present rate, the population will double in 18 years, placing considerable strain on Kenya's national development efforts. The GOK's current development plan fully recognizes the economic consequences of Kenya's present population growth rate, and places high priority on strengthening and expanding its family planning programs.

AID's initial family planning project was part of a multi-donor program aimed at establishing the MCH/FP network throughout Kenya. AID's contribution included technical assistance, participant training, essential commodities and salary support for the National Family Welfare Center (NFWC), the MOH division responsible for implementing family planning programs.

As a follow-on to the earlier activity, this project will support the GOK's family planning policy in the following way: (1) strengthen the NFWC's technical capability to implement and technically support population programs; (2) provide U.S. training for additional administrative, supervisory, education personnel and in-country training for community health workers and field educators; (3) strengthen and expand the outreach of the family planning information and education activities particularly in the rural areas where 87 percent of the population lives; (4) directly involve community participation in development of family planning education and contraceptive distribution schemes. The project will support, through the MCH/FP network, the integration of population activities with other government and private programs aimed at improving the quality of life of Kenya's population.

The strategy and program thrust grows out of the recommendations of the multi-donor evaluation, studies and research of the Population Studies and Research Institute, Central Bureau of Statistics, World Bank and UNFPA.

Host Country and Other Donors: The estimated GOK contribution is $12 million. It is anticipated that other donors, including the IBRD, UNFPA, and the governments of Sweden and Great Britain will continue their support of Kenya's family planning efforts. The magnitude and parameters of other donor assistance has not yet been determined.

Beneficiaries: Direct beneficiaries will be the urban and rural families who receive family planning information and services as an integral part of health, agricultural, education and social welfare programs. There will be indirect benefits that impact on all Kenyans due to reduction in fertility and population growth rates. At current birth rates, Kenya's population will rise from 15.8 million in 1979 to 24 million by 1989, the labor force will decline from 46 percent of the population to 44 percent and the dependency ratio will rise from 112 to 128. Such trends require rising productivity just to maintain constant per capita consumption levels. With population growth cut below 3.5 percent, for example, the dependency ration could drop to 85 by the year 2000, permitting greater per capita consumption levels.

FY 81 Program: During FY 81 AID will provide technical assistance to NFWC to (1) expand and strengthn the MCH/FP education motivation outreach activities at the provincial, district and local levels; and, (2) develop four rural community-based family planning education/contraceptive distribution schemes. The first group of five long and 10 short-term participants for U.S. training will be selected and in training. One hundred community health workers to be trained in-country will be selected, trained and assigned to NFWC clinics. NFWC's research/evaluation unit in coordination with the Population Studies and Research Institute will undertake specific research/evaluation activities.

Major Outputs:	All Years
Training of Communtiy Health Workers	300
Training of Administrative Support Staff	20
Training of Supervisors and Family Planning Specialists	40
Research and Evaluation Projects Completed	10
New Family Planning Outlets	200
Strengthen and Expand Family Planning Information Services	X
Integration Population Activities with Ministries of Health, Education and Social Welfare	X

AID Financed Inputs			FY 81 ($ thousands)
Personnel:	1 US Contract (health educator)	(18 pm)	$600
	1 US Contract (audio-visual)	(18 pm)	
	6 US Short-term	(30 pm)	
Participants:	14 long-term academic	(154 pm)	280
	46 short-term non-academic	(184 pm)	340
	300 short-term in-country	(600 pm)	600
Commodities:	training aides, supplies and equipment, communication materials, drugs		600
Other Costs:	salary support, local travel, research evaluation, seminars/workshops, maintenance support, information system, village outreach support, rehabilitation family planning clinics		1,230
Total			$3,650

Title: Schistosomiasis Control

Number: 615-0192

Life of Project: Grant: $3.75 million

Initial Obligation: FY 81: Grant: $3.75 million

Estimated PACD: FY 85

Purpose: To assist the Government of Kenya in developing a National Schistosomiasis Control Program in rural areas.

Background and Progress to Date: Kenya's water supplies in rural areas are generally inadequate in quantity and quality. It is estimated that less than 20 percent of the rural population (which comprises 85 percent of the total population) has access to water that is "clean" by minimum WHO standards. The poor quality of rural water greatly contributes to the incidence of gastrointestinal, diarrhal, and parasitic diseases. Schistosomiasis constitutes a major parasitic disease afflicting an estimated 1.5 to 2.0 million members of Kenya's rural population. The disease is vastly debilitating to rural workers causing great suffering and loss of agricultural productivity. USAID/Kenya's health sector strategy includes, inter alia, assistance to specific high pay-off preventive interventions. Schistosomiasis control is such an intervention.[1/]

Schistosomiasis control programs are highlighted in the recently completed Five-Year Development Plan as a major preventive and promotive health priority. Currently GOK control efforts are in an experimental phase in which a number of small scattered projects involving mollusciciding, chemotherapy, and monitoring of snail populations are being conducted. It is estimated that approximately 50,000 rural dwellers are affected by these efforts, which is less than .4 percent of the rural population potentially at risk.

The GOK is currently involved in launching several new large irrigation schemes (Tana and Subaki Rivers) that have the potential of dispersing the incidence and prevalence of schistosomiasis more broadly throughout rural populations unless adequate control measures are undertaken very soon. Thus the GOK recognizes the necessity to build on experience accumulated to date, to evolve an effective national program for schistosomiasis control, and to implement control measures on a large scale in the near future. Results of recent pioneering studies in Kenya suggest that

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1/ FY 1981 CDSS. pgs 31, 32, 41,42

concentration on chemotherapy, with limited, specifically targeted molluscициding, may prove to be the most efficacious and cost-effective strategy for controlling schistosomiasis. This project will provide a vehicle for further testing of this hypothesis, the confirmation on which, besides substantially reducing schistosomiasis as a public health problem in Kenya, could have major implications for control programs on a worldwide basis.

Host Country and Other Donors: The host country will provide facilities, personnel, and operational expenses, estimated at $1.5 million over the period of the project. The United Kingdom, WHO, and the IBRD will continue to provide various experts and commodities in connection with their efforts to expand current experimental, training, and control projects and programs.

Beneficiaries: The beneficiaries of this project will be rural dwellers residing in Coast, Western, Nyanza and North Eastern Provinces, and Machakos district, who are living near already contaminated bodies of water or who will be recipients of water supplied by new irrigation schemes (i.e., Tana and Subaki River basins). Up to 250,000 rural families could receive direct benefits from this project.

FY 80 Program: The project design strategy will be based on the recommendations of a study carried out of May, 1979. FY 80 will be the first operational year of the program. All major components of the survey team of scientists and other expert consultants will be in place to assist the GOK in developing its national program and to lay the ground work for launching an expanded control program activity by mid-year.

Major Outputs	All Years
National Schistosomiasis Committee and control program established	X
Development and use of health education pamphlets in service courses, etc.	X
Treatment capabilities expanded to Rural Health Units serving 1.0 - 2.0 million rural residents	30
Schistosomiasis and Helminth Research Division established as part of Kenya Medical Research Institute	X
In-service training to rural health workers	200

A.I.D. Financed Inputs		FY 1980 ($1,000's)
Personnel:	3 long-term (15 p.y.)	1,500
	5 short-term (25 p.y.)	250
Training:	15 U.S. or third country short-term (45 p.m.)	100
	500 In-country short-term (1500 p.m.)	450
Commodities:	Laboratory equipment	60
	Health education materials	40
	Drugs, molluscicides, and supplies	750
	Vehicles and other equipment	600
		$3,750

Title: Rural Health Delivery (OPG)

Number: 615-0198

Life of Project Funding: $350,000

Initial Obligation: FY 81

Estimated PACD: FY 83

Purpose: To provide basic primary health care to portions of selected arid and semi-arid lands presently not served by existing GOK or other medical facilities.

Background: Under Kitui Primary Health Care Project (615-0185) Coordination in Development Incorporated (CODEL) has received an OPG grant to operate four mobile health teams in portions of Kitui District. In order to support the GOK's Rural Health Program and to field test alternative health delivery systems, particularly in the arid and semi-arid lands, an OPG will be provided to an as-of-yet unidentified PVO (CODEL being a possible candidate). The FY 1981 USAID/Kenya CDSS sets forth a health sector strategy which, in part, calls for small experimental efforts that test approaches to a community based health system to increase the quantity and quality of the GOK health service system out-reach, particularly in the ASAL's, using PVO's to augment GOK resources.1/ The project design will draw from the lessons learned in the Kitui Primary Health Care Project, with careful attention paid to the optimal mix of mobile and stationary health care facilities and personnel required to provide basic health care in the target area.

Host Country and Other Donors: The GOK's 1979-1983 Development Plan allocates $98 million, over a five year period, to the Ministry of Health's rural health activities. Major donors in the health sector include Denmark, the Netherlands, Norway, Sweden and the IBRD.

Beneficiaries: The beneficiaries will be the rural population in the ASAL area selected for activities. Drawing from the Kitui Project experience, up to 15,000 people may be served.

FY 81 Program: Initial activities will begin in FY 81, including the final delineation of the project area and the establishment of the first health units and/or delivery points.

1/ USAID/Kenya FY 1981 CDSS page 31

Major Outputs	All Years
Health delivery points established	X
Mobile health units functioning	X

AID Financed Inputs	FY 81 ($ thousands)
Personnel: 4 medical technicians (12 py)	$ 85
Assistants and support staff	20
Equipment/Commodities: Procurement and operation	245
Total	$350

Title: Kenya Secondary Cities

Funds: Housing Guaranty

Life of Project Funding: Loan: $20 million

Initial Obligation: FY 1981 - $20 million

Estimated PACD: FY 1984

Purpose: To assist a group of rapidly expanding secondary cities (towns as small as 7,000) to provide better communities for the poorer segments of their population including first efforts at employment generating activities.

Background: Public financing of shelter programs in the cities and towns outside of Nairobi, have, for the past number of years, been financed through the National Housing Corporation (NHC), a parastatal under the overall direction of the Ministry of Housing and Social Services. The NHC on-lends to the municipalities for tenant purchase and rental schemes and is sometimes involved in direct mortgage programs. In all schemes it retains close control and supervision of both the development and implementation of projects although when construction is concluded the municipalities assume responsibility for collections and maintenance.

AID signed contract documents for a Housing Guaranty of $5 million to the NHC in FY 1975 for a program of approximately 1,400 one and two-room houses to be built in twelve urban areas outside of Nairobi. The houses were to be affordable by families at the median income level of those urban areas, or slightly lower. The project is in its final stages with activities in the larger cities of Mombasa and Kisumu still to be finished. The project has been generally successful as far as its more limited goals were concerned. Experience of this project to date, however, suggests that the municipalities and towns should be given a far greater involvement in the planning and administration of their efforts to provide shelter and related facilities.

The Government of Kenya's (GOK) 1979 - 1983 Development Plan is aimed at: (1) increasing the stock of housing in the urban areas so as to keep pace with the demand caused by urban population growth, (2) meeting the housing shortfall that already exists in urban areas; and (3) ensuring that the houses produced benefit in particular those families in the lowest income groups. New programs are giving greater emphasis to sites and services and upgrading of existing communities.

The AID Office of Housing has recently concluded an evaluation of Housing Guaranty projects in Kenya to date including a review of Kenya shelter policies and programs. Special attention was given to rural shelter and small urban centers. The Ministry of Housing has identified fifteen smaller urban centers for development with studies already underway. It is in this context that the proposed HG program will be developed. Although it is planned to work through the NHC, individual programs for the integrated planning and development of communities will be developed with each of the eight to ten towns. Emphasis will be on low cost shelter solutions for the urban poor with supporting infrastructure and community facilities as well as job creation programs. Planning will be done at the local municipal level with technical assistance provided through a $500,000 grant from AID's centrally-funded Integrated Improvement Program for the Urban Poor (IIPUP). Funding from HG is estimated at $20 million.

Host Country and Other Donors: The World Bank is now developing its Urban III Program in Kenya which will include a large component for secondary cities. The Bank is funding a study of the NHC under its previous loan which will look to more efficient operation of the NHC, drawing in part on the AID experience. The Bank and AID have closely coordinated their shelter activities in Kenya and it is their intention in this project to each select a set of secondary towns for shelter financing. All planning will be under the overall supervision of the Ministry of Housing and Social Services.

Beneficiaries: The primary beneficiaries will be poor families in smaller towns of Kenya who will experience an improvement of their living conditions and the expansion of job opportunities. Indirect benefits will accrue to all income levels through an improved spatial planning and implementing capacity of municipal and local governments.

FY 1981 Program: The total amount will be authorized in FY 1981.

Major Outputs:

Basic serviced sites for low income families including water and sanitation facilities. Finished houses constructed through building materials loans and the upgrading of existing squatter communities through the provision of potable water, basic sanitation facilities, and improvement of walkways and roads.

Community facilities such as health centers, schools, and community centers.

Start-up of small businesses through small loans and technical assistance.

More effective municipal planning and implementing capacity in shelter and related facilities.

<u>AID Financed Inputs</u>:		<u>FY 81 ($ thousand)</u>
Loan: Housing Guaranty - Capital Costs		$20,000
Grant: Technical assistance to municipal governments (IIPUP)		500
	Total Program	20,500
	Total HIIG Funding	20,000

Table IV - B

Additional Programming Requirements

(Shelf)

Introduction

In addition to identifying projects which are to be funded within the levels set by the FY 80 CP and the FY 81 AAPL, the Mission is providing this supplement to Table IV in order to indicate how USAID/Kenya would program additional funds should they become available. The supplementary tables and project narratives list and describe "shelf" projects for FY 80 and FY 81.

Strategy

The strategy for programming the additional funds which might become available in FY 80 and 81 is based on two considerations: (a) the amount of additional funding and (b) the balance between project design time and the date when additional funds become available. Three illustrative cases set out below indicate alternative courses of action within the strategy.

1. Should funding up to $5 million be added to USAID/Kenya's OYB early in either FY 80 or FY 81, then one of the $2.5 or $1.5 million shelf projects would be moved toward final design with the balance of the funding, if any, used toward fully funding of on-going projects, broadening the latitude within future-year funding which can be used for new project starts. If additional funding is only available toward the end of a fiscal year, then further funding of on-going projects is the only practical alternative use of funds.

2. In the event of additional funding in the $5 million to $10 million range, the $8 million or $10 million shelf projects become viable funding vehicles.

3. As incremental funding exceeds $10 million, the options expand and include the projects on the shelf list as well as a non-project loan directed toward meeting the local currency costs of project activities in the arid and semi-arid lands and toward providing balance of payment support for Kenya's implementation of trade liberalization policies.

Additional Programming Requirements
(Shelf)

	Title	Initial Year of Obligation	Estimate Life of Project Cost ($'000)
FY 80			
615-0194	Cooperative College Expansion	FY 80	8,000
615-0195	Extension Service Assistance	FY 80	2,500
615-0200	Non-Project Loan	FY 80	10,000
FY 81			
615-0178	Human Resources Development	FY 81	1,500
615-0196	Coast Institute Development	FY 81	10,000
615-0197	Analysis and Development Studies	FY 81	2,500

Table IV - B

Title: Cooperative College Expansion

Number: 615-0194

Life of Project Funding: $8 million

Initial Obligation: FY 80

The project funds the physical and academic expansion of Kenya's Cooperative College in order to provide the cooperative sector with the quantity of qualified manpower necessary for the successful implementation of smallholder development programs. The project feasibility and design studies are funded under the Agricultural Systems Support Project (615-0169). A detailed description of the proposed Cooperative College expansion may be found in the ASSP Project Paper, pages 33-36.

Table IV - B

Title: Extension Service Assistance

Number: 615-0196

Life of Project Funding: $2.5 million

Initial Obligation: FY 80

Purpose of the project is to assist the Ministry of Agriculture (MOA) in its efforts to strengthen its extension service and to make the service more responsive to the needs of the nation's smallholder farmers. Details of the project will be developed following a thorough review of the extension service and the development of comprehensive recommendations for its improvement. This review is scheduled for late FY 79 or early FY 80 and is to be funded from PDS. The project will focus on improved in-service and preservice training for MOA extension personnel. Such training will seek, among other things, to strengthen linkages between the extension service and the nation's agriculture research stations, and to develop a system of short courses for improving both the extension worker's substantive knowledge, technology and communication skills. Knowledge and skills to be emphasized would be oriented towards smallholder needs and be selected so as to optimize the contribution of the extension service to assisting increased smallholder production. The project would provide resources for technical assistance, participant training, in-country training programs, the development of training materials, and educational equipment and supplies.

Table IV-B

Title: Non-Project Loan

Number: 615-0200

Life of Project Funding: $10 million (and upwards)

Initial Obligation: FY 80 (or FY 81)

Kenya's Development Plan, 1979-1983 sets forth a strategy (a) aimed at alleviating poverty through rural development and (b) designed to initiate a gradual transition away from import-substitution to export-orientated production. Such a transition will be initiated through the liberalization of Kenya's current trade policies and regulations. Export growth is a realistic strategy for the achievement of Kenya's long-run income and employment targets.

The next few years will be critical in Kenya's attempts to address seriously poverty alleviation, through the provision of basic human needs and employment opportunities, as well as to successfully undertake a transition from an import-substitution to an export oriented economy through the introduction of trade liberalization policies. The World Bank has identified two key constraints to the success of Kenya's development program: insufficient foreign exchange and inadequate domestic recurrent cost financing.[1/] Foreign exchange is required for the manufacturing sector and recurrent financing shortfalls seriously constrain development programs and services in the areas of agriculture, health, transport, and water development.

The World Bank's analysis confirms Kenya's dependence upon imports, not 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). Kenya's continued economic growth is dependent upon imports. With the decline of coffee prices (and increased military expenditures), Kenya's balance of payments has already turned down and will remain down through the next several years. The World Bank estimates a current account deficit of $147 million in 1979, $167 million in 1980, and $161 million in 1981. The trade accounts should balance in the early 1980's as exports and tourism increase. The foreign exchange problem is, therefore, expected to be short-term. The World Bank estimates that Kenya will require an additional $426 million in foreign assistance (above and beyond reasonable increases in current levels) to fill the foreign exchange gap and to help finance local recurrent costs expenditures. To achieve this goal the bank recommends that donors consider fast disbursing assistance and financing the recurrent cost expenses of development assistance programs. Such recommendations are consistent with USAID/Kenya's own analysis and assistance strategy, as articulated in the CDSS.

[1/] World Bank. Kenya: Economic Memorandum. (Report 2441-KE) March 1979

The advantages of a non-project loan include:

a. Such a loan is fast disbursing, unlike project loans which may require the first two years out of a five year program to disperse <u>15 percent</u> of the total loan.

b. Such a loan is a "pure" resource transfer, in that the total value of the loan becomes a foreign exchange gain (savings) for Kenya, while project-specific loans generally finance imported inputs whose true economic value is their contribution to future production increases.

c. Such a loan can generate local currency, through commodity sales. These proceeds are available to be programmed toward the recurrent costs of AID projects or other activities specifically identified by AID, such as labor intensive projects in the arid and semi-arid areas.

d. Such a loan would allow the USG to demonstrate its commitment to Kenya, to Kenya's economic development, to Kenya's political stability; and our support for the market-oriented economic strategy outlined in the Plan.

At the May 1979 Consultative Group meeting the GOK requested additional non-project loan assistance from the donor countries. AID was requested by the GOK to consider a non-project loan in the approximate amount of $20 million.

Table IV - B

Title: Human Resources Development

Number: 615-0178

Life of Project Funding: $1.5 million

Initial Obligation: FY 81

Purpose of the project would be to provide training in development-related skills to middle-level GOK employees focusing on training which will produce qualified Kenyan professionals to work in areas of future AID planned activities. The objective of the project would be to have trained personnel in place prior to initiation of projects thereby accelerating and improving implementation through relief of human resource constraints. A $1.5 million project would train Kenyans in the U.S. to the M.Sc. level and provide additional funds for (a) non-degree programs in the U.S., and (b) special courses in-country. Emphasis of training would be on such GOK/USAID high priority subjects as technical sciences (especially as related to public health); health administration; public administration and public finance; environmental studies; and alternate energy. Project would build upon AMDP experience, but would be "bilateralized" in recognition of the magnitude of investment needed to make a significant impact on Kenya's middle-level human resources deficiencies. Identification of critical skill gaps would be provided by a human resource survey focusing on needs in sectors consistent with AID's mandate.

Human resource needs were discussed by the USG and GOK representatives at the May 1979 Consultative Group meeting. If the GOK establishes a central training unit within its hierarchical structure for improved coordination of training needs, as indicated at the CG meeting that they would, it is envisaged that some portion of this project's funds would be channelled through the training unit.

Table IV - B

Title: Coast Institute of Agriculture Development

Number: 615-0196

Life of Project Funding: $10 million

Initial Obligation: FY 81

To meet projected demands for agricultural certificate holders, a new certificate training institute is to be established in Coast Province. This project funds a portion of the development costs in a joint activity with other (yet unidentified) donors. The project feasibility and design studies are funded under the Agricultural Systems Support Project (615-0169). A detailed description of the proposed Coast Institute activity may be found in the ASSP Project Paper, pages 21-22.

Table IV - B

Title: Analysis and Development Studies

Number: 615-0197

Life of Project Funding: $2.5 million

Initial Obligation: FY 81

The 1979-83 Development Plan lists numerous upcoming GOK development activities requiring background and pre-investment feasibility/design and studies. This project would fund a set of major background and pre-investment studies considered important in assisting the GOK to implement its development program. The areas of study include, for example, export marketing, Lamu Port development, rural electrification, alternate energy, coordination of government-wide training activities, development of the Lake Victoria Basin Authority, and similar areas. U.S. contractors/consultants, funded under this project, would be of great value to the GOK in furthering its development goals whether or not follow-on AID investment funding is envisioned. The subject studies would require funds well in excess of normally available PDS funding and to the extent that AID follow-on funding is "envisioned," this activity would enable more timely and certain AID response than is now possible under the "over-subscribed" PDS mechanism.

Table V

Proposed Program Ranking
Supporting Narrative

OVERVIEW

The FY 1981 program represents an amalgation of new FY 1981 projects, on-going (projects with FY 1981 funding) and pipeline projects. Selection of the new FY 1981 projects is the final step in a lengthy process, involving Mission-wide participation in translating the CDSS strategy into specific bilateral projects. Drawing from a long list of potential project activities, the selection process: (1) rejected some projects on the grounds that either they were inconsistent with the CDSS strategy, they were premature and required additional initial research or pilot studies, they appeared to make a relatively insignificant impact on the development constraints identified in the CDSS, or they called for technical skills and inputs for which the US does not have special expertise in comparison with some other donors active in Kenya; (2) considered personnel constraints in determining the Mission's capacity to absorb additional FY 1981 project design and implementation responsibilities; and (3) placed projects onto the FY 1980 and FY 1981 shelf which were considered of lower priority than those retained in the final program but were considered of significant overall value and priority so that they deserved careful review and consideration by the Mission and AID/W as funded project should additional financing become available.

While all on-going projects requiring FY 1981 obligations were retained in the FY 1981 program, some of these projects were given low priority rankings either due to the nature of the activity relative to the CDSS strategy or due to implementation problems currently being encountered.

The pipeline projects are a hybrid. Some projects are new FY 1979 or FY 1980 projects which have been consciously selected by the process described above. Projects initiated before FY 1979 and fully funded by FY 1981 are, to some extent, a given. Barring a breakdown in project implementation, they continue to receive the Mission's technical, programming, and administrative support in order to achieve purpose. The pipeline projects are an important factor in the selection of new FY 1979, FY 1980, and FY 1981 projects. In some cases pipeline projects very closely support the CDSS stategy and therefore they eliminate the need for a new and similar project. In other cases they provide the experience and entree necessary for an expanded or replicated activity.

The USAID/Kenya program portfolio is changing so that an examination of project obligations in one fiscal year also would fail to capture the broader programming considerations. The FY 1981 obligations represent one year's financial contribution to a multi-year program. The projects requiring FY 1981 funding are a subset of all the projects comprising the multi-year program and implementing the multi-year strategy. In order to carry out the multi-year program, funding shortfalls in FY 1981 would necessitate additional funding in FY 1982 or beyond.

The following narrative reviews the CDSS strategy and provides criteria for selecting program packages and project rankings. To the extent possible, the narrative also explains why specific activities have been included in the FY 1981 program as against merely explaining why they have been included in a certain package. This Mission believes that the decision criteria applied to the selection of program packages must consider first the overall development assistance strategy, as articulated in the CDSS; second, the selection of the FY 1981 program, (in the context of the new FY 1979 and FY 1980 projects and the shelf); third, the selection of projects for each package; and finally, the individual project rankings within packages.

DECISION PACKAGE: MINIMUM

The minimum package, at $13.5 million, reflects a program strategy which addresses the needs of the Mission's target groups in the target geographic areas. Projects included in the FY 1981 program meet the criterion of lying in the intersection of these two sets; projects have been placed into packages and ranked according to their priority in addressing issues set forth in the CDSS and their required sequencing within a development program.

The FY 1981 CDSS identifies four socio-economic target groups: poor smallholders, pastoralists, landless and squatters, and urban poor. Two geographic target areas are also identified: arid and semi-arid lands (ASAL) and western Kenya.[1/]

The core target group is defined as the 4,830,000 poor smallholder farmers and the 863,000 pastoralists with average annual household incomes of $206 and $250, respectively. The arid and semi-arid lands contain 20 percent of Kenya's total population and 73 percent of Kenya's land area.

The ASALs contain approximately 15 percent of all poor smallholder farmers, or 725,000 persons, and all of the pastoralists. These areas are characterized by their relatively poor natural resource base, less-than-proportional share of Government spending, and consequently a relatively high poverty incidence.

Western Kenya contains 40 percent of the national population (52 percent of the nation's poor smallholders) on only six percent of Kenya's land area. While virtually all of the land area is classified as having high or medium agricultural potential, due to the highest population densities in Kenya and fewer governmental services and infrastructural investments than would be expected by the area's population size, western Kenya experiences a median household income of $280 per annum, against the national smallholder figure of $364.

The CDSS outlines a development strategy which seeks (1) to alleviate rural poverty through increasing income earning opportunities and (2) to raise rural living standards by addressing basic human needs. Opportunities for earning increased incomes translate into expanded off-farm and on-farm employment and greater net returns to agricultural activities, which in turn depend upon expanded agricultural production and an improved produce marketing and distribution system for production inputs. Improved health services, nutritional status, adult literacy and general educational opportunities, and safe-drinking water are basic necessary conditions for raising rural living standards. Family planning activities link the health targets to the long-run family income objectives.

[1/] For further details see Kenya CDSS, pages 6-10.

The CDSS sets forth a two pronged action program: the development of projects which directly affect the target recipient and projects which deal with national-level policy issues or which fill research gaps.

The identification of the FY 1981 program, the selection of the minimum package, and the ranking of projects are guided by the development strategy and target priorities laid down in the CDSS while at the same time they are constrained and set in the context of: (1) the on-going projects which already deal with high priority activities, (2) the project development and design cycle which often dictates a specific sequencing and timing of activities (requiring either a pilot and/or research phase before launching into a major development phase or the development of institutional structures and/or physical infrastructure), (3) the availability of centrally funded project resources to carry-out pilot studies or small scale selective interventions which can guide the development of future programs and the design of bilateral projects, and (4) AID funding and personnel ceilings which restrict the size of programs, constrain the number of different fields open for AID assistance, and limit the number of projects which can be properly designed or effectively managed.

Set within the context of the CDSS development assistance strategy and the other programmatic parameters outlined above, the <u>minimum package</u> is composed of activities which meet the following criterion: (1) activities deemed necessary to <u>continue</u> or <u>establish</u> a minimum <u>momentum</u> or viability of the US effort and role in the target areas and key sectors identified in the CDSS, (2) activities promising to yield the optimum direct benefits for the target groups identified in the CDSS (considering the set of potential projects available for FY 1981 funding), (3) activities which provide the greatest possible tangible evidence of AID support for GOK policies and programs, consistent with the parameters for development assistance set forth in the CDSS. The concept of momentum incorporates considerations of the follow-on to previous or on-going projects as well as the potential <u>forward linkages</u> to new projects conceived for FY 1982 and beyond.

Within the minimum package, <u>project rankings</u> give the highest priority to addressing the needs of the target group in the ASALs. The ASALs are the poorest areas of Kenya; their priority under the new Five-Year Plan represents a significant and laudable departure in the GOK's allocation of financial resources. Furthermore, the GOK looks to AID for a policy guidance and financial assistance in ASAL development, based on the United States' comparative advantage in providing technical assistance to these areas, relative to other potential donors.

ASAL Development, Phase II (615-0186) is a high-impact, action-oriented development activity designed to assist in raising the agricultural production and rural incomes of smallholder producers and pastoralists in the ASALs with a particular focus on Kitui District. This project is the logical and necessary sequel to the Marginal Lands Pre-Investment Study (615-0164) and the ASAL Development Project (615-0172). Phase II builds upon the data gathering activities of the Pre-Investment Study and draws from the pilot study, seed project, and research activities of ASAL Development (615-0172), Drylands Cropping Systems (615-0180), and the research and manpower development components of the Agricultural Systems Support Project (615-0169).

Research pertinent to smallholder production in ASALs is considered necessary for the achievement of significant production increases in the ASALs. Drylands Cropping (615-0180) is therefore given the second priority within the minimum package. This project is the supporting companion of an FAO activity addressing the socio-economics of smallholder farming systems in ASALs, identifying priority research areas, and improving the agricultural extension service's ability to deliver new technologies to the smallholders.

The systematic enhancement of vital agricultural support services is a necessary component of smallholder agricultural development in the ASALs, western Kenya, and rural Kenya in general. Incremental funding for the Agricultural Systems Support Project (615-0169) continues activities designed to assist smallholder farmers throughout Kenya with special attention paid to the system's impact in the ASALs and western Kenya. Therefore, this project is given fourth priority because of the vital nature of its complementary role to new projects, all of which address needs in the ASALs.

The population growth rate is one of Kenya's most serious long-run development problems. The slow and erratic progress under on-going family planning projects (615-0161 and 615-0165) and the uncertainty currently surrounding Kenya's future family planning efforts and program has prompted the Mission to act cautiously in this area. As a result, Family Planning-II (615-0193) has been ranked number five. More important than the numerical ranking, however, is the inclusion of this project in the minimum package, an indication of the importance attached to the interrelationship of population growth with Kenya's achievement of long-run socio-economic development targets. If there were less uncertainty regarding the GOK's family planning efforts, this project would assume a higher priority.

Continued funding of the Rural Market Centers Project (615-0182) is deemed necessary in order to maintain a minimum level of momentum and presence in the rural development of western Kenya, one of the two target geographic areas. The project addresses the policy and implementation issues of a spatial development strategy, aiming to improve the flow of produce, inputs, and services, between smallholder farms and a hierarchy of market places and larger urban centers. This project is included in the minimum package and ranked sixth because it is a necessary complement to the development of an all-weather farm-to-market rural road network in western Kenya (Roads Gravelling (615-0170) and Rural Roads Systems (615-0168), building upon experiences gained in those projects with both the district planning process and the socio-economics of rural transportation and marketing. Rural market development is also a logical outgrowth of the cooperative marketing and credit activities in western Kenya which have been assisted by the Agricultural Sector Loan I (615-0171) which, in turn, is itself an outgrowth of the Rural Development Project (615-0147). The GOK views the Rural Market Centers project as an important element in its western Kenya development program as well as a vehicle for testing and developing a prototype market development program which can eventually be implemented nation-wide, with the ASALs as areas for future systematic market development.

During the 1979-1983 Plan period the GOK will attempt to implement a two prong development strategy: (1) poverty alleviation, primarily through rural development activities, and (2) a transition from import-substitution to an export-promotion strategy, through the introduction of trade liberalization policies. As detailed elsewhere in this ABS (PL 480, Title I and Program Loan, Table IV-B), insufficient off-farm employment, recurrent expenditure financing constraints, and a growing balance of payments deficit constrain the GOK's ability to implement successfully its rural development activities (requiring higher levels of recurrent expenditures) and its trade-liberalization policies (which will, in the short-run, aggravate the balance of payments deficit). The GOK's two-prong strategy is consistent with the USAID/Kenya's CDSS strategy and represents, in the views of the World Bank and this Mission, a reasonable and necessary development strategy if Kenya is to be successful in overcoming rural poverty, meeting the basic human needs of its population, and moving onto a self-sustaining development growth path.[1/]

1/ See CDSS pages 12, 25, 39, 45, 46, 51, 52 and IBRD, Economic Memorandum (Report No. 2441-KE) pg. 39.

At the May 1979 Consultative Group meeting the GOK requested commodity or program type assistance for balance of payments support required to underpin their trade liberalization strategy. A request for $20 million presented to the USG representatives for their consideration.

The GOK's strategy is considered by this Mission to be of such importance that tangible evidence of AID's support of this strategy is included in the minimum package. A well conceived PL 480 Title I commodity loan program can assist the implementation of the two prong strategy through the channeling of commodity sale proceeds toward the recurrent cost of high employment generation programs in the ASALs, with the commodity loan itself providing short-term balance of support. The outcome of both the poverty alleviation and trade-liberalization strategies will have a significant influence on the future course of Kenya's development.

The PL 480, Title II program in Kenya is currently the Mission's main nutritional activity with an impact on young children and their mothers. Continuation of this program represents an on-going commitment to (1) the nutritional problems of children in Kenya, (2) efforts toward the intergration of nutritional objectives into GOK programs and (3) to programs aimed at improving living standards of Kenya's rural and urban poor.

DECISION PACKAGE: CURRENT/AAPL

Explanation of Package: The FY 1980 "Current Level" is $20,584,000[1] and the FY 1981 AAPL is $24,000,000.[2] The upper limit on the current package is $22,642,000[3], just $1,358,000 short of the FY 1981 AAPL. Given the absence of any significant programming difference between the AAPL and upper limit of the Current, the two packages have been merged into one program unit.

Narrative: The Current/AAPL package rounds out the FY 1981 program. This program reflects a careful consideration of the pipeline, on-going and centrally funded project resources, and the logical sequencing of activities in order to identify a set of activities, supported by FY 1981 funding, which represent the optimal project response to the CDSS strategy. The Current/AAPL package provides funding levels which permit a broader based response to the CDSS strategy and the multi-year program than does the minimum package. The Current/AAPL package contains programming and financial resources necessary for addressing additional important economic and basic needs problems of the target groups and areas.

Rural Roads-ASAL (615-0191) will construct and improve rural roads necessary for the establishment of an all-weather farm-to-market road network in Kitui District. This project complements development activities funded under ASAL Development-Phase II (615-0186) and builds upon experiences gained under the Roads Gravelling (615-0170) and Rural Roads Systems (615-0168) projects in western Kenya. ASAL development can begin without an AID road activity, relying upon the existing road network, yet the eventual success of a broad-ranging development program in the ASALs is dependent upon the establishment of an all-weather farm-to-market road network.[4] This project focuses on Kitui District, the primary area of activity of ASAL Development (615-0172) and ASAL Development Phase II (615-0186). It is excluded from the minimum package because it is not the first priority for ASAL development but it is included at the top of the Current/AAPL package because it is a necessary component of ASAL development and required relatively early on in that area's development.

Rural Health Delivery Operating Program Grant (615-0198) represents a continuation of the Kitui Primary Health Care OPG (615-0185), drawing upon the lessons of that project for further experimentation with Kenya's rural

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[1] As detailed in the FY 80 CP

[2] State 083665

[3] $20,584,000 plus 10 percent = $22,642,400

[4] CID. Kenya: Marginal/Semi-Arid Lands Pre-Investment Inventory. Report No. 1, Analysis. August 1978.

health delivery system. The CDSS health sector strategy calls for assistance to the GOK in the development of a low cost community-based health system. At the current stage of the evaluation of a rural health system, the CDSS suggests the field testing of a community based system.[1/] Given the uncertainties currently surrounding the evolution of Kenya's rural health system, this project has not been included in the Minimum package.

Rural Trade Development Operating Program Grant (615-0199) is expected to be a continuation (with alterations as deemed appropriate) of the operating program grant currently being administered by the Partnership for Productivity under the Rural Enterprises Development Project (615-0174). This project is also a complement to the Rural Market Centers Project (615-0182). Rural Trade Development would initially focus on western Kenya but could easily be expanded into the ASALs, thereby lending additional support to a broad-based ASAL development program. This project has been placed into the Current/AAPL package since it complements a major project activity included in the Minimum package.

National Range and Ranch Development (615-0157) addresses problems of the ASAL pastoralist. This project is ranked number 14 because (1) the pipeline is sufficient to fully fund all activities currently planned (due to considerable slippages to date) and (2) significant technical, social and environmental issues have surfaced. At this time, the Mission can not determine if these issues will be addressed through a project revision (drawing upon the funds in the pipeline and the planned FY 81 obligations) or whether activities under this project will be terminated. Given the importance of pastoralists and ASALs in the Mission's hierachy of target groups and areas, it is expected that a solution allowing the project to continue will be developed. A follow-on project could be considered for FY 1983 if evaluations and experiences indicate that additional AID assistance in this important sector is warrented.

FY 1981 HIG activities expand housing support and related activities in secondary cities, increasing the diversity of locations and populations served. These activities will focus to the extent practicable on the Mission's target geographic areas and the activities could well become part of the foundation for the Mission's gradually emerging urban subsector strategy which may be a topic included in the next CDSS.

1/ CDSS. Pages 41 and 42.

Bureau Code: Decision Code:

TABLE V - FY 1981 PROPOSED PROGRAM RANKING

DECISION UNIT KENYA

RANK	DECISION PACKAGES/PROGRAM ACTIVITY DESCRIPTION	TERM/ NEW/ CONT.	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING ($000) INCR	PROGRAM FUNDING ($000) CUM	WORKFORCE (Number of Positions) USDH INCR	USDH CUM	FNDH INCR	FNDH CUM
	DECISION PACKAGE MINIMUM									
	*Terminating Projects With Pipeline									
	**615-0162 Rural Planning	T	G	FN	(144)	(144)				
	**615-0165 PSRC	T	G	PN	(807)	(951)				
	**615-0168 Rural Roads Systems	T	L	FN	(6045)	(6996)				
	**615-0168 Rural Roads Systems	T	G	FN	(959)	(7955)				
	**615-0170 Roads Gravelling	T	L	FN	(2613)	(10568)				
	**615-0170 Roads Gravelling	T	G	FN	(694)	(11262)				
	615-0172 ASAL Development - Phase I	T	G	FN	(4500)	(15762)				
	615-0177 Community Water Development	T	L	HE	(4000)	(19762)				
	615-0177 Community Water Development	T	G	HE	(2520)	(22282)				
	**615-0185 Kitui Primary Health Care (OPG)	T	G	HE	(129)	(22411)				
	615-0187 Health Planning	T	G	HE	(1275)	(23686)				
	615-0189 Rural Planning II	T	G	FN	(2885)	(26571)				
	615-0190 Food Crops Storage	T	L	FN	(1500)	(28071)				
	615-0190 Food Crops Storage	T	G	FN	(875)	(28946)				
	615-0192 Schistosomiasis Control	T	G	HE	(3750)	(32696)				
	SUBTOTAL: (NON-ADD)				(32696)					
	NEW AND CONTINUING PROJECTS									
1.	615-0186 ASAL Development Phase II	N	G	FN	1600	1600				
2.	615-0186 ASAL Development Phase II	N	L	FN	4000	5600				
3.	615-0180 Drylands Cropping Systems	O	G	FN	1260	6860				
4.	615-0169 Agriculture System Support	O	G	FN	1590	8450				
5.	615-0193 Family Planning II	N	G	PN	3650	12100				
6.	615-0182 Rural Market Centers	O	G	FN	1400	13500				
7.	PL-480 Title I	-	-	-	(12270)	13500				
8.	PL-480 Title II	-	-	-	(4300)	13500				
9.	Basic Workforce	-	-	-	-	13500	32	32	55	55
	TOTAL MINIMUM PACKAGE AND RELATED WORKFORCE				13500	-	32		55	

*Pipeline as of 9/30/80
**Approved PP as of 4/30/79

Bureau Code: Decision Code:

TABLE V - FY 1981 PROPOSED PROGRAM RANKING

DECISION UNIT KENYA

RANK	DECISION PACKAGES/PROGRAM ACTIVITY — DESCRIPTION	TERM/ NEW/ CONT.	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING ($000) INCR	PROGRAM FUNDING ($000) CUM	WORKFORCE (Number of Positions) USDH INCR	USDH CUM	FNDH INCR	FNDH CUM
	DECISION PACKAGE CURRENT/AAPL 1/									
10.	615-0191 Rural Roads ASAL	N	G	FN	2000	15500	1	33	1	56
11.	615-0191 Rural Roads ASAL	N	L	FN	6000	21500				
12.	615-0198 Rural Health Delivery (OPG)	N	G	HE	350	21850			1	57
13.	615-0199 Rural Trade Development(OPG)	N	G	FN	300	22150				
14.	615-0157 National Range Ranch Development	O	G	FN	1850	24000	1	34		
15.	HIG	–	–	–	(20000)	24000				
16.	Administrative and Support Work Force Increment				–	24000	4	38	6	63
	TOTAL CURRENT/AAPL PACKAGE AND RELATED WORKFORCE				10500		6		8	

1/ Current = $20,584 ± 2,058 ($18,526 to $22,642). $22,642 (Upper limit) is not substantially different from AAPL of $24,000. Therefore with no significant programming differentiation possible between $22,642 and $24,000 ($1,358 difference). Current and APPL are merged into one decision package.

AID 1330-9 (3-79)

TABLE VI

Decision Unit: KENYA

PROJECT SUMMARY

NUMBER OF PROJECTS

	FY 77	FY 78	FY 79	FY 80	FY 81 MINIMUM	FY 81 CURRENT/AAPL
Implementation at Beginning of Year	16	16	16	18	16	17
Moving from Design to Implementation During Year	2	2	5	4	2	5
Design for Future Year Implementation	1	2	3	3	–	3
SUBTOTAL	19	20	24	25	18	25
Number of Non-Project Activities	2	3	3	3	3	3
TOTAL	21	23	27	28	21	28

NUMBER OF PROJECTS MOVING FROM DESIGN TO IMPLEMENTATION BY PROJECT SIZE

AID'S CONTRIBUTION TO LIFE OF PROJECT COST	FY 77	FY 78	FY 79	FY 80	FY 81 MINIMUM	FY 81 CURRENT/AAPL
Less than $1 Million	–	1	2	–	–	2
$1 To $5 Million	–	–	–	3	1	1
$5 To $15 Million	2	–	3	1	–	–
$15 To $25 Million	–	–	–	–	1	2
More Than $25 Million	–	1	–	–	–	–

AID 1510-6 (3-79)

OPERATING EXPENSE FUNDED PERSONNEL IN POSITIONS

USAID/KENYA (Including AAG/EAFR) TABLE VII

FUNCTIONS	FY 77				FY 78				FY 79				FY 80			
	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT
Executive Direction	3				3	1			3	1			3	1		
Program Planning	7	13			7	2		1	7	2			7	2		
Project Design	1				1	1			2				2			
Project Implementation	11				13	5			14	6			16	12		
Financial Management	3	15			3	16			4	16	1		4	18	1	
Mission Support	7	27		1	7	31		2	7	32	2		7	30	4	1
Non-Mission Specific (AAG)	10	1			10	2		3	11	1			11	1		
TOTAL	42	56		1	44	58		6	48	58	3		50	64	5	1
PLUS: PASA's (O.E. & Program)	14				11				10				15			
LESS: JAO Details		Approved MODE				Approved MODE				Approved MODE						
MODE Requested	56	56			55	55			58	58			65 1/			

FUNCTIONS					FY 81 MINIMUM				FY 81 CURRENT /AAPL			
	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT
Executive Direction					2	1			3	1		
Program Planning					5	1			6	2		
Project Design					-				2			
Project Implementation					15	8			16	12		
Financial Management					4	17	1		4	18	1	
Mission Support					6	28	4	1	7	30	4	1
Non-Mission Specific (AAG)					11	1			11	1		
TOTAL					43	56	5	1	49	64	5	1
PLUS. PASA's (O.E. & Program)					8				14			
LESS: JAO Details												
MODE Requested					51				63			

AID 1510-4 (3-79) 1/ Includes one (1) IDI position to be absorbed as regular position in FY 1981.

OPERATING EXPENSE SUMMARY USAID/KENYA TABLE VIII

COST SUMMARIES	FY 77			FY 78			FY 79			FY 80		
	($000's)	RELATED WORKYRS	UNIT COST	($000's)	RELATED WORKYRS.	UNIT COST	($000's)	RELATED WORKYRS.	UNIT COST	($000's)	RELATED WORKYRS	UNIT COST
US Direct Hire	1,517.8	42	36.1	1,890.7	44	42.9	2,179.3	37.8	57.6	2,262.3	50	45.2
FN Direct Hire	248.0	56	4.4	306.5	58	5.3	240.0	31.5	7.6	562.3	64	8.8
US Contract Personnel							13.8	1.0	13.8	55.2	4	13.8
FN Contract Personnel	4.3	1	4.3	85.3	6	14.2	5.3	0.2	5.3	10.8	1	10.8
Housing	422.5	44	9.6	574.4	45	12.8	597.8	42.0	14.2	1,284.2	81	15.9
Office Operations	742.5	XXXX	XXX	622.7	XXXX	XXX	646.0	XXXX	XXX	1,259.1	XXXX	XXX
TOTAL REQUEST	2,935.1			2,479.6			3,682.2			5,433.9		
Amount of Trust Fund Included in Total Requested												

COST SUMMARIES	XXXXXXXX			FY 81 MINIMUM			FY 81 CURRENT/AAPL		
	($000's)	RELATED WORKYRS	UNIT COST	($000's)	RELATED WORKYRS.	UNIT COST	($000's)	RELATED WORKYRS.	UNIT COST
US Direct Hire				1,982.3	43	46.1	2,282.6	49	46.6
FN Direct Hire				481.6	56	8.6	535.4	64	8.4
US Contract Personnel				62.9	4	15.7	62.9	4	15.7
FN Contract Personnel				12.1	1	12.1	12.1	1	12.1
Housing				1,411.2	72	19.6	1,587.9	81	19.6
Office Operations		XXXX	XXX	1,275.0	XXXX	XXX	1,315.5	XXXX	XXX
TOTAL REQUEST				5,225.1			5,796.4		
Amount of Trust Fund Included in Total Requested									

Operating Expenses
USAID/Kenya and REDSO/EA

Table VIII (A)
Narrative

Background

The administration of Operating Expenses applicable to AID organizations in Kenya is unique within the Agency: The USAID 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 controller services to each of the aforementioned organizations and also to client Posts throughout East Africa.

Budgeting, accounting and reporting procedures for FY 1979, which were prescribed by AA/AFR after a lengthy review, require that the respective REDSO/EA and USAID/Kenya Operating Expense budgets and allotments include applicable support type costs of EAAC and the Executive Offices. Specifically all costs applicable to support services which are provided to REDSO/EA and client posts within the region are to be included in the REDSO/EA Operating Expense Budget, allotment, and reflected in monthly accounting reports. This requirement has had an adverse impact on EAAC workload and, contrary to the apparent intent of the requirement, has impeded our ability to monitor the utilization of these allotments.

We recently discussed with FM and AA/AFR representatives the impact of the AA/AFR imposed requirement. All parties concerned recognized that present procedures are very cumbersome and, even under ideal conditions, would be difficult to effectively implement. We also agree that the requirement should be reviewed and that steps should be taken to simplify procedures beginning with FY 1980.

We were advised by the AID/W representatives that consideration now is being given to reducing the number of allotments within the Agency and that Operating Expenses may be allotted at the Bureau level with Missions operating under approved OE budgets within the Bureau allotment. Accordingly we have structured this budget presentation by individual organization, taking into consideration the cost of USAID/K support services which are attributable to user organizations. Specifically, OE budgets have been developed by fiscal year for (1) USAID/Kenya - Direct costs, (including AAG/EAFR), (2) REDSO/EA - Direct Costs, and (3) USAID/Kenya Support Services (EAAC and Executive Office, including C&R). Note: The cost of support services applicable to RHUDO are included in the support services budget table, but have been excluded from the Operating Expenses funding requirements.

In an attempt to simplify the accounting and reporting requirement, and at the same time continue to identify USAID/Kenya support costs which are attributable to REDSO/EA and client posts, these costs are included in USAID/Kenya's Table VIII and are shown as (non-add items) in REDSO/EA's Table VIII. The Operating Expense Detail (Tables VIII A) have been altered for both USAID/Kenya and REDSO/EA to facilitate presentation of the direct cost and applicable support cost of each organization. USAID/Kenya's Table VIII A provides detail for (1) direct costs (2) support costs applicable to USAID/Kenya and REDSO/EA and (3) Total USAID/Kenya OE Budget. To reiterate, all support costs are included in USAID/Kenya's OE Budget. REDSO/EA's Table VIII A shows by budget line (1) direct costs, (2) cost of support services to be provided by USAID/K and (3) total for REDSO/EA. Since all support costs are included in USAID/Kenya's budget, REDSO/EA's budget provides for direct costs only.

The combined USAID/Kenya and REDSO/EA OE budget (excluding AID/W funded costs) for FY 1980 and FY 1981 total $4,773.9 and $5,106.8 respectively.

	1980		1981	
	USAID	REDSO	USAID	REDSO
Direct Costs	$ 766.3	$1,098.8	$ 800.5	$1,102.1
Support Costs	2,908.8	(1,357.4)	3,204.2	(1,499.0)
Total	$3,675.1	$1,098.8	$4,004.7	$1,102.1
Grand Total		$4,773.9		$5,106.8

The combined OE Budget (excluding AID/W funded costs) for FY 1980 represents an increase of about 18 percent over the requested FY 1979 level of $4,042,900 (see Nairobi 9405). The factors which impact significantly on this increase are discussed below:

The Mission has long recognized the need to up-grade it's capability to provide support services more effectively and to reduce the cost of these services wherever feasible. This is a particularly critical issue since the personnel turn-over has been, and continues to be, abnormally high at this Post. This results not only in higher costs applicable to travel, transportation and other cost items related to assignment to Post but has an adverse impact on the continuity of program management.

We recognize there are no quick and easy solutions to this problem. However, we have identified several specific areas to concentrate on during the next 18 to 24 months in order to become more effective in the delivery of support services, as follows:

1. Provision for Adequate Warehouse Facility: USAID and the Embassy are jointly leasing a facility which will provide adequate space for warehousing and storage, and also for repair and maintenance shops. FY 1979 funds

have been requested to fund the lease for the initial period and to acquire needed warehouse equipment and necessary shop tools.

2. Development of In-House Maintenance and Repair Capability: With the establishment of the warehouse facility the USAID plans to move forward immediately and develop an in-house capability to handle, initially, most routine requests for office and residence maintenance and repair. This will be accomplished primarily through a non-personal service contractual arrangement. We feel confident that the repair and maintenance services can be improved within a reasonable period of time and that the cost of these services can be reduced. (See OAS report of April 1979 for a comprehensive appraisal of the demanding workload placed upon the USAID Executive Office in support of Regional functions).

3. Automation of Inventory Records: We plan to design and program as soon as possible an automated inventory control system for non-expendable property. Closely related to this effort is a long outstanding problem of inadequate inventory records. Concurrent with the design and programming of the system we will complete a physical inventory and reconcile quantities on-hand with the balance per property accountable records. (Note: PSC contract funds have been budgeted to obtain assistance in taking the physical inventory because direct hire personnel, for a variety of reasons, are not available).

4. Assure Availability of Residential and Office Facilities: As a result of AID/W's positive response to the Mission's request we are now negotiating the acquisition of a residence for the Mission Director utilizing Section 636(c) funds. This transaction hopefully will be completed prior to June 30, 1979. While this represents a step in the right direction, we belive additional steps should be taken as soon as possible to assure adequate availability of residential and office facilities over the long-term. Accordingly we plan

to look closely into the long-term availability of residential and office facilities in Nairobi. Given the exhorbant annual increases in lease costs together with the continued high demand which is projected over the intermediate term, we will develop additional Section 636(c) alternatives in order to (1) assure continuing availability of adequate facilities and (2) arrest somewhat the rapidly esclating costs of operating in Nairobi.

5. Budget Review Committee Established: Consistent with the Mission's objective to further improve the effectiveness and efficiency of the support services function we have established a "Budget Review Committee". The Committee is chaired by the USAID/Kenya Director with permanent members consisting of the REDSO/EA Director, Regional Housing Officer, Area Auditor General, the USAID/Kenya Controller and Executive Officer. The Committee will meet quarterly to (a) review the adequacy of services being provided, (b) assure cost effective delivery of authorized services, and (c) identify areas offering significant potential for further costs reductions.

Mission comments regarding specific items to be addressed are as follows:

(A) PSC Limitations: USAID/Kenya has operated in FY 1979 with minimal reliance on PSC's. We are requesting in FY 1980 $66.0 for PSC costs principally to obtain contractual assistance for the Executive Office, e.g. to perform physical inventories and assist in warehouse management. The absence of this resource could impede our ability to carry out planned improvements in the support area.

(B) A substantial portion of the Mission's International Operational Travel results from policy and decisions made in AID/W. Specifically, when it is Agency policy that the Mission send an employee to AID/W to defend a project, a budget, or to participate in the review of contract proposals the Mission has little alternative but to respond positively. Similarly, when AID/W develops training programs, and urges Missions to nominate qualified candidates, additional demands are placed on scarce travel funds. AID/W may wish to consider the feasibility for developing, during the next budget cycle, provision for financing from a central budget all cost incident to training. This would facilitate nomination of qualified candidates from Mission even when their Operating Expense budgets appear to be short funded.

(C) During the development of the 1980 ABS estimated dollar costs were projected based on an exchange rate of KSh.8.00: U.S.$1.00. During FY 1979 the rate has fluctuated from KSh 7.10 to KSh.7.60 per dollar. This has had an adverse impact on our cost of operations. Nevertheless, Mission has no basis to assume any significant changes in the relative values between the U.S. Dollar and Kenya Shilling. Therefore we used the prevailing exchange rate - KSH. 7.55: $1.00 during the current budget exercise.

(D) Discussed above

(E) Not applicable

(F) Discussed above

55 A (7)

AGENCY FOR INTERNATIONAL DEVELOPMENT

TABLE V.I.E (A)

BEST AVAILABLE

MISSION KENYA - FY 1980

OPERATING EXPENSE BUDGET DETAIL

Expense Category	Line No.	Object Class	Expenses Related To	USAID/K DIRECT		USAID/K SUPPORT		REDSO/EA SUPPORT		TOTAL USAID/K BUDGET	
				Units	Amount	Units	Amount	Units	Amount	Units	Amount
U.S. DIRECT HIRE	01	XXX			2,159.2		51.6		51.5		2,262.3
U.S. Citizens Basic Pay	02	110	USDH Workyears	50	1,611.6					50	1,611.6
Part-time, Temp. U.S. Basic Pay	03	112	USDH Workyears								
Differential Pay	04	116									
Living Allowances	05	118	USDH Workyears	39	25.5	6	3.6	5	3.5	50	32.6
All Other CODE 11	06	119									
Education Allowances	07	126	No. of Dependents	33	95.1	5	11.7	5	11.8	43	118.6
Retirement - U.S.	08	12[illegible]			112.8						112.8
All Other CODE 12 - U.S.	09	129			35.8		0.2		0.2		36.2
Post Assignment - Travel	10	212	No. of Assignments	8	23.2	1	3.5	1	3.5	10	30.2
Post Assignment - Freight	11	22	No. of Assignments	8	76.0	1	8.0	1	8.0	10	92.0
Home Leave - Travel	12	212	No. of Assignments	15	65.2	3	9.1	2	9.0	20	83.3
Home Leave - Freight	13	22	No. of Assignments	15	91.0	3	12.5	2	12.5	20	116.0
Education Travel.	14	215	No. of Movements	7	12.0	1	1.0		1.0	8	14.0
R & R Travel	15	215	No. of Movements								
All Other CODE 215 Travel	16	215			11.0		2.0		2.0		15.0
FOREIGN NATIONAL DIRECT HIRE	17	XXX			69.4		246.5		246.4		562.3
Basic Pay	18	114	FNDH Workyears	16	65.0	24	186.7	24	186.6	64	438.3
Overtime, Holiday Pay	19	115					18.0		18.0		36.0
All Other CODE 11 - FN	20	119					7.5		7.5		15.0
All Code 12 - FN	21	129			4.4		9.3		9.3		23.0
Benefits for Former Personnel	22	13					25.0		25.0		50.0
U.S. CONTRACT PERSONNEL	23	XXX					27.6		27.6		55.2
PASA Technicians	24	258	Workyears								
U.S. Personal Serv. Cont. - Salary & Benefits	25	113	Workyears			2	27.6	2	27.6	4	55.2
All Other U.S. PSC Costs	26	255									
F.N. CONTRACT PERSONNEL	27	XXX			10.8						10.8
F.N. Personal Serv. Cont. - Salary & Benefits	28	113	Workyears	1	10.8					1	10.8
All Other F.N. PSC Costs	29	255									

KENYA - FY 1980

OPERATING EXPENSE BUDGET DETAIL

Expense Category	Line No.	Object Class	Expenses Related To	USAID/K DIRECT Units	USAID/K DIRECT Amount	USAID/K SUPPORT Units	USAID/K SUPPORT Amount	REDSO/EA SUPPORT Units	REDSO/EA SUPPORT Amount	TOTAL USAID/K BUDGET Units	TOTAL USAID/K BUDGET Amount
HOUSING	30	XXX			12.1		689.5		582.6		1,284.2
Rent	31	235	No. of Res. Years			44	477.0	37	403.1	81	880.1
Utilities	32	235	No. of Res. Years			44	39.8	37	33.6	81	73.4
Renovation & Maintenance	33	259	No. of Res. Units			44	99.4	37	84.0	81	183.4
Quarters Allowance	34	[illegible]7	No. of Allowances				2.6		2.2		4.8
Purchases - Res. Furnishings & Equipment	35	[illegible]	No. of Sets			2	28.3	1	23.9	3	52.2
Transportation (Freight) for Code 311	36	[illegible]					42.4		35.8		78.2
Mission Director	XXX	XXX			12.1						12.1
Rent	37	235									
Utilities	38	235			3.0						3.0
Renovation & Maintenance of Residence	39	259			4.0						4.0
Official Residence Allowance	40	[illegible]			2.1						2.1
Representation Allowance	41	[illegible]			3.0						3.0
OFFICE OPERATIONS	42	XXX			273.6		536.2		449.3		1,259.1
Rent	43	2[illegible]					138.2		112.2		250.4
Utilities	44	2[illegible]					4.8		3.9		8.7
Building Maintenance & Renovations	45	259					7.5		6.0		13.5
Office Furniture & Equipment	46	310					6.0		4.8		10.8
Other Equipment	47	319					21.5		17.4		38.9
Transportation (Freight)	48	22					53.5		43.4		96.9
Communications	49	230					29.2		23.7		52.9
Security Guard Services (NON PSCs)	50	259					8.0		6.4		14.4
Printing	51	24					5.3		4.3		9.6
International - Operational Travel	52	210	No. of Trips	34	100.0	3	11.9	3	11.9	40	123.8
Domestic - Operational Travel	53	210			173.6		2.5		13.9		190.0
Charter/Contract Transportation	54	259									
Vehicles	55	312	No. of Vehicles			2	16.4	2	13.4	4	29.8
Transportation (Freight) for CODE 312	56	22	No. of Vehicles			2	6.4	2	5.1	4	11.5
Supplies & Materials	57	2[illegible]					123.2		100.0		223.2
TAAS	58	25									
All other CODE 25	59	259					101.8		82.9		184.7

55 A (9)

KENYA - FY 1980
OPERATING EXPENSE BUDGET DETAIL

Expense Category	Line No.	Object Class	Expenses Related To	USAID/K DIRECT		USAID/K SUPPORT		REDSO/EA SUPPORT		TOTAL USAID/K BUDGET	
				Units	Amount	Units	Amount	Units	Amount	Units	Amount
TOTAL OPERATING EXPENSE BUDGET	60				2,525.1		1,551.4		1,357.4		5,433.9
RECONCILE by deducting from line 60 amounts not funded from Mission Allotment (line 65)	XX	XXX									
Object Class 11	61				1,611.6						1,611.6
Object Class 12	62				147.2						147.2
Net FAAS (from line 58)	63										
Other Deductions	64										
NET ALLOTMENT REQUIREMENTS	65										3,675.1
AID/W APPROVED BUDGET INCREASE (DECREASE)	XX	XXX									
	66										
	67										
	68										
	69										
	70										
OTHER INFORMATION	XX	XX									
636(c) Requirements	71	3[illegible]									
Administrative Reservations	72	XX									
Trust Funded PSC's included in lines 23 & 27	73	XX	W. Years								
Program Funded PSC's	74	XX	W. Years								
P.D. & S.Project: Obligations for Project Design	75	XX									

NET ALLOTMENT REQUIREMENT BY QUARTER - FY 1980:

FIRST QUARTER : 882.0
SECOND QUARTER: 1,139.3
THIRD QUARTER : 845.3
FOURTH QUARTER: 808.5

PROJECTED OBLIGATIONS BY MONTH FY 1980:

OCT	9 %	APR	7 %
NOV	7 %	MAY	7 %
DEC	8 %	JUN	10 %
JAN	6 %	JUL	7 %
FEB	7 %	AUG	8 %
MAR	18 %	SEP	6 %

BEST AVAILABLE

BEST AVAILABLE

AGENCY FOR INTERNATIONAL DEVELOPMENT 55 A (10) TABLE VII (A)
Page 1 of 3

MISSION SUPPORT SERVICES FY 1980

OPERATING EXPENSE BUDGET DETAIL

Expense Category	Line No.	Object Class	Expenses Related to	USAID/KENYA SUPPORT Units	USAID/KENYA SUPPORT Amount	REDSO/EA SUPPORT Units	REDSO/EA SUPPORT Amount	RHUDO SUPPORT Units	RHUDO SUPPORT Amount	TOTAL SUPPORT Units	TOTAL SUPPORT Amount
U.S. DIRECT HIRE	01	[illegible]			51.6		51.5				103.1
U.S. Citizens Basic Pay	02	111	USDH Workyears								
Part-time, Temp. U.S. Basic Pay	03	112	USDH Workyears								
Differential Pay	04	115									
Living Allowances	05	118	USDH Workyears	6	3.6	5	3.5			11	7.1
All Other CODE 11	06	119									
Education Allowances	07	126	No. of Dependents	5	11.7	5	11.8			10	23.5
Retirement - U.S.	08	120									
All Other CODE 12 - U.S.	09	12-			0.2		0.2				0.4
Post Assignment - Travel	10	212	No. of Assignments	1	3.5	1	3.5			2	7.0
Post Assignment - Freight	11	22	No. of Assignments	1	8.0	1	8.0			2	16.0
Home Leave - Travel	12	212	No. of Assignments	3	9.1	2	9.0			5	18.1
Home Leave - Freight	13	22	No. of Assignments	3	12.5	2	12.5			5	25.0
Education Travel	14	215	No. of Movements	1	1.0		1.0			1	2.0
R & R Travel	15	215	No. of Movements								
All Other CODE 215 Travel	16	215			2.0		2.0				4.0
FOREIGN NATIONAL DIRECT HIRE	17	XXX			246.5		246.4				492.9
Basic Pay	18	114	FNDH Workyears	24	186.7	24	186.6			48	373.3
Overtime, Holiday Pay	19	115			18.0		18.0				36.0
All Other CODE 11 - FN	20	119			7.5		7.5				15.0
All Code 12 - FN	21	129			9.3		9.3				18.6
Benefits for Former Personnel	22	13			25.0		25.0				50.0
U.S. CONTRACT PERSONNEL	23	XXX			27.6		27.6				55.2
PASA Technicians	24	258	Workyears	2	27.6	2	27.6			4	55.2
U.S. Personal Serv. Cont. - Salary & Benefits	25	113	Workyears								
All Other U.S. PSC Costs	26	255									
F.N. CONTRACT PERSONNEL	27	XXX									
F.N. Personal Serv. Cont. - Salary & Benefits	28	[illegible]	Workyears								
All Other F.N. PSC Costs	29	255									

BEST AVAILABLE

SUPPORT SERVICES FY 1980 55 K(11)

TABLE VIII (A)
Page 2 of 3

OPERATING EXPENSE BUDGET DETAIL

Expense Category	Line No.	Object Class	Expenses Related To	USAID/KENYA SUPPORT Units	USAID/KENYA SUPPORT Amount	REDSO/EA SUPPORT Units	REDSO/EA SUPPORT Amount	RHUDO SUPPORT Units	RHUDO SUPPORT Amount	TOTAL SUPPORT Units	TOTAL SUPPORT Amount
HOUSING	30	XXX			689.5		582.6		46.1		1,318.2
Rent	31	235	No. of Res. Years	44	477.0	37	403.1	3	31.9	84	912.0
Utilities	32	235	No. of Res. Years	44	39.8	37	33.6	3	2.7	84	76.1
Renovation & Maintenance	33	259	No. of Res. Units	44	99.4	37	84.0	3	6.6	84	190.0
Quarters Allowance	34	127	No. of Allowances		2.6		2.2		0.2		5.0
Purchases - Res. Furnishings & Equipment	35	311	No. of Secs	2	28.3	1	23.9		1.9	3	54.1
Transportation (Freight) for Code 311	36	22			42.4		35.8		2.8		81.0
Mission Director	XXX	XXX									
Rent	37	235									
Utilities	38	235									
Renovation & Maintenance of Residence	39	259									
Official Residence Allowance	40	254									
Representation Allowance	41	252									
OFFICE OPERATIONS	42	XXX			536.2		449.3		37.3		1,022.8
Rent	43	23[illegible]			138.2		112.2		9.9		260.3
Utilities	44	23[illegible]			4.8		3.9		0.3		9.0
Building Maintenance & Renovations	45	259			7.5		6.0		0.5		14.0
Office Furniture & Equipment	46	310			6.0		4.8		0.4		11.2
Other Equipment	47	319			21.5		17.4		1.5		40.4
Transportation (Freight)	48	22			53.5		43.4		3.8		100.7
Communications	49	230			29.2		23.7		2.1		55.0
Security Guard Services (NON PSCs)	50	259			8.0		6.4		0.6		15.0
Printing	51	24			5.3		4.3		0.4		10.0
International - Operational Travel	52	210	No. of Trips	3	11.9	3	11.9			6	23.8
Domestic - Operational Travel	53	210			2.5		13.9				16.4
Charter/Contract Transportation	54	259									
Vehicles	55	312	No. of Vehicles	2	16.4	2	13.4		1.2	4	31.0
Transportation (Freight) for CODE 312	56	22	No. of Vehicles	2	6.4	2	5.1		0.5	4	12.0
Supplies & Materials	57	2[illegible]			123.2		100.0		8.8		232.0
FAAS	58	25									
All Other CODE 25	59	259			101.8		82.9		7.3		192.0

SUPPORT SERVICES FY 1980 55 A (12) TABLE VIII (A) Page 3 of 3

BEST AVAILABLE

OPERATING EXPENSE BUDGET DETAIL

Expense Category	Line No.	Object Class	Expenses Related To	USAID/KENYA SUPPORT Units	USAID/KENYA SUPPORT Amount	REDSO/EA SUPPORT Units	REDSO/EA SUPPORT Amount	RHUDO SUPPORT Units	RHUDO SUPPORT Amount	TOTAL SUPPORT Units	TOTAL SUPPORT Amount
TOTAL OPERATING EXPENSE BUDGET	60				1,551.4		1,357.4		83.4		2,992.2
RECONCILE by deducting from line 60 amounts not funded from Mission Allotment (line 65)	XX	XXX									
Object Class 11	61										
Object Class 12	62										
Net TAAS (from line 58)	63										
Other Deductions	64										
NET ALLOTMENT REQUIREMENTS	65										
AID/W APPROVED BUDGET INCREASE (DECREASE)	XX	XXX									
	66										
	67										
	68										
	69										
	70										
OTHER INFORMATION	XX	XXX									
636(c) Requirements	71	32									
Administrative Reservations	72	XXX									
Trust Funded PSC's Included in lines 23 & 27	73	XXX	Workyears								
Program Funded PSC's	74	XXX	Workyears								
P.D. & S.Project: Obligations for Project Design	75	XXX									

NET ALLOTMENT REQUIREMENT BY QUARTER - FY 1980:

FIRST QUARTER :
SECOND QUARTER:
THIRD QUARTER :
FOURTH QUARTER:

PROJECTED OBLIGATIONS BY MONTH (FY 1980):

OCT	____ %	APR	____ %
NOV	____ %	MAY	____ %
DEC	____ %	JUN	____ %
JAN	____ %	JUL	____ %
FEB	____ %	AUG	____ %
MAR	____ %	SEP	____ %

TABLE

AGENCY FOR INTERNATIONAL DEVELOPMENT 55 A (13) TABLE VIII (A)
Page 1 . . 3

BEST AVAILABLE

MISSION KENYA - FY 1981

OPERATING EXPENSE BUDGET DETAIL

Expense Category	Line No.	Object Class	Expenses Related To	USAID/K DIRECT Units	USAID/K DIRECT Amount	USAID/K SUPPORT Units	USAID/K SUPPORT Amount	REDSO/EA SUPPORT Units	REDSO/EA SUPPORT Amount	TOTAL USAID/K BUDGET Units	TOTAL USAID/K BUDGET Amount
U.S. DIRECT HIRE	01	XXX			2,195.4		43.6		43.6		2,282.6
U.S. Citizens Basic Pay	02	110	USDH Workyears	49	1,642.3					49	1,642.3
Part-time, Temp. U.S. Basic Pay	03	112	USDH Workyears								
Differential Pay	04	116									
Living Allowances	05	118	USDH Workyears	38	25.9	6	3.6	5	3.6	49	33.1
All Other CODE 11	06	119									
Education Allowances	07	126	No. of Dependents	33	91.4	4	9.4	4	9.4	41	110.2
Retirement - U.S.	08	120			115.0						115.0
All Other CODE 12 - U.S.	09	[illegible]			35.3		0.1		0.1		35.5
Post Assignment - Travel	10	212	No. of Assignments	5	17.2	1	2.0		2.0	6	21.2
Post Assignment - Freight	11	22	No. of Assignments	5	52.0	1	4.0		4.0	6	60.0
Home Leave - Travel	12	212	No. of Assignments	21	87.2	3	8.8	3	8.7	27	104.7
Home Leave - Freight	13	22	No. of Assignments	21	103.5	3	12.2	3	12.3	27	128.0
Education Travel	14	215	No. of Movements	7	13.0	1	1.5		1.5	8	16.0
R & R Travel	15	215	No. of Movements								
All Other CODE 215 Travel	16	215			12.6		2.0		2.0		16.6
FOREIGN NATIONAL DIRECT HIRE	17	XXX			70.6		232.4		232.4		535.4
Basic Pay	18	114	FNDH Workyears	16	66.8	24	192.4	24	192.4	64	451.6
Overtime, Holiday Pay	19	115					20.0		20.0		40.0
All Other CODE 11 - FN	20	119					10.0		10.0		20.0
All Code 12 - FN	21	125			3.8		10.0		10.0		23.8
Benefits for Former Personnel	22	13									
U.S. CONTRACT PERSONNEL	23	XXX					31.5		31.4		62.9
PASA Technicians	24	258	Workyears								
U.S. Personal Serv. Cont. - Salary & Benefits	25	113	Workyears			2	31.5	2	31.4		62.9
All Other U.S. PSC Costs	26	255									
F.N. CONTRACT PERSONNEL	27	XXX			12.1						12.1
F.N. Personal Serv. Cont. - Salary & Benefits	28	113	Workyears	1	12.1					1	12.1
All Other F.N. PSC Costs	29	255									

BEST AVAILABLE

BEST AVAILABLE

KENYA - FY 1981

OPERATING EXPENSE BUDGET DETAIL

Expense Category	Line No.	Object Class	Expenses Related To	USAID/K DIRECT Units	USAID/K DIRECT Amount	USAID/K SUPPORT Units	USAID/K SUPPORT Amount	REDSO/EA SUPPORT Units	REDSO/EA SUPPORT Amount	TOTAL USAID/K Units	TOTAL USAID/K Amount
HOUSING	30	XXX			13.1		846.2		728.6		1,587.9
Rent	31	235	No. of Res. Years			44	590.5	37	508.4	81	1,098.9
Utilities	32	235	No. of Res. Years			44	45.3	37	39.0	81	84.3
Renovation & Maintenance	33	259	No. of Res. Units			44	113.2	37	97.4	81	210.6
Quarters Allowance	34	127	No. of Allowances				4.1		3.6		7.7
Purchases - Res. Furnishings & Equipment	35	311	No. of Sets			2	37.2	2	32.1	4	69.3
Transportation (Freight) for Code 311	36	22					55.9		48.1		104.0
Mission Director	XXX	XXX			13.1						13.1
Rent	37	235									
Utilities	38	235			3.0						3.0
Renovation & Maintenance of Residence	39	259			5.0						5.0
Official Residence Allowance	40	254			2.1						2.1
Representation Allowance	41	252			3.0						3.0
OFFICE OPERATIONS	42	XXX			301.0		551.5		463.0		1,315.5
Rent	43	234					141.4		114.8		256.2
Utilities	44	234					5.5		4.4		9.9
Building Maintenance & Renovations	45	259					8.5		6.9		15.4
Office Furniture & Equipment	46	310					1.1		0.9		2.0
Other Equipment	47	319					8.0		6.4		14.4
Transportation (Freight)	48	22					98.8		80.2		179.0
Communications	49	230					31.9		25.9		57.8
Security Guard Services (NON PSCs)	50	259					9.5		7.8		17.3
Printing	51	24					6.1		4.9		11.0
International - Operational Travel	52	210	No. of Trips	34	110.0	3	13.1	3	13.1	40	136.2
Domestic - Operational Travel	53	210			191.0		2.8		15.2		209.0
Charter/Contract Transportation	54	259									
Vehicles	55	312	No. of Vehicles			1	6.9		5.6	1	12.5
Transportation (Freight) for CODE 312	56	22	No. of Vehicles			1	5.5		4.5	1	10.0
Supplies & Materials	57	26					101.4		82.3		183.7
FAAS	58	25									
All other CODE 25	59	259					111.0		90.1		201.1

KENYA - FY 1981 55 A(15)

TABLE VIII (A)
Page 3 of 3

OPERATING EXPENSE BUDGET DETAIL

Expense Category	Line No.	Object Class	Expenses Related To	USAID/K DIRECT Units	USAID/K DIRECT Amount	USAID/K SUPPORT Units	USAID/K SUPPORT Amount	REDSO/EA SUPPORT Units	REDSO/EA SUPPORT Amount	TOTAL USAID/K Units	TOTAL USAID/K Amount
TOTAL OPERATING EXPENSE BUDGET	60				2,592.2		1,705.2		1,499.0		5,796.4
RECONCILE by deducting from line 60 amounts not funded from Mission Allotment (line 65)	XX	XXX									
Object Class 11	61				1,642.3						1,642.3
Object Class 12	62				149.4						149.4
Net IAAS (from line 58)	63										
Other Deductions	64										
NET ALLOTMENT REQUIREMENTS	65										4,004.7
AID/W APPROVED BUDGET INCREASE (DECREASE)	XX	XXX									
	66										
	67										
	68										
	69										
	70										
OTHER INFORMATION	XX	XXX									
636(c) Requirements	71	32									
Administrative Reservations	72	XXX									
Trust Funded PSC's included in lines 23 & 27	73	XXX	Workyears								
Program Funded PSC's	74	XXX	Workyears								
P.D. & S.Project: Obligations for Project Design	75	XXX									

AGENCY FOR INTERNATIONAL DEVELOPMENT (55 A(16) TABLE VIII (A)

BEST AVAILABLE

SUPPORT SERVICES - FY 1981

OPERATING EXPENSE BUDGET DETAIL

Expense Category	Line No.	Object Class	Expenses Related to	USAID/KENYA SUPPORT Units	USAID/KENYA SUPPORT Amount	REDSO/EA SUPPORT Units	REDSO/EA SUPPORT Amount	RHUDO SUPPORT Units	RHUDO SUPPORT Amount	TOTAL SUPPORT Units	TOTAL SUPPORT Amount
U.S. DIRECT HIRE	01	XXX			43.6		43.6				87.2
U.S. Citizens Basic Pay	02	111	USDH Workyears								
Part-time, Temp. U.S. Basic Pay	03	112	USDH Workyears								
Differential Pay	04	116									
Living Allowances	05	118	USDH Workyears	6	3.6	5	3.6			11	7.2
All Other Code 11	06	119									
Education Allowances	07	126	No. of Dependents	4	9.4	4	9.4			8	18.8
Retirement - U.S.	08	120									
All Other CODE 12 - U.S.	09	129			0.1		0.1				0.2
Post Assignment - Travel	10	212	No. of Assignments	1	2.0		2.0			1	4.0
Post Assignment - Freight	11	22	No. of Assignments	1	4.0		4.0			1	8.0
Home Leave - Travel	12	212	No. of Assignments	3	8.8	3	8.7			6	17.5
Home Leave - Freight	13	22	No. of Assignments	3	12.2	3	12.3			6	24.5
Education Travel	14	215	No. of Movements	1	1.5		1.5			1	3.0
R & R Travel	15	215	No. of Movements								
All Other CODE 215 Travel	16	215			2.0		2.0				4.0
FOREIGN NATIONAL DIRECT HIRE	17	XXX			232.4		232.4				464.8
Basic Pay	18	114	FNDH Workyears	24	192.4	24	192.4			48	384.8
Overtime, Holiday Pay	19	115			20.0		20.0				40.0
All Other CODE 11 - FN	20	119			10.0		10.0				20.0
All Code 12 - FN	21	129			10.0		10.0				20.0
Benefits for Former Personnel	22	13									
U.S. CONTRACT PERSONNEL	23	XXX			31.5		31.4				62.9
PASA Technicians	24	258	Workyears								
U.S. Personal Serv. Cont. - Salary & Benefits	25	113	Workyears	2	31.5	2	31.4				62.9
All Other U.S. PSC Costs	26	255									
F.N. CONTRACT PERSONNEL	27	XXX									
F.N. Personal Serv. Cont. - Salary & Benefits	28	113	Workyears								
All Other F.N. PSC Costs	29	255									

SUPPORT SERVICES FY 1981

OPERATING EXPENSE BUDGET DETAIL

Expense Category	Line No.	Object Class	Expenses Related To	USAID/KENYA SUPPORT		REDSO/EA SUPPORT		RHUDO SUPPORT		TOTAL SUPPORT	
				Units	Amount	Units	Amount	Units	Amount	Units	Amount
HOUSING	30	XXX			846.2		728.6		58.8		1,633.6
Rent	31	235	No. of Res. Years	44	590.5	37	508.4	3	41.0	84	1,139.9
Utilities	[illegible]	235	No. of Res. Years	44	45.3	37	39.0	3	3.1	84	87.4
Renovation & Maintenance	33	259	No. of Res. Units	44	113.2	37	97.4	3	7.9	84	218.5
Quarters Allowance	34	[illegible]	No. of Allowances		4.1		3.6		0.3		8.0
Purchases - Res. Furnishings & Equipment	35	[illegible]	No. of Sets	2	37.2	2	32.1		2.6	4	71.9
Transportation (Freight) for Code 311	36	[illegible]			55.9		48.1		3.9		107.9
Mission Director	XXX	XXX									
Rent	[illegible]	235									
Utilities	[illegible]	235									
Renovation & Maintenance of Residence	39	259									
Official Residence Allowance	40	[illegible]									
Representation Allowance	41	[illegible]									
OFFICE OPERATIONS	42	XXX			551.5		463.0		38.3		1,052.8
Rent	43	[illegible]			141.4		114.8		10.1		266.3
Utilities	44	[illegible]			5.5		4.4		0.4		10.3
Building Maintenance & Renovations	45	259			8.5		6.9		0.6		16.0
Office Furniture & Equipment	46	310			1.1		0.9		0.1		2.1
Other Equipment	47	319			8.0		6.4		0.6		15.0
Transportation (Freight)	48	[illegible]			98.8		80.2		7.1		186.1
Communications	49	230			31.9		25.9		2.3		60.1
Security Guard Services (NON PSCs)	[illegible]	259			9.5		7.8		0.7		18.0
Printing	[illegible]	24			6.1		4.9		0.4		11.4
International - Operational Travel	52	210	No. of Trips	3	13.1	3	13.1			6	26.2
Domestic - Operational Travel	53	210			2.8		15.2				18.0
Charter/Contract Transportation	54	259									
Vehicles	55	[illegible]	No. of Vehicles	1	6.9		5.6		0.5	1	13.0
Transportation (Freight) for Code 312	56	[illegible]	No. of Vehicles	1	5.5		4.5		0.4	1	10.4
Supplies & Materials	57	[illegible]			101.4		82.3		7.2		190.9
[illegible]	58	[illegible]									
All Other Code 25	59	259			111.0		90.1		7.9		209.0

BEST AVAILABLE

SUPPORT SERVICES FY 1981 55 A (18)

TABLE VIII (A)
Page 3 of 3

OPERATING EXPENSE BUDGET DETAIL

Expense Category	Line No.	Object Class	Workyears Related To	USAID/KENYA SUPPORT Units	USAID/KENYA SUPPORT Amount	REDSO/EA SUPPORT Units	REDSO/EA SUPPORT Amount	RHUDO SUPPORT Units	RHUDO SUPPORT Amount	TOTAL SUPPORT Units	TOTAL SUPPORT Amount
TOTAL OPERATING EXPENSE BUDGET	60				1,705.2		1,499.0		97.1		3,301.3
RECONCILE by deducting from line 60 amounts not funded from Mission Allotment (line 65)	XX	XXX									
Object Class 11	61										
Object Class 12	62										
Net FAAS (from line 58)	63										
Other Deductions	64										
NET ALLOTMENT REQUIREMENTS	65										
AID/W APPROVED BUDGET INCREASE (DECREASE)	XX	XXX									
	66										
	67										
	68										
	69										
	70										
OTHER INFORMATION	XX	XXX									
636(c) Requirements	71	32									
Administrative Reservations	72	XXX									
Trust Funded PSC's Included in lines 23 & 27	73	XXX	Workyears								
Program Funded PSC's	74	XXX	Workyears								
P.D. & S.Project: Obligations for Project Design	75	XXX									

NET ALLOTMENT REQUIREMENT BY QUARTER - FY 1980:

FIRST QUARTER :
SECOND QUARTER:
THIRD QUARTER :
FOURTH QUARTER:

PROJECTED OBLIGATIONS BY MONTH FY 1980:

OCT	____ %	APR	____ %
NOV	____ %	MAY	____ %
DEC	____ %	JUN	____ %
JAN	____ %	JUL	____ %
FEB	____ %	AUG	____ %
MAR	____ %	SEP	____ %

TABLE VIII (8)
5/23/1979

USAID/ KENYA

FY 1980 NON-EXPENDABLE PROPERTY PROCUREMENT PLAN
(O/C 310, 311, 312 & 319)

MOB LINE NO.	OBJECT CLASS CATEG.	DESCRIPTION	NUMBER OF UNITS				Units to be1/ Purchased			ACQUISITION COST		COMMENTS
			WARE-HOUSE	ISSUED	ORDER	TOTAL	C	A	NR	COMMODITY	TRANSPORTATION	
46	310	Desk, Exec	8	64	-0-	72	3					
"	"	Cabinet,Filing	1	96		97	3					
"	"	Chair,Rotary W/Arms	-0-	90	-0-	90	3					
"	"	Bookcase					3					
"	"	Chair,Visitor W/Arms	6	169	-0-	175	6			2,490.00	3,740.00	
"	"	Desk,Secretary	7	36		43	3					
		Cabinet,Filing	-	-		-	3					
		Chair,Tyist	14	59		73	3					
		Stand Machine	2	81		83	3			1,800.00	2,700.00	
		Typewriter Manual	3	38		41	3			700.00	1,100.00	
		Tent				-0-			1	5,000.00	2,000.00	
		Hecto Machine	1	1		2	1			500.00	750.00	
		Mimeo Machine	0	1		1	1			750.00	1,200.00	
										11,240.00	11,490.00	

1/ PURCHASE CODE: C = Purchase Based on Condition of Item
A = Replacement Based on Age
NR = New Requirement Due to Staffing Increase

TABLE VIII (B)

USAID/ KENYA

FY 1980 NON-EXPENDABLE PROPERTY PROCUREMENT PLAN

(O/C 310, 311, 312 & 319)

MOB LINE NO.	OBJECT CLASS CATEG.	DESCRIPTION	NUMBER OF UNITS				Units to be1/ Purchased			ACQUISITION COST		COMMENTS
			WARE-HOUSE	ISSUED	ORDER	TOTAL	C	A	NR	COMMODITY	TRANSPORTATION	
35	311	Washer	18	67		85	3		2	$ 1,730.00	$ 2,595.00	
"	"	Dryers	14	61		75	3		2	1,400.00	2,100.00	
"	"	Refrigerators	18	81		99	3		2	2,700.00	4,050.00	
"	"	Freezers	17	64		81	3		2	1,900.00	2,850.00	
"	"	Ranges	8	68	10	86	3		2	1,400.00	2,100.00	
"	"	Air Conditioner	1	5		6			2	900.00	1,350.00	
"	"	Vacuum Cleaner	20	76		96		3	2	800.00	1,200.00	
"	"	Transformers	19	283		302		10	4	765.00	1,150.00	
"	"	Rugs	41	164			20			3,500.00	5,250.00	
"	"	Furn 3BR Set					1		2	39,000.00	58,500.00	
										$ 54,059.00	$ 81,145.00	

1/ PURCHASE CODE: C - Purchase Based on Condition of Item
A = Replacement Based on Age
NR = New Requirement Due to Staffing Increase

USAID/ KENYA

FY 1980 NON-EXPENDABLE PROPERTY PROCUREMENT PLAN

(O/C 310, 311, 312 & 319)

MOB LINE NO.	OBJECT CLASS CATEG.	DESCRIPTION	NUMBER OF UNITS				Units to be 1/ Purchased			ACQUISITION COST		COMMENTS
			WARE-HOUSE	ISSUED	ORDER	TOTAL	C	A	NR	COMMODITY	TRANSPORTATION	
55	312	Sedan		9		9	1			5,000.00	2,000.00	
"	"	Sta. Wagon		2		2	1			6,000.00	2,000.00	
"	"	Truck 2½Ton		3		3	1			12,000.00	6,000.00	
"	"	Truck Maint.	-0-	-0-	-0-	-0-			1	8,000.00	2,000.00	
										31,000.00	12,000.00	

1/ PURCHASE CODE: C = Purchase Based on Condition of Item
A = Replacement Based on Age
NR = New Requirement Due to Staffing Increase

TABLE VIII (B)

USAID/ KENYA

FY 1980 NON-EXPENDABLE PROPERTY PROCUREMENT PLAN

(O/C 310, 311, 312 & 319)

MOB LINE NO.	OBJECT CLASS CATEG.	DESCRIPTION	NUMBER OF UNITS				Units to be 1/ Purchased			ACQUISITION COST		COMMENTS
			WARE-HOUSE	ISSUED	ORDER	TOTAL	C	A	NR	COMMODITY	TRANSPORTATION	
46	319	Maintenance Shop Equip								34,200.00	34,200.00	
"	"	Maintenance Shop Tools								4,970.00	4,000.00	
"	"	Shampoo Machine Rug								1,250.00	1,000.00	
										40,420.00	39,200.00	

1/ PURCHASE CODE: C = Purchase Based on Condition of Item
A = Replacement Based on Age
NR = New Requirement Due to Staffing Increase

ATTACHMENT TO TABLE VIII (B)

USAID/KENYA

FY. 1980 NON-EXPENDABLE PROPERTY PROCUREMENT PLAN

OBJECT CLASS	TOTAL COSTS	LESS ... RHUDO'S SHARE	NET IN BUDGET	LINE NO.
311	54,059	- 1,892	52,167	35
22	81,145	- 2,940	78,205	36
310	11,240	- 427	10,813	46
319	40,420	- 1,536	38,894	47
22	100,690	- 3,827	96,863	48
310 - Freight	11,490	- 437	11,053	
319 - "	39,200	- 1,490	37,710	
260 - "	50,000	- 1,900	48,100	
312	31,000	- 1,178	29,822	55
22	12,000	- 456	11,544	56

USAID/ KENYA

OFFICIAL RESIDENCE EXPENSES
FY 1980 ESTIMATE

A. Number & Type of Full-Time Servants:

Salaries & Related Costs for Each	$
COOK	933
HOUSEMAN	933
GARDNER	933
HOUSEMAN	774

B. Number & Type of Part-Time Servants: - 0 -

Salaries & Related Costs for Each

C. Costs of Other Authorized Items:*

ITEM	EST COST	
TELEPHONE CALLS		240
EXPENDABLE HOUSEHOLD SUPPLIES		640

TOTALS	$ 2,375	
Less 5% of Base Salary		$4,453
OE Requirement		$2,078

* Include such things as cleaning supplies, paper products, light bulbs, small tools and items of insufficient value to require maintenance of property records.

USAID/ KENYA 55 D

TABLE VIII (D)

INTERNATIONAL OPERATIONAL TRAVEL
(Line No. 52 of OE Budget - O/C 210)
FY 1980 - Mission Requested Travel
Purpose of Travel and Budget

Services To Be Provided By	DESIGN		IMPLEMENTATION		EVALUATION		OTHER			
							PROJECT RELATED		ADMINISTRATIVE	
	# of TRIPS	AMOUNT	# of TRIPS	AMOUNT	# of TRIPS	AMOUNT	# of TRIPS	AMOUNT	# of TRIPS	AMOUNT
1. USAID										
- DIRECTOR										
TO U.S.									4	9,900
TO OTHER POINTS									1	2,500
- ALL OTHER STAFF										
TO U.S.	1	3,050			1	2,500	6	15,000	7	20,350
TO OTHER POINTS									4	7,175
- TRAINING									3	12,900
- INVITATIONAL										
2. AID/W BASED PERSONNEL	5	27,500	4	10,000					1	3,600
3. REGIONAL										
AAG/IIS									3	9,300
OTHER										
TOTALS	6	30,550	4	10,000	1	2,500	6	15,000	23	65,725

USAID/ KENYA

U.S. CONTRACT PERSONNEL - FY 1980

(Personal Services Contracts)

Contract No. (Where applicable)	TITLE (Type of Service)	Work Months FY 80	Work Months FY 81	FY 1980 (MOB Line 25 - o/c 113)	Funding (MOB Line 26 - o/c 255)	REMARKS
	TOTAL	48	48	$ 55,200	$ - 0 -	
1.	Sec.Services	12	12	12,000	-	
2.	Warehouse Supervisor	9	9	10,800		
3.	Maintenance Supervisor	9	9	10,800		
4.	Procurement Specialist	9	9	10,800		
5.	Accountant	9	9	10,800		

USAID/ KENYA
FOREIGN NATIONAL CONTRACT PERSONNEL - FY 1980
(Personal Services Contracts)

Contract No. (Where Applicable)	TITLE (Type of Service)	Work Months FY 80	Work Months FY 81	FY 1980 Funding (MOB Line 28 - o/c 113)	(MOB Line 29 - o/c 255)	REMARKS
	TOTAL	12	12	$ 10,800	$ - 0 -	
1.	Project Commodities Monitor	12	12	10,800		

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING
POSITION REQUIREMENTS - FY 1979 - 1981
(By Function, Organizational Unit, Position Title and Professional Speciality)

DECISION UNIT KENYA

DECISION PACKAGE

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	NUMBER OF POSITIONS									
	FY 1979		FY 1980		FY 1981					
					Minimum		Current /AAPL		~~XXXX~~	
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH
EXECUTIVE DIRECTION										
Director's Office										
Director	1		1		1		1			
Assistant Director	1		1		-		1			
All Other (Non-professional)	1	1	1	1	1	1	1	1		
Subtotal Executive Direction	3	1	3	1	2	1	3	1		
PROGRAM PLANNING										
Program Office										
Program Officer	1		1		1		1			
Deputy Program Officer	1		1		-		1			
Program Economist	1		1		1		1			
Assistant Program Officer	3		2		2		2			
IDI	-		1		-		-			
All Other (Non-professional)	1	2	1	2	1	1	1	2		
Subtotal Program Planning	7	2	7	2	5	1	6	2		
PROJECT DESIGN AND IMPLEMENTATION										
Agriculture Division										
Ag. Development Officer	1		1		1		1			
Asst. Ag. Development Officer	3		4	2	4	1	4	2		
Ag. Advisor Training	1		1		1		1			
Ag. Research Advisor	1		1		-		1			
Ag. Economist	1		1		-		1			
All Other (Non-professional)	1	2	1	2	1	2	1	2		
Subtotal Agriculture	8	2	9	4	7	3	9	4		

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING
POSITION REQUIREMENTS - FY 1979 - 1981
(By Function, Organizational Unit, Position Title and Professional Speciality)

DECISION UNIT KENYA

DECISION PACKAGE

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	NUMBER OF POSITIONS									
	FY 1979		FY 1980		FY 1981					
					Minimum		Current/AAPL		~~XXXX~~	
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH
Health, Nutrition and Population										
Health/Family Planning Development Officer	1		1		1		1			
Family Planning Development Officer	1		1		1		1			
Assistant Program Officer	1		1	1	1	–	1	1		
Rural Water Supply Officer	–		1		1		1			
All Other (Non-professional)		2		3		3		3		
Subtotal Health, Nutrition, Population	3	2	4	4	4	3	4	4		
Multisector and Engineering										
General Development Officer	1		1		1		1			
Capital Development Officer	1		1	1	–	–	1	1		
Hwy. Engineer Advisor	1		1	1	1	–	1	1		
Civil Engineer Advisor	1		1		1		1			
Training Officer		1		1		1		1		
All Other (Non-professional)	1	1	1	1	1	1	1	1		
Subtotal Multisector and Engineering	5	2	5	4	4	2	5	4		
Subtotal Project Design/Implementation	16	6	18	12	15	8	18	12		
FINANCIAL MANAGEMENT										
Controller's Office										
Controller	1		1		1		1			
Deputy Controller	1		1		1		1			
Budget Accounting Officer	1		1		1		1			
Acct. Financial Analyst	1		1		1		1			
Accountants		10		12		11		12		
All Other (Non-professional)		6		6		6		6		
Subtotal Financial Management	4	16	4	18	4	17	4	18		

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING
POSITION REQUIREMENTS - FY 1979 - 1981
(By Function, Organizational Unit, Position Title and Professional Speciality)

DECISION UNIT KENYA

DECISION PACKAGE

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	NUMBER OF POSITIONS									
	FY 1979		FY 1980		FY 1981					
					Minimum		Current		/APPL XXXXXX	
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH
MISSION SUPPORT										
Executive Office										
Executive Officer	1		1		1		1			
General Services Officer	1		1		1		1			
Asst.General Services Officer	2		2		1		2			
Personnel Officer	1		1		1		1			
C&R Supervisor	1		1		1		1			
All Other (Non-professional)	1	32	1	30	1	28	1	30		
Subtotal Mission Support	7	32	7	30	6	28	7	30		
Total Increment	37	57	39	63	32	55	6	8		
Cumulative Total	37	57	39	63	32	55	38	63		

Table IX - Narrative

The Mission's requested staffing levels and it's composition for FY 1980 reflect the need (1) to focus an increasingly larger share of available manpower resources on project implementation and (2) to improve support services provided to REDSO/EA, AAG/EAFR, RHUDO and client posts in the Pegion.

Table VII shows that 28 direct-hire employees will be primarily involved with project implementation during FY 1980 as compared to 20 during the current year. This will be accomplished by a modest increase in staff (one USDH and six FNDH's) together with minor adjustments in the composition of DH staff, as indicated below:

USDH -- An Assistant Program Officer position is being eliminated and two project officer positions are to be established. The Assistant Agriculture Development Officer will work on the ASAL Development project (No. 615-0172) and assist in planned feasibility studies and design of ASAL - Phase II Project (No. 615-0186). The specialist in Rural Water Systems development will be assigned to manage the recently approved Community Water Development Project (No. 615-0177).

FNDH -- We are requesting six additional foreign national direct hire positions for FY 1980: One Non-Professional position (a secretary for the Health, Nutrition and Population Division) and five professional level positions. The professional level positions consist of (1) an Engineer who will assist primarily on project-financed construction currently underway in the two roads projects (615-0168 and 615-0170), ASSP (615-0169) and the ASAL project (615-0191), (2) two accountants will augment existing staff and free-up more senior FNDH personnel to perform financial analysis for client posts and the USAID, and (3) two Agriculture and one Health and Nutrition technicians will assist in the management of projects assigned to the Agriculture and Health and Nutrition Divisions.

Additionally, to the extent it is feasible to do so, we expect to further strengthen Mission staffing capabilities during the year, as conditions permit, by converting existing non-professional positions to professional positions and then staffing these positions either with qualified foreign nationals or dependents of USDH personnel in Kenya. The Mission's Executive Office for example, clearly needs a cadre of professional FNDH to augment the limited USDH staff available and to provide continuity and stability to this vital area of operation. (NOTE: The Mission understands that a Controller IDI may become available for assignment in FY 1980. No provision has been made for this possible addition to Mission staff. However, we forsee no problem in securing an upward adjustment to the MODE ceiling in the event a Controller IDI is nominated.)

Minimum Staffing for FY 1981

The minimum staffing level for FY 1981 is only 15 percent below the AAPL. On first glance this would indicate that the Mission is not being totally responsive in reducing staffing to the minimum required. This, however, is due to two major factors. First the USAID has about 60 percent of its combined US and FN direct-hire staff assigned to support-type activities i.e. Controller and Executive Offices. These Offices not only service the USAID but also REDSO/EA, AAG/EAFR, RHUDO and 14 client posts throughout Eastern Africa. The need for personal on-site consultation between EAAC and client posts cannot be overly emphasized. This dictates that an adequate staff be maintained at all times to respond to client posts requests and to provide requested accounting and reporting services. Therefore a sharp curtailment in Mission project activities would not necessarily make possible a substantial reduction in staffing levels of the Mission's support function. The major factor to consider is the level of support services required by our client organizations. Secondly the USAID recognizes the need for more attention to implementing the relatively large portfolio of on-going project financed activities. The requirement for continuous close attention to the implementation of project activities will not change materially in FY 1981 even though funding is sharply reduced from AAPL levels. Our projections show that we will move into FY 1981 with a portfolio of 15 projects having a pipeline of more than $55.0 million. This clearly indicates that there will be a continuing need for USAID to focus on project implementation.

In addition, the above minimum work force levels are a function of the projects in the minimum package. In order to carry out essential management, programming, design and support activities at the minimum level indicated herein would require that all activities not directly related to the effective management of our programs and support operations be severely curtailed.

Current/AAPL

Additional personnel as reflected in the Current/AAPL levels are based on our Minimum plus the following requirements:

1. Management Direction - two USDH, the Assistant Mission Director and Deputy Program Officer would be retained. In addition one FNDH secretary position would be retained.
2. Project Design - two USDH positions (a Capital Development Officer and an Agriculture Economist) would be retained to facilitate Mission project design activities.
3. Project Implementation - one USDH (a Capital Development Officer) and four foreign national direct hire positions (one Agriculture Technician, a Health and Nutrition Technician, a Roads Engineer and an Assistant Capital Development Officer) would be retained to assist in implementation of projects in the current package and to assist in implementation of on-going projects.
4. Financial Management and Mission Support - one USDH (a General Services Officer) and three FNDH (an accountant and two non-professional EXO positions) would be retained to maintain support-type activities at current levels.

Automatic Data Processing

ADP SYSTEMS INVENTORY

	(In $000)		
	Fiscal Year		
	1979	1980	1981
1. Capital Investments			
A. Purchase of ADP Equipment	1.5	-	-
B. Purchase of Software	3.0	1.0	2.0
C. Sub-Total	4.5	1.0	2.0
2. Personnel			
A. Compensation, benefits, travel	11.0	15.5	17.0
B. Workyears	(1.3)	(2.0)	(2.0)
C. Sub-Total	11.0	15.5	17.0
3. Equipment Rental and Other Operating Costs			
A. ADP Equipment (ADPE) Rentals			
B. Supplies and Leased Software	7.5	7.0	8.5
C. Sub-Total	7.5	7.0	8.5
4. Commercial Services			
A. ADP Service Bureau			
B. Systems Analysis and Progamming	2.9	3.0	3.0
C. APDE Maintenance (If separate from item 3.A)	4.3	5.0	5.5
D. Sub-Total	7.2	8.0	8.5
5. Total Obligations - (Sum of 1C, 2C, 3C, & 4D)	30.2	31.5	36.0
6. Interagency Services			
A. Payments			
B. Offsetting Collections			
C. Sub-Total			
7. Grand Total - (Sum of 5 plus 6C)	30.2	31.5	36.0

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

The East Africa Accounting Center, USAID/Kenya is presently in the process of converting its mechanized accounting operation from a Burroughs L 5000 accounting machine to the NCR 499 System with two NCR 7200 remote input terminals. All the basic and peripheral equipment was purchased utilizing FY 1978 and FY 1979 Operating Expenses funds. No additional ADP hardware is planned for FY 1980 or FY 1981 purchase. However, additional commercially furnished programming services over the next two years will be required to (1) make minor modifications to existing programs, and (2) develop application of the equipment to other Mission operations which lend themselves to mechanization, e.g. personnel reporting and inventory control.

The continued funding for development of increased program capability is determined to be a high priority under both the "minimum" and "current/AAPL" levels.

FY 1981 ANNUAL BUDGET SUBMISSION
PROJECT BUDGETS AND PERCENTAGES OF OBLIGATIONS
TO MEET SPECIAL CONCERNS
(BUDGETS IN THOUSANDS OF DOLLARS)

DECISION UNIT: 615 KENYA

TABLE X

PROJECT NUMBER AND TITLE: 6150169 AGRICULTURAL SYSTEMS SUPPORT PROJECT   APPROPRIATION: AGRICULTURE, RURAL DEV. AND NUTRITION

A. BUDGET IN CP: FY 1979 - $ 0   BUDGET IN ABS: FY 1979 - $ 5,300
FY 1980 - $ 4000   FY 1980 - $ 900
FY 1981 - $ 1,590

B. OBLIGATIONS TO MEET SPECIAL CONCERNS AS PERCENTAGE OF BUDGET:

ADP ITEM	CONCERN CODE	1979 BUDGET IN CP	1979 BUDGET IN ABS	1980 BUDGET IN CP	1980 BUDGET IN ABS	1981 BUDGET IN ABS
1349	CODC	0%	10 %	33%	15 %	30 %
ADD	LINO		37 %		83 %	40 %
ADD	RESA		20 %		– %	10 %

PROJECT NUMBER AND TITLE: 6150172 ARID AND SEMI-ARID LAND DEVELOPMENT   APPROPRIATION: AGRICULTURE, RURAL DEV. AND NUTRITION

A. BUDGET IN CP: FY 1979 - $ 11330   BUDGET IN ABS: FY 1979 - $ 6,000
FY 1980 - $ 2000   FY 1980 - $ –
FY 1981 - $ –

B. OBLIGATIONS TO MEET SPECIAL CONCERNS AS PERCENTAGE OF BUDGET:

ADP ITEM	CONCERN CODE	1979 BUDGET IN CP	1979 BUDGET IN ABS	1980 BUDGET IN CP	1980 BUDGET IN ABS	1981 BUDGET IN ABS
1348	ENVR	11%	45 %	25%	– %	– %
ADD	ATNL		25 %		– %	– %
ADD	F		%		%	%

FY 1981 ANNUAL BUDGET SUBMISSION
PROJECT BUDGETS AND PERCENTAGES OF OBLIGATIONS
TO MEET SPECIAL CONCERNS
(BUDGETS IN THOUSANDS OF DOLLARS)

PROJECT NUMBER AND TITLE: 6150180 DRYLANDS CROPPING SYSTEMS

APPROPRIATION: AGRICULTURE, RURAL DEV. AND NUTRITION

A. BUDGET IN CP: FY 1979 - $ 1300 BUDGET IN ABS: FY 1979 - $ 1,300

FY 1980 - $ 850 FY 1980 - $ 850

FY 1981 - $ 1,260

B. OBLIGATIONS TO MEET SPECIAL CONCERNS AS PERCENTAGE OF BUDGET:

ADP ITEM	CONCERN CODE	1979 BUDGET IN CP	1979 BUDGET IN ABS	1980 BUDGET IN CP	1980 BUDGET IN ABS	1981 BUDGET IN ABS
1347	RESA	0%	100 %	100%	100 %	100 %
ADD	____		____%		____%	____%
ADD	____		____%		____%	____%

TABLE X SPECIAL CONCERNS - ADDITIONAL PROJECTS

DECISION UNIT: Kenya

PROJECT NUMBER AND TITLE: Community Water (615-0177)

APPROPRIATION: Health

CONCERN CODE	PERCENTAGE OF BUDGET 1979	1980	1981	CONCERN CODE	PERCENTAGE OF BUDGET 1979	1980	1981	CONCERN CODE	PERCENTAGE OF BUDGET 1979	1980	1981
ENVR	100 %	- %	- %	-	- %	- %	- %	-	- %	- %	- %

PROJECT NUMBER AND TITLE: Arid and Semi-Arid Lands Development II (615-0186)

APPROPRIATION: Agr. RD & Nutrition

CONCERN CODE	PERCENTAGE OF BUDGET 1979	1980	1981	CONCERN CODE	PERCENTAGE OF BUDGET 1979	1980	1981	CONCERN CODE	PERCENTAGE OF BUDGET 1979	1980	1981
ENVR	- %	- %	30 %	-	- %	- %	- %	-	- %	- %	- %

PROJECT NUMBER AND TITLE:

APPROPRIATION:

CONCERN CODE	PERCENTAGE OF BUDGET 1979	1980	1981	CONCERN CODE	PERCENTAGE OF BUDGET 1979	1980	1981	CONCERN CODE	PERCENTAGE OF BUDGET 1979	1980	1981
	%	%	%		%	%	%		%	%	%

PROJECT NUMBER AND TITLE:

APPROPRIATION:

CONCERN CODE	PERCENTAGE OF BUDGET 1979	1980	1981	CONCERN CODE	PERCENTAGE OF BUDGET 1979	1980	1981	CONCERN CODE	PERCENTAGE OF BUDGET 1979	1980	1981
	%	%	%		%	%	%		%	%	%

PROJECT NUMBER AND TITLE:

APPROPRIATION:

CONCERN CODE	PERCENTAGE OF BUDGET 1979	1980	1981	CONCERN CODE	PERCENTAGE OF BUDGET 1979	1980	1981	CONCERN CODE	PERCENTAGE OF BUDGET 1979	1980	1981
	%	%	%		%	%	%		%	%	%

PL 480

Overview

USAID/Kenya's FY 1981 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 CDSS 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.1/ 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 identified PL 480, Title I and II, as one set of U.S. foreign assistance instruments which would make a significant contribution to the achievement of Kenya's basic human needs strategy, as detailed in the Development Plan 1979-1983.2/

Title I food sales could be utilized to help address the GOK's recurrent cost constraints as well as activities to enhance rural income and employment needs of the ASALs. Title I could assist, to a modest degree, in relieving some of the pressure on Kenya's foreign exchange earnings. Local currency generation could be programmed to meet a portion of the recurrent costs of AID programs (such as off-season employment on soil conservation works in the ASAL areas), thereby easing the recurrent cost pressures on the GOK. This document represents an initial request for FY 1981 PL 480 Title I assistance. The Mission will respond to and elaborate upon specific questions as appropriate.

Voluntary agency Title II assistance will be re-directed from a strictly MCH and pre-school feeding program to a program designed to address some of the more critical nutritional problems of the target population and assist the GOK in exploring new nutritional initiatives and interventions. The CDSS points out that nutritional issues have begun to receive the serious attention of senior GOK officials, and identifies potential AID

1/ USAID/Kenya. CDSS: 1981-1985. Pages 6-10, 33-45.

2/ *Ibid.* Pages 34, 35, 45, 47, 51 and 52.

activities which could assist the GOK in the development of a nutrition strategy and the identification of specific interventions.1/. Appropriate AID centrally funded activities could provide resources for strategy planning, while the Title II program could augment the GOK's limited action oriented nutrition activities.

Program Summary: FY 1981

Title I: $12,270,000 for wheat and vegetable oils, as detailed on Table XI.

Title II: $4,787,000 for NFDM, Bulgur, Vegetable oil, and rice, as detailed on Table XIII.

Title I

Kenya has now reached a major crossroads in its development growth path. Programs and policies undertaken since independence have produced a vigorous commercial agricultural sector and a greater expanded smallholder sector. Smallholder gross marketed production rose from 23 percent of the national agricultural total in 1962 to 51 percent by 1976.

Kenya produces a wide variety of agricutlural products both to satisfy the demand for food and other products within Kenya, and to provide exports for markets in Africa and overseas. Kenya relies heavily on domestic agricultural production to satisfy its demand for food. Agricultural exports are an important source of foreign exchange in a country with little mineral production and few industrial exports. The agricultural sector has had little difficulty in meeting most of the demand for food, both in terms of quantity and in terms of quality and variety. Local processing facilities have played their part in expanding local production of previously imported foods, and Kenyan imports relatively little to supplement the domestic food supply. Food imports rose rather sharply in the early 1970s, with the most important increases being in wheat and sugar. Wheat production was declining and the expansion of sugar production was failing to keep pace with the demand.

The domestic food supply is varied, as one would expect in a country with a wide range of ecological conditions. The foods that are most important in internal trade are maize, beef, dairy products, wheat, sugar, potatoes, poultry, eggs, fruit and vegetables. Sweet potatoes, casava, yams, plantains, millets, sorghums and pulses are all traded locally in substantial quantities, but they do not enter prominently into national trading systems. Kenya's major exports are coffee, tea, pyrethrum, sisal, hides and skins, beef, fruit and vegetable, cotton and, from time to time, maize.

1/ CDSS. Pages 31, 41, 46, and 47.

There is a limited degree of specialization in agricultural production in Kenya. Nearly every small farm family grows a high proportion of its own food, and in so far as exports are produced they are superimposed in small quantities on what are usually primarily food producing farms. It is only on the large plantations that a significant amount of specialization has been practiced.1/

The main staple foods are maize, wheat, sorghum, millets, barley, rice, potatoes, pulses, and root crops. Except for wheat and rice, Kenya is virtually self-sufficient in the production of staple foods. While national agricultural production generally is sufficient to meet aggregate national demand, geographic and socio-economic production and income distribution is not equitable, resulting in areas and income groups unable to produce or purchase adequate quantities of food. As identified in the CDSS, the groups affected most are the poor smallholder farmers, and the pastoralists, while the major food deficit areas are the arid and semi-arid lands.2/

Kenya's 1979-1983 Development Plan articulates and analyses the equity problem, and sets out a strategy for addressing the problem through a poverty alleviation program centered on rural development and employment generation, especially in the ASALs and western Kenya. The Plan also details a strategy designed to address Kenya's long-run employment, production and equity needs through a trade-liberalization and export promotion policy. The GOK's development strategy is designed to gradually move Kenya onto a self-sustaining growth path.

The two prong strategy, poverty alleviation and trade liberalization, will strain Kenya's recurrent expenditure budget and foreign exchange reserves in the early years of the trade liberalization policy.

Kenya's balance of payments has been adversely affected by declining world coffee prices and a relatively high import-dependence for domestic production. Consumer goods accounted for only 9 percent of 1977 imports, while industrial inputs accounted for 86 percent. Not surprisingly, then, Kenya's economic growth has been closely linked to available imports with low growth rates a direct function of foreign exchange shortages and import restrictions. During the transitional phase of trade liberalization, severe pressures will be put on Kenya's foreign exchange reserves as protection barriers fall and exports are just beginning to expand. The World

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1/ J. Heyer, J. K. Maitha, W. M. Senga. Agricultural Development in Kenya. Oxford University Press, 1976. Page 315.

2/ CDSS. Pages 6-10.

Bank estimates that even with an acceleration of commitments from multilateral and bilateral sources, Kenya will face a residual foreign exchange gap of $425 million (cumulative) from 1979 through 1983. 1/ The World Bank expects however, that the trade deficit will stabilize in the early 1980's and that the current deficits represent a short-run problem. Kenya's foreign exchange resource needs call for rapidly disbursing foreign assistance with an emphasis on non-project assistance. The IBRD has therefore recommended that donors provide non-project or commodity-type aid to the extent possible to help meet this gap and underpin the trade liberalization strategy.

Kenya's poverty alleviation and the rural development programs will require considerable recurrent expenditures in order to reach the level of social and productive services in the rural areas required to raise the living standard and increase agricultural production. The World Bank has highlighted the GOK's difficulties in meeting the recurrent operating costs of development projects, resulting in activities operating at levels below those planned, facilities remaining unused and the deterioration of physical assets. The problems are particularly acute in agriculture, water supply, health, and roads. Recurrent expenditure shortages are aggrevated by the availability of low cost capital through foreign assistance program which encourages an overabundance of capital expenditures (with large foreign assistance inputs) at the expense of the recurrent budget.2/ Shortages of recurrent funds have particularly affected extension services and farmer training facilities. The successfull implementation of an action-oriented poverty alleviation program will require a considerable increase in recurrent expenditures, especially in the ASALs, for employment generating activities.

In accordance with the USAID/Kenya strategy set out in the CDSS, commodity sale proceeds would be programmed to meet a portion of the recurrent cost of AID programs, such as for off-season labor-intensive activities in the arid and semi-arid lands, reducing the recurrent cost burden on the GOK and ensuring that employment generation activities are undertaken in selected target areas. Candidate activities for commodity sale proceeds include reforestation and soil conservation programs.

Numerous studies, including the AID financed Marginal Lands Pre-Investment Study (615-0164), have identified the serious ecological deterioration occurring in the arid and semi-arid lands of Kenya, with the worst degree observed in the relatively highly populated semi-arid areas. These same

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1/ World Bank. Kenya: Economic Memorandum. March 1979.

2/ World Bank. Kenya: Economic Memorandum. March 1979. Pages v and 17.

studies have highlighted the extreme poverty of the ASAL's inhabitants and have recommended the initiation of labor-intensive action programs which address the area's ecological problems (through water shed and soil conservation activities) while at the same time providing employment and income for the area's inhabitants. Additional income would be available for reinvestment by the wage earners for agricultural production inputs for farms, for education, and for improving the overall living standard. PL 480 sale proceeds can provide Kenya with an important resource and at the same time can finance such employment generation activities. The precise form of the PL 480 agreement and the use of the proceeds is, of course, a matter of future negotiation with the GOK.

Candidate Commodities

A. Wheat

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.1/ Table 1 details the national wheat consumption, production, and import levels for a five-year period, 1973-1977.

Table 1

Wheat Production and Consumption

Year	Wheat Grain Consumption (MT)	Net Production (MT)2/	Surplus (Deficit) (MT)	Exports (Imports) (MA)
1973	156,000	128,000	(28,000)	(77,083)
1974	172,000	157,000	(15,000)	(131)
1975	146,000	162,000	16,000	(113,092)
1976	182,000	162,000	(20,000)	(50)
1977	207,000	175,000	(32,000)	(33,035)

Wheat imports have fluctuated erratically over the years, but the five year average is 44,700 MT and the six year average is 48,000 MT.

Two major dynamics are working against Kenya's efforts to match domestic wheat consumption with production. The domestic demand for wheat is estimated to be increasing at the rate of 7 percent per annum.3/ Domestic

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1/ GOK. 1979-1983 Development Plan. Food Balance Sheet. Table 6.8

2/ Gross less seeds and losses equals net.

3/ GOK. op. cit. para 6.170.

wheat production, on the other hand, has been sluggish, with the World Bank and GOK estimating production increases through 1983 at the rate of only 1 percent per annum.

Wheat consumption is dominated by the rural population. In the aggregate the rural population consumed 79,000 metric tons of bread in 1975, against 30,000 metric tons consumed in urban areas. At the same time, rural areas accounted for the consumption of 36,000 metric tons of wheat flour compared with 19,000 metric tons in urban areas. At the margin, the rural areas are increasing their wheat consumption at a faster rate than the urban areas and are likely to continue doing so. Expenditure elasticities of demand indicate changes in consumption patterns as real expenditures increase. For urban areas, it has been estimated that the expenditures elasticity for bread is .53 and for wheat four it is .40, indicating that for every 1.0 percent increase in expenditures, the expenditure for bread increases by .53 percent.[1/] For the rural areas the elasticity figures indicate a tremedous potential increase in the demand for wheat. The expenditure elasticity of demand of the rural poor has been estimated to be 2.51 for bread and 3.60 for wheat flour while for the total rural population the figures are .8 for bread and .7 for wheat flour.

The GOK estimates that wheat production will rise from 162,000 metric tons in 1976 to 173,300 metric tons by 1983, while at the same time demand will rise to 300,000 metric tons, leaving a gap of 126,700 metric tons. The aggregate consumption data combined with the elasticity figures which reflect demand patterns at the margin, indicate that it is the rural population which will have the largest increased demand for bread and wheat flour. Supply shortages are therefore most likely to affect the rural population which may simply not be on the receiving end of limited distributions and which can least afford higher bread prices which would result from limited supplies. Insuring adequate wheat supplies therefore has <u>income distribution and rural-urban equity implications</u>. In addition to income distribution implications, the allocation of bread and wheat flour has <u>nutritional implications</u> as well. While wheat currently supplies 4.0 percent of the average rural person's annual protein intake, the availability of bread in rural areas, at prices people can afford, can represent a significant source for improving rural nutrition levels, especially as a vehicle for protein fortification.

In contrast to a rapidly increasing demand for bread and wheat, national wheat production has fallen from a gross production level of 216,300 metric tons in 1968 to 195,000 metric tons in 1977. Land under wheat cultivation has fallen from 167,000 hectares in 1968 to 138,000 hectares in 1977. Wheat is mainly grown on the large scale farms. Small farms have been unable to

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1/ M. Shah. <u>Food Demand Projections Incorporating Urbanization and Income Distribution</u>. <u>Kenya</u> (1975-2000). IIASA. Laxenburg, Austria, 1978. (unpublished) compete because wheat can be grown most economically in Kenya on large areas with considerable mechanization.[1] Since independence, many large farms have been subdivided into smallholdings with production shifting from commercial crops (such as wheat) to subsistence crops, including maize and pulses and minor cash crops. The great majority of 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 inaccessable plots.[2] Non-mechanized production has not proven to be cost-effective in relationship to other smallholder subsistence or cash crops.

The World Bank is assisting the GOK to bring former grazing areas (Masai land) into large-scale mechanized wheat production at a cost to the Bank of $13.5 million with an estimated internal rate of return of 13 percent. The Bank concedes that this activity would almost exclusively benefit medium-scale farms (more than 20 hectares in size) and would not impact greatly on Kenya's problems of rural poverty, except for the contribution to food grain supplies.[3] By year 10 of this project, incremental wheat production is estimated to be 12,000 metric tons. Taking the World Bank project into consideration, the GOK estimates that wheat production in Kenya will only increase at the rate of 1 percent per annum, against a 7 percent per annum increase in demand.

While supply elasticity estimates for wheat are not available, the supply curve is certainly upward sloping. The World Bank estimates that a major (although unquantified) readjustment of the relative prices between wheat, maize, and pulses would be requested before additional land would be put into wheat production.[4] While price increases would induce some farmers to put land into wheat, rather than maize or other competing crops, and would increase wheat production at the margin, the majority of the current wheat producers, the medium and large scale farmers, would continue to produce wheat, at their current production levels. These farmers would, however, experience a windfall gain from any increases in the average wheat prices. Therefore while price increases would result in some incremental wheat production, the present wheat growers would, in the first instance, take the total price increase as an income gain. Such a policy would be inconsistent with income equity objectives.

Kenya is therefore faced with a serious dilemma. In order to supply sufficient wheat to meet domestic demand (much of which is generated in rural areas), the GOK must either raise domestic wheat prices significantly to

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1/ J. Heyer, op. cit. page 76

2/ J. D. Acland. East African Crops. Longman. 1971, Page 237.

3/ World Bank. Staff Appraisal Report. Narok Agricultural Development Project. October 1978.

4/ World Bank. Agricultural Sector Survey-Kenya. December 1973. Annex 4.

encourage incremental wheat production (and in the process provide a significant income gain to the medium and large scale farmers), or Kenya must import wheat using scarce foreign exchange. A PL 480 Title I program including wheat would thus a) provide Kenya with external resources in a form urged by IBRD, b) assist Kenya to import necessary levels of wheat, c) allow Kenya to avoid a pricing policy which favors the better-off farmers and d) avoid a policy which encourages the uneconomical allocation of production resources.1/ Kenya's 1979-1983 Development Plan sets forth a pricing policy aimed at bringing domestic produce prices into line with international prices; production resources would be allocated toward those crops generating the greatest return with surpluses (such as being currently experienced with maize) available for export. Kenyan produce price movements in 1979 have been consistent with just such a policy. PL 480 wheat imports would support a policy that encourages the rational allocation of production resources; such a policy merits AID's support.

B. Vegetable Oil

1977 vegetable oil imports totalled 45,606 metric tons ($27 million) with a five-year import average of 28,329 metric tons. Vegetable oil production and consumption data is not systematically compiled by the GOK and therefore interpolation is required to track production and consumption figures between known points. The World Bank estimates that 1975/76 edible oil consumption in Kenya was about 48,000 metric tons, with internal production providing about 15,000 metric tons with the balance 33,000 metric tons imported.2/

Demand for edible oils has increased significantly in recent years, at a rate of approximately 10 percent per annum.3/ The expenditure elasticity of demand indicates a considerable increase in future demand, especially by the rural population. The elasticities for the rural poor are estimated at 2.08, for the total rural population, the estimate is 1.3, and for the urban areas the figure is .7.4/ The rural areas are estimated to consume 75 percent of the edible oils. Kenya's per capita oil consumption is one of the world's lowest rates. On the consumption side, the income distribution issues presented for wheat also apply for edible oils.

1/ The decision to import certain goods while producing others for export is a practical example of the classical comparative advantages of trade argument.

2/ World Bank. Staff Appraisal Report. Narok Agricultural Development Project. October 1978, page 8.

3/ World Bank. Agricultural Sector Survey. December 1973. Annex 3

4/ M. Shah. op.cit.

The domestic production of oilseeds is limited to the Rift Valley, Nyanza, and Western Provinces with the major crops being sunflower, groundnuts, and sesame seed. Smallholder production of these crops has been limited but is currently expanding. The GOK is planning to increase domestic production through guaranteed minimum prices tied to world market levels, but during the 1979-1983 period the annual growth rate is estimated at 3 percent, against a projected annual increase in consumption of 7 percent. Until Kenya's domestic production of edible oils can be significantly expanded, imports will continue to be required. Data for 1969 and 1975/76 indicate the general pattern of production, consumption, and imports.

Edible Oils

Year	Domestic Production (MT)	Net Imports 1/ (MT)	Apparent Consumption (MT)
1969	3,529	19,925	25,514
1975/76	15,000	33,000	48,000

Details of import statistics indicate the following pattern over the last five years, with palm oil representing the majority of the vegetable oil imports:

Vegetable Oil

Year	Imports (MT)	Value ($'000)
1973	23,438	$ 7,498
1974	19,425	11,478
1975	14,283	7,445
1976	38,896	18,630
1977	45,606	27,126

1/ Gross imports less gross exports (for processing)

TABLE XI

Country: Kenya

P.L. 480 TITLE I/III REQUIREMENTS

(Dollars in Millions, Tonnage in Thousands)

Commodities	FY 1979	Estimated FY 1980	Projected FY 1981 Agreement $	Agreement MT	Shipments $	Shipments MT	Carrying to FY 82 $	Carrying to FY 82 MT
Title I								
Wheat	-	-	$ 6,030	45,000	$ 6,030	45,000	-	-
Oil	-	-	$ 6,240	10,000	6,240	10,000	-	-
Total	-	-	$12,270	na	$12,270	na	-	-
of which Title III	-	-	-	-	-	-	-	-
Total	-	-	$12,270	na	$12,270	na	-	-

COMMENT: Title I program assumed to begin in FY 1981 with shipments made in initial year.

Country: Kenya

TABLE XII

PL 480 Title I

Supply and Distribution
('000 metric tons)

Stock Situation	CY 1974	CY 1975	CY 1976	CY 1977	CY 1978 1/	CY 1979 2/	CY 1980 2/
Commodity - Wheat*							
Beginning Stocks	59	45	109	70	18	6	52
Production	158	176	180	146	155	165	195 5/
Imports	13	83	-	33	47	85	60
Concessional	(-)	(5)	(-)	(7)	(12)	(-)	(-)
Non-Concessional	(13)	(78)	(-)	(26)	(35)	(85)	(60)
Consumption	185	195	219	231	214 3/	204 4/	246 6/
Ending Stocks	45	109	70	18	6	52	61
Commodity - Vegetable Oil**							
Beginning Stocks	na	na	na	2	2	1	1
Production	na	na	11	12	13	14	16
Imports	19	14	39	46	42	46	48
Concessional	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Non-Concessional	(19)	(14)	(39)	(46)	(42)	(46)	(60)
Consumption	na	na	50	58	56	60	65
Ending Stocks	na	na	2	2	1	1	0

1/ Estimate

2/ Forecast

3/ Consumption restrained by allocation of wheat to millers at the rate of 17,000 MT per month for last quarter.

4/ Consumption restrained by allocation of wheat to millers at the rate of 17,000 MT per month for entire year.

5/ Assumes slight increase in wheat acreage and reasonable weather.

6/ Consumption assumed to be less constrained with monthly allocation to millers at 20,500 MT.

* Source: Wheat Board

** Source: Min. of Agriculture. Production data based on estimates of hectares under cultivation and yields, Consumption based on 1976 estimates and production - imports residual. Stocks assumed to be minimal carry forward, with annual supply determining consumption levels. Only sketchy data available before 1976. Principal data source: ODM. Report of a Mission to Appraise and Advise on Oilseed Production in Kenya, March 1977.

Title II - Introduction

The main Title II activities, programed by and through a voluntary agency, have been MCH and Pre-School Feeding which focus on improving the nutritional status of children under five years of age and mothers. These programs have strong educational and humanitarian components. In FY 1979 a Food-For-Work component operating in various locations throughout Kenya was added to the Title II program in order to help rural people undertake projects for which they are the direct beneficiaries. Sample projects include rural access road construction and repair, livestock watering dams, drinking water systems, land clearing for cultivation, and school construction.

The Mission has been encouraging both the integration of Title II nutrition and education objectives into GOK programs as well as a greater GOK participation in Title II activities. Through a nutrition study and Title II evaluation in FY 1979, the Mission hopes to increase the effectiveness of Title II activities.[1/]

Despite virtual self-sufficiency in food production at the national level, significant nutritional problems exist 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 the nutrition education problem by helping mothers become more proficient in the use of nutritious foods for their families. Both the MCH and the Pre-school feeding programs provide sustenance to children most vulnerable to malnutrition at perhaps the most crucial age (0-5 years) for their physical and psychological development. The GOK in its current five year plan (1979-1983) calls for an increasing emphasis on promoting better nutrition.[2/]

One of the major constraints on Title II activities is the high cost of transportation which is adversely impacting on the program in the northern half of Kenya where the need may be greatest. The Mission plans to consider using an Outreach Grant or other grant mechanism to support, expand, and extend, Title II activities in the most inaccessible and needy areas of Kenya.

The FY 1981 Title II program in Kenya will continue to be administered by the Catholic Relief Services (CRS). The Operational Plan prepared by CRS (below) covers operations for both FY 1980 and FY 1981. The FY 1980 plan has been updated from the presentation in the FY 1980 ABS so as to conform to the current FY 1980 AER which was presented to the Mission on March 22, 1979 and endorsed on April 31, 1979.

[1/] For further details on Title II activities see pages 45-46 of USAID/Kenya's CDSS.

[2/] For more details see USAID/Kenya CDSS pages 29 and 31.

A summary of CRS's request follows:

Recipient Category	Number of Recipients: FY 1979 and FY 1980 Requests per Operational Plan in FY 1980 ABS	CRS FY 1980 Request per FY 1980 AER	CRS FY 1981 Request per CRS Operational Plan
MCH - Mother	35,000	35,000	35,000
MCH - Child	70,000	70,000	70,000
OCF - Institutions	5,000	3,000	0
PSCF - Nurseries	13,000	20,000	22,500
FFW - Workers	3,000	2,000	4,000
FFW - Dependents	12,000	8,000	16,000
Other Christian Children's Fund	5,000	0	0
	143,000	138,000	147,500

PL 480 TITLE II

Plan of Operation for Fiscal Years 1980 and 1981
Submitted By CRS/Kenya

A. IDENTIFICATION

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

2. Country: Republic of Kenya

3. Date Submitted: May 4, 1979

4. Name of Agency Counterparts in Foreign Country:

   a. Ministry of Health, P.O. Box 30016, Nairobi
   b. Ministry of Housing and Social Services, P.O. Box 45958, Nairobi
   c. Seventeen C.R.S. Area Co-ordinators

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 does not operate under a "blanket" agreement negotiated between the Kenya Government and the U.S. Government.

2. Catholic Relief Services' written agreement with the Government of Kenya has expired. However, the provisions of the original agreement are still fully honored 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 Tariff (Remission) Order 1968.

   b. Grant Sales Tax exemption on all PL 480 foods and other goods imported by CRS for the needy (Legal Notice No. 1632 of 1974).

c. Give CRS and its counterpart agencies freedom of action and permit close supervision.

d. Enable CRS to confiscate goods found in unauthorised channels.

e. Exempt CRS from Taxation under the Income Tax Act of 1973.

f. Provide U.S. Government and CRS inspectors authority at all times to control and inspect foods at any state of the distribution process.

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

Negotiations have been going on for the last eighteen months for the renewal of the CRS/Government of Kenya Agreement. It is hoped that a new agreement will be approved during FY 1979.

3. 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 nutritious low-cost food.

   c. It encourages curative and preventive health strategies.

   d. It aims to change dietary habits.

   e. Through demonstration (kitchen) gardens it stimulates the production of local high protein foods as well as the raising of chickens and rabbits for home consumption.

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>

   CRS/Kenya's present emphasis is on recipients in this category. These recipients are served through selected voluntary agencies and Government sponsored centers which conduct a specialized program in Pre-School health and nutrition education. An essential part of the program is education and training, especailly 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 all of their children up to the age of five years. The following methods of operation have been adopted:-

-- Registration of children in the 0-5 age group.

-- 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 the 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 data on the individual child's chart to the 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 accordingly.

-- 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. Illnesses and diseases are recorded on the charts.

-- Innoculations and immunizations are administered and anti-malarials 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 PL 480 foods (currently CSM, bulgur wheat and oil) to serve as a supplement to the diet of the children and mothers.

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

-- Each participating mother contributes US$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 continous 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 the advice given to them in their own homes, 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. Nurseries

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 day-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.

c. Other Child Feeding (Institutions)

There are a number of specialized boarding institutions throughout Kenya that care for the medical, social and educational needs of the younger child. Of particular interest to CRS are the orphanages and homes for the physically disabled, including the deaf, dumb and blind. Most receive a minimum amount of government funds annually and must supplement their budgets with grants and donations from various voluntary agencies.

The Government of Kenya indirectly pays inland transportation and port handling costs to the extent of funds voted by Parliament. These funds are then allocated to many recipient centers as "operational grants". Most hospitals, maternity centers, orphanages, homes for the handicapped etc, receive such grants. CRS/Kenya has received instructions from USAID/Kenya that Title II assistance to such institutions no longer fits into mission priorities. As a result, CRS/Kenya is decreasing its number of institutional recipients from 5,000 for FY 79 to 3,000 for FY 80. CRS/Kenya will terminate its institutional feeding program as of Septemner 30, 1980.

d. Food for Work

This is relatively new program for CRS/Kenya for self-help type projects designed to have an economic and or social impact on the community. This is primarily a rural program and agricultural production will be given highest priority. Water projects - wells, irrigation ditches, water storage tanks, etc. - land clearance, soil conservation, erosion and flood control and other activities of benefit to agriculture will be encouraged.

Construction projects of benefit to the community such as schools, low cost housing, community centers, small bridges and access to roads will also be considered. Although FFW got off to a slow start during FY 79, plans have been made to recruit a Peace Corps Volunteer to work full time promoting and monitoring food for work during FY 80. Hence CRS/Kenya expects its FFW program to increase significantly in the next two years.

D. CONTROL RECORDS - RECEIPTING PROCEDURE/AUDITING:

CRS/Kenya forwards distribution instructions with other shipping documents to the forwarding agent for filing with the customs prior to the notified date of arrival of foods at port.

When foods arrive, the forwarding agent moves the food inland according to CRS distribution instructions. He sends duplicate copies of the railway waybill to the CRS/Kenya office in Nairobi and on receiving these CRS mails a copy of the waybill to the receiving agent with a receipt form to be completed and signed upon the actual receipt of food and returned to the CRS Office in Nairobi. It is thereby assured that the foods are sent according to CRS instructions and in proper quantities. The copy of the waybill sent to the receiving agent is intended to assist him in making inquiries at his receiving end in case of delay in receiving his supplies.

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.

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

1. Short-landed units. These are recorded on the survey.

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

3. Railroad delivery - Differences between quantities railed and received are settled with the railways.

4. Area Warehouses - A monthly "Central Warehouse Control Report" by all other recipient centers is sent to CRS Nairobi by each area Coordinator.

5. Individual Center - "Monthly Inventory Report": These are sent by all recipient centers to CRS Nairobi.

6. End - Use Checking

In case of "1" 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 a short landing, CRS files a non-receipt declaration with the carrier's agent.

E. 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.

F. STORAGE FACILITIES

1. There are adequate storage facilities available in Kenya for quarterly imports of CRS Title II commodities. There are 17 inland Warehouses as listed:

   Major Area Warehouses

   1. Gatanga
   2. Isiolo
   3. Kisii
   4. Kisumu
   5. Kitui
   6. Machakos
   7. Marsabit
   8. Meru
   9. Nairobi
   10. Karatina
   11. Kiganjo
   12. Longonot
   13. Lodwar
   14. North Kinangop
   15. Voi
   16. Mombasa
   17. Naro Moru

In addition to these central storage points unlimited storage facilities can be utilized in Mombasa through our clearing agents, Kenya Bonded Warehouse. Also in Nairobi, CRS has contracted with Olympic Escort International Limited for unlimited warehousing.

A project has been presented to the CRS Overseas office in Geneva contemplating the construction of four new Warehouses. The total value of the project is US$179,000.00

2. CRS retains control of all foods in storage.

G. INLAND TRANSPORTATION

1. Rail and trucking facilities are available for inland distribution.

2. As in most African Countries, inland transportation costs are high.

H. PROCESSING

No foods are used to produce a new end-product.

I. FINANCING

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

Volagency - General Administration:	US$ 83,000.00
Volagency - Pre-school Administration	262,000.00
Inland transport of Food:	400,000.00
Additional Food inputs:	160,000.00
Storage:	179,000.00
Total	$1,084,000.00

J. ACCEPTABILITY OF AVAILABLE FOODS AND RATION LEVELS

The commodities NFD Milk, S.F. Bulgur Wheat and Soybean Vegetable Oil will be distributed to MCH, nursery school and institutional recipients during FY 80 and FY 81. 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:

1. Maternal Child Health: Mothers and Children

Commodity	Kilos per month
NFD Milk	2
S.F. Bulgur Wheat	2
Soybean Salad Oil	1

2. Pre-School Feeding: Nurseries

Commodity	Kilos per month
NFD Milk	1.5
S.F. Bulgur Wheat	1.5
Soybean Salad Oil	0.5

3. Other Child Feeding: Institutions

Commodity	Kilos per month
NFD Milk	2
Bulgur Wheat	2
Soybean Salad Oil	1

4. Food for Work

Commodity	Kilos per month
Rice	9 x 5 = 45 per family
Soybean Salad Oil	0.68 x 5 = 3.4 per family

K. 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.

L. 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 the local needs of the commercial market.1/ However, the entire production is utilized for sale as bread flour and Atta for chapatis. Bulgur wheat is not produced in Kenya. The same statement can be made again that consumption of bulgur 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 disincentive to local production.

The GOK has recently started a free milk distribution program to all primary school students. 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 increased by CRS food inputs to beneficiaries without purchasing power.

1/ USAID/Kenya belives this statement to be inaccurate, as demonstrated by the Title I narrative.

STATISTICAL SUPPLEMENT FOR VOLUNTARY AGENCIES AND INTERGOVERNMENTAL ORGANIZATIONS FY 1980/81 TITLE II PROGRAMS

I. 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 clinics and nutritional education centers - NONE.

II. Pre-School and Other Child Feeding

FY 80

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

FY 81

1. Nurseries - 22,500
2. Institutions - NIL

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

The GSS has already been introduced in all centers where the CRS MCH program is operating. The GSS will continue to be implemented in all centers, and during the first eighteen months after funding has begun under the grant, it is anticipated that the number of mothers and children can be doubled.

One of the primary reasons that funding is required is that training is needed for health workers involved in the program. Training is especially needed in education of the mothers to teach the chart to them and other important subjects. Funds are needed for holding seminars for training of these health workers.

Assessments will be made on mothers' understanding of the new growth chart and on health workers' ability to cope with the new system. CRS has to prove that the system can function as it is supposed to function.

An important part of proving the effectiveness of the MCH and nutrition program is evaluation. CRS will try to correlate the food ration with attendance and nutritional improvement. An attempt will be made to correlate nutrition education with improvement of the child.

Attempts will be made to simplify collating of master chart data and utilization of master chart data for supervisory purposes.

Master Chart data will continue to be analyzed by the CRS Regional Medical Office in Nairobi but professional opinion will also be sought on the validity and scope of data. It will then be determined what conclusions can be drawn.

CRS/Kenya will hold three seminars per annum in Nairobi for MCH program health workers.

Priority will be given to extending the CRS MCH program to Northern and Eastern areas of Kenya.

Staffing for GSS:

Additional staff will be hired to monitor the GSS in Kenya: 3 Program Supervisors who will be either Kenya Registered Nurses or Nutritionists. 1 Secretary/Typist, and 1 Driver.

Budget for G.S.S. - First Year

leasing of 4 wheel drive vehicle	KShs. 50,000.00
fuel and maintenance	65,000.00
travel	100,000.00
office rent	30,000.00
office equipment	12,000.00
office supplies	12,000.00
utilities	12,000.00
salaries of 3 Supervisors @ 4,200/- per person per month	151,000.00
salary of Secretary/Typist @ 1,800/- per month	21,600.00
salary of Driver @ 1,500/- per month	18,000.00
cost of 3 seminars @ 14,000 each	42,000.00
growth surveillance charts	45,000.00
master charts	6,000.00
Total:	KShs. 558,800.00
	($74,500)

Budget for GSS - Second Year

leasing of 4 wheel drive vehicles	KShs.	50,000.00
fuel and maintenance		80,000.00
travel		100,000.00
office rent		30,000.00
office supplies		12,000.00
activities		6,500.00
salaries of 3 supervisors @ 4,500/- per person per month		162,000.00
salary of secretary/typist @ 2,000/= per month		24,000.00
salary of driver @ 1,600/- per month		19,200.00
cost of 3 seminars @ 15,000/= each		45,000.00
Growth Surveillance Charts		40,000.00
Master Charts		6,000.00
		574,700.00
Grand Total		1,133,500.00
+ 10% contigencies		113,350.00
	KShs	1,246,850.00
		($166,250)

PROGRAM STAFFING AND MANAGEMENT

CRS/Kenya has three American citizens on its staff:

Mr. John G. Mathews	-	Director
Mr. Michael McDonald	-	Program Assistant
Miss Susan Rozmus	-	Program Assistant

There are currently 14 Kenyan staff members who are involved in clerical and administrative activities. At the moment, there are three Kenyan Pre-School supervisors; however, once the GSS is implemented, an additional three supervisors will be recruited. Another accountant and driver will also be hired under the GSS Grant. CRS/Kenya also employs one expatriate Project Manager and a Kenyan Assistant Manager. In the near future, one accounts clerk and one Food-For-Work supervisor will be hired.

TABLE XIII

PL 480 TITLE II FY 1981

1. 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	KGS (Thousands)	Dollars (Thousands)
105.0	NFDM	2,520	$ 890
105.0	S.F. Bulgur	2,520	501
105.0	Veg. Oil	1,260	1,034
Total MCH		6,300	$2,425

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

No. of Recipients by Commodity	Name of Commodity	KGS (Thousands)	Dollars (Thousands)
22.5	NFDM	304	$ 107
22.5	S.F. Bulgur	304	60
22.5	Veg. Oil	101	83
Total School Feeding		709	$ 250

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

No. of Recipients by Commodity	Name of Commodity	KGS (Thousands)	Dollars (Thousands)
20.0	Rice	2,160	$ 611
20.0	Veg. Oil	162	133
Total Food for Work		2,322	$ 744

Total Recipients 147,500

Total Commodities 9,331 metric tons

Total FAS Value $3,419,000

Total CIF Value $4,787,000

PL 480 Title II
Mission Review Of
CRS Operational Plan

A. FY 1979 Program

On June 12, 1978 the Mission conducted a review of the CRS/Kenya P.L. 480 Title II Program focusing on the FY 1979 AER. The review set the basic tone for the FY 1980 and FY 1981 program. As a result of the review, the Mission concluded not to endorse the continuation of Other Child Feeding (OCF) since it does not directly address nutrition and educational needs of children most vulnerable to malnutrition, i.e., below five years of age. CRS agreed to a time phased transfer of the OCF program responsibilities to the Government of Kenya (GOK) and/or other donors. The phase-out of OCF will take place over a two year period according to the following schedule:

FY 1979	5,000 recipients
FY 1980	2,000 to 3,000 recipients
FY 1981	None

CRS is on track with this phase-over schedule. The Mission also concluded that the Christian Children's Foundation (CCF) food request should not be included in FY 1979 or subsequent years since it serves mainly primary school children and therefore does not basically differ from OCF institutions. However, the Mission noted that CCF, a private voluntary organization registered with the Advisory Committee on Voluntary Foreign Aid, could approach the Mission directly, or CRS/Kenya, for assistance in its pre-school level feeding programs.

The remainder of the CRS FY 1979 request is as noted in the FY 1980 ABS and the Mission-endorsed FY 1979 AER.

B. FY 1980 and FY 1981 Program

1. Maternal Child Health (MCH)

The recipient levels for FY 1981 are the same as those for FY 1979 and FY 1980 but CRS has had difficulty reaching these levels in FY 1979. CRS attributes this difficulty primarily to shortage of staff and vehicles. It is likely that CRS will receive grant funds under the centrally funded MCH Assessment Project (Growth Surveillance Survey) which would provide three additional staff and one vehicle. CRS feels that these inputs will be sufficient to increase the MCH program from its present operational level of 75,000 to the projected FY 1980 and FY 1981 levels of 105,000. We generally accept their view. By reviewing the Quarterly Recipient Status reports the Mission will monitor the progress in meeting these increased recipient levels.

2. Pre-School Children Feeding (PSCF)

Although the projected FY 1979 level was 13,000 recipients, CRS/Kenya estimates it is actually reaching 18,000 and sees no problem reaching the projected FY 1980 and FY 1981 levels. Since the bulk of additional recipients (above the current 18,000) are from institutions presently serviced by CRS, the increased management and administrative burden on CRS should be minimal.

3. Food-for-Work (FFW)

CRS has reduced worker recipients from the FY 1979 level of 3,000 to 2,000 for FY 1980 because the program has started very slowly, again due in part to the shortage of staff. CRS has now assigned a full-time staff member, is recruiting a full-time Peace Corps Volunteer and will assign a vehicle solely for use on FFW projects. This should provide CRS with the necessary resources to meet the projected FY 1980 and the higher FY 1981 recipient levels.

4. Other Child Feeding

CRS has reduced the recipient level for FY 1980 to 3,000 in accordance with the phase-over plan.

C. Other Issues

1. Ration Levels and Commodities

The Mission has reviewed the changes in commodities (from CSM to NFDM and from S. F. Sorghum grits to S. F. Bulgur Wheat) and the ration levels for FY 1980 and FY 1981. These rations now more nearly approach the FFP guidelines of meeting 50 percent of the MDR for calories and protein in Africa (see 78 State 36804) than do the FY 1979 rations. The commodity combination also reduces some of the managerial, packaging and storage problems which CRS has experienced in the past. For example, rice and individual packages of NFDM are easier to store than S. F. Sorghum Grits and CSM.

One problem which remains is the use of NFDM in the MCH program. In the case of NFDM there may be a tendency for adults and guests of parents to consume the NFDM thus reducing the nutritional impact on children. CRS will monitor the MCH Program through the MCH Assessment Project and report regularly on the nutritional impact of NFDM (positive or negative).

2. CRS Managerial Capacity

In March 1978, a CRS self-audit criticized the planning capability of CRS and took issue with other various management related concerns. In March of 1979, the CRS/New York office reviewed the actions taken on the audit recommendations. Although the Title II program was not reviewed in detail, it was found that CRS's food accountability had improved substantially over the past year. Indications of this improvement were regular monthly reports to CRS from all centers, accurate and up-to-date packing list files and well-maintained packing list ledgers. The FY 1980 AER and its back-up questionnaires were also reviewed and it was found that this AER was an accurate document and that the proposed recipient levels were attainable. The Mission had also noted these improvements over the past year and generally concurs with the assessment of the audit follow-up.

3. Bellmon Amendment

CRS's statements on the adequacy of storage capacity appear satisfactory as presented in their FY 1980 and FY 1981 Operational Plan. The response to disincentives, however, may need to be expanded to address disincentives in food production at the micro or family level.

It should be noted that CRS expects to receive a grant from the European Economic Community for $179,000 for construction of warehouses in Kenya. This grant will allow CRS to increase significantly its warehouse space and allow CRS to be less dependent on commercial warehouses. It will also provide CRS an expanded storage capacity to respond to emergency situations should they arise.

4. Multi-Year Planning and GOK-CRS Country Agreement

At present there is no formal, written agreement between CRS and the GOK governing Title II operations. In the past year the Mission has met with the Minister for Housing and Social Services and the Permanent Secretary for Planning and Community Affairs to discuss this matter. Both Ministries have indicated an interest in a formal Country Agreement and a review of possible GOK support for certain facets of the Title II program such as funding inland transport and storage as well as blanket import and clearance authorizations for Title II commodities.

CRS has submitted a multi-year plan to the Ministry of Economic Development and is using this as the basis for discussing a Country Agreement with these and other concerned ministries. CRS hopes to finalize a Country Agreement for its Title II program during FY 1979. In the meantime the Mission certifies that the CRS program can operate effectively in the absence of a formal written agreement, and that the criteria specified in HB 9, Chapter 41.2.a., including duty-free entry of commodities, sales tax remission, and assistance in implementing the program, are being met by the GOK.

5. Logistical Financial Support

The present Title II program is concentrated mainly in the southern half of Kenya where there are adequate road and rail communications to transport food commodities economically. Because transportation to northern Kenya (Northeast Province, Marsabit and Turkana Districts) is very costly, implementation of MCH, Pre-School feeding and FFW programs in these areas has been slow. Recipient institutions are unable to pay the high transportation costs. This is unfortunate since the most severe malnutrition problems may be in these areas which are mainly arid and semi-arid. Once CRS completes its negotiations for a Country Agreement and finalizes a multi-year plan, the Mission intends to explore the possibility of a Food-For-Peace Outreach Project Grant or an Operational Program Grant. The grant would be specifically designed to assist CRS to reach populations in the poorest regions of Kenya by providing necessary resources to fund logistical costs (e.g., transport, storage) for an expanded or retargeted Title II program in Kenya. In addition to expanding Title II activities into areas of greatest need, the transportation and storage network that would be developed could serve as a vehicle for a more timely and organized response to periodic food shortages should droughts in these areas occur and U.S. assistance be recommended.

6. Title II Evaluation, Nutrition Study and MCH Assessment Project

During FY 1979, the Mission plans to evaluate the Title II program in Kenya. Some of the issues to be examined are: how can the nutritional impact of MCH and Pre-School Feeding programs be increased; the role of nutrition rehabilitation centers in Title II programs; the feasibility of integrating Title II activities into existing and future GOK programs; the identification of effective FFW projects and institutions within Kenya to carry them out.

The Mission is also conducting a nutrition study to determine the nature and magnitude of nutrition problems in Kenya, the resources available and the specific interventions which the Mission could undertake in coordination with the GOK to address such problems. Part of the nutrition study is focusing on the Title II program.

Finally, CRS expects to implement the MCH assessment project (Growth Surveillance Survey - GSS) in Kenya starting in June 1979. The purpose of this project is to demonstrate the contribution of the GSS towards the improvement of the nutritional status of pre-school children. The GSS is also proving to be useful in tentatively locating pockets of malnutrition in Kenya, especially in northern Kenya.

From the Title II evaluation, the nutrition study and the GSS, the Mission, CRS and the GOK should be in a better position to reassess Title II activities and reorient them toward providing the maximum possible nutritional and developmental impact for the most needy in Kenya.