

UNCLASSIFIED

# Annual Budget Submission

**FY 1984**

**TANZANIA**

BEST AVAILABLE

June 1982



Agency for International Development  
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ANNUAL BUDGET SUBMISSION

USAID/TANZANIA

FY 84

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FY 1984 ANNUAL BUDGET SUBMISSION

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## Summary Strategy Statement

### Analysis

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The overall economic situation in Tanzania continues to follow the downward trend portrayed in the FY 83 CDSS. Tanzania continues to have considerable long-term economic potential based on its natural resource endowments and could become a major exporter of food and cash crops. In spite of its potential, it is presently in the midst of a severe economic crisis which first became evident in mid 1979 and still shows no signs of a significant turnaround in the near future. The record levels of real output per capita, purchasing power of exports, foreign exchange reserves and recurrent budget surpluses of 77 and 78, plunged drastically by the end of 79. Since then the decline has slowed, but the underlying productive capacity and infrastructure continue to deteriorate.

The causes and cures of this decline are points of strong debate. All agree that external factors have had their effect; the negative turn in the terms of trade, the past two years of drought, and the lingering financial effects of the war with Uganda. There is less agreement on the extent to which internal factors have played a role in this decline, yet the Tanzanian Government is aware of its domestic problems and realizes that many of the policies which were established, with good intentions, have not resulted in the growth and equity which was anticipated.

During 1981, the National Economic Survival Program (NESP) was formulated to assist the country in setting its goals during this period of economic distress. The program for 1981

and 1982 planned for: (1) an increase of foreign exchange earnings, (2) judicious expenditure of foreign exchange, (3) frugality in government and parastatal recurrent expenditures and (4) self-sufficiency in food.

While one cannot argue with the stated goals of the NESP, there is a divergence of opinion regarding the best path for attaining these goals. To date, for example, the Tangov has been unable to agree with the IMF's recommended "path"\* (although it is expected that negotiations will begin again in the near future) and the Mission's own expression of concerns (DAR 02716) has met with the same reaction by senior Tanzanian officials.

The Tanzanian Government views attempts to tie aid levels to improved performance or "policy changes" as conditionality which to date they have rejected as infringement on their national sovereignty. They are willing to discuss the issues but not under the real or implied threat of sanctions if they do not. The problems are real and the Tanzanian Government argues that it is willing to discuss them, to confront them, to adjust its policies to deal with them. There is evidence that they are taking positive steps to confront these problems. Examples are:

- The re-establishment of voluntary producer cooperatives. Two immediate consequences of reinstating cooperatives are the reduction of responsibilities of crop parastatals (i.e. marketing of agricultural produce and distribution of inputs are now the responsibility of the cooperatives) and, as part of their ability to undertake wholesale purchases and sales, the

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\*The IMF recommendations include devaluation of the shilling, an increase in bank loan rates, a reduction in govt spending, a freeze on the minimum wage, an increase in price of the major staple (cornmeal) and elimination of price controls.

injection of a sense of competition between cooperatives and other public institutions presently providing these services.

- The introduction of the new local government structure which reduces dependence on the central government and places more authority and responsibility at the lower (i.e. district) levels. One notable aspect of this new structure, is the power of districts, through their elected council representatives, to raise revenues and allocate development resources.
- The integration of the agricultural extension services for food crops, heretofore affiliated with the "various crop authorities", within the Ministry of Agriculture. These services will be further decentralized by providing operational authority at the regional level.
- The appointment of a high level committee tasked with reviewing current crop production trends and problems of agricultural production and proposing a revised national agricultural policy by mid-September.
- Movements away from pan-territorial pricing.
- The removal of export taxes on sisal and coffee.

While it is too early to judge the outcome of the changes being instituted or the results of the agricultural policy review, we applaud the efforts being made and feel these may be the first steps in reducing central government involvement and control and permitting a more efficient, competitive agricultural marketing system. The effects which these changes would have on the Mission strategy follow.

## Strategy

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Our strategy, as developed in the FY 83 CDSS was directed towards increasing food availability throughout Tanzania. We would accomplish this by directing our program towards three objectives:

- increased agricultural production (i.e. assistance to increase the average annual production of key food and export crops grown by smallholders);
- improved resource management (i.e. to increase the government's capacity to utilize effectively financial and human resources for its highest priority development programs);
- effective decentralization (i.e. to test, demonstrate and replicate effective approaches to rural development which operate through Tanzania's decentralized system of government).

The achievement of these objectives requires working primarily in rural agricultural areas and directing a majority of our attention towards the rural farmer. Working toward increased agricultural productivity means also providing assistance in the areas of human resource development, institutional/organizational development, health, population, environment and private sector initiatives as well as in the more traditional agricultural areas such as research, extension and input delivery systems.

Our overall goal and objectives as stated above are still valid and are necessary, we believe, for economic growth and improved well being in Tanzania. The program as initially proposed in our FY 83 CDSS however, has been scaled down appreciably, as a result of limited overall funding, new bureau

priorities and as a reaction to certain Tanzanian policies (primarily in the agricultural sector) which we feel have not been conducive to rapid economic growth.

This lower level of assistance will require the elimination of certain projects and programs originally anticipated, as well as a reduction in planned costs of many of the others. New bilateral initiative, for example, in health and population will not be possible at the 10.2 million dollar level.

An increase in funding levels is conditional upon a change in present Tanzanian policies. We have presented a paper to the Tanzanian Government which expresses our concerns about performance in Tanzania's agricultural sector and related agricultural policies and programs. These concerns focus on three major areas: (1) the government's policies and actions in setting prices for agricultural products, (2) the financing, marketing and distribution of agricultural inputs such as fertilizer, seed, pesticide and small implements, and (3) the continuing and expanded support of agricultural technology generation and distribution.

We believe the Tanzanian Government shares our concerns in many of these areas and is already taking steps to improve agricultural performance. We will closely monitor the effects of the policy changes underway and proposed. If we feel these changes are having a positive and significant effect on reversing the present trends, this Mission will propose a higher level of assistance beginning in FY 84 or as soon thereafter as appropriate. Such incremental assistance would be in the form of an Agricultural Sector Grant supporting policies and programs which would have the most dramatic effect on reversing the

present economic trends.

In the meantime we will continue to support those activities which we feel will need to be in place when policy changes are forthcoming, and which are not adversely affected by present government policies. The expected program, at a reduced level, within each of the three major components is as follows:

1. Increased Agricultural Production: We will continue our assistance in the areas of agricultural research (employing a farming systems approach, thereby increasing the chances of providing a more appropriate and productive end product), input delivery systems (through the provision of farm inputs and institutional support to Tanzania's major development bank), extension (through curriculum reform and upgrading of extension agents), reduction of morbidity (through support of programs aimed at providing low-cost village-based preventive health care) and centrally-funded population activities (to relieve population pressures on the land).

The Title III program which was to play a major role in this component, will not be pursued. The objectives which were to be achieved under this program will be pursued by means of an Agricultural Sector Grant, if and when policy changes within the agricultural sector enable us to provide this type of assistance.

2. Improved Resource Management: This objective was composed of two facets - developing human resource capabilities and providing needed financial resources to meet both foreign exchange and recurrent cost needs. Emphasis will now be placed on the former. There are three distinct components of our assistance in the human resources development area:

in-country training for an improved rural development system (in particular this will help, through training for more efficient and effective management systems, support the recent changes brought about by the new Local Government Act and the re-establishment of cooperatives); upgrading the quality and capacity of certain existing in-country training institutions; (in agricultural extension, health and rural development planning); and short-term and academic training at U.S. universities with emphasis on management, finance and selected technical fields. Improvements in management and planning capabilities within the Ministry of Health will also be addressed if sufficient funds are available.

The provision of direct financial assistance, to help in the area of financial resource management, which was to be undertaken primarily through a Title III program, will, as indicated above, not be initiated.

3. Effective Decentralization: Under this component we will continue our assistance to the Arusha Region as well as continuing to support the efforts to decentralize basic health care services. During 80-82 we provided considerable assistance in the formulation of the Arusha Regional Development Plan and in the development of the beginnings of an integrated development scheme which responds to the needs of the districts and villages. With the recent increases of authority in the districts and a viable cooperative movement beginning again, our continued assistance to Arusha is critical in helping the decentralization system work. We expect that the level of funding which will be required will have to be met through the joint efforts of AID and IFAD.

Our health sector program will continue activities directed towards bringing health care to the rural areas and making villagers more responsible for their own well-being. This will be accomplished through school health programs, training and upgrading of village health workers and an expanded malaria control program on Zanzibar.

#### New Emphasis

##### A. Policy

The Administration's emphasis on policy change, private sector growth, technology transfer and institution building has not affected our strategy objectives as much as it has our methodology for achieving those objectives. The most striking difference in approach is the emphasis which the mission is placing on policy considerations. As mentioned above, we have presented a paper to the Tanzanian Government expressing our concerns over specific agricultural policies which we feel hinder agricultural production as a result of heavy government involvement. Presented as a prelude to our PL480 Title I negotiations this document specifies certain actions which we would consider positive steps towards altering present policies and creating a milieu more conducive to a free market economy. These include:

1. reduction in marketing restraints such as domestic movements and price control (i.e. pan-territorial pricing),
2. moves to reduce the number and responsibilities of crop or commodity parastatals,
3. reduction in subsidies for inputs or consumption,
4. expansion of the allocation of foreign and domestic

resources for input supplies and agricultural research,

5. re-establishment of voluntary cooperatives,

Future higher funding levels for development assistance, beginning in FY 84, are dependent upon movements which the government makes in meeting our expressed concerns.

B. Other Concerns

Within our ongoing projects and in the design of upcoming ones, we have tried to meet the Administration's new initiatives when the opportunity has presented itself. The following changes have occurred.

- In response to the Administration's new emphasis, reduced Mission funding levels and recent TanGov policy changes (which we felt hinder TRDB from becoming a viable banking institution) we are in the process of restructuring and reducing the size of the Resources for Village Production and Income project. We expect that as part of the joint TanGov/AID effort to restructure the project, we will encourage TRDB's reduced involvement in input marketing. The assistance which we will continue to provide aims at building institutional capacity and promotes the use of local private industries to provide inputs to farmers, villages and cooperatives.

- Under the Training for Rural Development II project we are heavily involved in training both at local and mid-levels of government, thereby strengthening the capacity of the country to decentralize its administration and implement more effectively its rural development program. The TRD II project will reinforce the positive steps being initiated under the new Local Government Act and the Cooperatives Act through training aimed at making these institutions more viable and more independent

of central government authorities.

- Funds remaining within the Seed Multiplication project may be used to provide funds for prefeasibility studies to entice private enterprise into a follow-on agri-business venture in the Tanzanian seed industry.

-The Farming Systems Research project concentrates a portion of its resources on establishing the institutional capacity of the newly formed Tanzanian research organization (The TRD II project is also assisting in this endeavor).

-The Arusha Production project, scheduled to begin in FY 83, directly addresses the Administration's development concerns through a proposed joint venture by IFAD and AID. We expect IFAD to concentrate solely on agriculture and AID to provide assistance to making the environment more conducive to increasing agricultural productivity. The three components of AID's activity are:

1. institution building to establish a road maintenance capability for secondary gravel roads,
2. private sector related initiatives to provide funds for prefeasibility studies and/or "seed money" for economic ventures, and
3. natural resource interventions to assist in land use planning, reforestation and soil erosion control.

The above initiatives are directly responsive to the Administration's new priorities and support development programs identified by the Tanzanian Government as having high priority from their own development perspective.

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

Country/Office Tanzania

DEVELOPMENT ASSISTANCE	FY 1982 EST	FY 1983 EST	FY 1984 REQUEST	PLANNING PERIOD		
				1985	1986	1987
Agriculture, Rural Development & Nutrition Grants	7846	7200	6900	6200	5765	6000
Population Grants	0	0	0	0	0	500
Health Grants	0	0	0	0	500	1000
Education Grants	3000	3000	3300	4000	3935	3000
SUBTOTAL FUNC. ACCOUNTS Grants	10646	10200	10200	10200	10200	10500
Other DA ACCTS. REGIONAL Grants	757	200	250	0	0	0
TOTAL DA ACCTS. Grants	11403	10400	10450	10200	10200	10500
<u>Economic Support Fund Grants</u>						
TOTAL DA AND ESF	11403	10400	10450	10200	10200	10500
PL 480 (non-add)						
Title I (of which Title III)	5000	5000	0	0	0	0
Title II		1700	1600	2300	2400	2500
Housing Guaranties (non-add)	0	0	0	0	0	0
TOTAL PERSONNEL						
USDH (workyears)	22	20	20	19	18	18
FNDH (workyears)	28	24	21	21	21	21

Table I Narrative

I. Introduction

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The budget levels contained in this ABS represent a straightlining of assistance through FY 86 with a minor increase in FY 87. This level assumes the policy environment within which our assistance program operates will be little changed during the period 1983-87 and that higher assistance levels are not appropriate under the circumstances. These levels are not sufficient to implement fully our approved CDSS and the Mission has been required to review the total FY 83 CDSS and to select from it those elements which are most appropriate for support within these reduced levels. The results of this review are presented in our Summary Strategy Statement.

The straightlined levels reflect AID concerns about Tangov development policies which, in our view, have tended to stifle rather than promote agricultural development. Recently, however, there have been indications that the government has become as least as concerned as are we and other donors about the inability of present policies to achieve their desired results, i.e. increased agricultural productivity and equitable growth. Several initiatives by the Government including moves away from pan-territorial pricing, increased willingness to consider a "realistic" exchange rate, re-establishment of the village cooperative societies, and devolution of development decision-making to the districts, indicates a willingness, even a determination to get serious about development. To the extent that their concerns are translated into effective policy and programs capable of promoting agricultural production, this Mission will propose and AID should support higher assistance levels.

II. The Mortgage Problem

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From a perspective of two years ago, what were considered reasonable outyear program planning levels have now evolved into a mortgaging "nightmare" as actual levels over the past two years have decreased considerably. Our two major ongoing projects, Training for Rural Development II and Resources for Village Development and Income were conceived at a time when our FY 82 ABS projections showed a total budget of \$309 million over the FY 82 - 86 planning period. These two projects, totalling LOP costs of \$63.5 million, required 18% of our future funds, not an unreasonable requirement for two projects which together constitute the heart of our present program. When the budget was reduced in FY 83, these two projects became more of a financial burden, requiring 35% of our budget for FY 82 - 86. With the present levels they would require 91% of our resources through FY 86 and would not permit any new activities to begin until FY 86.

As a result of what had developed into an untenable mortgage problem and precluded, inter alia, implementation of other portions of the Mission strategy, as well as incorporation of the objectives of this Administration, a comprehensive program review was necessary. The Mission has now thoroughly reviewed the implementation status of these two projects as well as the effects of present Tanzanian Government policies on their ability to achieve success. As a result of this review process, the Mission has decided to reduce the cost and scope of the Resources for Village Production and Income project by \$30 million, thereby implementing only the first of the two phases of the project. This will reduce our mortgage for the FY 82 - 86 period by more than half and will allow the start-up of one new activity in FY 82 and one in FY 83 which are important components of our overall development strategy.

At the presently projected levels these four projects will require all of the Mission's resources through FY 84. This has the effect of limiting our program to the Agriculture and Human Resources Sectors and does not allow new bilaterally-funded initiatives in Health and Population as had been originally envisioned. We would expect in FY 86 and 87 to develop modest programs in these two sectors.

Our P.L. 480 program shows a zero level from FY 84 onwards and reflects, again, the assumption that the present agricultural policy environment will not have changed sufficiently to justify a program during that time period. The PL 480 portion of the ABS elaborates further on this strategy. The Title II levels, reflect a constant number of recipients in FY 83 and FY 84, with an increase in the ensuing three years as the program re-establishes itself.

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TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT  
 FY 1982 to FY 1984  
 (\$ thousands)

Country/Office TANZANIA

<u>APPROPRIATION ACCOUNT</u>	<u>FY 1982</u>	<u>FY 1983</u>	<u>FISCAL YEAR 1984</u>
<u>AGRICULTURE RURAL DEVELOPMENT AND NUTRITION</u>			
621-0143 ARUSHA PLANNING AND VILLAGE DEVELOPMENT (G)	646		
621-0155 RESOURCES FOR VILLAGE PRODUCTION & INCOME (G)	4,000	2,825	2,000
621-0156 FARMING SYSTEMS RE- SEARCH (G)	3,000	2,375	1,760
621-0169 ARUSHA PRODUCTION (G)	-	2,000	3,140
<u>EDUCATION/HUMAN RESOURCES DEVELOPMENT</u>			
621-0161 TRAINING FOR RURAL DEVELOPMENT II (G)	3,000	3,000	3,300
SUB-TOTAL FUNCTIONAL ACCOUNTS	10,646	10,200	10,200
<u>REGIONAL</u>			
698-0384 AFRICAN MANPOWER DEVELOPMENT	200	200	250
698-0407.32 IRT. RUVUMA FISH FARMING (G)	57	0	0
698-0388 ARUSHA WOMEN'S PRODUC- TION (G)	500	0	0
TOTAL ALL OR APPROPRIATION ACCOUNTS	11,403	10,400	10,450

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TABLE IV PROJECT BUDGET DATA

Country/Office  
TANZANIA

NUMBER	PROJECT TITLE	OBLIGATION DATE		LIFE OF PROJECT COST	CUM PIPELINE AS OF 9/30/81	FY 1982		FY 1983		ESTIMATED U.S. DOLLAR COST (\$000)				ITEM #					
		G/L	INITIAL			FINAL	AUTH	PLAN	OBL	EXP	OBL	EXP	1984 AAPT		FUNDED TO MO/YR	1985	1986	1987	FUTURE YEAR
<b>AGRICULTURE RURAL DEVELOPMENT AND NUTRITION</b>																			
621-0092	Seed Multiplication & Distr.	G	70	80	6854	1133	-	1133	-	-	-	-	-	-	-	-	7304		
0093	Masai Livestock & Range Mngt.	G	70	79	4768	15	-	15	-	-	-	-	-	-	-	-	7305		
0107	Agricultural Research	G	71	81	8496	3520	-	1971	-	1549	-	-	-	-	-	-	7307		
0119	Ag. Manpower Development	G	74	79	4555	352	-	352	-	-	-	-	-	-	-	-	7310		
0119-01	Farmer Training And Production	G	77	79	2528	1641	-	821	-	820	-	-	-	-	-	-	7311		
0122	Livestock Marketing & Dev.	G	74	79	4427	599	-	599	-	-	-	-	-	-	-	-	7316		
0135	Agricultural Edu. & Extension	G	78	78	2356	1313	-	617	-	696	-	-	-	-	-	-	7321		
0143	Arusha Planning & Vill. Dev.	G	78	82	14591	5464	-	4300	-	1810	-	-	-	-	-	-	7325		
0155	Resources for Vill. Prod. & Income	G	80	84	15000	5239	-	4000	-	3340	-	-	-	-	-	-	7332		
0156	Farming Systems Research	G	82	85	8000	-	-	3000	-	3000	-	-	-	-	-	-	7333		
0162	Arusha Women's Part. in Dev.	G	79	79	400	372	-	322	-	50	-	-	-	-	-	-	7339		
0169	Arusha Production	G	83	85	8000	-	-	-	-	2000	-	-	-	-	-	-	7343		
	Sub-Total.....				93975	19648	7646	14805	7200	12265	6900	-	-	-	-	-			
<b>POPULATION PLANNING</b>																			
0121	Manpower Training for MCH Aides	G	73	80	10285	1798	-	920	-	-	-	-	-	-	-	-	7315		
	Sub-Total.....				10285	1798	-	920	-	-	-	-	-	-	-	-			
<b>HEALTH</b>																			
0121	Manpower Trng. Prog. for MCH Aides	G	73	80	524	300	-	300	-	-	-	-	-	-	-	-	7314		
0138	Hanang Dist. Health (PVO)(U)(R)	G	78	81	524	28	-	28	-	-	-	-	-	-	-	-	7322		
0147	Cancer Control CodeI(PVO) (U)(R)	G	78	81	550	61	-	61	-	-	-	-	-	-	-	-	7327		
0150	School Health Program	G	79	80	5744	5005	-	1500	-	2500	-	-	-	-	-	-	7330		
0154	Cont. Ed. for Hlth Wrkrs (PVO) (U) (R)	G	80	80	2206	2188	-	790	-	900	-	-	-	-	-	-	7331		
0163	Zanzibar Malaria	L	81	81	11771	11771	-	813	-	1600	-	-	-	-	-	-	8317		
	Sub-Total.....				21319	19353	-	3492	-	5000	-	-	-	-	-	-			
<b>EDUCATION AND HUMAN RESOURCES</b>																			
0149	Training for Rural Development I	G	79	80	6000	3950	-	2300	-	1220	-	-	-	-	-	-	7329		
0161	Training for Rural Development II	G	81	86	18500	1265	3000	1000	3000	4350	3300	3/85	4000	3935	-	-	7338		
	Sub-Total.....				24500	5215	3000	3300	3000	5570	3300	-	4000	3935	-	-			

FY 1984 ANNUAL BUDGET SUBMISSION

Country/Office  
TANZANIA

TABLE IV PROJECT BUDGET DATA

NUMBER	PROJECT TITLE	OBLIGATION DATE		LIFE OF PROJECT COST	CUM PIPELINE AS OF 9/30/81	FY 1982		FY 1983		FY OBLIGATIONS			ITEM #			
		INITIAL	FINAL			OBL	EXP	OBL	EXP	1984 AAPL	FUNDED TO MO/YR	1985		1986	1987	FUTURE YEAR
<u>SELECTED DEVELOPMENT ACTIVITIES</u>																
621-0160	Village Envir. Imp.(PVO)(U)(R)	G	81	81	499	499	-	125	-	249	-	-	-	-	7337	
	Sub-Total.....				499	499	-	125	-	249	-	-	-	-		
<u>INTERNATIONAL DISASTER ASSIST.</u>																
0167	Mbugwe Division Water Supply	G	81	81	150	150	-	150	-	-	-	-	-	-	8319	
0168	Kisongo Water Catchment Dev.	G	81	81	80	80	-	80	-	-	-	-	-	-	8320	
0170	Masai Dist.Vill.Water&Trans.Dev.	G	81	81	590	590	-	590	-	-	-	-	-	-	8321	
	Sub-Total.....				820	820	-	820	-	-	-	-	-	-		
	Country TOTAL.....				151398	137397	10646	23462	10200	23084	10200	7725	3935	-		
	GRANT.....				139627	125626	10646	22649	10200	21484	10200	7725	3935	-		
	LOAN.....				11771	11771	-	813	-	1600	-	-	-	-		

Arusha Production (621-0169)

A. Purpose

This project is a follow-on to the Arusha Planning and Village Development Project (621-0143) scheduled for completion 3/31/83. Under this first phase of assistance to the Arusha region a "participatory process" involving villagers, and district and regional officials was developed in order to identify development opportunities and evolve projects and plans. As a result of this process a regional plan was developed for Arusha Region and implementation of village level projects occurred. The emphasis of the follow-on project will be in cooperation with funding from the International Fund for Agricultural Development (IFAD), to utilize project resources to develop a regional capability to maintain key roads and to assist village level development projects as identified by the "participatory process" developed in the Arusha Planning and Village Development Project. These projects will emphasize local simple rural industries (grain milling, brick making, etc.) and related entrepreneurial development, improved management of production resources by village cooperative societies and forestry/alternative energy/land conservation. Resources will be directed toward aiding presently dormant entrepreneurial talents in creating a viable, self-sustaining, private enterprise sector. Existing regional personnel will be provided training in technology transfer in the fields of energy, soil and water conservation. Some emphasis may also be placed on introducing the "participatory process" in the remaining three Masai districts of the Arusha Region. IFAD will provide funding for a number of directly productive activities in foodcrops and livestock.

B. Development Issues to be Addressed and Means of Address

The AID project will be supportive of IFAD's involvement in the agricultural sector by providing assistance to sectors complementary to increasing agricultural productivity. The project will be implemented primarily by regional and district government staff, with private sector involvement being identified wherever possible. The components of the project follow:

1. Infrastructure Maintenance Related to Directly Productive Activities - A road maintenance capability will be developed to assist the regional government in preserving priority, secondary district roads, which are linked to trunk roads. These roads will be those serving the pilot development areas of the APVD project or which have been selected by the districts for new activities in the IFAD/AID supported program.
2. Forestry/Rural Energy/Natural Resources Conservation - The project will promote tree and shrub planting by farmers, households and schools. Existing forestry/extension/nursery staff will be provided training and plantation type activities will be funded in selected watershed areas where erosion or water control problems are severe.

3. Small Scale Entrepreneurial Support - Funding will be provided for training, management advice, and feasibility studies.
4. Cooperative Management - technical assistance and training will support village cooperatives in improving skills in planning, financial management, marketing, etc.

C. Issues

Prior to final design, the following issues must be resolved:

1. Integration of IFAD and AID activities: What are the implications for the design of the AID financial component if IFAD funding does not materialize at the anticipated level (approximately \$22 million)?
2. Inclusion of Masai Districts: The three Masai Districts were not included in the APVD project. Increased development activities in these districts are a top priority within the region. Given funding limitations, how will assistance to these areas be incorporated?

D. Beneficiaries

The direct beneficiaries will be the agriculturalists, cooperative society members and entrepreneurs of the rural population in approximately 100 villages in the Arusha Region. Depending on the activity, level of benefit, time frame and spread effect, this project will benefit directly or indirectly the entire Region of 900,000 people. At the other extreme if only direct beneficiaries are included total beneficiaries number between 50,000 and 200,000.

E. FY 84 Program

During FY 84 funds will be used to assist in the implementation of the Regional Integrated Rural Development Plan completed under Phase I. Work will continue to develop road maintenance capability for the highest priority 1000 miles of gravel regional roads, the village nurseries program will continue and a feasibility study conducted to examine opportunities for private or cooperative investment (either from the U.S. or Tanzania) in agribusiness ventures.

F. Aid Financial Inputs

	FY 83	FY 84	All Years (\$ Thousands) LOP
Personnel	408	794	2,144
Training	30	100	210
Commodities	737	566	1,723
Operating Costs	380	545	1,595
Capital Fund	295	860	1,613
Contingency	150	275	715
Total .....	2,000	3,140	8,000

New Emphases

	FY 83	FY 84
Energy	20	20
Environment	54	194
Private Sector	464	854

TABLE V - FY 1984 PROPOSED PROGRAM RANKING						Country/Office TANZANIA	
RANK	PROGRAM ACTIVITY DESCRIPTION	ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)		
					INCR	CUM	
1.	Training for Rural Development II (621-0161)	0	G	EHR	3300	3300	
2.	Resources for Village Production (621-0155)	0	G	ARDN	2000	5300	
3.	Farming Systems Research (621-0156)	0	G	ARDN	1760	7060	
4.	Arusha Production (621-0169)	0	G	ARDN	3140	10,200	
5.	Title II - CRS Upper Level	0	G		(1600)	(10,200)	
6.	Agriculture Sector Grant Title I	N N	G L	ARDN	4,800 (15,000)	15,000 15,000	

Table V Narrative

Proposed Project Rankings - Narrative Statement

A. Mission Strategy

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The Summary Strategy Statement presented as an introduction to the ABS lays out the modifications in strategy which have evolved over the past year. Our objectives have remained consistent with those presented in our FY 83 CDSS, i.e.

- increased agricultural production
- improved resource management
- effective decentralization

although our resources to achieve those objectives have been reduced.

Our priority listing of projects deviates from that of FY 83 based on changes which have occurred in Tanzania and as a result of AID's increased concern over the total policy environment.

B. Relationship to Summary Strategy Statement

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The number of projects requiring funding in FY 84 is relatively small. While there has been a deliberate attempt by the Mission to reduce the number of projects and focus our efforts on a limited number of problems, the low levels of funding in FY 84 have pushed us further than we might otherwise have gone and preclude any new funding in the Health or Population sectors.

Among the four projects proposed, the highest priority has been assigned to the Training for Rural Development II project (621-0161). This project has high potential not only in meeting our objective of improved resource management but also in addressing the other two objectives as it expands the number of people trained to function more effectively at the village, district and regional levels in fields relating to increased agricultural production and local administration (i.e. decentralization).

This project has been elevated within the Mission priority as a result of its recent successes in management training of regional and district officials and because of the credibility it has gained in terms of what it can offer to assist in Tanzania's decentralization effort. With the implementation of the Local Government Act and the re-establishment of cooperatives, the project's importance increases because of its proven ability to meet training needs in these areas. This presents a unique opportunity for the project to influence the

management systems and operations of these emerging, important institutions.

The Resources for Village Production and Income project (621-0155) is ranked second in the Mission's portfolio. This project provides U.S. assistance to the Tanzania Rural Development Bank (TRDB) in order to provide credit to several hundred villages and cooperatives for procurement of improved farm implements, village storage, grain mills, and other non-seasonal inputs. Foreign exchange is provided to local manufacturers to purchase needed raw materials for fabrication of the farm inputs. Their repayment to TRDB in local currency is then used to provide loans to farmers, villagers and cooperatives with high productive potential for non-seasonal proven inputs. In addition to its direct effect on increasing agricultural productivity, the participant training component addresses our objective of improving resource management and increasing the institutional capacity of Tanzania's major rural lending institution.

This project has slipped from its first place priority standing in the FY 83 ABS as a result of the increasing importance of the TRD II project and the Mission's concerns over possible changes in operational procedures within TRDB which could affect its financial viability. We plan to decrease our present life of project commitment to this project by \$30 million due to mortgage problems.

Our third priority project is Farming Systems Research (621-0156) which is scheduled to begin in FY82 as a follow-on to the ongoing Agriculture Research project. Agricultural research and the ability to translate research results into widespread food production increases is the first step in addressing the long term need for increasing agricultural productivity. Under the ongoing project new and improved varieties are available for on-farm testing and use. The Farming Systems Research project will not only continue investigation into new varieties, but will also go that next step by working with extension agents and farmers to insure that the varieties are acceptable and practical for on-farm use.

Our one new start in FY 83, Arusha Production (621-0169), is a follow-on to the ongoing Arusha Planning and Village Development project scheduled to terminate in the same year. In cooperation with IFAD, AID proposes to assist the region to increase its self-directed development activities in ways that will: (1) increase agricultural production, (2) increase the ability of the forests of the region to provide both energy and land conservation, (3) increase small scale entrepreneurship and (4) improve the management practices of the recently re-established village based cooperative societies. This project responds to the Administration's concerns in the fields of private enterprise, energy and natural resource conservation and institutional capacity building. This project is fourth in the

priority list because of the still to be resolved issues concerning the role of AID and IFAD. (We note for the record that the Prime Minister's Office has informed us that as far as the Tanzanian Government is concerned, the Arusha project is their highest priority.) Given the small amount of funds available for this activity (\$8 million over three years), IFAD's participation is critical to the viability of the project.

The PL 480 Title II program has been included at the end of our priority listing, not because it does not serve a vital function within Tanzania, but because it does not at this time fall within the direct scope of the Mission strategy. The CRS program is undergoing changes both to streamline its ongoing MCH program and to institute a more development oriented program. Until that program begins, we must place the Title II program at the end of mission priorities.

#### C. The Upper Level

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Two levels of funding were proposed for Tanzania for FY 1984 and onwards. The mission proposed priorities for the lower level are presented above. At the higher alternative level of \$15 million the Mission would introduce an Agricultural Sector Grant. This grant, beginning in FY 84, would utilize the increased levels for funding in FY 84, 85 and possibly 86. In addition up to \$15 million would be available under PL 480 Title I. The additional increment of funding and PL 480 Title I would become available only if changes had been made within the agricultural sector to institute policies more conducive to increasing agricultural production and economic growth. The nature of these changes is indicated in the Strategy Summary Statement and would, we feel provide a policy environment in which an Agricultural Sector Grant and a Title I program could operate effectively. The project would provide in a flexible, non-project mode, foreign exchange support for Tanzanian Government initiatives within an improved policy framework intended to spur directly productive agriculturally based enterprises. The Title I program would provide (if necessary) the commodity support to institute the proposed changes.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

	FY 1982				FY 1983			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	1,682.7		1,059.7	22	2,001.8		1,032.6	21.2 <sup>1/</sup>
F.N. DIRECT HIRE	227.9			29	281.2			24
CONTRACT PERSONNEL	72.2	70.7		XXXXX	89.9	84.9		XXXXX
HOUSING EXPENSES	566.6			22	299.3			20.4 <sup>1/</sup>
OFFICE OPERATIONS	782.5	41.0	60.5*	XXXXX	455.4	84.9	30.0*	XXXXX
TOTAL	3,331.9	111.7	1,120.2	XXXXX	3,127.6	84.9	1,062.6	XXXXX
RECONCILIATION	1,231.9	111.7	1,120.2	XXXXX	1,147.5	84.9	1,062.6	XXXXX
MISSION ALLOWANCE	2,100.0			XXXXX	1,980.1			XXXXX

\* FAAS

<sup>1/</sup> Includes Special Assistant for .4 unit in excess of approved level per STATE 134465

Note: FY 83 Dollar funded Local Currency costs per STATE 132818, \$688.1  
Exchange Rate \$1:00 = 9.4 Shs.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

	FY 1984 MINIMUM				FY 1984 CURRENT			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	1,679.2		883.6	18.8	1,875.1		991.1	20.8
F.N. DIRECT HIRE	267.2			19	296.8			21
CONTRACT PERSONNEL	93.4	93.4		XXXXX	98.4	93.4		XXXXX
HOUSING EXPENSES	233.7			18	259.7			20.0
OFFICE OPERATIONS	436.0		35.0*	XXXXX	484.5		35.0*	XXXXX
TOTAL	2,709.5	93.4	918.6	XXXXX	3,014.5	93.4	1,026.1	XXXXX
RECONCILIATION	1,012.0	93.4	918.6	XXXXX	1,119.5	93.4	1,026.1	XXXXX
MISSION ALLOWANCE	1,697.5			XXXXX	1,895.0			XXXXX

\* FAAS

\* Note: Part-Time Employee, .8 units, does not require Housing.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

FY 1984 PROPOSED					
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	
U.S. DIRECT HIRE	1,875.1		991.1	20.8	
F.N. DIRECT HIRE	296.8			21.0	
CONTRACT PERSONNEL	98.4	93.4		XXXXX	
HOUSING EXPENSES	259.7			20.0	
OFFICE OPERATIONS	484.5		35.0*	XXXXX	
TOTAL	3,014.5	93.4	1,026.1	XXXXX	
RECONCILIATION	1,119.5	XXXXX	XXXXX	XXXXX	
MISSION ALLOWANCE	1,895.0	XXXXX	XXXXX	XXXXX	

\* FAAS

Note: Part-Time Employee, .8 units, does not require Housing

DATA ON ACQUISITION, OPERATIONS AND USE OF AUTO-  
MATIC DATA PROCESSING (ADP) AND WORD PROCESSING  
(WP) EQUIPMENT, SERVICES AND SYSTEMS

1. Narrative Statement - ADP

For the past year the Mission has used Apple II computer equipment obtained under the RAPID project. This equipment has become an integral part of the operations of the Program Office and the Human Resources Development Office. Tanzania's economic and social data, the Mission's budgetary and planning information, tracking and reporting of overseas participants and project financial information have been programmed into the computer and are being utilized to generate needed reports and information.

Continuing usage is envisioned for the current purposes and new applications which we expect to be time and cost saving. With the Mission's increased emphasis on affecting policy changes, we expect increased usage to undertake quantitative analyses of macroeconomic issues.

The Mission's preference is towards Apple II computer equipment. Not only is data already programmed on the Apple but Mission personnel are familiar with the equipment and software and impressed by its versatility and problem-free operation. Furthermore, Tanzanian's Ministry of Agriculture and U.N. organizations presently use similar equipment; this facilitates professional exchange and offers the possibility of arranging for a common service contract with the Apple representative in Nairobi, Kenya.

The Apple Computer equipment in current use, is to be turned over to Tanzanian Government by December, 1982. Replacement equipment should be in place by that time to assure no loss of continuity. Since we are already taxing our one computer to its limit, and we would like to include programs for procurement and all 680 inventory, vehicle utilization and other such related activities and because of the comparative low cost of the equipment, we can effectively use two Apple II computers in 1983 and a third in 1984 and have so budgeted.

2. Narrative Statement - WP

This Mission has over the last year given considerable thought to the feasibility of using a Word processor system. The capabilities and characteristic of various systems were reviewed and a survey of our in-house requirements was made. The conclusion was that the Mission could indeed very effectively use a word processor and that the system that best met our requirements, both current and long range, was the Wang system 25, model 1 with, in the final stage, 6 work stations. The Mission has now completed and submitted to M/SER/DM/PSE a detailed survey of our requirements. There are some indications that an AID-owned Wang model 25 could be acquired from another Mission moving to a larger system. If not, the processor will have to be purchased as such is not available under lease in Tanzania.

It is our plan that the Word Processor would become operational in mid of late FY 83. It is considered a minimum funding priority.

TABLE VIII (a)  
OBLIGATIONS OF ADP SYSTEMS  
(\$000)

	Fiscal Year		
	1982	1983	1984
<b>A. <u>Capital Investments</u></b>			
1. Purchase of ADP equipment		9.1	4.5
2. Purchase of Software		.8	.5
Subtotal.....		9.9	5.0
<b>B. <u>Personnel</u></b>			
1. Compensation, Benefits, Travel	-	-	-
2. Workyears	-	-	-
Subtotal.....	-	-	-
<b>C. <u>Equipment Rental and Other Operating Costs</u></b>			
1. ADP Equipment (ADPE) Rentals	-	-	-
2. Supplies and Leased Software	-	.3	.4
Subtotal.....	-	.3	.4
<b>D. <u>Commercial Services</u></b>			
1. ADP Service Bureau	-	-	-
2. Systems Analysis and Programming	-	-	-
3. ADPE Maintenance (if separate from item C.1)	-	.7	.9
Subtotal.....	-	.7	.9
<b>E. <u>Total Obligations (A-D)</u></b>	-	10.9	6.3
<b>F. <u>Interagency Services</u></b>			
1. Payments	-	-	-
2. Offsetting Collections	-	-	-
Subtotal.....	-	10.9	6.3

TABLE VIII(b)  
OBLIGATIONS FOR WP SYSTEMS  
(\$000)

	Fiscal Year		
	1982	1983	1984
A. Capital Investments in W/P Equipment	-	33.0 <sup>1/</sup>	12.0 <sup>2/</sup>
B. W/P Equipment Rental and Supplies	-	1.0	2.0
C. Other W/P Costs	-	3.2	6.0
Total.....	-	37.2	20.0

1/ 2 additional work stations

2/ 3 additional work stations

P.L. 480

I. Tanzania P.L. 480 Program  
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The PL 480 Title I program continues to address the country's food deficit and nutritional deficiency problems which have become even more pronounced in the past twelve months. Continued severe droughts and uneven rainfall, combined with a critical shortage of foreign exchange, have further increased the country's need for concessional food imports. In FY 1980 and 1981 the PL 480 Title I programs were both at a level of \$7.5 million while the 1982 and 1983 agreements are programmed at \$5 million. No funds are presently programmed for FY 1984 (although as indicated later, this could change if the present policy climate also changes).

It should be noted that total concessional imports from all sources for the first six months of 1982 are projected at 216,000 MT of grain at a cost of over \$50 million. As a result of the food shortages, the TanGov has completely drawn down its Strategic Grain Reserve which stood at approximately 77,000 MT in mid 1981. During FY 80 and 81, the U.S. provided the equivalent of 50,000 MT under the Title II, Section 201 program. No further request is being made to restock this reserve.

Title II resources are being proposed for use in FY 83 and 84 by the Catholic Relief Service (CRS) program which provides food commodities to improve the nutritional intake of children under five, for institutional feeding and for food for work programs.

II. Relationship to the Mission's Strategy  
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Over the past ten years, the P.L. 480 Title I program has formed an integral part of the Mission's development assistance program, averaging \$7 million per year over the past seven years. Within the past few years the Tanzanian Government and the Mission have established procedures to utilize the local currency generations for development oriented activities. Beginning with the FY 1980 agreement, a special account was established by the Tanzanian Government into which all proceeds were deposited from the sale of P.L. Title I commodities. This account is used to finance self-help projects which focus on improving food production and storage, reducing post harvest losses (especially from pests), improving and expanding agricultural research, improving agricultural statistics, and providing funds for agricultural marketing inputs. All of these activities are designed to support Mission strategy of increased agricultural production and decentralization of responsibility for project execution to local areas.

A P.L. 480 Title III Food for Development program was previously

proposed to begin in 1982 in further support of the Mission strategy. While this program from many perspectives offers several programmatic advantages, it has been decided that the Title I approach, with its intensive annual assessment of progress, was a more appropriate response to Tanzania's food related development requirements. In spite of joint U.S. and Tanzanian efforts, agricultural production and productivity have stagnated. While some of the fault for this lies with external exogenous factors (weather, terms of trade, etc.) further attention and action needs to be focused on internal causes which can be redirected to stimulate production.

As indicated in the Summary Strategy Statement, we have expressed our concerns regarding specific agricultural policy measures to the Government and anticipate a full and frank dialogue on these issues. We have presented our views on the fundamental issues of agricultural pricing policy, input distribution and marketing, plus the generation and distribution of agricultural technology. While these measures will not be formally incorporated into the minutes of the negotiations, raising them as part of the PL 480 Title I process has helped raise these concerns to the highest levels within the Tanzanian Government. In addition, within the paper we stress that "an improved policy environment for increased agricultural production and productivity is a necessary foundation for continued provision of U.S. concessional food assistance." Our projected FY 84 program (and possibly our 83 program) is dependent upon the actions which the Tangov will take in responding to our concerns. Should progress be made in the interim, we would expect to provide up to \$15 million of grain in FY 84 if the need arises to support the new agricultural policies.

We feel that this dual strategy i.e. specific, measurable self-help objectives financed by sales proceeds plus a candid dialogue on agricultural policy adjustments, is the most we can do with our PL 480 resources to influence a turn-about in the recent downward trend in production.

The Title II CRS program focuses on improving the nutritional status of the most vulnerable, low-income groups especially under the maternal child health feeding programs. While the program as presently structured is only tangentially related to our strategy (i.e. nutritionally better off children result in more productive adults), there are plans to integrate it more directly by incorporating a developmental approach into this primarily humanitarian program (see Annex A : Mission Review of CRS program). Under the FY 83 AND 84 program, CRS will provide assistance to 75,000 recipients in the MCH program, 7000 recipients in child day care centers, 3000 under the food for work program and 1000 in the institutional feeding program, totalling 86,000 recipients in all. The total cost is approximately \$1.7 million in FY 83 and \$1.6 million in FY 84.

### III. Tanzanian Food Situation and Trends

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Tanzanian food crops are classified in three major categories: maize, the primary staple; rice and wheat; and the subsistence crops such as sorghum, millet and cassava. In the absence of reliable crop production, acreage and yield statistics (primarily as a result of the paucity of data on subsistence consumption and unofficial marketing), the National Milling Corporation figures on purchases of crops must be used as a guide on general production trends.

The trend is not encouraging; it indicates that the country is producing far less than is needed to feed the population, as well as a decline in agricultural exports. Despite official government attempts to increase agricultural production (i.e. price increases for corn, wheat, rice and subsistence staples) the small increase in production has not kept pace with population increases. As indicated above, we feel that present agricultural policies are as responsible for the continuing food deficit and declining exports as are external factors.

During the last ten years, cereal production has varied substantially from year to year. Drought conditions contributed to low yields in 1973/74/75, yet in 78/79 Tanzania was self-sufficient in maize production. However, in spite of continuing official producer price increases and personal appeals by the President to increase crop production, internal maize purchases by the Government from 222,000 MT in 78/79 to an estimated 90,000 MT in 1982. Rice purchases have declined over the same period from 33,000 MT to 14,000 MT. Wheat purchases have gone from 29,000 MT to 24,000 MT.

While the Tanzanian Government's goal in agriculture is national self-sufficiency in food crop production, the general trend is downward and is especially pronounced during the last four crop years since the highs of 78/79. The latest food deficit situation has made the country even more dependent upon donor assistance. As indicated in the Summary Strategy Statement, we feel the government is cognizant of many of their internal problems, and has taken some initial steps to deal with them. We hope we are beginning to see signs of movement in the right direction.

### IV. Import Capability

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The lack of foreign exchange is exacerbating Tanzania's declining food production problem. Shortages of essential commodities affect consumers, businesses and government operations. Although able to purchase 159,800 MT of foreign maize, valued at \$37.7 million in 1981, they have not yet made any commercial purchases in 1982. The 1982 food gap is expected to be met by donor contributions of 290,000 MT of maize, rice

and wheat at an estimated cost of over \$70 million. Some of these contributions are trade-offs involving funds previously earmarked by donors to finance multi-year capital investment projects. This diversion of resources, while meeting the food deficit problem, has a detrimental effect on the country's development efforts. The large amount of imports over the past few months has been handled effectively by the port, clearing as much as 83,000 MT in one month with minimal port delays and expeditious shipment from the port to outlying regions.

At this time we are unable to predict how the government plans to finance any other imports, should a continuing deficit occur. The situation worsens as donors become reluctant to interrupt the flow of funds to ongoing projects in order to provide concessional food aid. We are taking an active role in promoting increasing cooperation among all 17 donors involved in food aid and hope to solicit the expression of their concerns to the Tanzanian government.

## FY 1984 ANNUAL BUDGET SUBMISSION

TABLE XI

P.L. 480 TITLE I/III REQUIREMENTS  
(Dollars in Millions, Tonnage in Thousands)

COMMODITIES	FY 1982			Estimated FY 1983			Projected FY 1984 <sup>2/</sup>		
	Agreement \$ MT	Shipments \$ MT	Carry into FY 1983 \$ MT	Agreement \$ MT	Shipments \$ MT	Carry into FY 1984 \$ MT	Agreement \$ MT	Shipments \$ MT	Carry into FY 1985 \$ MT
<u>Title I</u>									
CORN	1.6	13.9	-	5.0	32.5	-	15.0	98.7	-
RICE	3.4	11.6	-	-	-	-	-	-	-
<u>Total</u>	5.0	25.5	-	5.0	32.5	-	15.0	98.7	-
Of which <u>Title III</u>									
<u>Total</u>	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

COMMENT: <sup>1/</sup> estimated, Title I agreement to be signed late FY 82

<sup>2/</sup> planning level assumes satisfactory progress on self-help measures and agricultural policy reform (see text p. ).

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

I. Country TANZANIA

Sponsor's Name Catholic Relief Services

A. Maternal and Child Health.....Total Recipients 75,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>75,000</u>	<u>Bulgur Wheat</u>	<u>1800</u>	<u>471,600</u>
<u>75,000</u>	<u>NFDM</u>	<u>1800</u>	<u>198,000</u>
<u>75,000</u>	<u>Oil</u>	<u>900</u>	<u>742,500</u>
<u>Total MCH</u>		<u>4500</u>	<u>1,412,100</u>

B. School Feeding.....Total Recipients 7,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>7,000</u>	<u>Bulgur Wheat</u>	<u>168</u>	<u>44,016</u>
<u>7,000</u>	<u>NFDM</u>	<u>168</u>	<u>18,480</u>
<u>7,000</u>	<u>Oil</u>	<u>42</u>	<u>34,650</u>
<u>Total School Feeding</u>		<u>378</u>	<u>97,146</u>

C. Other Child Feeding.....Total Recipients -

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>-</u>	<u></u>	<u>-</u>	<u>-</u>
<u>-</u>	<u></u>	<u>-</u>	<u>-</u>
<u>Total Other Child Feeding</u>		<u>-</u>	<u>-</u>

D. Food for Work.....Total Recipients 3,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>3,000</u>	<u>Bulgur Wheat</u>	<u>234</u>	<u>61,308</u>
<u>3,000</u>	<u>NFDM</u>	<u>90</u>	<u>9,900</u>
<u>3,000</u>	<u>Oil</u>	<u>18</u>	<u>14,850</u>
<u>Total Food for Work</u>		<u>342</u>	<u>86,058</u>

E. Other (Specify).....Total Recipients 1,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>1,000</u>	<u>Bulgur Wheat</u>	<u>24</u>	<u>6,288</u>
<u>1,000</u>	<u>NFDM</u>	<u>24</u>	<u>2,640</u>
<u>1,000</u>	<u>Oil</u>	<u>6</u>	<u>4,950</u>
<u>Total Other</u>		<u>54</u>	<u>13,878</u>

II. Sponsor's Name \_\_\_\_\_

NON-BILATERALLY FUNDED PROJECTS IN TANZANIA

Project Number	Project Title	Date Started	Terminal Date	AID/W Backstop	LOP Cost	Priority
698-0384.3	African Manpower Development Proj. I	6-30-76	9-30-85	AFR/RA	1,559	High
698-0407.11	Improvement Traditional Pottery (IRT)	9-29-80	3-31-82	AFR/RA	58	Medium
698-0407.21	Seaweed Farming Research (IRT)	5-29-81	12-31-82	AFR/RA	87	Medium
698-0407.22	Photo-Voltaic Energy (IRT)	5-29-81	8-31-82	AFR/RA	32	Medium
698-0407.32	Ruvuma Fish Farming (IRT)	4-23-82	9-30-83	AFR/RA	57	Medium
698-0410	Rift Valley Rice	9-30-80	9-30-82	AFR/RA	500	High
698-0427	Environmental Training & Management	9-30-80	9-30-85	AFR/RA	200*	Low
698-0433.3	African Manpower Development Proj II	1-7-82	9-30-88	AFR/RA	1,400*	High
931-0030	Tanga Tsetse Fly Research	9-30-71	11-30-82	ST/AGR	5,242	Low
932-0604	Postgraduate Training in Reproductive Health	10-1-79	N/A	ST/POP	350*	Medium
932-0624	Contraceptive Prevalence Survey	10-1-82	9-30-83	ST-POP	100	Medium
932-0632	Fertility Impact of FP Programs: OR	9-30-81	9-30-83	ST/POP	67	Medium
932-0644	Paramedical Aux. and Community FP Trng.	4-30-81	9-30-83	ST/POP	40*	High
932-0651	FP Worldwide Training Fund	10-1-80	N/A	ST/POP	59*	Medium
932-0655	Integrated Population/Development Planning	8-1-81	9-30-84	ST/POP	75	High
932-0807	Family Planning Services - Pathfinder Fund	3-30-82	N/A	ST/POP	40	High
932-0955	Family Planning International Assistance	6-30-78	N/A	ST/POP	200*	Medium
932-0968	Program in Voluntary Sterilization	11-30-81	9-30-83	ST/POP	30	Low
936-9997	Conventional Energy Training Program	10-1-80	9-30-86	ST/EY	900*	Medium

\*estimate

## Mission Review of Title II CRS Operations

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The following provides the Mission review of the only voluntary agency PL 480 Title II program operating in Tanzania.

### I. Humanitarian and Developmental Justification

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See CRS Annual Operational Plan (attached).

### II. Audit Recommendations

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All thirteen audit recommendations made on the PL 480 Title II program in FY 1980 are officially closed. In the process of analyzing the program, as a result of the audit, major improvements have been made in the CRS/Tanzania operations. The overall goal has been to consolidate operations into a more manageable program thus providing increased control by CRS staff over food distribution activities. This process has resulted in a reduction from over 100 maternal child health distribution centers scattered throughout the country a few years ago, to 50 in eight regions. Total recipients are now planned at 86,000, a reduction from the 95,000 level approved for FY 1982.

Along with this consolidation, improved management controls have been put in place to insure that recipients receive necessary educational information on the proper use of food commodities, accurate reporting from the centers is received at CRS headquarters, and losses in handling and inland transportation are effectively reduced. All centers are cooperating with the new program, CRS end-use checks are more frequent and a detailed operational manual, devised by CRS staff has been personally delivered to each center by CRS staff.

USAID/Tanzania and CRS staff are working to implement effectively the many program changes recently introduced. These consultations are also concentrated on introducing the concept of increased use of food commodities as a development resource which supports the CDSS strategy of improved resource management. This approach will incorporate self help agricultural development projects into the MCH program. Training lectures, following MCH food distribution, will focus on participation in CRS sponsored village agricultural efforts. Food recipients must have a family member participate in the self help activities in order to qualify for MCH food assistance. The joint community development project/food distribution pilot program is planned for 30,000 of the 75,000 MCH recipients in the first year of the program.

### III. The Operational Plan

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The food deficit situation currently being experienced in

Tanzania is exacerbated by an increase in protein energy malnutrition among the population under sixteen years, and is especially pronounced in the under-five age group. A recent survey in two districts indicates malnutrition levels ranging from 25% to 62% in this latter group. Therefore we believe the CRS program, especially in its revised format, is not only required on the ground of humanitarian considerations but can make a valuable contribution to reversing the trend of malnutrition due to the community development projects currently planned. USAID/Tanzania has reviewed the operational plan prepared by CRS/T and concurs with the program as proposed. The proposal for import of 5274 metric tons of supplemental food commodities represents no storage/distribution problem or disincentive to local food production.

It should be noted that the current FY 83 proposal represents a level of funding of approximately \$1.7 million as opposed to the FY 82 proposed level of approximately \$3.5 million. As a result of the audit, the FY 82 level was reduced to approximately \$2.4 million. Savings in the present FY 82 program and the proposed FY 83 program will result from reducing the number of recipients, reducing ration sizes and eliminating receipt of corn soya milk - imports will consist only of bulgar wheat, non fat dry milk and vegetable oil. We believe this reduction in program size and financing is a necessary result of the changes recommended by the 1980 audit. Once the revised operation is effectively implemented, the CRS/Tanzania operation should probably be expanded if the current food and malnutrition situation continues.

OPERATIONAL PLAN FOR CATHOLIC RELIEF SERVICES

TANZANIA

1. Elements of Operations

1. Name of Co-operating Sponsor:  
Catholic Relief Services-USCC  
P.O. Box 9222  
Dar-es-Salaam  
Tanzania

Date Submitted: May, 1982

2. American citizen responsible for Title II supervision:  
(full time)

Lawrence Barbieri - Program Director  
Pauline Wilson - Program Assistant

Administrative Staff

H.H. Hasham - Accountant  
Z.B. Karabani - Office Manager

Pre-School Program

I.L. Ballonsi - Senior Pre-School Supervisor  
J.Chitenje - Pre-School Supervisor  
A. Yowa - Pre-School Supervisor  
A. Jamal - Administrator/Typist  
N. Fernandes - Secretary

Food and Nutrition/Development Program

S.R. Toroka - Project Manager  
R.M. Shomvi - Field Officer  
O. Mziray - Field Officer  
Not hired - Nutrition Officer  
Not hired - Nutrition Officer

Shipping Department

M. Ladha	- Shipping Manager
H. Mziray	- Assistant Shipping Manager
M.R. Simbaylana	- Inland Shipping Officer
H. Abdallah	- Port Officer/End Use Checker
S.Yohana	- End Use Checker/Development Officer

Other Staff

S. Alliy	- Driver
B. Kanda	- Messenger

A. AREA/SCOPE CONDITIONS OF OPERATIONS

Tanzania, listed as a least developed country by the United Nations, has suffered from chronic food shortages since 1979. In the first half of 1982, over 200,000 metric tons of wheat, rice, and maize were imported to cover food deficits. The deficits are in part the results of drought, infrastructure deterioration, pests, and changing farming practices.

A consequence of this food deficit has been an increase in protein energy malnutrition among children under 16. The highest incidence occurs among children under 5. In March-April 1982, a survey of 20 villages in Same and Mpwapwa Districts was conducted by CRS/T with the assistance of Government of Tanzania District officials. This survey indicated malnutrition levels ranging from 25% to 62% in children under 5 years. Malnutrition levels were determined using a Standard of weight for age. All children below 80% were listed as undernourished.

The Government's response has been twofold. Villages in severe need are granted food aid on either an emergency or food for work basis. Villages of marginal

need have mobilized to increase production of drought resistant crops such as sorghum, millet and cassava. Additional efforts continue to be made to improve the operations of the government parastatals concerned with food production and transport.

CRS's response in FY 1982 has been to make its program more effective in assisting areas where the government did not have enough resources to respond to the local present emergency. CRS has been working in Tanzania for 20 years. Over these years, we have adapted our operations to the changing situation in Tanzania. During FY 1982 we completed a major reorganization of our program emphasizing increased management control and more effective use of the food commodities as development assistance.

## 2. CRS APPROACH

The three major sources impacting the formation of this approach are first, the ideas, theories, and assistance of the CRS Regional Medical Office and its director Fr. C. Capone, M.D.; second, the considerable input and consultation from the local Churches and the Tanzanian Government at the National, Regional, district and local levels; third, the expertise and industrious collaboration of our own national and international staff. Underlying all, have been the council and suggestions of Tanzanians from all over the country.

This use of food commodities as a development resource, is amplified and justified in Field Bulletin Number 30, issued by the CRS Regional Medical Office, "Food Aid, Nutrition, and Development", Fr. C. Capone M.D.. The basic aims are as follows:

" A program that makes available food supplies and other forms of aid to agencies and institutions of developing areas to assist families to improve the food consumption, primarily of the most vulnerable household members against a commitment that, in return for the economic aid received and within the limits of their ability, these households will undertake an income generating activity, or will offer labor to the public sector."

This description was the result of CRS's long term experience in Africa and throughout the world with food aid.

Assumptions upon which this description is based are:

- 1) the primary cause of childhood undernutrition in less developed countries is poverty.
- 2) nutrition education, in itself, is not enough to change the child's nutritional status.
- 3) a real increase in the level of income of the total family is necessary for improvement.
- 4) the income increment must be greater than what is required to provide the child with extra food.
- 5) food aid can act as the increment used to improve the child's food intake if it is economically significant to the family.
- 6) the food aid must be tied to an explicit and fully understood commitment by the total family to improve the child's food consumption.
- 7) the commitment can only be real and effective when a means of regular monitoring of the child's growth is included in the programs.

**B. MATERNAL CHILD HEALTH**

25,000 Mothers	75,000 recipients
50,000 Children	

The past maternal child health program was run by clinics, hospital, and dispensaries through Tanzania. While effective, it was realized the program should be much more influential. To facilitate this end, other alternatives and modes of operation had to be developed. With this commitment, in FY 1982, CRS/Tanzania conducted an extensive review of our program and developed two alternative modalities of operation.

The first method concentrates on improving the effectiveness of existing centers in selected regions of the country. In the past, CRS Tanzania assisted 134 centers in 18 regions of Tanzania. The extreme size of the program and the poor communication and transportation infrastructure, throughout the country, limited the desired results. After the review, it was decided to concentrate on 50 centers in 8 regions. These centers range from Government district hospitals to small church mission dispensaries and clinics.

The regions were chosen on the basis of need, availability of transportation, and a fairly regular means of communication. The centers were chosen on the basis of past operational efficiency, effectiveness, willingness to provide administrative accountability and the existence of specific needs in the area surrounding the center.

The methodology of each center is that the participants:

- 1) make a commitment to provide, to the best of their ability and if conditions permit, adequate food and health care for the child.
- 2) attend on a monthly basis a nutrition clinic where the child is weighed and its nutritional status determined.

- 3) attend a nutrition and health lecture/discussion, at the time of the regular visit, which aims at providing the mother with relevant information to improve the nutritional and health status of her child using locally produced food and improved preventive health care practices.
- 4) accept a ration of 2 kilos bulgur wheat, 2 kilos of non-fat dried milk, and one kilo of soybean oil to be used to increase the consumption of appropriate foods for the growing child.

The center insures the participants are able to fulfil their requirements by:

- 1) explaining and demonstrating to the participants the meaning of the commitment through discussion, lectures and active promotion until the meaning is completely understood by the entire family.
- 2) making available enough time and a properly trained staff to conduct regular clinics which weigh and monitor each child through the use of the Growth Surveillance Systems (See end of section for a detailed explanation of the growth surveillance system\*).
- 3) developing a local nutrition and health education methodology which takes into account local economic and social conditions - thus providing a series of appropriate lecture/discussion/demonstrations which are understandable and useful to the mother and her family.
- 4) fulfilling the requirements of the donors of the food commodities and CRS by insuring a regular supply and a complete ration of the food stuffs to the participants.

The second method includes all the plans and expectations found in the first. The major difference lies in the concerted attempt to widen the range of people involved and to place a greater emphasis on community development.

The program, now in proposal form, is expected to have 30,000 recipients; 10,000 mothers and 20,000 children. It would consist of the following:

- 1) selected villages from Same and Mpwapwa Districts of Tanzania. The level of under five malnutrition in these villages range from 37% to 62%.
- 2) district and village government involvement in determining the developmental and nutritional goals of the program from its inception and continuing throughout.
- 3) active participation by the individual villages in determining the developmental and nutritional goals of the program from the beginning and into the future.
- 4) a greater input by CRS/T in the form of a nutritional officer and a development officer in each district - with a project manager based in Dar-es-Salaam.

The program will operate through community centers organized by the villages under the supervision of district government officials. While these centers will perform the same functions as the centers described under Model 1 i.e. education, monitoring, proper dispersal of food commodities and record keeping. Their main emphasis will be on developmental activities planned for their villages rather than the medical and curative orientation found in most of the centers in model 1. All community centers will have made arrangements with local MCH centers, hospitals or dispensaries to refer their people for any needed medical procedures.

The center's educational lectures/discussions will revolve around the applications of the developmental activities planned by the villagers, governmental officials, and the CRS district developmental officer. The CRS nutrition officer will train and supervise the activities of the community centers. She/he will be the liason between the planned projects and the planners, and the center workers, and the mothers and children. She/he will help the center workers develop appropriate methodologies to clarify the villagers understanding: of the reasons for the projects; the expected benifits; and the possible problems. She/he will help set up simple nutritional and basic health education lecture/discussion demonstrations. She/he will be able to indicate to the development officer areas in which development efforts should be directed and areas of insufficient understanding.

#### GROWTH SURVEILLANCE SYSTEM (GSS)

The Grwoth Surveillance System is a simple system using charts to indicate the nutritional status of the individual child and the over-all nutritional status of all under five participants in the community. The charts used are the Individual Chart and the Master Chart.

The Individual Growth Chart plots the child's weight and age on a graph. This indicated the child's nutritional status at the time of plotting. Each child is normally seen by the center staff and plotted once a month. Children suffering from severe malnutrition may be checked and plotted more frequently. The information provided shows the mother and the center staff, on a very concrete level, the child's immediate nutritional status. It indicates the progress the child is making over time and if the progress is satisfactory or unsatisfactory. The center staff and the mother are then able to take remedial action if necessary.

The Master Chart is basically a compilation of the information on each individual growth chart. It includes, on a single graph, the nutritional status of all participating children of a community for any one month. This information is useful to the center and CRS supervisory staffs since it indicates short and long term changes in the nutritional status of the participants over a period of time. It also helps indicate the program's effect on the community, and informs the center and CRS of the existence of negative economic or social conditions which are effecting the nutritional status of children in the village.

C. PRE-SCHOOL CHILD FEEDING DAY CARE CENTERS

7,000 recipients

50 centers

During FY 1982, CRS reviewed the existing day care center program. This review denoted a need for reducing the area and the scope of the program's operation. The FY 1983 program will channel its day care activities through 3 well established local agencies. The Tanzanian Railway Corporation, the Catholic Diocese of Dar-es-Salaam, and the Catholic Diocese of Tanga. The Tanzanian Railway Corporation operates 29 day care centers throughout the country. These day care centers serve both the children of railway employees and the children of the village surrounding the rail station. Each Diocese run day care centers in local parishes for the children living in the vicinity. Entrance is open to all children living in the surrounding region regardless of religion.

Each of these operating agencies are required to appoint a coordinator to act as a liason between CRS and the centers. This coordinator is responsible to CRS for insuring that each center properly prepares the food and reports on its usage. Each center cooks the food daily at the center and gives it to the attending children as a nutritional supplement.

D. OTHER CHILD FEEDING (INSTITUTIONAL)

1,0000 Recipients  
11 Centers

Other child feeding is run by government and church sponsored orphanages, leprosariums and mental hospitals. Recognizing the difficulties such institutions have in adequately feeding their populations, Title II foods are sent to these institutions to cover three months periods. Food is cooked and eaten on the premises daily.

E. FOOD FOR WORK

3,000 Recipients  
750 Workers  
2,250 Dependents  
4 Projects

Food for work projects are run at the local church and village level. Food is provided to unemployed and under employed workers in exchange for labour on such public projects as land clearing and dam, road and building construction. Thus, this program while supplying nutritional assistance to families also promotes community development projects.

Food is allocated to workers on a weekly basis. This food is then taken home and shared within the family.

4. Food Commodity Movement and Monitoring from Port to Operating Centers

The CRS/Tanzania food program brings Title II foods in through the ports of Dar es Salaam and Tanga. CRS retains control of this food in the port, during distribution and in storage.

Prior to the arrival of food shipments:

- Bills of Lading are received from CRS/New York
- CRS/Tanzania send letters requesting duty free certificates as per the GOT/CRS agreement of 1962, from the Treasury
- CRS/Tanzania sends requests for ex-tackle surveys to the CRS surveying agent with copies to the ship's agent and to the CRS Clearing and Forwarding Agent (CFA).

In clearing the consignment from the port:

- Completed documents required for clearing are supplied to the CFA
- The surveyor notifies the CFA and CRS of any damages or short landings immediately after completion of the survey. The CFA has instructions to secure official port documents (weight notes, short landings certificates).
- CRS supervises CFA's movement of food from the port to designated warehouse areas.
- CFA reports to CRS/Tanzania on movement of food from the port after clearance from the port areas.

Title II commodities are either directly transported to their inland destinations or taken to warehouses, situated in the port city, to await transport carriage. The storage facilities, owned by both the private business and church sectors are more than adequate for CRS port site needs:

<u>Port</u>	<u>Warehouse Owner</u>	<u>Capacity</u>
Dar es Salaam	CFA	20,000 MT
Tanga	CFA	1,000 MT
Tanga	Diocese of Tanga	600 MT

(Average quarterly storage requirements for CRS/T.  
Title II food are @ 1,300 MT).

Storage at regional and center level has not proven to be a problem since each diocese has large regional stores to accommodate Title II foods for centers in their area. At the center level, smaller storage units are maintained for Title II foods.

Distribution to centers is as follows:

- CRS prepares a Food Distribution list
- CRS and the CFA arranges for rail or truck and quarterly advance transport notices to distribution centers on the food distribution list or, CFA stores the food in their godowns for collection by centers.
- The center is mailed an advance notice indicating amount and type of food to be sent to the center
- Where consignments are railed to centers, a waybill is mailed to the center concerned; a copy of which is sent to CRS/Tanzania
- The CFA prepare a daily tally sheet to indicate all supplies leaving the warehouse
- Upon receipt of commodities, centers mail a receipt notice to CRS/Tanzania which states the quantity and conditions of goods received.
- If a center has not received his consignment within two months after receiving a waybill, the center is instructed to inform CRS/Tanzania so that CRS can begin claims proceedings with the railways.

While the CFA is contracted to procure rail and truck transport for moving goods inland, many diocesan centers and project level centers have their own vehicles, or hire local transporters to bring goods to their centers. Between CFA, rail and truck transport, and centers vehicles, Title II foods arrive at their final inland destinations within one to three months after arrival in port. It would be ideal if food could reach project centers sooner, but shortages and delays of transport hamper the movement of commodities. Negotiations with the Tanzanian Railways Corporation to obtain priority of transport for Title II foods have been successful and we expect a shorter delivery time for railed commodities, if conditions permit. To monitor the movement of Title II foods CRS/Tanzanian maintains four ledgers:

1. A Master Shipping Ledger which records the movement of commodities from ship's arrival to despatch from the port
2. A warehouse ledger which records movement in and out of the CFA warehouse
3. An Inland Movement Ledger which records the movement of commodities from the time of their despatch from the warehouse until their arrival at distribution centers.
4. A Claims Ledger which records claims made for inland losses, against whom and the results.

To monitor food in storage CRS/Tanzania requires both the CFA, regional stores and project level centers to submit monthly stock reports on food in store. To insure the accuracy of these reports, CRS makes end use checks at the centers. Preferably each center will be visited quarterly with a minimum of 2 visits per center each year.

As for CFA port handling, storage and transport services, the CRS shipping staff is in continuous contact with the CFAs and can thus monitor their work performance. CRS employees are at the port or godown whenever food is moved. To insure appropriate use of food at project center level, CRS/Tanzania requires each center to sign an agreement which specifies how Title II foods will be used. Each center is then issued a manual of operation which clearly defines the requirement of the center. Visits by CRS staff members help CRS to monitor food distribution to recipients. In cases where a center is mis-using food, inadequately storing food and failing to submit monthly documents to CRS/Tanzania, its Title II Program is terminated. If the center cannot effect the the necessary changes. Program agreement forms and visits by CRS staff members helps to insure proper running of all Title II Programs. The above also helps to avoid possible duplication of distribution among the several programs.

To assist centers to understand the mechanics and philosophy behind the food and nutrition program CRS/Tanzania includes in the manual copies of all agreement forms, documents to be submitted by centers and detailed instructions on program operations. The manual clearly specifies that all Title II foods are freely donated by the people from the United States of America. Centers are also supplied with posters indicating the origin of the food and are required to display them at the center.

5. Financing

The operating costs for the CRS/Tanzania food and nutrition program are obtained by charging centers a pro-rated price per unit of food. T.Shs. 20/- is charged per unit, to centers to cover CRS administrative costs, all port handling, and wharfage charges, and empty container fees. An additional

5 shillings charge per unit is obtained from those centers utilizing rail transport. This pro-rated food charge is then passed on to center food recipients who are requested to pay a standard fee for monthly food allotments. Standard fees are presently set by each center and are based on CRS charges, and administrative and transport costs incurred by individual centers. Standard fees to participants presently range from 9 to 20 shillings for five kilos of food whose market value is approximately shs. 200/-.

Whereas part of the standard fee from participants covers a centers operating costs, the rest of this fee is paid to CRS. The pro-rated unit price of T.Shs. 20.00 to centers covers the following CRS Program costs:

- 10.00 All handling port and wharfage costs
- 6.00 Administrative costs for the pre-school nutrition section, nutrition staff, vehicles and office supplies
- 4.00 Empty container fund utilized to cover administrative costs of CRS shipping inland transportation section.

This pro-rated pricing cost is adjusted each January; dependent on costs of operating the Title II food program.

6. Contributions to Program

Host Government

While the government of Tanzania cannot provide inland transport, it does provide CRS duty free entrance of all Title II food commodities, which amounts to an annual estimated savings of \$ 410,820.75. The Government of Tanzania has also exempted CRS from 90% of all port handling, wharfage and storage charges. This amounts to a saving of \$ 57,162.32

CRS - USCC

CRS/New York contributes approximately US\$ \$ 67,000 to cover administrative costs of the Tanzania program. This also includes all costs for staffing the American Director and Program Assistant CRS positions.

Local Voluntary Agency/Associations/Sponsoring

Through payment of CRS pro-rated charges, operating centers contribute approximately \$ 522,120.00 towards CRS Title II food operations. The administrative costs at center level are estimated to be an additional \$ 200.00 per year which are covered by government and churches and mothers fees.

United States Government

The estimated CCC value of commodities (Line 8 total requirements for FY 1983) as per proposed AER and current CCC prices.

<u>Commodity</u>	<u>Weight in Metric Tons</u>		<u>Value in U.S.\$</u>
Non Fat Dry Milk	2082	( \$ 110 )	229,020
Plain Bulgur Wheat	2226	( \$ 269 )	598.794
Oil	966	( \$ 897 )	866.502
CSM	-		-
	<u>5274</u>		<u>1,694.316</u>

The estimated Ocean Freight value for total commodities shipped as per line 8 during FY 83 is not yet known.

Combining the various financial contributions, the CRS/T. Program value for 1983 is as follows:

Duty free savings	\$	410,820.75
Wharfage & Handling Defrayment		57,162.32
CRS/NY Funding		67,000.00
Centers Pro-Rated Charges		522,120.00
Centers Administrative Costs		200,000.00
Value of Title II Food		1,694,316.00
Value of Ocean Freight		<u>Unknown</u>
		2,951,419.07