

UNCLASSIFIED

Annual Budget Submission

FY 1988

KENYA

BEST AVAILABLE



June 1986

**Agency for International Development
Washington, D.C.**

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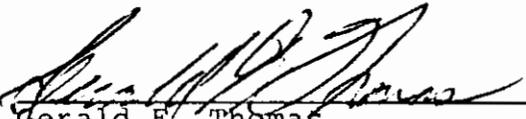
FY 1988 USAID/Kenya
Annual Budget Submission
Table of Contents

1.	Chief of Mission Approval	
2.	Action Plan	
	A. Overview of USAID Strategy and Policy Agenda.....	1
	B. Overall Progress and Implications.....	3
	C. Key Program Targets	
	(I) The Private Sector: Improving The Enabling Environment	7
	(II) Increasing Per Capita Food Production.....	11
	(III) Reducing The Rate of Population Growth.....	13
	D. Mission Work Plan.....	15
	E. Africa Bureau Actions.....	17
3.	Table I - Long Range Plan: FY 1985-92.....	18
4.	Table III - Project Obligations by Appropriation Account..	20
5.	Table IV - Project Budget Date: FY 1985-88.....	22
6.	Africa Bureau Table 1 - Management Units	26
7.	Africa Bureau Table II - Modification to Authorized and Planned Life of Project Cost and Project Completion Date.....	30
8.	Africa Bureau Table IV - Private Voluntary Organizations' Activities.....	32
9.	Africa Bureau Table V - Private Sector Activities.....	34
10.	Africa Bureau Table VI - Regional and Centrally Funded Activities.....	35

11. New Project Narratives	
A. 615-0233 Alternative Health Financing.....	38
B. 615-0241 On Farm Grain Storage II.....	41
12. Table V - Proposed Project Ranking	45
13. Table VI - Expenditures of Local Currency Generations.....	46
14. Table VII - List of Planned Evaluations	50
15. Overseas Workforce and Operating Expenses	
A. Table VIII - Operating Expense Summary.....	54
B. Table VIII - Operating Expense Narrative.....	59
C. Table VIII (a) - Information on US PSC Costs.....	65
D. Table VIII (b) - All Other Code 25 Detail.....	66
E. Table VIII (c) - Obligations for Information Technology Systems.....	67
F. Table VIII (d) - Information on US Direct Hire Staff.....	74
G. Table VIII (e) - Information on IDI Staffing.....	78
H. Table VIII (f) - Information on Foreign & Third Country National Staffing.....	79
16. P.L. 480	
A. Food For Progress Narrative.....	81
B. Table XI - Title I Requirements.....	82
C. Table XIII - Title I/III Supply and Distribution.....	83
D. Title II - Narrative	84
E. Table XIII - P.L. 480 Title II.....	87
17. African Manpower Development Project (AMDP) III Country Training Plan.....	90
18. Research Data.....	92

CHIEF OF MISSION APPROVAL

I approve the program levels for fiscal years 1987 and 1988 for USAID/Kenya as presented in the FY 1988 Annual Budget Submission.


Gerald E. Thomas
Ambassador

Date: 03 JUN 1988

Action Plan for FY 1987 and FY 1988

A. Overview of USAID Strategy and Policy Agenda

Increasing the rate of economic growth and reducing the rate of population expansion remain the twin goals of U.S. economic assistance to Kenya. Since approval of our CDSS in 1984 the Mission has completed separate sector strategies on fertility reduction and private enterprise which expand on and add specificity to the CDSS. We are presently preparing sector strategies for agriculture, health, and for food aid. All will be incorporated in the next full USAID/Kenya CDSS scheduled for completion in February, 1987.

The overall strategy aims at fostering an "enabling environment" to reduce restrictions on private sector entrepreneurs and at an "incentive environment" to provide production and marketing incentives for agricultural producers. This strategy is designed to draw people into growth opportunities generated by strong private sector expansion. To accomplish this the Mission has established these major strategic objectives for its program: expanding the role of private enterprise in economic growth; increasing per capita food production; and reducing the population growth rate.

AID's strategy for expanding the role of the private sector includes:

- promoting growth among Kenya's private, for-profit businesses, by:
 - improving the policy environment that expands incentives for private businesses; and by
 - developing a more effective business support system.

AID's strategy for increasing per capita food production stresses:

- pressing for policy changes that free the marketing of agricultural inputs and agricultural production from government price controls;
- improving the quality and availability of basic food research;
- improving on-farm grain storage technology and disseminating the results widely in Kenya; and
- improving the technical, management and financial capabilities of people in sub-systems (public and private) that deal significantly with the agriculture sector.

AID's strategy for reducing the high fertility rate and dependency ratio stresses:

- 1) deferring first births, 2) spacing births during the middle child-bearing years, and 3) completing fertility at an earlier age, by:
 - expanding information, education and communications about fertility and family planning;
 - expanding community-based and market-based distribution of contraceptives; and by
 - expanding clinical services through Government, NGO's and private practitioners.

Policy Agenda

In its most general manifestation our policy agenda is directed at the establishment of an incentive environment that rewards economic production rather than controls. The agenda centers on domestic investment and trade, agricultural production with a priority on liberalizing prices and market controls, budget rationalization and full public access to modern family planning services. It will benefit smallholder producers, entrepreneurs - both large and small - and the rural and urban labor force by:

- furthering explicit Government support for liberalized investment and trade regulations;
- freeing up and developing the marketing (and storage) of major grains and fostering higher farm gate prices;
- moving the importing and marketing of fertilizers and imported grains from parastatal control into the private sector resulting in competitive pricing;
- increasing the budget and private Kenya contributions for public and private family planning service delivery;
- helping the GOK establish and abide by priorities in its public investments, and sharply improving planning and management efficiencies;

- inducing Government to take the lead in donor coordination, particularly in establishing priorities for donor programs and project;
- complete restructuring of the National Agricultural Research System; and
- helping the GOK implement a policy of balanced economic growth between urban centers and the smaller towns they serve.

All AID program and project assistance will continue to be designed to further policy dialogue by inducing change and underwriting transitional processes associated with such changes, e.g. by providing required technical assistance.

B. Overall Progress and Implications

Overall progress in the past two years has been mixed. USAID/Kenya's macro policy initiatives began in 1982-3 at a time when the GOK, beset with serious budgetary and balance of payments problems, made a series of policy decisions intended to increase monetary and fiscal stability and decrease the role of the government in the economy.

During the past 3-4 years (which included Kenya's worst drought of the century) Kenya's program of macroeconomic stabilization has been extremely successful with Government debt and Government expenditures as a percent of GDP both declining, interest rates turning positive, the trade balance also turning positive (in large part because of tough import restrictions) and foreign exchange reserves increasing sharply (largely because of the strength of coffee and tea prices and the recent decline of energy costs).

On the other hand, divestiture of parastatals has moved slowly; freeing of productivity-related imports has happened mostly on paper; and export promotion has not got off the ground. Only in the past few months, with Kenya's grain warehouses filled to overflowing, has the Government begun to implement the grain marketing recommendations contained in the Booker Grain Marketing Study of 1984.

Progress

Progress towards Mission objectives has been achieved as follows:

General Structural Adjustment:

- the process of divestiture of a few governmental parastatals has begun;
- The GOK budgeting process has been improved using technical assistance and microcomputers provided by AID. Donor projects are increasingly included in the overall budget. Budget rationalization and prioritization of development projects is finally being undertaken;
- GOK fiscal and monetary policies aimed at price stabilization, reduction of inflation, keeping government borrowing and expenditures under control, and reducing the size of government in the GDP are continuing to make progress;
- The GOK (with plenty of AID help) has finally got the accounts straight for past years' counterpart shillings. The system for programming, accounting, and prioritizing has been negotiated in principle and should be operational shortly; and
- AID-financed studies and surveys (effective protection study, price control studies, SRI financial markets study, etc.) are being used by GOK to develop new policies.

Private Enterprise:

- Senior level Government and private sector task force - headed by the Chief Secretary - is working on a GOK private enterprise policy statement and action agenda using many of the studies financed by AID;
- Increasing number of public statements by senior-most GOK officials regarding the partnership between the public and private sectors to generate growth and development in Kenya; and
- Successes in several AID programs in the private sector (KCB small loans program, Leather Industries of Kenya Loan, and small enterprises grant portion of the Rural Private Enterprise project) are providing models for discussions with the GOK leading to changed perceptions about the role of the private sector.

Food Production:

- Sales of imported fertilizers - not only financed by AID, but by all major fertilizer donors - are handled by private sector fertilizer dealers. Large private traders are to be allowed to import directly;
- The GOK is allowing major private grain millers to buy maize directly from farmers rather than as heretofore, only from the grain parastatal (NCPB);
- PL 480 Title I wheat is being sold to private millers immediately upon arrival;
- The GOK is trying to find ways to help private millers build their own storage as an alternative to increasing parastatal grain storage capacity; and
- Agricultural research priorities are being set and a new revitalized national research system is being developed.

Population:

- GOK budget and private contributions for population/family planning have been significantly increased;
- Family planning services at the work place are now being widely accepted due to a successful USAID program, and despite initial hostility by many GOK officials;
- Contraceptive Prevalence Survey indicates that 15% of married couples are practicing some form of fertility regulation - 24% higher than in 1978; one program has reached 42% in a large rural population; and
- Increasing political commitment and actions to reduce the fertility rate through full public access to services and information, and by strongly supporting the principle of voluntarism.

Other:

- The GOK has agreed in principle and to the schedule for the actual annual shilling contribution for a USAID trust fund to help cover Mission operating expenses starting with FY 1987.

Problems

While the Mission is generally pleased with the progress being made in Kenya on many development fronts, there have been problems as well. Progress in many parts of the AID program is slower than anticipated because the GOK has not been willing or able to implement several projects or to provide GOK resources of the magnitude required or in a timely fashion. The \$24 million loan portion of the Rural Private Enterprise (RPE) is an example. It has been stalled over the issue of the central bank re-discount component of the commercial bank lending program. In recent weeks, a series of intense negotiations on this component have moved RPE towards the hoped for start-up.

Of perhaps greater significance is the resistance among many in the GOK to being seen to be pushed around by the donors. Even in cases where there is basic agreement between the GOK and the donors on the benefits of a particular policy decision, that decision (and/or its implementation) may well be slowed by too public and strident a chorus of donor voices urging the change. AID is thus confronted in Kenya with the issue of how hard we should push for reforms intended to spur rates of growth and development and whether pushing too hard is self-defeating. The issue has been sharpened recently by the obvious decision of the World Bank to push the GOK much less forcefully on issues of policy reform than had been the case in the past several years. This is also the posture of the IMF which is publicly pleased with the GOK's management of fiscal and monetary affairs in the past two years. The U.S. is now viewed as the leading macro policy advocate among the donors, even though USAID has broadened its dialogue processes to include much greater emphasis upon informal contacts.

Based upon several analyses, such as the Elliot Berg evaluation of our ESF-funded policy dialogue, and the Mission's own assessments of Kenya's future food prospects, we will continue pressing the GOK on the policy agenda described above. We do not feel that Kenya has the luxury of time. The population growth rate must begin to slow immediately if the "carrying capacity" of the natural resources endowment is not to be strained beyond its presently projected limits within the next two or three decades. At the same time the growth rate of per capita production - agricultural and industrial - must begin to outstrip population growth. To accomplish these twin objectives will require a Herculean effort by the Kenyans and we must continue over the next two years to press for such an effort.

The policy dialogue will continue at both the program-wide level, organized around the annual ESF and Title I negotiations; at the sector-specific level in terms of the GOK's setting priorities and improved budget support; and at specific key policy change targets in terms of discussions of GOK-requested, AID-financed studies, surveys and consultancies. AID's policy agenda will continue to aim at increasing systemic incentives for agriculturalists to produce more food and other agricultural crops, and freeing the private sector from restrictions hampering increased investment in productive enterprises, and helping Kenya's leaders to foster access to preventive health, and to family planning services.

C. Key Program Targets

Our twin problems are increasing the rate of economic growth and reducing the rate of population expansion. Economic growth in Kenya will increasingly depend on the ability of the private sector to invest more heavily in expanding productive capacity. The private sector must seek and secure new markets and take advantage of the local agricultural raw material base and low-wage labor to produce vastly more goods and services. Thus our first key program target is to enhance the "enabling environment" for growth in the private enterprise sector of the economy. The second target, also highly associated with economic growth in the Kenyan context, is increasing agricultural production. The third and last key target remains decreasing the rate of population growth, possibly to 2.8% by the year 2000.

(I.) The Private Sector: Improving The Enabling Environment

The objective of the Mission's private enterprise strategy is to promote growth among Kenya's private for-profit businesses. This objective is being pursued through two parallel and related routes: first, improvements in the policy climate that affects private business, and second, development of a more effective business support system. The key policy areas in which the Mission is involved include: macroeconomic policies, import, price and marketing controls, the investment approval and promotion process, and government involvement in direct production. The aspects of the business support system that Mission activities will help develop are: finance (long term credit, equity capital, small and micro enterprises, credit and export finance), management and entrepreneurship, export promotion, informal sector services and investor services.

Progress over the past two years in policies that affect the private sector has occurred with significant Mission help. Jointly with the IBRD, the IMF and to a much lesser extent, some bilateral donors, AID has helped persuade the GOK to maintain favorable macroeconomic policies: positive real interest rates, realistic exchange rates, low inflation and falling government credit absorption. Through ESF-linked conditionality, AID has encouraged the GOK to improve import administration, by making many goods and commodities subject to more automatic import licensing, by making tariffs more uniform and by reducing the level of tariffs on important intermediate goods. The fertilizer import program has also contributed significantly to de facto privatization of agricultural input distribution.

In early 1985 an evaluation of AID's structural adjustment program suggested that policy dialogue be carried out in part through greater informal interaction between AID and the GOK, and less direct confrontation. This principle has been put into effect successfully during the past year on the whole range of the GOK's policies toward private enterprise. Through an ESF-funded study on investment promotion (host country contract between the Investment Promotion Center and SRI, International) and through frequent staff-level discussions, AID helped initiate and has influenced the content of consensus within the GOK about the role of government vis-a-vis the private sector and the emerging agenda for policy reform. This process is receiving support from the highest levels of Government.

Mission private enterprise projects have achieved important objectives and provided lessons on which future assistance will be built.

- The PRE-funded Kenya Commercial Bank project demonstrated that a commercial bank can be a vehicle for term credit to small, rural businesses;
- The Leather Industries project (also PRE) is well on its way to generating significant employment (400 jobs), backward linkages to pastoralist hides suppliers and export earnings for Kenya; and
- The informal sector component of the Rural Private Enterprise (RPE) project has already improved the ability of ten PVO's to provide entrepreneurial services to micro-enterprises.

To the extent that the Mission's enterprise strategy has faced problems, these relate to the novelty of the approach, which requires that traditional ways of working with the GOK be altered. The GOK has had difficulty handling activities of its own and of donors that support (rather than control) the private sector. The bureaucratic apparatus is both overloaded and resistant to change. In particular, AID has not yet been able to resolve issues with the GOK regarding development of a refinancing mechanism for supplying term credit to the commercial banking system, and a mechanism and acceptable uses for programming ESF-generated counterpart funds reserved for private sector use. Progress in the basic GOK orientation towards the private sector is occurring, however, through the consensus-building process described above. Prospects for resolving the refinancing mechanism issue are, as of this writing, quite good. Progress is also being made on counterpart programming.

The vehicles through which AID will pursue its private enterprise strategy during FY 1987-88 are policy dialogue in conjunction with the ESF program, the existing RPE and Agricultural Management projects, the new (FY 1987) Private Enterprise Development (PED) project, two counterpart-funded small business loan programs, and commercial marketing of family planning services and supplies. It is important to note that AID's work to create a policy environment supporting the private sector cannot be understood by reviewing the ESF program alone. The RPE, PED and family planning projects contain significant policy dialogue elements.

Policy aims to be pursued through ESF include as a first priority maintenance of current achievements in macroeconomic policy. We expect that this will be an area of continued GOK success. Benchmarks for this are:

- The basic macroeconomic variables including expansion of private credit;
- Continued restraint in GOK spending and credit absorption;
- Continued and accelerated achievement in import administration and tariff reform;
- Beginning of serious movement on exports (reduction in tariff rates, improved administration of export compensation schemes, implementation of manufacturing in bond or free zone);
- Financial sector improvements: deposit insurance, money market and capital market reforms (implementation of significant portions of the IFC report recommendations, e.g. action on T-bills); and

- Improved investment climate (prices decontrolled for selected items; and relaxation of local borrowing restrictions on foreign firms, amendments to the Foreign Investment Protection Act).

The RPE project will, during FY 1987-88, lead to the establishment of a refinancing facility at the Central Bank, loans to about 125 small and medium-sized enterprises in small towns, and grants to about 25 PVO's for micro enterprise development. The establishment of the RPE-connected financing facility will be the first step taken by the GOK towards creation of a permanent refinancing facility. In its permanent form, the facility will be a major innovation in the financial system: it will enable the commercial banking system to have routine access for the first time to term capital suitable for development finance.

A core program under AID's direct assistance strategy is the proposed FY 1987 Private Enterprise Development Project (PED). During much of 1985-86 the Mission's research agenda focused on a series of studies for this project which have now resulted in a PID. The project will lead to the creation of one new venture capital company and expansion of an existing one, provision of specialized credit for small and medium-sized exporters, expansion of business and technical advisory capacity within Kenya, and the development of investment promotion and investor services within Kenya and the private business community. By the end of FY 1988 all these institutions will be operating. The project will also fund studies for the Investment Promotion Center in support of the GOK's own internal agenda for creating an enabling environment and support structure, as well as finance the preparation of proposals for the privatization of selected parastatals.

AID will also assist the GOK to reprogram local currency from the FY 1982 Program Grant to establish an informal sector loan program and guarantee program at a local commercial bank. In addition we are proposing one or two PRE centrally-funded projects similar to what they have already done in Kenya but with more substantial Mission involvement.

(II.) Increasing Per Capita Food Production

The Mission has reviewed innumerable IBRD and GOK studies, papers and analyses and finds consistent support for one very constant AID theme - Kenya's growth, at least for the next

several decades, is tied to growth in agriculture - for both food and cash crops, to enhance domestic food supplies and foreign exchange earnings. Another theme, almost as constant, is the scarcity of good agricultural land. In the absence of concerted action, Kenya's per capita domestic food availabilities will continue to show a declining trend, with the result that the projected food import bill may be as high as three to four hundred million dollars per year by the end of the century - in a scant fourteen years.

Policy adjustments over the past several years reflect a shift in Government's treatment of agriculture. In the late 1970s, since the sharp price adjustments brought on initially by the energy crisis and then Kenya's own financial crisis, price incentives and full cost pricing have become GOK policy. Inputs such as fuel, fertilizer and credit are already priced at or near market levels, while seed and veterinary services will soon be sold at cost recovery prices. Wheat and rice prices, though still controlled, are now set at import parity.

A most significant step to reduce parastatal controls on food procurement has been the relaxation of National Cereals and Produce Board's (NCPB) monopsonist position on maize. In the last four months, the thirteen major private millers are now being encouraged to purchase and store maize directly. The miller response to this relaxation has been reassuring; upwards of one half million bags of maize may have been bought in recent months. Major policy steps like these could signal a reversal in per capita trends in basic food grains.

The GOK is increasingly aware of the need to "get agriculture moving." The recently completed Sessional Paper on Renewed Economic Growth gives central priority to agriculture and to urban-rural balance, and prioritizes high value cash and food crops. Profit-motivated growth linkages are seen as the dynamic force stimulating rural production. A Task Force report on agricultural research, just completed in April 1986, spells out the steps Government plans in order to reinvigorate and coordinate public investment in seed research. This plan is also vital for coordinating donor support for what has been a diverse, unprioritized series of near-dormant research stations.

AID's policy agenda will continue to support the GOK's focus on incentives. A key here will be the GOK's implementation of the 1984 Booker recommendations governing public food controls. Over the course of the next few years, the NCPB is to be restructured to act as a buyer and seller of last resort. Steps are being taken now to reduce the NCPB's role in the market and to expand credit for the construction of private storage. The GOK is impressed with the early results

of USAID's On-Farm Grain Storage Project, and plans to replicate the new technology widely. This decision is another sign that food policy is changing, in this aspect to favor rather than discourage farm-level storage.

Other incentive related topics include further liberalization of price and marketing controls on agriculture. Benchmarks, possibly agreed to as conditions under ESF and Title I, will include the continuing price review of the major crops and agricultural inputs; expanded procurement of domestic maize by private millers; and possibly relaxation of district movement controls. AID recently decided to focus its continuing support for a pool of U.S. economic advisors on scopes with a policy-problem orientation. This step should enhance our ability to analyze and support policy adjustments directly.

Title I policy conditionality will be keyed primarily to further privatization of all food imports. Self Help measures will continue to focus on the strengthening of the agricultural data base, production forecasting and an early warning capability. The Mission's Food for Progress proposals for FY 1987 will be based on further market liberalization for domestic maize producers in order to expand their marketing opportunities.

AID's agricultural program strategy continues to focus on the intensification of production on Kenya's scarce arable land and on the input and marketing systems that enable high return to private effort and risks taking. Several studies have indicated the importance of improving yields - made possible by a constant stream of new seed and a greatly expanded use of fertilizer. The Ministry of Agriculture, with major support from AID, and other donors, is to prioritize research station budgets and adjust staff sizes accordingly to reflect the projected payoffs of investments in high value crops. Technological innovation, particularly for maize, under AID's FY 1986 new National Agricultural Research (NAR) Project, is vital as a source of national growth as well as a source of food and raw materials for other sectors in the Kenya economy, particularly for agriculturally-based exports.

Agricultural research will also be supported with a private Research Fund established within AID's National Agricultural Research Project to support up to ten research investments by the end of FY 1988. This innovation, will give further scope to the market determination of research priorities.

The Mission has already shown, to the GOK's satisfaction, that breaking a fertilizer monopoly can directly enhance rural investment opportunity. By the end of FY 1988, fertilizer imports should be entirely a private activity, and retail distribution should be greatly (and profitably) expanded as a predominantly private sector activity. There are now nearly thirty private firms participating in a sector once thought to be dead. With assured supplies of fertilizer, and continued donor coordination on reforms, the Mission is confident that the private fertilizer sector will invest in a country-wide retail system with the attendant promotional campaigns to educate and service smallholder users.

Agricultural education continues to receive great emphasis under several AID projects: under a final transitional Egerton grant; under National Agricultural Research, Agricultural Management, and, in part, under the Mission's proposed Training for Development project.

(III.) Reducing the Rate of Population Growth

Kenya has difficulty providing the resources, goods, and services required for a minimal standard of living for its current population of 21 million. Were the present population growth rate to continue into the 21st century there would be more than 40 million Kenyans in the year 2000 and 80 million by 2020. Rapid population growth during the past 20 years has already curtailed the per capita impact of Kenya's economic growth. When the scarcity of arable land and the low rates of wage employment creation are factored into the equation there can be no other conclusion than that Kenya is heading into economic, social and political chaos unless the population boom is curtailed.

The objective of AID's large population/family planning program in Kenya is to reduce Kenya's population growth rate to 3.5% by 1988, 3.2% by 1992, and 2.8% by 2000. This is to be achieved by a major change in attitude by Kenya's population with regard to desired family size and by vastly increased use of family planning techniques by couples throughout Kenya.

During the past two years AID, as the largest single donor in population/family planning, has made some notable progress and has been involved together with the World Bank and the Scandinavia donors in several important achievements.

First, the recently released Contraceptive Prevalence Survey indicates that a significantly larger percentage of Kenyan couples (15%) were practicing family planning than had been assumed (approximately 10%). This lends credence to the latest official GOK population growth rate figures of 3.8% vs. the 1984 estimate of 4.0%, and to the conjecture that there has been a statistically significant reduction in the growth rate.

Second, there has been increasing political support for a government-sponsored national family planning program. Led by strong statements by the President and a very active and vocal Vice-President, and bolstered by official KANU party platform statements, many lesser political figures have taken up the call for family planning. Perhaps more important, senior and middle-level Government officials, especially those in the Ministries of Health and Finance, have begun allocating considerably larger budget resources to family planning programs.

Thirdly, the Private Sector Family Planning Project has been more successful than planned and has exceeded all of its targets regarding numbers of acceptors. The recently completed evaluation recommended expansion of the project and we have decided to do so (as soon as the design and agreements can be amended) by more than 40% in terms of the numbers of enterprises included within the project.

There have, of course, been problems. The Kenyan bureaucracy has continued to drag its heels in the early stages of implementation of the major Family Planning Services and Support Program. The National Council for Population and Development (NCPD) has not yet begun to play the policy leadership role envisioned for it and there remains considerable traditional hostility and resentment in many sectors of the population against artificial means of limiting family size. Press reports that milk and US PL 480 corn have been adulterated with contraceptives or sterilizing chemicals have gained wide credence - especially among the rural population and school-age children.

Looking ahead. To reduce population growth to 3.5% the prevalence of contraceptive users will have to increase to at least 20% of all couples over the next two years. AID will focus on helping expand the availability of modern contraceptive methods through a variety of clinical and non-clinical methods. A national plan for expansion of community-based family planning services is under review by the NCPD which will provide services through a system of community volunteers to approximately 20% of Kenya's eligible couples.

The subsidized commercial marketing program will have begun making non-clinical contraceptives accessible at affordable prices in semi-urban communities through selected rural outlets. The Mission will continue to work closely with other donors to improve and expand service delivery through Ministry of Health clinical facilities including the training of medical and paramedical personnel. A special program of voluntary surgical contraception will provide services to 30,000 clients through 24 public and private service delivery sites to help meet the high demand for this effective method of fertility regulation.

In the policy area, the major concern is that policy decisions already announced may not be implemented quickly enough, and with sufficient support, to be effective. While announcements have been made and widely publicized that the Government's budget for population will be significantly increased, the Mission's experience does not lead us to be sanguine. We will need to continue to press vigorously for the unflinching commitment of required levels of resources.

D. Mission Work Plan

New Starts

For FY 1987, the Mission plans one new start, Private Enterprise Development (PED), with a LOP of \$40 million. The primary design issue facing the Mission in the coming year is the establishment of modus operandi for all of AID's off-budget activities, particularly for PED.

In FY 1988, the Mission proposes two new starts that are both policy based. On-Farm Grain Storage (phase two) and Alternative Health Financing both reflect further steps forward in USAID's broad policy agenda. The Mission proposes DA funding for On-Farm, and an ESF-funded, sectoral approach for Alternative Health Financing, possibly in conjunction with the World Bank.

Pipeline

On September 30, 1985 the pipeline was \$117,405,000, and on September 30, 1986 is projected to be \$104,793,000. Such relatively high levels reflect three problems.

First, RPE is caught up in protracted negotiations at several levels of Government. Its core idea, term-lending to enterprises through commercial banks, is sufficiently important that the Mission has stayed the course. We expect resolution of remaining issues this summer.

Secondly, the C.I.P. has not moved rapidly. The disbursement rate under the FY 1984 Agreement is very slow in part because of the comparatively high cost of U.S. goods, poor shipping performance and the present high levels of foreign exchange generally. We are working with the GOK now to increase import incentives to smoothen licensing approval, and to have the 1985 Conditions Precedent met.

Thirdly, the loan funded On-Farm Grain Storage is now being redesigned to reduce the numbers of expatriates and to switch to grant funding (an FY 1988 new start).

The Mission mortgage picture is best presented by illustrating a best case scenerio that assumes that the "APPL" levels announced in May 1986 hold, and that no downward adjustments are made in Private Enterprise Development or in National Agricultural Research new-start LOPs. With these assumptions, there is an estimated \$15.7 million available for the proposed FY 1987 and 1988 new starts.

Should the recent "APPL" be revised downwards by roughly 30 percent for Kenya for the coming two fiscal years, then the Mission would take one or several of the following steps:

1. Submit Agricultural Research and PED with only the highest priority design interventions, or divide these projects into two phases.
2. Design On-Farm Storage and Alternative Health Financing as technical assistance projects under ESF-funded consultancies, rely on a large share of shilling counterpart; or delay one or both of these new starts until FY 1989.
3. To enable dollar re-programming to higher priority activities, condition program assistance on greater shilling support for the existing dollar portfolio.

Research Schedule

The Mission's private sector research agenda, a key to developing the PED PP, exemplified the detail and cost which AID must undertake to become knowledgeable and innovative in key new areas. These private sector studies are of high quality and were immediately useful in the design process for USAID, the GOK, and for other donors.

Gray Amendment

USAID/Kenya has provided only limited funding to Gray Amendment entities during FY 1986. These have included \$80,000 in special studies for project design activities, and \$29,000 to a historically black university for project implementation. An additional \$100,000 for design and evaluation activities during FY 1986 is yet to be committed and is potentially available for Gray Amendment contracting.

During FY 1986 \$1,255,000 and during FY 1988 \$3,260,000 will be available for implementation contracting. Gray Amendment firms will be eligible and encouraged to submit competitive proposals for the remainder of the above-mentioned implementation contracts.

The Mission's proposed Training for Development project is a potential candidate for a Gray Amendment/8a contract.

E. Africa Bureau Actions

The Mission seeks Bureau support on three issues.

First, while we recognize the African Region continues to suffer innumerable crises, Kenya's large portfolio requires constant staff support. Bureau management should look to the USAID/Kenya program for proven models that may be replicated elsewhere in Africa. Some innovations require extraordinary AID/W backing, such as that for finding new and creative obligation mechanisms for private enterprise support.

Secondly, the Mission and the Bureau need to explore, with the World Bank and the I.M.F., ways to sustain effective policy coordination for Kenya's structural adjustment process. There is little macro coordination now.

Thirdly, the Bureau's help is sought in further reducing the numbers of unneeded visitors and curtailing the push by special interests to use Kenya as a laboratory for their pet projects which do not fit Kenya's needs or the Mission's development strategy.

3500K

FY 1988 ANNUAL BUDGET SUBMISSION
 TABLE I: LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$000)
 Country: KENYA

	FY 1985	FY 1986	FY 1987		FY 1988	PLANNING PERIOD			
	ACTUAL	ESTIMATE	CP	ESTIMATE	APPL	1989	1990	1991	1992
DEVELOPMENT ASSISTANCE									
Agriculture, Rural Development and Nutrition	6924	10057	6600	6600	10600	12000	15579	14721	15000
Grants	6924	10057	6600	6600	10600	12000	15579	14721	15000
Loans	0	0	0	0	0	0	0	0	0
Population	4100	7800	2039	2039	6928	8000	5621	7956	4000
Grants	4100	7800	2039	2039	6928	8000	5621	7956	4000
Loans	0	0	0	0	0	0	0	0	0
Health	2415	2516	2500	2500	0	0	0	0	1000
Grants	2415	2516	2500	2500	0	0	0	0	1000
Loans	0	0	0	0	0	0	0	0	0
Education	0	315	250	250	0	0	0	100	1000
Grants	0	315	250	250	0	0	0	100	1000
Loans	0	0	0	0	0	0	0	0	0
Selected Development Activities	720	191	6423	6423	2472	1000	800	223	3000
Grants	720	191	6423	6423	2472	1000	800	223	3000
Loans	0	0	0	0	0	0	0	0	0
TOTAL DA ACCOUNTS	14159	20879	17812	17812	20000	21000	22000	23000	24000
Grants	14159	20879	17812	17812	20000	21000	22000	23000	24000
Loans	0	0	0	0	0	0	0	0	0
(Of which PVD)	7420	250	2000	3628	4100	1800	850	500	500
ECONOMIC SUPPORT FUND	25000	14355	22000	22000	30000	32114	33243	34252	35274
Grants	25000	14355	22000	22000	30000	32114	33243	34252	35274
Loans	0	0	0	0	0	0	0	0	0
TOTAL DA AND ESF	39159	35234	39812	39812	50000	53114	55243	57252	59274

FY 1988 ANNUAL BUDGET SUBMISSION
 TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION (\$000)
 COUNTRY: KENYA

TITLE	L/G	FY 1986 ESTIMATE	FY 1987 ESTIMATE	FY 1988 ESTIMATE
AGRICULTURE, RURAL DEVELOPMENT & NUTRITION				
615-0180 Dry Lands Cropping	G	(134.2)*	0	0
615-0220 Rural Private Enterprise	G	100	900	0
615-0221 Agricultural Management	G	2000	0	0
615-0229 National Agricultural Research	G	7421	0	4000
615-0230 Agricultural Development Loan	L	(1724.3)*	0	0
615-0236 Kenya FVO Co-Financing	G	0	1100	2700
615-0238 Private Enterprise Development	G	0	4000	500
615-0239 Institutional Development for Agricultural Training	G	(2000)*	0	0
Rural Women's Extension	G	(100)*	0	0
615-0241 On Farm Grain Storage II	G	0	0	3000
615-0510 PD&S (ARDN)	G	536	600	400
		-----	-----	-----
Sub-total		10057	6600	10600
POPULATION				
615-0223 Private Sector Family Planning	G	2000 #	0	0
615-0232 Family Planning Services and Support	G	5800 (1600)*	0	6000
615-0236 Kenya FVO Co-Financing	G	(72.3)*	2000	928
615-0510 PD&S (PDP)	G	0	39	0
		-----	-----	-----
Sub-total		7800	2039	6928
HEALTH				
615-0232 Family Planning Services and Support	G	2479	1394	0
615-0236 Kenya FVO Co-Financing	G	0	1000	0
615-0510 PD&S (HE)	G	37	106	0
		-----	-----	-----
Sub-total		2516	2500	0
EDUCATION & HUMAN RESOURCES				
615-0236 Kenya FVO Co-Financing	G	250	250	0
615-0510 PD&S (EHR)	G	65	0	0
		-----	-----	-----
Sub-total		315	250	0

TITLE	L/G	FY 1986 ESTIMATE	FY 1987 ESTIMATE	FY 1988 ESTIMATE
SELECTED DEVELOPMENT ACTIVITIES				
615-0236 FVO Co-Financing	6	(57.3)*	223	0
615-0238 Private Enterprise Development	6	0	6000	2200
615-0510 PD&S (SDA)	6	191	200	272
		----	----	----
Sub-total		191	6423	2472
TOTAL DEVELOPMENT ASSISTANCE (DA)		20879	17812	20000
		-----	-----	-----
ECONOMIC SUPPORT FUND (ESF)				
615-0213 Structural Adjustment Program	6	(86.9)*	0	0
615-0240 Structural Adjustment Assistance	6	14355	22000	30000 **
		-----	-----	-----
Sub-total		14355	22000	30000
TOTAL (DA AND ESF)		35234	39812	50000
		-----	-----	-----

#Life of Project to be extended

*DEOB/REOB FUNDS

**615-0233 Alternative Health Financing proposed for ESF funding
 Training for Development 615-0234 shelf project

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

615 - KENYA

BUREAU FOR AFRICA

PROJECT NUMBER AND TITLE	-----ESTIMATED U.S. DOLS COSTS (9000)-----											FORWARD FUNDED TO (MO/YR)	SPECIAL CODE	ITEM NO.		
	G / L	OBLI DATE	--TOTAL COST-- AUTH. PLAN.	OBLIG. THRU FY 1985	FY 85 PIPE LINES	----FY 1986---- OBLIGA- TIONS	EXPENDI- TURES	MORTGAGE END OF FY 86	----FY 1987---- OBLIGA- TIONS	EXPENDI- TURES	FY 1988 AAPL					
615-0168 Rural Roads Systems	G	77	80	1680	1680	1680	31	0	31	0	0	0	0			7238
615-0169 Agricultural System Support Project	G	78	83	26200	26200	26200	1285	0	700	0	0	500	0			7240
615-0169 Agricultural System Support Project	L	78	83	23600	23600	23600	1884	0	700	0	0	1100	0			7241
615-0172 Arid and Semi-Arid Lands Dev.	G	79	83	10900	10900	10900	3634	0	3000	0	0	538	0	NA		7242
615-0180 Drylands Cropping Systems Research	G	79	84	4099	4233	4099	200	(134.2)	150	0	0	49	0			7243
615-0189 Rural Planning II	G	80	83	3575	3575	3575	914	0	914	0	0	0	0			7245
615-0190 On Farm Grain Storage	L	81	81	7800	7800	7800	5508	0	565	0	0	500	0			7246
615-0220 Rural Private Enterprise	G	83	87	12000	12000	11000	9917	100	2000	900	900	3500	0	PRZ		7256
615-0220 Rural Private Enterprise	L	83	84	24000	24000	24000	24000	0	0	0	0	5000	0	PRZ		7257
615-0221 Agricultural Management	G	85	86	3000	3000	1000	1000	2000	500	0	0	1500	0	PRZ		8119
615-0229 National Agricultural Research	G	86	92	0	40000	0	0	7421	50	32379	0	5820	4000	12/88		5716
615-0230 Agricultural Development Loan	L	84	86	13000	14724	13000	7347	(1724.3)	7347	0	0	1724	0	PRZ		7663
615-0236 Kenya PVO-Co-Financing	G	85	89	5000	5000	1200	1134	0	470	3800	1100	351	2700	4/92	PVO	9103
615-0238 Private Enterprise Development	G	87	91	0	30000	0	0	0	0	0	4000	1000	500	12/89	PRZ	9737
615-0239 Institutional Development for Agricultural Training	G	86	86	0	2000	0	0	(2000)	0	0	0	600	0			
615-0241 On Farm Grain Storage II	G	88	91	0	7500	0	0	0	0	0	0	0	3000	6/89		
615-0310 PD&S (ARIM)	G	85	0	1260	0	724	0	536	575	0	600	600	400			8120
Appropriation Total				134434	214532	127098	56823	10057	16971	37279	6600	22802	10600			
Grant				66034	144408	58698	18084	10057	8359	37279	6600	14478	10600			
Loan				68400	70124	68400	38739	0	8612	0	0	8324	0			

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

615 - KENYA

BUREAU FOR AFRICA

PROJECT NUMBER AND TITLE	ESTIMATED U.S. DOLS COSTS(0000)											FORMED FUNDS TO (000-YR)	SPECIAL CODE	ITEM NO.	
	B / DATE	OBLI AUTH.	TOTAL COST	OBLIG. THRU	FY 85 PIPE-LINES	FY 1986 OBLIGA-TIONS	EXPENDI-TURES	MORTGAGE ENG OF FY 86	FY 1987 OBLIGA-TIONS	EXPENDI-TURES	FY 1988 AMPL				
Population															
615-0165 Population Studies & Research Center	6 76	80	2692	2692	2692	24	0	24	0	0	0	0			7257
615-0193 Family Planning II	6 82	82	2400	2400	2400	1270	0	750	0	0	0	0			7247
615-0216 Family Planning Management Program (PVB) ANREF	6 83	83	310	310	310	135	0	80	0	0	75	0		PVB	
615-0223 Private Sector Family Planning	6 83	86	6500	6500	6500	2300	2000	1013	0	0	952	0		PB2	7239
615-0232 Family Planning Services & Support	6 85	91	30877	30877	4000	4000	5000 (1600)	1600	27477	0	2050	6000			8121
615-0236 Kenya PVB Co-financing	6 85	88	3000	3000	0	0	(72.3)	31	2928	2000	351	928	4/92	PVB	9738
615-0510 PMS (PDP)	6 85	0	100	100	100	0	0	0	0	39	0	0			8122
Appropriation Total			99187	99187	11310	7733	7800	3554	30405	2039	4228	6928			
Grant			99187	99187	11310	7733	7800	3554	30405	2039	4228	6928			
Loan			0	0	0	0	0	0	0	0	0	0			
Health															
615-0187 Health Planning and Information	6 79	84	2350	2350	2350	189	0	189	0	0	0	0			7244
615-0216 Family Planning Management Program (PVB) ANREF	6 83	83	310	310	310	135	0	90	0	0	35	0		PVB	7253
615-0219 Kitui Primary Health Care II (PVB) CBS	6 83	83	500	500	500	244	0	146	0	0	95	0		PVB	7225
615-0232 Family Planning Service & Support	6 85		6123	6123	250	250	2479	0	1394	1394	1130	0			9822
615-0236 Kenya PVB Co-financing	6 85	88	3000	3000	2000	2000	0	517	1000	1000	746	0		PVB	9739
615-0510 PMS (OE)	6 85	0	65	142	65	0	37	37	0	106	106	0			8126
Appropriation Total			10548	10625	5675	2838	2516	979	7994	2500	2152	0			
Grant			10548	10625	5675	2838	2516	979	7994	2500	2152	0			
Loan			0	0	0	0	0	0	0	0	0	0			

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

615 - KEN.A

BUREAU FOR AFRICA

PROJECT NUMBER AND TITLE	-----ESTIMATED U.S. DOLS COSTS(\$000)-----											FORWARD FUNDED TO (MO/YR)	SPECIAL CODE	ITEM NO.	
	G / DATE	OBLI AUTH.	TOTAL COST-- PLAN.	OBLIG. THRU FY 1985	FY 85 PIPE- LINES	---FY 1986--- OBLIGA- TIONS	EXPENDI- TURES	MORTGAGE END OF FY 86	---FY 1987--- OBLIGA- TIONS	EXPENDI- TURES	FY 1988 AACL				
Education and Human Resources															
615-0214 Technology Training	6 81	81	451	451	451	33	0	33	0	0	0	0			10873
615-0236 Kenya PVO Co-Financing	6 85	87	500	500	0	0	250	200	250	250	150	0		PVO	9740
615-0510 PD&S (EHR)	6 86	0	65	65	0	0	65	65	0	0	0	0			8127
Appropriation Total			1016	1016	451	33	315	298	250	250	150	0			
Grant			1016	1016	451	33	315	298	250	250	150	0			
Loan			0	0	0	0	0	0	0	0	0	0			
Selected Development Activities															
615-0205 Renewable Energy	6 81	82	4800	4800	4800	1040	0	600	0	0	300	0		EY	7248
615-0212 Small Towns HG-TA	6 81	84	665	665	665	129	0	129	0	0	0	0			7252
615-0225 Private Sector Housing Finance	6	85	900	900	900	790	0	350	0	0	250	0		PRZ	7587
615-0226 Maseno South Enterprise Development (PVO) WEI	6 82	82	500	500	500	238	0	238	0	0	0	0		PVO	7260
615-0236 Kenya PVO Co-Financing	6 85	87	500	500	500	220	(57.3)	0	223	223	351	0		PVO	9741
615-0238 Private Enterprise Development	6 87	91	0	10000	0	0	0	0	10000	6000	1000	2290	12/89	PRZ	9742
615-0510 PD&S (SDA)	6 85	0	291	450	100	0	191	191	0	200	200	272			8128
Appropriation Total			7656	17815	7465	2417	191	1508	10223	6423	2101	2472			
Grant			7656	17815	7465	2417	191	1508	10223	6423	2101	2472			
Loan			0	0	0	0	0	0	0	0	0	0			

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

615 - KENYA

BUREAU FOR AFRICA

PROJECT NUMBER AND TITLE	ESTIMATED U.S. DOLS COSTS(0000)												FORWARDED FUNDED TO SPECIAL CODE	ITEM NO.
	G DMLI / DATE L INI FIN	TOTAL COST-- AUTH. PLAN.	OBLIG. THRU FY 1985	FY 85 PIPE- LINES	FY 1986 OBLIGA- TIONS	FY 1986 EXPENDI- TURES	MORTGAGE END OF FY 86	FY 1987 OBLIGA- TIONS	FY 1987 EXPENDI- TURES	FY 1988 AMPL				
Economic Support Fund														
615-0213 Structural Adjustment Program Grant	6 83 85	76000 76000	76000	47186	0	21411	0	0	25775	0			PR2	5715
615-0240 Structural Adjustment Assistance Grant	6 86 88	66355	0	0	14335	1300	52000	22000	5000	30000			PR2	10706
Appropriation Total		76000 142355	76000	47186	14335	22711	52000	22000	31575	30000				
Grant		76000 142355	76000	47186	14335	22711	52000	22000	31575	30000				
Loan		0 0	0	0	0	0	0	0	0	0				
Country Total		278841 437530	227999	117630	35234	44421	132551	39012	63000	50000				
Grant		210441 367406	159599	78291	35234	37409	132551	39012	54604	50000				
Loan		68400 70124	68400	38739	0	6612	0	0	8396	0				

Figures in parenthesis represent BEBB/REBB funds

Training for Development (615-0234) shelf project

AFRICA BUREAU TABLE I
ACTUAL MANAGEMENT UNITS REQUIRED FOR MISSION AND PROJECT ADMINISTRATION - FY 86

(In person months per year)

Country: Kenya	U.S. PERSONNEL			FOREIGN SERVICES NATIONALS			THIRD COUNTRY NATIONALS		REDSO	AID/W-TDY	TOTALS
	USDA	OE	Project	FSDH	OE	Project	TCNH	OE			
ADMINISTRATIVE FUNCTIONS											
Program Management	103	22	29	26	60	0.5					240.5 **
Financial Management	24	24	0	66	54						168
Administrative Management	36	24		132	209					0.7	401.7
Subtotal	163	70	29	224	323	0.5				0.7	810.2
PORTFOLIO FUNCTIONS											
BILATERAL PROJECTS											
615-0229	National Ag. Research	15							2	5	18.5
615-0239	Institutional Development and Agricultural Training	2		5					2		9
615-0221	Agricultural Management	1.5		4					1		6.5
615-0169	Ag. Systems Support	5		6	1						12
615-0180	Drylands Cropping	15.4									15.4
615-0172	Arid & Semi-Arid Lands	4									4
615-0189	Rural Planning II	2									2
615-0190	On Farm Grain Storage	5									5
615-0205	Renewable Energy	2									2
615-0230	Ag. Development Loan	4									4
615-0213	Structural Adjustment Program	15			9	11.5					35.5
615-0220	Rural Private Enterprise	6		10	9.5						25.5
615-0238	Private Enterprise Dev.	4		1	4						9
615-0236	Kenya PVQ Co-Financing	6			18						24
615-0234	Training for Development	2		1	5						8

AFRICA BUREAU TABLE I
ACTUAL MANAGEMENT UNITS REQUIRED FOR MISSION AND PROJECT ADMINISTRATION - FY 66

(In person months per year)

Country: Kenya	U.S. PERSONNEL PSC		FOREIGN SERVICES NATIONALS PSC		THIRD COUNTRY NATIONALS PSC		NEPSD	AID/PT	TOTALS					
	USDR BE Funded	Project	FSDNR BE Funded	Project	TCDNR BE Funded	Project								
615-9001	Ambassador's Self Help Fund		1						1					
615-9001	Human Rights		1						1					
OTD	Activities		2						2.5					
	Project Participants' Training		6		5				11					
	Other Activities		11		0				19					
GRANT TOTAL			329.	70.5	29	293	000.5	12	0	0	0	6	4.2	1044.7

Based on 12 person months per individual. Totals can be discounted by approximately 8.31 if various leave and other absences averaging one person-month a year, per individual, are considered.

**Includes 104 person-months in Projects Office considered as program management function.

AFRICA BUREAU TABLE II
 FY 1988 ANNUAL BUDGET SUBMISSION
 MODIFICATIONS TO AUTHORIZED & PLANNED
 LIFE OF PROJECT COST & PROJECT COMPLETION

Project Number	Project Name	Date of Initial Obligation	Authorized		Current LOP	Proposed Amendment To LOP (\$)	Original PACD In Proj. Agmt.	Current PACD	Proposed PACD
			Proj. Agmt. (\$)	In LOP (\$)					
615-0169	Agricultural Systems Support Project	8/78	\$23.6m. (L) \$26.2m. (G)	Same Same	N/A N/A		3/85	6/87	N/A
615-0172	Arid and Semi-Arid Lands Development	8/79	\$13.0m. (G)	\$10.9	N/A		12/84	6/87	N/A
615-0180	Drylands Cropping Systems Research	9/79	\$4.0m. (G)	\$4.099m.	\$4.233m. (increase of .134)		1/84	1/87	N/A
615-0189	Rural Planning II	8/80	\$3.575m. (G)	Same	N/A		8/85	3/86	N/A
615-0190	On-Farm Grain Storage	6/81	\$7.8m. (L)	Same	N/A		6/86	6/88	N/A
615-0205	Renewable Energy	8/80	\$4.8m. (G)	Same	N/A		9/84	12/86	N/A
615-0230	Agricultural Development Program	9/84	\$13.0m. (L)	Same	\$14,724,314 (increase of \$1,724,314)		9/86	Same	2/87
698-0388.13	Women In Development	9/80	\$1.84m. (G)	Same	\$1.284m (increase of \$100,000)		12/85	6/87	N/A

AFRICA BUREAU TABLE II
 FY 1988 ANNUAL BUDGET SUBMISSION
 MODIFICATIONS TO AUTHORIZED & PLANNED
 LIFE OF PROJECT COST & PROJECT COMPLETION

Project Number	Project Name	Date of Initial Obligation	Authorized		Proposed Amendment to LOP (\$)	Original PACD In Proj. Agrmt.	Current PACD	Proposed PACD
			Date of Initial LOP (\$)	In Current LOP				
615-0193	Family Planning II	8/82	4,000,000	2,400,000	-	9/30/85	6/30/86	N/A
615-0223	Family Planning Private Sector	8/83	4,500,000	4,500,000	+2,000,000	9/30/87	9/30/87	10/30/89
615-0187	Health Planning & Info.	8/79	2,550,000	2,550,000	-	1/31/86	6/30/86	N/A
615-0216	Family Planning Res. Management (AMREF)	8/83	620,000	620,000	-	6/11/86	8/11/86	2/28/87
615-0219	Kitul Primary Health Care (FVO)	4/83	500,000	500,000	-	2/31/86	12/31/86	N/A

AFRICA BUREAU TABLE IV
FY 1988 ANNUAL BUDGET SUBMISSION

PVO ACTIVITY

Project No.	Project Name*	PVO Name (US/Hon U.S.)	Functional Account	Span of PVO LOP	FVO LOP For Total Project and % of Total	FY-86			FY-87		FY-88	
						Obligations	Obligations	Obligations	Obligations	Obligations	Obligations	Obligations
938-0216	Lutheran World Relief	US	N/A	3	N/A	N/A	N/A	(PACD in 1986)	-			
938-0259	Institute for International Development Inc. (IIDI) (C)	US	N/A	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
938-0263	Coordination in Dev. (Code1) (C)	US	N/A	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
938-0267	Cooperative of America Relief Everywhere (CARE) (C)	US	N/A	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
938-0265	Aga Khan Foundation USA (AKF) (C)	Not known	N/A	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
938-0273	Adventist Development & Relief Agency (ADRA) (C)	US	N/A	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
938-0202	World Vision Relief Organization (WVRD) (C)	US	N/A	3	N/A	N/A	N/A	N/A	N/A	(PACD in FY 87)		
Not avail- able	World Relief Corporation (WRC) (C)	US	N/A	3	N/A	N/A	N/A	N/A	N/A	(PACD in FY 86)		
938-0264	Private Agencies Collabo- rating Together (PACT) (C)	US	N/A	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
938-0261	Meals for Millions/Freedom from Hunger Foundation (MFM/FHF) (C)	US	N/A	2	N/A	N/A	N/A	N/A	N/A	(PACD May 4, 87)		

*(B) Indicates bilateral; (R) indicates regional; (C) indicates centrally-funded.
N/A - Not available

AFRICA BUREAU TABLE IV
FY 1988 ANNUAL BUDGET SUBMISSION
P 3 ACTIVITY

Project No.	Project Name*	PVO Name (US/hon U.S.)	Functionals Account	Span of PVO LOP	% of LOP For Total Project and % of Total	FY-87 Obligations	FY-88 Obligations
938-0248	Foster Parents Plan of the US (PLAN) (C)	US	N/A	3	100	N/A	(PAID in FY 87)
938-0254	Episcopal Church of the U.S.A. (EUSA) (C)	US	N/A	3	100	N/A	N/A
938-0509	Salvation Army World Office (SANSO)	US	N/A	3	100	N/A	N/A
938-0177	Young Men Christian Association (YMCA)	US	N/A	3	100	N/A	N/A
932-0644 (B)	Child Survival	PVO	HE	N/A	N/A	350,000	500,000
932-0968	Prog in Voluntary Steril.	AVSC	PN	6	N/A	260,000	300,000
936-3042	Family Planning Services Pathfinder	AVSC	PN	5	N/A	480,000	400,000
932-0955	FP International Ass.	FPIA	PN	6	N/A	400,000	200,000
615-0220	Rural Private Enterprises (B)	World Edu. Int.	ARON	6	\$12.0m.-50%	100,000	0
615-0234	Kenya PVO Co-Financing (B)	VADA	ARON; POP; HE; EHR; SDA	7	\$12.0m.-33%	-	-
615-0219	Kitul Primary Health II (B)	CRB	HE	3	\$0.5m.-100%	-	(PAID in FY 87)
615-0216	Family Planning Management Program (B)	AVSEF	POP; HE	3	\$0.62m.-100%	-	(PAID in FY 87)

* (B) indicates bilateral; (R) indicates regional, (C) indicates centrally-funded;
N/A - Not available

1
3
1

AFRICA BUREAU TABLE V
FY1988 ANNUAL BUDGET SUBMISSION

PRIVATE SECTOR ACTIVITIES

<u>Project #</u>	<u>Project Name*</u>	<u>Implementing Organization (US/Non US)</u>	<u>Functional Account</u>	<u>Private Sector LOP Span</u>	<u>Priv. Sect. LOP Total Project and % of total</u>	<u>FY-86 Obligations</u>	<u>FY-87 Obligations</u>	<u>FY-88 Obligations</u>
615-0220	Rural Private Enterprise	US/Non US	ARDN	6	100%	100,000	900,000	0
615-0221	Agricultural Management	Non US	ARDN	3	50%	2,000,000	0	0
615-0230	Agricultural Dev. Loan	Non US	ARDN	2	100%	1,724,314	0	0
615-0236	Kenya PVO Co-Financing	Non US	ARDN, POP, HE, EHR, SDA	7	100%	379,600	4,573,000	3,628,000
615-0238	Private Enterprise Development	Non US	ARDN, SDA	7	75%	0	10,000,000	4,200,000
615-0223	Private Sector Family Planning	US	PN	6	100%	2,000,000	0	0
615-0232	Family Planning Services & Support	Non US	PN, HE	7	10%	9,879,000	1,394,000	6,000,000
615-0216	Family Planning Management Program	US	PN, HE	3	100%	0	0	0
615-0219	Kitui Rural Health II	US	HE	3	100%	0	0	0
615-0225	Private Sector Housing Finance	Non US	SLA	4	100%	0	0	0
615-0213	Structural Adjust. Program Grant	Non US	ESF	4	80%	0	0	0
615-0240	Structural Adjust. Program Grant	Non US	ESF	5	100%	14,355,000	22,000,000	30,000,000

AFRICA BUREAU TABLE VI
FY 1988 ANNUAL BUDGET SUBMISSION

REGIONAL AND CENTRALLY FUNDED ACTIVITIES

<u>Project No.</u>	<u>Project Name</u>	<u>Organization Implementing (US/Non U.S.)</u>	<u>Functional Account</u>	<u>LOP (Yrs)</u>	<u>LOP (\$000)</u>	<u>FY-86 Obligations</u>	<u>FY-87 Obligations</u>	<u>FY-88 Obligations</u>
<u>1. Directly Related To Mission Portfolio</u>								
940-0004	International Executive Services Corps (IESC)	PRE	ARON SDA Health	17 17 3	Not Available " "	Not available " "	Not available " "	Not available " "
931-1328	Small Ruminants	Winrock Int.	ARON	9	1,234,000	0	510,000	Ends Dec. 1987
615-0506.15	Small Project Assistance	U.S. Peace Corps	SDA	4	160,000	40,000	40,000	40,000
698-0433	African Manpower Development Project	Government of Kenya	EHR	FY 82-83	1,015	140	-	-
938-0509	Salvation Army World Office (SWSO)	US	N/A	3	176,000	N/A	N/A	N/A
983-0177	Young Men Christian Association (YMCA)	US	N/A	3	250,000	N/A	N/A	N/A
932-0644 (S)	Child Survival	PVO	HE	N/A	1,500	500,000	500,000	500,000
932-0644 (B)	Paramed Auk Training	UNC-INTRAH	PN	5	630	90,000	90,000	N/A
932-0968	Prog in Voluntary Steril.	AVSC	PN	6	1,150	260,000	300,000	300,000
932-0604	Trng Reprductive Health	JHU-JHP/ECO	PN	6	1,670	370,000	350,000	300,000
936-3042	Family Planning Services	Pathfinder	PN	5	1,880	480,000	400,000	250,000
932-0955	FP International Ass.	FP/IA	PN	6	1,700	400,000	400,000	200,000

AFRICA BUREAU TABLE VI
FY 1988 ANNUAL BUDGET SUBMISSION

REGIONAL AND CENTRALLY FUNDED ACTIVITIES

<u>Project No.</u>	<u>Project Name</u>	<u>Organization Implementing (US/Non U.S.)</u>	<u>Functional Account</u>	<u>LOP (YrB)</u>	<u>LOP (\$000)</u>	<u>FY-86 Obligations</u>	<u>FY-87 Obligations</u>	<u>FY-88 Obligations</u>
<u>II. Indirectly Related To Mission Portfolio:</u>								
938-0202	World Vision Relief Org. Organization (WVRO)	US	N/A	3	N/A	N/A	N/A	(PACD in FY 87)
Not available	World Relief Corporation (WRC)	US	N/A	3	N/A	N/A	(PACD in FY 86)	
938-0264	Private Agencies Collaborating Together (PACT)	US	N/A	3	N/A	N/A	N/A	N/A
938-0261	Meals for Millions/Freedom from Hunger Foundation (MFV/FHF)	US	N/A	2	N/A	N/A	N/A	(PACD May 4, 87)
938-0248	Foster Parents Plan of the US (PLAN)	US	N/A	3	N/A	N/A	N/A	(PACD in FY 87)
938-0254	Episcopal Church of the U.S.A. (ECUSA)	US	N/A	3	N/A	N/A	N/A	N/A
932-0632	Johns Hopkins Oper. Res.	JHU-Int'l Re	PN	5	1,000	0	100,000	0
936-3040	Natural Family Planning	Georg. Univ	PN	5	100	0	150,000	0
936-3004	Pop Communications Ser.	JHU-Pub. Re.	PN	5	200	0	35,000	35,000
936-3023	Demo. and Health Survey	Westinghouse	PN	5	100	35,000	35,000	30,000

AFRICA BUREAU TABLE VI
FY 1988 ANNUAL BUDGET SUBMISSION

REGIONAL AND CENTRALLY FUNDED ACTIVITIES

<u>Project No.</u>	<u>Project Name</u>	<u>Organization Implementing (US/Non U.S.)</u>	<u>Functional Account</u>	<u>LOP (Yrs)</u>	<u>LOP (\$000)</u>	<u>FY-86 Obligations</u>	<u>FY-87 Obligations</u>	<u>FY-88 Obligations</u>
938-0216	Lutheran World Relief	US	N/A	3	N/A	N/A	(PAOD in 1986)	
938-0259	Institute for International Development Inc. (IID)	US	N/A	3	N/A	N/A	N/A	N/A
938-0263	Coordination in Development (Code1)	US	N/A	3	N/A	N/A	N/A	N/A
938-0267	Cooperative of America Relief Everywhere (CARE)	US	N/A	5	N/A	N/A	N/A	N/A
938-0265	Agia Khan Foundation USA (AKF)	not known	N/A	3	N/A	N/A	N/A	N/A
938-0273	Adventist Development & Relief Agency (ADRA)	US	N/A	3	N/A	N/A	N/A	N/A

PROJECT NUMBER : 615-0233

PROJECT TITLE : Alternative Health Financing

PROPOSED FUNDING (Thousands \$)

: FY 1988	Grant	\$5,000
	Loan	\$ -
	Total	\$5,000
: FY 1989	Grant	\$5,000
	Loan	\$ -
	Total	\$5,000
: LOP	Grant	\$10,000
	Loan	\$ -
	Total	\$10,000

APPROPRIATION ACCOUNT : ESF

Project Purpose: To strengthen health financing systems in the public and private sectors so that the quality of curative services may be improved, the GOK recurrent cost burden may be reduced, and the proportion of the GOK health budget allocated to preventive and promotive health service is increased.

Problems: Kenya's health strategy over the next decade calls for increasing the priority placed on preventive and promotive health measures. Implementation of these objectives will require major departures from present GOK health policies and corresponding MOH budgetary priorities. Government hospitals alone have regularly claimed a high proportion of MOH recurrent budgets, averaging 68.5% over recent years. Over the same period Rural Health Services have claimed an average of only 9.4% and those programs budgeted under "Preventive Medicine and Promotive Health" have claimed only 5.5%.

Increasing stringency has characterized the MOH's recurrent budget in recent years. Expenditures per capita in real terms for 1983/84 were 73% of the levels five years earlier. The MOH clinical infrastructure today is only reaching 40% of the rural population, yet the GOK plans to increase this percentage to total coverage by the year 2000. Kenya has also embarked on an expansive family planning program, with donor assistance, to reduce its estimated population growth rate of four percent. It is estimated that for the next seven years increased family planning services alone will cost \$160 million. Kenyan health strategy over the coming decades, therefore, requires that the recurrent budget must support greater allocations for preventive, promotive and rural health services relative to those for hospitals and curative services. An alternative financial strategy is required.

The prospects for generating adequate resources for governmental preventive/promotive programs including family planning are remote so long as the system for financing these services remains one of sole reliance upon free services financed from general tax revenues. Quantitative and qualitative improvements in public health coverage require that a larger proportion of curative treatment costs be borne by consumers within the public sector and by an expanded private sector health capability.

Private sector curative services are available and widely used in rural Kenya already, most of it from traditional healers who charge low fees for potions and services. More costly modern curative services must compete with and/or co-opt traditional practice to improve the quality of the private sector.

The Project: The Ministries of Health and of Planning and National Development with USAID (and World Bank) support will analyze, develop, and test alternative strategies for delivering services in both the private and public sectors, so as to bring about (1) a circumstance where more of the cost of sickness treatment will be borne by the beneficiaries of the services, and (2) there will be greater access to more effective and higher quality curative care.

USAID will attempt to fund the project through \$10 million in ESF since a subsidiary objective of the project is greater cost recovery, in support of the GOK's economic structural adjustment program. A significant amount of counterpart shilling will be used for project support in addition to the \$10 million in ESFs.

In close consultation with the GOK, four major schemes will be developed and tested, together with financing for some smaller studies and tests.

1. A study followed by operations research will be undertaken in establishing free standing, full cost recovery urban clinics that provide fast, efficient curative care to working populations in three or more small cities. Any profits or equity acquired from fee recovery will be utilized to (1) provide preventive health interventions to those urban populations and/or (2) fund further expansion of free standing curative services in other urban centers.

2. A study and operational test will be undertaken aimed at utilizing the extensive cooperative movement in Kenya to engage small holders (and other categories of own-account workers) in health insurance and other social financing (e.g., pre-payment) of private and public health and sickness services. (Re profits and equity, as in #1 above).

3. The GOK will review the operations of its National Hospital Insurance Fund (NHIF) in an effort to increase revenues to government health facilities. The study will also investigate payment procedures by NHIF to private facilities and medical practitioners.

4. The GOK may design and test a pilot fee-for-services scheme for one or more selected government hospitals. The fees collected would revert to the hospitals; not to general government revenue. The pilot scheme would entail the creation of semi- or fully autonomous status for selected hospitals.

5. Other test activities may include: (a) fees for drugs; (b) fees for services by government health centers and dispensaries; and (c) other schemes as identified for testing during project development.

Relationship to USAID Strategy in Kenya: This policy-centered project is designed to demonstrate and help establish more efficient delivery of basic social services. The project would promote increased reliance on cost recovery and private sector approaches to providing curative health care, while freeing additional resources for preventive and promotive health care within the GOK recurrent budget. The objective of the project cost recovery for a social service thus qualifies as a component of the government's structural adjustment program which USAID has supported since FY81 through ESF, CIP's and technical assistance.

Beneficiaries: The immediate beneficiaries will be the health care institutions of the government, the private sector and community groups. The primary beneficiaries will be the recipients of health services particularly those in the rural areas.

PID Approval Authority: We request that delegation of PID approval authority be given to USAID/Kenya. We see no policy issues in the development or implementation of the project that require AID/W resolution.

PROJECT NUMBER: 615-0241

PROJECT TITLE: ON-FARM GRAIN STORAGE II

PROPOSED FUNDING:

FY 1988	Grant \$3,000,000
	Loan
	Total
FY 1989	Grant \$1,500,000
	Loan
	Total
FY 1990	Grant \$3,000,000
	Loan
	Total
LOP	Grant \$7,500,000
	Loan
	Total \$7,500,000

APPROPRIATION Account: FW

Project Purpose: The purpose of this project is to increase the use of more effective on-farm grain handling and storage practices in Kenya in support of the Kenyan Government policy initiatives in the grain storage and marketing area.

The GOK has recently taken a major step in grain market liberalization by allowing private millers to buy grain directly from farmers, thus breaking the long standing monopoly of the National Cereals and Produce Board (NCPB) parastatal. The project will enable smallholder farmers to benefit from the new policy changes, by giving them the incentive to produce more grain which can be stored on the farm and sold at a later date to take advantage of seasonal price changes. With this liberalization policy and increased production come the needs for greatly expanded storage capacity in the milling industry and on-farms. This project directly addresses the latter through the development and extension of improved on-farm grain storage technology and structures.

Problems: Research conducted under the present AID-financed On-Farm Grain Storage Project (615-0190) indicates that grain storage losses in Kenya are between 15-20 percent per year. At these percentages, total per year on-farm grain losses in Kenya are estimated to be 375,000 mt. or \$52,000,000 at todays world

prices. Project activities to date indicate that improved traditional on-farm grain storage is a viable, low cost means to contribute to Kenya's food security.

In the past all grain had to be sold to the NCPB at a set, generally low, price. Thus, there was little incentive to store grain with the expectation of a better price. Often farmers who sold their grain to the NCPB had to wait up to one year for payment. They had no marketing options other than what might be sold or bartered locally. The recent GOK liberalization initiatives make it possible for farmers to store grain with the expectation of a higher price during the off-season, and to sell to various millers who pay cash.

The GOK is moving the NCPB to a position of being a buyer and seller of last resort. This effort will transfer the costs of storage and handling to the private sector -- millers and farmers -- at great savings in GOK budget outlays that previously financed the NCPB's monopolist policy.

Project Description: The project will demonstrate improved traditional on-farm grain drying and storage technology to local farmers throughout the major grain growing areas of Kenya through extensive participation of farmers in the identification of acceptable practices and through controlled testing in smallholder fields. Proven technological packages (practices, materials, equipment and structures) for micro-ecological areas will be demonstrated in smallholders fields. Most of these proven technological packages have been tested and demonstrated in a limited geographical area of Kenya during the current On-Farm Grain Storage Project. This new project will expand these activities to wider geographic areas of Kenya's major grain growing areas. At the same time, to insure the spread and maintenance of benefits gained, effective methodologies to promote the widespread use of suitable technological innovations among smallholders will be defined and strengthened. The capability of the Ministry of Agriculture and Livestock Development (MOALD) to implement, monitor and evaluate project activities and collect and analyse grain data for policy reform will be enhanced.

The proposed project interventions will utilize and strengthen the existing infrastructure (i.e. in-service training, applied research and the MOALD grain monitoring capability) and communication networks, including agriculture and home economics extension services, and both formal and informal community groups in grain growing areas of Kenya.

This project supports the strategy outlined in the CDSS for expanding Kenya's food supply, promoting grain marketing policy improvement, and continues the mission policy of improving the welfare of the smallholder target group.

Target Group: The primary beneficiaries will be agricultural households which constitute 42 percent of the nation's smallholder population and contains most of the country's low income consumers. Geographically the project will focus on the major grain growing areas in the central and western regions of Kenya. Though emphasis is on the poor smallholder, other better-off smallholders will also benefit directly from technology to reduce on-farm grain losses. Large holders will also be exposed to new grain loss prevention technology in the course of developing and executing field demonstrations. A second category of beneficiaries are those who become part of the field testing, demonstration, and expansion system developed and strengthened as part of this project. A third, more general category, is comprised of those citizens throughout the target grain growing and consuming areas who will benefit from (a) the increased availability and quality of foodstuffs, and (b) GOK savings resulting from the reduction of necessary purchasing, handling, and transporting of imported food grains.

Research Activities: Testing and adapting existing on-farm grain drying and storage technology to local conditions will be carried out. This type of research is an essential precursor to the field demonstration program. Area specific applied research of this type involving direct farmer applications is a high priority of the GOK and is consistent with A.I.D.'s Agricultural Research Policy.

Special Concerns: Funding for this project, in part, replaces loan funds previously obligated for the On-Farm Grain Storage Project (615-0190). The use of loan funds for technical assistance under the previous project became a serious impediment to implementation of the project and reduced the rate of project implementation to a fraction of the original planned rate. Given the potential impact on and support for the GOK grain marketing liberalization policy it was determined that the balance of the project could only be successfully implemented with grant funds.

Participant Training: An estimated 75 participants will receive long and short term training at a cost of \$1,300,000.

PID Approval Authority: We request that delegation of PID Approval Authority be given to USAID/Kenya. We see no policy issues in the development or implementation of the project which require AID/Washington resolution.

Participant Training: An estimated 75 participants will receive long and short term training at a cost of \$1,300,000.

PID Approval Authority: We request that delegation of PID Approval Authority be given to USAID/Kenya. We see no policy issues in the development or implementation of the project which require AID/Washington resolution.

AID PROGRAM IN FY 1988
ANNUAL BUDGET SUBMISSION
TABLE V - PROPOSED PROGRAM RANKING

DECISION UNIT: USAID/KENYA

RANK	PROJECT	TITLE	NEW/ ON GOING	LOAN/ GRANT	PROGRAM APPROP	PROGRAM FUNDING (\$000)	
						INCR	CUM
1.	615-0238	Private Enterprise Development	0	G	FN SDA	500 2,200	500 2,700
2.	615-0240	Structural Adjust- ment Assistance	0	G	ESF	30,000	32,700
3.	615-0229	National Agricultural Research	0	G	FN	4,000	36,700
4.	615-0232	Family Planning Services & Support	0	G	FN	6,000	42,700
5.	615-0241	On Farm Grain Storage II	N	G	FN	3,000	45,700
6.	615-0236	PVO-Co-Financing	0	G	VAR	3,628	49,328
7.	615-0233	Alternative Health Financing	N	G	ESF	<u>1/</u>	49,328
8.	615-0510	PD&S	0	G	VAR	672	50,000
9.	PL 480	Title I	N.O.	G	PI	(8,000)	50,000
10.	a.	P.L. 480 Title II CRS	0	G	-	(1,348)	-
	b.	P.L. 480 Title II CARE	0	G	-	(277)	-
	c.	P.L. 480 Title II World Vision	N	G	-	(744)	-

1/ To be funded from 615-0240 Structural Adjustment Assistance.

3187K

Local Currency Plan

Joint Local Currency planning with the GOK has until recently progressed very slowly due to the reluctance of the GOK to become involved in detailed negotiations with donors on the subject. The GOK's preference has been to use local currency for general budgetary attribution for activities they would like to see supported regardless of the views of donors whose programs generated the local currency. This position stems not from an imperious attitude towards donors but is based on the belief that local currency generated from donor programs is GOK owned and thus is a resource in which their views on usage should prevail, notwithstanding agreements the government may have signed regarding joint programming. This attitude is encouraged by the majority of the donors in Kenya who are indifferent to the uses the GOK may select to utilize the local currency made available through their programs.

The U.S., U.K. and, recently, the World Bank are the only donors who view local currency as an important development resource to be programmed to support resource levels in priority sectors. It was only recently at a donors meeting held prior to the 1986 Consultative Group Meeting that the issue of local currency was formally discussed by the GOK. Local currency as a resource, and the pros and cons of its uses, was part of the discussion held in the context of the GOK's recently announced Budget Rationalization Plan.

Over the last few months AID and the GOK have made a good deal of progress in establishing a local currency accounting and programming system. While there is general agreement on the accounting and reporting aspects of the local currency system with the GOK, and a USAID in-house review and programming system is being established and formalized by a Mission Order, discussions with GOK on joint programming procedures are only now getting started. First priority is being given to off-budget uses, then to dollar funded projects, and then to general development sectors.

The past lack of action in reaching agreement with the GOK in programming local currency is reflected in the accompanying local currency table. No local currency was programmed during GOK FY1984/1985 (i.e. July 1, 1984 to June 30, 1985), despite the fact that some funds from previous years' program assistance were available. Only recently has a system of reporting and accountability for local currency been agreed upon with the GOK. In the current GOK financial year 1985/1986, agreement was reached with the government on the joint programming and subsequent expenditure of \$27 million, derived from a 1981 program grant and the Title I programs in U.S. FY1982 and FY1983. We plan to jointly program \$49.9 in the GOK FY1986/87 (i.e. July 1, 1986 to June 30, 1987), which will be expended during the same FY. This relatively large

amount of local currency was partially derived from ESF, DA and Title I programs extending from FY83 to FY85, and will largely eliminate the backlog of unprogrammed funds.

The planned expenditure figure of \$49.9 million in 1986/87 assumes that the recent progress made with the GOK in programming funds will continue and a system for channeling funds to the private sector, which USAID and the GOK are currently exploring, will be developed by September 1986. A system for channeling local currency funds to the private sector (i.e. off-budget releases of GOK owned by jointly controlled funds) has been the subject of intense USAID/GOK discussions over the past six months. To date, \$15 million has been specifically reserved for use in support of private sector activities as conditions of USAID's ESF programs. Apart from the conditionality of specific agreements, USAID will direct more funding to the private sector over the next two to three years as needs are identified. This directly supports USAID's private sector strategy. These local currency resources will be used for, inter alia, small business loan programs, informal sector loans, private sector family planning programs, and possibly exporter credit. Starting in U.S. FY1986, the Mission plans to direct \$1 million in local currency from the Title I program for private sector activities. This is in line with Agency guidance which specifies that at least ten percent of Title I generated local currency will be used to support private sector activities.

Local currency is being directed to further the second goal of U.S. assistance to Kenya, reducing the rate of population expansion. In addition to \$5 million specifically reserved for family planning under the FY1985 ESF program, support to family planning activities, both private sector and governmental, are planned for use in both GOK FY1986/1987 and 1987/1988. If GOK contributions to our Family Planning Services and Support Project are insufficient, we are prepared to program local currency to assure full budgetary funding is provided to this priority project.

FY 1988 ANNUAL BUDGET SUBMISSION
 Table VI: Expenditures of Local Currency Generations
 (all in the U.S. dollar equivalent, and in \$ million)
 FOR GOK Fiscal Year July 1-June 30

<u>Source/Purpose</u>	<u>1984/85</u> <u>Actual</u>	<u>1985/86</u> <u>EST.</u>	<u>1986/87</u> <u>Planned</u>	<u>1987/88</u> <u>PROP.</u>
I. <u>ECONOMIC SUPPORT FUND</u>	<u>0</u>	<u>4.6</u>	<u>16.6</u>	<u>22.0</u>
A. Public Dev. Activities	0	<u>4.6</u>	<u>4.6</u>	<u>8.2</u>
1. Agriculture Research, Education and Planning	0	<u>.9</u>	<u>0</u>	<u>6</u>
2. Rural Infrastructure	0	1.5	0	1.1
3. Health and Nutrition	0	2.2	0	.7
4. Family Planning	0	0	4.6	.4
B. Private Sector Programs	0	0	<u>9.6</u>	<u>8.5</u>
1. Private Sector Housing Support	0	0	2	0
2. Small Business Loan Program	0	0	2.1	0
3. Informal Sector Loan Program	0	0	1	0
4. Medium Term Lending- Rural Enterprise	0	0	4.5	5.5
5. Family Planning	0	0	0	3.0
C. Development Budget Support AID - Supported Projects	0	0	<u>2.1</u>	<u>4</u>
D. AID Operating Expenses	0	0	<u>.3</u>	<u>1.3</u>

FY 1988 ANNUAL BUDGET SUBMISSION
 Table VI: Expenditures of Local Currency Generations
 (all in the U.S. dollar equivalent, and in \$ million)
 FOR GOK Fiscal Year July 1-June 30

<u>Source/Purpose</u>	<u>1984/85</u> <u>Actual</u>	<u>1985/86</u> <u>EST.</u>	<u>1986/87</u> <u>Planned</u>	<u>1987/88</u> <u>PROP.</u>
II. <u>Development Assistance</u>	<u>0</u>	<u>0</u>	<u>13</u>	<u>1.7</u>
A. Public Sector Activities	<u>0</u>	<u>0</u>	<u>13</u>	<u>1.7</u>
1. Agr. Research, education	0	0	9	1.7
2. Health	0	0	1	0
3. Nutrition	0	0	1	0
4. Rural Infrastructure	0	0	2	0
III. <u>P.L. 480</u>	<u>0</u>	<u>22.4</u>	<u>20.3</u>	<u>0</u>
A. Public Sector Activities	<u>0</u>	<u>22.4</u>	<u>19.3</u>	<u>8.3</u>
1. Agriculture Research, Ag. Education, Crop Development, Ag. Planning	0	0	19.3	5.3
2. Rural Infrastructure	0	4.4	0	2
3. Health and Nutrition	0	7.5	0	0
4. Transport & Communications	0	10.5	0	0
B. Private Sector Program	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
1. Rural Small Enterprise Training	0	0	1	0
2. (To be determined)	0	0	0	1
Total:	0	27	49.9	32

3182K

TABLE VII
LIST OF PLANNED EVALUATIONS
FY 1988 ANNUAL BUDGET SUBMISSION
COUNTRY/OFFICE KENYA

Project List (Project No. & Title)	FY 1987		FY 1988		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral Assistance
	Last Eval Completed (Mo./Yr.)	Start To AID/W (Qrt.)	Start To AID/W (Qrt.)	To (Qrt.)				
<u>Agriculture, Rural Development & Nutrition</u>								
615-0220 Rural Private Enterprise	None	2nd	2nd		Mid-term evaluation of the non-formal component of the project.	Project 50	30	US contract/PRE
615-0221 Agricultural Management	None		2nd	3rd	Mid-term evaluation evaluate experience gained, and to deter- mine design parameters for possible Phase II.	Project 90	15	US contractor to supply US and Kenyan consultants. 1 month.
615-0236 Kenya FVO Co-Financing	None	3rd	4th		First evaluation of project to assess whether all inputs and operational procedures are in place and functioning well.	Project 50	15	Evaluation to be done by VADA/USAID

TABLE VII
LIST OF PLANNED EVALUATIONS
FY 1988 ANNUAL BUDGET SUBMISSION
COUNTRY/OFFICE KENYA

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1987		FY 1988			Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral Assistance
		Start (Qrt)	To (Qrt)	Start (Qrt)	To (Qrt)	AID/W (Qrt)				
<u>Population</u>										
615-0223 Private Sector Family Planning	Dec. 85	-	-	2nd	3rd	2nd mid-term cost effectiveness evaluation	project 50	15	-	
615-0232 Family Planning Services & Support	N/A	-	-	1st	2nd	1st mid-term on Element No.2 Voluntary Surgery Contraceptive	project 40	20	-	
"	N/A	-	-	2nd	3rd	1st mid-term on Element No. 1 Clinical Training Services Support	project 40	25	-	
"	N/A	1st	2nd	-	-	1st mid-term on Element No. 8 Information Education Communication	project 40	20	World Bank collaboration	
"	N/A	-	-	1st	2nd	1st mid-term on Element No. 5 Ovulation Awareness	project 20	5	-	

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LIST OF PLANNED EVALUATIONS
FY 1988 ANNUAL BUDGET SUBMISSION
COUNTRY/OFFICE KENYA

Project List (Project No. & Title)	FY 1987		FY 1988		Funding Source (\$000)	USAID Person Days	Collateral Assistance
	Last Eval Completed (Mo./Yr.)	Start To AID/W (Qrt.)	Start To AID/W (Qrt.)	Reasons/Issues Element No. 9			
<u>Health</u>							
615-0232 Family Planning Services & Support	N/A	-	3rd	4th	project 50	20	probably with S.I.D.A., and UNFPA
<u>Economic Support Fund</u>							
615-0213.1 Resource Management for Rural Development	None	1st	2nd	Mid-term. To evaluate project progress and impact.	PD & S 35	10	US and Kenyan consultants 20 days
615-0213 Structural Adjustment-04/85 Program Grant		1st	2nd	CIP Administration and Impact on the Private Sector	CIP 50	3	AID/W/US contract
Local Currency	None	1st	2nd	Preliminary Assess- ment of New System	ESF/PD & S 25	2	AID/W
<u>Centrally Funded</u>							
940-002.3 Kenya Commercial Bank		1st	2nd	End-of-Project Evaluation, to Assess the impact of the Project on Private Sector	PD & S 50	5	PRE
940-0002.13 Leather Industries of Kenya		2nd	2nd	End-of-Project evaluation to access the impact of the Project on the Private Sector.	PD & S 50	5	PRE

TABLE VII
LIST OF PLANNED EVALUATIONS
FY 1988 ANNUAL BUDGET SUBMISSION
COUNTRY/OFFICE KENYA

Project List (Project No. & Title)	Last Eval Completed (No./Yr.)	FY 1987		FY 1988		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral Assistance	
		Start To	AID/W (Qrt.)	Start To	AID/W (Qrt.)					
<u>Housing Guaranties</u>										
615-HG-005 Umoja II	None	1st	1st	-	-	Plot allocations will be 1/3 complete. Evaluate allocation procedures, and needs to complete the facilities	PRE/H 10	10	PRE/H	
615-HG-006	None		3rd	3rd		Mid-project evaluation.	PRE/H 10	10	PRE/H	
615-HG-007	None		3rd	4th		First group of projects will have been completed - evaluate effectiveness of procedures to implement program	PRE/H 10	10	PRE/H	

TABLE VIII NARRATIVE

A. MANAGEMENT IMPROVEMENTS

The USAID Mission continues to operate with the reduced USDH staff ceiling of 25 while the AID Program has remained approximately constant in assistance level dollar terms. The Mission's Executive Office staff of four supervisory USDH employees provides the support services to the entire AID Kenya Complex, which includes the Kenya Mission bilateral program and five regional AID organizations. The Executive Office provides management services to all direct hire and contract employees. The Mission has utilized its authority to use Personal Services Contractors to complement the USDH staff responsible for the bilateral program.

The USAID Kenya Mission remains fully committed to improved and cost effective management by increased automation of services and information, prudent use of existing furnishings and equipment combined with a judicious procurement policy, and the securing of outside services by negotiation and contracting. Past and continuing efforts by the Mission's Executive Office in these areas benefit the entire Kenya Complex.

This past year, the Mission sought and received AID/W approval to procure and implement a barcode-based asset tracking system for non-expendable property management. This system should obviate the manually kept property index card method of tracking property, freeing local staff to concentrate on more important tasks.

In furthering the efficient use of microcomputer hardware and software, the Mission executed a training service contract with the Price Waterhouse. Courses developed through this contract will also be available for regional Missions in East and Southern Africa.

Standardization policy for furnishing, equipment and vehicles is continually monitored and adapted as necessary to correct past or present deficiencies. Preventative maintenance programs have extended equipment lives to the point where nearly fifty percent of all major appliances in the Mission are over ten years old. The Mission also identified a local furniture manufacturer who can supply U.S. standard household furniture. The Executive Office procured seven complete sets of the furniture on a test basis, with enthusiastic response by

the Housing Committee and other personnel, saving over \$80,000 in shipping costs. Further, Kenya shilling trust funds may be used in the future to procure additional sets, allowing savings of appropriated dollars.

Mission service agreements and contracts have improved because of a tougher negotiation stance and increased market competition. The Mission recently implemented an agreement with the general sales agent of Pan American, providing full travel services in the AID office, with the Agent paying rent for space occupied. The Agent also provides airport transportation and special cost savings rates on tickets. The Mission also negotiated and signed packing, forwarding, and shipping contracts with two vendors that, except for transport and delivery services price inflation, are less expensive for the U.S. Government than in years past, through reduction of agency fee percentages based on CIF values.

The Mission is in the final stages of completing a purchase of land near city center for the construction of U.S. Government owned office facilities for the Kenya Complex. The Executive Office secured funding approval from AID/Washington with a 636C proposal after identifying four appropriate plots whereby the most recent security guidelines from the Department of State may be met. Although the land purchase and subsequent construction will not be cheap, the Government will effectively save nearly \$500,000 per year in estimated office rent (for FY89 and beyond) upon occupation of the building.

The Mission makes effective utilization of its Host Country Staff (Foreign Service Nationals - FSNs). It is possible, in Kenya, to hire professional staff that already have the necessary skills to perform in the highest FSN positions. However, there is a great demand for professionals within the public and private sector and USAID is finding it difficult to compete with the local market's salary levels and benefits. It is increasingly difficult to keep the senior staff when they can go elsewhere for increased salary and benefits.

The Mission is committed to providing professional improvement through organized training programs offered both within Kenya and by AID/Washington. Of the 22 FSN/DH positions in the Mission, 5 employees have been sent to the States this past year for training in their respective fields. Similarly, 3 FSN/PSCs have received training in the States. It is expected that this level of training will continue in the coming year to allow for increased responsibilities for the FSN positions.

All Mission offices have reviewed FSN positions for purposes of expanding the responsibilities of the local staff. Plans for

upgrading these positions are underway.

AID Missions worldwide must rely on Department of State job and salary guidelines to establish in-country comparability salary and benefit scales for AID-STATE FSN staff. AID and STATE look to FSN staff to perform different scopes of work. STATE jobs are primarily clerical and reporting categories. In contrast, AID FSNs, particularly at senior levels, have project design, negotiation, budgetary, and project implementation responsibilities. Position standards for these kinds of AID jobs are out of date or nonexistent. In April 1985, a draft set of Position Standards for three FSN Program and Project Implementation Series was sent to the Mission. In March 1986, the Mission was informed that these new standards were still under technical review. Therefore, the Mission is still operating with the 1978 standards to submit new position classifications.

Another major factor pointed out in many of the standards is the size of the Mission. The 1984 FSN Survey Team used this as a tool to downgrade or hold positions at lower levels even though the level of responsibilities were determined to be at the higher level thereby causing the Mission to take a severe downgrade which lowered morale of the entire FSN staff. Items cited were: FSN-12 level positions are found only at relatively large posts (this is true for FSN 10 and FSN 11 positions also), and the FSN 9 level performs services in support of a major USAID program, the FSN 12 level is for a USAID Program of fairly complex projects and USAID/Kenya was not considered as a "large post". FSN positions within each office of AID/Kenya, have been identified for expanded responsibilities. For example, the Agriculture Office has a Program Specialist (General) FSN 11 position that has been elevated on par with the USDH Specialists in that it controls three (3) major Agriculture projects. An upgrading to the level of FSN 13 has been requested. The Program Office needs an Economist who will assume greater responsibilities than those carried out by the present FSN 11 position a grade inconsistent with the quality of professionalism needed. At present the Mission has only one FSN 12 position approved, that of a Private Sector Specialist. If we are not successful in getting these positions upgraded to the Senior FSN levels, the Mission may be forced to classify the position locally, and use Personal Services Contracts or stand the chance of losing the employee.

There are no standards nor clear guidance for the utilization of PSCs. The increasing number of PSCs is a burden to the Mission's Executive Office because they require the same time and effort of control as a USDH or FSNDH.

The Mission has expanded the FSN Incentive Awards Program to include cash awards for FSN/PSC employees. This should enhance morale to compensate for restrictions of promotions within the Local Compensation Plan and Position Classification System and give some recognition for high performances. There is no program for awards for US/PSCs. USAID Nairobi has a problem too with these types of PSC employees in logistical control because the Embassy refuses to recognize such employees. With the additional burdens on the Executive Office for personnel management and control, AID/W has provided a USDH Personnel Officer Trainee on a detail basis from the AID/W Complement effective February 1986 for at least one year.

B. TRUST FUND

In FY1986, USAID reached agreement with the GOK to establish a Trust Fund to help offset the cost of operating the USAID/Kenya Mission. The creation of the Trust Fund is a condition precedent to the FY1986 Structural Adjustment Assistance Program (615-0240) Agreement. The Agreement calls for the shilling equivalent of US\$ 1.3 million dollars being made available for the Trust Fund. The counterpart so generated from the FY1986, Structural Adjustment program, from fertilizer importation and domestic sale, is not expected to be deposited until the third quarter of FY1987 because of the normal time required for importation, and the 120 days of importers are given under the program to pay for the fertilizer.

The first \$600,000 of the \$1.3 million under the FY1986 program is expected to be available and used for certain local cost expenses in FY1987. In FY1988, the amount of \$1.3 million will be available in the Trust Fund to meet local O&E costs. This amount represents the remaining US\$ 700,000 due from the FY1986 agreement, plus \$600,000 which will be generated from the FY1987 Structural Adjustment program. The latter program will again call for the sum of \$US 1.3 million in counterpart to be provided for the Trust Fund.

C. JUSTIFICATION FOR FUNDING CHANGES

- FY 1987
- FSNDH costs supplemented for all salaries to cover annual pay survey scheduled during FY 1987.
 - Residential housing costs increased to cover four new units for new positions in REDSO. Also, lease renewals and new leases are reflecting increased inflation and rate competition in a 'seller's' market.

- Utility costs are up due to general inflation factors.
- Furnishings and equipment continue to be procured to replace stock on site at reasonable levels. Increased charges in this line item are illusory due to procurement freeze in effect during FY 1985.
- Local and world wide conditions affecting security of residences and office facilities requiring additional funds commitments. Further, current GOK revision of labor standards for all employers will result in higher service costs.

ORGANIZATION USAID/KENYA^{1/}
(\$000)

EXPENSE CATEGORY	FUNCTION CODE	OBJECT CLASS	DOLLAR FUNDED	TRUST FUNDED	TOTAL BUDGET	UNITS
<u>U.S. DIRECT HIRE</u>						
	U100					
U.S. CITIZENS BASIC PAY	U101	110	1,325.0		1,325.0	25.0
PT/TEMP U.S. BASIC PAY	U102	112				
DIFFERENTIAL PAY	U103	116				XXXX
OTHER AID/W FUNDED O.C 11	U104	119	3.0		3.0	XXXX
OTHER MISSION FUNDED O.C 11	U105	119				XXXX
EDUCATIONAL ALLOWANCES	U106	126	182.9		182.9	30.0
RETIREMENT - U.S.	U107	120	110.0		110.0	XXXX
LIVING ALLOWANCES	U108	128				XXXX
OTHER AID/W FUNDED O.C. 12	U109	129	29.5		29.5	XXXX
OTHER MISSION FUNDED O.C. 12	U110	129	10.7		10.7	XXXX
POST ASSIGNMENT - TRAVEL	U111	212	32.5		32.5	8.0
POST ASSIGNMENT - FREIGHT	U112	22	119.0		119.0	8.0
HOME LEAVE - TRAVEL	U113	212	81.0		81.0	20.0
HOME LEAVE - FREIGHT	U114	22	72.5		72.5	20.0
EDUCATION TRAVEL	U115	215	10.4		10.4	8.0
R AND R TRAVEL	U116	215				
ALL OTHER CODE 215 TRAVEL	U117	215	23.0		23.0	16.0
<u>FOREIGN NATIONAL DH</u>						
	U200					
BASIC PAY	U201	114	177.1		177.1	21.0
OVERTIME, HOLIDAY PAY	U202	115	11.4		11.4	1.0
ALL OTHER CODE 11 - FN	U203	119				XXXX
ALL OTHER CODE 12 - FN	U204	129	6.8		6.8	XXXX
BENEFITS FORMER FN PERS	U205	13				XXXX
<u>CONTRACT PERSONNEL</u>						
	U300					
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	135.6		135.6	7.0
ALL-OTHER U.S. PSC COSTS	U303	255				XXXX
F.N. PSC - SALARY/BENEFITS	U304	113	233.9		233.9	49.0
ALL OTHER F.N. PSC COSTS	U305	255				XXXX
MANPOWER CONTRACTS	U306	259	65.0		65.0	39.0
JCC COSTS PAID BY AID/W	U307	113				XXXX
<u>HOUSING</u>						
	U400					
RENT	U401	235	520.1		520.1	73.0
UTILITIES	U402	235	82.2		82.2	XXXX
RENOVATION AND MAINT.	U403	259	86.9		86.9	XXXX
QUARTERS ALLOWANCE	U404	127				
PURCHASES RES. FURN/EQUIP.	U405	311	128.0		128.0	XXXX
TRANS./FREIGHT -CODE 311	U406	22	25.0		25.0	XXXX
SECURITY GUARD SERVICES	U407	254	185.4		185.4	XXXX
OFFICIAL RESIDENCE ALLOW.	U408	254				XXXX
REPRESENTATION ALLOWANCE	U409	252	1.5		1.5	XXXX

1/ Includes REDSO and RFMC expenses for all years.

ORGANIZATION USAID/KENYA
(\$000)

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>		U500				
RENT	U501	234	320.0		320.0	XXXXX
UTILITIES	U502	234	16.6		16.6	XXXXX
BUILDING MAINT./RENOV.	U503	259	41.5		41.5	XXXXX
OFFICE FURN./EQUIP.	U504	310	111.0		111.0	XXXXX
VEHICLES	U505	312	32.5		32.5	XXXXX
OTHER EQUIPMENT	U506	319	173.6		173.6	XXXXX
TRANSPORTATION/FREIGHT	U507	22	82.0		82.0	XXXXX
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	288.9		288.9	XXXXX
COMMUNICATIONS	U509	230	59.0		59.0	XXXXX
SECURITY GUARD SERVICES	U510	254	72.0		72.0	XXXXX
PRINTING	U511	24	4.0		4.0	XXXXX
RIG/II OPERATIONAL TRAVEL	U512	210				XXXXX
SITE VISITS - MISSION PERSONNEL	U513	210	41.4		41.4	103.0
SITE VISITS - AID/W PERSONNEL	U514	210	22.7		22.7	6.0
INFORMATION MEETINGS	U515	210	7.5		7.5	3.0
TRAINING ATTENDANCE	U516	210	20.6		20.6	5.0
CONFERENCE ATTENDANCE	U517	210	16.0		16.0	7.0
OTHER OPERATIONAL TRAVEL	U518	210				XXXXX
SUPPLIES AND MATERIAL	U519	26	211.5		211.5	XXXXX
FAAS	U520	257	175.0		175.0	XXXXX
CONSULTING SERVC - CONT.	U521	259	39.0		39.0	XXXXX
MGT./PROP. SVCS. - CONT.	U522	259				XXXXX
SPEC. STUDIES/ANALYSES CONT.	U523	259				XXXXX
ALL OTHER CODE 25	U524	259	49.3		49.3	XXXXX
TOTAL O.E. BUDGET			5,442.5		5,442.5	
RECONCILIATION			1,642.5		1,642.5	
OPERATING BUDGET REQUIREMENTS			3,800.0		3,800.0	
636C REQUIREMENTS	U600	32	1,000.0		1,000.0	
TOTAL ALLOWANCE REQUIREMENTS	U000		4,800.0		4,800.0	
 LOCAL COST SUPPORT COST DATA						
F.N. PSC - SALARY/BENEFITS	U304	113	233.9		233.9	
ALL OTHER F.N. PSC COSTS	U305	255				
MANPOWER CONTRACTS	U306	259	65.0		65.0	
SITE-VISITS-MISSION PERSONNEL	U512	210	41.4		41.4	
 OTHER INFORMATION:						
DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES					\$2,310.8	
EXCHANGE RATE USED (MARCH 31,1986)					\$1.00 = KSh 16.0	

TABLE VIII - FY 1987

ORGANIZATION USAID/KENYA
(\$000)

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100					
U.S. CITIZENS BASIC PAY	U101	110	1,325.0		1,325.0	25.0
PT/TEMP U.S. BASIC PAY	U102	112				XXXX
DIFFERENTIAL PAY	U103	116				XXXX
OTHER AID/W FUNDED O.C 11	U104	119	3.0		3.0	XXXX
OTHER MISSION FUNDED O.C 11	U105	119				XXXX
EDUCATIONAL ALLOWANCES	U106	126	167.7		167.7	27.0
RETIREMENT - U.S.	U107	120	112.0		112.0	XXXX
LIVING ALLOWANCES	U108	128				XXXX
OTHER AID/W FUNDED O.C. 12	U109	129	29.5		29.5	XXXX
OTHER MISSION FUNDED O.C. 12	U110	129	4.8		4.8	XXXX
POST ASSIGNMENT - TRAVEL	U111	212	22.5		22.5	4.0
POST ASSIGNMENT - FREIGHT	U112	22	72.0		72.0	4.0
HOME LEAVE - TRAVEL	U113	212	63.0		63.0	13.0
HOME LEAVE - FREIGHT	U114	22	94.5		94.5	13.0
EDUCATION TRAVEL	U115	215	5.2		5.2	4.0
R AND R TRAVEL	U116	215				-
ALL OTHER CODE 215 TRAVEL	U117	215	20.0		20.0	14.0
<u>FOREIGN NATIONAL DH</u>	U200					
BASIC PAY	U201	114	194.9		194.9	21.0
OVERTIME, HOLIDAY PAY	U202	115	12.5		12.5	1.0
ALL OTHER CODE 11 - FM	U203	119				XXXX
ALL OTHER CODE 12 - FM	U204	129	7.4		7.4	XXXX
BENEFITS FORMER FM PERS	U205	13				XXXX
<u>CONTRACT PERSONNEL</u>	U300					
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	89.9		89.9	6.0
ALL OTHER U.S. PSC COSTS	U303	255				XXXX
F.M. PSC - SALARY/BENEFITS	U304	113	257.3		257.3	49.0
ALL OTHER F.M. PSC COSTS	U305	255				XXXX
MANPOWER CONTRACTS	U306	259	68.0		68.0	42.0
JCC COSTS PAID BY AID/W	U306	113				
<u>HOUSING</u>	U400					
RENT	U401	235	626.5	300.0	326.5	77.0
UTILITIES	U402	235	86.3		86.3	XXXX
RENOVATION AND MAINT.	U403	259	98.8		98.8	XXXX
QUARTERS ALLOWANCE	U404	127				
PURCHASES RES. FURN/EQUIP.	U405	311	225.0		225.0	XXXX
TRANS./FREIGHT -CODE 311	U406	22	70.0		70.0	XXXX
SECURITY GUARD SERVICES	U407	254	194.7		194.7	XXXX
OFFICIAL RESIDENCE ALLOW.	U408	254				XXXX
REPRESENTATION ALLOWANCE	U409	252	2.5		2.5	XXXX

ORGANIZATION USAID/KENYA
(\$000)

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500					
RENT	U501	234	380.0	300.0	80.0	XXXXX
UTILITIES	U502	234	18.0		18.0	XXXXX
BUILDING MAINT./RENOV.	U503	259	35.0		35.0	XXXXX
OFFICE FURN./EQUIP.	J504	310	150.2		150.2	XXXXX
VEHICLES	U505	312	35.0		35.0	XXXXX
OTHER EQUIPMENT	U506	319	156.0		156.0	XXXXX
TRANSPORTATION/FREIGHT	U507	22	89.0		89.0	XXXXX
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	199.8		199.8	XXXXX
COMMUNICATIONS	U509	230	62.0		62.0	XXXXX
SECURITY GUARD SERVICES	U510	254	76.0		76.0	XXXXX
PRINTING	U511	24	4.2		4.2	XXXXX
SITE VISITS - MISSION PERSONNEL	U512	210	46.5		46.5	230.0
SITE VISITS - AID/W PERSONNEL	U513	210	24.0		24.0	6.0
INFORMATION MEETINGS	U514	210	7.5		7.5	3.0
TRAINING ATTENDANCE	U515	210	20.0		20.0	4.0
CONFERENCE ATTENDANCE	U517	210	20.0		20.0	8.0
OTHER OPERATIONAL TRAVEL	U518	210				XXXXX
SUPPLIES AND MATERIAL	U519	26	235.3		235.3	XXXXX
FAAS	U520	257	200.0		200.0	XXXXX
CONSULTING SERVC - CONT.	U521	259	26.0		26.0	XXXXX
MGT./PROF. SVCS. - CONT.	U522	259				XXXXX
SPEC. STUDIES/ANALYSES CONT.	U523	259				XXXXX
ALL OTHER CODE 25	U524	259	55.9		55.9	XXXXX
TOTAL O.E. BUDGET			5,693.4	600.0	5,093.4	
RECONCILIATION			1,669.5		1,669.5	
OPERATING EXPENSE REQUIREMENTS			4,023.9	600.0	3,423.9	
636 C REQUIREMENTS	U600	32	0.0		0.0	
TOTAL ALLOWANCE REQUIREMENTS	U000		4,023.9	600.0	3,423.9	

OTHER INFORMATION:

Dollar requirement for local currency costs
Exchange rate used (MARCH 31, 1986)

\$2,330.9
\$1.00 = KSh 16.0

Estimated Wage Increase - FY 1986 to FY 1987
Estimated Price Increases - FY 1986 to FY 1987

10%
10%

TABLE VIII - FY 1988

ORGANIZATION USAID/KENYA
(\$000)

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNIPS</u>
<u>U.S. DIRECT HIRE</u>						
U.S. CITIZENS BASIC PAY	U101	110	1,325.0		1,325.0	25.0
PT/TEMP U.S. BASIC PAY	U102	112				
DIFFERENTIAL PAY	U103	116				XXXX
OTHER AID/W FUNDED O.C. 11	U104	119	3.0		3.0	XXXX
OTHER MISSION FUNDED O.C. 11	U105	119				XXXX
EDUCATIONAL ALLOWANCES	U106	126	179.4		179.4	28.0
RETIREMENT - U.S.	U107	120	110.0		110.0	XXXX
LIVING ALLOWANCES	U108	128				XXXX
OTHER AID/W FUNDED O.C. 12	U109	129	29.5		29.5	XXXX
OTHER MISSION FUNDED O.C. 12	U110	129	6.7		6.7	XXXX
POST ASSIGNMENT - TRAVEL	U111	212	42.0		42.0	8.0
POST ASSIGNMENT - FREIGHT	U112	22	153.0		153.0	8.0
HOME LEAVE - TRAVEL	U113	212	87.0		87.0	21.0
HOME LEAVE - FREIGHT	U114	22	135.2		135.2	21.0
EDUCATION TRAVEL	U115	215	5.2		5.2	4.0
R AND R TRAVEL	U116	215				
ALL OTHER CODE 215 TRAVEL	U117	215	20.0		20.0	13.0
<u>FOREIGN NATIONAL DH</u>						
BASIC PAY	U201	114	209.4	170.0	39.4	21.0
OVERTIME, HOLIDAY PAY	U202	115	13.8	6.0	7.8	1.0
ALL OTHER CODE 11 - FN	U203	119				XXXX
ALL OTHER CODE 12 - FN	U204	129	8.2	4.0	4.2	XXXX
BENEFITS FORMER FN PERS	U205	13				XXXX
<u>CONTRACT PERSONNEL</u>						
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	86.0		86.0	5.0
ALL OTHER U.S. PSC COSTS	U303	255				XXXX
F.N. PSC - SALARY/BENEFITS	U304	113	283.0	200.0	83.0	49.0
ALL OTHER F.N. PSC COSTS	U305	255				XXXX
MANPOWER CONTRACTS	U306	259	71.6	65.0	6.6	88.0
JCC COSTS PAID BY AID /W	U307	113				
<u>HOUSING</u>						
RENT	U401	235	682.3	275.0	407.3	77.0
UTILITIES	U402	235	90.6	32.0	58.6	XXXX
RENOVATION AND MAINT.	U403	259	105.1	5.0	100.1	XXXX
QUARTERS ALLOWANCE	U404	127				
PURCHASES RES. FURN/EQUIP.	U405	311	230.0		230.0	XXXX
TRANS./FREIGHT -CODE 311	U406	22	72.0		72.0	XXXX
SECURITY GUARD SERVICES	U407	254	204.5	100.0	104.5	XXXX
OFFICIAL RESIDENCE ALLOW.	U408	254				XXXX
REPRESENTATION ALLOWANCE	U409	252	2.5		2.5	XXXX

TABLE VIII - FY 1988

ORGANIZATION USAID/KENYA
(\$000)

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500					
RENT	U501	234	390.0	150.0	240.0	XXXXX
UTILITIES	U502	234	18.3	10.0	8.3	XXXXX
BUILDING MAINT./RENOV.	U503	259	36.0	10.0	26.0	XXXXX
OFFICE FURN./EQUIP.	U504	310	275.0		275.0	XXXXX
VEHICLES	U505	312	35.0		35.0	XXXXX
OTHER EQUIPMENT	U506	319	167.3		167.3	XXXXX
TRANSPORTATION/FREIGHT	U507	22	100.0		100.0	XXXXX
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	200.8	90.0	110.8	XXXXX
COMMUNICATIONS	U509	230	65.0	50.0	15.0	XXXXX
SECURITY GUARD SERVICES	U510	254	81.0	60.0	21.0	XXXXX
PRINTING	U511	24	4.4	3.0	1.4	XXXXX
SITE VISITS - MISSION PERSONNEL	U512	210	48.5		48.5	161.0
SITE VISITS - AID/W PERSONNEL	U513	210	26.0		26.0	5.0
INFORMATION MEETINGS	U514	210	7.5		7.5	3.0
TRAINING ATTENDANCE	U515	210	15.0		15.0	3.0
CONFERENCE ATTENDANCE	U517	210	22.0		22.0	7.0
OTHER OPERATIONAL TRAVEL	U518	210				XXXXX
SUPPLIES AND MATERIAL	U519	26	251.0	60.0	191.0	XXXXX
FAAS	U520	257	200.0		200.0	XXXXX
CONSULTING SERVC - CONT.	U521	259	25.0		25.0	XXXXX
MGT./PROF. SVCS. - CONT.	U522	259				XXXXX
SPEC. STUDIES/ANALYSES CONT.	U523	259				XXXXX
ALL OTHER CODE 25	U524	259	57.8	10.0	47.8	XXXXX
TOTAL O.E. BUDGET			6,180.6	1,300.0	4,880.6	
RECONCILIATION			1,667.5		1,667.5	
OPERATING BUDGET REQUIREMENTS			4,513.1	1,300.0	3,213.1	
636C REQUIREMENTS	U600	32	0.0	0.0	0.0	
TOTAL ALLOWANCE REQUIREMENTS	U000		4,513.1	1,300.0	3,213.1	

OTHER INFORMATION:

Dollar requirement for local currency costs
Exchange rate used (MARCH 31, 1986)

\$2,396.0
\$1.00 = KSh 15.9

Estimated Wage Increase - FY 1987 to FY 1988
Estimated Price Increases - FY 1987 to FY 1988

10.0%
5%

TABLE VIII (a)
Information on U.S. PSC Costs

Organization USAID Kenya

<u>JOB TITLE/POSITION DESCRIPTION</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>
Executive Assistant (Director's Office)	\$ 9.0 (5/86-9/86)		
Program Secretary	\$ 18.0 (4/86-4/87)	\$ 18.9 (4/87-4/88)	\$ 19.8 (4/88-4/89)
Administrative Assistant (Executive Office)	\$ 24.0 (8/86-8/87)	\$ 25.2 (8/87-8/88)	\$ 18.0 (8/88-8/89)
Computer Training Spclt. (Executive Office)	\$ 27.5 (1/86-6/87)		
C and R Supervisor	\$ 18.8 (3/86-3/87)	\$ 19.8 3/87-3/88)	\$ 20.8 (3/88-3/89)
Assistant General Svc. Officer (G.S.O.)	\$ 30.6 (8/86-8/87)		
Executive Secretary (Executive Office)		\$ 18.0 (10/86-10/87)	\$ 18.9 (10/87-10/88)
Summer Student Work Prg. (1.1/Student)	\$ 7.7 (6/86-8/86)	\$ 8.0 (6/87-8/87)	\$ 8.5 (6/88-8/88)

TABLE VIII (b)

Organization USAID Kenya

FY 1986

FY 1987

FY 1988

JOB TITLE/POSITION DESCRIPTION

USAID/Kenya receives no services under function code U523.

INFORMATION TECHNOLOGY NARRATIVE TABLE VIII (C)

AUTOMATED SYSTEMS: The Mission's Wang VS-100, VS-65 and numerous microcomputers are heavily utilized in support of Kenya specific and regional applications. These automated systems insure continued efficiency and productivity improvements in the face of an ever-increasing workload.

Since the initial installation of a Wang VS minicomputer in March 1982 the Mission has developed and, or installed the following automated systems (in order of importance):

- A.1 Mission accounting and control system (MACS) for Dollar Appropriations
- A.2 Mission Accounting and Control system for Trust Funds
- A.3 Mission Accounting and control system for Memorandum Accounts
- A.4 DATEL
- A.5 PAYTRACK
- A.6 American PSC payroll
- A.7 FSN PSC payroll
- A.8 Paris reconciliation
- B.1 Word processing
- C.1 Workload scheduling system
- C.2 Personnel management system
- C.3 Participants training system
- C.4 GSO Property maintenance system
- D.1 Automated equipment inventory
- D.2 Computer maintenance log
- D.3 Cable Tracking system

Numerous proprietary software packages have been installed on the Mission's computer systems: The VS Systems have WP Plus, Charter graphics, Wang system networking, Spelling verifier, Word processing, Batch and TTY telecommunications installed. The microcomputer systems have IBM PCDOS, Wang MSDOS, CP/M, Wang integrated word processing, Wordstar, Multimate, Multiplan, Lotus 1-2-3, dBase II, dBase III TK, Solver, Microstat, SL Micro, PC/VS Data Exchange, Norton utilities, Sidekick, Batch and TTY Telecommunications installed. The Mission has installed to date three IBM PC's, Eighteen Wang PC's, five Apple IIE's, and Six HP-110

AUTOMATION STRATEGY: The Mission has adopted a strategy of achieving its management objectives through the effective application of automation tools. Advances in automation technology (e.g. telecommunications, graphics, portable microcomputers, laser printing systems, mass storage devices, etc.) will be acquired and utilized to insure continued productivity improvements.

- A. Presently the Mission's highest priority information processing needs are:
- Development of a MACS Sub-system to produce graphic reports for Mission management and client posts;
 - Installation and operation of a high speed data line with AID/W;
 - Installation of telecommunication equipment in client posts and development of operation procedures to facilitate transfer of information between Nairobi and client posts and between client posts and AID/W;
 - Networking the VS-65 and VS-100 systems to facilitate device sharing and file transfer;
 - Developing and installation of a project management system;
 - Expansion of the training program for professionals to include microcomputer applications using Lotus 1-2-3, project management software and dBase III.
- B. Computer operation and systems development are the responsibility of the Data Management Branch within the Regional Financial Management Center (RFMC/DM). Data Management staff are under the direct supervision of a PSC Systems Administrator. The allocation of automation equipment and resources between the USAID and the four regional offices is handled by the Data Management Subcommittee of the Management and Budget Committee.
- C. The Mission has trained all secretarial staff and most of the professional staff in standard WP and more recently WP Plus. The Mission has begun a training program for microcomputer users that will cover all AID standard software packages and will result in nearly all professional and clerical staff being trained in one or more software packages, e.g. LOTUS 1-2-3, DBASE III, Time line, MSDOS.

The Mission has begun a microcomputer users group to facilitate the sharing of information and automation applications.

- D. The Mission will continue to provide computer-based financial management and accounting services throughout East and Southern Africa. A major initiative in the coming year will be the development and use of project management software to assist Mission staff in project design and implementation. This effort will integrate MACS data into regular project review reports and provide graphics aids to assist staff in project monitoring and implementation.
- E. RFMC/DM conducts regular informal review with Mission management to evaluate the effectiveness of the automation program.

HARDWARE PROCUREMENT PLAN: The ADP procurement plan reflects the increased penetration and utilization of automated technologies and systems in all phases of Mission operations by both clerical and professional staff. Items to be procured are considered enhancements to the Missions existing equipment base. Increased equipment utilization has also been achieved through an active training program.

USAID/KENYA
 FY 1988 ANNUAL BUDGET SUBMISSION

TABLE VIII(C)
OBLIGATIONS FOR ACQUISITION, OPERATION
AND USE OF INFORMATION TECHNOLOGY SYSTEMS (1)
 (\$000)

<u>ITEM AND EXPLANATION</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>
1. <u>Capital Investment</u>			
A. <u>Purchase of Hardware</u>	157.7	136.5	145.8
Purchase of automation equipment by the Mission; such as WANG VS mini-computer, WANG OIS system WANG WP equipment and micro-computers and their associated workstations/terminals, printers and telecommunications modems.			
B. <u>Purchase of Software</u>	13.9	18.0	20.0
Purchase of software by the Mission to operate an existing or new automation equipment (hardware) such as CP/M, Multiplan, dBASE II and microstat, LOTUS 1-2-3, etc.			
C. <u>Site and Facility</u>	2.0	1.5	1.5
Cost of proposed site construction to prepare for setting up a WANG VS or WANG OIS automation system, such as raised floors, walls, air conditioning and uninterruptible power sources.			
SUBTOTAL	<u>173.6</u>	<u>156.0</u>	<u>167.3</u>

1) For a complete understanding of the costs of information technology systems in Nairobi - this section must be reviewed in conjunction with Table VIII(C) of the RFMC ABS.

TABLE VIII(C) (CONTINUED)
(\$000)

ITEM AND EXPLANATION	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>
2. <u>Personnel</u> Mission will provide requirements below for personnel involved in the information technology functions, such as systems development and operation, and the percentage of management and secretarial personnel also involved. Personnel that use systems will not be included.			
<u>A. Compensation, Benefits and Travel</u>			
			Personnel costs are included in RFMC/Kenya budget
<u>B. Workyears</u>			
<hr/>			
3. <u>Equipment Rental, Space and Other Operating Costs</u>			
<u>A. Lease of Equipment</u> Obligations for lease and maintenance of non-government owned equipment (rented equipment)			
<u>B. Space</u> Obligations for lease of space to house automation equipment, office space for personnel (direct-hire and contractor) involved in the information technology function (see 2A&B) including basic utilities and house keeping services.			
<u>C. Supplies and other</u> obligations for supplies and software rental (not included in a rental contract for equipment)	49.0	62.2	72.5

TABLE VIII(C) (CONTINUED)
(\$000)

<u>ITEM AND EXPLANATION</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>
<u>D. Non-Commercial Training</u> Obligations for planning and conducting government operated training to prepare users to make effective use of automation resources.			
SUBTOTAL	<u>49.0</u>	<u>62.2</u>	<u>72.5</u>
<hr/>			
<u>4. Commercial Services</u> This includes obligation for services where payments are made to private industry.			
<u>A. Computer Time</u> Obligations to fund contract with a private firm to provide computer time to the Mission.			
<u>B. Leased Telecommunications Services</u> Obligations for leased telephone lines and other telecommunication services to obtain data from other computers or to transmit data. For Missions, where applicable include, but identify separately, the lease of local telephone lines and modems to reach the American Embassy's, office of Communications for the purpose of the transmission of data to and from AID/W.	1.0	2.0	2.0

TABLE VIII(C) (CONTINUED)
(\$000)

ITEM AND EXPLANATION	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>
<u>C. Operations and Maintenance</u>			
(1) <u>Operations</u> Include funds to be obligated for contractor services to operate a WANG VS computer or an OIS System (system administrator and staff, not workstation operators).			
(2) <u>Maintenance</u> Include obligations for contracts to maintain government-owned equipment (hardware) and software that is currently in place and that is to be acquired in IA and IB above.	250.0	125.0	125.0
<u>D. Systems Analysis and Programming</u> Obligations for contractor services to design and program new ADP or OIS application systems and to maintain existing systems.			
<u>E. System Design and Engineering</u> Not required by AID Missions			
<u>F. Studies and Other</u> Obligations for management and feasibility studies, requirement definitions and commercial training.	26.0	3.5	3.5
SUBTOTAL	<u>277.0</u>	<u>130.5</u>	<u>130.5</u>
<hr/>			
5. TOTAL DOLLARS Workyears	<u>449.6</u>	<u>348.7</u>	<u>370.3</u>

ANNEX J
 FY 1988 ANNUAL BUDGET SUBMISSION
 TABLE VIII (D) - Information on U.S. Direct Hire Staffing

<u>Pos no.</u>	<u>Position Title</u>	<u>Program Management ^{1/} Responsibility</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>
6151012	Mission Director	none	1	1	1
6151024	Dep. Mission Director	none	1	1	1
51037	Secretary	none	0	1	1
6152014	Sup. Program Officer	none	1	1	1
6152019	Sup. Program Officer	615-0510 PD&S 615-0213 ESF	1	1	1
6153032	Program ECS Officer	none	1	1	1
6153005	Sup. Executive Officer	none	1	1	1
6153006	Sup. Executive Officer	none	1	1	1
6153012	Sup. General Serv. Officer	none	1	1	1
6153014	General Serv. Officer	none	1	1	1
6151040	Sup. General Dvl. Officer	615-0236 PVO Co-Financing 698-0384.6 AMDP II	1	1	1
6151045	Food for Peace Officer	PL 480 Title II 698-0506.15 Small Project Assistance	1	1	1
6156007	Sup. Agriculture Dvl. Officer	Overall Agriculture Portfolio	1	1	1

6156015	Sup. Agriculture Dvl. Officer 615-0228 Agricultural Sector Grant 615-0230 FY 1984 Agricultural Development Program 615-0213 FY 1985 ESF Structural Adj. Program (Fertilizer) 615-0240 FY 1986 ESF Structural Adj. Assistance Prog. (Fert.)	1	1	1
6156025	Agriculture Dvl. Officer 615-0169 Agricultural Sector Support Proj. (Egerton College Expansion). 615-0190 On-Farm Grain Storage (Agricultural Credit) 615-0205 Renewable Energy Development. (Coop Studies & Training) 698-0388.13 Rural Women's Extension.	1	.7	0
6156031	Agriculture ECS Officer 615-0172 Arid Semi Arid Lands 615-0189 Rural Planning II 615-0213 FY 1985 ESF Structural Adj. Program (Resource Mgt for Rural Development).	1	1	1
FSNDH 2/	Program Specialist - Agriculture 615-0169 Agricultural Systems Support (Egerton TA & Training) 615-0221 Agricultural Management (MOALD Training) 615-0239 Institutional Devel. for Agricultural Training	1	1	1

ANNEX J
 FY 1988 ANNUAL BUDGET SUBMISSION
 TABLE VIII - Information on U.S. Direct Hire Staffing

<u>Pos no.</u>	<u>Position Title</u>	<u>Program Management Responsibility</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>
6156035	Agriculture Dvl. Officer	PL 480 Title I	1	1	1
6156040	Agriculture Dvl. Officer Agronomy	615-0169 Agricultural System Support (Kiboko Range Res). 615-0180 Drylands Cropping Systems Research. 615-0229 National Agricultural Research. 615-1328 Small Ruminant - CRSP	1	1	1
6157005	Sup.Health/Pop. Dvl. Officer	(as below, next two positions)	1	1	1
6157010	Assistant Health and Population Dvl. Off.	615-0187 HPIP 615-0232 FPSS (3 elements) 615-0216 AMREF 615-0219 Kitui Four AID/W central projects (9 subprojects)	1	1	1
6157012	Population Dvl. Officer	615-0232 FPSS (6 elements) 615-0165 PSRI 615-0223 FPPS Five AID/W central projects (17 subprojects)	1	1	1
6158005	Sup. Project Dvl. Officer	Overall Private Sector Portfolio	1	1	1
6158008	Sup. Project Dvl. Officer	615-0220 Rural Private Enterprise	1	1	1

6158010	Project Dvl. Officer	615-0213 Structural Adjustment Program	1	1	1
6158018	Project Dvl. Officer	None	1	1	1
6158020	Project Dvl. Officer	Private Development Portfolio 615-0220 Rural Private Enterprise 615-0238 Private Enterprise Development	.1	1	1

1/ Defined here as Project Management Responsibility

2/ Though FSNDH, performs Project Management Functions

TABLE VIII (e)

Organization USAID Kenya

<u>BACK STOP</u>	<u>POSITION TITLE/TRAINING COMPLETION DATE</u>	<u>FY 86</u>	<u>FY87</u>	<u>FY88</u>
95	IDI Economics (May 1986)	0.5	0.0	0.0
95	IDI Agriculture ECS (May 1986)	0.5	0.0	0.0
94	Project Development Officer	0.0	0.6	1.0

ANNEX J

FY 88 ANNUAL BUDGET SUBMISSION
TABLE VIII (F) INFORMATION ON FOREIGN AND THIRD
COUNTRY NATIONAL STAFFING

<u>FSN/TCN</u>	<u>DESCRIPTIVE JOB TITLE</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>
FSN PSC	Program Assistant O/D	1.0	1.0	1.0
FSH PSC	Secretary O/D	0.0	1.0	1.0
FSN DH	Economic Spec. (Program Off)	1.0	0.0	0.0
FSN PSC	Economic Spec (Prog. Off)	0.0	1.0	1.0
FSN DH	Program Spec Gen (Program Off)	1.0	1.0	1.0
FSN PSC	Secretary (Program Office)	1.0	1.0	1.0
FSN PSC	Secretary (Exec Office)	1.0	0.0	0.0
FSN PSC	Recept./Tel. Oper. (EXO)	1.0	1.0	1.0
FSN PSC	Switchboard Operator (EXO)	1.0	1.0	1.0
FSN PSC	Secretary (EXO)	0.5	1.0	1.0
FSN PSC	Trng. Career Dev. Spclt. (EXO)	0.7	1.0	1.0
FSN DH	Personnel Specialist (PER)	1.0	1.0	1.0
FSN DH	Personnel Clerk (PER)	1.0	1.0	1.0
FSN PSC	Personnel Clerk	0.0	1.0	1.0
FSN PSC	Secretary (PER)	1.0	1.0	1.0
FSN DH	General Services Spcl (GSO)	1.0	1.0	1.0
FSN DH	Purchasing Agent (GSO)	1.0	1.0	1.0
FSN DH	Procurement Clerk (GSO)	1.0	1.0	1.0
FSN DH	Shipment Assist. (GSO)	1.0	1.0	1.0
FSN DH	Customs Expeditor (GSO)	1.0	1.0	1.0
FSN DH	Gen Services Clerk (GSO)	1.0	1.0	1.0
FSN DH	Vouch. Exam/Sub Cashier (GSO)	1.0	1.0	1.0
FSN DH	Supply Supervisor (GSO)	1.0	1.0	1.0
FSN DH	Storekeeper (GSO)	1.0	1.0	1.0
FSN DH	Maintenance Supervisor	0.5	1.0	1.0
FSN PSC	Secretary (GSO)	1.0	1.0	1.0
FSN PSC	Shipment Assistant (GSO)	1.0	1.0	1.0
FSN PSC	Clerk (GSO)	1.0	1.0	1.0
FSN PSC	Storekeeper (GSO)	1.0	1.0	1.0
FSN PSC	Procurement Agent (GSO)	1.0	1.0	1.0
FSN PSC	Computer Programmer (GSO)	0.7	1.0	1.0
FSN DH	Motor Pool Supervr. (GSO)	1.0	1.0	1.0
FSN PSC	Chauffeurs (GSO)	17.0	17.0	17.0
FSN DH	Comm & Records Supv. (EXO)	1.0	1.0	1.0
FSN PSC	Comm & Rel. Asst. Supervisor (EXO)	1.0	1.0	1.0
FSN PSC	Representative Clerk (EXO)	1.0	1.0	1.0
FSN PSC	Mail Clerk (EXO)	1.0	1.0	1.0
FSN PSC	C & R. Clerk (EXO)	0.5	1.0	1.0
FSN PSC	Mail Clerk	1.0	1.0	1.0
FSN PSC	C. & R. Clerk (EXO)	0.5	1.0	1.0
FSN DH	Training Spcl. (HRD)	1.0	1.0	1.0
FSN PSC	Part. Trn. Asst. (HRD)	1.0	1.0	1.0
FSN PSC	Project Specialist (HRD)	1.0	1.0	1.0
FSN PSC	Secretary (HRD)	1.0	1.0	1.0
FSN PSC	Secretary (HRD)	1.0	1.0	1.0

TABLE VIII (F) INFORMATION ON FOREIGN AND THIRD
COUNTRY NATIONAL STAFFING

<u>FSN/TCN</u>	<u>DESCRIPTIVE JOB TITLE</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>
FSN DH	Program Spel. GEN. (AGR)	1.0	1.0	1.0
FSN PSC	Secretary (AGR)	1.0	1.0	1.0
FSN PSC	Secretary (AGR)	1.0	1.0	1.0
FSN PSC	Secretary (AGR)	1.0	1.0	1.0
FSN PSC	Prog Spel (AGR)	1.0	1.0	1.0
FSN PSC	Secretary (AGR)	1.0	1.0	1.0
FSN DH	Prog. Asst Health (PCP/HEALTH)	1.0	1.0	1.0
FSN DH	Program Clerk (PH)	1.0	1.0	1.0
FSN PSC	Secretary (PH)	1.0	1.0	1.0
FSN PSC	Secretary (PH)	1.0	1.0	1.0
FSN DH	Prog. Specialist (PROJECTS)	0.0	1.0	1.0
FSN DH	Civil Eng. (Proj)	0.5	0.0	0.0
FSN DH	Private Sector Spel.	1.0	1.0	1.0
FSN PSC	Secretary (PROJ)	1.0	1.0	1.0
FSN PSC	Secretary (PROJ)	1.0	1.0	1.0
FSN PSC	Clerk Stenographer (PROJ)	1.0	1.0	1.0
FSN PSC	Prog. Proc. Spec. Not OE funded	1.0	1.0	1.0
FSN PSC	Clerk Stenographer (PROJ)	1.0	1.0	1.0
FSN PSC	Secretary (PROJ)	1.0	1.0	1.0

Food For Progress Narrative

On March 26, 1986, USAID/Kenya submitted a FY1986 Food for Progress (FFP) proposal (Nairobi 11792) that encompassed a detailed discussion of the GOK's policy reforms to date and the expected linkage of the FFP program to future reforms. Kenya was one of seven countries considered as a candidate for the FY1986 FFP program.

For the past several years the GOK has been making progress in the critical policy areas of output market liberalization, input distribution, prices, agricultural research and budget rationalization. While the GOK has enunciated positive policy reforms, its rhetoric has often exceeded its performance in implementing announced policy changes. This discrepancy between announcement and action has normally resulted from several factors including a lack of full commitment to reform, a lack of financing to implement reform and the absence of detailed implementation plans.

USAID/Kenya proposes that the FY1987 Food for Progress program build upon previously enunciated policy reforms through the use of specific and measurable self-help steps and counterpart generations to strengthen the implementation of market-oriented reforms. In particular, we propose that while the PL480 Title I Program is concerned with cereal import liberalization and agricultural information, the Food for Progress program will focus on domestic cereal market liberalization and development. The specific self-help measures for year 1 would be a detailed implementation plan to expand private sector (farmer, trader, miller) trade and storage as well as the relaxation of inter-district controls on maize. These initial measures, admittedly tentative, will be followed in subsequent years by monitoring benchmarks.

As noted in the Title I tables, Kenya currently has a structural wheat deficit of 200,000 metric tons per year. Furthermore this deficit is growing by approximately 20,000 metric tons per year due to both the growth in population (4.1%) and the income and taste factors associated with urbanization. The inclusion of an initial FFP program level of US\$10 million to purchase 77,000 metric tons in FY1987, for an overall P.L. 480 wheat import level of \$18 million, or 139,000 metric tons, is therefore not expected to result in disincentives to domestic wheat production.

FY 1988 ANNUAL BUDGET SUBMISSION

TABLE XIII

Country/Office Kenya

PL 480 TITLE I/III

Supply and Distribution
(000 Metric Ton)

<u>STOCK SITUATION</u>	<u>July-June</u> <u>FY 1987</u>	<u>Estimated FY 1988</u>
<u>Commodity - Wheat</u>		
Beginning Stocks	42.6	85.3
Production	242.0	247.0
Imports	245.0	223.7
Concessional	(213.0)	(178.7)
Non-Concessional	(32.0)	(45.0)
Consumption	444.3	471.0
Ending Stocks	85.3	85.0

P.L. 480 Title II/Section 416 New Project Start/Revised Project Narrative

As the majority of food assistance programs in Kenya move from an emergency drought relief mode to a recovery and development orientation, USAID/Kenya is preparing a new food aid development strategy using P.L. 480 Title II and Section 416 food assistance to promote food security in Kenya. Non-traditional and creative applications of specially designated U.S. surplus food will be stressed in the design of new food programs, which will target at-risk population groups in drought-prone areas of the country.

As operational plans from PVOs are received by USAID/Kenya, particular notice will be given to a plan's relationship to the Mission's country development strategy. Concise objectives with criteria for measuring their progress will be reviewed and a multi-year time frame with distinct phase-over/phase-out plans will be required.

The new starts and revisions outlined below, particularly those of CRS and CARE, represent an attempt to address the new P.L. 480 operational plan guidelines. The CARE and World Vision programs, while relatively small in size and pilot in nature, can be expanded, with a reasonable success of models, to provide for significant multi-year programs in Kenya.

CARE

FY88 will be the second year of CARE's P.L. 480 Title II pilot program. Community-level food security will be promoted through increased local food production by creating a productive infrastructure (food storage, water availability and soil conservation) with local self help labor; increased stability of food supply by establishing an experimental emergency buffer stock/revolving food bank; and increased access to available food through income-generating activities that will build and strengthen local groups and institutions.

A separate collaborative operational research grant between the International Food Policy Research Institute (IFPRI) and CARE will monitor and evaluate the progress of the program during the first eighteen months. If the program is successful, a decision will be made to expand the CARE model to other areas of Kenya, thus increasing significantly the level of P.L. 480 food assistance.

CARE's approach is consistent with USAID's objective of using food aid as a development resource to assist the Government in its district focus (decentralization) plans, and with the strengthening of local self-help groups.

Catholic Relief Services

CRS has submitted a revised, multi-year Operational Plan (FY87 through FY89) which calls for a gradual phasing down of P.L. 480 Title II over the three year period. The reasons for the reductions include: CRS' financial constraints, and a rethinking of programmatic and policy direction which will result in an expanded concentration on community-based development activities (using financial and technical inputs).

CRS will continue to supply a nutritional food package for MCH recipients, and will continue food for work activities associated with increasing agricultural production, water development and soil conservation/agroforestry. General relief (emergency) will still be provided to the destitute, elderly, sick, and displaced, but on a reduced scale. CRS has decided to phase-over/phase-out institutional feeding (Other Child Feeding) and pre-school feeding. These are both programs which they have had in Kenya since 1965.

As part of an effort to reduce its reliance on P.L. 480 Title II food assistance, CRS has tried to refocus its development objectives to address quality rather than quantity. In this context, further issues of consistency with USAID development strategy, recipient fund use, and opportunities other funding sources will be coordinated and discussed.

World Vision International

World Vision has submitted a Letter of Intent for an FY87 P.L. 480 Title II or Section 416 program in Kenya. If successful there is every reason to believe that the program will be extended into FY88.

As envisioned, the program will target approximately 7,500 nomadic families in ten districts as beneficiaries to receive food assistance through a lunch program to children under 10, food for work, and general relief to the elderly and pregnant and lactating mothers. The U.S. Government food inputs will complement an on-going livestock restocking program and an agricultural tool and seed program.

As the program plan evolves, USAID will pay particular attention to the design process, particularly since this will be World Vision's first P.L. 480 program with USAID/Kenya. The plan's approach at the district level, and its consistency with USAID and the GOK development strategies, will be of special importance.

The Adventist Development and Relief Agency (ADRA)

Due to a reorganization, both at the local level and at their international headquarters, ADRA has not yet developed a program for FY87. However, USAID believes that ADRA/Kenya will continue to be interested in either a Title II or Section 416 program, although it is expected that levels will be much reduced from those previously reported. A pilot program probably will include ADRA's MCH-sponsored clinics, and its health and family planning delivery systems. Further discussions will soon take place about these possibilities.

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE XIII
PL 480 TITLE II

I. Country Kenya

Sponsor's Name CARE

A. Maternal and Child Health.....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
Total MCH		_____	_____

B. School Feeding.....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
Total School Feeding		_____	_____

C. Other Child FeedingTotal Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
Total Other Child Feeding		_____	_____

D. Food for Work.....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
Total Food for Work		_____	_____

E. Other (Specify) Self-help labor.....Total Recipients 1800 (labor)
Community Level Food Security +(3000 dependents)

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>4800</u>	<u>Wheat</u>	<u>1669</u>	<u>227,000</u>
_____	_____	_____	_____
Total Other		_____	_____

II. Sponsor's Name CARE

Total MT: 1669 mt
Total \$: 227,000

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE XIII
PL 480 TITLE II

I. Country Kenya

Sponsor's Name CATHOLIC RELIEF SERVICES-USCC

A. Maternal and Child Health.....Total Recipients 70,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>70,000</u>	<u>Bulgar</u>	<u>2520</u>	<u>473.7</u>
<u>70,000</u>	<u>CSM</u>	<u>1260</u>	<u>335.2</u>
<u>70,000</u>	<u>Veg. Oil</u>	<u>609</u>	<u>325.0</u>
Total MCH		4389	1133.9

B. School Feeding.....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
Total School Feeding		_____	_____

C. Other Child Feeding⁰Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
Total Other Child Feeding		_____	_____

D. Food for Work..(Workers & Dependents).....Total Recipients 5,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>5,000</u>	<u>Bulgar</u>	<u>540</u>	<u>101.5</u>
<u>5,000</u>	<u>Veg. Oil</u>	<u>61</u>	<u>32.5</u>
Total Food for Work		601	134

E. Other (Specify)....~~General Relief~~.....Total Recipients 4,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>4,000</u>	<u>Bulgar</u>	<u>96</u>	<u>18.1</u>
<u>4,000</u>	<u>CSM</u>	<u>96</u>	<u>25.5</u>
<u>4,000</u>	<u>Veg. Oil</u>	<u>69</u>	<u>37.1</u>
Total Other		261	80.7

II. Sponsor's Name Catholic Relief Services-USCC

Total MT: 5251 mt
Total \$: 1,348,600

FY 1988 ANNUAL BUDGET SUBMISSION
TABLE XIII
PL 480 TITLE II OR SECTION 416 PROGRAM

I. Country Kenya

Sponsor's Name WORLD VISION INTERNATIONAL

A. Maternal and Child Health.....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
Total MCH		_____	_____

B. School Feeding.....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
Total School Feeding		_____	_____

C. Other Child FeedingTotal Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
Total Other Child Feeding		_____	_____

D. Food for Work.....Total Recipients 3,500

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>3,500</u>	<u>NFDM</u>	<u>840</u>	<u>92.4</u>
<u>3,500</u>	<u>Veg. Oil</u>	<u>668</u>	<u>367.5</u>
Total Food for Work		<u>1508</u>	<u>459.9</u>

E. Other (Specify)....General Relief.....Total Recipients 39,700

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>39,700</u>	<u>NFDM</u>	<u>527.3</u>	<u>58.0</u>
<u>39,700</u>	<u>Veg. Oil</u>	<u>424.2</u>	<u>226.5</u>
Total Other		<u>951.5</u>	<u>284.5</u>

II. Sponsor's Name World Vision International

Total MT: 2,459.5 mt

Total \$: 744,400

AFRICAN MANPOWER DEVELOPMENT PROJECT III

Objectives: 1987-1988 Program 1/

Kenya's CDSS addresses the development of institutional capabilities for technology transfer particularly through management and technical training. The qualitative human resources constraint continues to be a critical bottleneck in the formulation and implementation of the GOK's development plans and policies. This two year Country Training Plan (CTP) focuses on support for institutional development programs (improvement of skills and trainers for implementation of development programs) and will increase the proportion of women trained for leadership or technical roles in development activities. These objectives are in line with the GOK's current development priorities.

FY87 TRAINING PROPOSALS

1. In Country Training

GOK wishes to run two week seminars in 1987 for an estimated 15-20 participants each. First seminar will be for trainers in parastatal organizations. Second one will be a management training seminar for local government officials. Estimated total \$45,000.

2. Third Country Training

GOK should continue to send about 30 officers to ESAMI, Arusha, Tanzania, for management courses. Average duration is four weeks at a total cost of \$100,000.

3. U.S. Technical (Short Term)

Three U.S. base specialized short programs for women will be funded. These will be in Management training for average one month duration each at a total cost of \$25,000.

4. Academic Training (U.S.)

One academic program, MA in economic development, at a cost of \$30,000.

5. Functional account will be EHR.

6. Total EHR Funds, FY87, \$200,000.

1/ Above CTP is tentative and subject to some changes after further consultation with GOK.

FY88 TRAINING PROPOSALS

1. In Country Training

Two seminars/workshops in FY88 are envisaged for 20 participants each. Management training will be the focus. Estimated cost of \$40,000.

2. Third Country Training

At least 30 participants will attend ESAMI courses in FY88 at an estimated cost of \$100,000.

3. Academic Training (U.S.)

One academic program in Management Science will be funded at a total cost of \$50,000. Estimated duration 24 months.

4. U.S. Technical (Short Term)

Two management oriented short programs in U.S. will be funded at a total cost of \$10,000. Estimated duration of one month each.

5. Functional account will be EHR.

6. Total EHR Funds, FY88, \$200,000.