PD-AAU-564

MEMORANDUM

Date: January 28, 1985

TO: SEE DISTRIBUTION

FROM: AFR/PD/EAP, Deborah Prindle

SUBJECT: Somalia Portfolio Review - Bilateral Projects

An informal portfolio review session on Somalia is scheduled for Thursday, January 31, to provide an opportunity for Ed Birgells, USAID/Somalia PDO, to update AID/W on the status of both on-going projects, and those still in the design phase. Attached is a copy of the findings from the last portfolio review (November 1984).

Session I: Agriculture and Related Projects: Thursday, January 31, 2:00 p.m. - 3:30 p.m., in the Africa Bureau Conference Room, 6941 NS

Ag Extension, Training and Research (649-0101)
Comprehensive Groundwater Development (649-0104)
Central Rangelands Development (649-0108)
Livestock Marketing and Health (649-0109)
Agricultural Delivery Systems (649-0112)
Bay Region Agricultural Development (649-0113)
Juba Development Analytical Studies (649-0134)
Production System Planning (649-0126 SNARP)

Session II: Non-Agricultural Projects: Thursday, January 31, 3:30 p.m. - 5:00 p.m., in the Africa Bureau Conference Room, 6941 NS

Rural Health Delivery (649-0102)
Family Health Services (649-0131)
Kismayo Port Rehabilitation (649-0114)
Commodity Import Program I (649-0118)
Commodity Import Program II (649 -0102)
Commodity Import Program III (649-0129)
Policy Initiatives and Privatization (649-0132)
CDA Forestry I (649-0112)
Refugee Self-Reliance (649-0123)
Management Training and Development (649-0119)
PVO Development Partners (649-0138)
Refugee Settlement (649-0135, 698-0502)

Distribution: Next Page

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#1460J

November 16, 1984

SOMALIA

PORTFOLIO REVIEW

A. Overview: The Portfolio as a Whole.

At the time of Somalia Portfolio reviews held in May 1984 and November 1983, there was growing concern in AFR concerning the size, diversity and complexity of the Somalia portfolio in relation to Mission management and monitoring capability. The problem was seen as being one of a combination of the lack of a) a sufficient concentration of effort, b) manageable limits to programming activity and c) an effective span of control in terms of the amount of territory (sectorially, functionally and geographically) that had to be covered. In part, the problem was also the result of a number of vacant positions in the Somalia Mission, particularly in the projects office. As a consequence, several of the older projects in the portfolio were obviously suffering and in need of greater management attention, redesign and/or substantive remedial measures of one kind or another. There was a feeling in Washington that a critical mass of problems was in the making. An appraisal mission to the field was discussed as a possibility to deal with portfolio related issues in general.

Over the course of the past year, however, as was particularly evident in the present review exercise, a concerted effort has been made by the USAID to redesign or otherwise attend to existing problem projects. This has been possible in large part because of a significantly strengthened staff. Also the pace of new project development has slowed to a degree, and it has been possible to devote greater management attention to the existing portfolio. In sum, substantial progress has been made in terms of cleaning up a difficult backlog of problems, and the overall picture is a lot brighter than it was even a few months ago.

B. Specific Projects.

Of the 15 projects in the USAID's currently active bilateral portfolio, only six have been selected for discussion in the executive review. For the most part, these represent examples of past problem projects and of the turn around discussed above. In only one case, Juba Valley, is there an issue needing executive attention at the Bureau level at this point.

Note: The length of this review paper is regretted. It was felt important, however, to provide sufficient detail with respect to the substance of progress made and measures taken to establish credibility. The Somalia portfolio is just now hitting its stride and has a somewhat atypical profile at this point.

1. Comprehensive Groundwater Development (649-0104).

Date of Initial Obligation:	9/30/79
PACD:	9/30/85
AID LOP Funding Level:	$ 18.8 million
Obligated to Date:	18.8
Earmarked:	12.6
Expended:	11.4
Pipeline:	7.4

The project is designed to assist the Water Development Agency (WDA) of Somalia to establish an on-going water development program which provides potable water in rural areas for both villages and livestock. The project has four major components dedicated to: institutional development of the WDA, data collection/utilization and planning, exploitation in the form of boreholes and distribution facilities in the Bay region and Central Rangelands areas, and studies.

A controversial amendment was authorized in August 1984 which added $5.8 million and two years to the project. The review was controversial due to the high cost associated with well development in the areas in question, the operational as opposed to strictly regulatory role of the WDA (a parastatal) in drilling operations, and the technology and approach employed in general, ie., heavily loaded, relatively high cost technical assistance and equipment. At length, the amendment was approved based on operational commitments of the project to develop wells for two other major USAID projects co-financed with the World Bank - Bay Region and Central Rangelands.

In the past few months, however, thanks to intensive effort by both the USAID and the contractor, the project appears to have "caught hold" in an operational sense and is now moving well. Recent achievements and factors for consideration in the turnaround include:

- Well Drilling: 74 wells drilled (24 exploratory), 14 power pumps installed, 8 hand pumps installed, 9 civil works complete and 4 others in process. 10,000 rural poor and 130,000 animals are expected to benefit. (When the PID for the amendment was presented in March 1984, only one well was operational after some $11 million had already been expended on the project.

- WDA Institutional Strengthening: New logistical and warehousing systems in place and operated by Somalis. Same for financial control and management systems. Water control laboratory is operational and performing analyses. Planning division will be operational within 18 months. Contractor now conducting on-the-job training in vehicle mechanics, well drilling and

maintenance, pump installation and hydrogeology. All systems will be standardized with O&M manuals written in Somalia.

- Private Sector Experiment: The project is now ready to proceed with the private sector experiment mandated by the Washington review of the PP Supplement.

- Long term participants are about ready to return and take up positions in WDA.

2. Agricultural Delivery Systems (649-0112)

Date of Initial Obligation:	8/18/79
PACD	9/30/86
AID LOP Funding Level	$ 8.64 million
Obligated	8.64
Earmarked	7.26
Expended	5.09
Pipeline	3.55

This multi donor project, jointly financed with the World Bank, ADF, and EEC, is designed to a) establish and implement a system for the development, adaption and demonstration of improved crop production and management practices for the Somali farmer and b) contribute to the development of a national agricultural research strategy. Three critical components of the system being developed include: 1) a trained manpower base to deliver the "tech pack", 2) an institution for supervision, coordination and management of agents in the field, and a research arm to provide the technology. Utah State University provides TA and training support to the National Extension Service (NES) and the Central Agriculture Research Center (CARC).

Over the past few years this has been one of the USAID's most serious "problem projects," and on more than one occasion has been a candidate for deobligation. Further, in the most recent audit (Report No. 3-649-84-15 dtd 8/6/84) the comment was made (p. 7) that "... if past failures and problems have not been overcome, [after one additional harvest] USAID/Somalia should terminate the project." (Discussed further below.)

Problems originally stemed from the highly interdependent nature of components provided by the various donors Delay or failure to implement any one element led to serious problems in others. Civil works, for example, were delayed up to 3 years; TA was delayed up to 2 years; trainees were unavailabe for training. The design by the IBRD was overly ambitious and based on faulty assumptions. The T.A. team found no appropriate extension packages and adaptive research (ended up using U.S. packages). The training & visitation system pushed by the Bank

proved inappropriate for Somalia (logistically difficult, lacked appropriate technology etc.) There were other problems with and between the US Contractor and the Project Management Unit (PMU) created by the Bank.

Following an evaluation in early 1983, however, the USAID decided to restructure its assistance to the project to promote the production of improved technology for extension (through adaptive research), in-service training of extension personnel, and the development of an extension model feasible in the Somali context. USAID continued its long-term training program, and redefined its technical assistance package, eliminating long-term teaching positions and placing stress on adaptive research.

According to the USAID, since redesign great strides have been made. Working relationships between the US contractor and the PMU have improved. On farm trials are successfully being conducted demonstrating substantial increases in productivity, and a realistic prototype has been evolving for extension program development and training.

Concerning tha audit mentioned above, 5 substantive recommendations were made which USAID is now acting on: 1) establishment of commodity management system, 2) introduction of routine vehicle maintenance system, 3) prohibition against servicing of non-project vehicles at project garage, 4) transfer/disposal of excess commodities, and 5) progress reporting on participants.

The statement in the audit text that the project should be closed if it has not turned around within one growing season, appears to be more a reflection of past rather than current problems and is not considered to be an issue at present by the USAID. The Mission argues persuasively that the project has already turned the corner and is on a positive track. The IG will look at the project again in FY 85, but we are confident that positive findings will be forthcoming regarding the project as a whole.

3. <u>Central Rangelands Development (649-0104)</u>

Date of Initial Obligation:	8/18/79
PACD	9/30/88
AID LOP Funding Level	$ 14.94 million
Obligated	14.94
Earmarked	9.36
Expended	5.09
Pipeline	9.44

Also a multi-donor effort (IDA, IFAD, GTZ, WFP), this 45$ million project was originally to consolidate and improve

rangeland and livestock production, increase pastoral income and establish pastoral communities. The project proved to be overly optimistic and complex, however, and, as a result of lessons learned during the first two years, was redesigned and scaled down to concentrate on strengthening (a) the rangeland management capacity of the National Range Association. (b) the teaching and research capacity of the National University and (c) the effectiveness of the NRA in developing, testing and transferring relevant range managemeent technologies to livestock producers. The project has a team of 12 advisors and provides equipment, materials and training.

This is also one of the USAID's traditional problem projects and is currently approximately two years behind schedule. As a result of the 1983 evaluation, however, and a more recent mid-term review by co-financers, a number of remedial actions have and are being taken, ie., appointment of a fulltime manager, establishment of a steering committee, modification of the scope of the range development activities to place more emphasis on the collection and analysis of data on existing management and production systems, and testing of small scale range mnanagement efforts. The training component has also been reformulated to focus on the establishment of a department of Range Management at the National University and the initiation of a range management research program. Revised development and implementation plans are being developed for presentation to the steering committee in November. A PP supplement is also being developed to formalize changes incorporated in the new implementation plan.

Although not completely out of the woods, the project is now at least on a positive course as will be observed in the indicators below. The donors appear to be in agreement on plans for the future, and no additional funding or extensions are expected to be required. There is a lingering problem with respect to O & M funding on the counterpart side (especially for fuel), and activities will need to be adjusted to funding availabiiities. Significant achievements include:

- Baseline study of production and variety of other factors complete in two priority districts and 70 % complete in the third district.

- Range management program being designed for the three districts to include monitoring, introduction of range management technology, animal health services, animal husbandry, water development and soil conservation.

- Village management plans established for two villages in one district. Eight village shelter belts established and three sand dune stabilization projects underway in various villages.

- o One borehole established in each of two districts. Five water storage sites developed over the greater three district area. Improved and expanded water distribution for estimated 3,500 people and 14,000 livestock.

- o On the institutional and organizational side, 20 counterparts have been trained on the job; three participants have completed MS Range Management training at US Universities; five more are scheduled to complete BS degrees in Dec. 1985. Three grazing associations have been established in one district. A Department of Range Management has been established in the Faculty of Agriculture with a ten course curriculum developed. 20 students are enrolled.

4. Bay Region Agricultural Development (649-0113).

Date of Initial Obligation	8/31/80
PACD	7/31/87
AID LOP Funding Level	$ 11.17 million
Obligated	11.17
Earmarked	8.96
Expended	4.46
Pipeline	6.71

Also a multi-donor project (IDA, ADF, IFAD) the purpose is to increase agricultural production in the Bay Region through the development of necessary institutions, personnel and infrastructure. The project provides research and extension services and assistance in rural water, road construction and livestock. USAID through its contractor (University of Wyoming) provides advisory services in applied research extension and seed production, participant and in-country training, and baseline data collection and analysis.

The project appears to embody an effective approach, but has experienced significant delays in getting started. Steming from a mid-term review by the Donors, the overall effort has been slightly redesigned. Over the long term the original project objectives remain valid, except that the range management and improvement component is not considered feasible and has been dropped. The project will continue to focus on finding ways to reduce the risks of rainfed crop farming, consolidation of veterinary services already started in the region, provision of a reliable water supply where population density is greatest (Groundwater project) and the rebuilding and maintainance of indispensable roads of the region (non-USAID). In terms of achievements the project has:

- o consolidated under one management all agricultural development activities in the region.

- o completed 7 of the 14 veterinary dispensaries, the veterinary laboratory and a garage facility (all of which were supposed to be provided by IDA)
- o constructed a warehouse and a fuel station.
- o established a livestock vaccination program
- o initiated a variety of research activities.

One continuing concern is that the long awaited research and seed farm facility still has not been built (IDA funded).

5. Juba Development Analytical Studies (649-0134).

Date of Initial Obligation	9/25/83
PACD	12/31/86
AID LOP Funding Level	$ 5.25 million
Obligated	5.25
Earmarked	5.185
Expended	.415
Pipeline	4.77

The project was designed as the US contribution toward the creation of a master plan for the development of the Juba Valley in collaboration with the Ministry of Juba Valley Development (MJVD) the IBRD and other donors. AID financed studies are to to provide critical information on land use and soil classifications and environmental and social implications of the various intervention possibilities. The project also aims to assist in the development of the MJVD as an effective coordinating body for master planning in the valley. A PP Supplement will be submitted this year in order to cover the need for additional funding in the amount of $2.75 million in order to complete all programmed activities.

This high visibility effort got underway early (February 1984) with the initiation of the two year soils study by the US Bureau of Reclamation. There have been seemingly endless delays, however, with initiation of the environmental/social study. This has now become a major embarrassment to the US Government in the forum of the highly visible multi-donor/GSDR committee attempting to orchestrate overall implementation of the variety of activities going into development of the master plan.

Delays associated with the initiation of the Environmental Study have had to do primarily with the need to work through a protracted scenario with AID's Office of Small and Disadvantaged Business Utilization. Commencing in April of this year, AFR was required to review, in two separate exercises, 21 different capability statements of small and disadvantaged businesses. It was eventually established that

none of them were qualified to take on this demanding, highly technical, multi-disciplinary, scientific effort as the prime contractor. The next step in the negotiated understanding with the Office of Small Business, however, is to compete the proposal within the small business community, and an RFP is to be issued within the next few days (at the printer). Only if a qualified firm within this group is not found, will competition be opened up to the universe of eligible organizations. Earlier delays also resulted from the need for multiple reviews and reworking of the Scope of Work for the Study and the year-end bulge of work in the Contracts office.

The USAID, at this point, argues strongly for open competition. A qualified contractor must be selected around the end of 1984 and on board early in the new year in order to maintain USAID's credibility in the context of the larger effort.

In consultation with the Contracts Office, however, AFR/PD reluctantly recommends that we proceed with the small business set aside in hopes of finding a qualified source. It is a calculated risk, but to rework the RFP at this point, publish a new notice in the CBD, deal with the Office of Small Business, and deal with possible protests from the small business community, in our estimatation could well result in yet more serious delays.

Recommendation: Proceed with the scenario currently in progress, ie., issuance of small business set aside RFP now aiming for evaluation and award in January 1985.

(Note: The study is of a high visibility nature and will probably receive attention and scrutiny from non-governmental conservation organizations. In addition, the Agency has considerable credibility at state in the effort which should be a model of sound environmental planning and management. The study involves a complex set of sophisticated and interrelated technical investigations and analyses to be conducted under difficult physical circumstances. It is further vital to have a strong management team skilled in coordinating multidisciplinary studies, in providing logistical supoport to remote field teams and in systhesizing the findings of diverse technical research.)

6. Rural Health Delivery (649-0102)

Date of Initial Obligation	6/11/79
PACD	9/30/85
AID LOP Funding Level	$ 15.2 million
Obligated	12.04
Earmarked	8.49
Expended	7.44
Pipeline	4.6

The purpose of the project is to develop a primary health care system capable of delivering services to the rural population in four regions of the country. A new layer is being introduced into the health network, the primary health care unit (PHCU). It is also the first attempt to introduce community health workers (CHWs) into the health system at the village level. The main components of the project include the establishment of two national training centers in the north and south to train personnel for the PHCUs and district centers, establishment of a health information system, health education and the building of 64 PHCUs in four regions of the country.

This has also been one of the USAID's traditional problem projects and last year was on a PPC list for termination. On the basis of evaluation, redesign and an AID/W review last summer, the project was allowed to continue and a major amendment was executed in August 1983.

Earlier problems had to do with initial delays in the arrival of the original technical assistance team, difficulties associated with the ordering and construction of prefab buildings, other delays in the ordering and shipping of essential commodities. The construction component was overly ambitious. Other delays have been caused by shortages of fuel. A major constraint to delivery at the village level has been weak infrastructure in the Ministry of Health. There were other problems in donor coordination and with supervision and management in general, especially at the regional and district levels. Another early problem was the lack of a consistent AID project manager over the first few years. The assignment of a full time AID project manager in September 1983 has made a major and highly positive difference in implementation.

In the redesign effort over the past year, the USAID has conducted major studies of the training program and the recurrent cost issue resulting in a several positive changes to the project. Drug distribution is now being taken over by UNICEF and other donors are helping with the recurring cost issue. More cost effective approaches to the development of a logistic system, health information, standardized drug list and purchasing systems have been formulated.

The USAID believes it is now ready to effect substantial positive changes in the project with a much greater focus now on delivery of services at the village level. Although an extension of the PACD will be necessary, no additional funding will be required.

7. Other projects in the portfolio not covered in this review.

Agricultural Extension, Training & Research (649-0101): Project has been completed except for some training. Will closeout this quarter.

Livestock Marketing and Health (649-0109): Project is brand new. Just started in August.

Kismayo Port Rehabilitation (649-0114) : Construction Phase authorized in August. Currently negotiating with the Navy for implementation.

Commodity Import Programs I & II: Proceeding well in terms of contributions to private sector development and improvements to the policy environment. PID for CIP III is now being reviewed by the Bureau.

CDA Forestry I (649-0122): Considered a success storey. Achievement indicators can be detailed in review if desired. Scheduled for mid-term Evaluation next quarter.

Refugee Self-Reliance (649-0123): Some interesting possibilities in donor coordination. Scheduled for mid-term evaluation next quarter.

Family Health Services (649-0131): Just started in August 1984.

Policy Initiatives and Privatization (649-0132): Project is getting off to a slow start in terms of resource mobilization but has done some good, low cost work thus far with local currency funding. Two long term advisors just arriving now. Need to develop flexible/rapid requirements type contract vehicle for short term responsive TA to private business beneficiary group.