INTERIM EVALUATION REPORT APRIL 1987

AID - ORT FOOD FOR PEACE

Maternal - Child Health (Title II) Component
Area Nutrition Improvement Project (No. 660-0079)

by Marian Zeitlin, Stephen Bogyo,
Rick Gold, Robert Kidd, and Bikangi Nkiabungu

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AID - ORT FOOD FOR PEACE

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AID - ORT FOOD FOR PEACE
P.L. 480 Title II Program -660-0079

EXECUTIVE SUMMARY

I. The Project

A unique Title II pilot program attempting to reverse the development problems commonly attributed to food AID, it involves an integrated rural development project, Centre de Development Integral (CDI), a commercial weaning foods manufacturer, Victoria Associated Products (VAP), and a broadly affiliated primary health care organization, Sante Pour Tous (SPT). Project management is by a PVO, Organization for Rehabilitation through Training (ORT).

Goals: Increase urban consumption of corn meal as an alternative to the nutritionally inadequate manioc that dominates the local diet, and stimulate local corn production. Rehabilitate 50,000 children, leaving behind improved MCH infrastructure and services and a source of MCH funds after the project ends. Increase the market of a commercially produced weaning food 93% fabricated from local ingredients and maintain its low cost relative to imports.

Project operations: are financed by monetizing about 500 MT of Title II non-fat dried milk (NFDM) per year. About 900 MT of unmilled corn also are imported yearly and used both for free distribution (30%) and for sale at subsidized rates in Kinshasa's 50 markets. CDI mills and distributes the corn, using proceeds to: a. provide incentives for agricultural production in their project site in Northern Zaire by a subsidy that keeps farmgate corn prices about Z 3/kg higher than the sales price in Kinshasa; b. improve delivery of corn meal to Kinshasa markets; and c. buffer seasonal deficiencies in local corn production, so that Title II yellow corn meal is sold only when local white corn is not available. Thirty-nine SPT MCH centers use and promote a targeted weaning food made of project corn meal and local soy and engage in project-sponsored educational activities. NFDM proceeds purchase an extruder for VAP permitting a switch from imported wheat flour to local corn meal as the basis of a better tasting, less expensive and more nutritious baby food, CEREVAP. VAP repays the cost of the extruder into an MCH fund.

II. Evaluation Findings

The major components, as set forth in the FY 87 operational plan, are progressing satisfactorily and on schedule. Project expenditures to date support the major program objectives. Both commodity management and record keeping systems are adequate and could sustain U.S.G. audit. CDI and VAP are viable businesses with 20 and 30 years of good business records. SPT is an exemplary but new organization still developing its program.

At the same time, the financial assumptions made in the original cooperative agreement concerning the price of NFDM and the stability of the Zaire were too optimistic and that has created major deviations in the future financing and cash flow plans. Local funds to be repaid by ORT to USAID for an extruder for VAP have risen from 34 to about 62 million zaires because of the falling value of the Zaire, which has dropped from 41:1 in December, 1984, at the time of the Project Paper, to 100:1 in March, 1987, and is estimated to reach 150/1 by late 1987. At this point it may stabilize if the GOZ accepts debt rescheduling recommended by the IMF and raises about $200 million from donors.

With inflation the project will become primarily a mechanism to support VAP and will lack the resources needed to accomplish its objectives associated with CDI and MCH. Therefore, steps to obtain additional funds and technical assistance for the CDI and MCH components should be taken at this time.

VAP and CDI operations to date were found to be innovative and of outstanding quality. The "kiosk roulant" was discovered to be a distribution truck needed for wholesale delivery of corn meal to petty vendors in Kishasa's 50 markets.

One reservation raised regarding CDI was that the low urban price for corn it maintains in Kinshasa may decrease production incentives for corn farmers in nearby Bandundu and Bas Zaire, who do not receive the subsidy benefiting CDI's farmers in distant Equateur.

MCH activities, which have received only about 4% of project resources to date, require assistance. The original goal of "rehabilitating" 50,000 children was a misnomer and can realistically be restated in terms of preventing and alleviating malnutrition in 50,000 children per year. Although the centers are in compliance with FFP regulations, key aspects of MCH program design need to be improved. The rehabilitation programs as currently designed and managed have serious flaws, and the majority of children attending growth monitoring in the centers drop out at the age of nine months at the time of the final vaccination. Technical assistance provided to date has been of excellent quality, but is just a beginning.

The central office staffing pattern and facilities are satisfactory for managing the private sector and CDI components but lack personnel and transport to provide sufficient assistance to MCH activities.

Recommendations:

1. Personnel and Facilities: ORT (USAID concurrence) will provide the project by June 1987 with a 1 year resident nutritionist with technical expertise in MCH nutrition program design developing countries, training and non-formal education.

2. ORT will purchase a jeep specifically for MCH activities by June 1987.

3. Finances: AID and ORT will negotiate an arrangement to provide additional resources needed for funding MCH and CDI. This arrangement may be partially funded by additional monetization. ORT will include a description of this agreement and any request for additional montetization in its FY 88 operational plan due in Washington by May 1.

4. Commodity Management: To the extent that this ORT project may be establishing significant policy and legal precedents which may be replicated, and is now operating under ad hoc authorities, AID/W FFP will review and document these authorities during FY 88 in the context of existing regulations, particularly as AID regulation relates to sales of PL 480 Title II commodities.

5. Accounting and Record Keeping: The ORT/CDI agreement whereby ORT relinquishes its responsibility for commodity accountability after the corn is transfered to CDI, i.e. ownership changes Title, will be reviewed by AID General Council by June, 1987, as it may be in contravention of AID Regulation 11.

6. ORT will submit a new operational plan by the end of April, 1987, and AER for FY 88, and will review the operational plan to assure compliance with State 334505, Oct. 31, 1985.

7. The nutritionist recommended in 1. will assist SPT in upgrading record keeping from MCH Centers.

8. Terms of Agreement with VAP for Purchase of Extruder: Rather than focusing on the terms of the extruder, the final evaluation team in 1990 will carefully analyze the overall project structure for its potential to serve as a model for using Title II food to fight malnutrition.

9. The Kiosk System: CDI will purchase the distribution truck (kiosk roulant) as soon as funds become avaailable.

10. Use of Funds Generated Through Sale of Title II Corn in Kiosks: After the purchase of the truck, and after CDI implements the use of the truck for wholesale delivery to 40-50 markets, CDI will evaluate the success of this operation and will make its next request for the use of the incoming funds.

11. Rehabilitation of 50,000 children: The project will revise its yearly objectives to: (1) prevent malnutrition in approximately 30,000 infants who pass through the critical age for onset of malnutrition, from 6-9 months; (2) reduce relative degree of stunting in 20,000 children aged between 9 months and 5 years; and rehabilitate 2,400 critically malnourished children. ORT will review and adjust these objectives annually as the program develops.

12. The project will measure progress towards acheiveing these objectives as described in Appendix D. Appendix D.

13 Targeting to high risk populations within the project area: ORT will work with SPT to try to instititute a simple developmental screening test to be given at 12 or 18 months in order to motivate continued attendance at growth monitoring after the last vaccination at 9 months, at which point the majority of children drop out of the program.

14. Plans for Phase-out of Title II Corn in 1990: Beginning immediately, CDI will supply the health centers with local corn rather than imported corn during months when local corn is available in order to prepare for phase-out in 1990 and to make the foods used in the centers consistent with those available on the market.

15. Data on Beneficiaries: The proposed nutritionist will provide technical assistance improving impact data collected on project beneficiaries.

16. Priority MCH activities by project staff: Within one year of arrival, the proposed nutritionist will assist SPT in redesigning the rehabilitation component of the MCH feeding and in piloting new program formats piloted. These activities will include the development of additional nutrition education messages and materials.

17. Other MCH Recommendations: ORT will work with SPT starting immediately to permit lactating mothers of malnourished children undergoing rehabilitation to eat the Title II corn. A request for an additional 5% above the current food allottment should be made in the FY 88 operational plan to the Title II program for relief feeding of destitute marasmic adult women and tuberculosis and diabetes patients.

18. VAP's Plan for Marketing Research: By September, 1987, VAP will review for adequacy current in-home methods of cooking CEREVAP and will institute education to mothers not to add too much water to the product.

19. For institutional rehabilitation of malnourished infants, VAP will add oil to CEREVAP to increase its caloric density and

milk, if possible, to improve its protein quality.

20. <u>Agreements for PRODIMPEX NFDM Sales</u>: ORT will make a sustained follow-up of the market through written inquiries to potential buyers of NFDM and other commodities.

21. Prior to each new NFDM shipment, ORT will review commodity prices and volumes, as well as potential buyers' contacts, with designated USAID staff.

22. ORT will follow all aspects of good commercial trading practices, including competitive written bids.

23. ORT will give full consideration to Zairian agents, based on performance.

23. <u>Additional monetization requests</u>: There should be sufficient additional monetization to do the job, leaving about 30% for free distribution as now scheduled. Concurrent with this evaluation, ORT is aware that Zaire's economy is beset with unexpected and unpredictable inflation. The amount of additional monetization requested by the project will be dictated by the agreement reached between USAID and ORT concerning the repayment of the extruder and by the rate of inflation projected for the rest of the project, which was projected at [illegible] by the president of City Bank Kinshasa.

24. <u>Organization to manage the revolving fund established by VAP</u>: ORT will ask CPT whether it could use this opportunity to establish a subgroup or related organization under a separate name that could become a legal entity. If yes, they should do so and be given charge of the fund. If no, USAID will take charge of the fund. However, conditions for its use should be specified legally, so that it doesn't get diverted to other projects. The terms of the fund will be clarified by a committee to be set up immediately.

25. <u>Steps needed to replace project corn with local corn at time of phase-out</u>: ORT will hold continuing discussions with CDI during the progress of the project to monitor the development of local corn agriculture and assess the need for project inputs.

26. USAID will investigate the effects of CDI's subsidy on corn meal in Kinshasa on corn farmers delivering corn directly to Kinshasa's markets (rather than from CDI's distant agricultural project). If the subsidy negatively affects local production, USAID will investigate corrective action.

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Maternal-Child Health (Title II) Component
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I. Project Summary

A. Importance of the Project

This is a unique Title II pilot program involving the private sector and local development groups in a model that attempts to defy the usual criticisms leveled against Food AID. Because of its potential in countering the arguments of the most vocal critics of the U. S. Government's Title II program, its importance is disproportionate to its small size.

B. Goals

To use 900 metric tons of unmilled PL 480 corn and 500 metric tons of non-fat dried milk (NFDM) per year over five years to:

- Increase the urban consumption of corn meal as an alternative to the nutritionally inadequate manioc which dominates the local diet, and stimulate local corn production in the rural areas.

- Rehabilitate 50,000 children, and leave behind an improved infrastructure of clinics and MCH centers with a source of funds to continue support after the project ends.

- Increase the market of a commercially produced weaning food 93% fabricated from locally grown foods and maintain its low cost relative to imports.

C. Groups Involved

- Organization for Rehabilitation and Training (ORT) - international Jewish PVO.

- Victoria Associated Products (VAP) - local weaning food manufacturer controled by Belgian multinational UNIBRA.

- Centre de Developpmement Integral (CDI) - large Catholic rural and agricultural development project; miller and distributer of all project corn.

- SANTE POUR TOUS (SPT) - a multidenominational religious and charitable organization established to improve health care in the poorest areas of Kinshasa.

D. Operations

All of the non-fat dried milk (NFDM) is sold (monetized) to support the project which is managed by a resident ORT project director. CDI mills and distributes subsidized corn meal to Kinshasa's market mamas and free corn meal to MCH centers. CDI uses proceeds from the sale of Title II corn meal to: a. keep urban corn prices low while subsidizing corn farmers with a farmgate price that remains about 120% higher than the urban sale price; b. purchase delivery trucks to distribute wholesale corn meal Kinshasa's 40-50 major markets; c. buffer seasonal deficiencies in local corn production, so that Title II corn is distributed and sold only when local corn is not available. Forty SPT MCH centers use and promote a targeted weaning food made of corn meal and local soy flour and engage in project-sponsored training and educational activities. NFDM proceeds purchase an extruder for VAP permitting the company to switch from imported wheat flour to locally grown corn meal as the basis of a better tasting baby food, CEREVAP, while lowering manufacturing costs. VAP repays the cost of the extruder into a fund for MCH activities.

E. History

Project development followed the following schedule: project design team report -- July 1984; feasibility study by ORT -- November-December, 1984; submission of operational plan -- January, 1985; Also in 1985, DCC project approval -- May 7; ORT project manager arrived in Kinshasa -- June; first commodity call forward -- July; project office opened -- August. The rest of 1985 was spent working out procedures and reporting requirements with VAP, CDI, and SPT. The project became operational with the arrival of the first commidities in January 1986. The five year project extends from September, 1985, to September, 1990.

II. Review of Project Activities

Where recent information is available this section reviews project activities through March, 1987. Full documation was found through December 1986.

A. V A P

See Appendix B for a detailed account of the financing of VAP activities. Assistance is provided in three areas :

1. A small contribution of free milled corn to be included in manufacture of the weaning food, CEREVAP. After the formulation of CEREVAP is changed with the arrival of an extrusion plant (see 3 below) only local corn will be used. In the interim it is required only when there is a general market shortage. From January to June, 1986 they took about 15 tons, from July to December 19 MT, and in the first quarter of 1987 13 MT. VAP adjusts this price by making monthly calculations of adequate low-cost and high cost weaning diets home cooked from foods purchased in the market place. With inflation, the price of CEREVAP is adjusted upward to just above the high cost diet when it has fallen lower than the low-cost diet. The "free" element of Title II is reflected in maintaining this low price for the product.

2. An automatic packaging machine. This was purchased for VAP at a cost of $80,000. It was installed and began operating in June 1986. It permits the plant to produce CEREVAP at 200 MT per month (its current production rate is 100 MT per month) and, through reducing cost of production, helps the company to maintain a low product price.

3. An extrusion plant to produce CEREVAP. This $530,000 U.S. source Anderson extruder was financed under the AID Commodity program. It will enable VAP to double its production up to 200 MT of CEREVAP per month (the extruder's capacity is 300 MT) and to change the formula to do away with the imported wheat component in the current CEREVAP, replacing it with local corn. The plant was ordered in September, 1986, will be delivered by May, and is expected to be installed by October, 1987. From the time the plant arrives, VAP will use about 2,000 MT of corn meal per year for the manufacture of the new CEREVAP.

From the sale of the corn-based CEREVAP, plus a 15% commission on the other items produced by the extruder, VAP will repay the zaire equivalent of the dollar cost at the time of delivery of both the packaging machine and the extruder. The repayment schedule, which is complicated, is detailed in Appendix A-2. This repayment will go into a fund which will be managed by ORT/SPT/USAID. Contributions to the fund will start six months after the new plant is operational and will continue for seven years or until the invested amount is payed back.

The fund will be used by SPT to carry forward the MCH activities developed during the life of the Title II Project, which ends in September, 1990. VAP has entered into a contract with ORT, approved by USAID, commiting itself to the repayment procedure (see Appendix B).

Meanwhile, ORT also repays the cost of the extruder to USAID in local currency since USAID advanced the purchase price in local counterpart funds. This repayment is anticipated to be problematic because the falling value of the zaire makes the amount to be repayed when the extruder is delivered (Z 62,000,000) almost twice the amount ORT had budgeted (Z 32,000,000), as indicated in Appendix A-2. The fact that the NFDM can't be monetized for the expected rate, because it competes with European full-cream instant powdered milk which costs four times its price, intensifies the problem of repaying VAP's extruder.

VAP has hired its own market researcher, has conducted market research for the new CEREVAP formulation, and developed and begun a comprehensive marketing plan (see Appendices C and E). This plan builds on a weaning foods survey conducted for ORT by Manoff International and incorporates suggestions from Texas A & M.

B. C D I

CDI mills and distributes all project corn. In addition to supplying small amounts to VAP, they distribute about 30% of the total at no cost to participating MCH Centers under the SPT Umbrella. Center sell a subsidized 3:1 mixture, corn and soy, to participants. CDI sells most of the corn meal on a wholesale basis to low income market women through 11 kiosks and parishes located in the poorest areas of Kinshasa. These kiosks sell the corn, plus small amounts of soy flour and CEREVAP, at regulated prices in an effort to stabilize market cost and availabililty. Project corn is released in the kiosks only during months when there is a shortage of locally grown corn, all for accounting purposes Title II sales are prorated evenly throughout the year.

From January to December, 1986, about 693 MT of project corn were sold through the kiosks/parishes, as scheduled. Proceeds from the sale of project corn through the kiosks go to the CDI program of subsidizing farmgate prices for corn farmers and expanding and upgrading the distribution network. From January 1986 through March 1987 approximately Z 500,000 ($5,000) per month have been generated in this manner. Two distribution trucks have been purchsed to date and it is estimated that sufficient funds will be available to purchase a third truck within about two months, permitting the distribution of whole sale corn to small venders in almost all of Kinshasa's 50 major markets.

Some misunderstanding has arisen from refering to this truck as a "kiosk roulant", in that the word kiosk tends to imply a small retail operation. The term should be wholesale distribution truck. (See Appendix C for further discussion of delivery systems).

CDI maintains a market price for corn in Kinshasa of about Z 15 per kg, while paying the corn farmers in its project area in Equateur Province (a project area 2.5 times the size of Belgium) Z 18 per kg. as an incentive for increased production. An issue still be bresoved regarding CDI is that the farmers it subsidized are far from Kinshasa, while the nearby farmers in the Bandundu and Bas Zaire regions receive a farm-gate corn price of about Z 12. While benefiting farmers to the far North, whose corn can only reach Kinshasa when river conditions are favorable, our corn may in fact be depressing the market for those who would normally deliver their corn to Kinshasa.

C. M C H Centers

The MCH segment has two comnponents: corn meal distribution and improved and expanded MCH activities. The second component is covered in the Section IV on Evaluation Issues.

1. Corn Meal Distribution

The project currently provides corn meal to 40 health centers, which also provide integrated primary health care (PHC) activities (basic curative services, prenatal care, vaccinations, growth monitoring, oral rehydration therapy, rehabilitation of malnourished children and family planning).

The corn meal is distributed to children 0-5 who attend preschool clinics and to malnourished children on a monthly, weekly, or daily basis, depending on the severity of malnutrition. The corn is mixed with local soy flour (which the centers purchase) in a 3:1 ratio to encourage its use as a nutritious weaning food and discourage its resale or use for family meals.

Attendance at clinics participating in the ORT/FFPO program was reported as 26,670 from January to June, 1986, and 23,820 from July to December. In the first half of 1986 2,217 children had second degree and 2,440 had third degree malnutrition. For the second half of the year these figures were 1,769 and 2,904. In 1986 the participating centers rehabilitated 559 malnourished children from January to June and 793 from July tthrough December. The drop out rates during these periods were 337 for the first six months and 280 from July to December. These data are not reliable as only half the clinics had complete records (See Appendix D for discussion of data collection problems).

Corn meal distribution to the centers was 54,950 kg during the first six months and 81,360 kg during the second six months of 1986. Across the year about 45% of this went to malnourished children. The rest was distributed primarily among infants less than nine months of age attending preschool clinics. These

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infants entering the weaning age are highly vulnerable to malnutrition and thus the use of this corn (mixed with soy) should be viewed as preventive.

Distribution of corn meal began at 8,000 kg per month in January 1986. In September it had risen to 14,000, in December to 16,730 kg, and by February, 1987, to 23,010 kg.

In order to assure a sustainable program after the ORT/FFP program ends, mothers are asked to pay a participation fee for the corn-soy mixture equal to its wholesale market price, which will be adjusted over the length of the project according to market price fluctuations. In January 1986 the price was set at Z 20 per Kg. In May it was lowered to Z 15. In December it was Z 20 and in March, 1987, it is rising to Z 30.

Over the course of the project to date amounts collected in participation fees have been Z 499,230 ($8320) in the first six months and Z 939,415 ($ about 9,500) in the second six months of 1986. These fees are used primarily to subsidize the price of the corn-soy weaning food to the mothers at varying subsidy levels discussed in detail in Appendix D.

III. Overall Progress

The evaluation team concurs that scheduled progress has been made to date in working towards the project objectives, according to the FY 87 operational plan. Both commodity management and record keeping systems are adequate and could sustain U.S.G. audit. At the same time, the financial assumptions made in the original cooperative agreement concerning the price of NFDM and the stability of the Zaire were too optimistic. If ORT has to pay back the cost of the extruder to USAID, with monetization at the current level of 500 MT per year and if inflation continues to cause a 30% or greater increase per year in administrative costs, ORT will go into a deficit (See Appendix A-2 for ORT's projections). Even with lower inflation rates, the project will become primarily a mechanism to support VAP and will lack funds for MCH and CDI. Therefore, steps to obtain additional funds and technical assistance for the MCH and CDI components should be taken at this time. MCH, which has received only about 4% of project resources to date, is in particular need of assistance, since the health center rehabilitation programs as currently designed and managed, have serious flaws.

IV. Evaluation Issues

This section summarizes the evaluation team's responses to specified questions in the order in which they were presented in the scope of work. Appendices A through G elaborate present these responses in detail.

A. Project Management

The overall management of the project has produced satisfactory results, but could be improved as indicated in the sections below. Given that the project director comes from the private sector, there is a culture gap in management style between USAID and the project. This should be resolved by following U.S. government routines, where required by law. However, the project director should not be subjected to AID day-today operating procedures that impede his effectiveness in private sector operations needed to sustain the project.

1. Personnel and Facilities: The central office staffing pattern is satisfactory for managing the private sector and CDI components, but lacks needed personnel to provide technical assistance to the MCH program. There has been a transport problem for MCH activities, which require monthly visits by jeep to 39 centers.

Recommendations: ORT (USAID concurrence) will provide the project by June 1987 with a 1 year resident nutritionist with technical expertise in MCH nutrition program design developing countries, training and non-formal education.

ORT will purchase a jeep specifically for MCH activities by June 1987.

2. Finances: (Appendix A-2) Project expenditures to date support the four major program objectives to: reduce malnutrition; leave behind an MCH infrastructure and source of funds; maintain the low price and increase the market share of CEREVAP; and to increase corn meal demand and local production of corn. However, to date the MCH program received a disproportionately small share of local currency support.

Contractual obligations and basic project management costs resulted in de facto priority being given to VAP at the expense of CDI and especially MCH Because of the falling value of the Zaire with inflation ORT has become primarily a mechanism to support VAP, and will lack the resources necessary for accomplishing its objectives associated with CDI and MCH.

Recommendations: AID and ORT will negotiate an arrangement to provide additional resources needed for funding MCH and CDI. This arrangement may be partially funded by additional monetization. ORT will include a description of this agreement and any request for additional montetization in its FY 88 operational plan due in Washington by May 1.

The FFP representative on the evaluation team put on the bargaining table that: 1. In its FY 88 operational plan ORT should request approval of immediate one-time additional monitization to repay one third of its debt to USAID for the extruder. 2. USAID/Kinshasa should immediately forgive one third of the value of the loans to ORT. 3. ORT should also contribute one third of the loan or about $160,000 over the remaining 3 years of the project to support administrative/commodity management costs and should provide technical assistance to MCH centers and CDI to enable them to efficiently use the additional funds. This position could not be accepted by ORT since their original cooperative agreement included no PVO counterpart funds and since the international wing of their operation runs more like a consulting firm than a PVO. They may, however, be able to contribute about $40,000 in additional overhead that they may be entitled to but are not now collecting. ORT is under no legal obligation to pay back the counterpart funds to USAID but has always intended to act in good faith on this matter.

3. Commodity Management: (Appendix A-3) a. The offloading, handling, transport, milling and distribution of Title II commodities are carried out in accordance with U.S. Government regulations and could sustain U.S.G. audit.

b. The transport, storage, and milling of commodities also are carried out in a manner that could sustain U.S.G. audit. Because of intractable commercial practices and monopolized port and transport facilities in Zaire, the evaluation cannot unequivocably state that the ORT procedures are carried out in the "most efficient and least cost" manner. Extensive cost comparisons of all options would be required to make this determination.

Recommendation: To the extent that this ORT project may be establishing significant policy and legal precedents which may be replicated, and is now operating under ad hoc authorities, AID/W FFP will review and document these authorities during FY 88 in the context of existing regulations, particularly as AID regulation relates to sales of PL 480 Title II commodities.

4. Accounting and Record Keeping: (Appendix A-4) Accounting and record keeping systems are adequate and could sustain U.S. Government audit. Because of the innovative private sector linkage, new accounting and record systems have been set up. When reviewed against standard requirements for traditional Title II volag programs, these new systems are found to be generally satisfactory. MCH participant contribution funds are also fully auditable by U.S.G.

Recommendation: The ORT/GOZ agreement whereby ORT relinquishes its responsibility for commodity accountability after the corn is transfered to CDI, i.e. ownership changes Title, will be reviewed

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by AID General Council by June, 1987, as it may be in contravention of AID Regulation 11.

ORT will submit a new operational plan by the end of April, 1987, and AER for FY 88, and will review the operational plan to assure compliance with State 334505, Oct. 31, 1985.

The nutritionist recommended in 1. will assist SPT in upgrading record keeping from MCH Centers.

B. Private Sector Component (Appendix B)

1. Terms of Agreement with VAP for Purchase of Extruder: Without the incentives provided to VAP, the costs of providing safe packaging would have been unaffordable and the costs of an imported new extrusion cooker would have had to be transfered to the consumer, raising the price of CEREVAP out of reach of for all but high income consumers. The new extrusion process is more energy-efficient than the existing baking process. The extrusion process is also capable of substituting less expensive local corn meal for more expensive imported wheat flour in the product formula.

Recommendation: Rather than focusing on the terms of the extruder, the final evaluation team in 1990 will carefully analyze the overall project structure for its potential to serve as a model for using Title II food to fight malnutrition.

2. Other Food Products Produced by the Extruder: Paradoxically more funds would be generated from MCH activities from the royalties from other products than from CEREVAP production. However, as VAP has budgeted for a serious marketing effort for CEREVAP, they will give priority to its production.

3. Regarding CEREVAP Production Levels, Price, and Beneficiaries: Since start-up in 1983, management has made periodic evaluations of CEREVAP's consumer price in comparison to the price of a low-cost and a high-cost home prepared weaning diet and has kept CEREVAP in the middle cost range (graphed in Appendix B, Attachment 1). Although unaffordable by the poorest of the poor, it retails at 1/6 the unit price of imported CERELAC and Phosphatine. Market visits found CEREVAP available at many small vendors' tables.

C. Distribution Component

1. The Kiosk System: The 11 fixed Kiosks are really wholesale distribution stations, where bags of corn meal in 25 kg sacks are sold to market mamas for Z 500 (Z 20/kg). They carry it to their market tables and retail it in different sized cups at about Z 40/kg. At present only nearby and more affluent retailers can make the trip from Kinshasa's 50 markets to the kiosks, where

first-come first-serve sales are rationed to 1 bag per retailer. The kiosk roulant is really a distribution truck that would stop at preannounced times at each of the 50 markets and rapidly sell to waiting retailers, thus obtaining broader market penetration and making sales within markets more competitive.

The truck, which is erroneously refered to in reports as a "kiosk roulant", is an appropriate means for wholesale distribution of corn to Kinshasa's markets. It will significantly increase access to corn meal (commonly mixed with milk or soy in weaning porridge, and far more nourishing than cassavah) in Kinshasa's peripheral zones.

Recommendation: CDI will purchase the distribution truck (kiosk roulant) as soon as funds become avaailable.

2. CEREVAP Distribution: will be broadened through traditional commercial - wholesale-retail-consumer - channels, via: four salespersons with cars; one institutional promotor for pharmacies, clinics and hospitals; and community social work aides in 42 churches, parishes and associated centers of the greater Kinshasa Archdiocese. These aides have been trained to demonstrate CEREVAP and sell it on consignment, paying only for units sold. So far this promotional method has yielded 1 ton/week in sales since the beginning of February.

3. Use of Funds Generated Through Sale of Title II Corn in Kiosks: CDI uses these funds imaginatively and appropriately to subsidize the price of corn meal while stimulating agricultural production of local corn by keeping farmgate prices adequate. This supports VAP in the future by assuring the availability of low-cost local corn meal and soy (also produced by CDI) for the production of CEREVAP and its sale at low cost.

Recommendation: After the purchase of the truck, and after CDI implements the use of the truck for wholesale delivery to 40-50 markets, CDI will evaluate the success of this operation and will make its next request for the use of the incoming funds.

D: MCH Component (Appendix D)

1.a. Targeting of Title II Corn: The corn is adequately targeted by three mechanisms: (1) geographically, to centers located in low income neighborhoods; (2) through graduated levels of participant contributions whereby well nourished children receive the corn-soy weaning mixture at Z 30/kg, 1st and 2nd degree children at Z 15/kg; and 3rd degree malnourished children virtually for free (Z 100 for three months of daily on-site feeding); and (3) through programming which prescribes increasingly frequent use of the mixture with worsening degrees of malnutrition.

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1.b. Rehabilitation of 50,000 children: Stated thus in the original objectives, the term "rehabilitate" is a misnomer, since children who are not malnourished cannot be rehabilitated but can be protected against the inevitable cummulative effects of a diet deficient in protein.

Recommendation: The project will revise its yearly objectives to: (1) prevent malnutrition in approximately 30,000 infants who pass through the critical age for onset of malnutrition, from 5-9 months; (2) reduce relative degree of stunting in 20,000 children aged between 9 months and 5 years; and rehabilitate 2,400 critically malnourished children. ORT will review and adjust these objectives annually as the program develops.

The project will measure progress towards acheiveing these objectives as described in Appendix D. Appendix D.

2.a. Center Selection: Criteria for center selection were: (1) had existing nutrition activities and preferably a nutrition rehabilitation program; (2) had a minimum (undefined) number of mothers attending MCH or prenatal visits; (3) had no existing nutrition activities but were able to guarantee that once started, their activities would continue until the end of the project.

2.b. Targeting to high risk populations within the project area: The main failure to target to children at highest risk of malnutrition comes from the overwhelming drop out rate from MCH attendance at 9 months at the time of the last vaccination. ORT has assisted SPT in preparing educational materials to persuade mothers to continue to attend growth monitoring sessions through the critical weaning age.

Recommendation: ORT will work with SPT to try to instititute a simple developmental screening test or some other useful procedure to be given at 12 or 18 months in order to motivate continued attendance at growth monitoring after the last vaccination at 9 months, at which point the majority of children drop out of the program. SPT is reluctant to screen for disorders they can do nothing about.

2.c. Number of Centers: The number of centers should remain the same, as more can't be managed by ORT and cut-backs would be unpopular and unnecessary.

3. Title II Displacement of Previously Purchased Foods: Title II corn does not displace previously purchased foods, as the centers purchased only soy flour previously and expected the mothers to provide their own corn meal. The centers still purchase the soy flour and some additional local foods.

4. Use of Funds from Monetization: In the beginning funds from

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sale of the corn-soy weaning mixture were used to buy some utensils and build a couple of shelters for rehabilitation activities. Mainly they are used to subsidize the price of the corn-soy weaning mixture. This is an acceptable use. SPT staff claim that about $5 per center per month is left over. This goes into operating expenses, which is acceptable given the small amount.

5. Plans for Phase-out of Title II Corn in 1990: There are no plans yet.

Recommendation: If, in fact, the prefered yellow corn is supplied to the market from Bandundu during the months when CDI brings in white corn from Equateur, CDI will begin immediately to supply the health centers with local corn rather than imported corn during months when local corn is available in order to prepare for phase-out in 1990 and to make the foods used in the centers consistent with those available on the market.

6. Data on beneficiaries: The centers have three simple forms used to track inputs, outputs, numbers of beneficiaries, and health center attendance rates.

Recommendations: The proposed nutritionist will provide technical assistance improving impact data collected on project beneficiaries.

7.a. Training activities by project staff: Project staff assisted SPT with a needs assessment of staff training, preparation of a teaching module for mothers at the 9-month center visit, and two training courses in educational methods starting in April, 1987. These efforts are of outstanding quality, as far as they go.

Recommendations: Within one year of arrival, the proposed nutritionist will assist SPT in redesigning the rehabilitation component of the MCH feeding and in piloting new program formats piloted. These activities will include the development of additional nutrition education messages and materials.

Recommendations: ORT will work with SPT starting immediately to permit lactating mothers of malnourished children undergoing rehabilitation to eat the Title II corn. A request for an additional 5% above the current food allottment for MCH should be made in the FY 88 operational plan to the Title II program for relief feeding of destitute marasmic adult women and tuberculosis and diabetes patients.

8.a. Working relationship with SPT: ORT provides instructions for reporting Title II distribution and collaborates with SPT on training and other activities by mutual agreement.

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8.b. Working relationship with CEPLANUT: CEPLANUT helps ORT with surveys, planning data, and nutrition education activities.

8.c. Should these relationships be strengthened, comment: yes, by continued collaboration. CEPLANUT will help ORT with a survey on clients' perceptions of the health centers' services.

E. Technical Assistance and Research

1. VAP's Plan for Marketing Research: (see Bogyo's Appendix E following his Appendix C) VAP's marketing research plan covers everything suggested in Nichol's recommendations for research by Texas A&M and appears to be adequate for the launch of the new extruded high-corn CEREVAP. Research yet to be done is related to the new extruded product and concern: instructions to mothers for preparing the product, nutrient density, and water absorption.

Recommendation: By September, 1987, VAP will review for adequacy current in-home methods of cooking CEREVAP and will institute education to mothers not to add too much water to the product. The current CEREVAP has 20% of calories from fat and the new formula will have 24%, both figures being adequate but on the loweer than optimal for rehabilitation.

For institutional rehabilitation of malnourished infants, VAP will add oil to CEREVAP to increase its caloric density and milk, if possible, to improve its protein quality.

2. a. Manoff Preliminary Weaning Practices Report: Unfortunately, the questionnaires as designed for the weaning practices survey did not appear to be what Manoff Inc. originally intended. Marcia Griffiths probably requested qualitative instruments that would be synthesized onto computer summary sheets. The questionnaires actually generated were more quantitative than qualitative and would have been easily computerizable if the questionnaires had been designed for data entry. As recorded, many questions required heroic post-coding efforts. This problem, which delayed CEPLANUT in data entry, was not CEPLANUT's fault. At this time, all of the requested data have been entered and are being cleaned. Bikangi will complete the analyses requested by the Manoff team by the end of May.

Existing frequencies from the first set of variables show that these data will be very useful for designing educational messages. The VAP reviewers suggested that respondents were not truthful in their answers to some questions, e.g. to number of years of education, since the high levels of education reported for fathers and mothers are not possible given their ages and the educational facilities previously availabe in the country.

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Recommendation: In June, when the analyses are complete, someone from Manoff should return to write the English language version of the report and to suggest how the findings should be used.

2.b. Manoff Income Generating Survey Proposal: The work suggested in this proposal is important. A decision regarding this proposal probably should await Patricia Haggerty's arrival this summer. CEPLANUT might be able to work with SPT on this survey, as Dr. Gernier is interested in exploring income generating activities for poor urban women.

3. Additional Technical Assistance: CEPLANUT plans a survey of clients perceptions of the health centers and the growth monitoring program. This survey, which could be very important to the redesign of rehabilitation services, should be supported.

F. Monetization

1. Agreements with Prodimpex for NFDM sales: The market price for U.S. NFDM was much lower than expected because it was competing with higher quality instant full cream dried milk from European product and because there was no existing market for U.S. quality NFDM. Prodimpex was successful in creating this new market.

Recommendation: ORT will make a sustained follow-up of the market through written inquiries to potential buyers of NFDM and other commodities.

Prior to each new NFDM shipment, ORT will review commodity prices and volumes, as well as potential buyers' contacts, with designated USAID staff.

ORT will follow all aspects of good commercial trading practices, including competitive written bids.

ORT will give full consideration to Zairian agents, based on performance.

2. Efficiency of Monetization of Title II Commodities to Support the project, compared to Title I and Title 206: While Titles I or 206 might have been more efficient sources of funds, it is unrealistic to consider utilizing them at this stage. In monetizing Title II the project responded to FVA/FFP encouragement to use monetization for innovative program designs. ORT has sought the best obtainable price. Yet the monetization process is probably the most inefficient and audit vulnerable aspect of this project.

3. Additional monetization requests: There should be sufficient additional monetization to do the job, leaving about 30% for free distribution as now scheduled. Concurrent with this evaluation,

ORT is aware that Zaire's economy is beset with unexpected and unpredictable inflation. The amount of additional monetization requested by the project will be dictated by the agreement reached between USAID and ORT concerning the repayment of the extruder and by the rate of inflation projected for the rest of the project, which was suggested at Z 150/1 by the president of City Bank Kinshasa.

G. Project Sustainability

1. Organization to manage the revolving fund established by VAP? SPT, first suggested for this role, is not a legal entity. As currently affiliated, it also is not able to become a legal entity.

Recommendation: ORT will ask SPT whether it could use this opportunity to establish a subgroup or related organization under a separate name that could become a legal entity. If yes, they should do so and be given charge of the fund. If no, USAID will take charge of the fund. However, conditions for its use should be specified legally, so that it doesn't get diverted to other projects. The terms of the fund will be clarified by a committee to be set up immediately.

2. Steps needed to replace project corn with local corn at time of phase-out: Pere Van Baelen of CDI asserts that there will be plenty of local corn on the market to replace project corn by the end of the project period.

Recommendation: ORT will hold continuing discussions with CDI during the progress of the project to monitor the development of local corn agriculture and assess the need for project inputs.

ORT will investigate the effects of CDI's subsidy on corn meal in Kinshasa on corn farmers delivering corn directly to Kinshasa's markets (rather than from CDI's distant agricultural project). If the subsidy negatively affects local production, ORT will investigate corrective action.

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Finance Appendix A-2
by Rick Gold

Question: Do local currency expenditures reflect project objectives?

Local currency expenditures are just one part of the resources devoted to the project objectives. Other resources include dollar expenditures from the USAID grant to ORT (Project 660-0079), a CIP dollar loan for the purchase of an extruder, and PL 480 commodities. In addition, there are several sources of local currency; monetization of NFDM, monetization of corn by CDI, various loans from USAID, recipient fees from health centers, and local currency to be contributed by VAP into a revolving account. Each of these funding sources need to be examined in order to determine whether total resources reflect the project objectives.

USAID Grant

In September 1985, USAID/Kinshasa amended a previous grant with CEPLANUT to support the ORT Title II program. The grant amendment provided $1 million from 1986-1990 for ORT Kinshasa expatriate salaries (80%), short term consultancies 12% and evaluation (8%). These funds have been used to pay the project director's salary, to support a nutritional survey and to cover some of the cost of this evaluation.

CIP Dollar Loan and Counterpart Fund Loans

USAID/Kinshasa agreed to advance CIP dollars to purchase the extruder necessary to expand Cerevap production. It provided $540,000 to VAP, requiring VAP to provide USAID with the local currency equivalent (zaires) of 20% of the value as a down payment, 30% upon receipt, and 50% six months after receipt. VAP purchased the equipment using the dollars and is repaying AID according to the above schedule. ORT in turn, is borrowing AID counterpart funds, and providing them to VAP for VAP to repay the CIP loan. These circuitous transactions lead to the following results:

1) AID extends CIP funds to VAP to purchase an extruder valued at $540,000;
2) ORT incurs a debt of the local currency equivalent of $540,000;
3) VAP incurs a debt to ORT of the local currency equivalent of $540,000;
4) AID counterpart funds are recycled after being loaned to ORT and repaid by VAP;
5) ORT repays AID with proceeds from NFDM sales.

The quantity of local currency owed by ORT to USAID is determined by the date when ORT borrows the counterpart funds. For the 20% down payment and 30% required upon arrival of the equipment, the local currency repayment is determined by the rate of exchange prevailing on those days. The prevailing rate of exchange for the last 50 percent is that of the day of arrival of the equipment. ORT will repay this amount over the life of the Title II project from sales of NFDM.

VAP will repay ORT for the local currency equivalent of the $540,000 by putting local currency into a revolving fund used for MCH program support. The local currency equivalent is set from the rate of exchange on the day of the extruder's arrival. Starting six months after VAP begins to produce

Cerevap, it will make minimum payments according to the following schedule:

1st year - 5% of debt
2nd year - 11% of debt
3rd year - 14% of debt
4th year - 14% of debt
5th year - 17% of debt
6th year - 17% of debt
7th year - 22% of debt

ORT borrowed additional zaires from USAID's counterpart funds. It borrowed 4,200,000 zaires to help VAP purchase a packaging machine. VAP will repay this sum as part of its payment schedule for the extruder. ORT also borrowed start up costs from USAID.

FOOD ALLOCATIONS

From January - December 1986, CDI distributed ORT cornmeal in the following manner:

	MT	%
MCH	158.66	19
VAP	18.32	2
Kiosks/parishes	693.36	79
Total	870.34	100

MONETIZATION OF NFDM

ORT sold 500 MT of NFDM to a wholesaler during 1986. The price received by ORT varied depending upon market conditions. Total sales provided ORT with 16,502,000 zaires.

MONETIZATION OF CORN

The 693 MT of cornmeal sold by CDI provided 7,606,000 zaires in gross and 5,401,713 zaires net excluding transport within Kinshasa. These funds remained in a CDI account.

MCH RECIPIENT FEES

The MCH centers used the Title II cornmeal to decrease the cost per kilogram charged to recipients. Prior to receiving the Title II cornmeal, the MCH centers charged most recipients the wholesale price of the soybean flour distributed monthly. The centers maintained this price, but added cornmeal to the ration. Each center managed its own funds. From January to December, the centers collected 1,438,600 zaires.

PROGRAM OBJECTIVES

ORT programmed its resources in support of the following objectives:

1) to rehabilitate approximately 50,000 malnourished children;

2) to leave behind an improved infrastructure of clinics and MCH centers with a source of funds to continue support after the project ends;

3) to maintain the low price and increase the market share of Cerevap; and
4) to increase the use of cornmeal as supplement to the less nutritious manioc in the local diet, make it more accessable and create a larger market for local producers.

USE OF RESOURCES

In the FY 1987 operational plan, ORT revised its budget for NFDM local currency proceeds originally presented in the September 1985 AID-ORT cooperative agreement.

	1985 Coop Agreement	FY 87 OP Plan
1) Administration/Management	20%	26.0%
2) Commodity handling/transport	28%	28.2%
3) CDI Support	19%	6.1%
4) MCH clinic-direct financial participation	26%	4.1%
5) VAP packaging Machine/extruder	25%	36.6%

These budgets did not include food value, CDI cornmeal sales, VAP payments into the revolving MCH fund, MCH recipient fees and the ORT dollar grant. These costs should not be excluded from an analysis of resource allocation. The following table shows how resources were allocated during 1986.

	$*	Z	%
1. Administration/Management	190,000	5,721,000	35.5
2. Commodity arrival/inland transport		6,262,000	14.6
3. Commodity packaging/handling		1,627,000	3.0
4. MCH clinics	38,000	1,000,000	6.0
5. VAP packaging Machine/Extruder	4,580	11,022,000	26.3
6. CDI		5,561,204	13.0

* Dollar converted to zaire at 1/50 ratio

In 1986, therefore, administration and commodity management received 53.5 percent of all resources. VAP received 26 percent, CDI 13 percent, and MCH 7.7 percent. The allocation of resources is very much consistent with the FY 1987 operational plan 5 year budget, and would probably be even more consistent with it if the budget had taken into account all resources.

The allocation of resources in 1986 will not remain consistent throughout the life of the project. In 1987, the proportion allocated to VAP will increase as the extruder is delivered, while in 1988-1990, the percentage going to MCH will increase as VAP contributes to the MCH revolving fund.

Relation between Program Objectives and Program Resources.

Excluding administration costs, MCH received 17% of the resources, VAP 55%, and CDI 28%. MCH resources were used for providing and subsidizing the cost of a corn-soy ration. The soy ration provided before the ORT Program began had to be sold at a higher price per kilogram. The MCH centers also used their resources to maintain their health and educational activities. The amount of local currency provided was very limited in 1986, but will increase in subsequent years due to inputs from the MCH revolving fund. Due to the limited management capabilities of the centers, ORT has not provided much direct assistance beyond the cornmeal, but it expects to take steps in the future to increase the ability of the centers to effectively use local currency.

VAP received the lion's share of resources because it received funding for capital investment (the bagging machine and extruder) which will provide a payoff in the latter years of the project and for several years after the project.

CDI received enough resources to buy two trucks and a bagging machine. The trucks are used to provide cornmeal to areas unreachable by the Kiosk/parish system. In order to import one of the trucks duty-free, CDI Belgium purchased the truck in Belgium and CDI-Zaire debited their cornmeal sales account for the local currency equivalent of the purchase price. These funds were used by CDI-Zaire to subsidize the price of local cornmeal.

Each of the four program objectives was supported in a way consistent with the FY 87 operational plan, but not with the 1985 Cooperative Agreement. The investments made in VAP and CDI will help achieve all of the project objectives in the latter years of the project. The MCH program received a disproportionately small percentage of the local currency, especially realtive to the original budget, and could use much more in subsequent years, if ORT were to provide more technical assistance.

Question: Is there a system for determining relative priorities among project objectives:

Response: AID's approval of ORTs dollar grant, CIP and counterpart loans and Title II operational plan indicate AID's support of the ORT program objectives. The 1985 Cooperative Agreement between USAID and ORT allocated 26% of NFDM sales proceeds to MCH support and 1.5% to CDI. ORT realized that its projections for NFDM sales proceeds were overoptimistic, and requested an additional 300 MT annually to ensure the same amount of NFDM sales proceeds. ORT's budget for the FY 1987 operational plan decreased the percentage of funds allocated to MCH from 26% to 4% of NFDM sales proceeds, however, and eliminated CDI from this portion of the budget. Administrative/commodity management costs increased slightly, while VAP allocations remained the same. The operational plan budget showed that ORT gave greater priority to VAP and administration and less priority to CDI and MCH programs.

In the face of a rapidly deflating currency, ORT will probably be unable to provide even 4% of its NFDM sales budget for MCH programs. The original project budget was calculated at an exchange rate of 40 zaires to the dollar. The current rate is 100/1 and is expected to reach 150/1 by July. The changing exchange rate will have the greatest impact on the sum ORT will owe to USAID for the extruder. By the time the extruder arrives in May, the exchange rate may reach 130/1, and ORT will owe USAID 66,990,000 zaires instead of 39,500,000 planned in the FY 1987 operational plan budget. This debt will require 59% of the income from the NFDM rather than the 35.6% planned, even assuming increases in the price of NFDM. After administration and commodity management are subtracted from the total budget, practically no funds will be left for supporting the MCH program.

Unless some corrective action is taken, MCH programs will no longer receive support from NFDM monetization. The greatest effect will be felt in FY 1988, when no NFDM funds will be available for MCH and VAP will only begin to provide funds for the MCH revolving fund. In FY 1989 and 1990, VAP local currency repayments into the fund will be larger than expected, totalling 66,990,000 zaires over seven years rather than the 39,500,000 zaires that were expected. The purchasing power of the zaires will be reduced, however. The falling exchange rate has also made life difficult for CDI to purchase additional trucks or improve its operations. The first truck purchased required 1.5 million zaires from corn sales proceeds, while the second one will be purchased with about 3 million zaires. Additional trucks will require even more zaires.

Thus, the falling value of the zaire will delay improvement of the MCH program, require that all NFDM sales proceeds be used for administration, commodity management and repayment of the VAP loans, and will provide less support than was planned for CDI. It is clear that the ORT program has become a mechanism to primarily support VAP, and to secondarily support CDI and MCH. Unless budgetary pressures can be alleviated, the project will lack the resources necessary for accomplishing its objectives associated with CDI and MCH.

RECOMMENDATIONS

In order to maintain the current program objectives, it is necessary to allocate a greater percentage of program resources to MCH and CDI. ORT has recommended monetizing an additional quantity of commodities to repay the Mission immediately for the VAP loan. This procedure would allow an equal value of NFDM sales proceeds to be used for MCH and CDI activities.

An alternative means of freeing up ORT resources for MCH and CDI would be for USAID/Kinshasa to forgive the loan of CPF funds to ORT. The same amount of funds would be available for reprogramming as if additional commodities were to be monetized to repay the loan.

Finally, any contribution ORT could make towards support of administrative costs would allow greater support of MCH and CDI. ORT has made no contribution of its own resources to this project up to this point. The changing economic picture in Zaire requires that ORT consider covering some of the administrative costs. Such a contribution would be consistent with current Title II monetization policy, which prohibits using monetization proceeds for administrative costs.

I believe all three of these resources should be tapped in order to maintain the program objectives. Therefore, I propose the following recommendations:

1. ORT should request DCC approval of additional monetized commodities in FY 1988 to repay one third of its debt to USAID. The request should be submitted in the FY 1988 operational plan due in Washington by the end of April. If the DCC were to approve the request, commodities could arrive in Zaire as early as November 1987.

2. USAID/Kinshasa should immediately forgive one third of the value of the loans to ORT.

3. ORT should commit itself to funding administrative/commodity management costs equal to one-third of the value of its loans from USAID. These contributions should be made over the remaining 3 years of the project, totalling about $160,000, depending upon the exchange rate.

4. ORT should provide technical assistance to MCH centers and CDI to enable them to efficiently use the additional funds allocated to them.

AID/ORT FOOD FOR PEACE 1986 - FINANCIAL SUMMARY*

INCOME

- Brought forward - 1985	305,656	
- Sale NFDM	16,501,592	
- CPF Advances USAID	10,710,000 (1)	
- Loans from USAID	8,630,000 (2)	
- Loans from 097 (ORT)	1,750,000	
- Repayment loan to CEPLANUT	100,000	
- Received from ORT	303,956 (3)	
		Z 38,301.204

MISCELLANEOUS INCOME

- Sale of Asset	35,000	
- Various reimbursements	26,560	
- Repayment Staff Loans	65,620	
- Cash on Hand 01-01-86	17,195	
		144,375
	TOTAL INCOME/SOURCES	Z 38,445,579

EXPENDITURES

- General Administration	5,702,873 (4)	
- Furniture & Equipment	535,748	
- Sub - Projects	12,214,366 (5)	
- Commodity Handling	7,889,228 (6)	
		Z 26,360,125

(Non-General Ledger Expenses)

- Reception Reimbursement by ORT	45,000	
- Loans repaid to 097	1,750,000	
- Loans repaid to USAID	8,160,000 (7)	
- Loan to CEPLANUT	100,000	
		Z 10,055,000
	TOTAL DISBURSEMENTS	Z 36,415,125

Funds Available 01/01/87	Z 2,030,454
Actual Bank Balance	Z 2,036,596
Overage	Z 6,142

(Please see Notes to Accounts Attached)

* Excluding MCH, CDI, ORT dollar grant income and value of food commodities.

NOTES TO 1986 ACCOUNTS AID/ORT FOOD FOR PEACE

1. USAID - CPF Advances :

	14/02/86	Z 2,000,000
	03/05/86	2,350,000
	19/12/86	6,360,000*
		Z 10,710,000

2. LOANS from USAID :

	30/05/86	Z 1,000,000
	27/06/86	1,000,000
	11/09/86	6,630,000*
		Z 8,630,000

3. Received from ORT :

06/01/86	Z 150,000	Telex
13/02/86	45,000	Reception
31/10/86	108,956	Manoff Car
	Z 303,956	

4. GENERAL ADMINISTRATION :

SALARIES	Z 1,014,535
STAFF LOANS	93,100
VEHICLE	362,684
VEHICLE RENTAL	769,858
SUPPLIES	288,103
MISCELLANEOUS	426,492
REP./TRAVEL	462,803
COMMUNICATIONS	448,497
MAINTENANCE/REPAIRS	436,309
UTILITIES	37,732
RENT	1,090,000
MEDICAL	290,668
	5,720,783

5. SUB - PROJECTS :

a) CDI	Z 48,441	Bag sewing-machine
	11,050	Registration / Plates Lorry
	1,000,000	6 months loan at 40% p.a. due 28/02/87
b) VAP	Z 4,200,000	Packaging Machine
	6,600,000*	20% down payment Extruder
	182,915	Legal fees ORT/VAP Agreement
	38,760	Overseas Phone Calls to negotiate above
c) Miscellaneous	33,200	Delivery of NFDM to Catholics
	100,000	Loan to CEPLANUT
	Z 12,214,366	

6. COMMODITY HANDLING

a)	Port handling	Z 1,532,126
b)	Inland freight	4,729,890
c)	Sacks, Symbols for Corn	1,475,997
d)	Misc. Service Costs	151,215
		Z 7,889,228

7. REPAYMENTS TO USAID

15/07/86	:	300,000
04/09/86	:	500,000
07/11/86	:	500,000
28/11/86	:	500,000
31/12/86	:	6,360,000*
		Z 8,160,000

* In September 1986 USAID advanced Z 6,630,000 from Trust Funds to enable the Project to provide VAP with the 20% downpayment on the CIP financed extruder. This was to be reimbursed to USAID upon receipt of the Septerbert CPF release. This release was not received until December and was for Z 6,360,000 only.

ORT has calculated the effect on the 1987-1990 project budget of four scenarios. All assume a 30% per year increase in the sales price of NFDM.

1) 500 MT NFDM per year, 30% per year increase in administrative costs - all administrative costs would be met, only 47 million zaires out of the 70 million zaires owed to USAID for VAP could be made, no funds would be left for MCH or CDI.

2) 500 MT NFDM per year, 60% increase in administrative costs - 26 million zaires of administrative costs would be unfunded, no VAP, CDI, or MCH allocations could be made.

3) 1,000 MT NFDM per year, 30% per year increase in administrative costs - all administrative costs and USAID repayments for VAP would be met, 89 million zaires would be available for MCH and CDI.

4) 1,000 MT NFDM per year, 60% increase in administrative costs - all administrative and USAID repayments for VAP would be met, 16 million zaires would be available for MCH and CDI. ORT also considered the implications of monetizing enough commodities beyond the current 500 MT of MDM to repay USAID for VAP in one year. In this case, all administrative costs would be met, CDI and MCH would receive adequate funding, as long as inflation remains 30-40% per year.

PRM:Rick Gold:nl:4/03/87
Document:7244c

Appendix A-3
by Robert Kidd

Commodity Management

TASK

a. Is the offloading, handling, transport, milling and distribution carried out in accordance with U.S.G. audit?

b. Are the transport, storage and milling of commodities carried out in the most efficient, least cost manner possible? Yes. Procedures could sustain U.S.G. audit.

RESPONSE: The transfer of PL 480 Title II commodities from U.S. sources to recipients in Kinshasa can best be traced with a sequential flow. This flow applies to the unique ORT/USAID Food for Peace program as follows:

(See Annex 1 for specific recommendations, Commodity Management Annex A-3 and Accounting and Record keeping, A-4).

1. Surplus whole corn and Non Fat Dry Milk (NFDM) are made available to Organization for Rehabilitation through Training (ORT/US) under provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, PL 480 Title II; AID Regulation II, Handbook 9; Cooperative Agreement between AID and ORT regarding PL 480 Title II program - 660-0079, September 4, 1985; ORT Kinshasa Operational Plan, 1987, including 1987 AER, 945 MT corn and 525 MT NFDM.

2. Based on the fifth increment of arrivals (Dec. 1986) 446,148 kg of corn were received by CDI, and 11,029 sacks of NFDM were sold under the authorized monetization program. Commodity Accountability is traced as follows:

   Bill of lading: bags non-fat dry milk
   11,026 bags (landed 11,029)
   254,912 kg gross
   550,912 lbs net (249,911 kgs/calculated)
   Declared value: $27,547.65
   Ocean Freight $27,491.20
   Insignificant loss; less than $300 (AID Reg. 11)
   Bill of lading: corn
   Bags 9,000 Landed in Kinshasa 8,964
   994,770 lbs gross
   451,225 kgs gross
   992,520 lbs net 450,204 kgs, Net
   Declared Value: $37,815.01
   Sea Freight $45,122.50
   No losses; AID Reg. 11, less than $300

3. Commodities are discharged in port, Matadi, 355 km from Kinshasa. USDA appoints independant ship survey, contracted by USDA. SOCOTFC report indicates no maritime losses, minimum losses during discharge. Additionally "USAID/ORT's port monitor was in attendance at time of discharge. ORT provides certificate that permits exonerations. Although losses fell within the tolerance for claims filing on this increment, ORT is pursuing losses on four prior consignments. ORT has prepared loss/damage reports and is actively pursuing these alleged losses under terms of AID Reg. 11 (211.9).

4. After discharge of commodities at dock-side, corn takes one distribution path, and NFDM, the monetized commodity, takes another.

CORN:

- Corn is discharged from vessel; recent shipment (Dec. 86) in containers; handling costs are estimated to be 5 times that of bagged cargo. Bags (either hoisted directly off ship, or unstuffed from containers) are moved into SOCOTRAN warehouses, where charges start accumulating after a short period (3 days?) of free storage. The corn is then brought to Kinshasa by rail, usually, or by truck, or combination. Warehousing, handling, and inland shipping are paid from ORT's program operations fund. Upon arrival in Kinshasa, corn is stored for ORT in warehouses of MIDEMA (MIDEMA is the Title I wheat recipient). These warehouses are in good condition, and security and sanitary standards are excellent. MIDEMA maintains inventory records, and releases to CDI upon ORT's authorization. Upon ORT authorization, CDI picks up unmilled corn and mills it. CDI distributes cornmeal to the following outlets, and accounts for monthly, as follows:

	CY 86 Distribution
MCH Centers (No cost to centers)	158.7 MT
VAP (No cost to VAP)	18.3 MT
Kiosks (Reduced Price)	696.3 MT
Paroisse (Reduced Price)	
Offal (Sold)	9.9 MT
Empty Sacks (Sold)	-
Milling loss	4.6 MT

ISSUE: This evaluator questions under what authority ORT authorizes CDI to generate local currency for any sales of Title II corn to Kiosks, Paroisse, Offal, and Empty Sacks.

BACKGROUND: ORT Operational Plan, 1987, Overall Goal: "3. Make cornmeal regularly available to mothers and their infant children residing in the poorest areas of Kinshasa (as a substitute for the less nutritious cassava) at a below market price by expanding and up-grading an existing PVO sponsored distribution network. "Also" ...... About 450 MT of project corn is sold per year through the "Kiosks" at a below market price. The proceeds of corn sales go to up-grading and expanding the "Kiosks" program, and the quantity and quality of the food available through them. Up-grading will include the purchase of equipment to improve the quality of the food provided".

RECOMMENDATION: The 1987 Ops Plan has been approved. Along with it, the 1987 AER. (945 MT Corn, 525 MT NFDM). Approval for FY 1988 AER should be expected. The partial sale of PL 480 Title II commodities (Corn) through CDI, as endorsed by ORT and AID falls within AID's policy of encouraging monetization for innovative programming. In principle, partial monetization of corn has been authorized, full monetization of NFDM is [illegible] authorized. Specific authorization for approximately 350 MT corn per year should be accepted. Note: Sale of containers is authorized; AID Reg. 11, 211.5 "Proceeds may be used for payment of program costs such as transport and other program expenses specifically authorized by AID to carry out the objectives of the program for which the commodities were furnished". Sale of Offal is authorized, AID Reg. 11,211.8 (b). Sales identified as "Offal" must be strictly controlled and monitored. In CY 1986, "Offal" sales are reported as 10.0 MT. If AER is 900.0 MT, certainly 10.0 tons of Offal for sales indicates prudent management. (Offal is chaff/milling residue collected at hammar mills.)

Summary of CDI distribution of PL 480 Title II whole grain corn.

1. CDI receives whole, bagged corn from MIDEMA warehouse, Kinshasa. ORT gives authority to MIDEMA to relase to CDI. CDI sends trucks, CDI or rented, to pick up corn. MIDEMA issues release document, signed by MIDEMA warehouse, countersigned by truck driver. Bags are discharged at CDI control warehouse, or at 3 other rented warehouses. CDI enters bags into inventory. Draw-down from MIDEMA warehouse is within 3 or 4 days. Whole corn is milled daily, corn meal is distributed daily, none returns to inventory. CDI distributes:

   A. MCH centers (No charge to centers). (158.7 MT, 1986) ORT prepares a monthly allocation to go to MCH centers throughout Kinshasa. These MCH centers will send trucks/laborers to pick-up their quotas. Delivery receipt is signed by CDI, countersigned by MCH center. Receipt of same consignment at the center is verified by ORT's end use follow-up. (Possible weakness: CDI does not require evidence of receipt at MCH centers, this is left to ORT end-use checks. CDI releases NFDM to centers at no cost. Centers blend with soya, 3:1; sell to participants at less than market costs for operations and program costs.

   B. VAP (No charge to VAP). (18.3 MT, 1986) Implementation experience has changed from original project concept. As the project now operates, CDI releases PL 480 Title II cornmeal to VAP at no cost; only when CDI cannot meet VAP's on-going commitment to CDI to purchase 6.0 MT local production per month. Since project start-up 18.0 MT has been released in CY 1986, 1.0 MT in Feb. 87. As originally conceived PL 480 corn meal was to be donated to VAP to help VAP keep price of CEREVAP lower until extrusion machine was operational. Since then, CDI insisted that VAP must continue to purchase, at cost, its commitment of 6.0 MT per month; CDI negotiated with ORT to use PL 480 corn in the VAP process only when CDI could not meet the 6.0 MT/mo. commitment. VAP's receiving documents tally exactly with ORT and CDI dispatch documents. The concept of interim free donations of PL 480 corn-meal to VAP is essentially past-history. When the extrusion machine is operable (by late CY 87?) no more PL 480 corn meal will be donated to VAP.

C. Kiosks/Paroisse (Sold at less than CDI purchase price) 693.7 MT, 1986. CDI management determines distribution of total production of corn-meal production from CDI milling facility to kiosk/Paroisse outlets. CDI determines price it will pay to producers of corn within its project to supply Kinshasa market. (March, 1987, 18 Z's/Kg.) CDI sells to Paroisse/Kiosk recipients at [illegible] per kg. Intent is to encourage producers to supply Kinshasa market, simultaneously encouraging local consumption of corn meal. ORT's accountability to this process is maintained as follows: regardless of the totally of CDI corn meal production/distribution (capacity 20 MT/day), CDI mills all of ORT yellow-corn, 900 MT/year, 75 MT/month. Each month, CDI gives ORT/FFP a statement of account, crediting the ORT/FFP account with zaire sales proceeds, based on fluctuating sales price of the net PL 480 sales, 75 MT less donations. The document is also debited with CDI program costs. ORT reviews account, and accepts CDI account.

U.S. Non Fat Dried Milk. Comment on quality. Upon receipt of first consignment of NFDM, January 86, ORT and its sales agent found that U.S. NFDM was totally different from quality that was assumed to be available. What little dry milk market there was in Kinshasa was supplied with European sources, assumed to be E.E.C. (Glucides [illegible], Matières grasses, 26% protides moyenne 22%, matières minerales moyenne 5%, humidité 4%, whole milk, instant, enriched vitamines A.,D.). U.S. NFDM, [illegible], non-instant had no market at all. The sales agent realized that he and ORT had no recource. The sales agent immediately went out to find a market and a price for this new product. In less than one year, U.S. NFDM has established itself in Kinshasa's ice cream, yogurt, and direct sales market. U.S. NFDM retails for 1,320 Z/25 kg sack, European "instant", 4,200Z/Sack. Comment on markings. The receipt of NFDM in the 4th and 5th consignments with usual PL 480 markings had serious negative impact on the ORT/USAID Food for Peace program. Very serious threats were directed toward officials of USAID, ORT, and the sales agent. Arrests and violence were on the horizon because the word was out that the suppliers of NFDM were selling a product in a container marketed "not for sale". If this program is worthy of U.S. support, a key element is guarding the integrity of the markings. If the commodity is sold, it must carry other than usual PL 480 markings, or none at all. If the commodity cannot be shipped from U.S. in appropriately marked containers, the volag must change the markings upon receipt with U.S.G. paying for extra repacking/relabeling costs. Comment on Costs: As of Dec. 1986, the most recent consignment of NFDM, net tonnage: 249,911 kgs.

Declared value: $27,547.65
Sea Freight: $25,491.20
Total C and F $53,038.85

C and F cost, per MT: $212.23
C and F cost, Per kg: 21 cents, or approx. 11 cents per pound.
Equivalent L/C, Zaire Cost: 21.2 Z per kilo
Minimum $/Z equivalent cost, per 50 lb (22.7 kg) sack: 481.24 Z's.
Commodity Flow:
- Cargo transferred to ONATRA warehouse.
- Cargo dispatched from ONATRA warehouse to Kinshasa, MIDEMA warehouse, via truck or train, or both.

- ORT and sales agent establish sales cost at which agent will pay ORT for NFDM. This done as follows: when ORT confirms exact quantity available for sale, ORT writes letter to sales agent. ORT and sales agent have negotiated a mutually acceptable sales price. This is a floating price, depending on ORT's "equivalency" understanding of C and F cost recovery (in this case 481.42 zaires per sack) and the sales agent's guess as to a price at which the goods will move. The Kinshasa market is extremely sensitive. If the price is too high, the product simply will not move. U.S. NFDM has found a market where dollar equivalency is not a problem. U.S. non-fat dry milk will move at 900 zaires per sack, or higher.

Comment on establishing ORT/Sale agent's transfer price. (Agent's mark up)

Recent B/L's provide mixed signals as to what may be an acceptable PL 480 NFDM sales price. The most recent original B/L calculates C & F U.S. dollar cost as .212 cent/Kg or 481 zaires per sack. A previous B/L calculates to .76 cents per kg, or 1725 zaires per sack. Therefore, using current original B/L values, it is imprudent to tie U.S. dollar equivalency expectations to U.S. dollar values as shown on B/L's. Thus one must revert to negotiations between ORT and its sales agent to arrive at a realistic local "wholesale" price for the commodity. The established "wholesale" price has fluctuated between 600 to 1150 zaires per sack, a price that exceeds minimum FOB dollar costs as shown on B/L's. The sales agent admits to adding between 23% to 30% to arrive at his "retail" cost. This margin includes 10% profit as admitted by the sales agent. His other overhead costs include the cost of doing business in Kinshasa. It also must include the cost of building a market for previously unused, untested U.S. NFDM in a market geared to much higher cost (3.2 times) EEC full fat instant dry milk, in less than one year.

- Accountability. Upon receipt of ORT's letter to sales agent, sales agent accepts tonnage and price. The letter becomes ORT's invoice. The sales agent agrees to pay ORT, by check, the final amount. ORT deposits agent's checks to its current account. ORT may not demand immediate payment; payment depends on agreements between ORT and agent's final payment has always been forthcoming, according to ORT, and agent's disbursements and ORT's receipts so confirm.

- After the arrival of December 1986, ORT and the sales agent have agreed to transfer Title of the commodity at the port - Matadi. By having the sales agent accept the commodity at the port, ORT should realize considerable savings in Matadi/Kinshasa handling costs, assuming the agent and ORT can negotiate a realistic "wholesale" price, and the agent absorbs these costs within his 23-30% mark-up.

- The sales agent was approached with the following scheme: Suppose ORT considered the agent's mark-up as excessive. What would happen if ORT elected to offer the commodity for sale on a competitive bid basis? The agent allowed that ORT had that option, but he had entered into the agreement with ORT in good faith, and for the long term market opportunity. Additionally, this agent claims to have created the market for U.S. NFDM in less than one year's time where no market existed. USAID, Embassy and ORT have a responsibility to examine this non-competitive price to determine if the agent is taking advantage of his position as sole buyer of NFDM to make an unfair profit at the buying public's expense.

Annex 1 to Appendix A-3, Commodity Management,
and A-4, Accounting and Records Keeping

1. Accountability for Losses.

To date, ORT commodity records provide an adequate audit trail of each commodity from the tonnage indicated on the original Bill of Lading to each primary recipient (i.e. for NFDM, the sales agent for corn, CDI) Losses are identified, and recorded, and reported to USAID/Kinshasa, as required, H.B.q, AID Reg. 11 (ORT/K is not required to initiate a "claim" for losses less than $300). ORT/K has not yet filed a claim for liability for loss against a third party. The only recourse for ORT is to file any claim against ONATRA, the transhipping monopoly.

The intent of AID Reg. 11, and H.B. 9 (Chapter 8) is to give USAID and the volag responsible, prudent discretionary authorization to explain minor, inevitable, unavoidable transshipping losses before the volag enters into a third party claim for dollar idemnification. In early shipments, ORT experienced dangerously high losses at port of NFDM. This may be attributed to inexperienced management, and possible petty larceney within ORT/K's organization. The suspect has since been fired. Commodity losses on trains between Matadi and Kinshasa have been minimal. Controls of whole corn between MIDEMA warehouses and CDI warehouses are on the high side and need to be improved. In order not to embroil USAID/K, ORT/K, and possibly the Embassy in "claims" disputes, which have no time limitation, which could dissipate inordinate administrative resources for minimal payments, and which could entail court proceedings, the evaluator urges USAID/K and ORT/K to consider the discretionary provisions provided in H.B. 9, Chapter 8, before entering into "claims" actions. The USAID Controller should also review the status of ORT's reports of losses, and make his recommendations for appropriate follow-up action.

2. Disposition of Commodities Unfit for Human Consumption. (AID Reg. 11, 211. ____)

ORT/K should develop a protocol which specifies procedures for disposition of PL 480 commodities unfit for human consumption. (i.e. certification by competent authority, and disposition as "unfit" to precribed markets. In the event spoiled commodities are disposed of to animal feeding out-lets, recommend that the price established for this sale be set at the volag's cost (non-profit) for the product. Control over donations/sales of unfit commodites are extremely vulnerable to government audits.

3. Markings on PL 480 commodities. ORT/K should continue to work with USAID/K and FVA/FFP/PSD to ship commodities scheduled for monetization in un-marked packages. If commodities arrive in port in marked packages, ORT must arrange to have markings obliterated.

PRM:Robert Kidd/nl
Document: 7280c

Appendix B
by Stephen Bogyo

Question 1: Private Sector Component. To review the terms of agreement between Victoria Associated Products (VAP) and ORT to finance the purchase of an extrusion cooker and determine if it is just and fair.

ANSWER: An English language translation of the contract, signed by all involved parties on Aug. 20, 1986, is attached. Without the incentives offered to VAP, the costs of providing a sanitary, safe, and attractive package would not have been affordable, and the costs of an imported new extrusion cooker would have placed CEREVAP (the weaning food) out of reach for all but the small high-income consumer sector.

Question 1a: Is there a relationship between the cost to USAID of financing the extruder and a reduced price for CEREVAP?

ANSWER: Changing the process from the existing "bakery-biscuit" manufacture to extruder-cooking, offers savings both in energy and in raw material costs (cornflour can replace wheatflour to a higher level). This should permit a lower consumer-price.

Question 1b: In view of the model nature of this activity, should there be a more in-depth examination of the costs and benefits of financing the extrusion cooker?

ANSWER: The evaluation would be too narrow if it would focus only on the extrusion cooker. This processing tool (very applicable to the needs of this project, not necessarily to others) is only a part of the scheme of things. What deserves careful and broad analysis is the ingenious integrated structure of the project that brought together viable inputs from both the public and the private sector, to fight malnutrition in at least one part of urban Zaire.

Question 1c: Foods other than CEREVAP will be produced with the project financed extruder. How will this affect project impact in terms of overall production of CEREVAP and generation of funds to support ongoing MCH activities?

ANSWER: Appropriately, the new extruder has considerable "reserve capacity" for expanding future CEREVAP sales. If is of mutual interest to utilize the extruder to it's capacity and the contract (see Question 1.) provides royalties (Contract: Page 3 E) if VAP uses the extruder for "other products". Thus paradoxically more funds would be generated for the MCH activities from the other products than it would from initial CEREVAP production. However, as VAP has budgeted for a serious marketing effort to expand the sales of the weaning food, they will surely give priority to all CEREVAP production their sales force can handle.

Question 1d: Has production of CEREVAP parallelled production increases? What segment of the population consumes CEREVAP. Who are the likely beneficiaries i.e. consumers of the reduced-price CEREVAP?

ANSWER: The management of VAP, since the 1983 startup has made ongoing periodic evaluations of CEREVAP's consumer price, in comparing the price of local food staples (of comparable nutritional values) as the guidelines for pricing CEREVAP (see attachment 1.) Visiting open-air markets in the course of this visit, CEREVAP was available at many small vendors' tables.

In spite of it's moderate price (against CEREVAP's 30-33 zaires consumer price for the 225 gm. satchel, imported weaning foods, lke CERELAC, Phosphatine 200 gm units retail around 175-189 zaires or even higher), CEREVAP is still too expensive for the "poorest of the poor" (i.e. those who cannot buy enough cassava and many of the lower income families will buy it as a supplement to the family diet. However it might be possible to lower cost, for bulk packed CEREVAP, to serve institutions (hospitals, clinics, institutional kitchens) similar to the US manufactured CSM.

PRM: Stephen Bogya:nl
Document: 7289c

Appendix C

by Stephen Bogyo

DISTRIBUTION COMPONENT

A. Distribution of cornmeal: (Kiosks - Kiosk roulants)

CDI (Centre de Development Integral) mills all their corn (± 3,000 tons/year grown in the interior) and the US donoated corn in the Kinshasa facility. They move the corn-meal in 25 kgs. sacks to their wholesale distribution stations (eleven kiosks), where retailers (mamas) buy them presently for Z 500/bag i.e. Z 20/kg. carry it to their market tables where they sell it by the "cup" (125, 250, 750 and 1500 gm cups) to families at about Z40/kg. CDI believes that only nearby and more alert retailers make the trip to the existing kiosks (where because of a corn-shortage, sales are rationed to 1 bag to one retailer). Thus CDI plans to experiment with one truck that would deliver presold bags of cornmeal to the mamas, thus obtaining broader penetration of the 50 markets of greater Kinshasa, and making the sales in each market more competitive. We shall expand on this idea under "B" below (more detailed explanations).

B. Distribution of CEREVAP.

The distribution of CEREVAP will be broadened through traditional commercial channels wholesalers-retailers-consumers through 4 salespersons, with cars; in addition VAP has trained one institutional promotional salesperson, who will promote:

1. in pharmacies, clinics, hospitals and health institutions, and
2. social workers of 42 centers (churches, parishes and associate centers of the greater Kinshasa Archdiocese. These social workers will receive CEREVAP on consignment and pay only for units sold. This rather new promotion so far has yielded a 1 ton/week sales.

It is unlikely that CDI kiosks could sell significant amounts of CEREVAP. CDI's kiosks are frequented by cornmeal retailers, who work at a different location in each market, than the weaning-food, milkpowder etc. retailers.

Corn Shipments to Kinshasa
March 31, 1987 USAID Mangindula

1984 January - June (6 months) period
Zaire Dept of Agriculture Statistics

By River

a.	Fleve	1,400 tons
b.	Kasai BBD	6,300 tons

By Rail

Bas Zaire	650 tons

By Road

a.	Bas Zaire	900 tons
b.	Bandundu	700 tons
		9,950 tons

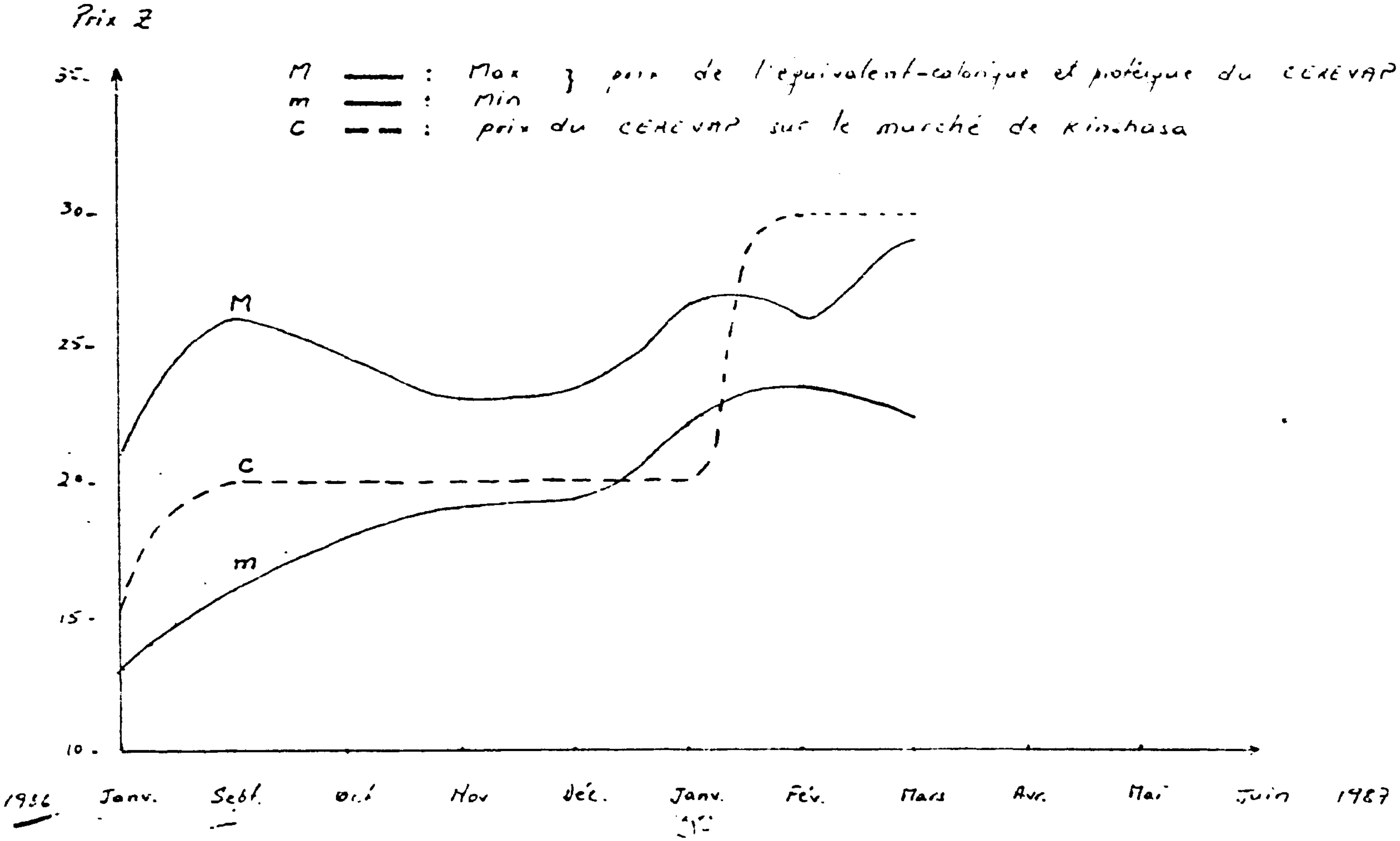
Trend is up since 1984.

A.	Mechanized production - Likasi Region 85/86	23.600
B.	Non mechanized USAID North Shaba - produced	81.250
	consumed	24.530
	to market	56.724

1984 Gecamine corn import	160.120 tons
1985 Corn milled in larger plants	113.000 tons

PRM:Stephen Bogyo/nl
Document: 7292c

Tab. : Position du prix du CEREVAP par rapport à son équivalent-calorique et protéique traditionnel.

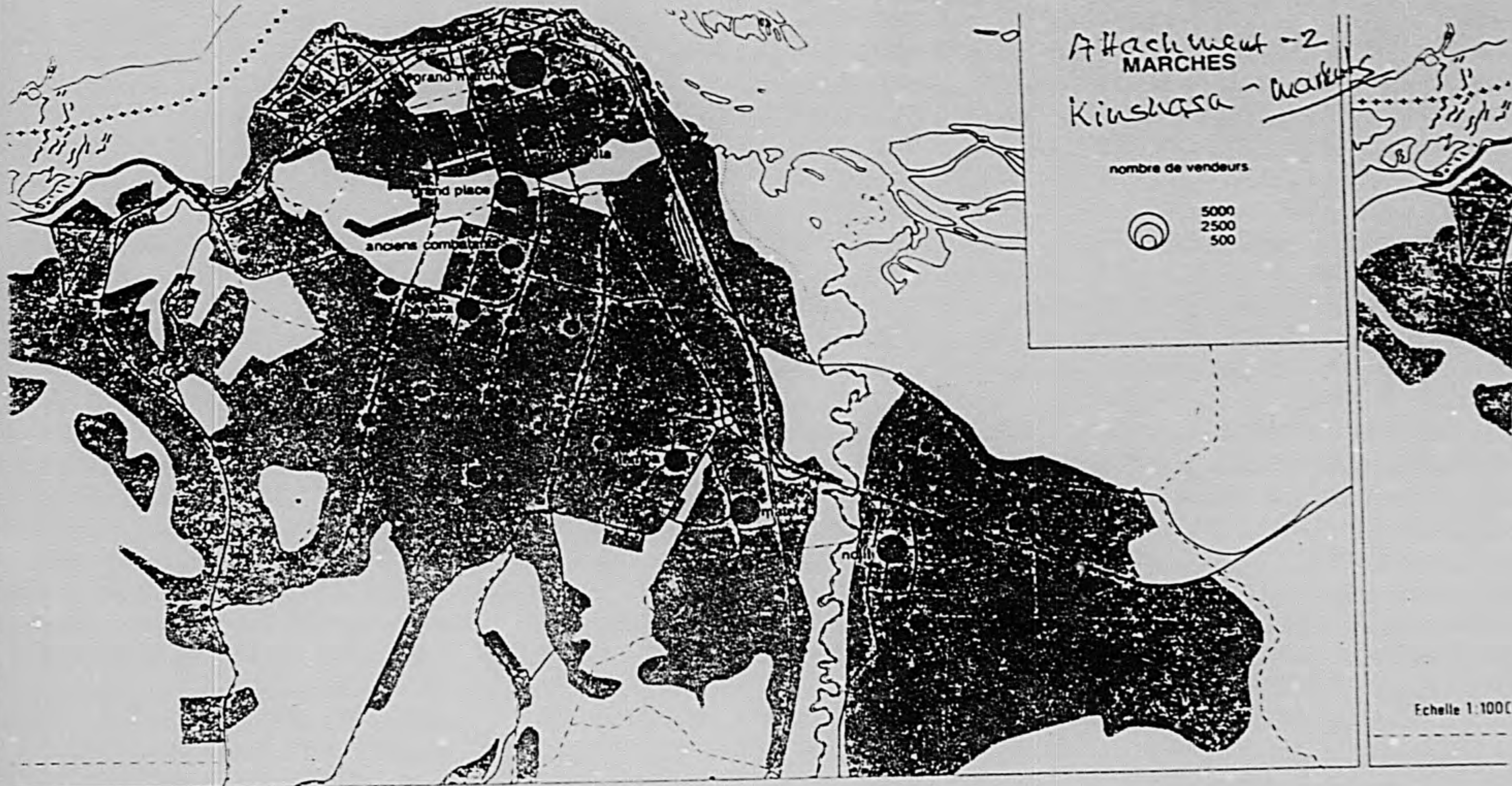


* : ne comprend pas les frais liés à la préparation

[illegible]
with Cerevap – Haidi 10-1987
Re Question 1 D
Attachment 1.

Attachment - 2

Kinshasa - markets



MARCHE - ZANDO

Public Markets
Kinshasa

Diets recommended for malnourished children. July 1983

Repas recommandés par [illegible] de mise en charge des enfants malnourris / Diets recommended for malnourished children July 1983
- juillet 1983 -

Equivalent - CEREVAP du ..10../..03../19.87.

ALIMENTS	POIDS	Kcal	Prot. g.	Prix (Z)
Dry beans / Haricots secs	55	180	12, 1	3,62
Mandioc flour / Farine de manioc	50	180	0, 1	1,36
Corn flour / Farine de maïs	20	70	1, 8	0,93
Palm oil / Huile de palme	10	90	-	0,40
		520	14, 0	6,31
Salted fish / Poisson salé	20	30	10	10,0
Mandioc flour / Farine de manioc	50	180	0, 1	1,36
Green leafy vegetable / Bitekuteku	50	15	1, 0	2,35
Soya flour (fullfat) / Farine de soja	25	100	9, 0	1,85
Palmoil / Huile de palme	10	90	-	0,40
		415	20, 1	15,96
Total		935	34, 1	22,27

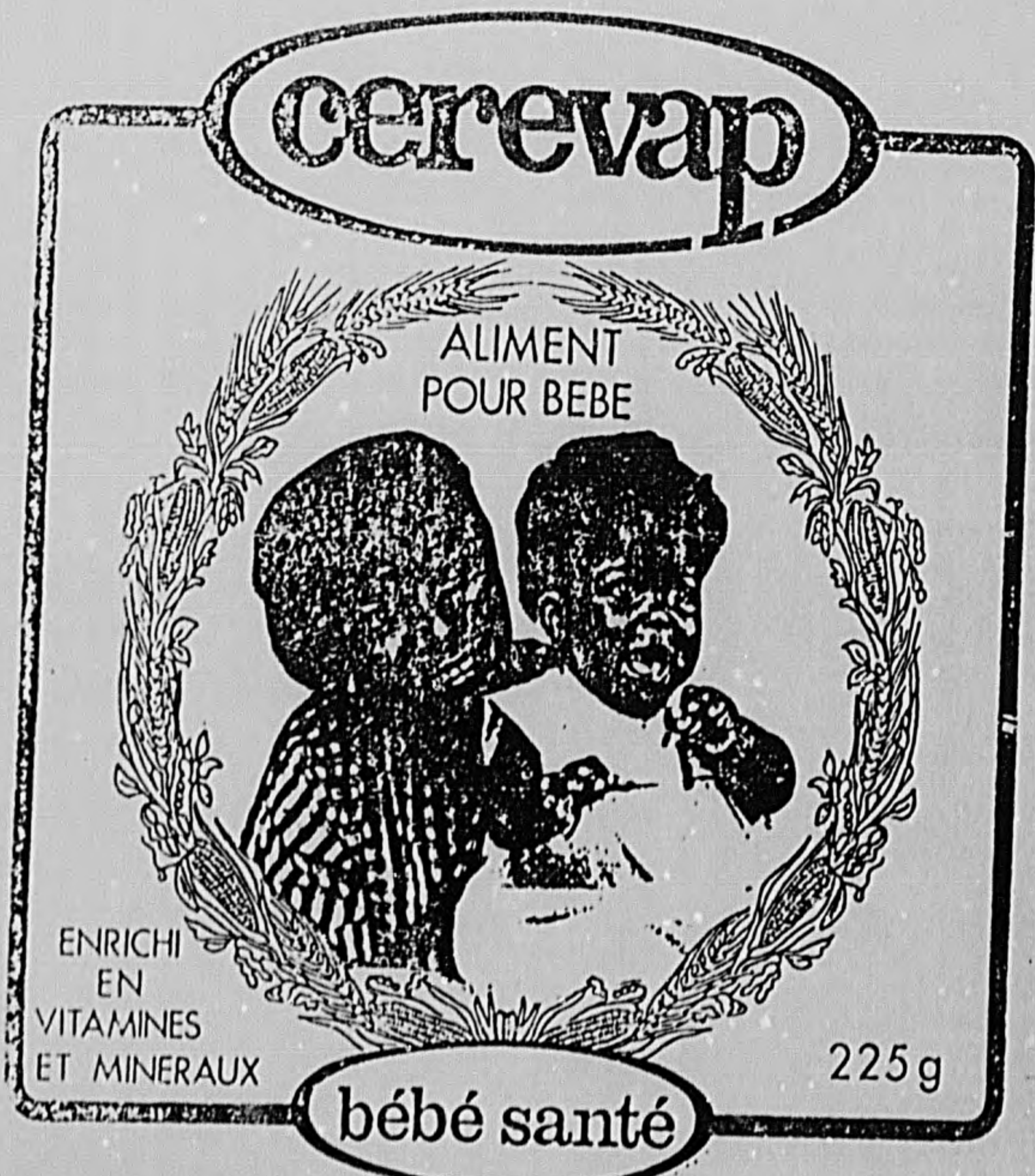
ALIMENTS	POIDS	Kcal	Prot. g.	Prix (Z)
corn flour / Farine de maïs	50	180	4, 5	2,34
nonfat milk pwdr / Poudre de lait délipidé	10	35	3, 6	3,07
grilled fish / Arachides grillées	30	160	7, 8	3,21
bananas / Banane douce	100	90	1, 5	4,16
Sucre - sugar	10	40	-	0,68
		505	17, 4	13,46
Banane plantain	200	180	2, 4	6,89
Farine de soja	30	120	10, 8	2,22
Feuilles de manioc	40	35	2, 8	1,14
Tomate fraiche	30	5	0, 3	5,0
Huile de palme	10	90	-	0,4
		430	16, 3	15,65
Total		935	33, 3	29,11

Prix : minimum..22,25.. maximum..29,11.. moyenne..25,68..

1 Sachet de CEREVAP au marché : 30,00 Z

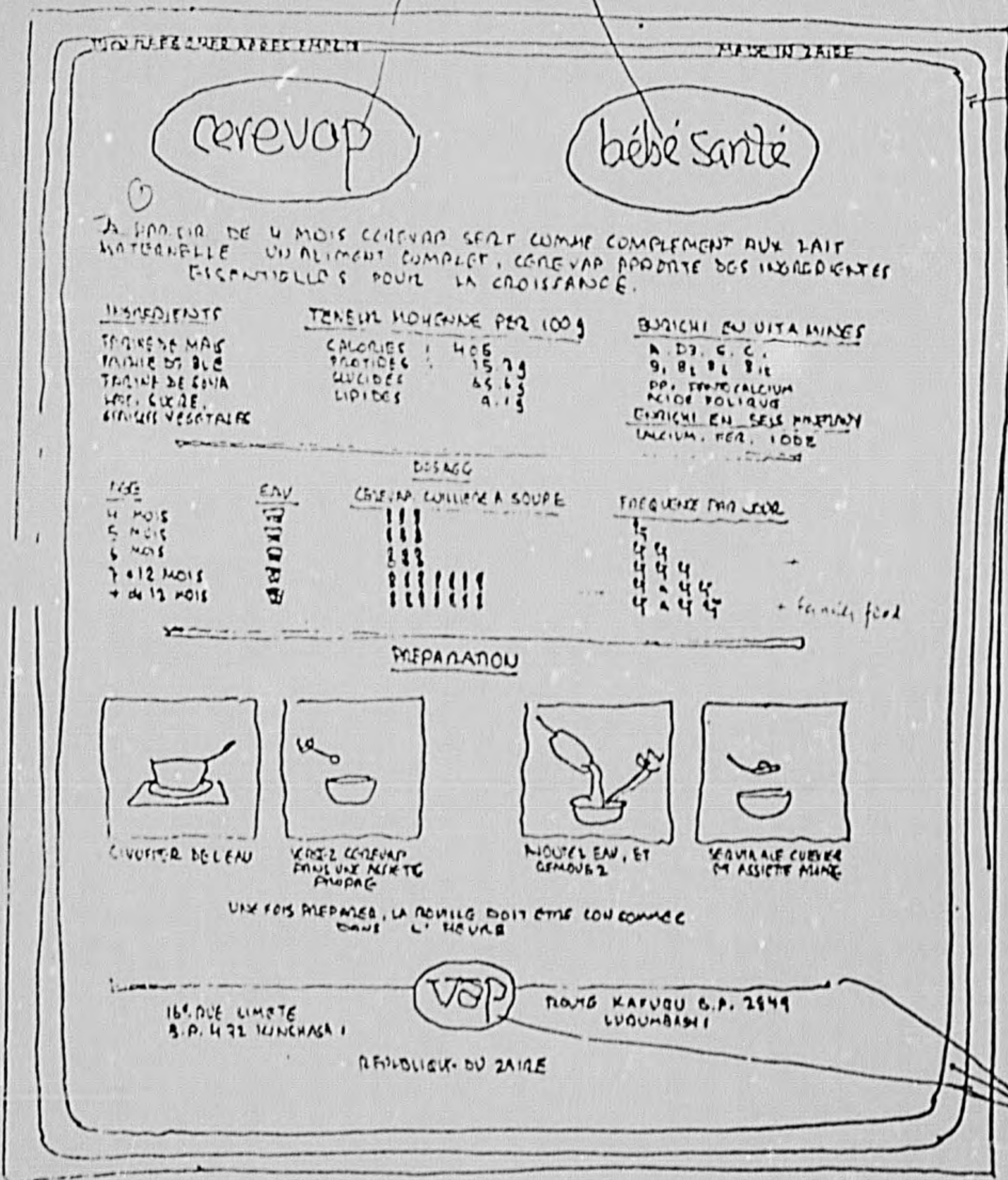
→ DR. ST[illegible]E B.
← JAN [illegible]OSIN

Attachment 3.
VAP-
Market - Consumer research
and marketing



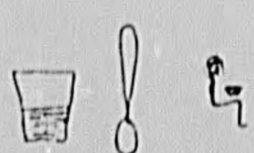
ROUGE

TOUTE LE TEXTE EN NOIR



rouge

Rouge



KEY IMAGES.

victoria assorted products

DIRECTION GENERALE

Biscuiterie
Aliments pour enfants
Confiserie
Bubble-gum

Kinshasa, le 3 Fevrier 1987

Mister Ken Lussier
ORT Food for Peace
Kinshasa

Dear Mister Lussier,

Thank you for your letter of January 19th.We were most appreciative and attentive to your comments about the eventual evaluation of VAPs proposals for the Cerevap three year support programme.

We are wholly in agreement with your comments regarding the responsibilities of VAP in relation to the proper creation and implementation of a strategic marketing plan.

It is VAP's intention to carry forward the three year proposal submitted to you by VAP's Director Bernard Lechien and myself/. This proposal, as you are aware is based upon an intensive effort, not to mention investment, on the part of VAP and its parent company, UNIBRA.

I feel, as I trust you do, that the very fact that Mister Relecom has committed money and effort to intensively study the market and create, in liason with myself as marketing consultant and VAPs management, a three year plan and carry it to its ultimate realisation and implementation is a tangible example of our companys desire to make this project a success.

We are of course, grateful for Mister Nichols interest, and professional concern but we believe, as you will note from the attached response to his market plan proposal, that we have established a realistic plan based upon our operating knowledge of the market and that we are in a position to contantly modify and adapt this plan according to the rapidly changing socio-economic situation in Zaire.

In addition we have qualified personnel, not only technical, but in sales and marketing to react to these changes. In all liklihood, an expensive and possibly untimely effort at this time would only duplicate what has been done.

It would be feasible that after a year or so, when the product has been launched and is in the process of establishing itself on a broader scale in the market, that a study to evaluate the validity of our programme would be appropriate.

VAP believes that Cerevap will be the key product for the future and has fully committed itself to make this product the success that it merits.

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Cerevap has been marketed in Zaire since 1983. It was created in response to a market need for a popularly priced, nutritive weaning food. The product, as a complement to mothers milk, was developed through the collaboration of numerous local and international agencies.

The product is sold in aluminum lined sachets containing 225 grams with detailed instructions for preparation. It is priced much lower than other products of a similar nature and available in smaller quantities to fulfill the almost daily buying needs of the population vis a vis their limited financial resources.

It is found not only throughout the many marchés of Kinshasa, but in supermarkets and outlets catering to the upper levels of socio-economic strata both Zairois and expatriate.

The product is sold through distributors who in turn resell the product, 16 sachets to the bag, down the elaborate chain of resellers to the final destination at the local marché or on the small table of the neighborhood reseller.

Over the years the product has grown in popularity as its notoriety has spread and a greater awareness created through advertising and product demonstrations in church centers, health centers and public as well as private dispensaries.

Sales growth has been in the first year 1983, 126 tons annually. In 1986 the annual figure had grown to 650 tons and in 1988 we project sales of 2000 tons per year.

In 1985, VAP, a subsidiary of UNIBRA, one of the leading industrial concerns of Zaire, entered into a collaboration with CRT-USAID, to construct an extrusion cooking facility to manufacture Cerevap in an effective and less costly manner.

In September of 1986, the President of Unibra, Monsieur Michel Relecom, engaged Jay A. Crosin, an independent marketing consultant, with 25 years of experience in consumer products, in the United States, Europe and Africa, to aid VAP in the preparation of a marketing programme for Cerevap. This proposal would seek to achieve the goal of 200 Tons monthly sales by 1988.

Quantitative marketing objectives were established and goals set on a monthly basis to achieve the end result of 200 Tons.

An intensive look was taken at the target consumer, feeding and weaning habits, purchasing habits and cycles, economic and social factors.

A great deal of time was spent with the population, in the cités, the marchés, and the villages to best understand the mentality and comportment of the consumer.

The point of sale where the consumer purchased the product as well as the entire distribution chain were examined in detail.

The effects of prenatal, post natal and ongoing health and nutritional information communication and the means by which this communication was effected were identified and examined.

A continual and intensive collaboration between VAP and governmental and non governmental agencies to support the dissemination of information and promote the usage of Cerevap has been maintained.

Constant programmes involving research to evaluate Cerevap and its role in nutrition and rehydration as well as the fight against

ation of the target consumer
f the product through ad-
demonstration and collab-
ers.

the extrusion process was
with the local population,
p. In addition, an advertising
ed product was developed.
information and increased
as been planned.

infrastructure of the
oped to better cover
n were hired and increased
men were retrained to
s techniques. A separate
develop sales and demon-
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nfrastructure to maintain
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ditional advertising and
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es, research, seminars,

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economy now and in the

Suite Monsieur Lussier

Lechien, who has requested that I respond
always available to you or anyone in your
depth to any questions that might arise.

d to you for your continued support, en-

Unibra-VAP

OBJECTIVES OF PROMOTIONAL PROGRAM 1986-1988

CEREVAP AND OTHER EXTRUDED PRODUCTS

1986 : Definition and preparation of strategies.

1987 : 1. Stabilise price of CEREVAP, making it accessible to the majority of the population.

2. Penetrate the market in depth, with increased sales force and expanded distribution in all zones of Kinshasa.

3. Exploitation of all opportunities presented by public and private health organisations by a program of demonstrations, collaboration in nutritional education by furnishing didactic materials.

4. Appointment of an exclusive representative for CEREVAP.

5. Launch of NEW EXTRUDED CEREVAP in september-october 1987.

6. Advertising campaign designed to create sales level of 125 tons per month.

1988 : 1. Concentration on Kinshasa market penetration and development of outside market opportunities.

2. Continuing advertising campaign.

3. Launch of other extruded products : PROTIVAP, NUTRIPLUS, SNACKS.

4. Volume goal : 200 tons per month.

BUDGET 1986-87 : 3.300.000 Z

Beginning december 1986, VAP will devote 11 Z/Kg of each kilo above the level of 45 tons, for advertising and sales promotion support.

P R O G R A M   1 9 8 6 - 1 9 8 8

December 1986 - PREPARATORY ACTIVITIES	Month	12
	Monthly tonnage (T)	45
	Budget (1000 Z)	
1.1. Finalise all programs		
1.2. Promotion with "Foyers sociaux" Program of resale of CEREVAP by parish representatives, in all 42 parishes of Kinshasa .	50	
1.3. Finalise all new packaging, CEREVAP and other extruded products : PROTIVAP and NUTRIPLUS		
1.4. Finalise advertising graphics for portable kiosks of CDI		
1.5. Preparation for billboard campaign previewed for march 87 - define advertising message - finalise image and text of billboard poster (12 m^2) - define locations (about 30)	100	
1.6. Finalise poster CEREVAP = NUTRITION, print 5.000 copies	100	
1.7. Contacts with CEPLANUT, pediatricians, and visit of Dr.NGANDU, Head of Public Health, to VAP (08/12)	200	
	450	

P R O G R A M 1 9 8 6 - 1 9 8 8

January-August 1987 : MARKETING AND PROMOTIONAL ACTIVITIES	Month	01	02	03	04	05	06	07	08
	Monthly tonnage (T)	47	53	60	67	75	80	85	90
	Budget (1000 Z)								
2.1. Designation of a nutritionist specifically for the promotion and demonstration as well as coordination of all activities for CEREVAP		X							
2.2. Increase sales force from 3 to 5, with R4 vechicules carrying advertising messages: Expansion of distribution from 10 to 22 zones in Kin.		X	X						
2.3. Finalise new packaging for CEREVAP-EXTRUDED Define layout, paste up, printing, order and delivery	350	X	X				X		
2.4. Development of a range of extruded products, package research for PROTIVAP and NUTRIPLUS	50	X	X	X					
2.5. Creation of point of sale, mobiles for shops	50	X→							
2.6. Poster campaign in Kinshasa, about 30 locations	400			X					
2.7. Maximum distribution of CEREVAP nutrition posters to "Foyers sociaux", dispensaries, hospitals and pharmacies	100		X→						

X→ throughout the year

P R O G R A M 1 9 8 6 - 1 9 8 8

January-August 1987 : MARKETING AND PROMOTIONAL ACTIVITIES	Month	01	02	03	04	05	06	07	08
	Monthly tonnage (T)	47	53	60	67	75	80	85	90
	Budget (1000 Z)								
2.8. Distribution of CEREVAP medico-scientific dossier to doctors, pediatricians and heads of each health zone	50	X	X						
2.9. CDI kiosk program		X ⟶							
2.10. Creation of new demonstration material for CEREVAP for use by nutritionists		X ⟶							
2.11. Ongoing program for sale and distribution of CEREVAP in [illegible] Kinshasa parishes	150	X ⟶							
2.12. Finalise all brochures and sample program for pharmacies		X ⟶							
2.13. Distribution program for CEREVAP samples through public and private health organizations	100	X ⟶							
2.14. Preparation of television commercial : finalise and approve storyboard	450	X	X		X	X			
2.15. Small poster campaign for market places	50	X	X						
2.16. Program of promotion of PROTIVAP through refugee and other specialised agencies				X					
	1.850								

X ⟶ throughout the year

P R O G R A M   1 9 8 6 - 1 9 8 8

September-December 1987 : <u>LAUNCH OF EXTRUDED CEREVAP</u>	Month	09	10	11	12
	Monthly tonnage (T)	95	105	115	125
	Budget (1000 Z)				
3.1. NEW CEREVAP : trial period and finalisation of recipies		X			
3.2. Television advertising campaign : mid sept. to mid oct. : 3 x/week mid oct. to mid nov. : 2 x/week	400	X	X	X	
3.3. Permanent poster campaign in 6 principal market places in Kinshasa	150	X	X	X	X
3.4. Broadcast of radio jingle at principal market place of Kinshasa : 5 times each saturday, during 3 months	100	X	X	X	X
3.5. Creation of new point of sale mobiles - CEREVAP	50	X⟶			
3.6. Creation of new CEREVAP poster	100	X⟶			
3.7. Radio broadcast campaign for new CEREVAP jingle : 3 times per week, during 3 months	150	X	X	X	X
3.8. Finalise NUTRIPLUS poster	50	X			
3.9. Market prospection for PROTIVAP		X⟶			
	1.000				

X⟶ throughout the year

P R O G R A M   1 9 8 6 - 1 9 8 8

1988 : REINFORCEMENT ADVERTISING AND SALES PROMOTION CAMPAIGN	Month	01	02	03	04	05	06	07	08	09	10	11	12
	Monthly tonnage (T)	130	136	142	148	154	160	166	174	182	188	194	200
	Budget (1000 Z)												
4.1. 2 television campaigns 2 times per week, during 2 months	300								X	X			
4.2. Permanent posters in market places		X→											
4.3. NUTRIPLUS launch			X										
4.4. Research and development of other extruded products, such as snacks					X								
Extension and repetition of activities : 2.1/2.2/2.5/2.7/2.9/2.11/2.12/2.13/ 3.3/3.5/3.6	to be determined												

X→ throughout the year

APPENDIX D - MCH COMPONENT

by Marian Zeitlin and Nkiabunbu Bikangi

1.a. Is Title II Corn targeted to malnourished children?

Yes, the corn is adequately targeted, by three mechanisms:

(1) The first mechanism is geographical. The Sante Pour Tous (SPT) health centers where the MCH corn distribution takes place are located in low income neighborhoods. According to a June 1986 survey for ORT by CEPLANUT of 1,561 preschool children in six health zones served by these centers (CEPLANUT, in draft), 63% were malnourished according to the Gomez standard, with 48% in 1st, 13% in 2nd, and 2% in 3rd degree malnutrition. According to WHO criteria, the percentages malnourished (more than -SD below the reference standard) were 29% by height-for-age, 23% by weight-for-age, and 5% by weight-for-height. The true level of malnutrition in this population is masked by the fact that Subsaharan African children are on average genetically slightly taller than caucasians or orientals. However, the rates of malnutrition in these urban children were significantly lower than the rates found among rural children in the Bandundu regional nutrition survey.

The centers currently served by the Title II program probably do not extend into the poorest squatter areas. Since the poorest peripheral fringe of Kinshasa is rapidly growing, there is a lag time between the arrival of in-migrants and the establishment of health centers with sufficient infrastructure to support food distribution. Under the SPT program, small neighborhood dispensaries are eligible to become health centers when the community organizes a health committee and fulfills certain other criteria. This takes time. Therefore, it is no surprise that the above mentioned CEPLANUT survey found that children in neighborhoods already served by ORT distribution were marginally better nourished than children in those not yet served.

(2) The second targeting mechanism is through the sales price of the weaning food at the centers. Since the weaning food is prescribed as part of a growth monitoring and nutrition education program this sale is viewed as a counterpart contribution. Mothers of well-nourished infants are encouraged to purchase the corn-soy weaning food once a month at Z 30 (currently $0.30) per plastic bag of 1 kg. This represents almost a 50% subsidy in relation to the market price (given that 3/4 kg corn and 1/4 kg soy flour each cost close to Z 30). Mothers of the first and second degree malnourished pay Z 15 per bag, and mothers of the 3rd degree children receive the food free

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in an on-site feeding program.

(3) The third targeting method is through the centers' services for children of varying degrees of malnutrition. SPT has laid down very clear guidelines for increasingly close follow-up of children with growth failure. Mothers of the well-nourished are encouraged to purchase the food monthly if they wish. Mothers of first and second degree malnourished children are instructed to purchase a weekly supply of the corn-soy supplementary food, and the second degree group are visited at home twice a month. Depending on the individual center, children with third degree malnutrition may be fed on-site up to six days per week at a charge of Z 100 ($1.00) for three months, or given free food to take home. They also receive numerous educational sessions and cooking demonstrations.

1.b. One project objective is to "rehabilitate" 50,000 children through feeding programs in participating health centers. Is this objective realistic? Should the term "rehabilitate" be modified in terms of the current uses of Title II corn by MCH Programs?

The term "rehabilitate" is realistic only for those children who are malnourished. The number of malnourished children who participated in the FFP program from January to December, 1986 was estimated at about 6,000. Of these, the number recorded as successfully "rehabilitated" was only about 1,350, while 617 children who began the rehabilitation activities dropped out without completing them. On the one hand, this low number accurately reflects the fact that the rehabilitation component of the project needs to be improved. On the other hand, it grossly underestimates the number who have benefited nutritionally from the corn. One reason for the low estimate is that only children in second and third degree malnutrition who markedly improved were listed as rehabilitated. Another is that records in about half of the clinics were somewhat incomplete.

The main reason for the underestimation of the nutritional benefits of the maize-soy weaning food is that this food was helping children to remain less growth retarded in an environment in which the majority of children become increasingly stunted as they grow older. Because the diet of low income children is based almost entirely on cassavah which is frankly deficient in protein, they become increasingly stunted with age. Such stunting is associated with deficits in child development and in the immune response. In the above mentioned CEPLANUT survey, 16% of children in the participating centers and 19% in the non-participating were stunted in the 0-12 month age group. Among the four year olds (48-59 months) these figures had risen to 36% and 41%. The level of stunting we are talking about is below -2 SD of the U.S. reference standard, or below about the 2nd percentile. In America all such children are refered to failure-

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to-thrive clinics and are considered to be at very high risk.

Since the group averages decrease steadily with age, it is already an achievement for a moderately stunted child to stay steady over time. However, in the present recording system, children who are registered as rehabilitated must improve in growth according to the standard based on U.S. children whose home diets are rich in animal protein. For the youngest childdren just entering the weaning age, the corn-soy food plays an essential role in preventing malnutrition. If prevention is successful, these children never will show up on the books as malnourished or rehabilitated.

It should be noted that a major purpose of this project is to shift popular taste preference in favor of corn rather than cassavah and to create a demand for the nutritionally excellent corn-soy weaning food, which in turn stimulates local agricultural production of these nutritionally superior foods.

The nutritional objectives of the project should be restated in terms of prevention and of rehabilitation. The project should:

(1) Prevent malnutrition yearly in approximately 30,000 children per year. this number corresponds to the number of infants enrolled in the clinics are below 9 months during each calendar year. At time of entry the great majority of these infants are still breast-fed and well nourished. The most critical period is between 5-9 months, which is the age of onset of malnutrition. By promoting Title II corn mixed with soy, it should be possible to prevent growth failure in a significant number of these children. Evaluate success rates by calculating from clinic records the percent of children who are malnourished at the 9 month visit. Attendance at this visit is high since it is the occasion of the child's last vaccination.

(2) Reduce the relative degree of second and third degree malnutrition and of stunting and wasting in the population of approximately 20,000 children between 9 mo. to 5 years currently served per year by the FFP clinics. Evaluate success rate by repeat cross-sectional sample survey at the end of the project similar to the one conducted by CEPLANUT, with the control centers not receiving FFP corn selected to match the participating centers in SES. The feasability of quantitative evaluation and the design of the survey should be assessed near the end of the project based on the perceived success of nutrition education in achieving behavioral change.

(3) Rehabilitate about 2,400 critically malnourished children per year by the end of the project period. This figure is based on empirical data from many countries that it takes 3-4 months to rehabilitate severely malnourished children in a good

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on-site feeding day-care type of recuperation program using foods that are low in animal protein. It assumes 40 centers each rehabilitating 20 children at a time in a four month session with 3 sessions per year. Although in actuality the children's attendance would be spread across the year the number would remain the same. It also assumes that less than half the third degree malnutrition cases in the community now participate in rehabilitation. Evaluate success rate from rehabilitation program records of children who actually improved from third to second or first degree malnutrition or who recovered from kwashiorkor. This number would underestimate the number of deaths pervented since some children would be prevented from dying but would not show pronounced improvement in growth. Second degree children could be further screened by arm circumference to determine whether they required intensive rehabilitation.

2.b. How were the participating MCH centers selected?

The following criteria were used for selection:

(1) Had nutritional activities existing and preferentially a nutrition rehabilitation program

(2) Had a minimum number of mothers attending MCH visits (Consultations Prescholaires (CPS)) or prenatal visits (CPN). This number was taken into consideration with other factors but was not specified.

(3) Had no existing nutrition activities but were able to guarantee that once started, their activities would continue until the end of the project.

2.b. Is the project targeted to the highest risk populations within the project area?

Within existing centers, targeting should be improved by increasing the number of children who continue to attend growth monitoring (consultations prescholaires - or CPS) after 9 months of age, when they receive the last vaccination. ORT staff and SPT have worked together to develop an educational module promoting growth monitoring to be given at the 9 month session.

2.c. Should the number of centers be increased or decreased?

It would be inadvisable to increase the number of centers because it would be too difficult to supervise more than 40 centers per month. As it is, Wabo and Charlotte don't quite succeed in visiting all of the centers each month. Transport difficulties contribute to supervision problems because the project has only one jeep that can drive through the gullies in the peripheral zones. With additional technical assistance, the focus should be on developing more effective rehabilitation programs before the number of participating centers is expanded.

At this point, it would be difficult to decrease the number from a public relations point of view.

3. Does Title II corn flour replace weaning foods previously purchased by participating health centers?

According to Dr. Gernier of SPT, Title II corn does not replace foods previously purchased. Before the FFP program, SPT was buying and selling soy flour, but not corn flour. The mothers were providing their own corn flour. Now SPT continues to purchase the soy flour to mix with the donated corn flour. SPT also previously purchased some other foods for demonstration feeding and rehabilitation. They still do.

4. How have funds from monetization of Title II commodities been used to improve or expand health center facilities and training programs as described in the project paper? Comment on priority uses for monetization funds supporting project and child survival objectives.

In the beginning some funds from the sale of the corn-soy weaning food were used for building shelters for rehabilitation and for purchasing cooking pots and utensils. However, the main use of these funds is to subsidize the purchase price of the corn-soy food itself. As noted above the weaning mixture is sold with almost a 50% subsidy, whereas the soy previously had been sold at cost. These funds also permit more foods to be purchased for cooking demonstrations and on-site feeding than was possible before the start of the program. The amount left over after the subsidy and rehabilitation activities amounts to only about $5 per month per clinic. This goes into general operating expenses as the clinics always are operating at a deficit.

The evaluation team finds that this use of the monetization funds is acceptable.

5. Are there plans for the eventual phase-out of donated Title II commodities in participating health centers? Make recommendations for current activities or programs that adddress the eventual phase-out of Title II commodities.

The centers do not yet have plans for eventual phase out. A major recommendation is that C.D.I. be engaged to supply the health centers with local corn rather than imported corn, starting immediately, during months when local corn is available. Preliminary conversations with C.D.I. and FFP representatives

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indicate that this could easily be done, by permitting C.D.I. to substitute local corn for the imported corn, which they already are using to buffer seasonal changes in the corn production and marketing cycle. Reasons for this recommendation are:

(1) Yellow American corn is preferred to local white corn for reasons of consistency. Mothers need to become accustomed to using locally produced corn as soon as possible, since this is what will be available to them at the end of the project.

(2) The health centers advise the mothers to make their own additional purchases of corn and soy on the open market to supplement the amounts bought in the center. When local corn is in season, white corn is the only corn available on the market, sold by C.D.I.. Mothers receiving one kind of corn in the center are less likely to follow this advice when the corn available in the market is the other kind.

6. What data are currently collected on project beneficiaries at the MCH Center Level? What purpose does data collection serve? Make recommendations for modification of data collection based on project information needs.

The centers currently have a variety of client records, including growth charts and special rehabilitation records for children in second and third degree malnutrition. The centers use the client records for monitoring the progress of their patients. The centers also record the receipt and sale of the project corn.

ORT requests the centers to abstract information from these records onto three summary forms, shown as exhibits 1 - 3. This basic monitoring information is used to track project inputs and outputs. It is summarized onto 6 monthly sheets shown for the first and second halves of 1986 in exhbits 4 and 5. The project wisely has attempted to keep the centers' reporting burden to a minimum. The only suggested change made at this time by the project team is shown on Exhibit 1, where it was suggested that distribution of the corn be recorded in relation to the three levels of subsidized targeting rather than in terms simply of well nourished versus malnourished recipients.

The current forms should be improved. As work proceeds to develop a more effective rehabilitation program, it will be necessary to revise the forms to make them into more effective monitoring tools. She should not become longer or more complicated.

Exhibit 1

FICHE DE SUIVI DU PROGRAMME

VIVRES POUR LA PAIX

Nom du Centre :.....................
Organisme :.....................
Zone de :.....................
Responsable :.....................

Stock restant du mois passé: ________ Quantité de maïs reçue : + ________ Total : = ________ - Quantité/Maïs distribuée : - ________ Quantité/Maïs restant en stock: = ________	Montant restant du mois passé: ________ + Montant reçu de participation: + ________ TOTAL := ________ - Montant dépensé :- ________ Montant restant : ________

DATE	Nbr. Sacs Reçus	Nbr. Sacs Distribués	Standard	Cadre Santé	Servi Malnourris	OBSERVATION
			Eft.	Santé	Eft. Malnourris	
TOTAL						

NB: Attendez jusqu'à ce que le sac soit vide pour le mentionner dans vos calculs.

EXHIBIT 2

NOM DU CENTRE :.................
ZONE DE SANTE :.................
RESEAU :.................
D A T E :.................

EVALUATION SEMESTRIELLE
PROJET "VIVRES POUR LA PAIX"
- 19 -

		JAN.	FEV.	MARS	AVRIL	MAI	JUIN
NOMBRE D'ENFANTS ADMIS A LA C P S	N C						
	A C						
NOMBRE D'ENFANTS MALNOURRIS	1e Stade						
	2è Stade						
	3è Stade						
NOMBRE D'ENFANTS REHABILITES							
NOMBRE D'ENFANTS QUI ONT ABANDONNES							
NOMBRE D'ENFANTS FFP MALNOURRIS	N C						
	A C						
NOMBRE D'ENFANTS FFP BIEN NOURRIS	N C						
	A C						
QUANTITE DE MAIS RECUE							
PARTICIPATION DES MERES							
D E P E N S E S							

OBSERVATION : :..
....
....
....
....

Exhibit 3

RAPPORT D'EVALUATION SEMESTRIELLE

PROJET AID-ORT FOOD FOR PEACE

NOM DU CENTRE : ....

1) Quantité de maīs reçu selon CDI : ....

2) Quantité de maīs reçu selon la fiche de suive : ....

3) Différence : ....

4) Bn : NC + AC recevant le maīs : ....

5) Mn : NC + AC recevant le maīs : ....

6) Total (Fréquence) : ....

7) Le Centre separe-t-il NC de AC recevant le maīs ? OUI____.NON V

8) Quantité distribuée aux enfants (en principe)____ x 0,75Kg ____

9) Quantité de maīs reçu selon CDI (2) : ....

10) Quantité de maīs distribué, en pricipe, aux enfants(____): ......

11) Différence : ....

12) Statistiques qui manquent totalement : ....

Exit 4

ZONES CENTRES	Nbr Enf. CPS NC	AC	Nbr. Enf. Mn 2è Sta.	3è Sta.	Nbr.Enf. Réhabil.	Nbr.Enf Abandon	Nbr. Bn FFP NC	AC	Nbr. Mn FFP NC	AC	Quantité Maïs	Participation Mères
. BINZA METEO												
LIBIKI	804	5422	156	37			42	56	72		7	2.100 Z
CAMP LEOPARD	804	5422	156	37	111	5	907		693		63	13.650 Z
. BINZA OZONE												
LUKUNGA	1969	14679	26	126	33	10	1274		628		74	24.375 Z
. BIYELA												
MOKALI	217	1559					59		180		22	3.910 Z
St JOSEPH	585	4148	405	285	18	20	204		1133		201	43.765 Z
. F U N A												
DISP. 2ème RUE	88	197							61	86	10	3.500 Z
. KIKIMI												
CH. St CROIX							748		572		84	15.523 Z
KIKIMI 1	296	2556					62	13	9	20	5	2.690 Z
LOBIKO 2	183	2647					14	78	14		3	2.575 Z
BOSEMBO 3	124						27	23	15	8	3	1.405 Z
NFUMU NKENTO	106	1500					68		34		5	
MIKONDO	97	1413					61		9		4	2.325 Z
MARESHAL	53	955					40	14			2	1.220 Z
NGAMPANI	15	118					15	75				
. KIMBANSEKE												
CH. ELYKYA	692	2766		121	39	13	551		750		83	15.625 Z
BOBOTO	1999	4231	357	304								
CH. KIMBANSEKE	374	6026	13	3			414		330		66	13.323 Z
KIN CENTRE												
BOYAMBI	1476	16465		32	14	10	371	81	74	57	19	10.375 Z
KINGABWA												
St KIZITO	1032	7837	119	138	21		1971		564		68	13.980 Z
MAYAMBA	126	979	5				102		38		2	2.505 Z

Exhibit 4 (continued)

ZS. KINGASANI												
- MASINA III	75	778									34	15.525 Z
- CH. KINGASANI	2714	20844	310	272	109	35		2474		667	176	61.640 Z
ZS. KISENSO												
- DISP. ETAT	2159	19037	136	246	64	80		2610		1191	125	56.110 Z
ZS. MAKALA												
- St CLEMENT	1182	9617	191	282	15	2					102	23.59
ZS. M A S I N A												
- ELONGA	1742	12084		29	14	22		373		140	16	10.000 Z
- MAPELA	197	1061	3	8	4	7						
- KITOKO	306	2670	12	11	25	3				134	16	6.243 Z
- ESENGO	330	1479		11				360			16	5.400 Z
- BOLINGO												
- BOO-NSUBA	204	1872	3		2	1		25		45	1	225 Z
ZS. MONT AMBA												
- KINDELE	286	1443	41	239				393		204	24	8.350 Z
- LIVULU	1034	7002	97	86	42	26		2531		141	82	54.005 Z
- MAYULU	84	280					3	17	23	180	8	2.689,5
ZS. MONT NGAFULA												
- MAWAGALI	780	6505	115	107	31	19	820	469	80	198	60	29.010 Z
ZS. N G A B A												
- BOBI LADAWA	727	2405		31			1280	1030	56	68	75	18.005 Z
A U T R E S												
- BUMBU	2528	5541	68	1			8	59	62	314	24	3.700 Z
- LUTENDELE	144							11		1	11	240 Z
- KIMIA	1000	6798	4	34	17	31	111	351	28	222	20	6.500 Z
- MATETE	138	362				53	104	345			55	25.172 Z
T O T A U X	26670	179598	2217	2440	559	337	2897	2611	408	1153	1556	499.230,5
							15136		7540			

exhibit 5

EVALUATION SEMESTIELLE : PROJET AID/ORT FFP JUILLET - DECEMBRE 1986

NOMS CENTRES	Nbr. NC	Enf.CPS AC	Nbr. Enf. Mn 2è Sta.	3è Sta.	Nbr.Enf Réhabil	Nbr.Enf [illegible]	Nbr. En. FFP NC		[illegible]	Nbr. Mn NC		FFP -	[illegible] ité	Participation [illegible]res
CS. BINZA [illegible]														
- CAMP LEOPARD	778	5744	145	35	59	9	284		477	228		82[illegible]	7[illegible]	17,130 Z
CS. BINZA [illegible]														
- L[illegible]NGA	1776	13872	50	91	30	8	84		2610	362		1249	130	56,735 Z
CS. BIYELA														
- MOKALI	321	1736					105		197	131		146	18	4,900 Z
- St JOSEPH	572	3831	179	62	62	21	572		3831	78		238	282	73,940 Z
CS. KIKIMI														
- KIKIMI I	213	2595					217		100	1		4	12	5,488,75
- LOBIKO	180	2138					143		408	21		16	15	4,286,91
- BOSEMBO	120	1701					146		123	4		18	12	4,281 Z
- MFUMU NKENTO	125	2349					11		29	49		105	8	3,637 Z
- MIKONDO	70	1212					106		24	6		52	8	3,230 Z
- MARECHAL	133	1317					57		30	14		26	10	3,500 Z
- NGAPANI	94	1030					113		105				12	2,573 Z
CS. KIMBANSEKE														
- CH ELYKIA	2472	9116					199		128	110		484	111	38,717 Z
- CH KIMBANSEKE	305	6715			173	41	428	60	493	390	75	474	40	30,500 Z
CS. KIN CENTRE														
- BOYAMBI	1453	14718	42	1421			905		953	35	122	885	77	
CS. KINGABWA														
- KIZITO	920	7757	20	211	29	33	179		1061	41		497	70	24,943 Z
- MAYAMBA	185	1980	9	11	8	4	112	10-	199	123	72	21	17	9,640 Z
CS. [illegible]														
- CH. [illegible]							[illegible]		[illegible]	[illegible]			[illegible]	[illegible] Z
- CH. KING[illegible]	[illegible]	[illegible]	363	[illegible]	[illegible]	34	17[illegible]		[illegible]	121		[illegible]	75	[illegible] Z

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Exhibit 5 (continued)

ZS. KISENSO														
- DISP. D'ETAT	1690	17463	99	227	48	47	1520		3514	277		840	163	102,670 Z
ZS. MAKALA														
- St CLEMENT	1034	9296	147	246	39	29	865		7236	98		175	136	33,600 Z
ZS. MASINA														
- ELONGA	1011	7909		36	18	5	371		1285	102		759	72	
- MAPELA	241	1655	61	44			215		1305	22		879	28	7,393 Z
- ESENGO	329	2897					75	582	117				26	12,150 Z
- BOLINGO	342	1883					68		181	7		13	10	5,380 Z
- KITOKO	271	3213	18	6	5	5	102	62	56	104	94	112	19	10,095 Z
- BOO NSUBA	176	1897		1			155		106	84		50	15	7,835 Z
ZS. MONT AMBA														
- KINDELE	314	1588					102	336	88	21	148	54	30	11,340 Z
- LIVULU	857	7486	44	65	34	9	857		2133	98		120	97	55,525 Z
- MAYULU	38	121					62		201	15		72	10	5,173 Z
ZS. MONT NGAFULA														
- MAWAGALI	649	5863	106	81	33	8	1029		2764	52		604	113	54,162 Z.
ZS. NGABA														
- BOBI LADAWA	1637	7788	57	3	75	19	342	4238	3855	126	211	347	217	111,250 Z
AUTRES														
- BUMBU	2516	6545	17	22	60		14		202	54		384	14	4,400 Z
- LUTENDELE								132			3		9	1,950 Z
- KIMIA	941	6792	410	182	28	8	126		410	66		116	21	
- MATETE							976		6020				230	60,194 Z
- 2ème RUE LIMETE	90	228					42[illegible]		535	68		86	21	5,480,25 Z
- ECO [illegible]							315		1869	140		756	70	7,750 Z
- [illegible]							[illegible]	[illegible]	[illegible]	[illegible]	234	[illegible]	[illegible]	30,036 Z
- [illegible]												[illegible]		5,875 Z
TOTAL :	[illegible]	[illegible]	1767	[illegible]	[illegible]	280	[illegible]					107	[illegible]	939,414,91 Z

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7.a. Review and comment on the outreach and training activities planned by project staff.

Training and outreach activities that have been undertaken by project staff in collaboration with SPT include a survey in 1986 of all staff training activities in the health centers in order to assess the need for further training. Out of the results of this survey they have planned two three-day refresher training courses for health center nurses in nutrition education. These courses will start on April 1. The main purpose of these courses is to teach the nurses greater flexibility in their educational activities. Instead of lecturing to the mothers, the nurses will learn how to engage the mothers in role playing and participatory discussion.

ORT and SPT also have developed a nutrition education module to persuade mothers to keep bringing their children to the centers for monthly well-baby visits after the last vaccination at month 9. This module will be taught at the above mentioned training sessions.

In April-May of 1986 ORT collaborated with CEPLANUT in conducting the nutritional status survey cited earlier. Also in the summer of 1986, ORT, CEPLANUT, and Manoff International collaborated on a weaning practices survey. All these efforts have been valuable and some have been outstanding, but much more is needed.

7.b. Make recommendations for priority MCH sector-related activities to be undertaken by project staff.

At present the component of the program in greatest need of development is the rehabilitation of third degree malnourished children (including all chilcren with kwashiorkor). Commonly, as at the Kingasani and Mawagali health centers, the mothers of the third degree malnourished are asked to spend all morning 4-6 days per week at the center, sitting in an open air shelter, with their children for a recovery period of 3-4 months. The children receive a bouillie (porridge) made from project corn and soy for breakfast and a second meal of local ingredients at lunch time. The total cost of this program is Z 100 ($1.00) for three months. This is an unsatisfactory model for rehabilitation and has developed in an ad hoc fashion because the program is new and there has been no technical assistance for rehabilitation program design. Problems with this model are:

-Many mothers cannot afford to spend all morning every morning at the center with one child. There are on average two perschool children per household (CEPLANUT study cited earlier). Only the malnourished child can accompany the mother. Not surprisingly, the drop-out rate for the program is high.

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-Mothers who come to this program with their infants tend, themselves, to be malnourished and lactating. The mothers are not permitted to eat anything except for the left-overs from the childrens portions. This creates the problem that the mothers, who should be eating, compete with their infants for the food.

-At two centers visited, the absolute amount of food given to the children was insufficient. At one, the corn-soy bouillie was too thin, and at another, the children's breakfast consisted of a single bicuit.

-It is suspected that many of the children are not fed at home in the evening. Sometimes the mother is given corn and soy to take home for the child's evening meal. This may be shared with the family.

-Slow rate of recovery is noted as a problem. Average length of time it takes for children to recuperate is stated to be 3-4 months, for those that improve, but these figures have not been supported by data.

As the center programs are not standardized, other variations of on-site and take-home feeding activities occur in various centers, some with imaginative elements such as the use of mothers who have spent a longer period of time in the rehabilitation program to teach the newcomers.

The evaluation team has three recommendationss:

Recommendation (1): The project should provide further technical assistance to SPT by engaging a full-time masters level nutritionist (possibly a doctoral student) to work in the field with Mmes. Wabo Namuke and Nkokcre Tuzareba (Charlotte) in developing one or more effective community-based models for nutrition rehabilitation. She should work under the supervision of Lauren Greenberger and SPT. Lauren's continued part-time participation is considered to be highly desirable in view of her community development and non-formal education skills.

Such a person should have training in community-based nutrition program design and management and should be familiar with the world-wide literature on center-based, home-based, and day-care-based nutrition rehabilitation programs. A variety of successful models have been documented, in Africa, Latin America, and Asia. In many cases the successful rehabilitation routines have grown out of years of experimentation.

Ideally, before arriving in Zaire, she should review this literature and the literature on the development of community-based nutrition programs in developing countries and should

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develop in draft a methodology and work plan for working with SPT, the center staff, and the community health committees on needs assessment and program design. The type of report to be produced from this work plan should then be specified in her contract, which should stipulate that her final payment for the year be witheld pending the acceptance of her final report.

While very preliminary, such a draft should provide the format for developing and documenting the methods actually used in working with the SPT program. The contract should help to assure the accountability and goal orientation of the assignment. Provisionally, the methodology should build on the diversity of initiatives already existing in the different centers. This might permit the comparison of domiciliary versus day-care styles of rehabilitation or the development of more than one program type to meet differing needs, as for example, the needs of working versus non working mothers.

The most obvious program style that suggests itself for trial is the full day care model: mothers in the existing half-day program would arrange to take turns in remaining at the center for a full day once or twice per week. Those at the center would conduct and be trained in cooking, feeding, and child-care, while the rest would be able to tend to their housholds and jobs. The children would recover more quickly with three meals per day. All mothers on duty would eat with the children. Mothers could be requested to bring food from home to contribute the the communal meals.

The new voluntary health worker program currently initiated by SPT in the centers also might contribute the the management of rehabilitation. These workers called Mama Bongisa (healing mothers) or Tata Bongisa (fathers) are recruited by the community health committees to motivate and educate their neighbors. While the goal has been to enlist 40 per center, the numbers actually participating are fewer. Mainly women, they receive two training sessions of 2-3 hours twice a month from the health center staff. As yet their tasks are loosely structured, and the number of hours per week they give to the program is variable. They receive tee shirts when the project can afford them.

Recommendation (2): Some way should be found to permit lactating mothers of the children participating in the on-site rehabilitation programs also to eat with their children. While this is within the scope of the Title II program, the health centers do not now seem to see how they could manage the extra cooking and provision of local foodstuffs for mothers.

Recommendation (3): A request for an additional 5% above the current food allottment should be made to the Title II program for relief feeding of destitute and marasmic, often mentally ill women. The also treat destitute tuberculosis patients and diabetics. This is a legitimate use of Title II food but it should be properly requested and allotted.

8.a. What is the working relationship between project staff and SPT?

SPT is the umbrella project for all the centers. ORT staff provides SPT with technical assistance and participate with SPT in various mutually agreed activities, such as the training noted above.

Instructions for reporting on Title II commodities are distributed to the health centers by ORT staff). All other collaboration occurs by mutual agreement, starting first with discussions with SPT senior leadership, then working down to the health zone and finally to the health center level.

8.b. What is the working relationship between project staff and CEPLANUT?

Ceplanut helps ORT with surveys Ceplanut data are made available project planning. The project receives Ceplanut's technical assistance for nutrition education activities.

8.c. Should these relationships be strengthened? Comment.

The project wants to strengthen its relationships with SPT and Ceplanut. The addition of an additional nutritionist to provide technical assistance would be done only with SPT support and supervision and should serve to strengthen that relationship. With CEPLANUT ORT wishes to work on mass media nutrition education, since a mass media service exists at CEPLANUT. CEPLANUT also plans to conduct a survey of client attitutes towards health center services, with a view to adjusting service routines to improve their popularity with mothers.

Addition to Appendix D

by Bikangi Nkiabungu

MCH APPENDIX (Report on fucus groups)

Two different groups were contacted about MCH components: health center staff and clients (beneficiaries). On these pages we want first to state what we discussed with health center staff and secondly with clients.

A. Discussion with health center staff.

During the evaluation period, a number of 10 health centers were visited. The informal questionnaire was established. The questions were concentrated on the existing active services, schedule of weighing session (consultation prescolaires (SPT), corn sale, available quantity of corn, the use of money received from corn sale, the cost of MCH services, the organization of volunteer worker teams and all questions listed at MCH appendix, section D.

Many of these points are developed in section D. We want just to complete those which were not developed yet.

Almost all health centers work according to the plan established by Sante Pour Tous (SPT). The role of SPT is to make operational the mandate of primary health (PCH) and standardize MCH services in Kinshasa. So it was not surprisingly to find in our discussion that the same types of activities are being provided in clinics, for example medical care, weighing, vaccination, health education, family planning, nutrition rehabilitation service.

Concerning health education, seven topics of educational message have been developed by SPT. They are based on malaria, vaccination, diarrhea, nutrition, breast feeding, cough, family planning and prenatal visits.

The weighing session is scheduled once a month for a child under five 9 months and malnourished child. Some clinics schedule weighing every three months for healthy child aged from 1 to 5 years old.

The way to get children to the weighing session differs from clinic to clinic and is related to the style of health center organization. There types of organization have retained our attention. We will just briefly describe each one.

1. In the first type of organization, the health center has volunteer workers which are all women named "mama bongisa". These women have as role to motivate mothers of children under five years old to attend weighing session, encourage sick people to seek treatment tp tje health center, and inform health center staff about deaths and other health problems occured in the community. But after 9 months the drop out rate is still higher as in other clinics.

2. In the second type of organization, there are no women as volunteer

workers. The staff (nurse) in charge of weighing session is highly motivated. The clinic has the system to keep records for each household which lives in the area that the health center should provide services. The weighing is organized by neighborhood. A number of 80 to 100 children attend the weighing each session. At the end of the weighing, the nurse checks the list to see the children who are absent for the following up. The health center has a health community whose members are elected by population. They participate to the decision making, motivate people to attend the weighing session, inform health about health problem present in the area and inform the population about the points discussed in the meeting. The effort of the nurse and the health community reduce the absenteeism in a weighing session to at most 7 children. Most children keep to attend the weighing up to 3 years of age and some up to 5 years of age.

3. In the third type of organization, the health center has a team which goes to each neighborhood once a month. The team has a well planned schedule each month. Although the system seems to be expensive because of transport cost, they get all children under five years old. The healthy children from 1 year to 5 years old are scheduled every three months. Only malnourished children of third degree are sent to the nutrition rehabilitation program.

B. Discussion with clients (beneficiaries)

In each health center, after talking with clinic staff, we were interested in client point of views. Since the visits were scheduled the days of weighing (consultation prescolaire (CPS), most of the clients were interviewed at clinics. In height of ten health centers we visited, one focus group composed of six to nine mothers of children under five years old was formed in each clinic for discussion.

In two health centers (Kizito and Fitoko), the discussions were organized with two kinds of focus groups. The first sort of groups was composed of more than ten volunteer workers (mama bongisa). The discussion with this group was held at each clinic. The second sort of groups was composed of five to seven mothers of children under five years of age. These groups were three and they were formed in the field during our home visits.

An informal questionnaire was established and different questions were asked to clients during the discussion. On these pages we would like to summarize some of them and the answers we got from clients.

1. Do you know that there is a health center in your neighborhood?
All persons interviewed know that there is a health center in their neighborhood.

2. Do you take your children at weighing session?
Most of mothers say that they take their children at the weighing session. But some of them say no.

3. Why do you take them to the weighing session?
Different answers are cited:
- to know the health status of a child,
- to know the development of a child,
- for vaccination,
- for health education.

3.2. Why don't you take them to the weighing session?
The major reason was lack of money

4. What health center do you visit?
Most of the informants attend the health center of their neighborhood. Some mothers respond that they do not go to the nearest health center because it does not have enough medecine and the treatment is not based on injections but only on drugs.

5. Why do you choose that health center?
The choice of a health center is often dicted by two reasons: the distance and the way people are treated.

6. How long it takes you to get to the health center?
People do not walk a long distance to reach a health center and they do 5 to 30 monutes to get there.

7. Who ask you to go the health center?
Most of informants do that by themselves but some are forced by relatives.

8. Are your husbands happy when you go to the health center?
All husbands are happy to see their wives taking children to the health center. They show that feeling by giving money to their wives for the ticket, asking the records of a child and sometimes hurry up their wives to leave home for the health center.

9. How long it takes you to be served at clinics?
Most mothers say that they do not spend much for being served. However, if they spend more than two or three hours at clinics because they participate to different services: weighing, vaccination and health education.

10.1. What kind of signs that show that your child is healths?
Different answers are enregistered:
- when he is playing with other children,
- when he is eating very well,
- when he is gaining weight.

10.2 What kind of signs that show that your child is not healthy?
Different answers are enregistered;
- when he is everytime crying,
- when he is loosing weight,
- when he is not eating very well,
- when he is not playing with others.

11. Very often children do not like to eat so much. Does your child eat well?
Some say yes and others say no.

12.1 What are the signs that show that your child eats well?
Weight gain is the major sign cited by informants.

12.2 What signs can tell you that a child is not getting enough food?
- when he is often crying,
- when he has a swollen belly and legs,
- when he is loosing weight.

13. What are your daily occupations?
Different occupations are enregistered: most women report that they are household keepers, some of them are "feeme commercantes" and others are employees.

14. Who takes care of your child when you are absent?
Different persons take care of children when mothers are absent: big sister, grandmother, aunt, cousin. Also, many mothers say that they take their children where they go.

15. Do you live together with your husband (the same house)?
The women who are married live with their husbands.

16. Food is too expensive these days, whare your daily expenditures?
The informants are used to spend Z 80 to 200 a day.

17. Do you get some food from some where else?
Many households do not get food from some where else. Some housenolds get food from relatives.

18. Have you observed some changes on the development of your child since that you've started taking him to the health center?
Mothers say their children are growing well since they have started taking them to the2s.

19. Do you pay the corn and soyo from the health center?
Most mothers say yes and some say no because they do not have money.

20. What do you think about the price of the corn you buy from clinics compared to the price of the market?
All mothers reported that the price offered by the clinic is lower than the price of the market.

21. Have attended the CPS before thw sale of corn?
Almost all mothers were attending the clinics before the corn sale.

22. Do you use the corn to feed your children under five years old or do you use it to feed the whole family?
Some mothers use it to feed only the children and others (the majority use it to feed the whole family).

23. Do your children like the taste of corn and soya?
Some like the taste and others no.

24. How often do you feed your children with corn and soya?
One to three times a day.

25. How many times per week?
The children who belong to the mothers who feed the whole family are fed only two or three days with a mixture of corn and soya. The children whose mothers use corn and soya only for them are fed every day with that meal.

26. Is the porridge of corn and soya cooked only for a child, all children or the whole family?
Most make that porridge for the youngest child. But there are the mothers who reported that they make it for all children under five years of age and there are the mothers who say that the whole family get it.

27. How many children eat that porridge?
The number is most set between 1 and two children.

28. What is the quantity of porridge of corn and soya do you make very time?
Most mothers are able to report the exact quantity they make. Some report a number of 5 to 10 teaspoons.

PPM:Bikangi Nkiabungu:nl
Document: 7319c

Appendix E

Technical Assistance and Research

by Stephen Bogyo

VAP market/consumer research to assist broader market-research penetration and distribution of CEREVAP.

Note: CEREVAP has been on the market since 1983 with periodic improvements in packaging and package design, point of sales promotions and radio advertising efforts. For the extrusion-processed product VAP (Mr. Jay Drozen UNIBRA marketing consultant on loan to VAP) has organized the following:

1. VAP concluded a 250 family "in-home use" test, using a blind-comparison evaluation between the present (wheat-formula biscuit process) and the new product (Anderson-extruded high corn formula-manufactured for them by Texas A & M). The test was strongly in favor of the new formula, by both mothers and children: it appears that the distinct corn-flavor was very well received.

2. ORT/VAP are in the process of analyzing all aspects of the "MANOFF research" on the attitudes of Zairian mothers on breast feeding, weaning habits, feeding habits, etc. as it will relate to product-use-instructions, promotion and advertising.

3. VAP has prepared a promotional program for the launch of the new extruder cooked high-corn CEREVAP. The English language outline is attached (Att. No. 3. -)

2. The cost-structure of CEREVAP per Kg./Z

The cost-structure of CEREVAP per Kg./Z	Dec. 1984	March 1987
Raw materials	20.83	42.68
Packaging materials	7.65	26.19
Overhead/manufacturing	20.62	24.00
Total cost Zaires/Kg.	49.10	92.87
Total cost in US$/Kg.	1.20	.92
Gross profit added to cost of goods	??	18.57
Factory door cost Zaire/Kg.	??	111.47
Consumer price per satchel (225 gms) in Zaires 11.1		30.35
Consumer price in US$/225 satchel	.28	30.35

The 1984 product was hand-packed VAP received low-cost milkpowder from Caritas. The 1987 product is machine packed, it rarely receives free corn subsidy.

CEREVAP is the only domestic weaning food. Imported competitors retail: Z 175-185 (US$ 1.75-1.85) for 200 gms. package.

Identify, today, how funds from Title II commodities are used to strengthen and expand the marketing system for weaning foods?

At present, the funds generated by U.S. Title II corn have assisted CDI in bringing cornflour and soy to the consumer-market and try to keep the consumer prices of these commodities within reach of ali consumers (CDI claims, that although productivity of soy and corn production is on the increase, the farmgate prices had to be increased, the transportation and distribution costs are high and they momentarily subsidize each kilo of cornflour by Z 3. - to stabilize existing consumer prices at the markets. Indirectly this helps VAP in procuring in the future corn and soy locally produced at - hopefully - reasonable costs. The funds generated from Title iI NFDM - for the time being pay the administrative costs of the ORT project and generates funds for the required cash-flow needed in the procurement of the VAP imported extruder and packaging machine (subsidizing in this way CEREVAP production costs and keeping selling prices lower. VAP until the arrival of the extruder, also receives some US cornflour (subsidizing thus CEREVAP raw material costs.) With extruder startup VAP will purchase corn locally grown. After February 1988 VAP will slowly start to generate funds (see contract: payment conditions and royalties) for the subsequent 7 1/2 years. These funds should strengthen MCH activities and hopefully health related activities, focused on the poor of Kinshasa.

Make recommendation for the future use of these funds:

Formal recommendations should be made after full review with all participants in this integrated project. The market specialist's personal priorities are to:

a. Allocate sufficient funds to allow the professional management controls and supervision of the project.

b. Budget for sufficient funds to pay (have cashflow) for the contractual obligations that now exist.

c. Make absolutely sure, that all activities directly focused on the "target group" (the malnourished) remain adequately funded. It so happens, that because of an accelerated inflation, because of too optimistic commodity monetization expectations Zaire value) and incentives to VAP (equipment repayment schedules) the funds generated from the monetized commodities will be initially used primarily to meet ther above contractual agreements. At the later years (1989 and after) the funds generated from VAP/CEREVAP and royalties should generate funds for the health and nutrition projects. In the interim steps should be taken to ensure MCH activitics remain funded.

3. <u>Technical Assistance and Research</u>

This part of the budget appears to have been underestimated. Some of the useful and desirable U.S.-source technical assistance is becoming very expensive (in part because of the Zaire devaluation) VAP should be capable of solving their marketing/market research problems and UNIBRA - parent organization - knows that their reputation is at stake. Market research questionnaires must be based on articulate communications with the consumers (women) who will hopefully repeat-purchase and feed CEREVAP. If VAP requests technical and/or marketing services (like the critical production runs on the Texas A&M Anderson extruder to get material for consumer testing and storage studies, density studies, water-absorption studies, vitamin-loss analysis etc. these services should be funded. However VAP recognizing their obligations, has secured the services (via UNIBRA) of Mr. Jay Drozin, a marketing person with considerable Africa experience and also considerable modern marketing and sales-distribution experience.

PRM: Stephen Bogyo:nl
Document: 7295c

<u>Appendix F</u>

<u>Monetization</u>
by Robert Kidd

MONETIZATION

Responses to Tack, based on following background.

1. "Review agreements with the sales agent (PRODIMPEX) for non-fat dry milk". Covered in Annex I, A-3, Commodity Management.

   a. "Are these agreements similar to USAID Title I Program agreements with sales agents?"

   A Title I PL-480 Loan agreement has no similarity to the Title II sales schemes. Under a formal bi lateral Title I Treaty agreement, the U.S.G. agrees to loan the GOZ annual increments of $ financing of commodities, GOZ pays seafreight. Upon completion of an annual Title I Agreement it is the concern of the U.S.G. that there is mutual compliance with all terms of the Title I Agreement. As long as the Title I Agreement is with the GOZ and not a Private Trading Enterprise (PTE) Agreement (Korea was the last example), how the GOZ distributes its Title I commodity is of no legal concern to U.S.G. although U.S. may exert primary leverage on control of local currency, as is done in Zaire. There are two bottom lines in a Title I agreement: (1) GOZ attributes the Z equivalent of US$ disbursements for each commodity to its budget, or to a separate account; (2) GOZ meets its dollar interest and principal repayment schedule. There is one pending related issue: Title I requires that L/C proceeds equal US dollar disbursements for the commodity. It is logical that Title II sales meet this same standard of $/LC equivalency; such is the case under CRT's NFDM and corn sales.

   b. "Does the sales agreement with PRODIMPEX encouratge the highest possible sales price? Covered in Appendix A-3, Commodity Management.

   c. "Is profit to the sales agent based on a fixed percentage of sales? If not, is it the best agreement that can be achieved given the conditions in Zaire? Covered in Appendix A-3, Commodity Management.

2. Is monetization of Title II commodities to support project-related activities efficient, given other mission possibilities, i.e. monetization of Sec. 206, or Title I commodities?

As a genuine "pilot" project, and one with so many individual components requiring separate accounting and monitoring systems, efficiency hardly seems to be a fair evaluation criteria at this point. If "efficiency" is now a viable criteria, then examine changing funding sources to Sec. 206 (not yet in place) or drawing from Title I, counterpart funds. Another issue is: the rocket has been launched under systems approved/authorized, inefficient as they may be. The monetization process for NFDM and corn is probably the most inefficient and audit vulnerable aspect of the project. On the other hand, the Mission and ORT were responding to FVA/FFP's encouragement to use monetization for innovative program designs. ORT/Kinshasa is 'the point man' in acting as a financial agent in this process. To cease or abruptly change the Title II commodity sales program now would mean finding a substitute source of L/C to support program inputs. If the Mission/GOZ counterpart fund were tapped, Title I self-help measures would have to be re-negotiated, or Sec. 206 counterpart funds would have to be in place immediately. ORT has current need for CPF; Sec. 206 L/C proceeds may be one-year away.

3. "Should increased monetization of Title II commodities be requested to support project related activities? If so:

   a) How much commodity should be monetized?

   b) What commodity should be monetized, taking into account USAID Title I and Sec.206 programs in the Kinshasa market?

The ORT/USAID Title II project has a five year life, Completion date: Sept. 1990. Set Sept. 4, 1985. This evaluation is taking place in March, 1987. A major component of the project, the VAP extruder is on order, probably in transit. The original agreement called for 4,500 MT corn, (900 x 5) and 1,000 MT NFDM (200 x 5), amended to (500 x 5) 2,500. Of this 2,100 MT corn is delivered or pipeline. For FNDM 550 is delivered on pipeline. The project has already lived 30% of its anticipated life-time. ORT/K is preparing its FY-88 Operational Plan. This evaluation recommends program/commodity tuning, but keeping basic systems and concepts in place. The structure remains the same; OK to re-arrange the furniture. Therefore:

a. Monetize enough commodity to do the job. Do not be concerned about a 15% limit. On the other hand do not go for 100% commodity monetization. Leave about 30% for free distribution, as is now the schedule. As now scheduled, monetization will yield Z's 158 million ($1.6 million at 100:1). This includes corn sales, not considered in original scheme. The original budget, (5 yrs) estimated $2.5 million, inflation has eroded original projections. The FY-88 Ops Plan/AER must program enough monetized commodities (NFDM and corn) to sustain original L/C requirements. Recommend recalculating L/C requirements for balance of project, using exchange rate of 150/1 for NFDM and corn sales, for balance of project (thru Sept. 1990).

b. Recommend monetizing only FNDM and corn. If additional NFDM is required throughout LOP, program the additional. Vegoil may be an appropriate alternative; however, if ORT needs a quick, one-time infusion of L/C, determine how much is needed, and when, and set up a one-time quick-in, quick-out, transfer with local agent. Otherwise, stay with commodities with which the program is already familiar.

BACKGROUND

The guidelines for ORT's current authorized sales procedures stem from four documents:

1. "A Proposed PL-480 Title II Project for Zaire, July 10, 1984, pg. 21." "In keeping with the guidelines approved by the PL-480 Title II interagency committee, 15% of the total program level, or $46,137 of a total of $307,580, will be monetized. It appears that the commodity to be monetized will be milk ($46, 137 = 419 MT milk, as reliable buyers for this product exist in Kinshasa. The sale of 15% of the program value should be sufficient to meet local currency program support costs. Should these funds for some reason not be sufficient to cover L/C needs (e.g. price of milk falls significantly), the Mission is prepared to support the project with Title I generations. Meeting the program's foreign exchange requirements will be more difficult. FX requirements may be met by: 1) U.S. Volag contributions, or 2") FVA/OPG grant."

2. Cooperative Agreement between AID and ORT regarding the PL-480 Title II Program - 660-0079, signed Sept. 4, 1985. "In keeping with the guidelines approved by the PL-480 Title II Interagency Committee, approximately 15% of the total program level, or $22,000 of a total of $152,000 will be monetized. The monetized commodity will be milk ($22,000 equals 200 MT of milk) as reliable buyers for the product exist in Kinshasa."

3. PL-480 Title II MCH - Private Sector, Project Proposal, Jan. 23, 1985. "The monetized portion will generate approximately Z 100,000,000 ($2,500,000) over the five year life of project. Some 45% will go to transport, processing, storage and delivery of the corn and for management and administration costs. The remaining 55% will go to the capital investments and program support to the groups participating in the project.

4. The ORT Annual Estimate of Requirements, April 9, 1986, filed in conjunction with the ORT Operational Plan, 1987 (authorized). The AER, line 17 consists of 945 MT unmilled corn, 50 $ bags, NFDM, 525 MT.

Since these expectations have gone through more than one year of pilot operations, and because AID monetization guidelines have changed it is appropriate to examine the project's degree of dependence on authorized sales of PL-480 Title II commodities.

1. What is being monetized?

NFDM - 100% of 86 and 87 AER authorized for monetization. All NFDM is sold by ORT to a Kinshasa sales agent. Assuming the -87 AER is valid, 525 MT NFDM will be turned over to the sales agent e sold at a market price at which the agent can market the commodity. This ORT/Sales Agent price fluctuates and is subject to continued negotiations. As a consignment nears the port, ORT and the sales agent negotiate this transfer price. When a price is negotiated, and the tonnage is available for turn-over to the agent, ORT submits a letter quoting the tonnage, and the unit price per sack to the agent. At that point, the agent is committed to remit that amount for that consignment to ORT (ORT records on these transactions are impeccible).

As of March 25, Summary of Commodity Movements - AID/ORT - FFP, Dec. 1985 - Jan. '87 - By Commodity Shipment, ORT records show:

- Cumulative arrivals to date: 819.8 MT
- Cumulative sales proceeds: 29,788,460 Z's*
- Average price per kg: 36.6 Z's
- 36.6 Z's per kilo is equivalent to 34.5 cents U.S. per kilo, or 15.7 cents (U.S.) per point.

Issue: The AID policy on monetization is not yet complete. The missing element is a discussion of what constitutes a reasonable commodity price, i.e.: Is the price at which the commodity transferred:

- World market price?
- U.S. FAS price (Title I standard)?
- U.S. FAS price plus ocean freight?
- A best obtainable price at the time of the sale based on local market conditions?

ORT has sought the best obtainable local market price. If a L/C-$ equivalency is expected, where does one go to determine U.S. market value for a particular consignment of NFDM? The estimated commodity value shown on B/L's for NFDM provide one base; however, a B/L in Jan. 86 gives a declared C&F commodity value of $.345/lb. A Dec. 85 B/L gives .095/lb. Since this "declared value" appears too disparate to be reliable, L/C-$ equivalency is impossible to calculate with accuracy. Nevertheless, it seems a logical standard to apply since Title I has established a precedent for requiring L/C-$ equivalency for FAS $ market value of the commodity.

For AID/W:

The issue is: ORT sales of 820 MT Title II NFDM received between Dec. 1985 and Dec. 1986 have yielded 30,000,000 Z. By what standards is this generation of L/C determined to be fair and adequate under PL-480 mandates or policy?

ORT projections for remainder of project: NFDM sales proceeds: (Not yet confirmed with ORT.)

FY	MT	Proceeds	Est Z/Kg
85	100	3,159,940	35
86	500	16,829,520	36 average
88	500	30,000,000	60
89	500	40,000,000	80
90	500	45,000,000	90

* Includes projected proceeds from Dec. 86 shipment; not yet all deposited, but does not include balance of 450 MT, AER, 87.

NOTE: Above estimates probably underestimate inflationary price increases. Exchange rates:

	Z to $
Dec. 84	40.6
Dec. 85	56.7
Dec. 86	73.3
Jan. 87	83.6
Feb. 87	91.9
Mar 87	106.0
By end 87	150.0 (Citibank prediction)

CORN - The sale of corn within the context of the ORT/CDI relationship has not been specified in the FY-87 AER, although the ORT 87 Operational Plan, "About 350 MT of project corn is sold per year through the "Kiosks" at a below market price."

ISSUE: Recommend ORT explain on 88 AER, and in Ops Plan, what part of corn, line 17, probably 900 MT, will be monetized, and under what condition.

Status: Actual and Projected Corn Shipments, Under Original Operational Plans.

FY 85	300 (actual)
FY 86	900 (actual)
FY 87	900 (50% actual, 50% projected)
FY 88	900 (projected)
FY 89	900 (projected)
FY 90	600 (projected to complete 5 yr. commitment)
Total	4,500

ORT/CDI agreement is that CDI will mill 75 MT corn per month, or the net milled product coming from 90 MT whole corn per year. The monthly statements from CDI to ORT provide the basis for product/Z accountability. ORT verifies makes adjustments/corrections with CDI, and enters into books.

On hand in Midema warehouse: A
Delivered to CDI: B
On hand, beginning month: C
Milled during month: 75 MT (constant/given)
Balance in ORT Account: C - 75 MT

Distribution:

MCH Centers: D (CDI distrbutes at cost; MCH sells corn/soya mix at highly subsidized price.)
VAP: E (No charge to VAP)
Milling loss: F

Kiosks: G (sold, see note)
Paroisse: G (sold, see note)
Offal: H (sold)
Empty sacks (CDI buys from ORT): I
(D, E, F, G, H, must equal 75 MT).

Total L/C proceeds: G, H, I.
Less transport charges: J

Available for investment in kiosk: G + H + I - J = K
Balance: Z's carried in form prevous month,
plus K = total (3,020,308, Feb. 87)

Note on corn sales to kiosk/paroisse

CDI and ORT have agreed to permit CDI to produce 75 MT/mo of milled corn, or all PL-480 imports. CDI will distribute at a subsidized cost to the development of a kiosk marketing program and to needy parishes. This will be distributed at a rate of about 58 tons per month. The balance 17 MT/mo goes to MCH centers with a rare donation to VAP (18 MT, 1986).

Sales Procedures

CDI must encourage producers within its agriculture project to produce corn. One stimulant is fair producer price. Recent CDI price paid to its corn producers for dried, shucked corn to mill is 18 Z per Kg. To encourage urban consumption of corn meal, CDI "wholesales" its milled production through secondary marketers at 15 Z per Kg (15% subsidy), CDI pays for this subsidy from coffee and other profitable agriculture ventures (PL 480 corn, Dec. 86, B/L 450 MT, $37,800 commodity value: 45,900 seafreight).

Corn: FAS = US$ .084/kg = .038/lb
Corn C&F: US$ .184/kg = .084/lb
Equivalency
At 100 Z = $1
C&F: US$ .184/kg = 18.4/kg (coincides precisely with CDI producer cost: 18 Z per Kg)

SUMMARY

Since commodities started arriving in Dec. 85, and have arrived in four tranches since then, a reasonable projection through FY 87 is possible. (Last 50% consignment of FY 87 has not yet been received.)

Two fiscal years: Dec. 85 thru De. 87 (part FY 85, plus 86, 87)

NFDM:

Total shipped (MT): 1,100
Total sold (MT): 1,100 at 36 Z Z's: 40,000,000

Corn: FY 86 milling records		87 to date (Jan, Feb)
sales =	693.3 MT	100.7
Offal =	9.9	6.8
Mill losses	4.6	3

Cumulative total MT: 815.6 MT
Total shipped during this same period: 2,100 MT
of which 40% sold : 816 MT

Current run-away inflation may cool off by June 87, with exchange rate topping off, for a while, at 150 Z = $1.00. Guess that this will cause a price increase, bringing ORT/Agent Transfer price up to 45 cents per sack, vs present 36-40 Z, with exchange rate 100 = $1 (March 87).

FY 88 (year 3)

NFDM: shipped/sold: 500 at 45	Z's	22,500,000
Corn: sold 350 at 20	Z's	7,000,000

FY 89 (year 4)

NFDM: shipped/sold: 500 at 50	Z's	25,000,000
Corn: sold: 400 at 25	Z's	10,000,000

FY 90 (end of year program, year 5)

NFDM: shipped/sold: 500 at 55	Z's	27,500,000
Corn: sold: 450 at 30	Z's	13,500,000

PROJECTION

	Tonnage Shipped	Tonnage Sold	L/C Proceeds
NFDM	2,600	2,600	116,000,000
Corn	4,800	1,950	41,750,000
	7,400	4,550	157,750,000

Conclusions:

1. At the planning stage, the designers tied a maximum of "15% of the program value" to programming monetized commodities. Subsequent to this original planning, late '84 early '85, AID/W guidelines apply the 15% limit to the aggregate value of PL-480 Title II programs, worldwide. The 15% limit does not apply to individual country programs. ORT/Z should then base its monetized requirements on needs and not be constrained by the 15% global target. If ORT/Z can justify 100% monetization, it should continue to justify the plan with AID/W responding when ORT/Z cannot qualify for additional sales because the global 15% is allocated.

2. Throughout the 5 year life of the program, it appears ORT may monetize as much as 60% of tonnage shipped in 5 years. If an average exchange rate of 100Z's = $1 to used for L.O.P., the L/C proceeds estimated above (157,750,000) equal $1,577,000, vs $2,000,000 estimated when exchange rate of 40/1 was applicable. If either the 5 year tonnage (4,550 MT), or the L/C proceeds (157,750,000 Z's) exceed any given percentage of program values, it is not a strict constraint to program planning. USAID/ORT should go for what is necessary. Worldwide subscription to the 15% of program value worldwide is the benchmark; not individual country programs.

Additional Monetization. Concurrent with this evaluation, March 1987, ORT/K is aware that Zaire's economy is beset with unexpected and unpredictable inflation. Whereas the original plan called for 200 MT, NFDM, to be sold over a five year period, yielding the equivalent of $2.0 mil. Z's (at 40:1), 500 MT per year the current level, will yield only about $1.2 mil at today's rate (106.1). without factoring in a rate that may, or may not peak, at 150:1 by late 1987 ORT, Mission and FVA/PPP must consider options. That off-set inflation by seeking additional local currency to sustain project goals. ORT/K, now balancing several options, must submit 1988 food requirements by mid-April, 1987. ORT/K may submit its 1988 requirement with significant increases in NFDM, or other commodities, probably regoil. The FVA/PPF AUTHORIZATION PROCESS SHOULD ACKNOWLEDGE THAT IF ORT/K submits its 1988 requirement with a request for increased food levels for monetization, all other funding options have been denied.

PRM:Stephen Bogyo/nl
Document: 7257c

Appendix G

PROJECT SUSTAINABILITY:
by Stephen Bogyo

The two major problem areas potentially ahead, and beyond the control of this project:

1) Continued inflation at the rate of the last 10 months will brutally curtail the buying power of the middle and lower income classes. It might crush the sales objectives of VAP.

2. Inflation will make distribution (transport and the cumbersome multi-layer wholesale-subwholesale-retailer) even more expensive.

On the other hand: inflation will benefit the domestic agricultural producers (like CDI), simply because their less productive farm-production will compete better against imported commodities.

Locally grown corn replacing Title II

CDI's annual 3,000 tons of corn is a drop in the bucket of the diet of 3.5 million Kinshasa consumers: But, the present project activity significantly assists CDI to gradually expand corn production, distribute it in a broader base, educate the cassava consuming public to consume corn. All this will take time and effort, beyond the scope of this project. Zaire could become easily self sufficient, but for the herculean tasks of transporting from the agricultural areas to the major cities. A stronger government awareness of the importance of food self-sufficiency in Zaire would accelerate agricultural development.

MANAGING REVOLVING FUNDS:

The cash flow aspects of this project are complex - to say the least.

Because of the volatile changes in monetization, values of Title II commodities, inflation-related cost accelerations and other causes inherent in this project, all aspects of the budget should be reviewed in full detail between ORT-Food for Peace and USAID at least on a quarterly basis.

VAP and ORT appear to be sufficiently experienced and reliable to resolve their marketing and distribution problems: to second-guess VAP's every business move, would only be counter-productive. There should be, however, a frank and open dialogue on all business objectives and positive or negative variations from these objectives on a weekly, monthly or quarterly basis. This communication should be a dialogue rather than an audit.

<u>SUMMARY</u>

by Stephen Bogyo

The major components - as set forth in the Cooperative agreement between AID and ORT and signed in September 4, 1985 by Richard Podol USAID Mission Director and Donald H. Klein ORT - are being implemented and are progressing on schedule.

The two commercial-sector participants Centre de Development Integrale (CDI) and Victoria Associated Products (VAP) are viable businesses with 20 and 30 years of good business-record and good reputation.

CDI is milling and distributing both US and local corn, with a sustained and honest effort to bring cornflour to the people's market. On one hand they are providing incentives in the interior of the country to increase agricultural productivity, and on the other, the moderate consumer prices on the retail market.

VAP has installed their modern packaging machine (that provides an attractive, sage and properly coded satchel for CEREVAP weaning food). They strengthened their marketing and sales staff and have done the proper consumer and technical testing in anticipation of the new processing machine and the new formulation.

At the same time, several of the financial assumptions, made in the original Cooperative Agreement, were too optimistic, and that has created major negative deviations in both the financing and the cash-flow plans.

1. Monetization values of Z 100/kg. for NFDM have not been reached, instead Z 35-39 was realized.

2. The inflationary adjustments were inadequate. The zaire devalued against the dollar from 41:1 in December 84 to 100 in March 87.)

3. The Cooperative Agreement stipulated Z 2,700,000 interest for the first year on commercial bank deposits, we do not know how much interest - if any - was earned, to slow down the inflationary erosion of counterpart funds on hand.

The above variations and the fact that the contractual arrangements with VAP demand a large (much larger than estimated) cashflow in 1987 and 1988, while repayments are scheduled for the later years, presents at this time a serious shartage of counterpart funds.

Continued devalorization of the Zaire will affect unfavorably the finances of the plan (even though the prices of monetizable commodities will increase in local currencies, these price increases will not keep step with the devaluation against the dollar. The only beneficiaries of the inflation will be CDI's agricultural crop developments, they will more favorably compete with imported commodities.

RECOMMENDATIONS:

1. ORT and AID should jointly review the budget and make all necessary adjustment, making sure that the MCH funds are adequate. This is still the top priority part of the project.

2. Monetization of NFDM should be made with maximum circumspection. ORT should receive all possible assistance from USAID and US State Dept. Commercial Office in selling at best possible market prices, with minimum commissions paid.

3. All operational budgets (ORT-CDI, ORT-VAP, ORT-USAID should be fully reviewed and discussed with appropriate frequencies. All negative variations (force majeur or otherwise) should be communicated to all parties involved.

Epilogue to justify recommendations:

In the Cooperative Agreement, the consumer price of CEREVAP (with incentives) is estimated to be Zaire 10.1 i.e. US .24 (Zaire at that point was 41.1). At this writing the consumer price of CEREVAP is Zaire: .33-.35 and US$ 33-35. It appears that the retail price in local currency more than tripled and that the price in US$ increased by 37.5%.

Fortunately this increase is mainly due to erorsin cost/price calculations of the original Cooperative Agreement. The December 84 VAP figures do not include either a gross profit margin for VAP, nor an adequate margin for the wholesalers and retailers.

To avoid future embarrassments, all VAP cost reports should explain components of all manufacturing costs, overheads, discounts, credits, etc. so that all variations are correctly understood by the parties concerned.

PRM:Stephen Bogyo:nl
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