

**ZAIRE**  
**FYs 89 - 91 TITLE I/III PROPOSAL**  
**Table of Contents**

	<b>Page</b>
1. Executive Summary . . . . .	1
2. Zaire's Eligibility for FFP Resources	
a. Need for external resources . . . . .	2
b. The GOZ has demonstrated willingness to work to improve Zaire's food systems in a number of ways . . . . .	3
c. Status of PL 480 debt repayments. . . . .	4
d. Ability to handle PL 480 commodities . . . . .	4
e. Disincentives . . . . .	4
3. Description of the Food and Agriculture Sector	
a. Background. . . . .	5
b. Agricultural production trends. . . . .	6
c. Factors constraining agricultural development . . . . .	8
d. USAID's program to increase food crop self-reliance . . . . .	9
e. Agricultural sector institutional development . . . . .	11
f. Self help/policy reform . . . . .	12
g. Summary . . . . .	12
4. Institutional Environment . . . . .	13
5. Program Justification . . . . .	13
6. Program Description	
a. Program goals and purpose . . . . .	15
b. Proposed program accomplishments and implementation time frame. . . . .	16
c. Project/Activity commitments and outputs. . . . .	16
d. Project/Activity benchmarks . . . . .	20
e. Recurrent costs . . . . .	20
7. Implementation Plan	
a. Import procedures . . . . .	21
b. Counterpart fund management . . . . .	22
c. Self-help measure management. . . . .	22
8. Estimate of Cost and Funding Sources	
a. Time relationship between counterpart generation and expenditures. . . . .	22
b. Estimated counterpart generations . . . . .	24
c. Proposed local currency budgets . . . . .	25
d. U.S. government financial and human resource contributions . . . . .	26
e. Zaire government contributions. . . . .	26
9. Request for CCC Financing of Ocean Freight. . . . .	27
10. Request to Schedule First Evaluation in July/August 1990. . . . .	27

Annex A	Part II of the PL 480 Agreement
Annex B	Title I/III Agreement
Annex C	Project Outputs
Annex D	Payment Terms for PL 480 Commodities
Annex E	Counterpart Fund Disbursement Management
Annex F	Bellmon Determination

## ZAIRE FY 89 PL 480 TITLE I/III PROGRAM

### 1. EXECUTIVE SUMMARY

USAID/Zaire proposes a three-year \$44 million PL 480 Title I/III Food for Development (FFD) program for Zaire for FYs 89-91. This proposal represents an integration of the PL 480 program into the overall development strategy (GDSS) and its supporting projects.

Justification for this level of request is based upon: (a) the food and fiber deficit resulting from agricultural production increasing slower than demand and, (b) the acute shortage of foreign exchange which is making it extremely difficult to import the food and fiber required to cover the deficiencies. The foreign exchange shortfall is reported by the commercial sector to have become the most severe since the initiation of the Structural Economic Reform program in 1983.

The Title I/III's debt offset feature directly addresses one of the key structural problems facing Zaire: the burden of the external debt, which both reduces the availability of foreign exchange to the private sector food system and diminishes the GOZ's fiscal capacity to supply agricultural support services. The PL 480 program addresses the structural problems through 1) fostering policy dialogue and sector reform and 2) increasing GOZ resources for sectorial investment (counterpart funds), thus encouraging the macroeconomic adjustment program which is supported by the entire donor community in Zaire. The GOZ itself has stressed that the debt problem is a key impediment to implementation of further economic reforms.

This proposal reinforces the five-components of the Mission Action Plans as follows: a) supports short term stabilization through balance of payments support, b) encourages recovery through further economic liberalization, c) provides support to increasing output of small farms and food crops self-reliance, d) supports improved health status through increasing access to high impact interventions delivered where possible on a user-fee basis thus fostering sustainability, and e) supports greater contraceptive prevalence (leading to a lower population growth rate) in rural and urban areas. Details of the long term and short term objectives of the USAID program are presented in Section 6 of this proposal.

Agricultural production of food crops has been on the increase since 1971, yet it has not increased as fast as the rate of population growth. Increased food imports have covered the deficit and have kept per capita per year calorie availability constant since independence. The factors contributing to the poor performance of the agricultural sector as well as the USAID strategy to increase self reliance in food crops are discussed in detail in Section 7 of this proposal.

In recognition of the important issue of recurrent costs, the USAID development projects, principally in the agriculture and health sectors, have been designed to maximize the use of existing delivery systems which require no, or minimal, additional GOZ financial support after project funding is terminated. For infrastructural strengthening, primarily focused upon the rural transport sector, the Mission is committed to identifying means for revenue generation to finance maintenance on a long term basis. These issues are discussed in Sections 3(d) and 6(e).

All PL 480 financed commodities are imported and distributed by commercial importers on behalf of the GOZ. Payments are made on normal commercial terms to their banks who deposit them promptly to the Counterpart Fund. Joint U.S. and GOZ program management of the PL 480 program which emphasizes commercial financial terms and avoidance of disincentives to domestic production, has resulted in the GOZ rating the U.S. PL 480 program as a model for other donors.

Finally, the system for management of the counterpart funds generated from the sale of PL 480 financed commodities, has proven effective in safeguarding their value, assuring allocation to priority development activities and in monitoring the planned and actual use of the funds. The combined GOZ and USAID/Zaire record in management of the entire scope of PL 480 operations and counterpart fund management, and the quality of the development program which both support, justify priority consideration for approval of this FY 89-91 Title I/III PL 480 proposal to assist the GOZ address its serious food deficit and foreign exchange problems.

## **2. ZAIRE'S ELIGIBILITY FOR FOOD FOR DEVELOPMENT (FFD) RESOURCES**

### **a. Need for External Resources**

Zaire entered the economic reform era in 1976, earlier than most African countries, after the precipitous fall in the world price of copper, its largest export, and after the disaster of forced Zairianization of small and medium private enterprises. Since that time, the GOZ has ceded most Zairianized (nationalized) enterprises back to their original owners, eliminated virtually all parastatals that were involved in agricultural marketing, liberalized almost all prices (except fuel and public utility rates), eliminated import controls, floated the exchange rate, and reformed the tariff structure. As a result, Zaire has a basically liberal, private-enterprise oriented economy.

Yet Zaire continues to be plagued by the legacy of past inefficiencies in the management of the economy, large debts accruing from poorly performing capital investments and a steep, downward trend in the external terms of trade over the past two decades. These problems are manifested in the negative per capita growth of real output (GDP), inadequate and deteriorating infrastructure and a severe foreign exchange shortage.

From 1983 to 1986, Zaire undertook a successful economic stabilization program. New revenue measures were introduced and the government budget deficit was brought under control. The overvalued currency, the Zaire, was substantially devalued and allowed to float freely. Moreover, significant steps were taken to liberalize foreign trade. As a result, domestic prices and the exchange rate stabilized and, for a short time, foreign exchange pressures were eased.

In late 1986, however, the GOZ began to seriously question the value of the stabilization program. Although debt service obligations were mounting, IMF repayments were becoming due and the price of copper (Zaire's primary export) fell, increases in official development assistance were slow and of insufficient magnitude to support the program. This shortage, coupled with the Government's budgetary restraint, imposed a degree of austerity which proved to be politically unacceptable. Subsequently, fiscal and monetary discipline broke down and the free float of the zaire was arrested. Attempts to restart stabilization programs in 1987 and 1988 were largely unsuccessful, although some progress was made in the area of fiscal reforms. The net result has been a rapid growth in the government deficit, financed by a rapid growth in the money supply, fueling a 100 percent annual rate of inflation. Demand for foreign exchange outstrips supply and the gap between the official and free market exchange rate grew to approximately 50 percent in December 1988.

USAID expects the Government of Zaire to reach agreements with the IMF and World Bank on a new stabilization and structural adjustment program, within the next six to eight weeks. This agreement will include measures to liberalize the exchange rate, increase taxes, slow growth of the money supply, increase effective interest rates, achieve full cost recovery for imported fuel, establish an advalorem fuel tax to fund road maintenance and contain the government budget deficit. To be successful, the program will require increases in foreign exchange availabilities. Despite the fact that the price of copper increased significantly in 1988 and the IMF and World Bank are expected to provide significant foreign exchange infusions under the Structural Adjustment Facility and the Special Program of Assistance for Africa, additional assistance, perhaps as much as \$250 million in 1989, still is required. In support and response to the GOZ's adoption of acceptable stabilization measures to promote financial sector reforms, and to provide access to foreign exchange for medium and small private enterprises, USAID plans to authorize and partially fund a \$40 million, five-year Private Sector Support Program, in March 1989. This Title I/III program would provide additional quick disbursing assistance to meet that deficit.

**b. The GOZ Has Demonstrated Its Willingness to Work to Improve Zaire's Food Systems in A Number of Ways**

The GOZ is actively using resources provided through the existing PL 480 Title I programs for a wide variety of efforts to improve the food system and increase well-being in rural areas (see Section 6). Furthermore, since 1978, the GOZ has introduced a number of economic reforms affecting the

agricultural sector: (a) elimination of most marketing parastatals between 1978 and 1981; (b) elimination of price controls on, and of restrictions against inter-regional movement of, agricultural products in 1981 and 1982; (c) establishment of a fuel tax to finance rural road maintenance in 1982; (d) raising tariffs on relatively lightly taxed agricultural imports in a 4-year program starting in 1986; and (e) elimination of restrictions on interest rates for loans to agriculture in 1987.

**c. Status of PL 480 Debt Repayments**

Zaire continues to repay past PL 480 loans. GOZ repayments in CY 1988 have totaled \$2,385,274.45. The net balance due at this time is \$9,372,865.65 of which \$2,423,624.24 represents installments due under accords signed after June 30, 1983 (the cut-off date for Paris Club). The balance of \$6,949,241.41 is subject to rescheduling this year as part of an expected Paris Club once the GOZ, the World Bank and the IMF reach agreement on a new structural adjustment program.

USAID currently enjoys excellent working relations with external debt officials. Representatives from USAID meet at least weekly with GOZ officials to discuss PL 480 and AID debts. The GOZ has responded positively to these meetings and has informed USAID that it intends to remain current on all PL 480 debts which are not subject to rescheduling agreements. During the last five months of CY 1988, the GOZ has paid \$1,382,575.77 in PL 480 debt and we expect payments to continue. USAID believes that this positive trend will continue, thus making availability of reliable and timely PL 480 debt information extremely important.

**d. Ability to Handle PL 480 Commodities**

PL 480 Title I/III commodities will be imported into Zaire exclusively by private firms specialized and experienced in import procedures and in handling and using these commodities for their own accounts. These firms are financially responsible for the purchases of PL 480 commodities and are very effective in minimizing waste and expediting distribution. Their track record in making local-currency deposits to the counterpart special accounts is excellent. Both of these characteristics contrast markedly from the performance of parastatals. The private sector performance has been discussed in detail in Kinshasa 14911, Annex F.

**e. Disincentives**

Zaire is a large market for agricultural commodities (34 million persons) which cannot currently be completely served by local production in certain key commodities such as wheat, rice, cotton, and others. While the private sector, the GOZ, and external donors are actively promoting increases in local production, substantial imported supplies will be necessary for several years.

In 1987, USAID financed studies of the markets for two of the three commodities proposed for the Zaire FY 1989 Title I/III program. These studies are the basis upon which the determination has been made that no substantial disincentive effects would be created currently by the quantity of rice and cotton which the GOZ has requested be imported under Title I and under Title I/III for FY's 1989 through 1991. For the third commodity, wheat, there is no prospect that the issue of disincentives will be a factor for a decade, or more. This subject has been discussed in detail in Kinshasa 14911, Annex F.

### **3. DESCRIPTION OF THE FOOD AND AGRICULTURE SECTOR**

#### **a) Background**

Agriculture is the major economic activity and the primary means of livelihood for three quarters of the Zairian population. Zaire is among the richest of sub-Saharan countries in Africa in terms of its agricultural potential. The climate in Zaire is favorable to a wide range of cropping and livestock systems due to the wide range of temperatures. The elevations extend from 1-2,000 feet in the Zaire river basin to 5-8,000 feet in the eastern highlands, with peaks to 11,000+ feet. European breed dairy cattle and wheat, green peas and other cool climate crops thrive in the highland areas at the particular elevations to which they are suited. Droughts, common to so much of Africa, are largely absent in Zaire and occur occasionally only along the north and northeastern borders. The country has a relatively high percentage of adequate-to-good quality soils and a huge surplus of unused or underutilized lands. Less than 3% of Zaire's arable land area is cultivated, and only about 1.5% of it is used for grazing.

Yet, since independence in 1960 and until the early 1980's, food output has lagged population growth (2.9%) in general while industrial and export crop output declined substantially. This has resulted in an increase in food imports from zero (1960) to 20% of total imports (1985), and in reduction of the share of agricultural exports from 41% (1960) to a low of 8% of total exports (1985). In spite of reduced domestic per capita food production, the annual per capita availability of calories remained virtually constant during this period due to rising food imports.

Food imports have been increasing for years to compensate for the gap between local food production and the food needs of the constantly expanding population. Concessional financing, such as PL 480, has enabled Zaire to maintain its nutritional level.

**b) Agricultural Production Trends**

The table below presents the area planted to each major food crop in 1984.

CROP	Area (000 Ha.) (1984)
Cassava	2.148
Corn	878
Peanuts	513
Banana/Plantain	425
Rice	358
Beans/Peas	251
Citrus	12
Wheat	10

Source: Situation Actuelle de l'Agriculture Zaïroise, Service d'Etudes et Planification, DOA. January 1987

The table below presents the trend in production for the major food crops and the importance of the two factors which affect production as reflected by their annual rates of change from 1971 - 1984.

CROP	FOOD CROPS		
	Average Yearly Change (1971-1984)		
	Production	Area Planted	Yield
Cassava	2.9	2.6	0.3
Corn	3.7	2.9	0.8
Peanuts	2.3	2.1	0.2
Banana/Plantain	1.5	2.1	-0.6
Rice	3.5	3.0	0.5
Beans/Peas	1.9	1.5	0.4
Citrus	0.8	1.6	-0.8
Wheat	11.9	3.1	8.8

Source: Ibid.

Increases in the area planted to each crop has been the major factor affecting production except for wheat. This rate of increase in the area planted closely approximates the increase in the rural population which has remained on farms. Farmers are severely limited in their capacity to increase per capita production by the fact that family labor consumes about 85% of the food crops produced to furnish the energy necessary to produce a crop. Until some form of low cost mechanization (principally domestic origin) is introduced to emancipate farmers from energy intensive tasks, there will be a limited opportunity to increase area planted above the rate of increase in rural population - due to the energy constraint per unit of human labor.

There is opportunity, however, to increase both yields and per capita productivity under the existing, traditional method of cultivation through the introduction of improved varieties and increased use of improved cultural techniques and inputs. These inputs, however, would require an extension system, credit and support of an effective marketing system with access to reasonable transport arteries. It is the lack of these resources which has resulted in such a low increase in production. The challenges and opportunities related to increasing the availability of resources required to increase yields and per capita productivity are addressed in USAID's agricultural projects.

#### INDUSTRIAL CROPS

The annual rates of change in production from 1971-1984 for the industrial crops are as follows:

<u>CROP</u>	<u>ANNUAL RATE OF CHANGE IN PRODUCTION</u>
Sugar	2.5
Coffee	1.4
Cocoa	2.6
Tea	3.0
Palm oil	6.2
Cotton	7.1
Rubber	7.5

Source: Ibid.

The factors which have affected the poor production trends in industrial crops (produced in large part by large commercial entities) are considerably different than those related to food crops, which are produced largely by subsistence level farm families. The unfavorable economic climate for profitable return from capital investment plus internal transport problems are the primary factors governing the productivity of commercial enterprises.

**c) Factors Constraining Agricultural Development**

The factors that contributed to this long and steady decline of the entire agricultural sector are well known. In summary, they are:

- (1) the disinvestment that took place in Zaire's export crop sector since the Zairianization measures of 1973, reflecting a loss of private investor confidence which has not yet been restored;
- (2) the macroeconomic policies applied by the government until 1983, which led to a strong economic disincentive for the agricultural sector (marketing and price controls to keep food prices down, a gradually increasing over-valuation of the currency, diminishing competitiveness vis-à-vis world markets and a complex system of taxation which weighed heavily on agricultural produce);
- (3) the extensive deterioration of Zaire's interior transport network;
- (4) the decline in support services to agriculture, notably research and extension, which in combination, deprived producers of improved technology; and
- (5) the lack of an effective credit system for agri-business and farmers, contributing to a gradual deterioration of the marketing, supply input and modern agricultural production systems.

The effects on the agricultural sector of the national economic reforms introduced in the early 1980s have, to date, been positive but uneven. In areas where producer price decontrol has become a reality, it has had a positive impact on agricultural production, farm incomes and income distribution. Implementation has, however, been far from universal. There are still many areas of the country where the old system of exclusive buying zones and fixed producer prices has yet to break down.

Constraints in the agricultural sector continue to make the full implementation of price liberalization very difficult. Local and national economic policy still lacks coherence and coordination, the transport infrastructure is in bad condition, and vehicles and fuel are in short supply in the interior. These and other constraints must be overcome, if implementation of a comprehensive and consistent national-level policy is to be achieved. The self-help measures in previous PL 480 agreements as well as those proposed in the FY 89 PL 480, Title I and in this Title I/III proposal address several of these constraints.

**d) USAID's Program to Increase Food Crop Self Reliance**

USAID's agricultural development program emphasizes:

- 1) **institutional support** for sectoral planning and policy development, applied food crop research, farmer services, and farm-to-market road rehabilitation;
- 2) **sectoral adjustments** through study and dialogue, leveraged local currency financing of desired sectoral activities and leveraged non-project assistance which includes the self-help measures provided through PL 480; and
- 3) **direct project assistance** concentrated in the Shaba Region and the Kwilu subregion of Bandundu, the primary sources of domestically produced food for the large urban populations of Lubumbashi and Kinshasa.

USAID's experience under the recently completed North Shaba Rural Development (PNS) project has shown that per capita production can be increased substantially through the application of simple technological approaches to crop production. The effect of improved technology in the PNS area on the yield of corn is illustrated in the following table which summarizes results of on-farm demonstrations in the use of various combinations of improved technology by farmers themselves.

	<b>Yield</b>
1. Traditional Practices/Local Varieties	1.8 T/Ha
2. Traditional Practices/Improved Varieties	2.4 T/Ha
3. Improved Practices/Kasai I (Imp. Corn Variety)	3.2 T/Ha
4. Improved Practices/Kasai I/Fertilizer	5.2 T/Ha

Production packages 2 and 3 increased yields/ha 33 and 78%, respectively. Those two low cost packages are well within the investment and the management skills range of most Zairian farmers. These packages can enable farmers to improve their productivity per unit of labor and their quality of life considerably even before some form of mechanization is available. At the end of the PNS project, 65% of the farmers involved as participants followed both of the practices in package 3 and 35% followed them in part. The result was that corn shipped from the PNS project area to urban centers increased from 5,000 MT to over 55,000 MT in nine years and two years after it was estimated to be 95,000 tons.

Drawing from this experience, USAID has supported a locally based extension system for its projects in Bandundu and Shaba. These projects by-pass the non functional national extension service and base the extension program upon farmer leaders or local PVO's (missionaries and others) who are provided training under the projects. The results from these projects have

confirmed USAID's hypotheses that (1) the Zairian rural people have a traditional capacity to survive by their own capabilities (even when almost completely neglected by government), (2) that the PVO entities in rural Zaire, where they are sufficiently numerous and influential, can be considered for development functionalities (agents-of-change for the introduction of improved technologies), and (3) that the commercial infrastructure will evolve largely by itself in response to the expanded profit opportunities if transport arteries are improved sufficiently for truck operations. The process of testing these hypotheses was discouraging, at first, as nonconventional methodologies had to be developed, but persistence resulted in the successful establishment of a development mode that has application to areas which have reasonable access to large consumer markets.

To support the development of the indispensable improved technology, the Agricultural Research and Outreach project (RAV)(660-0091) was established in 1983. Again, since the project was designed to operate largely, independently of the nearly moribund national research system, nonconventional operational methodologies had to be developed and progress in the early years of this project was also below expectations. Once the project began to take hold, a number of varietal advances were made. An experience base has been developed and use of improved technologies over a wide geographical area for priority crops has been achieved. A follow-on project is being designed to capture the considerable momentum developed to date.

The Central Shaba (660-0105) and the Area Food and Marketing (Bandundu area) (660-0102) projects are designed to extend the improved genetic materials and methodology developed by the RAV project. In both production areas, and in particular the Bandundu area, cassava, the most widely grown food crop in all of Zaire, is cultivated intensely. Both projects focus primarily on increasing the production of cassava, corn (the second most important food crop in Zaire), legumes and rice.

Cassava is a crop that has become increasingly popular with farmers as it is the only crop whose price has risen in constant terms since 1975. The indices of prices in constant terms for several food crops as of 1987 (1975 base year) are as follows:

Cassava (processed at the farm)	185
Peanuts (in the shell)	95
Rice (unhusked, as paddy)	60
Corn	53

Source: Ibid.

USAID-funded research projects have developed improved production technology which has the potential to increase cassava yields 40 - 100% over traditional techniques. Since the extension system is both inadequate and

ineffective, the Central Shaba and the Bandundu projects are designed to extend the improved, profitable technology for food crops to these new project areas. USAID strategy for the development of agriculture has been to channel resources through projects which build on private resources and initiatives as well as to projects where USAID can have a large measure of control and to deliberately avoid resource commitment to the largely moribund national agricultural research and extension services. Yet, it is recognized that this is an interim strategy, possibly for considerable years.

**e) Agricultural Sector Institutional Development**

The rebuilding of agricultural services (especially research and extension, which have almost completely deteriorated), the development of an effective agricultural credit system and the formulation of a financial policy to support the sustained development of a functioning transportation system are daunting tasks, but are indispensable to the gradual development of Zaire's abundant agricultural resources over the long term. While USAID strategy to date is not focused on the development of national institutions, USAID is not neglecting the longer term development of these fundamental government services. Support is being provided to the national research institute (INERA) through the funding in the mid 80's of the ISNAR study to reorganize INERA. Continuation of this effort is being supported under PL 480 self-help measures and through counterpart funds to assist the restructuring of INERA. USAID initiated the organization of a donor advisory group as a means to coordinate donor support in the phased redevelopment of INERA as a national research coordinating body.

The Agricultural Policy and Planning Project (660-0119) provides the only major institutional support to a national entity in the agricultural sector. The Service d'Etudes et Planification (SEP) of the Department of Agriculture has had superior local management and though progress has been less rapid than hoped for in the development of survey, analysis and planning skills, the SEP is regarded with considerable respect as a developing economic analysis and planning service of the government.

In the transportation sector, USAID has provided substantial support to resolve the increasing paralysis in the dilapidated transport sector resulting from 20 years of neglect and lack of investment. USAID is improving access of farmers to buyers of their produce through rehabilitation of dirt roads in the Shaba and Bandundu regions, along with a smaller program directed at improving the efficiency of private river traders in Bandundu, through boat design, river mapping and river marketing.

USAID's support to the sector has been primarily channelled through the national Office des Routes (OR). This support has been provided by the Agricultural Marketing Development I, II & III projects and as components of the project North Shaba, Central Shaba Agricultural Development, and the Shaba Refugee Roads projects. Under Project North Shaba, 315 kilometers (Km) of link roads and 730 Km of agricultural feeder roads were

reconstructed. Under the Shaba Refugee Roads Project, 1266 kilometers of national and priority regional roads will be opened. After just one year, 200 Km of roads have been opened in the Central Shaba project area. In the Bandundu area, 300 miles of road have been constructed, 24 bridges have been completed and 210 culverts have been installed under the Agricultural Marketing Development and the PVO Economic Support projects operating in the area.

At present, USAID is exploring modalities to channel support for road rehabilitation through the private sector as a means to relieve OR of operations which are primarily commercial, and for which bureaucratic institutions in Zaire are not particularly efficient nor effective.

#### **f) Self Help/Policy Reform**

The PL 480 self-help measures are selected to specifically address policy issues related to both economic liberalization and to strengthening national institutions. The last self-help measure introduced in the FY 1988 PL 480 program provided for a survey of the degree of implementation of price liberalization and of the removal of restrictions on the marketing of foods policies (survey currently under way). This Title I/III proposal includes a measure to institutionalize the monitoring of the level of implementation of national policies to liberalize agricultural prices and to remove restrictions on interregional movement of agricultural products. Other measures proposed in FY 1988 and being proposed for FY 1989 under both the Title I and Title I/III programs have similar policy and institutional strengthening objectives.

#### **g) Summary**

In summary, production of food crops has increased in those areas of Zaire where the essential components for economic take off are in place, namely: a) improved technology, b) agents trained and motivated to assist farmers acquire the skills to utilize the technology, c) competitive markets reasonably free from price controls, d) farm to market roads that are passable, and e) credit at least minimally available. USAID agricultural sector projects have demonstrated what interventions, technical and policy are required to increase both food crop production and an improved standard of living. As technology and transport infrastructure as well as producer receptivity to change are established, projects can be terminated as project North Shaba was and support can be provided to other priority areas. Persistence in the support of a program of phased development for the agricultural sector in areas near to the major urban areas - where distance from production areas to the markets are minimal, thus reducing the investment to rehabilitate and maintain roads and where economic market signals can be effectively transmitted to producers - has been established as a strategy which can enable the GOZ to attain a practical level of self reliance in food crops. The vast interior of the country is already basically self reliant in food crops.

#### **4. INSTITUTIONAL ENVIRONMENT**

The institutions that are critical to Zaire's FFD program are (1) the private sector producers, (2) the private rural sector entities (for improvement in the transport system and for dissemination of production inputs and improved technology), (3) the private sector importers (for PL 480 financed commodity management) and, (4) the GOZ and donors including USAID for the development and dissemination of improved genetic materials and technology for increased crop production. The private sector importers have an excellent track record under Zaire's ongoing PL 480 program. Furthermore, the private sector structure of the basic food system, while needing further development, is institutionally sound.

The critical remaining institutions are those supporting development of the support services needed by the food sector. In this area, there are numerous institutional development needs which have been identified by USAID and other donors and targeted for support under the USAID's projects.

A serious, cross-cutting institutional problem is the low level of GOZ salaries and the lack of working materials in the GOZ offices charged with such critical services. Project resources and GOZ allocations of local currency (available thanks to programs such as PL 480) can reduce these institutional problems in the limited areas where the projects focus.

A complete and permanent solution to this problem will ultimately require both economic growth and major structural adjustments in the GOZ's fiscal system. In general, these adjustments, such as improved tax administration, go beyond the scope of PL 480 Title I/III's objectives.

However, Title I/III's offset provisions are specifically relevant to one critical problem, the external debt burden. Further, by increasing the concessionality of PL 480 resources, Title I/III's offset provisions can contribute to improved institutional development of agricultural support services through their beneficial effect on the GOZ's budget.

#### **5. PROGRAM JUSTIFICATION**

A PL 480 Title I/III program proposal is consistent with the Country Development Strategy Statement which proposed support for the on-going economic stabilization effort for which the IBRD is providing the lead for coordinated support by donor countries. Section 2 preceding, explained in detail the need for both external and internal resources and how this proposed Title I/III program would assist the government of Zaire in this difficult stabilization effort.

Zaire is currently implementing a PL 480 Title I program that has been regarded as a potential model for programs in other countries. First, Zaire's program works through private enterprise to distribute commodities

efficiently and to generate local currency for deposit to the counterpart fund for the full value of PL 480 financed commodities (Title I and Title I/III) and for freight (Titles II and I/III). Secondly, these counterpart funds are budgeted to support targeted projects that improve the well-being of the average Zairian. Thirdly, the management of the counterpart funds is effectively controlled through a joint system of control for all disbursements and a comprehensive accounting system which is backed up by a system of professional audits. Therefore, a Title I/III program is justified in Zaire by Zaire's operational performance in assuring that PL 480 resources are effectively used for development on numerous fronts.

Title I/III for Zaire is also justified by the supplementary impact that Title I/III's offset provisions will have on Zaire's development program. The Title I/III's debt-reduction feature directly addresses one of the key structural problems facing Zaire: the burden of the external debt. This external debt reduces both the availability of foreign exchange to the private sector and the GOZ's fiscal capacity to supply support services. In addition, the GOZ has identified the debt problem as a key impediment to the successful implementation of further economic reforms.

By offering offset provisions under Title I/III, the PL 480 program will increase its support to the range of sectoral policy reforms in USAID/Zaire's projects. The sectoral reforms, which are detailed in USAID/Zaire's project documents, cover such measures as improved financing of rural road maintenance, institutional reforms in the agricultural research establishment, strengthening policies favoring child survival, birth-spacing and other vital health measures, and financial sector reforms aimed at the efficient mobilization and allocation of domestic resources. In addition, selected measures are proposed as Title I/III Self-Help Measures, in order to focus specific attention on key elements of USAID/Zaire's sectoral policy concerns (see item V Annex A).

Assisting Zaire rationalize its economic obligations with its internal resources to achieve both economic and social development is also an integral component of U.S. foreign policy in relations with Zaire. Zaire has consistently supported U.S. foreign policies, where it could do so. When it could not take an open stance in support of U.S. policies, it has avoided the excesses in polemics against U.S. policies, characteristic of numerous other African countries.

Another justification for consideration for this Title I/III proposal is that the PL 480 program has been influential in assisting in the development of markets for the U.S. agricultural products which have been financed under the program. U.S. origin, long grain rice is favored by urban consumers over all other origin rices. All of the lint cotton imported into Zaire is of U.S. origin. The consistency in the quality of PL 480 financed, U.S. origin wheat and flour over the years has been an important factor in attracting millers and bakers to import under the USDA Export Enhancement Program (availability of Foreign Exchange permitting).

A final justification is that this proposed program conforms to those aspects of the GOZ Five Year Plan and to the GOZ Priority Program for Public Investment which are related to the project commitments listed later in Section 6 of this proposal. The macroeconomic contributions of this proposal are consistent also with objectives which the IMF and IBRD have recommended to the GOZ for inclusion in its economic structural reform program.

## 6. PROGRAM DESCRIPTION

### A. Program Goals and Purpose

1) The goal for the PL 480 Title I/III program is the same as that for the Mission as submitted in the CDSS (May 1985) and the subsequent Action Plans, namely; "The goal of the Mission's program is to improve the living standards of the Zairian population by supporting both rehabilitation of infrastructure and improvements in managerial and technical skills."

2) The purpose of the PL 480 Title I/III program is the same as the five-component, program objectives presented in the Action Plans, rephrased slightly, as follows:

a) To support short term economic stabilization through balance of payments support and through generation of counterpart funds to supplement the GOZ's local currency financing of development.

b) To stimulate economic recovery by encouraging further economic liberalization and stimulation of private investment through policy dialogue, project support to the private sector and policy influencing self-help measures.

c) To foster increased output of small farms and increased self-reliance in food crops through development of improved agricultural technology, improved technology transfer, and improved agricultural statistical and policy capabilities along with rehabilitation of the transportation, marketing and agribusiness infrastructures.

d) To facilitate improved health status through increasing access of the population to high impact basic health care interventions delivered through sustainable and market-driven, community-supported, preventive rural health care delivery systems.

e) To encourage increased access to and acceptance of family planning services (leading to lower population growth) in both rural and urban areas through provision of training, technical assistance and contraceptive supplies.

3) The proposed Title I/III program conforms to those aspects of the GOZ national Five Year Plan and to the GOZ Priority Program for Public Investment which are related to the purposes listed above.

The major objectives of the national development plan, in view of the limited financial and management resources available, are to (a) support rehabilitation of the deteriorated sectoral systems, (b) to provide a minimum level of essential services through low-cost programs, many of which rely heavily upon private voluntary organizations for their implementation and, (c) to implement policies which encourage the development of the private sector as the engine of growth for the economy.

#### **B. Proposed Program Accomplishments and Implementation Time Frame**

##### **1) Local Currency Generation**

Short term economic stabilization will be enhanced through balance of payments support provided by the PL 480 Title I/III Program in the amounts of \$12 million (FY 89), and \$16 million (FYs 90 & 91). Counterpart funds will be generated in the full amount of the commodities at the prevailing exchange rate at the time of opening the Letter of Credit for 20% of the commodity value and the prevailing exchange rate at the time of arrival of the cargo at the port of Matadi, Zaire for 80% of the commodity value.

##### **2) Policy Reform Issues**

A system will be established in FY 89 to monitor the level of implementation of the national policies to liberalize agricultural prices and to remove the restrictions on the movement of agricultural crops as a result of implementation of the self-help measure (SHM) in Amendment #1 to the FY 88 title I Agreement and of self-help measure #1 of this FY 89 Title I/III proposal.

An evaluation will be conducted in FY 89 to determine the market for and availability of, short term agricultural marketing credit as well as the effectiveness of the banking system in supporting agricultural development in the Bandundu and Shaba regions and, if deemed necessary, to develop recommendations for operational changes and policy reforms to increase the availability of credit to agribusiness entrepreneurs and NGOs through the banking system as a result of implementation of Self Help Measure number 2 of this proposal.

#### **C. Project/Activity Commitments and Outputs**

The activity outputs are summarized in this section and detailed outputs are presented for each project in Annex C.

1) **The proposed commitments for the first year of the three year period of this proposal** are for the following priority projects which require additional budgetary support to that provided under the Title I program which this proposal will provide for FY 1989:

**a) Agricultural Research and Outreach - 660-0091**

Develop an organizational and managerial structure for a national agricultural research system; develop an integrated food crops (cereals and legumes) research program using the FSR approach; train Zairian staff with the skills required to conduct reliable, applied research on food crops; develop the capacity to produce and maintain foundation seed for food crops, and test seed and cultural practices under farm conditions in cooperation with at least 29,800 farmers in four major regions.

**b) Agricultural Marketing Development III - 660-0098**

Improve and maintain the network of feeder roads in the project area to ports and markets, and improve efficiency of river transport in the Kasai river basin.

**c) Area Food and Marketing Development - 660-0102**

Increase production and profitability of food crops in the Bandundu area through involving voluntary organizations (missions, local PVOs, etc.) as the agents to transfer the improved technology developed by the Agricultural Research project cited above; training 100 village extension agents of the local organizations in extension and improved technology, and resolving critical bottlenecks to area food marketing.

**d) Central Shaba Agricultural Development - 660-0105**

Increase the production of food crops and the income of small farmers through the establishment of a locally based extension system; rebuilding 1,000 kilometers of link road connecting the production area with the railheads leading to the urban markets; rehabilitating 1,000-2,000 kilometers of feeder roads connected to the link roads; establishing a regional private sector seed company, and installing village crop storage facilities to reduce food losses.

**e) Agricultural Policy and Planning - 660-0119**

Zairian agricultural economists and planners trained; commodity and regional production reports published and updated; a viable system of data collection established; agricultural and statistics data bank improved and expanded; subject policy papers published; and annual conferences on agricultural policy institutionalized.

**f) Basic Rural Health II - 660-0107**

Training completed in primary health care for 88 physicians, 200 nurse supervisors, 125 water and sanitation supervisors, 2,140 health center nurses, 2,000 village health workers, and 1,000 traditional birth attendants; 3,000 village development and health-center committees formed; 52% of children in project area have access to under-five clinics and 52% of women of childbearing age have access to prenatal clinics; 3,000 local water sources protected; 50 new rural health zones (RHZs) established; 720 dispensaries converted to full-service health centers; 880 new wells dug and fitted with pumps, and 100 gravity-fed or hydraulic-ram water systems constructed.

**g) Family Planning Services - 660-0094**

150,000 new acceptors reached and 440,000 couple-years of contraceptive protection provided; two hundred fifty family planning service providers trained in all aspects of family planning; an effective management system put in place to coordinate and evaluate activities of various institutions in providing family planning services; three training centers established to provide practical training for health care providers in family planning and related skills; curricula developed in reproductive health and family planning for medical and nursing institutions; an improved statistics system developed; and an effective system of contraceptive logistics will be established.

**h) Africa Child Survival Initiative/Combating Childhood Communicable Diseases - 698-0421**

In project priority health zones, increases in a) immunization coverage in children under one year of age; b) oral rehydration use for children under five; c) presumptive malaria treatment for children under five; and d) prenatal care programs offering malaria chemoprophylaxis.

**i) Small Project Support - 660-0125**

NGOs trained in project financial management and using it in their activities; agriculture, health and transport infrastructure developed by 10-15 Nongovernmental Organizations (NGOs) working with 100 established community groups; strategic plans for continued activity without USAID funds developed by NGOs.

2) **The proposed program commitments for the second and third year periods of this proposal** are those for the above priority projects and the following projects which complete the total bilateral project portfolio of the Mission.

**a) School of Public health - 660-0101**

Long-term training abroad provided for future faculty members of the new School of Public Health (SPH); short-term training abroad provided for 43 participants for total of 123 months; short-term training for 560 local (and other African) participants provided at SPH; long-term diploma (equivalent to masters degree in public health) training provided at SPH for 220 students; and a public health research unit developed at SPH to conduct high level applied and operational research on prevalent local health problems including AIDS.

**b) Kimbanguist Hospital - 660-0122**

Construction of 180 bed hospital completed which includes 2 operating rooms, recovery, emergency and X-ray rooms, intensive care unit, and basic clinical laboratories; a community outpatient service revitalized; departments of medicine, pediatrics, surgery, obstetrics and gynecology reorganized; doctors, nurses, paramedics and administrative staff trained and in place; and management and financial systems established to foster sustainable operations.

**c) Shaba Refugee Health - 660-0114**

Forty-five rural health centers, two reference health centers and three general hospitals constructed or rehabilitated and equipped to a level equal to or better than that existing prior to the 1977 war; solar energy sources installed in place of higher operating cost petroleum-based sources.

**d) Shaba Refugee Water - 660-0116**

570 tube wells with hand pumps installed; 500 springs capped to provide potable water; village committees established to maintain pumps through user fees; six piped water systems installed, and maintenance and drilling personnel trained.

**e) HIV/AIDS - 698-0474**

Mass media campaign developed to create awareness of deadly nature of AIDS, explain how transmitted and to motivate Zairians to protect themselves; intensive training for local AIDS program staff, and studies conducted to determine public attitudes and practices as means to develop improved preventive campaigns.

**f) Shaba Refugee Roads - 660-0115**

Repair and maintenance of 683 km of national roads, 465 km of regional priority roads and 694 km of regional second-priority roads. Reconstruction of 29 first-priority bridges and 13 second-priority bridges, and provision of equipment for continued repairs and maintenance.

**g) HRDA Training - 698-0463**

6,991 individuals from the public and private sector trained in short-term technical and long-term academic training programs of which 50% will be trained in in-country programs, 29% in third-country technical and academic programs.

**h) Private Sector Support - 660-0120**

Zairian private sector provided term credit to import raw materials, spare parts and replacement equipment and financing of locally produced inputs (repayment in local currency); continued GOZ stabilization program will result in lower, more stable inflation; improved financial sector policies will improve incentives for commercial banks to mobilize a larger share of national liquidity; positive interest rates will assure credit allocation to productive private sector investment, and commercial enterprises will increase their production and profitability.

**D. Project/Activity Benchmarks**

Since benchmarks must be included in Annex B, they are not included in this section.

**E. Recurrent Costs**

The issue of recurrent costs and the GOZ's current inability to finance even maintenance costs for existing physical infrastructure has been a major concern in the design of USAID projects. The extensive involvement of NGOs in both of the agricultural production projects and the Small Project Support project was specifically designed to avoid near-future obligation of the GOZ for sustained development operations. The NGOs have financed their own operations to date and have the capability in varying degree to finance increased operations if the income of their members can be increased to provide a self-financing revenue base.

The Basic Rural Health project has been supporting the user-fee principle which was already quite prevalent in Zaire for such services. Local costs of operation in some of the rural health zones are already being almost fully funded by user fees.

An objective of this and other PL 480 proposals has been to assist the GOZ to alleviate the balance of payments burden as well as to increase the generation of local currency to finance GOZ projects designed to increase agricultural production and improve the well being of the Zairian people.

The PL 480 generated local currency has been directed to assist development of low cost, sustainable agricultural growth simultaneously with commitments to improving health and nutrition, primarily of the rural citizens. Efforts to assist Zaire emerge from economic lethargy has been directed in large part to programs which have significant opportunity to be self-sustaining, but economic pump-priming is essential to increase the economic growth rate and create an economic base which can be taxed for self-financing of development investments.

In conclusion, while USAID/Kinshasa is already well advanced in fostering the application of self-financing and self-reliance amongst the beneficiaries of AID financed development programs, there is a need for continuing economic support for projects which rehabilitate infrastructure and improve the quality of life and which cannot be entirely self-financing during the period of structural adjustment. The Mission is acutely aware of the necessity to consider means to enable development projects to be sustainable to the maximum degree possible, but until economic growth exceeds population growth thus providing a surplus to support the taxes required to finance sustained economic development, the need to address the recurrent cost question will remain.

## **7. IMPLEMENTATION PLAN**

### **a. Import Procedures**

USAID/Zaire's Food Policy Advisor will coordinate implementation of the PL 480 Title I/III import program for USAID under the direction of the Mission Program Officer and in coordination with the Agricultural Development Officer. He will also be responsible for the bilateral coordination of the implementation of the PL 480 program with the Director of the Counterpart Fund Secretariat, Department of Plan; the Secretary General, Department of National Economy and Industry; and the Secretary of State, Department of Agriculture.

U.S. agricultural commodity imports will be imported on behalf of the GOZ by private importers selected jointly by the GOZ agencies listed above and USAID. The private importers will effect these imports through a U.S. based import agent designated by the GOZ. Financing of these imports will be arranged by the importers' commercial banks in Zaire. Deposits into the Special Account for the value of the commodities (and the freight if our request for freight financing is approved) will be made by the importers' banks according to schedules determined before the signing of the agreement. These terms are conveyed by the Department of Plan to the Bank of Zaire which then notifies the commercial banks selected by the importers of the terms of payment to the Counterpart Fund. For payments made on other

than standard commercial terms (i.e. 20% at opening of L/C, 30% upon arrival at Matadi port, and 50% within 90 days of arrival), importers will pay interest at fixed rates for the extension of time allowed for payment from the standard commercial terms. This provision will offset the effects of regular currency devaluations on the deposits dollar value. Copies of the letters and other documents that describe the terms of payment in detail for the imports and deposits to the Counterpart Fund are attached in Annex D.

**b. Counterpart Fund Management**

The Special Counterpart Account is held in a commercial bank in Kinshasa. Monthly disbursements from the special account are programmed jointly by USAID/Zaire (coordinated through the Office of Program and Economic Policy) and the GOZ Planning Ministry, Counterpart Fund Secretariat (under the authority of the Director of the CPF/Secretariat). Calculation of the current dollar value of each disbursement will be performed by the USAID Controller on the basis of reports on disbursements and exchange rates provided by the commercial bank holding the Special Counterpart Account, to prepare for the eventuality of less than 100% offset.

The disbursements from the special account will continue to be made to individual project accounts established by the various ministries with which USAID has project agreements. The authorization for these disbursements are made in writing jointly by, the GOZ Director of the Counterpart Fund and the USAID Director or his designee on a monthly or quarterly basis. Copies of documents relevant to this process are attached in Annex E.

**c. Self-Help Measure Management**

The USAID Food Policy Adviser and the Project Analysis Director of the GOZ Counterpart Fund Secretariat are responsible for monitoring the implementation of the self-help measures. The measures are conceived by the USAID Program and Economic Policy Office staff in coordination with the various operational divisions and approved by the Mission Director prior to submission to the GOZ for their comments and clearance. The self-help measures are designed to address priority GOZ operational and sectoral constraints or policy reform issues related to the implementation of those projects cited in para 6 preceding which will receive support from this Title I/III proposal.

**8. ESTIMATE OF COST AND FUNDING SOURCES**

**a. Time relationship between counterpart generation and expenditures**

The following tables present the proposed PL 480 Title I/III funding levels and expected generations in dollar equivalents from the commodities proposed for financing during the three years of this proposed Title I/III program and the planned allocation of these funds by projects. Note that the funding sources are stated for the fiscal year, but the disbursement schedule is for the calendar year - the GOZ budget year.

The Mission experience including that of this year has been that DCC approval was rarely received for the proposed FY year program until sometime in the second quarter with the result that commodity procurement rarely commenced before the third quarter. Most deliveries were made in the fourth FY quarter with the result that L/C generation for over half of the value of the commodities was not generated until after the end of the fiscal year. As a result of this sequence of events, the actual disbursement period for L/C generated from the sale of PL 480 commodities has been from October 1 of the CY during which the agreement was signed through September 30 of the following CY - in effect the FY following the FY during which the agreement was signed which financed the commodities. In analyzing the relationship between the time when PL 480 funding is made available and the time when disbursement will be made from the L/C generated from the sale of the commodities, it is necessary to recognize this one year lag. For this proposal, the FY 89 funding relates to the FY 90 project/activity requirements.

When this proposal is approved, multiyear programming will be authorized, thus the local currency generation could be 6-9 months earlier in 1990-91. Since procurement would be expected to span the entire year, L/C would be available for the last half of the FY of the CCC expenditure and the first half of the following FY. The DCC should consider this in analyzing the correlation of the following data.

**FYs 1989, 1990, AND 1991 LOCAL CURRENCY GENERATIONS**

**b. ESTIMATED CY PL 480, TITLE I/III LOCAL CURRENCY GENERATIONS (\$000)**

	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>
<b>1) Expected Generations</b>			
1.1) Generations expected from FY 1988 Title I Program	1,948		
1.2) Generations expected from FY 1988 Carry Over and the FY 1989 Title I Programs	22,000	4,000	
	<b>Regular</b>	<b>Reserve</b>	
Wheat	6,000	- 0 -	
Rice	7,500	10,000	
Cotton	2,500	- 0 -	
<b>Total</b>	<b>16,000</b>	<b>10,000</b>	
1.3) Generation expected from FY 1989 Title I/III Program	8,000	4,000	
	<b>Reserve</b>		
Wheat	9,000		
Cotton	3,000		
<b>Total</b>	<b>12,000</b>		
1.4) Generation expected from FY 1990 Title I/III Program		26,000	6,000
	<b>Regular</b>	<b>Reserve</b>	
Wheat	8,000	8,000	
Rice	8,000	5,000	
Cotton	- 0 -	3,000	
<b>Total</b>	<b>16,000</b>	<b>16,000</b>	
1.5) Generation expected from FY 1991 Title I/III Program			27,000
Commodities same as FY 1990			(5,000) Carry-
			to FY 1992
1.6) Total expected generations for FYs	<u>31,948</u>	<u>34,000</u>	<u>33,000</u>
Less CUP - Title I only	1,950	200	
<b>Net L/C availability</b>	<b>29,998</b>	<b>33,800</b>	<b>93,999</b>

\* Note: it is too early to consider FY 92 programmes, but funds will be programmed in accordance with priority USAID Agriculture, Transportation and Health Population projects.

**c. PROPOSED CY 1989, 1990 AND 1991 LOCAL CURRENCY BUDGETS**

**1) Proposed CY Local Currency Support**

(Equivalent in dollars)

<b>Project</b>	<b>Number</b>	<b>CY 1989</b> <b>(\$ 000)</b>	<b>CY 1990</b> <b>(\$ 000)</b>	<b>CY 1991</b> <b>(\$ 000)</b>
<b>1.1) Agricultural, Rural Development and Nutrition</b>				
Agr. Marketing Development I	660-0026	500	- 0 -	- 0 -
Applied Agr. Research	660-0091	3,000	3,500	- 0 -
Agr. Mrktg. Development III	660-0098	1,800	2,200	2,600
Area Food & Mrktg. Devl.	660-0102	800	1,200	1,600
Cntrl Shaba Agr. Dvl.	660-0105	3,800	7,500	8,200
Ag. Policy and Planning	660-0119	1,300	2,500	2,500
New Agricultural Project	660-			2,000
<b>SUB-TOTAL</b>		<b>(11,200)</b>	<b>16,900)</b>	<b>(16,900)</b>
<b>1.2) Health, Population and Nutrition</b>				
Basic Rural Health	660-0107	3,400	4,300	4,600
Family Planning Services	660-0094	945	1,200	1,300
School of Public Health	660-0101	350	400	400
Comb. Childhood Comm. Dis./PEV	698-0421	525	900	1,000
Kimbanguist Hospital	660-0122	50	- 0 -	- 0 -
Shaba Refugee Health	660-0114	600	700	700
Shaba Refugee Water	660-0116	1,047	900	- 0 -
HIV/AIDS	698-0474	425	500	700
New Health Project	660			1,000
<b>SUB-TOTAL</b>		<b>(7,342)</b>	<b>(8,900)</b>	<b>(9,700)</b>
<b>1.3) Transport and Private Sector</b>				
Shaba Refugee Roads	660-0115	600	1,000	- 0 -
Small Project Support	660-0125	1,000	1,300	1,300
HRDA Training	698-0463	400	600	600
Private Sector Support	660-0120	1,000	2,500	3,500
New Roads Project	660-			1,000
<b>SUB-TOTAL</b>		<b>(3,000)</b>	<b>(5,400)</b>	<b>(6,400)</b>
<b>TOTAL BILATERAL PROJECT SUPPORT</b>		<b>21,542</b>	<b>31,200</b>	<b>33,000</b>

**d. U.S. Government Financial and Human Resource Contributions**

The Life of Project authorized funding for the seventeen projects listed in the tables above is \$200.467 million. For details of funding by projects, the readers are advised to refer to the project documents at AID.

Within the Office of Program and Economic Policy one PSC funded staff member is occupied full time with management of PL 480 program operations supported by one foreign service national employee (33% time basis) plus a Program Officer (50% time) supported by a foreign service national (67% time) responsible for CPF budget planning all under the supervision of the Office Director. Additionally there is one PSC in the Controller Office who is assigned on a 60% time basis to the financial management of the CPFs and one FSN who devotes 40% time to this management function.

The U.S. direct hire and contract support of the operating offices are ultimately responsible for the administration of development projects and for the allocation of CPF resources.

**e. Zaire Government Contributions**

The GOZ contributions to overall development have been limited unfortunately due to budgetary constraint.

The economic base upon which taxes could be levied had been limited prior to the initiation of the economic stabilization program in 1983. The austerity budgets which the IMF imposed as part of the essential stabilization reform since 1983 have restricted any significant economic growth since that date. The following table illustrates the trend in the budget allocation to the agricultural sector since initiation of the structural reform. The budget cuts were accommodated on the part of GOZ departments mainly through reduction in services and only modest reduction in staff - a characteristic common to LDC governments.

<b>NATIONAL BUDGET YEAR</b>	<b>% OF THE NATIONAL BUDGET ALLOCATED TO AGRICULTURE</b>
1980	2.8
1981	3.7
1982	2.9
1983	2.9
1984	0.7
1985	0.8
1986	0.8

To provide some basis for relevance, the national budget in 1986 was slightly less than one billion dollars and the agricultural budget was seven million.

The funds requested under this PL 480 Title I/III proposal will be an important supplement to the National budget to expand development in the agriculture, transport and health sectors during the interim during which the austerity program must continued acceptable stabilization has been achieved.

#### **9. REQUEST FOR CCC FINANCING FOR OCEAN FREIGHT**

The intensity of the shortage of foreign exchange in Zaire is best illustrated by the report of the commercial banks, cited in Section 2-a preceding - a shortfall of \$10 million in foreign exchange, monthly, for commercial importers. The trend in the foreign exchange supply was also characterized by the commercial sector as having become the most acute and sustained since the Economic Structural Reform Program was initiated in 1983. In view of the increasingly depressive effect on the economy which such an acute shortage of foreign exchange can have and in view of the rating of Zaire as one of three countries tied as fifth to seventh poorest in the world when rated by level of per capita income by the IBRD in the 1988 World Development Report, the Mission requests that freight for the PL 480 commodities financed under the Title I/III program be financed by the CCC.

#### **10. Request to schedule first evaluation in July/August 1990**

The Title I/III guidelines stipulate that an evaluation of recipient country performance under the Title I/III program will normally be required annually, before new financing can be authorized for a subsequent year. In view of the probability that this Title I/III proposal could require up to 90 days for approval in AID/W, and that consequently signing of an agreement would not occur before sometime in the third quarter of FY 1989, the mission requests that the first performance evaluation be scheduled for July/August 1990. If this request is granted, an evaluation will not be required prior to DCC approval of funding for the FY 1990 Title I/III commodity requests.

ANNEX A

Part II Particular Provisions

ITEM I. COMMODITY TABLE:

Commodity	Supply Period (U.S. Fiscal Year)	Approx. Quantity (MT/Bales)	Maximum Export Value (\$millions)
Wheat	1989	55,500	9.0
Cotton	1989	10,000	3.0
Total			12.0
Wheat	1990	58,000	8.0
Rice	1990	27,600	8.0
Total			16.0
Wheat	1991	57,000	8.0
Rice	1991	27,000	8.0
Total			16.0

ITEM II. PAYMENT TERMS: CONVERTIBLE LOCAL CURRENCY CREDIT (CLCC)

- A. Initial Payment - None
- B. Currency Use Payment - None
- C. Number of Installment Payments - Thirty One (31)
- D. Amount of each Installment Payment - Approximately equal annual amounts.
- E. Due Date of the First Installment Payment - Ten (10) years after date of last delivery of commodities in each calendar year.
- F. Initial Interest Rate - Two (2) percent
- G. Continuing Interest Rate - Three (3) percent

ITEM III. USUAL MARKETING TABLE:

Requirements Commodity	Import Period (U.S. Fiscal Year)	Usual Marketing (Metric tons)
Wheat/Wheat flour (grain (equivalent basis)	1989	156,600
Rice	1989	42,500
Cotton	1989	- 0 -

**ITEM IV. EXPORT LIMITATIONS:****(A) Export Limitation Period:**

The export limitation period shall be United States Fiscal Year 1989, and any subsequent United States Fiscal Year during which commodities financed under this agreement are being imported or utilized.

**(B) Commodities to which Export Limitations Apply:**

For the purposes of Part I, Article III (A)(4) of this agreement, the commodities which may not be exported are: for wheat and wheat flour - wheat, wheat flour, rolled wheat, semolina, farina, or bulgur (or the same products under a different name); for rice - rice in the form of paddy, brown or milled; and for cotton - upland cotton, and cotton textiles (including yarn and waste), except as provided in paragraph (c) below.)

**(C) Permissible Exports:**

<b>Commodity</b>	<b>Quantity and Conditions</b>	<b>Period Exports Permitted</b>
Cotton textiles	Raw cotton equivalent in weight to 3,200 bales (480 pounds net per bale). If exceeded, the raw cotton equivalent in weight of such cotton textile exports will, in addition to the UMR provided in item iii, be imported from the United States into Zaire and paid for with the resources of the importing country, but such offset purchase need not exceed the level of total Title I, and/or Title I/ III PL 480 imports during the supply period.	During U.S. calendar year 1989 and any subsequent comparable supply period during which cotton purchased under this agreement is being imported or utilized.

**ITEM V. SELF-HELP MEASURES:**

A. The Executive Council of the Republic of Zaire agrees to undertake self-help measures to improve the production, storage, and distribution of agricultural commodities. The following self-help measures shall be implemented to contribute directly to development progress in poor rural areas and enable the poor to participate actively in increasing agricultural production through small farm agriculture.

B. The Executive Council of the Republic of Zaire agrees to undertake the following activities and in doing so to provide adequate financial, technical, and managerial resources for their implementation.

#### TITLE I/III PROPOSED SELF-HELP MEASURES

##### Measure 1:

Appropriate steps shall be taken by the Executive Council to establish a permanent system to monitor the status of implementation of the policies to liberalize prices and to remove restrictions on the movement of agricultural products in Bandundu and Shaba regions. Objectives for accomplishment in U.S. FY 1989 include:

(DCC - FYI: the following background information is provided for your reference in considering approval of this measure.

Quote:

**Background:** A self-help measure is being implemented under the FY 1988 PL 480 Title I Agreement to survey the status of implementation of price liberalization and of the removal of restrictions on the movement of agricultural products in Bandundu and Shaba Regions. The survey is scheduled for completion by April 30, 1989. A recommendation is to be made to the GOZ by August 31, 1989 for a system to monitor the implementation of these policies on some scheduled basis in the future. This new measure proposed here anticipates that the GOZ will adopt a monitoring system proposed by the various ministries involved and is intended to provide the impetus to ensure that the monitoring will be implemented. (The Counterpart Fund will finance the field surveys performed by the GOZ.) End quote: (End DCC-FYI)

a. The Ministry of Agriculture in collaboration with USAID will develop a scope of work for a survey in CYs 1989 and 1990, in those zones of Bandundu and Shaba Regions where the Status of Implementation Study was conducted in 1988 and where implementation problems were identified, to continue monitoring the status of the implementation of policies for the liberalization of agricultural prices and removal of restrictions on the movement of agricultural products. The Ministry of Agriculture (MOA) will engage the services of the Studies and Planning Service (SEP/MOA) as the lead implementing service to collaborate with the Directorate of Markets, Prices and Marketing Campaign Credit (DMPCC) to designate a team to implement the tasks in the scope of work for the study. Copies of the final report will be submitted to the Directors of SEP and DMPCC, the Department of Plan and USAID by the end of calendar years 1989 and 1990.

b. The Planning Ministry in collaboration with the Ministry of Agriculture will circulate the results of these surveys to concerned ministries by February 28 of the following calendar year. The Ministry of Plan will convene a meeting of the concerned ministries and USAID prior to

May 31 of each year following the monitoring survey to determine whether any actions are required to further remove constraints to the implementation of the two policies, and if so to develop recommended actions, by July 31 of that year.

c. The Ministry of Agriculture in collaboration with the Planning Ministry will present the recommended actions for consideration at the earliest meeting of the GOZ's Executive Council that can be scheduled following the development of the recommendation.

**Measure 2:**

Appropriate steps will be taken by the Executive Council to evaluate the market for and availability of, short term agricultural marketing credit as well as the effectiveness of the banking system in supporting agricultural development in the Bandundu and Shaba regions and, if deemed necessary, to develop recommendations for operational changes and policy reforms to increase the availability of credit to agribusiness entrepreneurs and NGOs through the banking system.

(DCC - FYI:

Quote:

**Background:** Analyses done by USAID, the GOZ (DMPCC) and other donors (IBRD principally) all point to the lack of readily available short-term credit for agricultural marketing as a fundamental impediment to increased agricultural production and to increasing the well-being of the rural poor. End quote: (End DCC-FYI)

a. The Ministry of Agriculture in collaboration with the Ministry of Planning and the USAID Agricultural Development and Food Policy Advisors will develop a scope of work for a study to evaluate the market for and the availability of, short term agricultural marketing credit and the effectiveness of the banking system in supporting agricultural development. The Studies and Planning Service of the Ministry of Agriculture (SEP) will be engaged to conduct this study in the regions of Bandundu and Shaba in collaboration with the Directorate of Markets, Prices and Marketing Campaign Credit (DMPCC). The due date for the contract will be 120 days from the signing of the agreement.

b. SEP in collaboration with DMPCC will conduct the evaluation study in selected representative zones of each region on a sample basis adequate to provide reliable statistics to determine:

- (1) the types of entrepreneurs engaged in marketing agricultural products and/or supplying production inputs,

- (2) the sources, terms and costs of credit,
- (3) the amount of credit required by crop for each production season,
- (4) the time at which the credit is required, and
- (5) whatever rules, regulations and impediments restrict the availability and timeliness of credit to agribusinesses and NGOs involved in marketing agricultural products and/or supplying production inputs.

The study will also include an analysis of: (1) the needs for short term agricultural production and marketing credit, (2) the effectiveness of the banking system in providing adequate and timely credit financing to the rural commercial entities, (3) the factors limiting or enhancing the supply of credit to credit-worthy applicants, (4) the advantages and/or disadvantages of the crop market campaign system, and (5) whether a subsequent study should be conducted to analyze the same issues related to medium term credit for agribusiness.

On the basis of these analyses, the SEP/DMPCC team will, if deemed necessary, propose recommendations to improve the effectiveness of the rural banking system in providing credit to agribusinesses and NGOs to finance their commercial operations. The recommendations must include measures that will ensure the sustainability of the capital in the banking system under the conditions that exist currently in the economy of Zaire. Any supplementary funding for SEP and DMPCC required to conduct the survey, analyses and to prepare the report will be from the Counterpart Fund account. The due date for the completion of the study and submission of the preliminary report to the Directors of SEP and DMPCC, to the Department of Plan and USAID will be 270 days from the signing of the Agreement.

c. The Directors of SEP and DMPCC, in collaboration with the Planning Ministry and USAID will review the report, discuss their recommendations with the survey team and return the preliminary report to the team in 30 days. The team will submit the final report to their Directorates, the Department of Plan and USAID within 15 days.

d. The Ministries of Agriculture and Planning will circulate the report to concerned Ministries of the GOZ and the Bank of Zaire (Central Bank) and to select representatives of the donor community. The Ministry of Agriculture will organize and chair a symposium for a presentation of the report by the SEP/DMPCC team to representatives of the various concerned Ministries of the GOZ and to the concerned members of the donor community. The comments of the participants attending the symposium will be solicited on the report as well as on the recommendations. To be completed in 360 days.

e. The Ministries of Agriculture and Planning, in consultation with the Bank of Zaire and USAID, will determine whether operational changes and policy reforms are deemed necessary, and if so, will develop and submit a set of policy reforms and operational changes designed to increase the availability of credit to agri-business entrepreneurs through the banking institutions in rural Zaire. The proposal must include measures to ensure the sustainability of the capital that is and/or will be made available for financing the agricultural marketing credit requirements, amongst other rural credit needs. This proposal will be submitted for consideration and adoption to the earliest meeting of the GOZ's Executive Council that can be scheduled following the submission of the monitoring plan. Due date for recommendations, 450 days.

(DCC - FYI: Additional Self-Help measures will be incorporated into this agreement each year in conjunction with the signing of the agreement for the proposed FY's 1990 and 1991 funding.)

**ITEM VI. ECONOMIC DEVELOPMENT PURPOSES FOR WHICH PROCEEDS ACCRUING TO IMPORTING COUNTRY ARE TO BE USED:**

(A) The proceeds accruing to the Government of the Republic of Zaire from the sale of commodities financed on CLCC terms under this Agreement will be used for financing the self-help measures set forth in this Agreement, and for development in the agricultural and rural development sectors in a manner designed to increase the access of the poor in Zaire to an adequate, nutritious, and stable food supply.

(B) In the use of proceeds for these purposes, emphasis will be placed on directly improving the lives of the poorest of Zaire's people and their capacity to participate in the development of their country.

(C) For the period during which disbursements are made in accordance with this item VI, the Government of the importing country will furnish the Government of the exporting country a quarterly report of the deposits and disbursements made, certified by the appropriate audit authority of the Government of the importing country, and a description of the activities for which the disbursements were made.

(D) The Government of the exporting country reserves the right to review such activities. If the Government of the exporting country determines that a disbursement was made for an activity ineligible to receive a disbursement under this item VI, notice of such ineligibility shall be given by the Government of the exporting country to the Government of the importing country, and the two Governments shall, upon request of either, consult regarding such ineligibility. If the notice of ineligibility is not rescinded by the Government of the exporting country within 90 days of receipt of such notice by the Government of the importing country, at the option of the Government of the exporting country, the

127

equivalent amount shall be restored by the Government of the importing country for disbursement for an eligible activity.

(E) The Government of the importing country agrees to maintain adequate records for not less than three years after the end of the supply period of this Agreement to permit review and audit by the Government of the exporting country of the generation of sales proceeds and measures taken to implement this Agreement. The Government of the exporting country shall have the right at reasonable times to inspect projects, and inspect and audit records, procedures and methods pertaining to the disbursements.

In witness whereof, the respective representatives, duly authorized for the purpose, have signed the present agreement. Done at Kinshasa, in duplicate, the \_\_\_\_\_ day of \_\_\_\_\_, nineteen hundred and eight nine.

For the Government of the United States of America

For the Government of Zaire

By:

By:

Title:

Title:

## **Annex B**

### **Introduction**

This annex of the FY 1989 PL 480 Title I/III Agreement defines the policy commitments which the Government of Zaire agrees to undertake; describes the projects, programs or activities approved hereunder to be funded from counterpart funds derived from the sale of Title I/III PL 480 commodities provided by this Agreement; and indicates by project, program or activity both the annual budget levels for counterpart fund support and annual benchmark levels for accomplishment under the approved projects, programs and activities.

### **A. Government of Zaire Commitments**

1. The Government of Zaire agrees to use the proceeds accruing from the sale of commodities financed under this Agreement for financing the self-help measures set forth in the Agreement, and for financing the specific projects cited in section C of this annex to foster development in the agricultural and rural development sectors, in a manner designed to increase the access of the poor in Zaire to an adequate, nutritious, and stable food supply. In the use of proceeds for these purposes, emphasis will be placed on directly improving the lives of the poorest of the Zairian people and their capacity to participate in the development of their country.

2. The Government of Zaire agrees to foster the development of the private commercial sector and Non Governmental Organizations for the provision of agricultural production inputs, for the transfer of improved production and marketing technologies to the farmer producers, for the efficient and effective marketing of agricultural products, for the promotion of family planning services, for the delivery of basic rural health services, for support of child survival activities, for the improved availability of potable water and for the maintenance of farm to market roads to the extent possible.

3. The Government of Zaire agrees to continue efforts to increase budgetary support for development of the agricultural sector.

4. The Government of Zaire agrees to continue to consider means to finance the maintenance and rehabilitation of the rural road system for both the near future and the long term.

**B. Counterpart Fund Generation and Project/Activity Budgets****1. Estimated Counterpart Fund Generation**

- a) Quarterly generations during first year of agreement  
(U.S. Dollar equivalent - first line; Zaires - second line)  
(exchange rate at time of calculation Z305 = US\$1)

Commodity	Value (000)	Quarter I (000)	Quarter II (000)	Quarter III (000)	Quarter IV (000)	Total
Wheat	9,000 (2,745,000)	0	300 (91,500)	2,550 (777,750)	3,000 (915,000)	5,580 (1,784,250)
Cotton	3,000 (915,000)	0	0	300 ( 91,500)	600 (193,000)	900 ( 274,500)
Total	12,000 (3,660,000)		300 (91,500)	2,850 (869,250)	3,600 (1,108,000)	6,480 (2,058,750)

- b) Generations second and third years of agreement

Commodity	Value	Second Year	Third Year	Total	Carryover to year 4
Carryover First Year		5,520 (1,683,600)		5,520 (1,683,600)	
Wheat	8,000 (2,440,000)	5,500 (1,677,500)	2,500 (762,500)	8,000 (2,440,000)	
Rice	8,000 (2,440,000)	5,500 (1,677,500)	2,500 (762,500)	8,000 (2,440,000)	
Wheat	8,000 (2,440,000)		5,500 (1,677,500)	5,500 (1,677,500)	2,500 (762,500)
Rice	8,000 (2,440,000)		5,500 (1,677,500)	5,500 (1,677,500)	2,500 (762,500)
Total	32,000 (9,760,000)	16,520 (5,038,600)	16,000 (4,880,000)	32,520 (9,918,600)	5,000 (1,525,000)

**C. Proposed Annual Project Budgets for CY 1989, 1990 and 1991, for Projects/  
Activities Approved for Financing Under this Agreement**

(In million Zaires)

(exchange rate at time of calculation Z305 = US\$1)

Project	CY 1989 (000,000)	CY 1990 (000,000)	CY 1991 (000,000)
1. Agricultural, Rural Development and Nutrition			
Agr. Marketing Development I	152	0	0
Agr. Mrktg. Development III	549	672	793
Applied Agr. Research	915	1068	0
Area Food & Mrktg. Devl.	244	366	488
Cntrl Shaba Agr. Dvl.	1159	2288	2502
Ag. Policy and Planning	397	762	762
New Agricultural Project			610
SUB-TOTAL	(3416)	(5156)	(5155)
2. Health, Population and Nutrition			
Basic Rural Health	1037	1312	1403
Family Planning Services	288	366	396
School of Public Health	107	122	122
Comb. Childhood Comm. Dis./PEV	160	274	305
Kimbanguist Hospital	15	0	0
Shaba Refugee Health	183	214	214
Shaba Refugee Water	319	274	0
HIV/AIDS	130	152	214
New Health Project			305
SUB-TOTAL	(2239)	(2714)	(2959)
3. Transport and Private Sector			
Shaba Refugee Roads	183	305	0
Small Project Support	305	397	396
HRDA Training	122	183	183
Private Sector Support	305	762	1068
New Roads Project			305
SUB-TOTAL	( 915)	(1647)	(1952)
TOTAL BILATERAL PROJECT SUPPORT	6,570	9,517	10,066

**D. Project/Activity Descriptions****1. Agricultural Marketing Development I (660-0026)**

The purpose of this project is to improve the commercialization, evacuation, and production of small-farmer produced food crops in the Bulungu and Idiofa zones of the Kwilu sub-region of Zaire, through the improvement of road conditions and river port facilities in the project area. Assistance is being provided to the Office Des Routes in bridge reconstruction, technical training in road and equipment maintenance, for barge rehabilitation and through provision of new road maintenance equipment.

**2. Agricultural Marketing Development III (660-0098) 7/84 - 7/94**

The purpose of this project is to improve the rural road and river transportation system to increase the range of marketing opportunities available to the small cultivators in the Bandundu region. This project complements the Area Food and Market Development project (660-0102) which provides support to farmers in the area to increase food crop production. This project (660-0098) will provide: 1) assistance to the Waterways Administration (Régie des Voies Fluviales) to survey, mark, and regularly maintain the region's waterways; 2) assistance to the Bureau of Roads (Office des Routes), which will subcontract to local construction companies to improve river crossings and slopes; and 3) assistance to private sector boat builders to expand industry skills and improve wooden boat and barge design and construction.

**3. Applied Agricultural Research and Outreach (660-0091) 9/83 - 9/90**

This project provides support to the Department of Agriculture (DOA) through the Recherche Agronomique Appliquee et Vulgarization (RAV) entity of the DOA. The RAV was created out of three former commodity based, research programs - cassava (PRONAM), corn (PNM), and leguminous crops (PNL). This project provides support to the DOA to develop an integrated food crops research program using the Farming Systems Approach (FSR), to train Zairian staff with the skills required to conduct reliable, applied research on food crops, to develop the capacity to produce and maintain foundation seed for food crops, and to test seed and cultural practices under farm conditions in cooperation with several thousand farmers in four major sections.

**4. Area Food and Marketing Development (660-0102) 3/85 - 1/95**

This project provides support to the DOA to increase production and profitability of food crops in the Bandundu area working through voluntary organizations (missions, local PVO/NGOs. etc.). The project assists these organizations in developing and implementing promotion and marketing oriented interventions including diffusion of improved technology developed by the Agricultural Research project (660-0091).

**5. Central Shaba Agricultural Development (660-0105) 9/86 - 9/93**

This project provides support to the DOA to increase the production of food crops and the income of small farmers through the establishment of a locally based extension system, rebuilding 1,000 kilometers of link road connecting the production area with the railheads leading to the urban markets, rehabilitating 1,000 to 2,000 kilometers of feeder roads connecting to the link roads, establishing a regional private sector seed company and installing village crop storage facilities to reduce food losses.

**6. Agricultural Policy and Planning (660-0119) 5/86 - 5/96**

This project provides support to the Studies and Planning Service (SEP) of the DOA to increase SEP's capacity to develop and implement coordinated agricultural policies and to guide informed sector investment. In addition to graduate level academic training, the project will support topical data-collection efforts to provide accurate and relevant information required by SEP, will improve and expand the Agricultural and Statistics Data Bank, will publish subject policy papers and will institutionalize annual conferences on agricultural policy.

**7. Basic Rural Health II (660-0107) 8/85 - 8/92**

This is a follow-on project to the Basic Rural Health I project. Support is provided by this project to the Departments of Public Health and Rural Development to increase the proportion of rural Zairians that have access to basic health services and improved water sources. The Eglise du Christ au Zaire (ECZ) manages the rural health activities while the National Rural Water Service (SNHR) implements the water activities. The project supports improved health status through increasing access to high-impact interventions delivered in conjunction with basic health services that are acceptable and marketable, thus fostering sustainability. Support is also provided to water and sanitation for capping springs, drilled and hand-dug wells, gravity fed water-systems, and latrine construction.

**8. Family Planning Services (660-0094) 9/82 - 9/91**

This project provides support to the Departments of Public Health and Plan to increase urban contraceptive prevalence. The project supports delivery of all major methods of contraception, the expansion of a contraceptive service network to 52 urban zones, a national information-education-communication program, and development and implementation of the national population policy. A recent amendment emphasized contraceptive delivery using the private sector, through community-based, distribution posts and social marketing through pharmacies and other retail outlets. This project also provides family planning service support to the Basic Rural Health Project.

**9. School of Public Health (660-0101) 8/84 - 7/94**

This project provides support to the Department of Higher Education and Scientific Research to develop the Public Health Department of the University of Kinshasa's (UNIKIN) Faculty of Medicine into an independent and fully accredited School of Public Health (SPH) within the UNIKIN system. Tulane University School of Public Health and Tropical Medicine has been contracted with to assist UNIKIN implement the project. The project is providing long-term training abroad for future members of the new School of Public Health, short-term training abroad for 43 participants, short-term training for 560 Zairians and other African participants at the SPH, long-term diploma training at the SPH for 220 students, and is supporting a public health research unit at SPH to conduct high-level, applied and operational research on health problems prevalent in Zaire.

**10. Africa Child Survival Initiative/Combating Childhood Communicable Diseases (698-0421) 8/82 - 9/90**

This project provides support to the Department of Public Health to increase a) immunization coverage of children under one year of age; b) oral rehydration use in children under five; c) presumptive malaria treatment for children under five, and d) prenatal care programs offering malaria chemoprophylaxis. Training is being provided to enough personnel to maintain fully operational services in 77% of the country by the end of the project, training materials and health education materials are being developed and a health information surveillance system is being established. Oral rehydration salts, vaccines, vaccination supplies and cold chain equipment are being provided.

**11. Kimbanguist Hospital (660-0122) 9/86 - 9/89**

This project provides support to the Kimbanguist Church for the construction of a 180 bed hospital which includes operating, recovery, emergency and x-ray rooms, an intensive care unit and basic clinical laboratories. A community outpatient service is being revitalized and the departments of medicine, pediatrics, surgery, obstetrics and gynecology are being reorganized. Professional medical and administrative staff are being trained and management and financial systems are being established.

**12. Shaba Refugee Health (660-0114) 3/85 - 3/91**

The objective of this project is to restore health facilities in the Lualaba and Kolwezi Sub-Regions which were severely damaged in the 1977 war, for use by both the residents who remained in the area and the war refugees. The project provides support to the United Methodist Church of Shaba through financing by a Cooperative Agreement to construct or rehabilitate as well as equip forty-five rural health centers, two reference health centers and three general hospitals to a level equal to or better than that existing prior to

the 1977 war. This project is closely related to the Shaba Refugee Water Supply and Shaba Refugee Roads projects.

**13. Shaba Refugee Water (660-0116) 3/85 - 3/90**

This project provides support to the International Association for Rural Development, Zaire (AIDRZ) through a Cooperative Agreement to improve the water supply system in the Lualaba and Kolwezi Sub-Regions, which had been largely destroyed in the 1977 war. Water systems are being improved through installing 570 tube wells, capping 500 springs to provide potable water, establishing village committees to maintain pumps (through charging user fees), installing six piped water systems and training maintenance and drilling personnel.

**14. HIV/AIDS (698-0474) 8/88 - 9/95**

This project provides support to the Department of Public Health to develop and implement a mass media educational campaign to create awareness of the deadly nature of AIDS, to explain how HIV is (and is not) transmitted, and to motivate the Zairians to protect themselves from exposure to HIV.

**15. Shaba Refugee Roads (660-0115) 9/84 - 9/90**

This project provides support to the Department of Public Works, Office Des Routes to rehabilitate and improve the rural road transport infrastructure of the Lualaba Sub-Region of Southwestern Shaba as a means to reintegrate the repatriates and refugees into regional socio-economic development. The project supports the rehabilitation of 1266 kilometers (km) of national roads and regional priority roads as well as the rebuilding of 7 first-priority bridges totalling 150 linear meters and provides equipment for continued repairs and maintenance of the roads.

**16. Small Project Support (660-0125) 8/88 - 9/94**

This project provides support to the Department of Plan to increase support for community-based, small-scale development activities in rural areas which respond to GOZ priorities and can be sustained by the population. Nongovernmental organizations (NGOs) will be trained in project financial management and administration. They will develop infrastructure for transport, agriculture and health through 100 established community groups and will develop strategic plans for continued activity without external funding for the long term.

**17. HRDA Training (698-0463) 8/88 - 9/95**

This project provides support to the Department of Plan, which coordinates the implementation of the program with other Departments of the GOZ and the private sector, for long-term academic training at the Master's level and for

short-term training in the U.S. and third countries as well as in-country training to support development activities in the public and private sector.

### **18. Private Sector Support (660-0120) -/89 - -/—**

This project will provide support to the GOZ to restructure the commercial banking sector to support productive investment by medium and smaller scale enterprises. The project will support the GOZ's economic stabilization program, thereby influencing a lower, more stable inflation; will foster improved financial sector policies which will improve incentives for commercial banks to mobilize a larger share of national liquidity and to allocate credit to the private sector; and will have promoted increased production and profitability of commercial enterprises.

### **E. Project Benchmarks**

The benchmarks constitute the principal criteria by which progress of the project is measured during the annual evaluations which must be conducted as a requirement under this agreement.

Project implementation is conducted under dynamic conditions. It is thus prudent to reexamine benchmarks established at the time of project design on an annual basis to revise them, if necessary, to reflect realistic expectations.

The benchmarks listed below are for only those projects which will receive funding from local currency generated from the sale of commodities financed by PL 480 Title I/III in U.S. FY 1989, and only for FY 1989 for those projects. The benchmarks for all of the projects to receive local currency funding from the Counterpart Fund in 1990 and 1991 will be submitted when financing for those programs is requested.

#### **1. Applied Agricultural Research and Outreach (660-0091)**

##### 1st Quarter, 1989

- 12 MSc candidates placed in universities
- 1 participant completes MSc degree: Agronomy, Projet National Legumineux (P.N.L.), and returns to RAV employment
- Initial testing in farmer fields of promising groundnut varieties
- Provide seed of two improved soybean varieties to Bureau National de Semences (BUNASEM)
- Socio-economic survey of Projet National de Mais (P.N.M.) FSR pilot area
- Survey of impact of cassava variety Fl00 in Bandundu region
- Purchase/transport materials for station improvement work at Kiyaka and Gandajika (RAV executed)
- Complete A & E studies for Gandajika (Latinoconsult)
- Select contractor for construction work at Kaniameshi
- Submit 4th quarter 88 CPF Report

2nd Quarter, 1989

- 1 participant completes MSc degree: Pathology, P.N.M., and returns to RAV employment
- Third FSR exploratory survey, Bas Zaire
- Complete Kinuani and local cassava variety survey in Cataract sub-region, Bas Zaire
- Yield increases due to alley cropping demonstrated in farmer's fields
- RAV FSR Workshop in Lumbumbashi
- Erect greenhouses at Lubumbashi for leaf hopper rearing
- Begin station improvement work at Kiyaka and Gandajika (RAV executed)
- Solicit bids for construction at Gandajika
- Begin construction at Kaniameshi
- Submit 1st quarter 89 CPF Report

3rd Quarter, 1989

- Annual Review and Planning meeting
- Release of maize varieties for main season for Bas Zaire, Bandundu, Kasai Oriental and Southern Shaba and for second season for Kasai Oriental and Southern Shaba
- Complete report on maize based cropping systems in Southern Shaba
- Prepare brochure on recommendations for farmers on maize cultural practices
- Selection of sites and participants for 89/90 OFR trials
- Put P.N.M. leaf hopper rearing facility in full operation
- Select contractor for construction at Gandajika
- Submit 2nd quarter 89 CPF Report

4th Quarter, 1989

- 4 participants complete MSc training: Agronomy, P.N.L., Pathology, P.N.M. Breeding, P.N.L. (2), and return to RAV employment
- CPF operating budget for 1990 prepared
- Distribute 10-20 maize variety extension trials in Southern Shaba and 5 to 10 at each other P.N.M. station
- Conduct third exploratory FSR survey in Kasai Oriental
- Begin on farm trials at third site in Bas Zaire (Songololo)
- Analysis and write up of FSR weekly survey data from Kasangulu Zone and M'Vuazi area
- Complete rehabilitation of housing, water system, electrical system, garage/workshop at Kiyaka
- Contractor begins work at Gandajika
- Submit 3rd quarter 89 CPF Report

**2. Agricultural Marketing Development III (660-0098)**

- 6 bridges constructed
- 20 culverts installed
- 2 wooden cargo boats built
- 5 heavy machine tools rehabilitated
- 1 geodetic survey completed

**2a. Agricultural Marketing Development I (660-0026)**

- 55 Kilometers of road rehabilitated

**3. Area Food and Marketing Development (660-0102)**

This project is in the process of design revision. Benchmarks will be provided for this project upon completion of the revised design.

**4. Central Shaba Agricultural Development (660-0105)**

	<u>FY 89</u>
1. Tons of improved high-yield open-pollinated corn seed distributed	30
2. No. farmers assisted in adopting improved agricultural cultural practices	15,000
3. No. of improved grain storage facilities located in village	10
4. Number of rail-head grain storage facilities for food crops	5
5. Project information office established to provide continuous monitoring and evaluation of project	
a. Office established	1
b. Select studies conducted on key project issues	2
6. Link roads completed (kms)	330
7. Feeder roads completed (kms)	100

**5. Agricultural Policy and Planning (660-0119)**FY 1989

1. Training needs assessment and training plan completed for SEP (Planning and Studies Service)	1
2. MS training initiated	9
3. Short-term training conducted	3
4. Annual conferences on policy and planning with GOZ, donors and other held	1
5. Regional reports completed	2
6. Commodity reports completed	2
7. Policy studies/papers completed	
a. Impact of price liberalization	1
b. Other subjects	1
8. Evaluations of GOZ agricultural projects completed	3

**6. Basic Rural Health II (660-0107)**

June 89	Program to establish HIV rapid screening capacity in four rural health zones initiated
September 89	85 rural health zones established 20 general hospitals, 100 rural health centers, and 38 rural health zone offices rehabilitated 38% of children under five living within 35 BRH-II-assisted zones have access to under-five clinics

**7. Family Planning Services (660-0094)**

September 89	100,150 cumulative couple years of protection (CYP) 500 service providers and nurse tutors trained in family planning (FP) 137 active FP service sites
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15

**8. Africa Child Survival Initiative/Combating Childhood Communicable Diseases (660-0421)**

	Vaccinal Coverage	
September 89	68%	BCG
	54%	Measles
	54%	DTP/OPV
	54%	VAT
	80%	Percent of project health centers using ORT as first line treatment for diarrhea
	80%	Percent of project health centers using presumptive malaria treatment for febrile episodes

Introduction of CCCD material into national nursing and medical school curricula

**9. Small Project Support Project (660-0125)**

- a) Technoserve Sub Project
    - 1. Six new project agreements.
    - 2. Six new business plans.
    - 3. Six active projects.
  - b) Peace Corps Fish Culture; and
  - c) Integrated Agriculture Subprojects.
- These sub projects are only in the formulative stage at present. Benchmarks will be developed as design is completed.

## ANNEX C

### PROJECT OUTPUTS

#### 1. Agricultural Research and Outreach - (660-0091) 9/83 - 9/90

a) An organizational and managerial structure for a national agricultural research system developed which will be capable of defining and managing research programs; the structure must be responsive to current and changing needs and within the support capabilities of the GOZ.

b) Sufficient numbers of Zairian personnel trained in technical skills and familiar with Farming Systems Research (FSR) and extension organization to manage and carry out applied research on major food crops.

c) A capacity developed in cooperation with other public, semi-public and private entities, for maintaining and producing foundation seed and plant materials for the support of seed production.

d) Improved seed, planting materials and cultural practices tested under farm conditions, demonstrated and employed by at least 29,800 farm families in four major regions by the end of the project.

#### 2. Agricultural Marketing Development III - (660-0098) 7/84 - 7/94

a) Construction/improvement of the network of feeder roads to ports and to markets.

b) Determination of the local availability of surfacing materials for rural roads.

c) Improvement of navigation conditions in the Kasai River Basin.

d) Improved efficiency of Regie des Voies Fluviales (RVF) boat yard.

e) Development of small to medium wooden boat and barge prototypes suitable for local construction.

#### 3. Area Food & Marketing Development - (660-0102) 3/85 - 1/95

a) Research and studies conducted to plan and implement project activities.

b) Non-governmental organizations (NGOs) (including local, private voluntary organizations (PVOs), agricultural cooperatives, and private firms) mobilized as the mechanisms for delivery of development assistance.

c) NGO's institutional capacities improved.

d) Agricultural production, marketing and processing technologies extended by NGOs to small farmers and businessmen.

e) Multiplication and demonstration fields for a variety of crops established with NGOs.

f) NGO agriculture extension agents trained.

g) Improved crop varieties distributed to NGOs.

h) Communication channels established between other USAID projects, other development institutions, and between NGOs in the project area.

i) NGO agriculture Peace Corps volunteers are supported.

#### 4. Central Shaba Agricultural Development - (660-0105) 9/86 - 8/93

a) The production of basic food crops, in particular corn, will have increased to significantly reduce the present level of grain and flour imports.

b) Small farmer income will have increased.

c) A 1,000 kilometer regional link road, connecting the major agricultural zones of the project area to railheads (and thence to the major urban markets of Shaba and the Kasai regions), will have been rebuilt.

d) In the major agricultural zones of the project area, at least 1,000, and up to 2,000, kilometers of feeder roads, connecting to the link roads, will have been rehabilitated, thereby facilitating the marketing of food crops.

e) A private, regional maize seed company will have been established. It will supply improved maize seed for sale to the farming population. The seed enterprise will be operated by a private company on a profitable (financially self-sustaining) basis.

f) Agricultural extension services for small cultivators will have been introduced, based on farm leaders and other local entities. Extension services will provide information about improved farming practices and varieties of seed.

g) Grain storage facilities will have been installed at key railheads in the project area to reduce post harvest grain losses during the marketing process. A program for farm or village storage will have been established.

43

5. Agricultural Policy and Planning - (660-0119) 5/86 - 5/96

- a) Zairian economists and planners trained.
- b) Annual conferences on agricultural policy (with private sector, inter-departmental and donor participation) institutionalized.
- c) Quality regional and commodity reports published.
- d) Subject papers on specific policies and programs prepared and published.
- e) Agricultural project evaluations conducted.
- f) A viable system of data collection established.
- g) The Agricultural and Statistics Data Bank improved and expanded, and
- h) Regular consultation between the Services d'Etudes et Planification and other GOZ agencies concerning plans, policies, and investigations affecting agriculture established.

6. Basic Rural Health II - (660-0107) 8/85 - 9/92

Training

- a) 88 physicians and administrators trained at the Master of Public health (MPH) level in primary health care (PHC) management at the School of Public health (660-0101).
- b) 200 nurse supervisors trained as trainers and supervisors of community-based PHC activities.
- c) 125 water and sanitation supervisors trained for the rural health zones.
- d) 2,140 health-center nurses and auxiliaries trained in health center management and community organization.
- e) 2,000 village health workers trained to provide PHC services.
- f) 1,000 traditional birth attendants trained to provide improved deliveries.

Primary Health Care Activities

- a) 3,000 village development and health-center committees formed and active.

149

b) At least 1% of the women of childbearing age in an RHZ accept family planning each year after the second year of BRH II assistance to that RHZ.

c) 52% of children under five living within 50 BRH II-assisted RHZs have access to under-five clinics.

d) 52% of women of childbearing age living within 50 BRH II-assisted RHZs have access to prenatal clinics.

e) 1,000 villages successfully complete a village sanitation program with at least 90% of households having a usable latrine.

f) 3,000 local water sources protected/improved.

**Infrastructure**

a) 50 new RHZs established.

b) Central offices for 50 rural health zones constructed/rehabilitated.

c) 150 hospitals/health centers equipped with solar-powered refrigeration.

d) 720 health centers opened or converted from dispensaries and providing basic preventive, promotive and curative health services following the GOZ's model.

e) 880 wells installed.

f) 100 gravity-fed or hydraulic-ram, water-distribution systems constructed.

**7. Family Planning Services - (660-0094) 9/82 - 9/91**

a) 150,000 new acceptors will have been reached and 440,000 couple-years of protection provided.

b) 137 family planning service sites including 12 community-based sites will be operational, and a contraceptive social marketing program will be functioning in 16 cities.

c) A minimum of two hundred fifty family planning service providers will have been trained in understanding: the relation of child spacing to maternal and child health and nutrition; various contraceptive methods, the advantages of each, and how they are to be used; basic clinic skills; communication skills; and administrative aspects of the family planning program.

99

d) Three training centers will be established in Kinshasa, Kisangani and Lubumbashi capable of providing didactic and practical training for medical, paramedical and community-based distributors in family planning, reproductive health and surgical, clinical and community-based distribution (CBD) skills.

e) Family planning and reproductive health will be integrated into nursing and medical school curricula.

f) Basic informational material will be produced in French and at least one local language for use in client education explaining each of the contraceptive methods.

g) An effective system of contraceptive logistics will have been established which provides for coordinated planning, ordering and receiving of contraceptive supplies; effective in-country logistics to ensure minimum/maximum supplies with no stock-outs at the local level; and a simplified system of commodity reporting that ensures accurate and timely reporting to project management and donors of the receipt and distribution of contraceptives.

h) An improved and simplified service statistics system will be developed and put in place. This will be supplemented by occasional surveys to provide adequate data for periodic project progress reports and evaluations.

i) An effective management system will be put in place to coordinate, facilitate and evaluate the activities of the various institutions in providing family planning services. This system is to manage the project in such a way as to strengthen the capacity of each separate institution to continue to provide these services in the future in a self-reliant, independent but coordinated fashion.

#### **8. School of Public Health - (660-0101) 8/84 - 7/94**

a) Long and short term training abroad will be provided for faculty members for the new School of Public Health (SPH).

- Long term training abroad will be provided to ten participants. At least eight of the participants will be trained at the PhD level.

- Short term training abroad will be provided for 43 participants for a total of 123 months.

b) Short term training will be provided at SPH for 560 Zairian and other African participants.

c) Long term diploma training will be provided at SPH in Kinshasa for 120 students, providing a critical mass of public health professionals who will

serve to stimulate a more preventive and public health orientation to national health problems.

d) A public health research unit will be developed which is capable of carrying out high level applied and operational research in Zaire. Research topics which merit priority are AIDS, nutrition interventions, population/family planning, and other child survival activities.

**9. Africa Child Survival Initiative/Combating Childhood Communicable Diseases (CCCD) - (698-0421) 1982 - 1990**

a) Immunization coverage in children under one year of age in project priority health zones increased to at least 80% for BCG, 70% for measles, 70% for DPT and OPV and 70% for tetanus toxoid by the end of 1990.

b) The percentage of fixed facilities in project priority health zones using oral rehydration as first line treatment for diarrhea and dehydration in children under five years of age increased from less than 5% in 1982 to at least 89% by 1990.

c) The percentage of fixed facilities in project priority health zones using presumptive malaria treatment for febrile episodes in children under five years of age increased from less than 20% in 1982 to at least 89% in 1990.

d) The percentage of acute diarrhea cases in children under five years of age that are treated correctly with oral rehydration therapy increased from less than 20% in 1982 to more than 75% in project priority zones by 1990.

e) The percentage of prenatal care programs offering malaria chemoprophylaxis increased from less than 20% in 1982 to greater than 89% in project priority zones by 1990.

f) The percentage of febrile episodes in children under five years of age receiving prompt presumptive treatment for acute malaria at a correct dose increased from less than 20% in 1982 to more than 70% in project priority zones by 1990.

g) The percentage of pregnant women with access to prenatal care programs using malaria chemoprophylaxis increased from less than 5% in 1982 to more than 62% in project priority zones by 1990.

60

**10. Kimbanguist Hospital - (660-0122) 10/86 - 9/89**

a) Construction of a 180 bed hospital completed which includes 2 operating rooms, a recovery room, an intensive care unit, an emergency room, outpatient clinics, a number of rooms for private patients, an X-ray room and basic clinical laboratories, as well as space for administrative services such as maintenance, laundry, etc.

b) Departments of medicine (including intensive care unit), pediatrics, surgery, obstetrics and gynecology and of supporting services reorganized.

c) Community outpatient services revitalized.

d) Trained doctors, nurses, paramedics and administrative staff in place.

e) Management and financial systems in place to foster sustainable hospital operations.

**11. Shaba Refugee Health - (660-0114) 3/85 - 3/91**

a) 45 rural health centers, two reference centers and three complete general hospitals will be restored to the level of structure, equipment, technical capacity, and inventory of expendables (excluding pharmaceuticals) existing before the 1977 war.

b) Operating components for lighting, sterilizing, refrigeration, and pumping modernized through the use of renewable energy sources (i.e. solar) in place of petroleum-based fuels, thus decreasing operating costs and facilitating self-financing through user fees.

**12. Shaba Refugee Water - (660-0116) 3/85 - 3/91**

a) 570 tube wells with hand pumps installed.

b) 500 springs capped.

c) Village committees formed capable of levying fees for regular maintenance and upkeep of pumps.

d) Six piped water systems installed.

e) Maintenance personnel within village groups experienced and capable of routine maintenance of wells and pumps.

f) Experienced water supply crews, including one well drilling unit with two qualified drilling experts as well as units for spring capping and piped systems trained and operational.

13. HIV/AIDS - (698-0474.60) 1988-1991

a) A mass media educational campaign developed and implemented by Population Services International (PSI) to create awareness of the deadly nature of AIDS; to explain how HIV is (and is not) transmitted; and to motivate the target audience to protect themselves from exposure to HIV.

b) Intensive counterpart training and transfer of necessary skills provided by PSI to facilitate in-country educational/motivational communications programs.

c) Studies designed and executed to determine the level of knowledge, attitudes, and practices regarding HIV/AIDS and to assist in determining the magnitude of the problem.

14. Shaba Refugee Roads - (660-0115) 9/84 - 9/90

a) Rehabilitation of 1266 Kms of national and regional priority roads.

b) Rebuilding of 7 first-priority bridges totalling 150 linear meters and one key ferry abutment.

c) Construction of flood-plain causeways and installation of additional culverts to avoid washouts during high-water periods.

d) Provision to experienced maintenance crews of equipment to continue repairs and maintenance after the life of the project.

15. Small Project Support - (660-0125) 1988-1994

a) Agriculture, health and transport infrastructure developed by 10-15 Nongovernmental Organizations (NGOs) working with 100 established community groups.

b) Fish culture expanded by fish farmers who were assisted by Peace Corps and Project Pisciculture Familiare (PPF) to manage their own ponds.

c) NGOs trained in basic project financial management and using it in their activities.

d) Strategic plans for continued activity without USAID funds developed by NGOs.

e) NGOs trained in management and assisted in applying it to their work.

f) The Umbrella Management Unit (UMU) functioning to fund and support NGO activities.

16. Human Resource Development Assistance (HRDA) - Training - (698-0463)  
1988-1991

a) 6,991 individuals from the public and private sector trained in the project's short-term technical and long-term academic training programs.

b) 50% of these persons trained in in-country programs, about 29% in third-country technical and academic programs (including short-term training provided regionally) and about 21% in U.S. technical and academic programs which concentrate on developing skills in (the science and mathematics-based) technical, management and teaching professions and skills related to policy planning and private enterprise.

17. Private Sector Support - (660-0120)

a) The Zairian private sector will have benefited from balance of payments assistance and term credit to finance imports of raw materials, spare parts, and replacement equipment and term credit to finance locally produced inputs.

b) The GOZ's stabilization and liberalization program will have continued, resulting in lower and more stable inflation and an improved environment for private investment and institutional term credit to private enterprises.

c) Evolution of financial sector policies and regulations will have improved the incentive framework for commercial banks and other financial institutions to mobilize a larger share of national liquidity and to allocate credit to the private sector. The real volume of bank deposits will have increased in absolute volume and as a share of both GDP and national liquidity.

d) Commercial banks will be according a larger volume of term credit and serving a wider group of private enterprises, including Medium and Smaller Private Enterprises (MSEs).

e) MSEs benefiting from commercial bank lending will have increased their production, capacity utilization, and profitability. Some borrowers will have expanded their activities in agricultural marketing, processing, input distribution, and general commerce in rural areas. Therefore, farmers and other producers in the rural economy will have benefited from increased competition for their produce and enhanced availability of goods and services.

## Annex D

### TERMS FOR COUNTERPART GENERATION FROM SALE OF PL 480 FINANCED COMMODITIES

#### Table of Contents

1. The terms of Payment Schedule for various repayment options as provided for different classes of commodities imported under PL 480 financing in FY 1989.
2. Copy of letter sent by the Department of Plan to the Bank of Zaire announcing the names of the importers jointly selected by the GOZ and USAID/Kinshasa for a given importation and the terms for repayment applicable to that particular importation.
3. Copy of letter sent by the Bank of Zaire to the bank designated by each importer informing it of the amount of credit approved for each importer to import the given commodity on behalf of the Government of Zaire and the terms of payment for the PL 480 financed commodity.
4. A copy of the Bank of Zaire Circular Letter issued each year for the first PL 480 financed commodity importation of the year, which sets forth the terms applicable for payments for all PL 480 financed commodities. Subsequent letters to the commercial bank designated by each importer refer to this Circular Letter for the details of PL 480 financing and the terms for payment of local currency generated from the sales of these commodities to the Counterpart Fund.

**Note:** The Program Office staff, USAID/Kinshasa, drafts a model of each of these letters and furnishes it to the sender of the letter for each importation. The communication process is expedited by eliminating the long delay associated when each GOZ office must retrieve a former letter from their files and modify it for each importation. Further, it assures USAID/Kinshasa that the correspondence will be accurate.

- 56 -

**TERMS OF PAYMENT**  
**PL 480 FINANCED IMPORTS**  
**(PROPOSED FOR 1989)**

MONTH (After the Event)	EVENT	OPTION 1	OPTION 2		OPTION 3	
		(PERCENTAGE PAYMENT ON TOTAL CARGO VALUE) RICE	PAYMENT (DUE END OF MONTH) WHEAT	INTEREST (DUE END OF MONTH)	PAYMENT (DUE END OF MONTH) COTTON	INTEREST (DUE END OF MONTH)
	Open letter of Credit	20%	10%		10%	
1				4% (on 10%)		4% (on 10%)
2				8% (on 10%)		8% (on 10%)
	(Date of issuance of laissez-suivre)					
		30%	20%		20%	
1				4% (on 20%)		4% (on 20%)
2				8% (on 20%)		8% (on 20%)
3	Final Payment	50%	35%	12% (on 20%)	20%	12% (on 20%)
4			35%	4% (on 35%)	20%	4% (on 50%)
5					20%	8% (on 30%)
6					10%	12% (on 10%)

**CALCULATION ON INTEREST:** When imports are financed under option 2 or option 3, the interest charge of 4% month will be levied on the remaining balance of any payment from the amount that was due under option 1.

**RATE OF EXCHANGE:** The rate of exchange applicable for the payment at the time of the issuance of the Letter of Credit (L/C) will be that which is published by the commercial bank on the date of issuance of the L/C.

The rate of exchange for all subsequent payments will be that which is published by the commercial bank at the time that the payment is made for the issuance of the laissez-suivre. No laissez-suivre will be transmitted until promissary notes guaranteed by the commercial bank of the importer for each of the subsequent payments to be made are submitted to the Secretariat of the Counterpart Fund.

**RATE OF INTEREST FOR OVERDUE PAYMENTS:** Any payment which is overdue will be charged 6% interest on a compound basis.

**OPTION CHOICE:** Wheat importers have the choice of option 1 or 2. Cotton importers have the choice of option 1, 2 or 3.



EMBASSY OF THE  
UNITED STATES OF AMERICA

Agency for International Development  
Kinshasa



January 12, 1989

Citoyen Gouverneur  
de la Banque du Zaïre  
Kinshasa/Gombe

Subject: PL 480 Title I Program - 1988

Citoyen Gouverneur,

In reference to the August 13, 1988 amendment to the 1988 PL 480 Title I program, please find below the provisions regarding the importation of rice.

Under the above-mentioned amendment, an amount of US\$ 5 million has been earmarked to finance the importation of approximately 16,000 tons of rice.

The commercial firms listed below have been designated as beneficiaries of the assistance for the amounts indicated next to their names:

- SOKIN : 1,250,000 US dollars (or 25.00 percent)
- SCIBE-ZAIRE : 625,000 US dollars (or 12,50 percent)
- ICCI : 625,000 US dollars (or 12,50 percent)
- BELTEXCO : 1,250,000 US dollars (or 25.00 percent)
- ORGAMAN : 1,250,000 US dollars (or 25.00 percent)

The amounts allocated to the beneficiaries will cover the F.A.S. cost of the commodity. The equivalent in zaires of these amounts will be deposited to the Counterpart Fund by the importers according to the following schedule:

- 20 percent of the F.A.S. cost of the commodity upon issuance of the letters of credit;
- 30 percent of the F.A.S. cost of the commodity when the "laissez-suivre" is established and before the commodity is removed from the port of destination.

For the remaining 50%, upon establishment of the "laissez-suivre" and before removal of the commodity from the port of destination, the importer will sign a promissory note guaranteed by the approved intervening bank, in favor of the Counterpart Fund payable 90 days from the date of establishment of the "laissez-suivre".

The payments are computed according to the selling exchange rate published by the approved intervening bank on the day of the opening of the letter of credit.

Payments will be made to bank account N° 821-1985040-57-018 opened at Citibank/Kinshasa on behalf of the Department of Plan/Secretariat of Counterpart Fund.

Please review the content of this letter and transmit it to the members of the "Association Zaïroise des Banques" as soon as possible.

Sincerely,

Kasereka Kasai

SEP 27 1988

REPUBLIQUE DU ZAIRE  
Mouvement Populaire de la Révolution



DEPARTEMENT DU PLAN

LE COMMISSAIRE D'ETAT

Kinshasa, le 26 SEP. 1988

N° 1331 /DP/CAB/CR/KK/kim/

Au Citoyen Gouverneur  
de la Banque du Zaïre

KINSHASA/GOMBE

CONCERNE : Programme P.L.480  
Titre I - Année 1988.

Citoyen Gouverneur,

J'ai l'honneur de me référer à l'amendement du 13 août 1988 à l'Accord du programme PL480 Titre I de l'année 1988, pour vous communiquer les dispositions relatives à l'importation du riz.

Dans le cadre de l'amendement cité ci-dessus, un montant de cinq millions de dollars U.S. a été programmé pour financer l'importation d'approximativement 16.000 tonnes de riz.

Les entreprises commerciales indiquées ci-après ont été désignées comme bénéficiaires de l'aide pour les montants repris en regard de leurs noms :

- SOKIN : 1.250.000 dollars U.S (ou 25,00 pourcent)
- SCIBE-ZAIRE : 625.000 dollars U.S (ou 12,50 pourcent)
- ICCI : 625.000 dollars U.S (ou 12,50 pourcent)
- BELTEXCO : 1.250.000 dollars U.S (ou 25,00 pourcent)
- ORGAMAN : 1.250.000 dollars U.S (ou 25,00 pourcent)

Les sommes allouées aux bénéficiaires couvriront le prix F.A.S de la marchandise. La contrevaletur en zaires de ces sommes sera versée par les importateurs au Fonds de Contrepartie conformément au calendrier suivant :

- 20 pourcent du prix F.A.S. de la marchandise lors de l'émission des crédits documentaires
- 30 pourcent du prix F.A.S. de la marchandise au moment de l'établissement du laissez-suivre et avant l'enlèvement de la marchandise au port de destination.

60

Suite lettre n° 1331 /CAB/CE/KK/kna/88

Pour les 50 % restants, l'importateur souscrira au moment de l'établissement de laissez-suivre et avant l'enlèvement de la marchandise au port de destination, un billet à ordre, avalisé par la banque agréée intervenante, en faveur du Fonds de Contrepartie payable à 90 jours à partir de la date de l'établissement du laissez-suivre.

Les paiements seront calculés sur base du taux de change vendeur publié par la banque agréée intervenante, le jour de l'ouverture du crédit documentaire.

Les paiements seront versés au compte en banque n° 821-1985040-57-018 ouvert à la Citibank/Kinshasa au nom du Département du Plan/Secrétariat des Fonds de Contrepartie.

Je vous prie de bien vouloir examiner le contenu de la présente et de le communiquer aux membres de l'Association Zaïroise des Banques dans les meilleurs délais.

Veillez agréer, Citoyen Gouverneur, l'expression de mes sentiments patriotiques et révolutionnaires.

KASEREBE ~~KASAI~~

c.c. : - USAID ✓  
- Département de l'Economie  
Nationale et de l'Industrie.



EMBASSY OF THE  
UNITED STATES OF AMERICA

Agency for International Development  
Kinshasa



January 12, 1989

To the Approved Banks (all)  
Kinshasa

Citoyens, Messieurs,

Subject: Amendment to Circular N° 243 of March 21, 1988 -  
US Agricultural Assistance (PL 480/88 Title I)

Referring to Circular N° 243 of March 21, 1988, specifically the total amount of assistance and the agricultural commodities eligible for importation, I am informing you that the August 13, 1988 amendment increased to 23 million the budget of the present program.

This additional amount will be used entirely and exclusively for the importation of the following commodities:

- Cotton : US\$ 5 million
- Rice : US\$ 5 million

In order to supply the local market as the holiday season approaches, the amount earmarked for rice import must be utilized rapidly.

The commercial firms listed below have been designated as beneficiaries of the assistance for the amounts indicated next to their names:

- BELTEXCO : US\$ 1,250,000 or 25 ₤
- ICCI : US\$ 625,000 or 12.50 ₤
- ORGAMAN : US\$ 1,250,000 or 25 ₤
- SCIBE-ZAIRE : US\$ 625,000 or 12.50 ₤
- SOKIN : US\$ 1,250,000 or 25 ₤

The amounts allocated to the beneficiaries will cover the F.A.S. cost of the commodity. The equivalent in zaires of these amounts will be deposited to the Counterpart Fund by the importers according to the following schedule:

- 20 percent of the F.A.S. cost of the commodity upon issuance of the letters of credit;
- 30 percent of the F.A.S. cost of the commodity when the "laissez-suivre" is established and before the commodity is removed from the port of destination.

For the remaining 50%, upon establishment of the "laissez-suivre" and before removal of the commodity from the port of destination, the importer will sign a promissory note guaranteed by the approved intervening bank, in favor of the Counterpart Fund payable 90 days from the date of establishment of the "laissez-suivre".

The payments are computed according to the selling exchange rate published by the approved intervening bank on the day of the opening of the letter of credit.

Payments will be made to bank account N° 821-1985040-57-018 opened at Citibank/Kinshasa on behalf of the Department of Plan/Secretariat of Counterpart Fund.

Sincerely,

GBENDO NDEWA TETE  
VICE-GOVERNOR

BANQUE DU ZAIRE



LE VICE-GOUVERNEUR

Kinshasa, le 30 septembre 1988

D 14/V.Gouv. n° 0535.-

AUX BANQUES AGREES (TOUTES)

KINSHASA

Citoyens, Messieurs,

Concerne : Amendement de la Circulaire n° 243 du 21 mars 1988 - Aide Agricole Américaine (PL 480/88 Titre I)

Me référant à la Circulaire n° 243 du 21 mars 1988, particulièrement en ce qui concerne le montant total de l'Aide et les produits agricoles admissibles à l'importation, j'ai l'honneur de vous informer que l'amendement du 13 août 1988 a porté à 23 millions le budget du présent programme.

Ce montant supplémentaire sera utilisé intégralement et exclusivement pour l'importation de produits ci-après :

- coton : \$ U.S. 5 millions
- riz : \$ U.S. 5 millions

Dans le cadre de l'alimentation du marché local à l'approche des festivités de fin d'année, le montant destiné à l'importation du riz doit être utilisé rapidement.

Les entreprises commerciales indiquées ci-après ont été désignées comme bénéficiaires de l'Aide pour les montants repris en regard de leurs noms :

- BELTEXCO : \$ U.S. 1.250.000 soit 25 %
- ICCI : \$ U.S. 625.000 soit 12,50 %
- ORGANAN : \$ U.S. 1.250.000 soit 25 %
- SCIBE-ZAIRE : \$ U.S. 625.000 soit 12,50 %
- SOKIN : \$ U.S. 1.250.000 soit 25 %

Les sommes allouées aux bénéficiaires couvriront le prix f.a. de la marchandise. La contre-valeur en zaires de ces sommes sera versée par les importateurs au Fonds de Contrepartie, conformément au calendrier suivant :

- 20 % du prix F.A.S. de la marchandise lors de l'établissement des crédits documentaires ;
- 30 % du prix F.A.S. de la marchandise au moment de l'établissement du laissez-suivre et avant l'enlèvement de la marchandise au port de destination.

Pour les 50 % restants, l'importateur souscrit au moment de l'établissement de laissez-suivre et avant l'enlèvement de la marchandise au port de destination, un billet à ordre, avalisé par la banque agréée intervenante, en faveur du Fonds de Contrepartie payable à 90 jours à partir de la date de l'établissement du laissez-suivre.

Les paiements seront calculés sur base du taux de change valable publié par la banque agréée intervenante, le jour de l'ouverture du crédit documentaire.

Les paiements seront versés au compte n° 821-1985040-57-018 ouvert à la Citibank/Kinshasa au nom du Département du Plan - Procédural des Fonds de Contrepartie.

Je vous prie d'agréer, Citoyens, Messieurs, l'assurance de ma considération distinguée.

  
**GBENDO NDEWA TEIE**  
 Vice-Gouverneur



EMBASSY OF THE  
UNITED STATES OF AMERICA

Agency for International Development  
Kinshasa



BANK OF ZAIRE

Kinshasa, January 12, 1989

C I R C U L A R N° 2 4 3

The Bank of Zaïre, acting in pursuance of Ordinance-law N° 67/272 of June 23, 1967 which defines its foreign exchange regulating powers, lays down the following provisions concerning U.S. Agricultural Assistance (PL 480/38) for a total value of 13 million US dollars.

The approved intervening banks are authorized to register "I" forms for the following commodities.

Beneficiaries	Commodities	Quantities in MT or bales	Values in US \$
1. MIDEMA	Wheat	93,000 MT.	11,000,000
2. To be determined	Cotton	6,000 bales	2,000,000
		TOTAL	13 million

1. PROCEDURE:

The procedure to be followed is that specified in the National Bank of the Congo's Circular N° 4 of July 6, 1964 unless otherwise provided for in the present Circular.

The above selected importers will submit to the approved banks of their choice the "I" forms along with the documentation required under circular N° 4 of the National Bank of the Congo.

These "I" forms will be established for the commodities weights and F.A.S. value as well as for the cost of ocean freight.

The "I" forms do not require prior certification by the Bank of Zaire.

16

The approved intervening banks will open irrevocable letters of credit for the F.A.S. value of the commodities as well as for freight. These letters of credit will have to be confirmed by the authorized bank in the US prior to the arrival of the ships at the port of shipment. This last bank will notify and/or confirm the credit to the beneficiary and will obtain reimbursement of the commodities F.A.S. value from the COMMODITY CREDIT CORPORATION/N.Y.

The foreign currency payment for ocean freight will be made by the approved intervening banks out of their own foreign currency resources.

The Zairian Executive Council's Agent responsible for the acquisition and shipment of the wheat and cotton in the US is AMEX International, Inc., 1725 K Street NW, Suite 402, Washington D.C. 20006 - Tel (202) 429-0222 or (202) 429-1867; Cable AMEX, Washington D.C.; Telex 247018, 440461 and 759287 (AMEX).

He will issue a proforma invoice for the importer, for the commodities as well as the freight. The ocean bills of lading will be issued to the order of the approved intervening bank which will establish orders to deliver to the importer.

Commodity imports financed under this assistance program will be subject to controls by agents of the Zairian Control Office prior to shipment.

Payment will be made to the supplier by the authorized bank in the US upon submission of the following documents:

- final commercial invoice
- ocean bill of lading or consignment note
- certificate of verification issued by the Zairian Control Office Agent.

75% of the commodities must be shipped on board US flag carriers, if available. The rest must be shipped by the Compagnie Maritime Zaïroise, "C.M.Z." or other transporters authorized by "C.M.Z." as long as all requirements, especially those concerning tariffs, are appropriate.

## 2. CONSTITUTION OF THE COUNTERPART FUND

### a) Importation of Wheat

Upon issuance of the letters of credit, the designated importer will deposit in zaires 10% of the F.A.S. cost of the commodities to account N° 821-1985040-57-018 opened at Citibank/Kinshasa on behalf of the Department of Plan/Counterpart Fund. The amount of this deposit will be computed according to the selling rate of exchange published by the approved intervening bank on the day of issuance of the letter of credit.

Before the commodities are removed from the port of destination, an additional deposit of 30% of the foreign currency F.A.S. cost, minus the amount already paid upon issuance of the letter of credit must be made in zaires to the above-mentioned account. The zaire equivalent will be computed at the selling rate of exchange published by the approved intervening bank on the day the "laissez-suivre" (document given to the importer allowing him to retrieve the goods from the port) was issued by the approved intervening bank. This last rate of exchange will be applied to all other subsequent payments.

For the remaining 70%, when the "laissez-suivre" is established and before removal of the commodities from the port of destination, the importer will issue two promissory notes guaranteed by the approved intervening bank, in favor of the Counterpart Fund, each representing 35% of the F.A.S. cost US port of the commodities and payable respectively within 90 days and 120 days from the date of issue of the "laissez-suivre".

c) Importation of Cotton

Cotton utilization requirements as well as the list of beneficiaries will be provided at a later date.

3. MISCELLANEOUS

Without prejudice to possible legal action, the importer, if he does not conform to the regulations in effect, could be compelled to reimburse the aid granted or lose his capacity of beneficiary.

Any fraud or fraud attempt as regards sale prices and any reexportation of these commodities remains strictly prohibited.

The foreign exchange control tax on importations under the present US Agricultural Assistance is set at 3 % (three per thousand) of the FOB value converted to zaires. It must be deducted by the approved intervening bank on behalf of the Bank of Zaire.

GBENDO NDEWA TETE  
Vice-Gouverneur.

15

C I R C U L A I R E N° 243

La Banque du Zaïre, agissant en vertu de l'Ordonnance-Loi n° 67/272 du 23 juin 1967 définissant ses pouvoirs en matière de réglementation du change arrête les dispositions suivantes relatives à l'Aide Agricole Américaine (PL 480/88) représentant une valeur totale de 13 millions de dollars US.

Les banques agréées intervenantes sont autorisées à valider les modèles "I" relatifs aux marchandises concernées par la présente. Il s'agit de :

Bénéficiaires	Produits	Quantités en tonnes ou balles	Valeur en \$ US.
1. MIDEMA	Blé	93.000 tonnes	11.000.000
2. A déterminer	Coton	6.000 balles	2.000.000
		Total	13.000.000

1. Procédure

La procédure à suivre est celle de la Circulaire n° 4 du 6 juillet 1964 de la Banque Nationale du Congo à moins que les dispositions ci-après n'y dérogent.

Les importateurs retenus ci-dessus présenteront aux banques agréées de leur choix les modèles "I" accompagnés des documents prévus à la Circulaire n° 4 de la Banque Nationale du Congo.

Ces modèles "I" seront établis pour les tonnages et valeur F.A.S. de la marchandise ainsi que pour le coût du fret maritime.

Ces modèles "I" ne requièrent pas le visa préalable de la Banque du Zaïre.

Les banques agréées intervenantes ouvriront des crédits documentaires irrévocables aussi bien pour la valeur F.A.S. de la marchandise que pour le fret. Ces crédits documentaires devront être confirmés par la banque habilitée aux Etats-Unis avant l'arrivée des navires au port d'embarquement. Cette dernière banque notifiera et/ou confirmera le crédit au bénéficiaire et se chargera d'obtenir le remboursement de la valeur F.A.S. de la marchandise auprès de la COMMUNITY CREDIT CORPORATION New-York.

Le paiement du fret maritime en monnaies étrangères sera effectué par les banques agréées intervenantes au moyen de leurs propres ressources en devises.

L'agent du Conseil Exécutif du Zaïre chargé de l'achat et de l'embarquement du blé et du coton aux Etats-Unis d'Amérique est AMEX INTERNATIONAL, INC., 1725 K Street, NW, suite 402 Washington, D.C. 20006 - Tél. : (202) 429-0222 ou (202) 429-1867 Cable : AMEX, Washington D.C. - Téléx : 247018, 440461 et 759287 (AMEX).

Il émettra une facture proforma pour l'importateur, tant pour la marchandise que pour le fret. Les connaissements maritimes seront émis à l'ordre de la banque agréée intervenante qui établira des ordres de livraison à l'importateur.

Les importations de marchandises financées dans le cadre de ce programme d'aide seront soumises au contrôle avant embarquement des mandataires de l'Office Zaïrois de Contrôle.

Le paiement en faveur du fournisseur par la banque habilitée aux Etats-Unis s'effectuera sur présentation des documents suivants :

- facture commerciale définitive ;
- connaissement maritime ou lettre de transport ;
- attestation de vérification émise par le mandataire de l'Office Zaïrois de Contrôle.

Le transport des marchandises doit être assuré à concurrence de 75 % par les navires battant pavillon américain, si ceux-ci sont disponibles. L'autre partie doit être transportée par la Compagnie Maritime Zaïroise "C. M. Z." ou autres transporteurs mandatés par celle-ci pour autant que toutes les conditions notamment celles relatives aux tarifs, soient admissibles.

## 2. Constitution du Fonds de Contrepartie

### a) Importation du blé

Lors de l'émission des crédits documentaires, l'importateur désigné versera une provision en zaïres de 10 % du prix F.A.S. de la marchandise, au compte n° 821 - 1985040 - 57 - 018 ouvert à la CITIBANK/Kinshasa au nom du Département du Plan/Fonds de Contrepartie. Le montant de cette provision sera calculé sur base du taux de change vendeur, publié par la banque agréée intervenante, le jour de l'ouverture de la lettre de crédit.

Avant l'enlèvement de la marchandise au port de destination, un versement complémentaire en zaïres doit être effectué au compte précité. Ce versement complémentaire en zaïres doit être égal à 30 % du prix F.A.S. en monnaies étrangères diminué du montant déjà versé lors de l'émission du crédit documentaire. La contrevaletur en zaïres doit être calculée au taux de change vendeur, publié par la banque agréée intervenante, le jour de l'établissement du laissez-suivre. Ce dernier taux de change sera appliqué sur les autres paiements ultérieurs.

Pour les 70 % restant, l'importateur souscrira au moment de l'établissement du laissez-suivre, et avant l'enlèvement de la marchandise au port de destination, deux billets à ordre, avalisés par la banque agréée intervenante, en faveur du Fonds de Contrepartie, représentant chacun 35 % du prix F.A.S. port U.S.A. de la marchandise et payables respectivement à 90 jours et 120 jours à partir de la date de l'établissement du laissez-suivre.

b) Importation de coton.

Les conditions d'utilisation de cette aide ainsi que les bénéficiaires seront communiqués ultérieurement.

3. Divers

Sans préjudice des poursuites judiciaires éventuelles, l'importateur, s'il ne se conforme pas à la réglementation en vigueur, pourrait être contraint au remboursement de l'Aide consentie ou perdre sa qualité de bénéficiaire.

Toute fraude ou tentative de fraude dans le domaine des prix de vente et toute réexportation de ces produits demeurent strictement interdites.

La redevance de contrôle de change des importations effectuées dans le cadre de la présente Aide Agricole Américaine est fixée à 3 % (trois pour mille) de la valeur FOB convertie en zaires. Elle doit être prélevée par la banque agréée intervenante pour compte de la Banque du Zaïre.

  
GBENDO NDEWA TETE  
Directeur

**Best Available Document**

-11

## **Annex E**

### **COUNTERPART FUND DISBURSEMENT MANAGEMENT**

#### Table of Contents

1. U.S. Generated Counterpart Funds  
CY 1988 Programming Document  
Amendment No. 1, November 16, 1988  
(This document identifies all of the projects and activities which receive support from the CPF, their annual budget and the change made in the budget in November, 1988 to reflect changes in needs since the budget submissions by the projects. The annual program budgets are jointly developed and approved by the GOZ and USAID each December for the following CY.)
2. Disbursement Plan (Plan de Decaissement)  
(This document is the jointly agreed to disbursement plan from the CPF to the project accounts for October, 1988. Disbursements from the CPF are made periodically as required, generally monthly.)
3. A copy of the letter sent by the Department of Plan to the Citibank, where the U.S. Generated Counterpart Fund Account is held, requesting the transfer of funds from the Special Counterpart Fund to the project bank accounts according to terms of the Disbursement Plan. This letter is sent only after the disbursement plan has been approved by the GOZ Department of Finance, as the CPFs are a GOZ resource. (Information Note: Disbursements from individual project bank accounts generally require two signatures, one by the USAID designated person for the given project and the other by the GOZ project director).
4. A copy of a quarterly report submitted by a project on the status of accounts and disbursements of counterpart funds for the given project. These reports are sent to the CPF financial management officer in the USAID Controller office. If these reports are not received by the due date, the financial management officer does not approve any further disbursements from the CPF until a report is received, unless some reasonable explanation was made as to the cause of the delay. The USAID financial management officer for the CPF is also responsible to schedule audits for each project. The current policy is to conduct such audits at least every other year.

72

TRANSLATION AID:

Accordés	granted
Avances	advances
Compte	account
Décaissement	disbursement
Dépenses	expenses
Dépôt	deposit
Disponible	available
Effectuées	executed
Emprunts	borrowings
Etat de besoin	need (s)
Montant	amount
Ordre	order
Prêts	loans
Recettes	receipts
Récupérés	recovered
Reçus	received
Réelle	actual/real
Remboursés	repayed
Ressources	resources
Salaire	salary
Solde	balance
Trimestre	quarter
Virement	transfer

U.S. Generated Counterpart Funds  
CY 1988 Programming Document  
Amendment No. 1  
November 16, 1988

Resources

- Bank Balance as of December 31, 1987		699,562,619
- Receipts expected from prior year programs		3,279,958,004
-PL 480 Title I/II	1,028,292,004	
-1984 - CIP	142,697,000	
-1985 - CIP	319,089,000	
-1988 - AEPHP	1,465,937,000	
-CPF loan collection	5,000,000	
-Term Deposit Withdrawals	318,943,000	
- Receipts expected from 1988 program		2,537,031,882
-PL 480 Title I WHEAT	1,908,022,445	
-PL 480 Title I COFFEE	144,417,269	
-PL 480 Title I RICE	484,592,168	
		<hr/>
Total		6,516,552,505

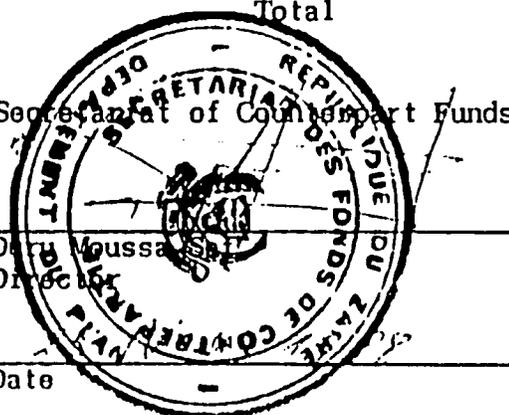
Expenditures

- Bilateral Program Support		2,888,890,000
- USAID Program Support		761,000,000
- Department of Plan Budgetary Support		684,789,000
- 1988 CUP (5% of 1988 Title I Sales)		230,000,000
- Term Deposits		1,516,000,000
- Cash Account		435,873,505
		<hr/>
Total		6,516,552,505

Secretary of Counterpart Funds

D. M. Youssa  
Director

Date



USAID

*Dennis M. Chandler*  
Dennis M. Chandler  
Director

25 NOV. 1988  
Date

U.S. GENERATED COUNTERPART FUNDS  
BILATERAL AND USAID PROGRAMS SUPPORT  
BUDGET SUMMARY - 1988

<u>tivity</u>	<u>Number</u>	<u>Approved Budget</u>	<u>Change</u>	<u>Revised Budget</u>
Agricultural, Rural Development and Nutrition Projects		1,417,800,000	86,790,000	1,504,590,000
1. Ag. Mktg. Dev. I	0026	52,500,000	0	52,500,000
2. Ag. Mktg. Dev. II	0028	75,000,000	0	75,000,000
3. Area Nutrition Impr.	0079	7,500,000	0	7,500,000
4. Fish Culture Exp.	0080	41,500,000	0	41,500,000
5. Applied Ag. Research	0091	377,500,000	78,800,000	456,300,000
-- Coordination				
-- PNL				
-- PRONAM				
-- PNM				
-- IITA				
-- CONSTRUCTION		150,000,000		
6. Ag. Mktg. Dev. III	0098	107,500,000	0	107,500,000
7. Ag. Mktg. Dev. III - BSU	0098	45,300,000	8,000,000	53,300,000
8. Area Food and Mktg. Dev.	0102	95,300,000	800,000	96,100,000
9. Central Shaba Ag. Dev. (Ag)	0105 (A)	149,200,000	0	149,200,000
10. Central Shaba Ag. Dev. - SHADO	0105 (A)	65,000,000	0	65,000,000
11. Central Shaba Ag. Dev. (Rds)	0105 (R)	277,500,000	0	277,500,000
12. Ag. Policy and Planning	0119	105,000,000	0	105,000,000
13. Ag. Policy and Planning - T.A.	0119	19,000,000	(810,000)	18,190,000
. Health Projects		1,029,000,000	73,500,000	1,102,500,000
1. Basic Rural Health (RIZ)	0107 (H)	378,600,000	25,000,000	403,600,000
2. Basic Rural Health (SNIR)	0107 (W)	62,700,000	26,000,000	88,700,000
3. Family Planning Services	0094	52,400,000	15,000,000	67,400,000
4. HIV/AIDS	0474	40,000,000	0	40,000,000
5. School of Public Health	0101	61,300,000	6,500,000	67,800,000
6. COCD/PEV	0421	95,000,000	0	95,000,000
7. Kimbanguist Hospital	0122	20,000,000	(5,000,000)	15,000,000
8. Shaba Refugee Health	0114	94,000,000	6,000,000	100,000,000
9. Shaba Refugee Water	0116	225,000,000	0	225,000,000
I. Selected Development Activities		273,500,000	8,300,000	281,800,000
1. Private Mgt. Support	0113	18,100,000	0	18,100,000
2. Shaba Refugee Roads	0115	150,000,000	0	150,000,000
3. Small Project Support	0125	18,500,000	3,800,000	22,300,000
4. FVO - Economic Support - KODA	0097	1,400,000	3,100,000	4,500,000
5. AMDP - Training	0433	75,000,000	0	75,000,000
6. Self-Help Peace Corps	--	5,000,000	1,400,000	6,400,000
7. Self-Help/Lubumbashi	--	1,000,000	0	1,000,000
8. Ship Visit	--	4,500,000	0	4,500,000

Mission Support		761,000,000	0	761,000,000
1. Operating Expenses	--	554,250,000	0	554,250,000
2. Project Support	--	146,750,000	0	146,750,000
--AIRD		33,750,000		
--PIX		33,750,000		
--GDO		15,000,000		
--IFN		33,750,000		
--Fin. Mgnt.		30,500,000		
3. Project Design	--	22,500,000	0	22,500,000
4. Project Evaluation	--	7,500,000	0	7,500,000
5. Program Research	--	30,000,000	0	30,000,000
Total USAID		3,481,300,000	168,590,000	3,649,890,000

U.S. Generated Counterpart Funds  
Department of Plan/Budgetary Support  
Budget Summary - 1988

<u>Activity</u>	<u>Approved Budget</u>	<u>Change</u>	<u>Revised Budget</u>
I. Department of Plan	270,900,000	42,000,000	312,900,000
1. Support to Depart. of Plan	119,900,000	20,000,000	139,900,000
2. Regional Planning	100,000,000	10,000,000	110,000,000
3. S.F.C. Budget	38,000,000	4,000,000	42,000,000
4. S.F.C. Equipment	13,000,000	8,000,000	21,000,000
II. Training Institutions	26,500,000	0	26,500,000
1. O.P.E.Z.	7,000,000	0	7,000,000
2. I.S.D.R/Kananga	4,000,000	0	4,000,000
3. Institut Bulongo	1,500,000	0	1,500,000
4. Institut Bobokoli	4,000,000	0	4,000,000
5. Institut Agr. Lwanzururu	10,000,000	0	10,000,000
III. Other Public Institutions	95,500,000	11,889,000	107,389,000
1. Support for Dept. of Agriculture	10,000,000	0	10,000,000
2. Support for Dept. of Health (CIEPLAN/II)	32,500,000	10,000,000	42,500,000
3. Support for OFIDA (Computer purchase)	41,000,000	0	41,000,000
4. Support for INERA	9,000,000	1,889,000	10,889,000
IV. Support for NGOs (PVOs)	173,000,000	65,000,000	238,000,000
1. C.D.I. Bwananda	31,000,000	25,000,000	56,000,000
2. D.P.P./Idiofa	20,000,000	0	20,000,000
3. A.Z.C.B./B.d.d.-Kasaï	25,000,000	20,000,000	45,000,000
4. CEDECO/Kimpese	18,000,000	0	18,000,000
5. Projet Rural Ntandembelo (C.B.F.Z.)	20,000,000	15,000,000	35,000,000
6. Diocèse of Kabinda	4,000,000	0	4,000,000
7. Diocèse of Bukavu	5,000,000	0	5,000,000
8. Diocèse of Lubumbashi	6,000,000	0	6,000,000
9. Diocèse of Matadi	5,000,000	0	5,000,000
10. Frères Josophites of Kikwit	15,000,000	5,000,000	20,000,000
11. Sonabata Protestant Community (A)	12,000,000	0	12,000,000
12. Sonabata Protestant Community (B)	2,000,000	0	2,000,000
13. Parish St. Armand - Gandajika	10,000,000	0	10,000,000
Total Dept. of Plan	565,900,000	118,889,000	684,789,000

PLAN DE DECAISSEMENT  
 janvier 1989  
 Compte General FCF  
 Citibank  
 821-1985040-57-018

I. Ressources:

Solde au 9 août 1988	Z	1.037.517.818
Décaissement août		541.100.000
Recettes intérim		412.491.306
Solde au 29 août 1988		908.909.124
Décaissement septembre		853.150.000
Recettes intérim		1.797.749.506
Solde au 4 octobre 1988		1.853.508.630
Décaissement octobre		1.090.525.000
Recettes intérim		788.742.093
Solde au 31 octobre 1988		1.551.725.723
Décaissement novembre		341.300.000
Décaissement décembre		280.500.000
Recettes intérim		484.847.517
Solde au 28 décembre 1988		1.414.271.240

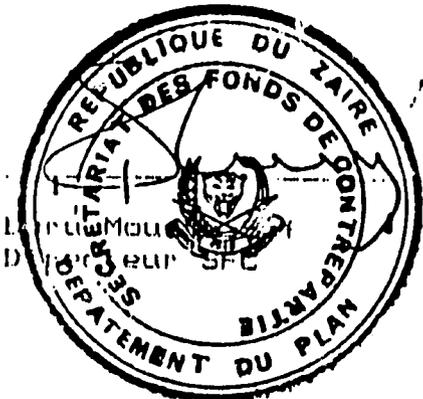
II. Dépenses:

U S A I D	Z	1.117.000.000
Département du Plan		293.250.000
<b>Total</b>	<b>Z</b>	<b>1.410.250.000</b>

Solde estimée au 15 janvier 1989 Z 4.321.240

Secrétariat de Fonds  
 de Contrepartie

USAID



30-12-88

Date

*Dennis M. Chandler* 12/29/88

Dennis M. Chandler  
 Directeur USAID

Date

Décaissement janvier 1989  
Compte General FCP  
Citibank 821-1985040-57-018

USAID

NOM ET NUMERO DU PROJET:	COMPTE BANQUAIRE	MONTANT
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660-026R Dév. de la Commercial. Agric. I (ORT)	BCZ Z 109896/0/45	15.000.000
660-091 Recherche Agr. Appliquée et Vulgaris. (RAV/FONCT)	BCZ 107918/00/07 S.440	95.000.000
660-094 Services des Naissances Désirables (PSND)	CITIBANK 11991668	30.000.000
660-094 Marketing Social (PSI/CSM)	CITIBANK 821-1961070-46-006	15.000.000
660-098 Dév. de la Commercial. Agric. III (OR)	BDP 109.571F	70.000.000
660-098 Dév. de la Com. Agr. III Bandundu Support Unit	CITIBANK 821-2147070-00-009	30.000.000
660-101 Ecole de Santé Publique (ESP/UNIKIN)	CITIBANK 11991839	20.000.000
660-102 Production et Commercial Agr. Régionales (FROCAR)	BDP 109.588B	30.000.000
660-105A Dév. Agricole du Shaba Central (ORT/Agric)	UZB/LSHI 26.963-94	80.000.000
660-105A Dév. Agr. du Shaba Cent Shaba Area Devpmt Office	UZB/LSHI 26.520-39	30.000.000
660-105R Dév. Agricole du Shaba Central (OR/Routes)	UZB/LSHI 27.154-91	40.000.000
660-107H Soins de Santé Primaire en Milieu Rural II (SANRU)	CITIBANK 14981602	180.000.000
660-107W Soins de Santé Primaire en Milieu Rural II (SNHR)	CITIBANK 1969070005	15.000.000
660-114 Projet d'Aide Sanitaire aux Réfugiés Shaba (ISROS)	UZB/LSHI 27.500-49	27.000.000
660-115 Projet d'Amén des Routes Zone d'Hébergement (OR/Lshi)	UZB/LSHI 25.155-92	40.000.000
660-116 Projet d'Aliment. en Eau Zone d'Hébergement (AIDRZ)	UZB/FIN 201-3856801-31	70.000.000
660-119 Politique et Planific. Agricoles (DADR)	BDP 109.674X/00	60.000.000

Décaissement janvier 1989  
 Compte General FCP  
 Citibank 821-1985040-57-018

USAID

NOM ET NUMERO DU PROJET:	COMPTE BANQUAIRE	MONTANT
660-119 Pol. et Planific. Agric. (CHEMONICS INTERNATIONAL)	CITIBANK 821-2165070-55-007	5.000.000
660-122 Aide à l'Hôpital Kimban. (HADASSAH)	CITIBANK 11991902	30.000.000
660-125 Appui aux Petits Projets	CITIBANK 22700-70-003	40.000.000
698-0421 Projet Elargi de Vacc'n (PEV/CCCD)	BDP 16754T/00	30.000.000
698-0474 Prévention et Lutte Contre IVH/SIDA (PSI)	CITIBANK 821-23390-70-007	15.000.000
Frais de Fonctionnement (USAID/OE)	CITIBANK 11990001	150.000.000
TOTAL USAID		Z 1.117.000.000

DEPARTMENT DU PLAN

I. Département du Plan:

Appui au Département du Plan	Z	60.000.000
Division Agricole		2.500.000
Budget S. F. C.		35.000.000
Planification Régionale		37.000.000
Transport		60.000.000

II. Appui aux Organisations Publiques

Ministère de la Santé (CEPLANUT)		15.000.000
OFIDA		21.000.000
GENACOF		2.250.000
Extension de la Planification Familiale		1.000.000

TOTAL DEPARTMENT DU PLAN		Z 228.750.000
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80

Décaissement janvier 1989  
Compte General FCP  
Citibank 821-1985040-57-018

USAID

NOM ET NUMERO DU PROJET:

COMPTE  
BANQUAIRE

MONTANT

TOTAL GENERAL

Z 1.410.250.000



**DEPARTEMENT DU PLAN**  
**SECRETARIAT DES FONDOS DE CONTREPARTIE**

N° 2264 /DP/ SFC/KK/knn/88

**C I T I B A N K**

**KINSHASA/GOMBE**

**CONCERNE : ORDRE DE VIREMENT**

Du compte n° 821-1985040-57-018  
au compte n° 107.918/00/07 S 440  
à la B.C.Z.

Citoyens,

Messieurs,

Par le débit de notre compte n° 821-1985040-57-018 en vos livres, veuillez créditer le compte n° 107.918/00/07 S 440 du projet "Recherche Agronomique Appliquée et Vulgarisation (RAV-Fonctionnement) à la Banque Commerciale Zaïroise à Kinshasa d'un montant de Z. 41.800.000,00 (Zaïres quarante-un millions huit cent mille) avec mention : SUBVENTION AU PROJET n° 091 RECHERCHE AGRONOMIQUE APPLIQUEE ET VULGARISATION (CFR, PLAN DE DECAISSEMENT DU MOIS DE NOVEMBRE 1988).

Veuillez agréer, Citoyens, Messieurs,  
l'assurance de notre considération distinguée.

MOKUBA MPAKEBUI

\_\_\_\_\_  
Chef de Division

MIKOBI MINGASHANGA

*Mikobi Mingashanga*  
\_\_\_\_\_  
Secrétaire Général

- c; i. : - Commissaire d'Etat/Plan  
- Secrétaire d'Etat/Plan  
- USAID  
- SFC/Financement  
- SFC/Comptabilité  
- SFC/Trésorerie

Date : 17 October 1988.  
To : Scott Desmarais, CPF Accountant.  
From : Stephen H. Connolly, Finance and Logistics Officer P.105/AG.  
Subject : 3Q 1988 CPF Report.

0248

USAID  
KINSHASA EMBASSY  
KINSHASA, ZAIRE

*SHC*

3 32 PM '88

Subject report is attached. Following are a few comments.

1. 4Q estimated expenses are higher than budgeted due to some procurement carry-over from 3Q and increased "Construction/Refection" costs (see next point).
2. Cost over-runs under the "Construction + Refection" line-item, due to an expansion of the renovation program, were compensated for by other line-item savings and "Imprevus". Total 3Q expenditures were slightly under the revised 3Q estimate of Z. 39,987,000.

4Q line-item expenditures are anticipated to be approximately Z. 6 million higher than budgeted. This increase will be covered by "Imprevus" and savings to be realized under the "Personnel" line-item.

3. Advances : over half the total outstanding advances consists of per diem and an advance on fees to Cit. Chiriné who was to have organized the P.105 Workshop in Lubumbashi.

Other advances were made to 105/AG agents for the "rentrée scolaire".

C.C. : - J. McNahon.  
- B. Spake.

**Best Available Document**

83

**Quarterly Financial Report**  
RAPPORT FINANCIER TRIMESTRIEL

PROCES & COUNTERPARTS

**Counterpart Funds (CPF)**  
TROISIEME TRIMESTRE 1988

**Third Quarter, 1988**

ETAT DE BESOINS POUR LE 4<sup>e</sup> TRIMESTRE 1988

Balance 1 Oct.	Estimated Funding Needs for 4th Quarter Solde au 1 octobre 1988	29.393.002,24
CPF Releases Qtr.	CPF recettes estimées pour le 4 <sup>e</sup> trimestre 1988	34.153.000,00
Other Receipts	Autres recettes estimées pour le 4 <sup>e</sup> trimestre 1988	-
Total Available	Total disponible pour le 4 <sup>e</sup> trimestre 1988	43.546.002,24
Estimated Exp.	Dépenses estimées pour le 4 <sup>e</sup> trimestre 1988	43.383.000,00
Est. CPF Bal.	Solde estimé au 31 décembre 1988	20.773.002,24
Est. Exp. 1st QTR.	Dépenses estimées pour le 1 <sup>er</sup> trimestre 1989	41.485.000,00

Financial Situation 3rd Qtr. 1988  
SITUATION REELLE DU 3<sup>e</sup> TRIMESTRE 1988

Balance CPF July	Solde au 1 juillet 1988	53.907.300,32
CPFs Released 3rd Qtr.	CPFs reçus pour le 3 <sup>e</sup> trimestre 1988	10.000.000,00
Other Receipts	Autres recettes (libélé) Intérêts Bancaires	895.491,90
	Remboursement carburant + billet d'avion	1.239.202,00
	Paiement courses personnelle avec NISSAN	46.550,00
	+ Vente mais non qualifié comme semences	-

SITUATION DES AVANCES SUR SALAIRES ET PRETS/EMPRUNTS

Salary Advance and Project Loan Situation

Initial Bal. Sal. Adv.	Solde initial des avances sur salaires du 1/7/88	21.700,00
Adv. In Qtr.	Avances sur salaire accordées	175.492,00
Adv. Repaid in Qtr.	Avances sur salaire récupérées	95.692,00
Fin. Bal. Sal. Adv.	Solde final des avances sur salaire du 30/9/88	101.500,00
Init. Bal. Loans	Solde initial des emprunts/prêts du 1/7/88	9.000.000,00
Loans from other Projects	Sollicités des autres projets	-
Loans Reim. to "	Emprunts remboursés aux autres projets	-
Loans Made to "	Prêts accordés aux autres projets	12.564.556,00 *
Loans Reim. from "	Prêts récupérés des autres projets	10.389.556,00
Final Bal. Loans	Solde final des emprunts/prêts du 30/9/88	11.175.000,00

Total CPF Avail.	Total Disponible pour le 3 <sup>e</sup> trimestre 1988	65.068.604,12
Expenditures	Dépenses effectuées pour le 3 <sup>e</sup> trimestre 1988	35.075.201,38
CPF Bal. 9/30/1988	Solde au 30 septembre 1988	29.993.402,74

PREPARE PAR : KADIYA NDOLA ISH. [Signature] 11/10/1988  
NCM SIGNATURE DATE

APPROUVE PAR : STEPHEN H. CONNOLLY [Signature] 20 Oct 88  
NCM SIGNATURE DATE

FIELD PROJECT OFFICER: BRUCE SPAKE [Signature] 3 Oct 88  
NCM SIGNATURE DATE

PROJ. OFFICER/USAID: McMahon [Signature] 7/Nov-88  
NCM SIGNATURE DATE

- \* Z. 175.000,00 : AID(CHIRUME)
- Z. 12.000.000,00 : ISROS
- Z. 155.556,00 : P.105 ROUTE(HOTEL THOMAS, LEMAIR).
- Z. 200.000,00 : CEATA (MULONGO).
- Z. 34.000,00 : TRABEZA.



NOM ET NUMERO DU PROJET: SHABA CENTRAL 0660-0165/AG/AG.  
 Name and Number of the Project

RECONCILIATION BANCAIRE DU 30 SEPTEMBRE 1988

Bank Reconciliation of September 30, 1988

Name of the Bank Nom de la Banque BCZ - LUBUMBASHI  
 Bank Acct. Number Numéro du Compte Bancaire 130-0650657-36

Reconciliation Elements

ELEMENTS DE LA RECONCILIATION

Balance according to Bank Journal as of 9/30/88  
 1. Solde indiqué dans le Journal de Banque du projet au 30/09/88 (1) 2.751.352,67

2. Debit Items  
 2. Elements à débiter

2a. Receipts in transit (not included on Bank Statement)  
 2a. Versements en transit (non indiqués dans l'extrait bancaire)

Date	Amount Montant
29/09/88	4.000.000,00
_____	_____
_____	_____
_____	_____
_____	_____
Total	(2a) <u>4.000.000,00</u>

2b. Bank Charges not included in Project Bank Journal  
 2b. Frais bancaires non indiqués dans les journaux du projet

Date	Montant
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	(2b) <u>-</u>

Total Debit Items.  
 Total des éléments à débiter (2a + 2b) (2) 4.000.000,00

3. Credit Items  
 3. Elements à créditer

Checks Drawn on Bank Journal but not indicated on Bank Statement.  
 Chèques émis mais non encaissés (non indiqués dans l'extrait bancaire)

Numéro et date	Montant du chèque
7561 29/9/88	13.950,00
7562 "	16.202,00
7564 "	399.558,00
7570 "	10.200,00
7572 "	52.935,00
7574 "	8.250,00
Total	(3) <u>1.298.525,00</u>

Total Credit Items  
 Total des éléments à créditer (3) (3) 1.298.525,00

(Reconciled Total: Should equal balance on Bank Statement)  
 (Le nouveau total = solde indiqué dans l'extrait bancaire) 49.877,67

Bank balance indicated on Bank Statement dated 30/9/88  
 4. Solde bancaire indiqué dans l'extrait bancaire du 30/09/88 (4) 49.877,67

Handwritten initials or mark.

Bank Reconciliation of September 30, 1988  
 RECONCILIATION BANCAIRE DU 30 SEPTEMBRE 1988

Name of Bank Nom de la Banque BCZ - KAMINA  
 Bank Acct. No. Numéro du Compte Bancaire 0016400

Reconciliation Elements  
ELEMENTS DE LA RECONCILIATION

Bal. per Bank Journ. Solde indiqué dans le journal de banque du projet au 30/09/88 (1) 26.912,00

Debit Items 2. Elements à débiteur

Receipts in Transit 2a. Versements en transit (non indiqués dans l'extrait bancaire)

Date	Montant
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	(2a) <u>0,00</u>

Bank Charges not incl. in Project Bank Journal  
Coûts bancaires non indiqués dans les journaux du projet

Date	Montant
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	(2b) <u>0,00</u>

Total Debit Items Total des éléments à débiteur (2a + 2b) (2) 0,00

Credit Items 3. Elements à créditer

Checks drawn on Bank Journal, but not indicated on Bank Statement  
Cheques émis mais non encaissés (non indiqués dans l'extrait bancaire)

Numéro et date	Montant du chèque
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	(3) <u>0,00</u>

Total Credit Items Total des éléments à créditer (3) (3) 0,00

(Reconciled Total: Should equal balance on Bank Statement)  
 (Le nouveau total = solde indiqué dans l'extrait bancaire). 26.912,00

Bank Balance indicated on Bank Statement dated 9/30/88  
4. Solde bancaire indiqué dans l'extrait bancaire du 30/09/88 (4) 26.912,00

NOM ET NUMERO DU PROJET: SHABA CENTRAL 0660-0105/AG.

RECONCILIATION BANCAIRE DU 30 SEPTEMBRE 1968

Nom de la Banque BCZ - KINSHASA  
N.º du Compte Bancaire 101-0114029-67

ELEMENTS DE LA RECONCILIATION

1. Solde indiqué dans le journal de banque du projet au 30/09/68 (1) 2.819.560,47

2. Eléments à débiter

2a. Versements en transit (non indiqués dans l'extrait bancaire)

Date	Montant
<u>23/9/68</u>	<u>766.084,00</u>
_____	_____
_____	_____
_____	_____
_____	_____
Total	(2a) <u>766.084,00</u>

2b. Frais bancaires non indiqués dans les journaux du projet

Date	Montant
_____	_____
_____	_____
_____	_____
_____	_____
Total	(2b) <u>0,00</u>

Total des éléments à débiter (2a + 2b) (2) 766.084,00

3. Eléments à créditer

Chèques émis mais non encaissés (non indiqués dans l'extrait bancaire)

Numéro et date	Montant du chèque		
<u>793.692</u>	<u>38.272,00</u>	793.681	0,53
<u>793.703</u>	<u>9.736,00</u>	Intérêts Banc.	1.216,00
<u>793.706</u>	<u>21.000,00</u>		8.330,00
<u>793.707</u>	<u>21.000,00</u>		
<u>793.708</u>	<u>9.736,00</u>		
Total	(3) <u>109.290,53</u>		

Total des éléments à créditer (3) (3) 109.290,53

(Le nouveau total = solde indiqué dans l'extrait bancaire). 2.162.787,00 \*

4. Solde bancaire indiqué dans l'extrait bancaire du 30/09/68 (4) 2.027.787,00 \*

\* La différence provient du chèque 793697 émis et non comptabilisé dans le livre mais déjà passé sur l'extrait bancaire.

SS

NOM ET NUMERO DU PROJET: SHABA CENTRAL 0660-0105/AG

RECONCILIATION BANCAIRE DU 30 SEPTEMBRE 1988

Nom de la Banque CITIBANK - KINSHASA  
- Numéro du Compte Bancaire 821 - 1975070 -04 - 008

ELEMENTS DE LA RECONCILIATION

1. Solde indiqué dans le journal de banque du projet au 30/09/88 (1) 50.000,43

2. Éléments à débiter

2a. Versements en transit (non indiqués dans l'extrait bancaire)

Date	Montant
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	(2a) <u>                    -</u>

2b. Frais bancaires non indiqués dans les journaux du projet

Date	Montant
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	(2b) <u>                    -</u>

Total des éléments à débiter (2a + 2b) (2)                     -

3. Éléments à créditer

Chèques émis mais non encaissés (non indiqués dans l'extrait bancaire)

Numéro et date	Montant du chèque
<u>337.126 du 23/9</u>	<u>766.084,00</u>
_____	_____
_____	_____
_____	_____
Total	(3) <u>766.084,00</u>

Total des éléments à créditer (3) (3) 766.084,00

(Le nouveau total = solde indiqué dans l'extrait bancaire). 816.084,43

4. Solde bancaire indiqué dans l'extrait bancaire du 30/09/88 (4) 816.084,43

89'

NOM ET NUMERO DU PROJET: SHABA - CENTRAL 0860-0105/AG.

RECONCILIATION BANCAIRE DU 30 SEPTEMBRE 1988

Nom de la Banque UZB - LUBUMBASHI  
Numéro du Compte Bancaire 26.963 - 94

ELEMENTS DE LA RECONCILIATION

1. Solde indiqué dans le journal de banque du projet au 30/09/88 (1) 21.189.599,67

2. Eléments à débiter

2a. Versements en transit (non indiqués dans l'extrait bancaire)

Date	Montant
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	(2a) <u>0,00</u>

2b. Frais bancaires non indiqués dans les journaux du projet

Date	Montant
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	(2b) <u>0,00</u>

Total des éléments à débiter (2a + 2b) (2) 0,00

3. Eléments à créditer

Chèques émis mais non encaissés (non indiqués dans l'extrait bancaire)

Numéro et date Montant du chèque

<u>Intérêts bancaires</u>	<u>112.800,43</u>
_____	_____
_____	_____
_____	_____
Total	(3) <u>112.800,43</u>

Total des éléments à créditer (3) (3) 112.800,43

(Le nouveau total = solde indiqué dans l'extrait bancaire). 21.302.400,10

4. Solde bancaire indiqué dans l'extrait bancaire du 30/09/88 (4) 21.302.400,10

NOM ET NUMERO DU PROJET: SHABA CENTRAL 0660 - 0105/AG.

RECONCILIATION BANCAIRE DU 30 SEPTEMBRE 1968

Nom de la Banque BCZ - KONGOLO  
Numéro du Compte Bancaire 137-0660683-80

ELEMENTS DE LA RECONCILIATION

1. Solde indiqué dans le journal de banque du projet au 30/09/68 (1) 26.912,00

2. Eléments à débiter

2a. Versements en transit (non indiqués dans l'extrait bancaire)

Date	Montant
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	(2a) <u>0,00</u>

2b. Frais bancaires non indiqués dans les journaux du projet

Date	Montant
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	(2b) <u>0,00</u>

Total des éléments à débiter (2a + 2b) (2) 0,00

3. Eléments à créditer

Chèques émis mais non encaissés (non indiqués dans l'extrait bancaire)

Numéro et date	Montant du chèque
_____	_____
_____	_____
_____	_____
_____	_____
Total	(3) <u>0,00</u>

Total des éléments à créditer (3) (3) 0,00

(Le nouveau total = solde indiqué dans l'extrait bancaire). 26.912,00

4. Solde bancaire indiqué dans l'extrait bancaire du 30/09/68 (4) 26.912,00

91

NOM ET NUMERO DU PROJET: SHABA CENTRAL 0660-015 AG.

Cash Count Control/ Lubumbashi  
COMPTAGE DE LA CAISSE /LUBUMBASHI.

Cash Count COMPTAGE	DENOMINATION	QUANTITE	Total Amount MONTANT TOTAL
1. Monnaie Z.			
	5.000,00	-	-
	1.000,00	-	-
	500,00	-	-
	100,00	12	1.200,00
	50,00	-	-
	10,00	1	10,00
	5,00	-	-
	1,00	-	-
	0,50	-	-
		<b>Cash Sub-Total</b>	<b>1.230,00</b>
2. Outstanding Advances titres variant espèces		a. Sous-total	1.230,00
Purchases	Solde sur emprunts/prêts		175.000,00
Loans	Solde des prélèvements sur achats non encore justifiés		-
Salary	Solde des avances sur salaires		61.000,00
Travel	Solde des avances sur frais de mission		95.233,00
		b. Sous-total	331.233,00
		<b>Cash Count Total</b>	<b>332.463,00</b>
	c = a + b. Total de Comptage à la caisse		332.463,00
Cash Journal Balance ---	d. Total selon Journal à la caisse		1.058.073,00
	e = c - d. Différence à expliquer		725.610,00

Fait le 11/10 1988

Fait par: KADIYA NDOLA / ASST. COMPTABLE CAISSIER  
NOM TITRE

SIGNATURE

Témoigné par: NGUBA MUNDALA / ASST. ADMINISTRATIF  
NOM TITRE

SIGNATURE

Approuvé par: STEPHEN H. CONNOLLY / PROJECT ADMIN. OFFICER  
NOM TITRE

SIGNATURE

(A) C'est une situation à justifier à la caisse Lubumbashi par :

1) Caisse - Nyembo : 617.038,00

2) Caisse-Kinshasa : 108.572,00

725.610,00

92

NOM ET NUMERO DU PROJET: SHABA CENTRAL 0660-0105 AG.  
 UNPROCESSED VOUCHERS  
 SITUATION DES BONS DE PRELEVEMENT NON JUSTIFIES ARRÊTÉE AU / / 19

I. CAISSE

NO. ORD.	REFERENCE BON	DATE EMIS	DESIGNATION	MONTANT/ SOLDE
01	-	14/05	ISHILE/AVANCE SUR MISSION	16.300,00
02	21	29/7	BAZIKE/ " " SALAIRE	10.000,00
03	798	22/7	MUKISA " " "	8.000,00
04	799	"	BANZE/ " " "	3.750,00
05	800	"	NGOY K. " " "	2.000,00
06	801	"	LUBANDA/ " " "	4.000,00
07	824	31/8	AMISI/ " " "	10.500,00
08	836	5/9	SALUMU/ " " "	5.000,00
09	842	"	ISHUNGU/ " " "	3.000,00
10	845	5/9	KALUMBU/ " " "	3.750,00
11	873	19/9	CHIRUME/ " " EN MISSION	13.743,00
12	889	21/9	CHIRUME/ " " EN PRET	175.000,00
13	894	23/9	MPANGA/AVANCE S/SALAIRE	1.500,00
14	895-897	"	1ER EQUIPE CAMION MACK/MISSION	20.900,00
15	922	29/9	FUNGAMALI/AVANCE SALAIRE	12.500,00
16	927-928	30/9	2e EQUIPE CAMION MACK/MISSION	4.150,00
TOTAL (I) X				341.233,00

II. BANQUE

NO. ORD.	REFERENCE BON	DATE EMIS	DESIGNATION	MONTANT/ SOLDE
01	099/88	16/09	AGENTS KIN/AVANCES S/SALAIRES	30.500,00
02	103/88	22/09	ACHAT COURBOIS NISSAN	9.736,00
03	105/8	29/09	ACHAT HORLOGES BUREAU	21.000,00
04	106/88	29/09	ACHAT COURROIS NISSAN	9.736,00
05	29/88	22/04	PRET AU PROJET ISROS	200000,00
TOTAL (II) X				2070972,00
TOTAL (I) + (II) X				2412205,00

93

NOM ET NUMERO DU PROJET: SHABA CENTRAL 0660- 0105/AG

COUNTERPART FUND BALANCE SUMMARY  
RESUME DU SOLDE DES FCP

Cash On Hand  
I. Fonds en caisse

(Si vous tenez des fonds en espèces ou des titres valant espèces à plus d'un endroit, indiquez chaque endroit séparément).

Cash

1. Fonds tenus en espèces

Place Where Cash is Held

Endroit où se trouvent  
les fonds en espèces:

Amount/Per Cash Count  
Montant selon le comptage  
de la monnaie en caisse:

CAISSE - LUBUMBASHI	1.232,00
CAISSE - NYIRISO	607.038,00
CAISSE - KINSHASA	108.572,00
-----	-----
-----	-----
-----	-----
<b>TOTAL CASH</b> Total (I1) tenu en espèces	<b>715.842,00</b>

Documents Equivalent to Cash

Location

Endroit où se trouvent  
les titres valant espèces:

Amount/Per Total of Cash  
Montant selon le total de ces  
bons de prélèvement non justifiés

Avances sur salaire	71.000,00
Avances sur mission	95.233,00
-----	-----
-----	-----
-----	-----
<b>Total of Documents Equivalent to Cash</b> Total (I2) de titres valant espèces	<b>166.233,00</b>
Total (I) = (I1) + (I2) des fonds en caisse	<b>882.075,00</b>

Cash On Hand

II. Fonds en banque

(Si le projet a plus d'un compte bancaire indiquez chaque compte ainsi que le total des bons de prélèvement séparément).

1. Cash in Bank  
1. Soldes bancaires

Bank Name and Account Number

Nom de la Banque et  
nom et numéro du compte

Amount as per Bank Reconciliation  
Montant selon la réconciliation  
bancaire (journal de banque):

BCZ - LUBUMBASHI 130-0850857-56	2.751.352,67
BCZ - KAMINA 400169	26.912,00
BZC - KONGOLO 157-2667898-80	26.912,00
BCZ - KINSHASA 101-0114029-67	2.819.580,47
CITIBANK - KIN 321-1979070-04	50.000,43
UBZB - LUBUMBASHI 26963 - 94	21.182.599,67
-----	-----
<b>TOTAL (II1)</b>	<b>26.864.357,24</b>

94

NOM ET NUMERO DU PROJET: SHABA CENTRAL 0660-0105 700

COUNTERPART BALANCE SUMMARY (Cont'd)  
 BILAN DU SOLDE DES FONDS (SUITE)

2. Vouchers Bons de prélèvement	Amount/per Total of Justified Montant selon le Vouchers. bons de prélèvement non justifiés
Bank Name and Account Number Nom de la Banque et nom et numéro du compte:	
BOZ/KINSHASA : AVANCES SUR SALAIRE	30.510,00
AVANCES SUR DEPENSES	40.472,00
-----	-----
-----	-----
-----	-----
-----	-----
<b>Total of Voucher Amounts</b> Total (112) des montants des bons de prélèvement	<b>70.972,00</b>
 Total (II) = (III) + (112) des fonds en banque	 <b>26.935.329,24</b>
Cash in the Bank/	<b>2.175.000,00</b>
III. Situation nette Emprunts/Prêts(même que sur page 1)	<b>2.175.000,00</b>
IV. Net Balance of Loans Made and Received. TOTAL (IV) = (I) + (II) + (III) des fonds en date du 30 Septembre 1988	<b>29.633.402,24</b>
Total of Funds as of Sept. 30, 1988	
V. Solde sur le Rapport Financier Trimestriel au 30 Septembre selon la situation réelle du 3 <sup>ème</sup> trimestre 1988 Quarterly Financial Report Balance on Sept. 30, 1988	<b>29.633.402,24</b>
VI. Total (V) - Total (IV) = Différence à expliquer Total -- Explain any Difference.	<b>0,00</b>

15

**Counterpart Fund Balance Summary**  
RESUME DU SOLDE DE FONDS DE CONTREPARTIE

**Counterpart Funds in Cash**

**I. FONDS TENUS EN CAISSE**

(Indicate the Balance and Location of each Petty Cash separately)

(Si vous tenez les fonds en espèces à plus d'un endroit, indiquez chacun séparément)

Petty Cash Location: Cash amount according to Cash Journal  
Endroit où se trouvent les fonds en espèces: Montant selon le Journal de caisse

<u>CAISSE - LIBOUEASHI</u>	<u>1.230,00</u>	
<u>CAISSE - NIEMBO</u>	<u>607.038,00</u>	
<u>CAISSE - KINSHASA</u>	<u>108.572,00</u>	
Cash Total Total tenu en espèces		<u>716.840,00</u>
Total Unprocessed ADVANCES ON Purchases. Total tenu en titre valant en espèces		<u>341.233,00</u>
Cash Total Total tenu en caisse		<u>1.058.073,00</u>

**Counterpart Fund Bank Balance**

**II. SOLEDS BANCAIRES**

(If the project has more than one bank account, indicate each account separately.)  
(Si le projet a plus d'un compte bancaire indiquez chaque compte séparément)

Bank Name Nom de la Banque et Name and Number of Account: Nom et numéro du compte:		Amount According to Bank Journal: Montant selon le Journal de Banque:
<u>BCZ/L'SHI 130-0850857-56</u>		<u>2.751.352,67</u>
<u>BCZ/KMNA 400 169</u>		<u>26.912,00</u>
<u>BCZ/KGLO 137-0667698-80</u>		<u>26.912,00</u>
<u>BCZ/KIN 101-0114029-67</u>		<u>2.819.520,47</u>
<u>CITIBANK/KIN. 821-1979070-04</u>		<u>50.000,43</u>
<u>UZB/L'SHI 26 963 - 94</u>		<u>21.189.599,67</u>
<b>Bank Account Total</b> Total tenu en comptes bancaires		<u>25.864.357,24</u>
Total Unprocessed Advances on Purchases Total tenu en titre valant espèce ( Banque )		<u>2.070.972,00</u>
Bank Total Total tenu en banques		<u>27.935.329,24</u>
Total Counterpart Funds as of 30/9/88 Total des fonds en date du 30/09/1988		<u>29.993.402,24</u>
Fund Balance per Report Solde sur rapport mensuel ( P.I. )		<u>29.993.402,24</u>
Balance		<u>0,00</u>

RAPPORT FINANCIER MENSUEL  
Counterpart Fund Balance  
SOLDE DES FONDS DE CONTREPARTIE

Le Projet n° SHABA CENTRAL 0660 - 0105 AG. de l'USAID confirme que  
 le Solde de Fonds de Contrepartie s'élevait à : 29.993.402,24  
 le 30 SEPTEMBRE, 1988.

Account Status for Month of September 1988  
SITUATION REELLE DU MOIS DE SEPTEMBRE 1988

Balance 1st day of Month Solde au 1er jour du mois	\$ 32.109.580,80	
Counterpart Funds received during Month FCP reçu au cours du mois	10.000.000,00	
Other receipts during the Month Autres recettes du mois (titré)	1.352.122,02	(A)
<b>Total Available for the Month</b> Total disponible pour le mois	<b>43.461.702,82</b>	
Disbursements made during the Month Dépenses effectuées au cours du mois	13.468.300,58	
<b>End of Month Balance</b> Solde à la fin du mois	<b>29.993.402,24</b>	

PREPARE PAR :	<u>KADIYA NDOLA</u>		<u>16/20/10/88</u>
	NCM	SIGNATURE	DATE
APPROUVE PAR :	<u>STEPHEN H. CONNOLLY</u>		
	NCM	SIGNATURE	DATE
FIELD PROJECT OFFICER:	<u>B. BRUCE SPAKE</u>		
	NCM	SIGNATURE	DATE
PROJ. OFFICER/USAID:			
	NCM	SIGNATURE	DATE

(A) Intérêts bancaires, remboursements carburant et billet d'avion, paiement courses personnelles avec NISSAN, régularisation une écriture oise au mois d'oct par manque d'information sur les documents CITIBANK.

## **Annex F**

### **BELLMON DETERMINATION**

This determination supercedes that submitted 13 October 1988 via Kinshasa 14911. FY 1989 PL 480 Title I Program Commodity Content and PL 480 Title I Agreement Commodity Content were changed in the interim per State 020232, Subject: Zaire FY 89 PL 480 Title I.

#### **A. Disincentive Analysis**

##### **1. Wheat**

Annual domestic wheat production is estimated at only between 12,000 and 15,000 MT and wheat consumption is now estimated at 290,000 MT. Further, wheat can only be profitably grown in the cooler climate of the high attitude areas of eastern Zaire, quite distant from the large urban market. In view of these factors, the determination has been made that there is no disincentive to domestic wheat production from PL 480 wheat imports.

##### **2. Rice**

The annual production of domestic rice is estimated at 150,000 MT. Domestic demand is estimated at 235,000 MT leaving a deficit of 85,000 MT.

Most of the domestic rice is consumed near the areas of production which are in the regions north and east of Kinshasa. The amount of domestic rice which reaches the Kinshasa market is estimated to be only about 15,000 MT, 10% of the national production. This leaves a demand for imports of about 70,000 MT a year. The desired distribution in Kinshasa is 10,000 MT a month in June, July and August; 5,000 MT a month in September, October, November and December and 3,000 MT in the other months to complement the availability of domestic rice.

A forecast for the demand for milled rice was made by the FAO in March 1987. They predicted a demand of 245,000 MT in 1990 and 357,000 MT in 2000. This increase in demand is both a function of population increase and the increasing per capita consumption of rice.

In view of the foregoing data, a determination is made that the projected level of PL 480, Title I imports for FY 1989 of 35,000 MT (per para 3 State 020232); and the 29,000 MT carryover from the FY 1988 Title I program, for a total of 64,000 MT, will not be a source of disincentive to local production if the import schedule cited previously is adhered to.

98

### 3. Cotton

Production of seed cotton in Zaire has decreased from 180,000 MT prior to independence to about 18,000 MT currently. The production of fiber cotton has hovered at about 6,500 MT until 1988 when it dropped to about 5,000 MT. This decrease resulted from an outbreak of pest damage, principally in the northern regions.

The installed spinning capacity for fabric production would require approximately 14,000 MT of fiber cotton/year for full time operation. Imports of about 7,500 MT/year would be required for this level of operation.

In 1989 there will be a carryover of about 8,300 bales with a weight of 1,800 MT from the FY 1988 PL 480 program for financing from FY 1989 funds. In addition, this Title III proposal requests 10,000 bales with a weight of 2,200 MT. The combined quantity of these two cotton orders will be 4,000 MT. Since this is 3,500 MT below installed spinning capacity, leaving substantial unfilled spinning and weaving factory demand, determination has been made that this level of PL 480 imports will not be a disincentive to domestic production.

#### B. Storage and Transport Capacity

##### 1. Wheat

The storage/transport/processing facilities in Zaire for the handling of bulk wheat are adequate to prevent spoilage and waste. The only large commercial wheat mill in Zaire is located at the port of Matadi and owned by Midema, which is part of the U. S. firm, Continental Grain, and is the GOZ designated buyer of PL 480 wheat. Midema owned and operated vaculator equipment unloads wheat directly from the ship into its mill, which has a storage capacity of 30,000 MT and a processing capacity of 700 MT/day.

Wheat flour is transported from the Midema mill into the Bas Zaire region and to Kinshasa on the national rail line. Storage of up to 80,000 100-lb bags of flour is available at Midema warehouses in Kinshasa. Onward distribution to the interior is by way of river transport with Midema filling orders of 30 MT or more directly, while smaller orders are supplied by distributors.

From July 31, 1987 through August 31, 1988, Midema imported 237,659 MT of wheat, of which 101,549 MT was PL 480 financed, 32,502 was financed by European donors and 103,608 MT was imported from U.S. under commercial terms.

In view of Midema's demonstrated capacity to handle large quantities of imported wheat for years, a determination is made that there is adequate storage and transport capacity to handle the 37,000 MT of wheat projected for

99'

PL 480 Title I financing (per State 020232) and the approximately 55,000 MT which the mission is requesting under the FY 1989 Title III program for a total of 92,000 MT.

## 2. Rice

The storage and transport facilities in Zaire for the handling of bagged rice both at the port of Matadi and in Kinshasa and other locations in the interior owned by the importers are adequate to prevent spoilage and waste. The GOZ transport parastatal, ONATRA, has storage space at the port of Matadi which is extensive enough to handle the temporary, in transit storage requirements for all of the commercial imports for the Zairian economy. Rice imports represent only a small portion of all commodities handled at the port.

Most of the rice importers own or contract for transport of their rice by truck from Matadi to Kinshasa. Occasionally, some transport of bagged rice is by rail, but this occurs only in emergency situations as theft loss is a major factor for rice. The rice importers have about 81,000 MT of warehousing in Kinshasa.

Between 85-90 pct of the PL 480 rice is expected to be marketed in Kinshasa and Bas Zaire. Purchases and deliveries will be timed to avoid competition with local production and warehousing problems. As in the PL 480 programs in previous years, the GOZ designates, in collaboration with USAID, only experienced private sector commercial importers for the receipt and distribution of PL 480 rice.

A practical limit of 12,000 MT of rice per month through the port of Matadi must be imposed on the PL 480 rice program both to accommodate the storage and transport capacities as well as to take account of the fact that the rate of discharge of the bagged rice at the port averages about 700 MT/day.

In view of the cited storage and transport facilities, a determination is made that there are adequate storage and transport facilities to handle the 64,000 MT of rice cited in para A 2 preceding.

## 3. Cotton

The tonnage of cotton considered for import under PL 480 financing is so small, 4000 MT per para A 3 preceding, that the storage and transport facilities at the port or at the importers factories in Kinshasa, Kisangani and Lubumbashi are adequate to prevent spoilage or waste. These amounts are currently being handled by the private importers. It is GOZ policy to designate only those private commercial cotton firms which have demonstrated the financial and management capacities to handle the imports responsibly as buyers for the PL 480 financed cotton.

100

Based on these considerations a determination is made that the storage and transport facilities are adequate for the 4000 MT of cotton projected for import under PL 480 financing in FY 1989 per para A 3 preceding.

### C. RATIONALE FOR FINANCING COTTON - A NON-FOOD COMMODITY

The following is our response for the rationale for including cotton, a non-food commodity, for financing under the PL 480 program, as requested in para 2 88 State 294028 and para 3C 88 State 265844. The deficit in the domestic production of fabrics is so great in relation to the demand for fabrics by all income groups that critical foreign exchange would be required for import of cotton fabrics, if concessional financing under PL 480 were not available for lint cotton. The installed capacity of spinning mills requires about 13,000 MT of lint cotton annually. Local production of lint cotton is only about 6,500 MT. The cotton factories cannot operate at much more than a break-even, profit level for the length of time for which they would have domestic raw material available for operation.

The additional increment of lint cotton obtained since 1985 when cotton was financed for the first time in many years under the PL 480 program has enabled the spinning factories to operate at a profit level adequate for them to finance some renovation of their old equipment and in one instance to even expand operations with some modern equipment.

This increase in fabric output resulted in increased employment by the spinning factories. It also resulted in value added from domestic resources in contrast to buying the processing margin through import of finished fabrics.

The Sotexki company employs approximately 1,200 persons at their ginning, spinning and weaving operations at Kisangani. This cotton factory is the main source of employment in this interior city which is the third largest in Zaire. The cotton milling operations in Kinshasa employ approximately 4,000 persons, representing a major source of employment for both men and women in Kinshasa, which like most LDC capital cities has a large percentage of unemployed in its population.

The production of cotton is important to the many small farmers who are the principal producers of cotton in Zaire. A major coordinated program is under design by several large donors to finance a renovation of the cotton production subsector which is producing only one tenth of the cotton that was produced at the time of independence. The direct benefactors of this development program will be the small farmers who are also food crop producers.

Most of these cotton producers are in regions where USAID is not financing agricultural development projects. Thus the financing of cotton imports aids substantially in maintaining the spinning mill capacity upon which the cotton development program to be financed by other donors will depend and upon which the welfare of the small food crop and cotton producers will also depend.