PD-ABG-913

ROBERT R. NATHAN
ASSOCIATES, INC

Final Evaluation of USAID/Kinshasa's African Economic Policy Reform Program Structural Adjustment Support Grant (SASG 660-0121)

Prepared for the
United States Agency for International Development

Under the
Rural and Regional Income Generation (RRIG) IQC
PIO/T No. 660-0510-3-90023

September 1989

Prepared by
Robert R. Nathan Associates, Inc.
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FORWARD

Purpose of the Activity

The Structural Adjustment Support Grant (SASG; Project 660-0121), authorized in September 1986, is a $15 million Commodity Import Program in support of reforms in Zaire's agricultural and agro-industrial sector. This grant was funded by Economic Support Funds (ESF) under the African Economic Policy Reform Program (AEPRP) and constituted USAID's parallel financing with the World Bank's $100 million Industrial Sector Adjustment Credit. The purpose of the grant was to support the adoption and implementation of a series of policy reforms designed to promote efficient private industrial investment and to re-initiate the growth of per capita incomes in Zaire. Disbursement of funds under the grant was contingent on the Government of Zaire (GOZ) accepting certain covenants and fulfilling certain conditionality directly supporting these reforms. The import financing was used for private sector imports of raw materials, replacement parts, and equipment for the Zairian private agro-industry. Local currency generated was used to support A.I.D. development projects in Zaire.

Purpose of the Evaluation and Methodology Used

This is the third and final annual evaluation of Project 660-0121 in accordance with the evaluation plan outlined in the Program Assistance Approval Document (PAAD).

It has the following six objectives, (1) to evaluate the impact of policy reforms in the agricultural sector, (2) to evaluate the impact of policy reforms on the industrial sector, (3) to evaluate compliance with covenants and conditions precedent, (4) to assess the impact of the commodity import program, (5) to assess program management and efficiency, (6) to formulate recommendations for the Private Sector Support Project (660-0120).

The report was prepared by Dr. H. Ike Van de Wetering, Iowa State University and Dr. David S. Kingsbury, Michigan State University.

ACKNOWLEDGEMENTS

The evaluation team wants to express its appreciation for a well defined scope of work and exceptional logistical support. In particular we want to thank Stephen M. Haykin, Program Economist, for technical direction, Edward D. Kiely, Evaluation Officer, for coordinating logistical support and providing us with abundant background documentation. Frequent interaction with Prof. Eric Tollens, Mutimura Nyirumuringa (USAID Program Office), USAID/ARD staff, and others who contributed to the depth and speed at which the evaluation was implemented. The team leader in particular appreciates the efficient typing of Cit. Véronique Kolony and Miss Luccia Calvo.

EXECUTIVE SUMMARY

This evaluation is based on a two-pronged approach. First, extensive use is made of answers provided by farmers, merchants and CIP participating firms as to how they perceive the effects of price liberalization. Second, additional verifiable and integrated data bases are analyzed to calculate the impact of the project at the industrial firm and farm-household levels.

Compliance with covenants and conditions precedent, impact on foreign exchange availability, program management and efficiency were determined by examination of documents provided by USAID and through interviews with USAID and Government of Zaire officials. The major findings are:

- Zaire has essentially a free market economy, especially in agricultural production and marketing.
- Substantial price liberalization has occurred since 1983 and farmers are aware of it. This has provided price incentives and helped to increase the production of food crops. Price liberalization, with localized exceptions, eliminated compulsory cropping.
- Output increased mostly through area planted since land is relatively in surplus. The effective demand for food will largely determine the future rate of expansion of agricultural output. Consumers will benefit to the extent that the expansion comes through improved technology and the resulting lower real price of food.
- Actual prices received by farmers were more than twice the statutory minimum prices determined by the annual orderly marketing decree of the Governor of the Bandundu region. The commonly accepted notion that the minimum price decreed by the Governor is in fact the maximum price paid by merchants to farm-households was not borne out.

- Rural markets appear to be competitive. Merchants in both the Shaba and Bandundu regions indicate at least five competing buyers in their chosen zone of operations. None reported the existence of a monopsony, i.e. a single buyer per zone of operations. Only one out of seven farmers perceived the price received as being imposed by the buyer.

- Taxes are not seen as obstacles to trade by the merchants interviewed nor is their removal seen as a priority for improved trade. Half of the merchants listed road tax barriers (legal and illegal) as the principal obstacle. A majority indicates that the removal of these barriers and improved road maintenance should have the highest priority for improved trade. All merchants look to increasing their volume of business.

- The farm economy of the Bandundu region is fully monetized. Annual gross farm income (cash and cash equivalent) in 1987/1988 equalled $395 per farm household. Of this, $175 represents net-farm cash income, or approximately $0.50 per farm household per day. Of this amount, $0.27 per day is spent on education and medical expenses. Approximately $0.15 per day per farm-household is spent on manufactured goods. Average household size equalled 6.3 persons, yielding an annual per capita income of $63.

- Farmers in the Bandundu region reported that in 1987-88 and '87/88 the areas harvested of all crops grown in that region had increased from the preceding year. With favorable terms of trade this increased production led to a substantial increase in real income of farm-households. Price liberalization therefore benefitted most of the region's 611,000 farm-households. Since average per capita income was $63 per year, price liberalization also satisfied the U.S. Congressional mandate.

The key to accelerated progress no longer lies in price liberalization. It is already a reality for a large majority of farm-households. The next step is resource accumulation, farm-to-market roads, and technological transformation. Bandundu farm-households, who on their own initiative, have expanded area grown at 1.5 percent per year and invested 50 percent of net cash income in health and education, are indicative of the latent productive powers of Bandundu's rural households.

With regard to the industrial sector, structural adjustment has had positive impacts on production, private sector employment and wages, and competition. However, production and investment growth have been modest due to inconsistent application of reform measures. This has diminished investor confidence and made planning difficult for private sector managers. Lack of infrastructure in the interior has resulted in an uneven geographical distribution of the benefits of liberalization. Nearly all new investment has been centered in Kinshasa.

The liberalization of trade, exchange rate, and prices has increased the ability of firms to make quick decisions in an inflationary and rapidly changing business environment. It has made the economy more competitive, and has led to the elimination of many rent-seeking opportunities. Industry representatives unanimously cite the easing of price controls as a positive force for increasing flexibility.

Private sector employment levels have risen consistently — averaging more than 8 percent annually since 1983. Real wages for private sector employees have also risen somewhat — but are still well below levels of the early 1970s. Liberalization has also led to increased representation of Zairians in positions of responsibility in private industry. Between 1983 and 1988, expatriate employment fell by an average of 29 percent, while local management levels rose by 48 percent. A number of industry representatives said that their companies had invested heavily in training programs for these personnel to upgrade their management and technical skills.

In contrast to private sector performance, public sector employment fell dramatically between 1982 and 1985. With the GOZ renunciation of austerity measures in late 1986, public employment increased through 1987 until it stood at 82 percent of the 1982 level. Real wages for public sector employees rose modestly since 1983, but in 1988 remained at only 13 percent of its 1971 level.

Changes in the foreign exchange component of the Commodities Impact Program (CIP) has had a positive impact on participating firms. The CIP provided funds during a period when foreign exchange scarcity was a key constraint on the ability of companies to maintain adequate levels of production and employment. CIP participants significantly increased capacity utilization and production growth rates above that of non-participants. Employment levels were not raised, but here the most important contribution appears to be that CIP participation prevented lay-offs and even permanent closure of some companies.

The bulk of foreign exchange was granted to industries with strong backward and forward linkages to the agricultural sector. As such, the CIP contributed to furthering USAID's objective of aiding agricultural development in Zaire. In addition, these linkages provided for a more even geographical spread of benefits than would have been the case without the agro-industrial eligibility criteria for participation.

With regard to program management, the Mission made important monitoring improvements by instituting an end-use reporting system after the 1988 evaluation team made this recommendation. End-use checks were performed on 46 of the 51 transactions financed by the CIP.

Substantially all covenants and conditions precedent were met. The area of difficulty remains to increase the shares of private investment and tax revenue in Gross Domestic Product, while rationalizing public expenditure.

The prospects for continued progress in fiscal reform are good as USAID begins a new policy-based Private Sector Support Program (660-0120).

RECOMMENDATIONS

Recommendation No. 1: USAID/Kinshasa should assess the benefits and costs of simplifying export and import procedures.

Recommendation No. 2: To the greatest extent possible, USAID/Kinshasa should continue to give priority to companies with strong backward and forward linkages to the agricultural sector in the allocation of funds for commodity imports.

Recommendation No. 3: USAID/Kinshasa should conduct an ex post evaluation of the Private Sector Support Grant.

Recommendation No. 4: USAID/Kinshasa should provide continued financial, technical and organizational support for research and statistics and furthering the methods already developed.

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LIST OF ABBREVIATIONS

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AEPRP	-	African Economic Policy Reform Program
A.I.D.	-	Agency for International Development
CIP	-	Commodity Import Program
CPI	-	Consumer Price Index
DMPCC	-	Direction des Marchés, Prix, et Crédits de Campagnes
DRA	-	Direct Reimbursement Authorization
ESF	-	Economic Support Funds
FSAC	-	Financial Sector Adjustment Credit (World Bank)
GAO	-	General Accounting Office
GACD	-	General Administration of Cooperation for Development
GOZ	-	Government of Zaire
IBRD	-	International Bank for Reconstruction and Development
IMF	-	International Monetary Fund
INS	-	Institut National des Statistiques
INSS	-	Institut National de la Sécurité Sociale
ISAC	-	Industrial Sector Adjustment Credit
ONATRA	-	Office National de Transport
PIP	-	Priority Investment Program
PCR	-	Project Completion Report (World Bank)
PFP	-	Policy Framework Paper
L/C	-	Letter of Credit
L/COM	-	Letter of Commitment
PAAD	-	Program Assistance Approval Document
PDO	-	Project Design and Operations Office, USAID/Kinshasa
PID	-	Project Identification Document
P.L.480	-	Public Law 480, authorities sale or grant of surplus U.S. agricultural commodities
SAM	-	Social Accounting Matrix
SAP	-	Structural Adjustment Program, World Bank and IMF
SEP	-	Service des Etudes et de la Planification
SASG	-	Structural Adjustment Support Grant, A.I.D.
SDR	-	Standard Drawing Rights
SNCZ	-	Société National des Chemins de Fer du Zaire
Z	-	Zaire (the national currency)

I. INTRODUCTION

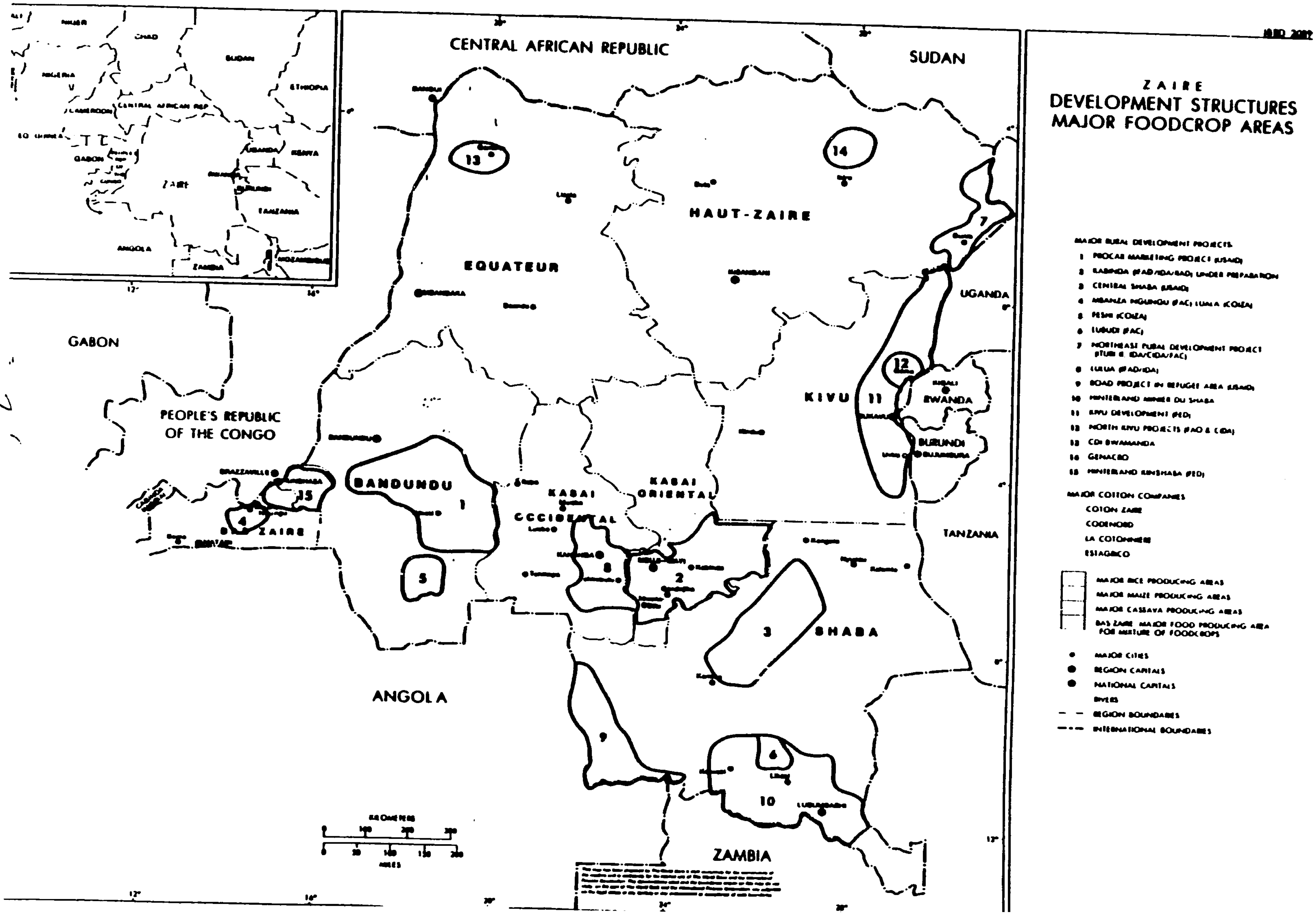
Background

The Government of Zaire's (GOZ) development policy in the 1960s and 1970s created an industrial structure that was highly dependent on imported inputs and protected local markets. This was the result of mis-directed government investment in industry and agriculture and of distortion of private investment through tax and administrative policies. These policies penalized agriculture and other potential local suppliers of industrial inputs and made Zaire's economy vulnerable to foreign exchange shortages. These policies were at least partly to blame for the poor performance of the economy throughout the late 1970s and early 1980s.

The Structural Adjustment Support Grant authorized in September 1986, was a $15 million Commodity Import Program in support of reforms in Zaire's agricultural and agro-industrial sector. This grant provided parallel financing with the World Bank's $100 million Industrial Sector Adjustment Credit.

The purpose of the USAID grant was to support the adoption and implementation of a series of policy reforms designed to promote efficient private industrial investment and to reinitiate the growth of per capita incomes in Zaire. Disbursements of funds under the grant were contingent on the acceptance of certain conditions that would directly support these reforms. The import financing was used for private sector imports of raw materials, replacement parts, and equipment for private Zairian agro-industries. The local currency generated was used to support A.I.D. development projects.

Since 1983, Zaire has been involved in a series of structural adjustments. Spearheaded by a program of economic liberalization. The GOZ has initiated a series of reforms of tariff rates, export controls, price controls, and business taxes whose intended effect was to reduce the average level and variability of effective rates of protection, facilitate development of nontraditional exports, promote the efficient allocation of domestic resources by reactivating the price system, and promote capital investment.


IBRD 2089
ZAIRE
DEVELOPMENT STRUCTURES
MAJOR FOODCROP AREAS
CENTRAL AFRICAN REPUBLIC
SUDAN
UGANDA
RWANDA
BURUNDI
TANZANIA
ZAMBIA
ANGOLA
GABON
PEOPLE'S REPUBLIC OF THE CONGO
EQUATEUR
HAUT-ZAIRE
KIVU
BANDUNDU
KASAI OCCIDENTAL
KASAI ORIENTAL
SHABA
BAS-ZAIRE
MAJOR RURAL DEVELOPMENT PROJECTS
CENTRAL SHABA (USAID)
GENACRO
MAJOR COTTON COMPANIES
COTON ZAIRE
CODENORD
ESTAGRICO
MAJOR CITIES
REGION CAPITALS
NATIONAL CAPITALS
REGION BOUNDARIES
INTERNATIONAL BOUNDARIES
KILOMETERS
MILES

The reform program also aims to revitalize the agricultural sector by providing market incentives and clearing away regulations, barriers, taxes, and other forms of government intervention that discourage investors while skewing income distribution against farmers. Reforms in the agricultural sector have focused on liberalization of producer prices and crop marketing, removal of restrictions on inter-regional trade, and elimination of monopsonistic buying zones.

The Structural Adjustment Support Grant was designed specifically to support selected elements of the economic liberalization program. These were: 1) maintenance of liberal exchange rate, pricing, and import policies; 2) reduction of export taxes and simplification of export procedures; and 3) tariff simplification to lower the average and variation in effective rates of protection.

The grant was implemented through a Commodity Import Program (CIP) which made foreign exchange available to private importers in the agro-industrial sector. Of the total, $14.8 million was used for importing diesel fuel, spare parts, equipment, raw materials, fertilizers, and other inputs. The remaining $200,000 was used for administration and monitoring.

An important aspect of the program was the generation of local currency which was used to finance A.I.D. development activities. To date, more than 1.4 billion Zaires have been generated and programmed for health, agricultural, and infrastructure projects.[1]

Covenants and Conditions Precedent

A.I.D./W approved the Structural Adjustment Support Grant on June 20, 1986, with agreement upon the following covenants and conditions precedent:

Covenants

- The GOZ, through the central bank (the Bank of Zaire), will continue to use a free, interbank market system to establish official floating exchange rates.

- The GOZ will maintain the existing liberal system of imports. This means that the GOZ will not, except as A.I.D. may agree in writing, impose any new licensing requirements or quantitative restrictions on imports.

- The GOZ will maintain the existing liberal policy concerning pricing of agricultural and industrial products. This means

1. On June 1, 1989, 385 Zaires equalled dols 1.00.

that the GOZ will not, except as A.I.D. may agree in writing, impose new price controls, ex ante or ex post.

- The GOZ will maintain a system of importation for refined petroleum products permitting direct private importation and a system of pricing of individual fuel within Zaire that recovers full cost for each fuel from the sellers' customers.

- The GOZ will place in a special account and budget the equivalent of $14.8 million in counterpart funds generated by imports under this agreement for purposes as agreed upon between A.I.D. and the GOZ.

Conditions Precedent

(1) The GOZ has revised the schedule of import tariffs, such that, except as A.I.D. may agree in writing, no tariff will exceed 60 percent (ad valorem) and no tariff will be less than 10 percent.

(2) The GOZ has eliminated all taxes on exports, except as A.I.D. may agree in writing.

(3) The GOZ has established a simplified and streamlined control procedure for exports, acceptable to A.I.D.

(4) The GOZ has adopted revenue and expenditure measures acceptal to A.I.D. that are sufficient to offset recently announced civil service salary increases.

Purpose and Issues of the Evaluation

This is the third annual evaluation of Project 660-0121 in accordance with the evaluation plan outlined in the PAAD. It has the following objectives:

- To evaluate the impact of policy reforms on the agricultural sector; specifically effects on agricultural prices in rural and urban areas, input use, per capita incomes in rural areas, agricultural output, agricultural investment, international trade in agricultural products.

- To evaluate the impact of policy reforms on the industrial sector, specifically the effects on formerly protected firms, employment and worker income, output, private investment, capacity utilization.

- To evaluate the compliance with conditions precedent, specifically export taxes and control procedures, import tariffs and regulations, exchange rates, fuel importation and pricing, revenue and expenditure measures, commodity price controls.

- To assess the impact of the commodity import program; specifically the effects on foreign exchange availability, importation, and support of agro-industrial inputs, importers' (participating firms') capacity utilization, production and employment levels.

- To assess program management and efficiency. Specifically allocation of local currency generation, conformance with A.I.D. regulations and ProAg provisions, end-use checks, status of recommendations from previous evaluations.

- To formulate recommendations for the Private Sector Support Project (660-0120) including impact evaluation indicators and analytical approaches. Availability of indicators in secondary data and required primary data collection will be explicitly identified.

II. IMPACT OF POLICY REFORMS ON THE AGRICULTURAL SECTOR

Zaire is divided into 10 regions and agriculture is an important sector in each. USAID has major projects in two of them: Bandundu, along and with Shaba. Bandundu and Bas-Zaire constitute the breadbasket for Kinshasa, whose population is 3.5 million. The Shaba region is the breadbasket for major towns in the copperbelt including Lubumbashi, Kolwezi and Likasi.

Because of USAID's special interest this section concentrates on the Bandundu and Shaba regions. It focuses on the effects of price liberalization on farm-households in these two regions. The analysis is based on two surveys. The first is was conducted by Prof. Eric Tollens since 1987 in cooperation with the Directorate of Marketing, Prices and Campaign Credit, Department of Agriculture of the GOZ, the Food and Agricultural Organization (FAO), the Belgian Overseas Development Agency and the USAID, (see Annex G, Technical Note 1). The second was conducted in 1988/1989 by the Service d'Etudes et Planification of the Department of Agriculture of the GOZ in collaboration with USAID (see Annex G, Technical Note 2).

This impact evaluation is based on a two-pronged approach. Extensive use has been made of answers provided by a survey of farmers and merchants as to how they perceive the effects of price liberalization. Additionally available data were analyzed to demonstrate the economic rationality of farm-household behavior and the competitiveness of the food distribution system.

The Farmers' View of Price Liberalization

The Government of Zaire on May 29, 1982 liberalized the prices of all agricultural products throughout the Republic.[2] 110/BCE/Agridal/82; see Annex E). As of March 1989 four out five producers were aware of this measure (Table 38). There are substantial differences in awareness of this policy

2. ARRET F, Departmental No. 110/BCE/Agridal/82; Du 29 Mai, 1982 Portant Liberalization Des Prix Des Products Agricoles Sur Toute L'Entendue De La Republique Du Zaire.

between zones. Two out of three farmers had been informed of the policy by local extension agents and the territorial administration, all by representatives of the public sector. One out of ten farmers learned of the policy by listening to the official radio network, the Voice of Zaire.

Price intervention has had a long history in Zaire. The Belgian colonial administration as early as 1931 determined minimum and maximum prices for agricultural products.[3] After independence the government established maximum producer prices. This was replaced in 1967 with a policy establishing minimum producers prices.

Observers indicate that minimum prices were often interpreted as maximum prices so that as inflation accelerated, official prices lagged behind the market In addition, the Department of National Economy and Industry, and the Regional Administrations, exerted pressure to keep prices low. The Decree of September 12, 1983 eased but did not remove price controls for industrial and processed goods.[4] This effectively liberalized the prices of such goods. Additional measures, permitting revaluation of fixed assets, helped avoid the appearance of inflated profits. Ten out of twelve managers of Kinshasa based manufacturing concerns interviewed for this evaluation, indicated that ex-post price controls did not affect their operations.

The Service d'Etude et Planification (SEP) in early 1989 interviewed 200 farmers as to perceived effects of price liberalization (Table 35). Farmers were virtually unanimous that price liberalization did not increase prices of coffee and cotton. The opposite was true for food crops. Price liberalization was commonly perceived as having provided substantial price incentives for the main stay staple crop of the Shaba region (corn), the Kinshasa-Bandundu-Bas-Zaire regions (manioc) and an increasingly important import substitution crop (rice), used for direct consumption and the manufacture of beer.

The responses leave no doubt that price liberalization substantially increased the production of basic food crops such as corn, manioc and rice. But the stage was different for cotton and coffee. Farmers complained unanimously that prices were non-remunerative for both, a view that is verified by a drop in production of each.

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3. Ordonnance Law 521/AE.
4. Because of the high rates of inflation the enforcement of price controls was eased but if prices were found to be unreasonable they could be rolled back.

Farmers in the Bandundu region expressed a unanimous preference for prices to be determined by market forces (Table 35). In the Shaba region, fully one third of farmers preferred prices to be set by the public sector.[5]

Compulsory Cropping

The area grown of food and industrial crops is determined in the large majority of instances by the farm-households themselves (Table 36). Nevertheless in the Bandundu and Shaba regions the authorities, which includes the extension agent, have a significant role in determining as to how much minimally will be grown of each major food crop. The price liberalization decree of May 29, 1982 did not eliminate compulsory cropping.

The compulsory minimum area to be grown per locality is proportional to the number of able bodied adult males. The compulsory minima per male are: manioc .50ha., corn .50ha., rice .50ha., groundnuts .20ha., beans .10ha., soya.10ha [26, p.30]. The fields to be cultivated are chosen jointly by the extension agent (moniteur agricole) and the women. Fields which women choose to cultivate over and above these areas are selected by them alone [31, p.42]. The extension agent assigned to a rural community (collectivite rurale) periodically inspects the different localities as to compliance. Each visit costs the locality 2-3 sacks of dried manioc chips. Fines are levied for violations [26, p.36]. The regional cotton processing companies, with approval of the authorities, also impose the growing of cotton on farmers. Prices are set in monopsonistic fashion (Table 34). The company provides improved seed, but this is of no perceived value to farmers.

Sources of Economic Growth

Farm-households increased output almost exclusively through area expansion (Table 13). The contribution to production of other inputs such as fertilizer, compost, manure, better seeds and clones was reported to be quite small. Twenty percent of the land cropped had been less than six years in production, indicating a rapid expansion of the agricultural frontier in the Bandundu region in the last five years (Table 14). More than 85 percent of farm households indicated they had sufficient land to expand area grown of principal crops such as manioc, corn, rice, and coffee. About four out of 10 farmers report using improved corn varieties.

Little is known about the profitability of cash inputs such as improved seeds and fertilizer and farmers indicated that they had great difficulty

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5. The evaluation team pondered the question as to how the enqueteurs of the Department of Agriculture translated and communicated this complex question from French into the local vernacular and back. Nevertheless, we have no major reservations as to the substantial accuracy of the answers given by farmers.

finding them in local markets (Table 39). The one exception was the Kikwit sub-region of Bandundu.

Women in Rural Development

The sources of labor used by farm-households show substantially different structures between the Bandundu and Shaba region. In Bandundu virtually all labor is provided by family members, hired labor being of little importance. Villagers helping each other, in "salongo" projects, such as maintaining roads, is important. In Shaba, on the other hand, farm households use considerable hired labor. Families there also help each other, but only 44 percent of all labor is provided by the farm household itself.

Fresco [20] and other observers provide information on the gender division of labor. They document the disproportionate labor contribution made by women, a burden augmented by their already heavy workload preparing food, cleaning, and caring for children.

Agricultural production has increased three times faster than the economically active agricultural population. This would have implications for the welfare of rural women, if the increase has been achieved by imposing a disproportionate additional burden on them. Although men increasingly are cultivating food crops because of remunerative prices it is not possible to attribute increases in agricultural output to this factor.

Statutory Minimum Prices

When selling farm products, half of farm-households haggle over the price (Table 27). Reference prices are often obtained through information provided by others. Sellers usually find out about prevailing prices at the market. Inspite of the Government's firm commitment to price liberalization, 13 percent of the households felt that prices were imposed by the authorities.

By statute, the Governor of each region must maintain the orderly marketing of agricultural products. The decree, citing relevant enabling legislation, proceeds to specify in detail the regulations pertaining to the marketing of agricultural products. For example, Article 9 of the Decree of the Governor of Bandundu, specifies a minimum purchase price of 6Z/kilo for manioc, 7Z/kilo for corn (grain), 15Z/kilo for groundnuts, 7Z/kilo for paddy rice and 7Z/kilo for polished rice.[6] These prices applied to all of the Bandundu region for the twelve month period starting March 15, 1988.

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6. Arrete Regional No. 93/08/1988, Du 17 Mars, 1988; Portant Ouverture De La Campagne Des Marches Des Produits Vivriers Saisonieres Sur L'entendue De La Region De Bandundu.

Farm-households, for each of the sub-regions, reported receiving prices at least twice as high as these minimum prices (Table 29). The commonly accepted notion that the minimum price decreed by the Governor is in fact the maximum price paid by merchants to farm-households does not appear to be borne out.

Monopsonistic Buying Practices

Monopsonistic buying practices exist when the seller of a given product over an extended period of time cannot find an alternative buyer for his or her product. Fourteen percent of farmers perceived the price received as being imposed by the buyer. Four out of 26 merchants interviewed agreed that prices were imposed by the buyer in Bandundu and Shaba (Table 6). Twelve of 26 emphasized negotiation, with the remainder emphasizing a mixture of negotiation and imposition. The asymmetry, with sellers outnumbering buyers, must have some impact on prices paid.[7]

Two zone and crop specific monopsonies were reported by the Service d'Etudes et Planification 1989 survey (Table 34). In the Bulungu Zone of Bandundu, the right to purchase irrigated rice is exclusively reserved for the Chinese Agricultural Mission in Kikwit. Farmers are unhappy about the price received. In the Kongolo zone of Shaba, ESTAGRICO is the only buyer of cotton. Farmers are unanimous that the price received is not remunerative (Table 35). Apart from these specific instances, an average of one out of seven farmers reported that at specific times only one buyer existed for specific crops (Table 34). Four out of 5 farmers chose a given buyer because he offered a good price. One of 7 farmers cited proximity (distance) of the buyer as the reason for selling to that buyer. Nine out of ten farmers expressed no preference for a specific type of buyer or buyer's organization such as cooperatives. The one exception is that in the Shaba region, 1 out of 5 farmers preferred to sell to the cooperative.

The Merchants' View of Price Liberalization

Almost all merchants reported buying directly from farmer-producers in both the Bandundu and Shaba regions, (Table 30). The annual quantities bought per large merchant by crop and by zone of operations are quite modest (Tables 31 and 32). In the Bandundu region trucks and boats are the

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7. It would be worthwhile to analyze the Tollens' database to compare average prices received for farm-households who negotiated prices with those households who felt they were pricetakers. This would provide a first approximation as to the excess burden involved. Administrative costs of eliminating this excess should also be assessed. Quite possibly the costs will prove to be unnecessary. The food marketing system is subject to rapid evolution and restructuring. Increased competition may constantly erode temporary localized monopsonies.

favored means of transportation. In the Shaba region most merchants use both privately-owned truck and public rail transport.

Virtually none of the merchants who buy agricultural products reported using credit (Table 33). The two merchants who did, used commercial credit. None of the merchants applied for public sector credit. Merchants without exception reported paying taxes. Virtually all claimed that they paid the regionally and community specific sales taxes authorized by Decree Law 84-102 on April 9, 1984 (see Annex E).

Income from the 1984 regional sales tax was to compensate for the decrease in central government revenue sharing agreed upon under the structural adjustment lending program. Merchants did not report these regional excise taxes, or other taxes, as obstacles to trade (Table 33). Nor should they. The statutory incidence of such taxes is not related to their economic incidence. While merchants pay the taxes, and this involves inevitably an administrative cost, the bulk of the economic incidence falls on downstream consumers and upstream producers.

All merchants reported the existence of obstacles to trade. Half of them indicated road blocks (legal or illegal) as the principal obstacle. Four merchants cited minimum prices to be paid to producers as the principal obstacle. Only 3 out of 17 cited interregional transport permits, and agricultural marketing campaign permits as principal obstacles. This suggests that such permits, which need to be obtained once annually at modest fees, are recognized as a necessary part of orderly marketing.

Apart from legal and illegal roadblocks there seem to be no major obstacles to trade. This is also reflected in merchants priorities for improved trade. None of the merchants interviewed reported the removal of taxes and permits as a priority for improved trade. The majority indicated road maintenance and elimination of roadblocks as having the highest priority. Access to credit, which none of the merchants currently have, is cited by 3 out of 17 merchants as having high priority. Virtually all merchants intend to increase their volume of business, none intends to decrease his volume of business.

Merchants in both the Shaba and Bandundu regions indicate at least five competing buyers in their chosen zone of operations (Table 6). None reported the existence of a monopsony. A majority of merchants denied the existence of a common understanding as to prices paid to farmers. Reported prices paid by merchants for the same crop seem to bear this out (Table 31).

A majority of Shaba merchants reported negotiation between producer and buyer as the predominant mode of price determination. A majority of Bandundu merchants reported that a mixture of negotiation and imposition was typical in the determination of prices received by producers. Only four out of 26 merchants interviewed reported that farm prices were imposed by the government. This is supported by the analysis which shows that actual prices received by farmers were more than twice the statutory minimum prices (Table 29).

The Bandundu region is one of the major agricultural production areas of Zaire. This area of 115,500 square miles is twice the size of Iowa and its equal in productive potential. In 1988, the region was home to 611,000 farm-households (Table 1). Virtually all households produced manioc, manioc leaves, corn and groundnuts. Squash, yams, and palm oil are also commonly produced. Coffee, rice and millet were grown by less than one out of five households.

The agricultural economy of the region is largely monetized (Table 3). Ninety percent of sales and purchases are based on an exchange of money. The exchange of gifts accounts for only 6 percent of recorded transactions. Barter transactions account for the remainder.

On-farm gross cash income from manioc, corn and groundnuts was $99.94 million for the crop year October 1987 - September 1988 [14]. Production expenses in cash equalled $13.17 million. Net on-farm cash income generated by the above three crops therefore equalled $86.77 million. Regional on-farm net income is calculated as $241 million (Table 5, Note 2).

Income from occasional and permanent labor can be assumed to be earned by farm-households relatively well endowed with family members of working age. But this requires an adjustment of only about 3 percent (see Table 7, Note 3) since hired labor is negligible importance in the region. Thus total farm-household income for the Bandundu region is about $248 million. Of this amount, $57 million was spent on education and medical care, a truly impressive ratio of 23 percent (Table 4). Another 31 percent was spent on a variety of manufactures.

Incomes per Farm-Household and Expenditures

The Tollens' survey (see Technical Note 1) calculated an average of 6.3 persons per household [17, p.8]. Based on the foregoing estimates, this yields an average annual income (cash and cash equivalent) of $63 per farm-household member in the Bandundu region.

The fact that more than half of the expenditures of farm-households was for human capital information and preservation is appropriate in a land-surplus labor-scarce economy where labor receives most of the returns from production. It is also interesting to observe that expenditures on celebrations, religious or otherwise, and funerals is virtually negligible. Saving therefore takes the productive form of direct investment in human capital.

Most farm households sell manioc on a weekly basis throughout the year (Table 22). Corn and groundnuts tend to be sold about once every two months. The frequency of sales for given crops shows little variation among sub-regions. On an annual basis, the typical farm-household will conclude at least 60 sales transactions.

The average value per market transaction is therefore quite small (Table 2). A typical sale of manioc by an intermediary amounts to $2.50, a purchase of that same commodity $1.50. A typical sale of groundnuts involves $6, with a purchase of groundnuts involving half that amount. A typical sale of corn (grain) equals $3.50 with the typical purchase equalling $2.

The month to month cash flow per farm-household is quite even through the year (Table 28). This is made possible by a combination of two overlapping cropping seasons, a mix of crops with slightly different cropping seasons, and storability of most of crops grown.

The policy implications of the foregoing observations are that the key to progress no longer lies in price liberalization. It is already a reality for a large majority of farm-households. The next logical step is resource accumulation, improvement of rural roads, and technological transformation. Farm-households, who on their own initiative expand the area planted at a rate of almost 1.5 percent per year and who invest more than 50 percent of their net income in human capital are indicative of the latent productivity of Bandundu's rural households.

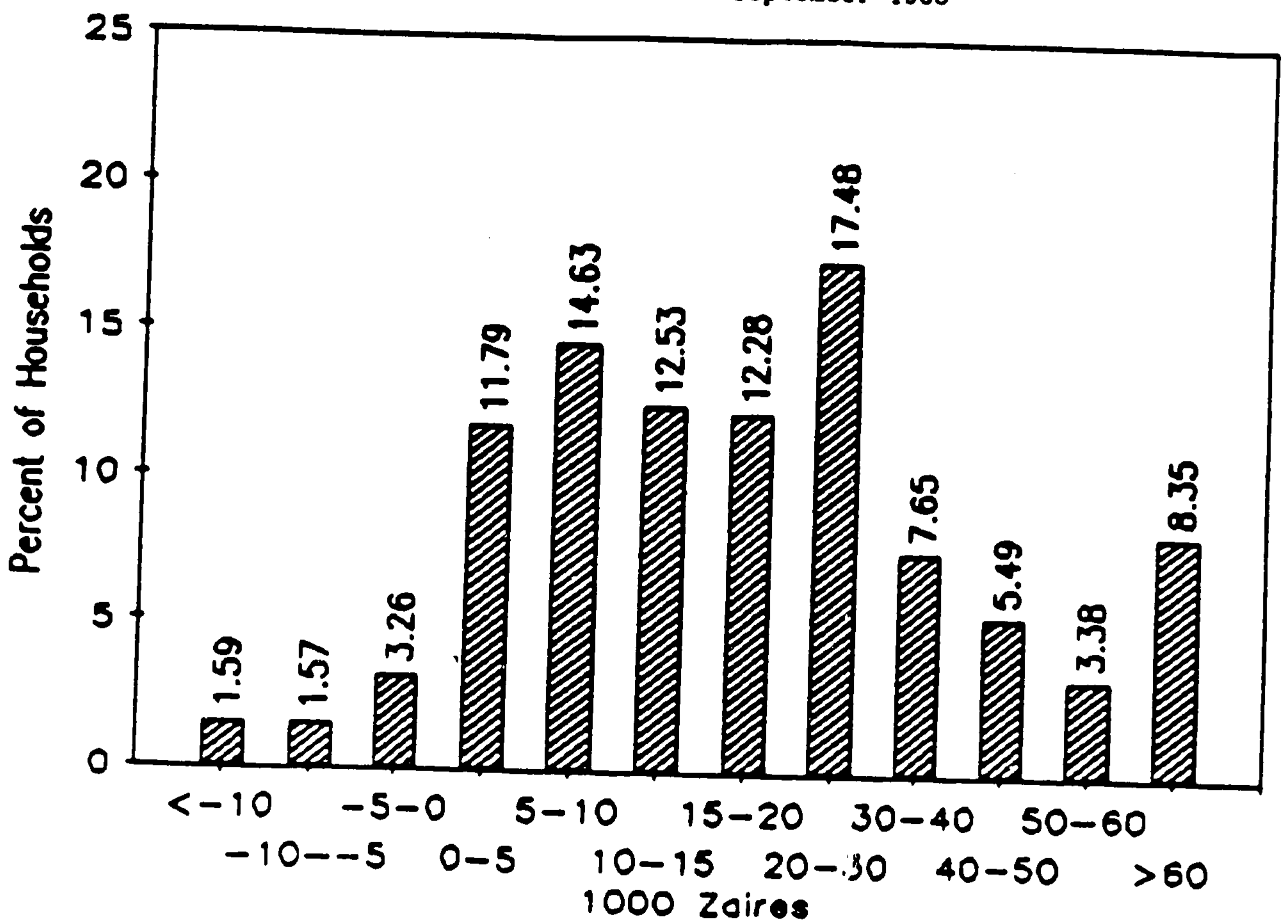
Figure 1 shows that on-farm net cash income from manioc, corn and groundnuts is not distributed equally through the region within each of the five sub-regions. The Lorenz curves constructed for each of the sub-regions show substantial inequality [14 p.22].

It is not entirely clear as to why incomes differ so much among farm-households. Factors such as family size, soil quality, marketability, improved technology and managerial capability are some of the factors.

Farm-Households and Merchants: Bandundu Region

Virtually all crops grown by farm-households in the Bandundu region are cash-crops. Two thirds or more of farm-households reported marketing a share of manioc, corn, rice, groundnuts, coffee, millet and squash. Yams, palm oil and particularly manioc leaves were less frequently sold off the farm (Table 18). Farm-households are mainly sellers of agricultural products. However, the number that buy agricultural products such as rice, groundnuts, palm oil and squash is also significant.

Figure 1: Frequency Distribution of Annual Per Farm-Household On-Farm Net Cash Income from Manioc, Corn and Groundnuts, Bandundu Region October 1987 - September 1988



Note (i) mean = Z 23013 = $142.
(2) net cash income from manioc, corn and groundnuts is the narrowest measure of farm-household income.

Source: [14, p.23].

Manioc is not only the mainstay staple of farm-household consumption but also the principal cash-crop of the Bandundu region. Manioc accounted for 71 percent of on-farm net cash income, the remainder being equally divided among corn and groundnuts (Table 10). For 80 percent of farm households corn or groundnuts accounted for less than 20 percent of net cash income (Table 11). On the other hand for 75 percent of farm-households manioc accounted for more than sixty percent of net cash income.

On-farm storage of harvested crops allows the farm-household to control the date of sale. The sales date is determined by price expectations, the need for cash and marketability, i.e. the opportunity to sell (Table 21). In the case of less storable products such as manioc, palm oil, yams and manioc leaves farm-households cannot wait very long for a possibly more attractive price. A majority of farm-households store their harvested corn, rice, groundnuts, coffee, millet, and squash for more than a month (Table 20).

Sixty percent of the farm-households selected a given buyer because of his ability to pay cash. Thirty percent did so because the buyer offered a higher price and 30 percent said that no other buyers were available. Prior acquaintance with the buyer was also reported as a reason by 14 percent of the households. Four percent of respondents in the Kwilu and Mai-Ndombe regions sold to a given buyer because of being asked to do so by the authorities. Seven percent gave exclusive buying permits as a reason for selling to a given buyer.

Farm-households choose among a variety of buyers of agricultural commodities (Table 23). Merchants who have their own truck are particularly important buyers of rice, coffee and several other crops. They are not important buyers of palm oil, manioc leaves and yams. Thirteen out of 17 merchants (commerçants) interviewed indicated more than 10 alternative buyers in their selected zone of operation (Table 6).

Merchants who rent space in a truck "par colis" are the next frequent category of buyer. They do not continue their trade to any single crop. Palm oil, groundnuts, squash, yams and millet are often bought by buyers using a bicycle or who transport the product on foot. In some cases, farm-households sell directly to area consumers.

Farm-households rarely repeat selling to the same merchants (Table 24). The relationship between buyer and seller is mostly an impersonal one, with the seller having the opportunity of choosing among different buyers at any time and throughout the season.

Agricultural Sector Terms of Trade

The intersectoral terms of trade for agriculture remained constant from October 1987 to September 1988. Nominal prices received and paid by farm-households both increased by 64 percent so that inflation had no real effects on relative prices.[8] This attests to the effectiveness of Zaire's price liberalization policy for agriculture.

Nevertheless between October 1987 and September 1988, the terms of trade improved temporarily and strongly in favor of farm-households. The reason is that the costs of educational and medical expenses remained constant until August 1988. It is estimated that through this, farm-households received a subsidy averaging about 12.9 percent for the year. Since net cash income received by households averaged $175, they received an implicit subsidy of about $23 per household. This advantage was partly wiped out, however, with the opening of the new school year when fees were increased by 72 percent.

Farm-households pay little in the form of statutory taxes (Table 4). Nevertheless the economic incidence of regional sales taxes is partially borne by them. The data are inclusive as to whether farm-households were net recipients or losers of real income transfers.

Farmers in the Bandundu region reported that between 1986/87 and 1987/88, the area harvested of all crops had increased. With continuing favorable terms of trade this is reflected fully in an increase in real income. Thus, price liberalization will have benefitted most of the region's 611,000 farm-households.

The Urban Demand for Food

Between 1978 and 1984, the relative prices of imported cereals (rice and wheat) in Kinshasa fell rapidly but stabilized thereafter (Figure 2). On the other hand, for the last 27 years the relative prices of domestically produced staples (manioc, corn, bananas) have shown no discernible long-term trend even with price liberalization after 1982. Thus it is not likely that price liberalization would cause large substitution effects between domestically produced staples and imported staples.

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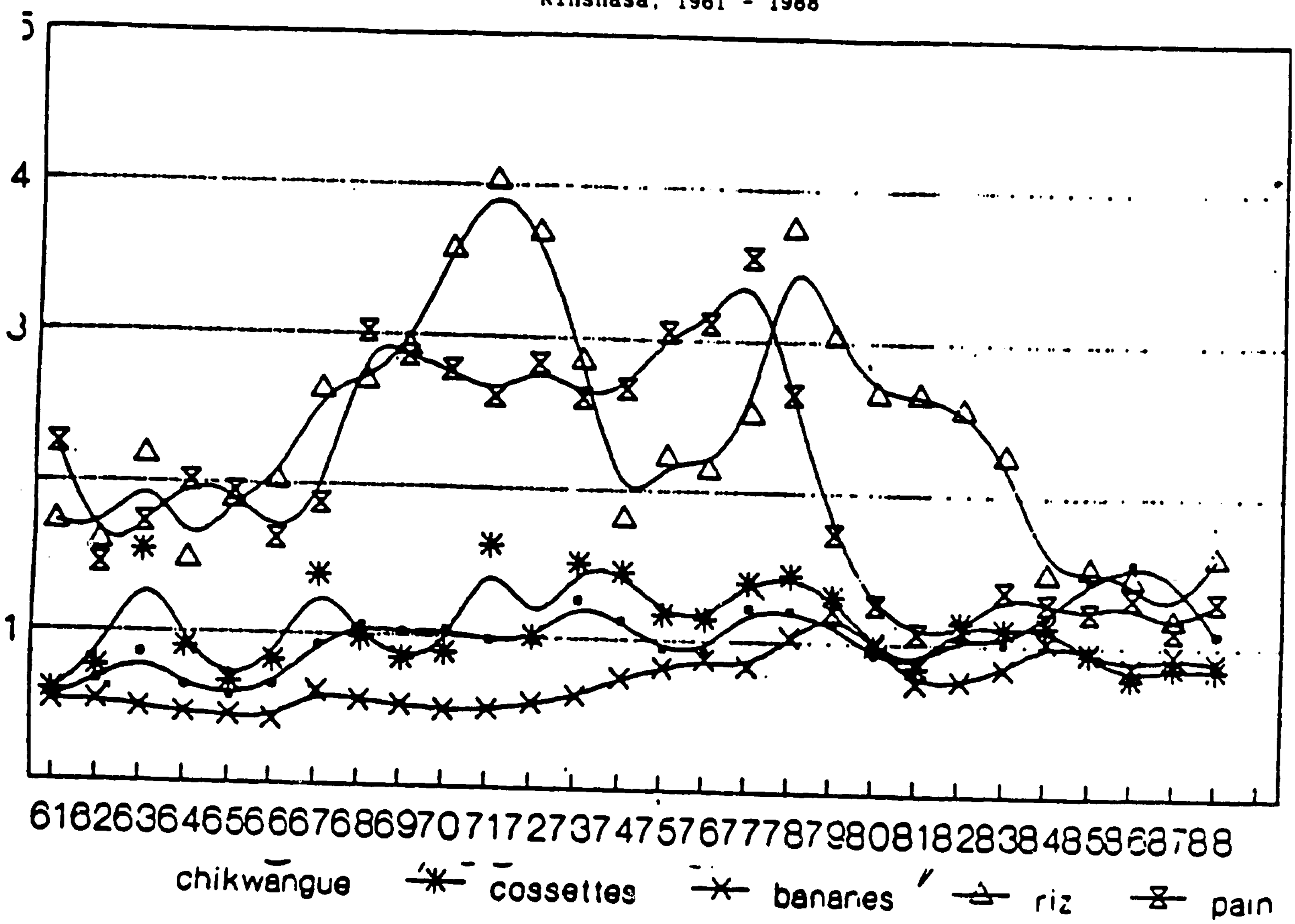
8. The agricultural sector terms of trade is defined as the ratio of the index of prices received by farm-households divided by the index of prices paid by farmers. In the short run, rapid monetary expansion should leave the ratio unaffected, given the monetarist hypothesis that all nominal prices are expected to increase proportionately by the same amount. This would not be the case if some prices are distorted by price interventions.

Figure 2: Relative Retail Prices of Staple Foods, Kinshasa, 1961 - 1988



Source: DMPCC, Unpublished data.
Note: Prices relative to the General Retail Price Index published by the Economic and Social Research Institute (IRES), University of Kinshasa.

The food consumption surveys conducted by Professor Joseph Houyoux in 1969, 1975 and 1986 shed further light on this [23, 24]. Per capita food consumption in Kinshasa decreased by 18 percent between 1975 and 1986. In 1975, 60 percent of household expenditure was allocated for food. In 1986 it was virtually the same, 62 percent [23, p.10].

The effect of the structural adjustment on real income, particularly in Kinshasa is unclear. If one assumes that the income elasticity of food is about half of that of non-food, say 0.75, then the fall in real income could have been on the order 20 to 25 percent. This may have occurred mostly between 1976 and 1982 with a subsequent partial recovery since. In the absence of a 1982 benchmark study, no firm conclusions can be reached as to the real income impact of structural adjustment on the per capita urban demand for food.

The 1969 and 1986 household surveys allow the construction of household expenditure distribution curves (see Figure 3). The Gini coefficient was 0.482 for 1969 and 0.490 for 1986. These ratios indicate a moderately unequal distribution of income for both years [21, Vol.II, p.4]. However, the non-reporting of elites may have tended to skew the distribution toward equality. The ongoing trend from nuclear families towards extended families and sharing household expenditures, would lessen the inequality over time. In the absence of a 1983 benchmark study it is not possible to measure the impact of structural adjustment lending on urban income redistribution with any precision. It is postulated, however, that the effort would be minimal is a substantially liberalized economy.

Approximately 10 percent of Zaire's population of 35 million people reside in Kinshasa. With moderate rates of rural-urban migration, the population of Kinshasa will continue to grow at or above 6 percent annually. This will create sustained growth for a marketable surplus produced principally in the surrounding regions of Bas-Zaire and Bandundu.

We previously observed that for the past quarter century, staple foods have been made available to the Kinshasa population at constant relative prices. This indicates that agricultural output is demand driven and that additional output can be produced at constant real cost and constant real agricultural income per worker.[9]

Real wages of public sector employees fell sharply and continuously from 1971 through 1983 (Figure 4). There has been a modest recovery since

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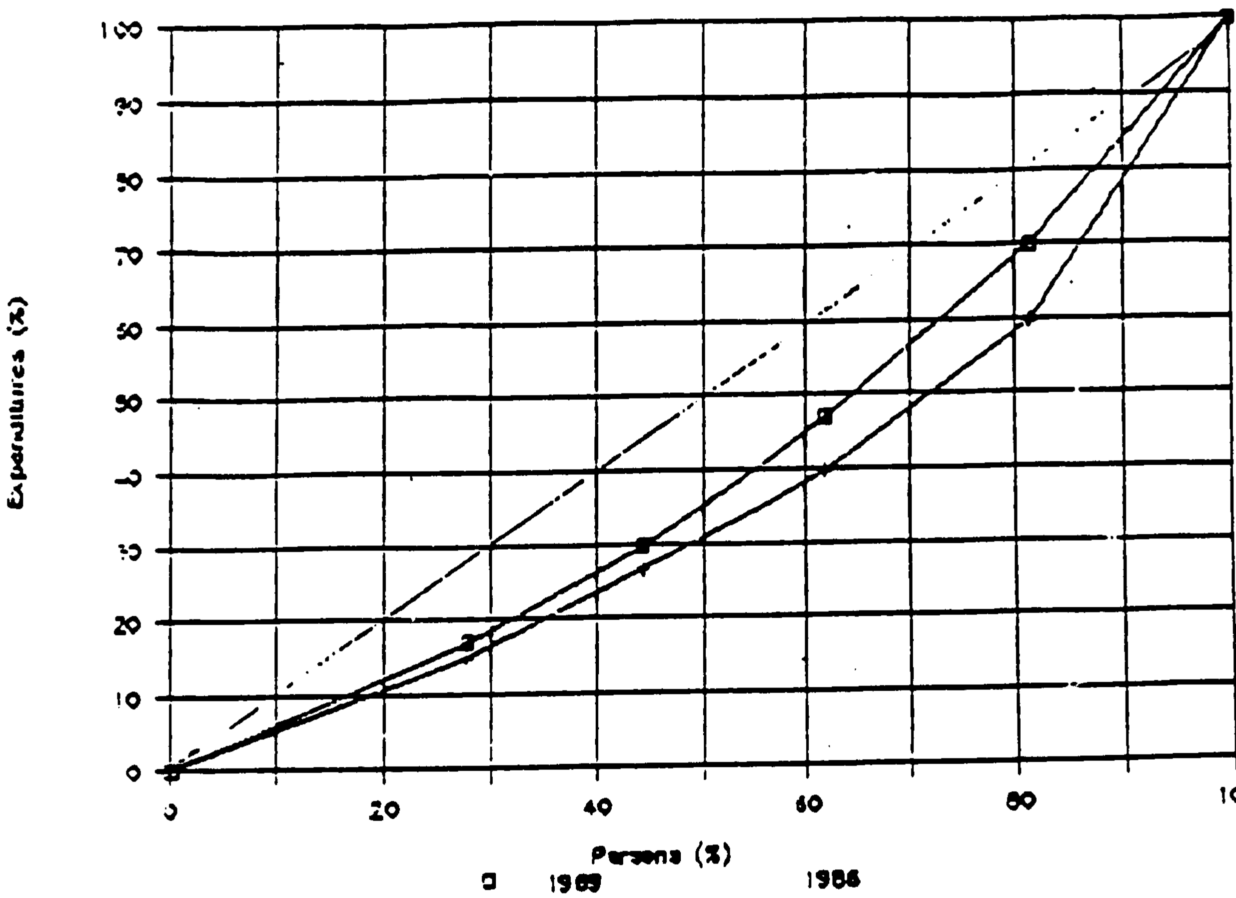
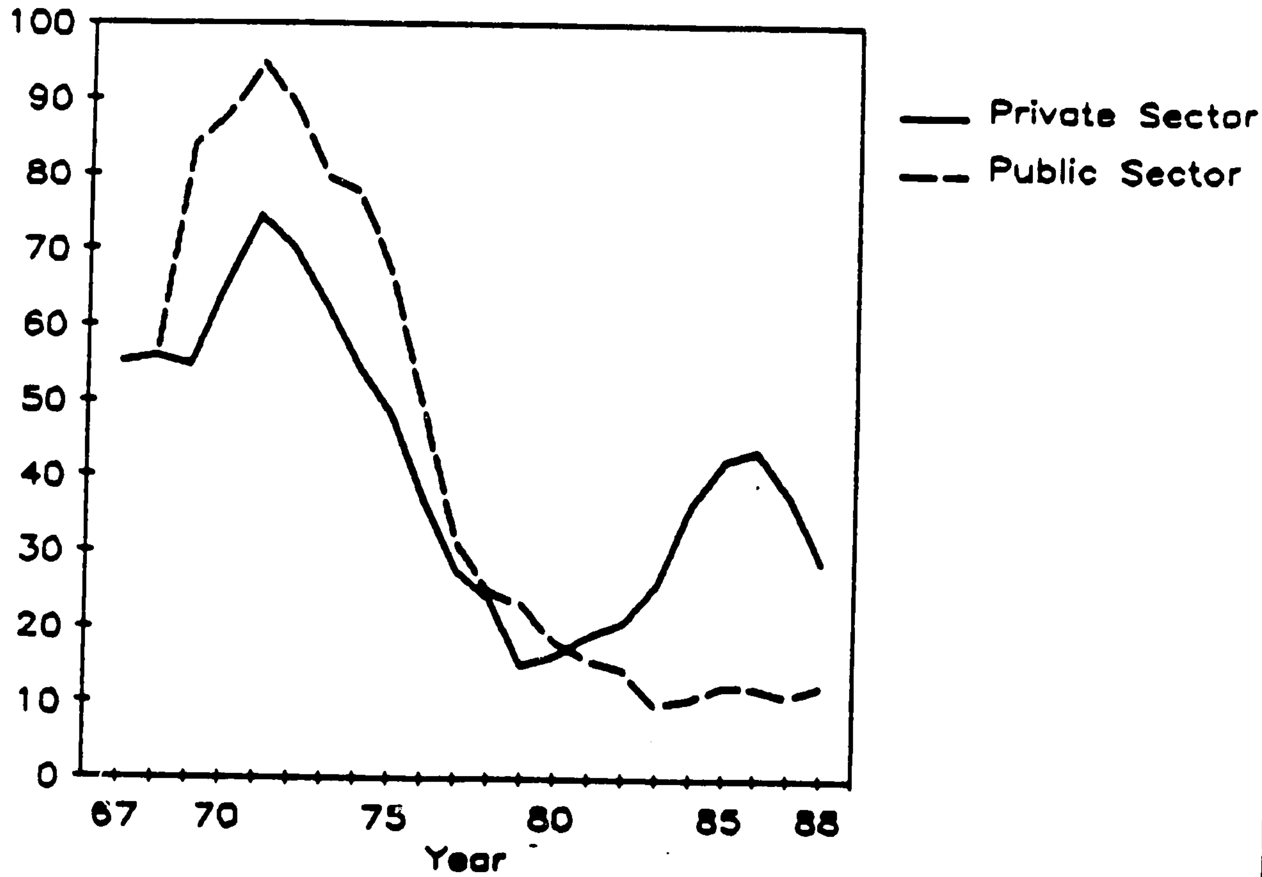
9. The World Bank recently completed a comprehensive agricultural sector study [44]. Most of the background papers in that report focused on yield amelioration rather than on land expansion as the thrust for improving real per capita incomes. The latter policy is more appropriate for a land surplus nation.

Figure 3: Lorenz Curves for Kinshasa: Total Expenditure Per Person By Income Level, 1969 and 1986



Source: [21].

Figure 4: Index of Real Wages, Zaire
(1959 = 100)



Source: [1].

then. This different marketing from the private sector where real wages have increased steadily since 1979. They are now twice as large as the real wage in the public sector.

Between 1975 and 1986 the real wage of industrial workers declined only 20 percent as those that of public employees fell by 66 percent. Thus it is quite possible that real per capita incomes in Kinshasa may, on the average, have declined by more than 25 percent. But, as indicated earlier, the downward trend in the real wages was reversed even before price liberalization took place and has since been sustained.

III. IMPACT OF POLICY REFORMS ON THE INDUSTRIAL SECTOR

An assessment of the impact of economic reform policies on Zaire's industrial sector starts with an inquiry as to whether the major elements of the reform package have been followed consistently since the major liberalization thrust began in late 1983. Most observers view the 1983-89 period in two parts; the 1983-86 period which was dominated by trade liberalization the official trade regime was transformed from by fixed exchange rates, maintained through import rationing and capital controls, to one with a floating exchange rates and more flexible import and export procedures. During this period, the GOZ had also made considerable progress in bringing public expenditure and inflation under control.

In late 1986, frustration with an increasingly large foreign debt repayment burden, a perceived timid response by private investors, and the conviction that international financial assistance was inadequate, caused the GOZ to renounce several austerity measures. Thus in 1987, the government once again increased its expenses. Since the growing deficit was monetized, and attempts were made to manage the floating exchange rate inflation soared through the first quarter of 1989 and the official exchange rate diverged from the parallel rate to a high of 48 percent.[10] The two new standby agreements reached with the IMF were both short-lived.

A third phase may have just begun with the agreement reached between the GOZ, the IMF, and the World Bank in June 1989 for a new Structural Adjustment Program. Within the last several months, foreign exchange shortages have eased and inflation has been reduced. Currently, strict credit ceilings are being enforced, and the real interest rates have soared.

Any impacts, or lack thereof, emanating from the economic policies of the last 6 years must therefore be viewed within the context of a rapidly changing and rather inconsistent policy climate. The effects of this "on-again, off-again" policy dialogue process between the GOZ and the donor community

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10. U.S. Embassy/Zaire time series on official and parallel exchange rates.

on the performance of the formal industrial sector are discussed in this section.

Production and Capacity Utilization

Figure 5 shows indices of GDP and manufacturing sector production from 1970-1988. The early 1970s was a period of steady economic growth as favorable commodity prices and political stability combined to consistently raise output through 1974. While all sectors of the economy were adversely affected by the Zairianization measures which began in 1973. As aggregate GDP fell by nearly 18 percent from 1974 to 1982). However, the Zairianization had a special and deleterious effect on the manufacturing sector. Over the 1974-82 period, manufacturing production plummeted by 36 percent — twice the rate of the overall economy. Table 42 provides evidence that manufacturing has responded positively to the economic reform measures which began in 1983 — growing more rapidly than any other sector except the agricultural export sector. From 1983 to 1987, the manufacturing sector grew at an annual average rate of 5.1 percent. The only sector that experienced substantial negative growth is transport. This was due largely to financial and management difficulties of three large parastatals — ONATRA (river transport), SNCZ (the national railroad), and Air-Zaire.

Yet growth has been uneven within the manufacturing sector (Table 43). While transport equipment, plastics, tobacco, and beverage manufacturing have registered strong expansion, the textile, printing, and metal working industries have substantially contracted output since the onset of liberalization. The textile industry is currently operating at only 60 percent of capacity. Most firms have not been able to invest in new equipment as competition from imports and the informal sector have eroded profitability.

There are no comprehensive time series data on manufacturing sector capacity utilization rates in Zaire. It is therefore not possible to trace the evolution of industrial capacity utilization over any appreciable period of time. Although production has risen in recent years, low utilization rates continue to be the rule. Bank of Zaire data (Table 44) confirm that capacity utilization rates remained very low in 1986 and 1987, but it is not possible to draw inferences on its evolution since 1983 or before. Presumably, the World Bank's ISAC and other donor import credits raised capacity utilization for participating firms in 1987 and 1988.[11] However, it is not possible to extrapolate from this information reliably to the national level.

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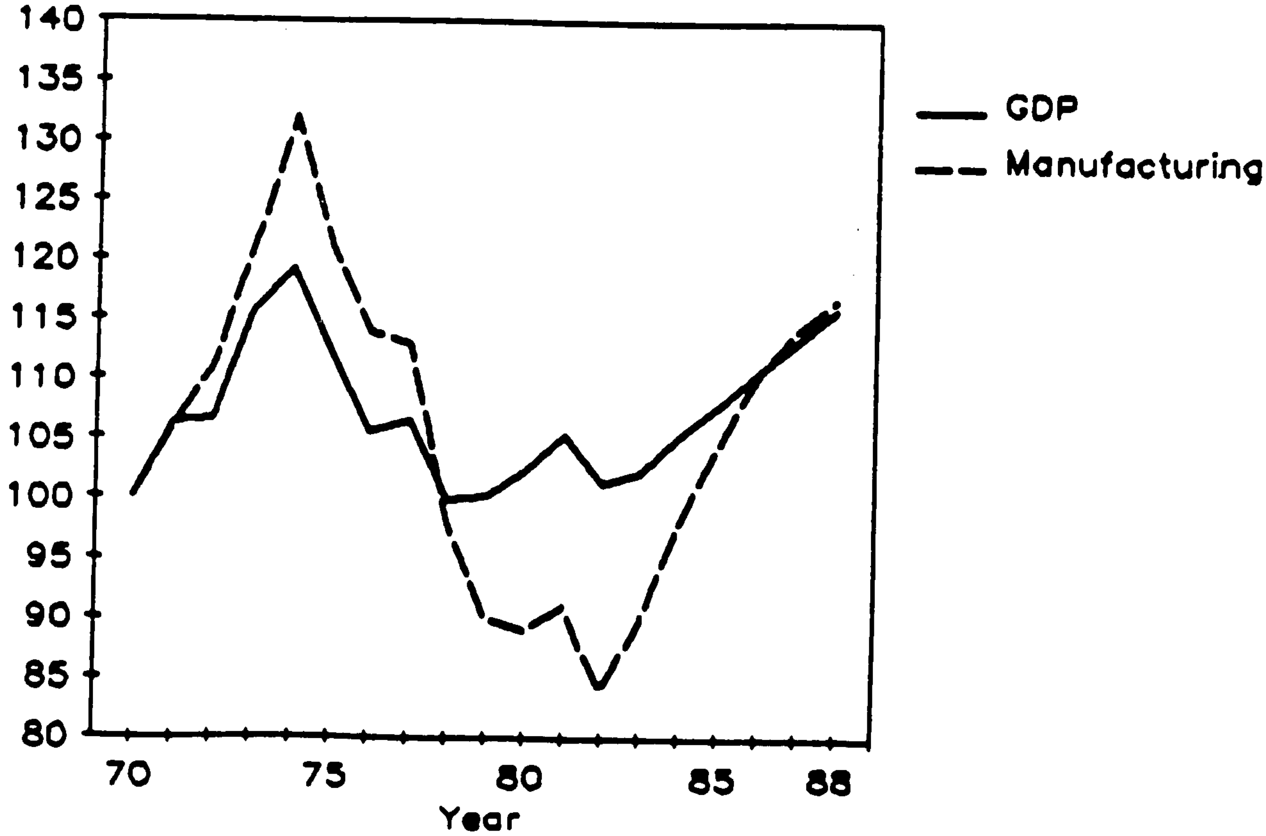
11. See section on allocation of inputs by geographical area for evidence on capacity utilization rates among firms that participated in the USAID CIP in 1987 and 1988.

Figure 5: Zaire Gross Domestic Product and
Manufacturing Production Indices
1970 – 1988
(1970 = 100)



Source: [1].

Private Investment and the Current Business Climate

Discussions with 11 firm representatives by the evaluation team provided detailed qualitative evidence about the constraints and opportunities for investment in Zaire since liberalization began. Those interviewed cited rapid changes in government policy and economic conditions as a major factor which undermined investor confidence in Zaire. In addition, lack of transport, communications, and social service infrastructure in the interior guarantee that any new investment is almost entirely restricted to Kinshasa.

Respondents stated that new firms had entered 6 industries — cigarettes, polypropylene sacks, automotive sales, batteries, and toilet soap. At the same time, there had been consolidation in 4 others — heavy equipment manufacture and distribution, metal work, plastics, and textiles. No change has been registered in tire and jute bag manufacture as they have remained monopolies.

Most of the investment since 1983 appears to have been made by established firms to expand or improve previous investments. There has been little or no foreign investment, and at least two large multinational concerns (General Motors and Goodyear) have disinvested since 1983. Several firm representatives claimed that because the tax structure does not allow for the rapid and highly variable inflation, firms have been forced to decapitalize.

A continual source of uncertainty in recent years is the rapidly changing economic policy environment. While the 1987 to first quarter 1989 period was characterized by rampant inflation and foreign exchange scarcity, tight credit ceilings have now made local currency the scarce item. Cash flow problems were exacerbated by a Bank of Zaire decision in January 1989 to require importers to deposit 100 percent of the local currency equivalent of letters of credit with their commercial banks on the date of opening the L/C. This decision was rescinded in April because of the hardship it placed on the business community.

Current interest rates are very high. With nominal interest rates of 85-100 percent annually,[12] and 1989 inflation calculated at approximately 50 percent, real interest rates have soared after being negative in the first

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12. Computed as follows:

60 percent — discount rate
10 percent - commercial bank margin (this can be as high as 20 percent)
4 percent — finance charge (1 percent quarterly)
74 percent — subtotal
x 18 percent — turnover tax (CCA)
87.3 percent — total

quarter of the year. In addition, firm representatives complained that bank charges are very expensive and the interest rate structure is "irrational." For example, savings are discouraged by interest rates as low as 20 percent before taxes. One banker pointed out that because the government requires 50 percent of all deposits be placed with the GOZ with no remuneration, this doubles the cost price of holding deposits is doubled.

The lack of infrastructure outside of Kinshasa is a more fundamental long-term problem constraining investment in Zaire. New investment has favored Kinshasa over other regions of the country. A battery manufacturer who prior to 1983 held a monopoly stated that three new companies had recently been established and that they were all based in Kinshasa. Other firm representatives recounted similar stories about other industries where there had recently been market entry.

The lack of transport infrastructure further reduces the competitiveness of domestic industries in supplying the interior with basic consumer goods. According to several respondents, Eastern Zaire may be more economically integrated with Kenya and the lake states than with the rest of Zaire. Kinshasa-produced goods must be air-freighted to Kivu and can not compete with imports. A similar situation has developed in Shaba, where illegal (and some legal) trading is conducted with South Africa and Zambia. Due to deterioration of the SNCZ rail system, several respondents estimated that as much as three months were required to send goods from Kinshasa to Lubumbashi by rail.

Most respondents agreed that there have been substantial improvements with regard to price controls. All of the participants interviewed except two stated that the ex post price control system posed no serious problems. Although it is illegal for firms to factor inflation and exchange rate risk into their maximum allowable 20 percent margin, most companies get around this. One respondent freely explained how he fools the price control monitors of the Economie Nationale. According to him, it is not prudent to exaggerate costs on anything for which there are receipts and other records. Where one therefore inflates costs are for technical specifications (underestimating the throughput of machinery, worker productivity, waste, etc.). Because Economie Nationale personnel have little or no technical expertise, they just accept whatever technical parameters are provided.

Employment and Incomes

Official statistics show a great deal of variability in the number of private sector employees since 1970 (Figure 6).[13] Private employment grew

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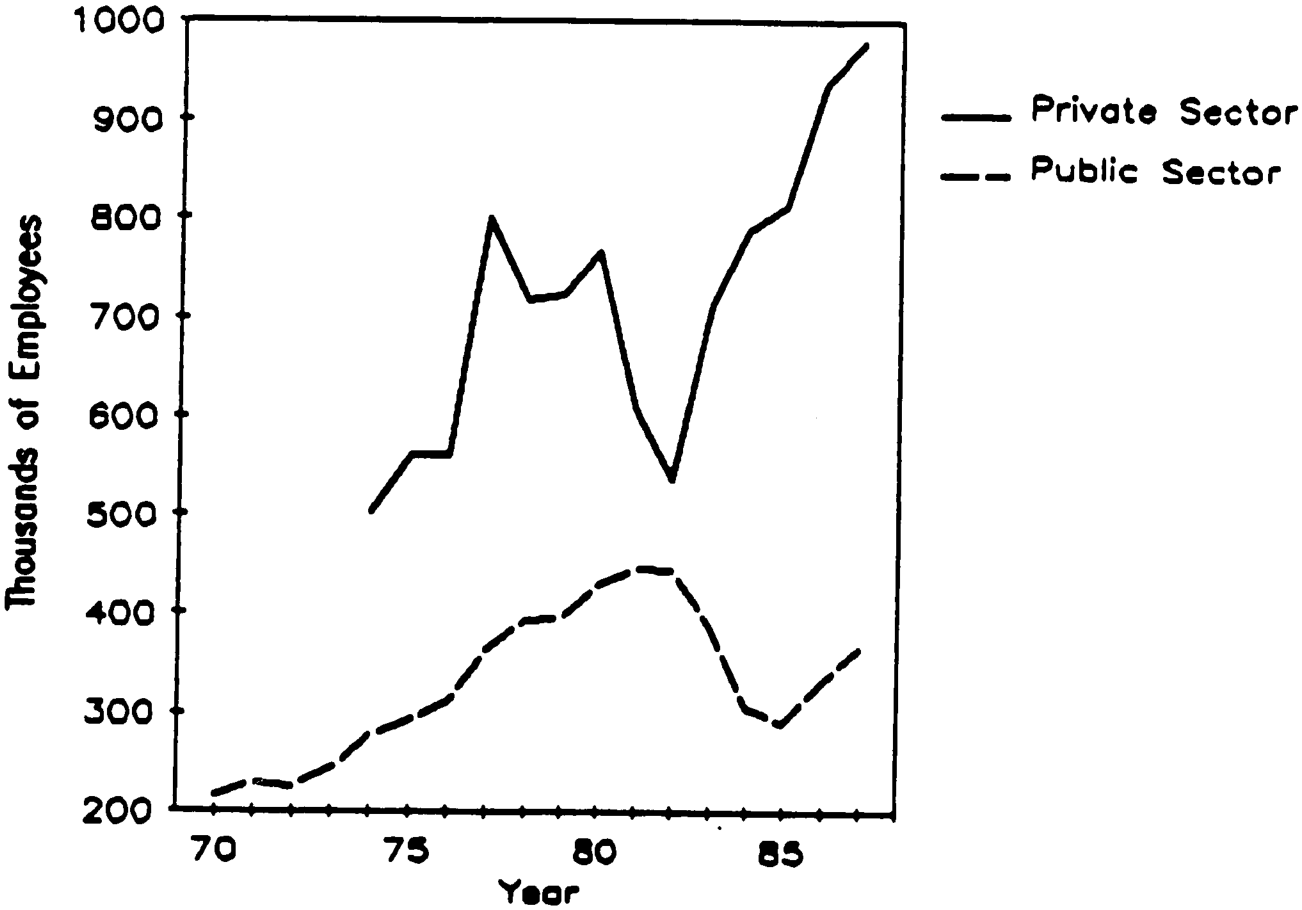
13. Zairian data on employment and incomes should be approached with caution as the definition of who is included in official calculations has changed over the years. For example, army and policy personnel were

Figure. 6: Private and Public Sector Employment, Zaire (1970 - 1987)



Source: [1].

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omitted from public employment statistics beginning in 1973. They are believed to number about 70-80,000. In addition, private sector employment only includes those workers affiliated with the national social security system (INSS).

to a peak of almost 800,000 in 1977, and then began to fall until it bottomed out in 1982 at 535,000. Between 1983 and 1987, private employment has steadily increased with an average annual growth rate of 8.4 percent.

One of the cost-cutting measure applied by many private firms by many private firms after liberalization was to gradually replace expatriate management staff with Zairians. Data on local and expatriate management levels confirm that during the 1985-88 period, expatriate employment fell by an average of 29 percent, while local management levels rose by 48 percent.[14] A number of merchants interviewed said that their companies had also invested heavily in training programs for Zairian personnel to upgrade their management and technical skills.

Public employment followed a different pattern than private employment. It rose steadily through the 1970s and hit a high of nearly 450,000 in 1981 and 1982. This excludes 70-80,000 army and police personnel. The steady rise in public employment is an important reason for the growing budget deficits which developed during the early 1980s.

In 1982, the GOZ made efforts to streamline the public sector ("assainissement administratif") and the number of public workers was reduced to 290,000 by 1985. Some of the released employees people who never actually came to work but were influential enough to receive a salary but many were productive employees such as teachers. The renunciation of austerity measures in late 1986 resulted in increased hiring. By the end of 1987, public employment increased 26 percent over the 1985 level as almost 75,000 workers entered the public sector.

Real wages for private and public employees have roughly evolved in a roughly similar fashion from the late 1960s through 1980 (see Figure 4). In both sectors, real wages reached a peak in the early 1970s and then began a steady decline until 1980. Since 1980, the paths have diverged. Private sector real wages began rising to reach a new peak in 1986 — but still less than half their 1971 level. In contrast, the decline in the public sector real wage has not been reversed. For these workers, the 1988 real wage stood at only 13 percent of its 1971 level.[15]

As the formal employment sector has lost its capacity to absorb workers at acceptable wages acceptable the informal sector grew in importance. Results from a 1986 household survey in Kinshasa [23, 24] for example, indicate that officially-declared wages constituted only 30 percent of total income. The informal sector is clearly an important source of second and third jobs for formal sector wage earners as well as the principal

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14. The source for this data is [32].

15. Data for 1989 wages are not yet available. However, the high inflation of the first quarter probably eroded purchasing power further.

income source for the officially "unemployed." In 1984, an estimated 140,000 people were employed in the Kinshasa informal sector — more than in the formal labor force.

Tailoring, auto mechanics, general repair (flat tires, utensils, etc.) carpentry, metal work, and small trade at open-air markets and on sidewalks are among the most important informal sector occupations [34]. Many of these workers provide stiff competition to formal sector industries such as textiles and large auto repair garages. On the other hand these activities are also important sources of apprenticeship and on-the-job training for young people.

Formerly Protected Firms

Prior to 1983, established firms were protected from competition by the foreign exchange rationing system which served as the principal mechanism for maintaining a seriously overvalued official exchange rate. The rationing system effectively barred the entry of new firms by denying them access to foreign exchange. It also encouraged strong imports at the expense of domestic value-added and produced lucrative rent-seeking opportunities for reselling cheaply acquired foreign exchange at much higher parallel market rates.

Since the trade and exchange rate reform measures of late 1983, the parallel market has been largely eliminated. Efforts at policy reform have shifted to rationalizing the system of tariff schedules by narrowing the difference between minimum and maximum ad valorem tariff levels. Progress has been mixed. As of June 1989, the minimum level stood at 15 percent while the maximum was 50 percent. However, numerous exemptions have been granted to the public sector and to private firms through the investment code.[16]

On balance, it appears that these reforms have infused more competition into the private industrial sector. As mentioned earlier there has been market entry in several industries and competition from legal and illegal imports has increased. At the same time, consolidation has occurred in a number of other industries. Whether this consolidation leads to more or less efficient competition in the future depends on the continued discipline provided by a liberal import regime and informal sector activity. Those interviewed stated that, it is now the market — and not the public administration — that is the chief source of discipline in holding down prices and profits and deciding which businesses will sink or swim.

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16. For more discussion of tariff reform, see section on tariff reforms and non-tariff barriers.

IV. COMPLIANCE WITH COVENANTS AND CONDITIONS PRECEDENT

Substantially all covenants and conditions precedent were met. The area of difficulty remains to increase the shares of private investment and tax revenue in Gross Domestic Product, while rationalizing public revenue and expenditure. As of August 1989, Zaire has substantially a free market economy, especially so in agricultural production, marketing and consumption.

The prospects for continued progress in fiscal reform are good [45] as USAID begins a new policy-based Private Sector Support Program (660-0120).

Reform of Export Taxes

Prior to liberalization, exporters paid an export duty (4 percent), a statistical tax (1 percent) and a sales tax (6.75 percent). In compliance with the condition of the frontmost export taxes were abolished in July 1986. The principal exceptions were for export taxes on mineral products (including diamonds), petroleum products, coffee and lumber. The rates for these items ranged from 3 percent (coffee) to 40 percent (copper). No further changes in export duties have been identified, with the exception of an increase in export taxes for coffee and diamonds announced in January 1989.

Reform of Export Procedures

During 1986, the GOZ took the following actions to simplify and streamline control procedures for exports: a) the Bank of Zaire no longer had to approve exports; b) the Department of National Economy no longer had to approve most exports; and c) the GOZ agreed that containers leaving Zaire through Matadi would no longer be opened for inspection if they had been inspected previously in Kinshasa and if the seal was intact. These actions satisfied the conditions for first disbursement.

Routine steps for official authorization involve 37 documents, which may require the collection of 139 signatures from the 12 GOZ agencies involved. (see Annex D). It is evident that these steps added to the cost of exports. Interviews with exporters indicate that the major costs are twofold (1) the approval process, although transparent, takes up to three months, increasing the carrying cost of inventories destined for exportation (2) the inability in the case of non-traditional export, to match a window of opportunity with a rapid export response.

These cumbersome administrative requirements are being reviewed by the GOZ with a view to eliminating all but the minimum necessary and to standardize overall procedures.

Tariff Reforms and Non-Tariff Barriers

Prior to reform, imports of raw materials and intermediate inputs required no duties, while consumer goods and luxury goods paid very high rates. This made minor domestic transformation of imported materials very profitable.[17]

Industry developed under this regime tended to be based on imported inputs rather than on local inputs and to produce for the restricted local market for luxuries rather than for common goods or for export. The result was to reduce real national income and to exacerbate the shortage of foreign exchange.

The GOZ has clearly respected its agreement on import tariff reforms. The conditions for first disbursement were satisfied by April 1987, with the adoption of a new tariff schedule, standardizing rates to between 10 to 60 percent. At that time, a number of exceptions were accepted by USAID. These included 5 percent tariffs on certain basic consumer goods (sardines, corned beef, smoked and salted fish, etc.) and agricultural inputs (tractors, fertilizer, animal feed, etc.). At the other end of the spectrum, luxury cars, tobacco, textile products and alcohol tariffs remained in excess of 60 percent. Since September 1987, these exceptions have been eliminated progressively.

In May 1987, the GOZ complied with the conditions CP for the second disbursement by agreeing to the following schedule of tariff adjustments:

- July 1, 1987: 10-50 percent
- July 1, 1988: 10-45 percent
- July 1, 1989: 15-45 percent
- July 1, 1990: 20-40 percent

Actual adjustments have lagged behind schedule: in July 1988, most tariffs were adjusted to fall between 10 and 50 percent; and in January 1989, the range was narrowed to between 15 and 50 percent. In addition, certain specific tariffs have now been converted to an ad valorem basis.

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17. The average effective rate of protection for 26 representative products equalled 300 percent [39].

Some 20 products, notably synthetic textiles and batteries, are protected by reference prices (valeurs mercuriales), calculated on the basis of domestic production costs denominated in foreign currency. These translate into tariff equivalents of about 200 percent.

Extensive exemptions granted through the investment code and to the public sector result in large public revenue losses. In 1988, it is estimated that about one third of the theoretical tariff revenue potential was collected. Part of the revenue loss arises because special exemptions have also been granted from the administrative tax, although such exemptions were not to be allowed. This tax was introduced in 1987 as a minimum tax of 5 percent on imports benefitting from tariff exemptions under the investment code.

Although licensing of foreign exchange sales remains in effect, no new non-tariff barriers to imports were identified. The GOZ is in compliance with the relevant covenant.

Routine steps for importation involve 30 documents, requiring the collection of 118 signatures from the 13 GOZ agencies involved (see Annex D). The approval process is a lengthy one which, with a floating exchange rate, creates uncertainty as to the final price paid for imports. It increases the cost of acquiring imports and in the case of critically needed inputs such as spare parts and raw materials, it can materially affect productivity.

Exchange Rates

The GOZ, through the central bank was required to continue to use a free, interbank market system to establish official floating exchange rates.

The system adopted may best be described as a managed float. The Bank of Zaire sets the official buying and selling rates. In October 1986, the gap between official and parallel market exchange rates was 20 to 25 percent. Depreciation between January and March closed the gap to 10 percent. As a result, the official exchange rate was near the free market rate between March and November 1987, and the GOZ was in compliance with the covenant.

After December 1987 the gap again widened, fluctuating between 25 to 40 percent until the first quarter of FY 1989, when it grew to nearly 50 percent. GOZ released, through the commercial banking system, some $30 million of foreign exchange per month which again closed the gap to less than 20 percent.

A new IMF program calls for the gap to close to 10 percent. Towards this end, the GOZ has agreed to limit foreign exchange expenditures to $180 million in 1989, and to introduce the following measures to improve the availability of foreign exchange: a) limiting commercial bank's holdings of foreign exchange to one day's operations; b) reopening resident foreign exchange accounts; c) retroceding 30 percent of foreign exchange earnings to gold exporters; and d) ending export duties except on lumber and coffee.

In the area of monetary and credit policy, the system of credit ceilings has been streamlined, interest rates for agriculture have been liberalized, and the structure of interest rates has been rationalized. In January and April 1989, the monetary authorities increased interest rates by a total of 25 percentage points. This resulted in the achievement of positive real interest rates in the second quarter of 1989.

Fuel Pricing

The GOZ was required to maintain a system of importation for refined products permitting direct private importation and a system of pricing of individual fuels within Zaire that recovers full costs of each fuel from its customers.

Compliance with this covenant has wavered. Officially fixed fuel prices were maintained well below costs from October 1986 through March 1987. In late March 1987, official prices were increased to within a few percentage points of costs for the major market in western Zaire. Subsequent adjustments were erratic with planned adjustments being missed in June and September but met in August and October. Between October 1987 and March 1988, prices were close to costs. Throughout this period, gasoline prices in eastern Zaire and diesel fuel prices were priced below cost.

Although direct private imports were permitted in the east and south, the parastatal organization, PetroZaire, was the sole official importer of petroleum products for western Zaire. Thus, private suppliers had to buy from PetroZaire at marked-up prices.

A new price and tax structure for petroleum products was introduced in February 1989. Prices are to be adjusted monthly to reflect changes in the import price of petroleum products and the exchange rate. The tax structure was simplified and put on an ad valorem basis, which will ensure Z 7 billion in supplementary revenue for the Treasury and will finance the rehabilitation program for Highways (Z 14.8 billion) and provide Z 1.2 billion for River Transportation and Z 2 billion for rural roads.

The committee responsible for dividing up these funds has established the distribution criteria and formulated a plan for 1989. The reform of the price and tax structure was accompanied by a full settlement of the arrears between the government and the petroleum distributors. The medium-term goal is to improve the competitiveness of the petroleum products market and its contribution to the public treasury and public institutions financed from this source.[18]

Other decisions have already been taken with respect to the collection of a special road tax though a doubling the automobile and truck registration fees.

Revenues and Expenditures

As required, the GOZ has adopted precedent revenue and expenditure measures acceptable to A.I.D. These were to be sufficient to offset recently announced civil pay increases. In June 1986, several actions were initiated to increase public revenues and reduce expenditures: a) customs exonerations were suspended for the remainder of the year; b) effective turnover tax rates on imports were increased; c) import tariff schedules were revised; d) sale of goods confiscated by OFIDA, the customs authority, was planned, and f) steps were taken to reduce corruption.

However, subsequent budgetary performance was poor, with budgetary deficits rising in real terms in both 1987 and 1988. The deficits were financed largely by increases in the money supply thus fueling inflation at annual rates in excess of 100 percent. But, even as expenditures skyrocketed at the end of calendar 1988, the GOZ began to put in place a system for planning and controlling future public investment. Several measures were taken including: a) simplifying import duties and taxes and increasing the administrative tax on imports from 3 to 5 percent; b) changing specific import duties to an ad valorem basis; c) increasing excise taxes by shifting to an ad valorem basis; d) introducing a special highway tax; and e) doubling of the motor vehicle stamp tax.

In 1989, additional steps were taken to increase revenues: a) increasing taxes on alcoholic beverages and tobacco, and introducing taxes on cement, sugar and matches; b) increasing the turnover (value-added) tax from 12 percent to 18 percent and increasing the tax on locally assembled automobiles from 7.6 percent to 18 percent; c) further increasing minimum import duties to 15 percent; d) introducing new prices and pricing structures for petroleum products; e) increasing administrative charges for Government services; and, f) introducing new measures to improve tax administration.

The GOZ has agreed also to limit expenditures: they will economize on expenditures for utilities and petroleum products; and investments increases will be limited to projects consistent with development objectives and promising economic rates of return in excess of 10 percent. The target for investment expenditures in 1989 is Z 21 billion ($57 million) compared to Z 8.4

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18. For more information, see USAID/Kinshasa, "Program Identification Document for a Transport Improvement Program," (forthcoming).

billion ($35 miliion) in 1988. Although the GOZ is unlikely to meet this target prospects for improvement are good now that the GOZ has committed itself to controls under the new Structural Adjustment Program.

Commodity Price Controls

The GOZ agreed maintain the existing liberal policy concerning pricing of agricultural and industrial products and will not impose new price controls except as A.I.D. may agree in writing. In 1983, the Government replaced most ex-ante price controls with ex-post price controls.[19] The present system requires justification, within 30 days, of price increases on the basis of costs and a fixed profit margin.

For industrial products, profit margins are generally set at 20 percent for industrial goods and 25 percent for artisanal activities. Profit margins on trade are set at both the retail and wholesale levels but cannot be cumulated thus discouraging vertical integration. Trade margins, fixed at 10 percent at the wholesale level and 12 percent to 18 percent at the retail level for foodstuffs also persist. For other products, these margins are about 15 percent and 20 percent, respectively. The domestic price of imported goods is controlled on the basis of cif price, import taxes, administrative and financial costs and a fixed profit margin.

In practice, industrialists suggest that the enforcement does not affect their ability to freely set prices, but wastes resources in going over justifications with officials seeking "to come to an arrangement" so as not to raise questions.

Ex-ante price controls remain on "essential and strategic" products such as water, energy, domestic public transport, pharmaceutical, construction materials other than wood, palm oil and sugar. Removal of these ex ante price controls were not covered under the covenant.

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19. Ex-ante price controls, as the term is used, set fixed limits to prices, margins, and profits and were thus enforced. Ex-post price controls allow price and margins to be increased consistent with inflation. However, if they are found, administratively, to be unreasonable, the violators can be fined and forced to roll back their prices.

V. IMPACTS OF THE FOREIGN EXCHANGE COMPONENT

To evaluate the impact of the dollar component of the CIP (Commodity Impact Program), representatives of 11 of the 38 participating firms were interviewed.[20] In all cases, either managing directors or commercial directors were interviewed about the positive and negative effects of the program on their particular company, and about forward and backward linkages to the agricultural sector.

Availability of Foreign Exchange

The bulk of commodity imports under the CIP were quickly dispersed in late 1987 and throughout 1988. Figure 7 shows the cumulative value of letters of credit that were opened under it. This period was especially difficult for Zaire as it was characterized by a severe foreign exchange shortage, a large spread between official and parallel market exchange rates, a steady depreciation of the exchange rate, and a short-term credit crunch. As such, respondents were unanimous in citing foreign exchange availability at the official exchange rate as the main benefit of the CIP for their company. Three company representatives stated that their firms would have been forced to suspend operations due to lack of raw materials for several months or perhaps permanently, had it not been for the CIP. One jute sack manufacturer claimed that USAID assistance relieved a severe coffee sack shortage in 1988, thus greatly facilitating coffee exports that year.

Six importers mentioned that a second advantage of the CIP was that it reduced exchange rate exposure and eased cash flow constraints. Under the program, importers were required to deposit only 20 percent of the local currency equivalent with their commercial bank when opening a letter of credit. The exchange rate for the opening day was the exchange rate that governed the final two payments.[21] In this way, participating firms were extended credit while at the same time locking in the exchange rate.

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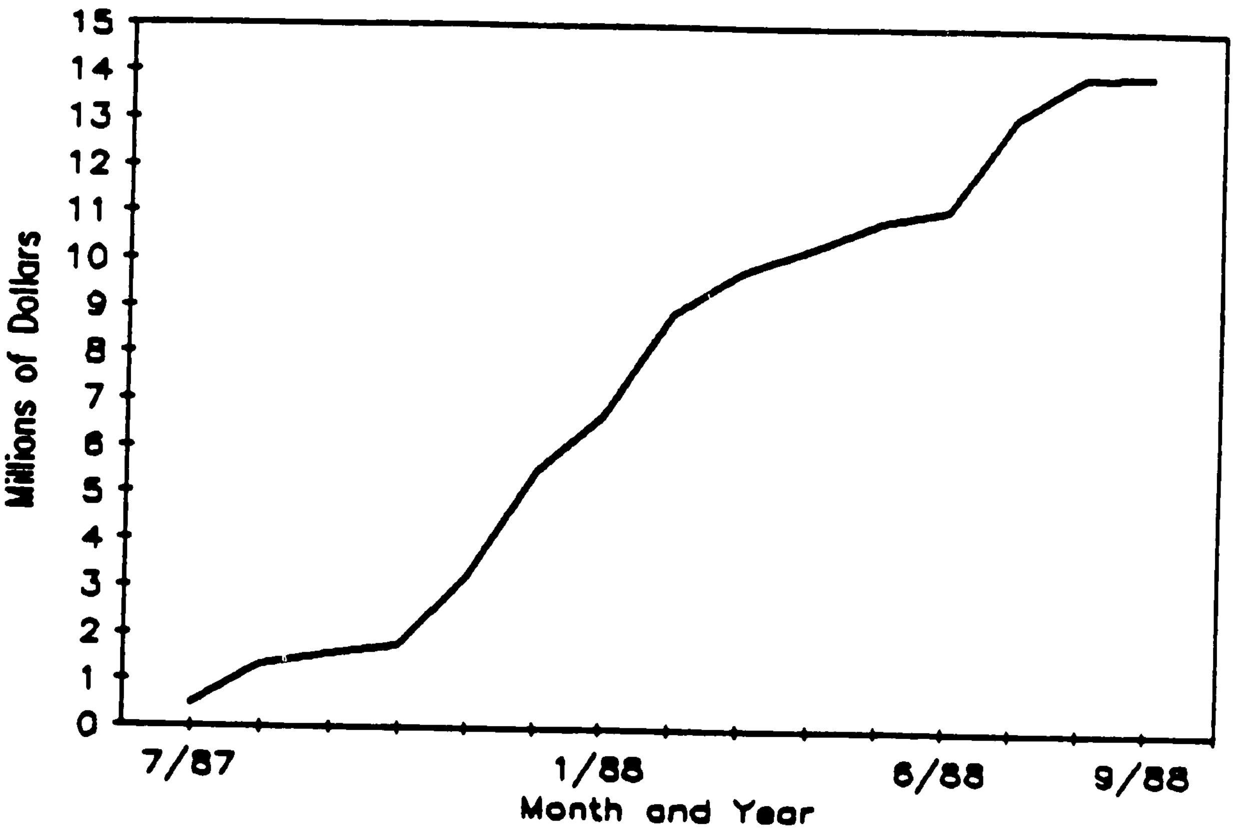
20. These companies accounted for 54.3 percent of the funds disbursed by the CIP.

21. An additional 30 percent upon receipt of shipping documents, and the remaining 50 percent 90 days after opening the letter of credit.

Figure 7. Cumulative Value of Letters of Credit Opened
Under the Structural Adjustment Support Grant
(Project No. 660-0121)
July 1987 - September 1988



Source: CIP Office, USAID/Kinshasa.

Support to Agro-Industries

Manufacturers with forward and backward linkages to the agricultural sector received nearly 75 percent of CIP monies. Of these, the transport sector received 40 percent of available funds — half of which were for fuel imports in Eastern Zaire. USAID-financed fuel imports met three months of demand in the North and South Kivu regions for 1988 [41]. Over 20 percent of the funds went to packaging manufacturers who supply sacks to coffee traders, sugar plantations, and corn and rice millers. Each packaging manufacturer interviewed affirmed that without USAID assistance, there would have been serious shortages of polypropylene and jute sacks in 1988.

Table 45 presents a breakdown of the uses of foreign exchange by import category. Roughly 10 percent of the funds went to imports of inputs used directly in the production of agricultural commodities. Half of that went for U.S. soybean meal which was mixed with locally-produced corn as feed for a poultry enterprise near Kinshasa and one fifth went to a cigarette manufacturer who distributed 800 MT of fertilizer to smallholder tobacco farmers in the Bandundu and Haut-Zaire regions.

Slightly more than 15 percent of CIP funds were devoted to the manufacture of consumer items such as soap, candles, and batteries. A small amount was also used for the purchase of communications equipment. Although candles and batteries are used in rural and urban areas by those without access to electricity, it is rather hard to justify these inputs as meeting the criteria of support to agro-industries. Purchase of communications equipment also does not appear to meet the import eligibility requirement. Importation of caustic soda for soap manufacture was consistent with program objectives because this raw material was combined with locally-produced palm oil. The participating soap manufacturer, MARSAVCO, is the largest industrial user of domestic palm oil, consuming almost 30,000 MT annually.

Allocation of Inputs by Geographical Area

Because most of Zaire's industrial base is located in Kinshasa, 77 percent of the CIP funds were used by manufacturers and distributors in Kinshasa. The North and South Kivu regions of Eastern Zaire accounted for 22 percent of disbursements (diesel fuel and equipment for a sugar plantation) while 0.6 percent was accorded to an agricultural and mining equipment distributor in Lubumbashi (Shaba region). Despite the heavy skew towards Kinshasa, most of these firms have strong linkages to rural producers of palm oil, sugar, tobacco, maize, rice, jute, or several other agricultural commodities.

Although it is not possible to quantify reliably the impact of the CIP on small farmers, it seems likely that they benefitted directly from the greater availability of packaging materials for coffee, maize, rice, and sugar, and fertilizer for tobacco production. Except for sugar, some of which is partially cultivated by small farmers, almost all are smallholder crops in Zaire. In addition, increased fuel availability had a positive impact on food and export crop marketing in Eastern Zaire.

Capacity Utilization, Production, and Employment Levels of Participating Importers[22]

According to the July 1989 study, the CIP clearly contributed to increased capacity utilization by participating firms. The study suggests that 14 of the 20 products increased capacity utilization between 1985 and 1988, an average of 7.4 percent.[23] In contrast, 10 of the 18 non-participating firms' products recorded reduced capacity utilization. Capacity utilization fell by an average of 2.3 percent for non-participants.

CIP participants also increased their volume of at a faster rate than the manufacturing sector as a whole. In 1988 their production levels were 22.4 percent higher than in 1985. At this time, the Bank of Zaire showed that total manufacturing increased by only 13 percent (see Figure 4 and Table 43).

The July 1989 report provides some evidence that participation in the CIP may not have lead to significant increases in employment. Employment data for eight of the CIP firms indicate that their employment rose by 11 percent between 1985 and 1987, while total private sector employment rose by more than 20 percent. This is not surprising as a number of company representatives indicated that the main contribution of the CIP was that it saved employers from being forced to lay off workers because it provided the raw materials necessary to keep plants operating.

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22. Some of the findings in this section draw on information contained in a July 1989 study commissioned by USAID to assess the impact of the CIP on participating importers [28]. The study compares the production and financial performance of nine participating firms with that of 10 non-participants. Cost and production volume data were analyzed for a total of 38 products within these 19 companies for 1985 and 1988. Twenty products involved CIP participants.

23. All percentage figures in this section have been calculated by dropping the single highest and lowest change. One CIP-fund recipient firm only began operating in 1985. Its inclusion in the calculations would seriously exaggerate the contribution of the CIP to firm-level performance.

VI. PROGRAM MANAGEMENT AND EFFICIENCY

Conformance with A.I.D. Regulations and ProAg Provisions

The previous evaluation [6] found that USAID/Zaire closely monitored each step of the program, from procurement of commodities, to deposit of counterpart funds with the Ministry of Plan, to end-use of local currency by development projects.

A 1988 GAO audit of CIP implementation in Egypt, Pakistan, Zambia, and Zaire [22] concluded that the USAID/Zaire monitoring system was superior to that of missions in the other three countries. A 1986 RIG/Nairobi audit of non-project assistance (PL 480 and CIP programs) in seven African countries also concluded that USAID/Zaire had established the best system for tracing the collection and use of counterpart funds. That reports states:

> ..the Controller's staff was actively engaged in evaluating the host country systems, and then designing additional Mission systems/reporting requirements necessary to augment the host country system. Working primarily with a foreign service national and a contract employee, both working under the Controller, the Zaire Mission had an effective system in place and operating [42].

The one area where both the GAO and the 1988 evaluation team detected shortcomings in program management was in the monitoring of end uses of imported commodities. The next section deals with USAID/Zaire's response to this criticism.

End-Use Reporting

The 1988 evaluation team found that no end-use checks had been carried out on 660-0121 commodities, nor on commodities brought in under the two previous CIPs. Thus they recommended that end-use checks of imported commodities be executed and that responsibility for carrying out this task should be delegated to an office other the CIP Unit — preferably the Controller's Office.

The Controller's Office did not have the manpower necessary to accomplish this task, therefore, the responsibility was delegated to the CIP Unit which has diligently carried out this task. As of July 1989, end-use checks had been made of 46 of the 52 transactions funded by the CIP. This covered 97 percent of the total value of transactions.

On average, the CIP Unit staff performed site visits 8 weeks after imports had been cleared from customs. Often CIP Unit reporters visited companies several times if goods had not yet cleared customs, were still in crates or containers, or a problem arose that required follow-up visits.

A sample end-use report is included as Appendix H. These reports usually contained the following information:

- The name and address of the importing firm
- A description of the commodities including CIF value, and an indication of whether shipments were complete or partial
- A narrative of the site visit
- Problems encountered and actions taken
- Several photos of the imported goods
- Recommendations for further actions, such as additional site visits or seeking guidance from the Controller's Office or A.I.D./W

In two cases, possible irregularities involving the origin of suppliers were detected and further investigated. In both cases, additional shipments by suppliers were blocked until a determination was made by A.I.D./W as to whether the shipment was in compliance with A.I.D. geographic eligibility criteria.[24] One of the two suppliers was found to be violating geographic eligibility criteria. As a result, no further shipments were authorized.

Current Status of Program Expenditures

Dollar Expenditures

As of September 1, 1989, $14,968,916 of the authorized $15 million had been committed and $14,619,562 had been disbursed (Table 46). Thus, a total of $349,354 remained to be disbursed and $31,084 to be committed. A total of 52 transactions with an average value of $284,018 have been completed since July 1987.

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24. Section 201.11 of A.I.D. Regulation 1, geographic authorization code 941.

Counterpart Fund Generation and Uses

As of mid-August 1989, the local currency equivalent of $9,703,537 had been deposited in the Special Account[25] which is jointly managed by USAID and the Secretariat of Counterpart Funds in the Ministry of Plan. From 1987 to 1989, the 660-0121 program contributed 11.4 percent of bilateral project counterpart fund requirements. Table 47 summarizes sources and uses of counterpart funds generated by the sale of PL-480 commodities and CIP importations for 1987 to 1990.

USAID/Zaire and the GOZ jointly plan the use of non-project assistance local currency proceeds. These funds are used to enhance the impact of the Mission's bilateral project interventions in the areas of structural adjustment and policy dialogue, increasing agricultural production, improving rural transport and marketing infrastructure, and health and population programs. Because of the fungibility of 660-0121 local currency proceeds with those of other non-project assistance activities, these counterpart funds find their way into most of USAID/Zaire's bilateral project portfolio. As such, the evaluation team made a conscious decision that it would be beyond the scope of work to "evaluate" the local currency impact of the CIP program because this would imply evaluating the entire USAID program in Zaire.

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25. Average annual exchange rates for the year in which counterpart funds were deposited were used for converting local currency deposits into dollars. The total sum of local currency deposited to date is Z 2,078,621,390. It is expected that an additional Z 97,076,049 will be deposited by November 1989.

VII. USAID RESPONSE TO RECOMMENDATIONS FROM PREVIOUS EVALUATIONS

The February 1988 evaluation made three recommendations regarding program implementation and monitoring of policy conditionality. USAID/Zaire response to each of these recommendations is discussed below.

Recommendation No. 1: An expanded end-use check capability should be implemented by any office other than the CIP office. The evaluation team recommends that this become a standard Controller function.

Chapter VI described USAID/Zaire response to this recommendation in detail. End-use checks have been performed on nearly all imports, but responsibility has been assigned to the CIP Unit in the Commodity Management Section instead of the Controller's office.

Recommendation No. 2: The CIP office should henceforth require all firms that apply for CIP financing to explain further company-specific impact of imports in terms of production and employment and will thus consider these replies in the selection process.

The upcoming Private Sector Support Program (660-0120) will be providing $35 million over a three-year period for commodity imports and $5 million for technical assistance [39]. For the CIP element of this program, USAID/Zaire is currently designing a questionnaire to be filled out by each potential importer prior to being accepted in the program and after participation. It is envisaged that information will be collected on employment levels, production and sales volumes, capacity utilization, distribution networks, and financial data on investment and operating costs. Analysis of the resulting data will enable USAID/Zaire to monitor impacts of the CIP on participating firms.

Recommendation No. 3: Within the confines of conditionality as stated in the PAAD of the Structural Adjustment Support Grant (660-0121), the USAID Program Office should determine progress (distinguishing between actual and official) being made and sustained on (1) price controls for industrial and agricultural commodities, (2) control procedures for commodity exports, and (3) the effects of lowered tariffs on formerly protected firms.

The present evaluation effectively addresses the questions posed in this recommendation. Chapter III details progress in industrial price controls and the effects of tariff reduction on formerly protected firms. Chapter II discusses the evolution of agricultural price liberalization and Chapter IV deals with export control procedures.

Moreover, since the last evaluation monitoring these issues has been an integral part of the Mission's design process for the upcoming Private Sector Support Project (660-0120). The Mission has contracted several studies which provide valuable insights on the policy-related constraints and opportunities currently facing the Zairian private sector.

VIII. SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

Impact of Policy Reforms on the Agricultural Sector

Due mainly to price liberalization measures taken since 1983, Zaire today has a substantially free market economy in agriculture.

Farmers are aware of price liberalization. They were informed of this by public sector agencies. The current price control mechanism have little if any impact on the management decisions of agriculture related industries. Price liberalization had the effect of increasing the production of food crops, but not export crops.

The liberalization polices did not include eliminating forced cropping. Farmers still complain about abuse by local authorities in this regard.

Output increased largely through area grown. land is in relative surplus and little is known about the profitability of new technology. To be successful the latter must focus on increasing the marginal productivity of labor through the use of animal and tractor power more so than land. Alternatively increases in farm-gate prices through reduced transportation costs need to be considered. The demand for food (on and off-farm) will determine the rate of expansion of agricultural output. Consumers will benefit to the extent that the real price of food can be lowered through the use of technology.

There is strong evidence that price liberalization has occurred. For example, actual prices received by farmer were more than twice the statutory minimum prices determined by the annual orderly marketing decree of the Governor of the Bandundu region. The allegation that the minimum price decreed by the Governor is in fact the maximum price paid by merchants to farm-households is not borne out.

Agricultural markets appear to be highly competitive. Merchants in both Shaba and Bandundu regions, for example, indicate a choice of buyers for most of their commodities.

Taxes are not seen as significant obstacles to trade. This their removal is not seen as a priority for improved trade. Half of the merchants listed tax collections at road blocks (legal and illegal) as the principal obstacle. A majority indicates that these should be eliminated. Improved road maintenance was also cited as having a high priority for improved trade.

The farm economy of the Bandundu region is fully monetized. Gross farm income (cash and cash equivalent) in 1987/1988 equalled $395 per farm household per year. Of this 175 dollars represents net farm cash income, or approximately $0.50 per day. Of this amount, $0.27 per day is spent on education and medical expenses. Approximately $0.15 per day per farm household is spent on manufactured goods. Average household size equalled 6.3 persons, yielding an annual per capita income of $63.

The fact that farm/households spent more than half of their expenditures on human capital formation and preservation is appropriate to a country where the land frontier is expandable. Thus significant investment can give rise to an improved income stream for years to come.

The key to accelerated progress is agriculture no longer lies in price liberalization. It is already a reality for the very large majority of farm-households. The next step is resource accumulation and technological transformation. Farm households, who on their own initiative, expand area grown at 1.5 percent per year and who invest 50 percent of net cash income in health and education are indicative of the latent productive powers of Bandundu's rural area households.

Nominal prices received and paid by farm-households each increased by about 64 percent between October 1987 and September 1988. It offers strong evidence that prices are in fact liberalized.

Nevertheless between October, 1987 and September 1988 the terms of trade improved through temporarily in favor of farm-households. The reason is that nominal prices for education and health remained constant until August 1988. And, since farm-households allocated 57 percent of their cash income to educational and medical expenses, this gave them a strong income advantage. However, with the opening of the new school year school fees increased by 72 percent, compensating for currency erosion in the previous eleven months.

Farm-households pay little in the form of statutory taxes. It is not possible to arrive at a judgment as to whether farm-households are net recipients or net payers of real income transfers.

Farmers in the Bandundu region reported that between 1986-87 and 1987-88 the areas harvested of all crops grown in that region had increased. The favorable terms of trade that existed only along with increased production should have led to a comparable increase in real income on farm-households. The extent to which price liberalization contributed to maintaining the terms of trade the region's 611 thousand farm-households benefitted from it. With an average per capita income of $63 per year, price liberalization benefitted that part of the population intended by congressional mandate to be beneficiaries of U.S. aid.

Impact of Policy Reforms on the Industrial Sector

With regard to the non-agricultural private sector, the economic policy reforms of the last six years have impacted production, employment, wages, and competition.

However, production and investment growth have been modest mainly because the application of reform measures has been inconsistent. This has diminished investor confidence and made planning difficult for private sector managers. Also, a lack of efficient transport, communications, and social service infrastructure outside of Kinshasa has resulted in an uneven geographical distribution of the benefits that accrued. There has been little new investment in the interior and companies seem to find it difficult to expand distribution of consumer goods to there.

The liberalization of trade, exchange rates, and prices has increased the ability of firms to make timely decisions in an inflationary and rapidly changing business environment. This has served to infuse more competitiveness into the economy. The industry representatives who were interviewed unanimously cited the easing of the enforcement of price controls as a positive factor.

Private sector employment levels have risen consistently since the advent of liberalization — averaging ;more than 80 percent annually since 1983. Real wages have also risen somewhat — but are still well below levels of the early 1970s. This contrasts with the public sector where real wages have fallen.

Liberalization appears to have led to increased competition. Protection of established firms has been reduced by the elimination of foreign exchange rationing. A more rational tariff structure has allowed the entry of new firms and more competition from the informal employment sector and from imports.

Compliance With Covenants and Conditions Precedent

Substantially all covenants and conditions precedent were met. The area of difficulty remains to increase the shares of private investment and tax revenue in Gross Domestic Product, while rationalizing public expenditure. As of August, 1989 Zaire has substantially a free market economy.

Impact of the CIP and Program Management

The foreign exchange component of the CIP has had a major positive impact on participating firms. The CIP provided funds during a period when a scarcity of foreign exchange was a key constraint on the ability of companies to maintain profitable levels of production.

The bulk of foreign exchange, 75 percent, was directed to industries with strong backward and forward linkages to the agricultural sector. As such, the CIP contributed to furthering USAID's objective of aiding agricultural development in Zaire. This emphasis on agricultural linkages promoted a somewhat broader geographic distribution of benefits than would otherwise have been the case.

CIP participants significantly improved this capacity utilization and production growth more than non-participants. Employment levels were not raised, but lay-offs prevented.

Mission Management

With regard to program management, the Mission made important monitoring improvements by instituting an end-use reporting system after the 1988 evaluation team made this recommendation. End-use checks were performed on 46 of the 51 transactions financed by the CIP.

Recommendations

Recommendation No. 1: USAID/Kinshasa should assess the benefits and costs of simplifying exportation and importation procedures. Such information would assist USAID in formulating conditionality clauses related to the reform of import/export procedures.

Export and import procedures are cumbersome compared to other African and some European ports. Because of this exports or imports often cannot be executed in a timely manner, resulting in higher costs.

If imports and exports can be executed in a timely fashion, credit availability to small and medium enterprises will increase, multiplying the effect of the Grant. Consultations with Manfred Mueller and the COGEPAR group indicate good basic knowledge of the procedures involved. In addition, the World Bank and the Ministry of Plan have been jointly engaged in the identification of potential trade policy reform measures. USAID should work with them to postulate alternatives and assess transition costs.

To exclude the possibility of predetermined judgments a sample survey method should be used for a selected number of export or import products.

Recommendation No. 2: To the greatest extent possible, USAID/Kinshasa should continue to give priority to companies with strong background and forward linkages to the agricultural sector in the allocation of funds for commodity imports.

Such a strategy has several advantages. First, it contributes directly to one of USAID/Zaire's major objectives — increasing agricultural production and productivity — by relieving import bottlenecks, easing the transport and marketing constraint, and stimulating derived demand for agricultural outputs. Short of programs that target the rural population directly, this assures some geographic distribution of benefits.

Recommendation No. 3: USAID/Kinshasa should conduct an ex post evaluation of the Private Sector Support Grant.

By Congressional mandate, the Private Sector Support Grant is to primarily benefit the urban and rural poor. Coopers and Lybrand recently provided USAID with a draft manual of monitoring documents and procedures which will assure appropriate and use of moneys provided.

However, neither the manual or the PAAD squarely address the issue as to how real incomes of different target groups are going to be affected. The economic and social impact evaluation of the Structural Adjustment Support Grant (SASG 660-0121) was made possible through the foresight of the USAID/Kinshasa Program Office to support and commission the required prior research for this purpose. The bi-annual evaluations of the Private Sector Support Grant should reflect the lesson learned from the current evaluation in this respect.

Participating firms can supply information on their purchases of locally-produced products such as palm oil, jute and maize, from different parts of the country and how these are used in combination with import commodities financed under the CIP. They can also supply data on their sales of farm inputs such s fertilizer and seeds in the different regions of Zaire. When compiled and analyzed, this can yield an approximation of the CIP contribution through forward and backward linkages. With adequate data, more sophisticated measures can be derived from input-output matrices that measure social impact.

Recommendation No. 4: USAID/Kinshasa should provide continued financial, technical and organizational support for research and statistics and furthering methods already developed.

USAID/Kinshasa needs to have access to a verifiable, structured and integrated data base about the rural economies of the several regions of the country. The DMPCC project meets these criteria. It has a proven performance record. It is important to retain the operational and management criteria developed under the guidance of Prof. Tollens. This might include:

- Further analyses should be considered. The following are some examples. Others could be developed as needed for making program and policy decisions. The areas of emphasis might include calculation of broad income measures per farm-household and data on income distribution by household size, labor available, area cropped, type of production, prices received, use of improved seeds, soil fertility, proximity to market and expenditure patterns.

- Develop models of typical farm-households for conducting what-if analysis, e.g. if farmers use improved seed by how much will income under field conditions increase. If farmers are more closely located to markets, by how much would household income increase. Answers to such questions help to identify promising activities for rural development.

- The survey conducted by the Service d'Etudes et Planification resulted in an excellent and timely publication: "Liberalisation des prix ex-ferme, et restrictions à la circulation des produits agricoles dans les régions de Bandundu et du Shaba". Study of the three coded questionnaires that supported this survey suggests that only one third of available information was published. Personnel of the SEP have shown their professional mettle in conducting this study from conception to end. Replication of their efforts should be rewarded and encouraged.

- Further work should build on the existing data base and methodology developed by the DMPCC project which focuses on marketing. It would be very useful to create an integrated backward linkage emphasizing the micro-economics of farm households. This might emphasize: the relative importance of the key factors of production, namely, land (rotation, availability, fertility), labor (availability, gender, off-farm income, travel time to work-market, wage rates, health and scolarity), and capital (technology and inputs). In addition, studies to determine the extent to which prices and other information is used by farmers to make production and investment decisions, should be considered.

- An evaluation of public sector services rendered and received by farmers would help to formulate GRZ from policy and USAID assistance to agriculture.

The evaluation team was very favorably impressed by the wealth of available cause studies and to a lesser extent by available National Agricultural Production and Price Statistics. Both types of information are essential. However, the case studies need to be more focussed to the needs for making decisions and the credibility of production statistics and other economic indicators for agriculture needs to be improved.

ANNEX A: SCOPE OF WORK

Attachment I

STATEMENT OF WORK FOR ANNUAL EVALUATION OF AEPRP STRUCTURAL ADJUSTMENT SUPPORT GRANT (660-0121)

A. PURPOSE/OBJECTIVES OF EVALUATION

This is the third annual evaluation of Project 660-0121 in accordance with the evaluation plan outlined in the PAAD. The evaluation has four objectives:

1. To assess the status and impacts of the policy reforms supported by the program.

2. To evaluate the impacts of the CIP element of the program.

3. To evaluate the impacts of the local currency generation element of the program.

4. To review program management and efficiency including conformance with A.I.D. regulations and ProAg provisions regarding utilization of funds.

The findings, conclusions, and lessons learned which emerge from this evaluation will be useful to Africa Bureau and Zaïre mission management, in particular to the new Private Sector Support Project (660-0120) staff.

B. BACKGROUND

The Structural Adjustment Support Grant (SASG; Project 660-0121), authorized in September 1986, is a dols 15 million commodity import program in support of reforms in Zaïre's agricultural and agro-industrial sector. This grant was funded by Economic Support Funds (ESF) under the African Economic Policy Reform Program (AEPRP) and constituted USAID's parallel financing with the World Bank's dols 100 million Industrial Sector Adjustment Credit. The purpose of the grant was to support the adoption and implementation of a series of policy reforms designed to promote efficient private industrial investment and to re-initiate the growth of per-capita incomes in Zaire. Disbursement of funds under the grant was contingent on the Government of Zaïre (GOZ) accepting certain covenants and fulfilling certain conditionalities directly supporting these reforms. The import financing was used for private sector imports of raw materials, replacement parts, and equipment for the Zaïrian private agro-industry. Local currency generated was used to support AID development projects in Zaïre.

The Government of Zaire's approach to development policy in the 1960s and 1970s inadvertantly created an industrial structure that was excessively dependent on imported inputs and protected local markets. This was the result of ill-considered direct governmental investment in industry and agriculture, and of distorting private investment through arbitrary tax and administrative policies, rather than letting it be oriented by underlying economic costs and market opportunities. This policy penalized agriculture and other potential local suppliers of industrial inputs and made Zaïre's economy much more vulnerable to foreign-exchange shortages. Thus, this policy was partly to blame for the very poor performance of the Zaïrian economy in the face of falling terms of trade throughout the late 70s and early 80s

Since 1983, Zaïre has been involved in a process of structural adjustment. The GOZ, primarily through the Ministry of Plan and with the support of the World Bank and USAID, has been pursuing a program of economic liberalization. The GOZ has initiated a series of reforms of tariff rates, export controls, price controls, and business taxes. The intended effect of these reforms is to reduce the average level and variability of effective rates of protection, to facilitate development of nontraditional exports, to promote efficient allocation of domestic resources by reactivating the price system, and to promote investment in fixed capital by providing for appropriate tax treatment of such assets.

The reform program also aims to revitalize the agricultural sector by providing market incentives and clearing away regulations, barriers, taxes, and other forms of government intervention that discourage investors while skewing income distribution against farmers. Reforms in the agricultural sector have focused on liberalization of producer prices and crop marketing, removal of restrictions on inter-regional trade, and elimination of monopsonistic buying zones.

The Structural Adjustment Support Grant (Project 660-0121) was designed to support selected elements of this Zaïrian economic liberalization program. The reforms specifically supported were: 1) maintenance of liberal exchange-rate, pricing, and import policies, 2) reduction of export taxes and simplification of export procedures, and 3) tariff-rate simplification to lower the average level and variation in effective rates of protection.

The grant was implementated through a Commodity Import Program (CIP) which made foreign exchange available to private importers in the agro-industrial sector. US Dols 14.8 million of commodities including diesel fuel, spare parts, equipment, raw materials, fertilizers, and other inputs have been financed. (The remaining dols 200,000 was used for administration and monitoring).

Another important benefit of the program has been the generation of local currency which finances AID development activities in Zaire. To date, more than 1.4 billion Zaires (on June 1, 1989: 385 Zaires equalled dols 1.00) have been generated and programmed for health, agricultural, and infrastructure projects.

C. SCOPE OF WORK

The evaluation team will research, analyse, and report on the following issues:

1. Status of policy reforms - the progress being made and sustained by the GOZ on the policy reforms specifically supported by this program, distinguishing between official and actual policy. These include liberalization reforms regarding:

- Price controls for agricultural and industrial commodities in urban and rural areas.
- Export taxes and control procedures
- Import tariffs and regulations
- Exchange rates
- Fuel importation and pricing
- Revenue and expenditure measures

2. Impact of policy reforms on the industrial sector; specifically the effects on:

- Formerly protected firms
- Employment and worker standards of living (income)
- Output
- Private investment
- Capacity utilization

3. Impact of policy reforms on the agricultural sector; specifically effects on:

- Agricultural prices in rural and urban areas
- Input use
- Per capita incomes in rural Zaire
- Agricultural output

- Agricultural investment
- Inter-regional and international trade in agricultural products.

4. Impact of the commodity import program; specifically the effects on:

- Foreign exchange availability
- importation, and support of agro-industrial inputs
- Availability of assisted imports to the various geographic areas and to small farmers generally
- Importers' (participating firms') input use, capacity utilization, production and employment levels

5. Allocation and impact of local currency generations on:

- Financial institutions
- USAID development projects

6. Program management and efficiency. Specifically:

- Conformance with AID regulations and ProAg provisions
- End-use checks

7. Status of recommendations from previous evaluations
8. Conclusions; lessons learned; and recommendations for Private Sector Support Project (660-0120) including impact evaluation indicators and analytical approaches. Availability of indicators in secondary data and required primary data collection will be explicitly identified.

D. METHODOLOGY

The evaluation team, in collaboration with USAID staff, will be responsible for defining the specific methodology to be used in the evaluation. An initial step in the evaluation is to assess the status of policy reforms supported by the program. Selection of impact indicators will depend in large degree on what the evaluation team identifies as policy changes which have actually occurred. Methods to be used may include, but are not restricted to:

1. Review of program documents, prior evaluations, analytical papers, reseach reports, studies, etc.

2. Analysis, synthesis, summary of existing secondary data. A database representing available information for sections C1 and C2 of this SOW has been prepared for 1985 and 1988.

3. Interviews of U.S. Embassy and USAID personnel, managers of private importing firms, bank officials, and GOZ officials.

4. Field visits to rural areas; interviews with rural officials and small farmers.

5. Review of PIR's and evaluations of projects using CIP-generated local currency funds.
6. Examination of controller records and CIP files.

E. TEAM COMPOSITION
-
Team Leader Senior Economist Analyst/Development Policy Specialist

Qualifications: M.S. required, PhD preferred in Economics with specialization in economic policy analysis. Individual should have extensive (at least five years) experience in economic policy analysis in developing countries and thorough knowledge of issues regarding impacts of reform programs on the industrial and agricultural sectors. Sub-Sahara African experience and prior experience conducting USAID evaluations is essential. French language proficiency is strongly desired and English writing excellence is required.

Economist - CIP/Industrial Economics Specialist.

Qualifications: M.S. in Economics or related discipline. Individual should have extensive experience (at least 4 years) in industrial or international economics and in design, implementation and evaluation of CIP and CIP-like activities. Prior participation in USAID evaluations and experience in Sub-Saharan Africa is strongly preferred. French language proficiency is desired. English writing excellence is required.

F. REPORTING REQUIREMENTS

On or about the third day after arrival in Zaire, the evaluation team will submit an initial workplan to the USAID Program Office describing the methods to be used, division of reponsibility between team members, and timing for completion of various phases of the evaluation. The team will also submit at this time a preliminary outline (Table of contents) of the final report.

Five days before the end of his/her contract, the team leader will submit six copies of draft evaluation report to USAID's Evaluation Officer. This report will include the following: 1) Executive Summary of no more than two pages (including purpose of activity evaluated; purpose of evaluation and methodology used; findings and conlusions; and lessons learned; 2) Table of contents; 3) Body of the report of approximately 25 pages (should include a discussion of the purpose and study issues of the evaluation; the economic, political, and social context of the project; team composition and study methods; findings concerning evaluation issues; conclusions/lessons learned), and 4) Appendices should include a copy of the scope of work; a briefly annotated bibliography listing all the documents consulted and indicating what empirical data was used, quality of data used, and availability of data set for USAID use; list of persons contacted; and a brief discussion of technical topics.

Following the submission of the draft report, a preliminary working session will be held with the Evaluation Team, Mission and Project staff to discuss findings and conclusions. The Team Leader will incorporate in the final draft version of the report the subsequent consideration of any questions and issues raised during this initial review meeting. The Team Leader will submit ten copies of the final draft report two days prior to his/her departure. This final version will be reviewed in a meeting with the Mission Director, the Evaluation Team, and other interested USAID staff.

ANNEX B: PERSONS CONTACTED

J. Alfonsi, Financial Administrator Director, Plantations Lever au Zaire

G.W. Anderson, Director, Project Design and Operation Office, USAID

Fred Azarbakhsh, Factory Director, ESB-Zaire, (RAY-O-VAC)

John H. Bierke, Program Officer, USAID

Elwyn Blattner, Commercial Director, COPNEUZA

Carlos Camacho, Agricultural Economist, Chemonics Policy Advisory Team, Service d'Etudes et Planification

Dennis M. Chandler, Mission Director, USAID

David Chen, Macro-Economics Advisor, Ministry of Plan, Kinshasa

A.T. Crouch, Commercial Director, MARSAVCO Zaire

Philippe Daems, Sales Department, BIA

Douglas Daniell, Analyst, Agriculture and Rural Development Office, USAID

Robert Franco, Director General, Francoplast

Guan Diah, Senior Advisor, Service d'Etudes et Planification

Joseph Goodwin, Deputy Mission Director, USAID

Stephen M. Haykin, Program Economist, USAID

Miles Henderson, Acting Economics Officer, U.S. Embassy

Ali Houdroge, Associate Profesor, Institut Supèrieur des Techniques Appliquèes

S. Idris Husain, Commercial Director, Tissakin

Cit. Issia Amundala, President Rice Millers Committee, National Association of Zairian Entrepreneurs

Cit. Kalamba Tshibangu, Policy Analyst, Service d'Etudes et Planification

Cit. Kayembe, Director, Institut National des Statistiques

Edward D. Kiely, Evaluation Officer, USAID

Cit. Khonde, Analyst, Service d'Etudes et Planification

Johan de Leede, Country Economist - Zaire, World Bank, Washington, D.C.

Cit. Lukau Nkodi, Chief Economist, Equatorial Consulting Engineering

Richard Macken, Project Design and Operation Office, USAID
Cit. Mansinsa, Director, Service d'Etudes et Planification

John McMahon, Agriculture and Rural Development, USAID

Jakob Meerman, Macro Economist - Zaire, World Bank, Washington, D.C.

Mpeza Mihigi, Marketing Director, B.A.T./Zaire

Muamba Mbuyi, Commercial Director, B.A.T./Zaire

Manfred Mueller, Marketing Consultant, Kinshasa

Mulangala Lwakabuanga, Resident Vice-President, Citibank/Zaire

Cit. Mutimura Nyirumuringa, Analyst, Program Office, USAID

Cit. Nseye Mara, Policy Analyst, Service d'Etudes et Planification

Murtaza Rawji, Zaire Steel Corporation

Edward Rawson, Chief of Party, Chemonics Policy Advisory Team, Service d'Etudes et Planification

Cit. Ruhimbasa, Analyst, Service d'Etudes et Planification

Paul Rohrlich, Third Secretary and Vice Consul, U.S. Embassy

Diane Russell, Economic Anthropologist, Boston University

B. Sandana, Data Collection Advisor, Chemonics Policy Advisory Group, Service d'Etudes et Planification

Mohamed Ben-Senia, Policy Analyst, Chemonics, Policy Advisory Group, Service d'Etudes et Planification

Joseph Survey, Financial Management Advisor, TECHNOSERVE

Cit. Tansia, Director, Departement de Secteurs Production, Ministry of Plan

Eric Tollens, Center for Agricultural Economics Research in Developing Countries, Catholic University of Leuven, Leuven

Christopher Trapman, Agricultural Economist, World Bank Representative - Zaire

Cit. Tumba, Chief of Division, Directorate for Markets, Prices and Campaign Credits

Georges Van Brussel, Deputy Director, Auto Transport Company

Stephen D. Vance, Program Operations Division, USAID

ANNEX C: SOURCE DOCUMENTS

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ANNEX D: EXPORT AND IMPORT PROCEDURES

1. Checklist of documents and organizational approvals required for the importation of goods.

2. Comparative checklist of required importation documents in ports other than Matadi, Zaire.

3. Checklist of required documents and organizational approvals for the exportation of goods.

4. Comparative checklist of required exportation documents in ports other than Matadi, Zaire.

RELEVE DES DOCUMENTS [illegible]

Emission
Réquisition

NUMERO	DOCUMENTS \ SERVICES ET DEPARTEMENTS	BRIGADE ANTI-FRAUDE	TRANSITAIRES	OFIDA	ONATRA	OZAC	AGENTS MARITIMES	GENDARMERIE	HYGIENE DEPT. SANTE	AND IMMIGRATION	COMMERCE EXTERIEUR	OCEFREN	ECONOMIE NATIONALE	AGRICULTURE VETERINAIRE	NOMBRE DE CONTROLES
1	LICENCE MODELÉ "I"	x	x	x		x					x		x	x	7
2	FACTURE COMMERCIALE	x	x	x		x							x	x	6
3	NOTE DE FRET	x	x	x											3
4	NOTE D'ASSURANCE	x	x	x		x									4
5	ATTESTATION DE VERIFICATION	x	x	x		x							x	x	6
6	B/L OU CDA		x	x		x	x								4
7	LISTE DE COLISAGE	x	x	x	x	x									5
8	INSTRUCTIONS DE DEDOUANEMENT		x	x	x	x									4
9	LAISSEZ - SUIVRE		x	x	x	x	x								5
10	REGISTRE DE COMMERCE		x								x				2
11	IDENTIFICATION NATIONALE		x								x				2
12	AUTORISATION DU COMMERCE EXTERIEUR		x	x							x				3
13	AUTORISATION D'ENLEVEMENT (ENI)		x	x	x	x				x			x		6
14	ATTESTATION FISCALE		x	x							x				3
15	TALLY (OZAC)		x	x	x	x									4
16	PERMIS OFIDA (DMC)	x	x	x	x										4
17	BON D'ENLEVEMENT (ONATRA)	x	x		x			x		x					5
18	PERMIS DE SORTIE (ONATRA)	x			x			x		x					4
19	CERTIFICAT VETERINAIRE		x		x								x		3
20	CERTIFICAT D'ASSURANCE (SONAS)		x		x			x		x					4
21	CERTIFICAT D'ORIGINE		x	x		x			x						4
22	ATTESTATION DE FUMIGATION (HYGIENE)		x	x	x				x		x				5
23	PASSAVANT A CAUTION (P.A.C.)		x	x	x										3
24	QUITTANCE VETERINAIRE (OFIDA)		x	x											2
25	AUTORISATION D'ENLEVEMENT (OFIDA)		x	x	x					x					4
26	LETTRE DE TRANSPORT		x	x	x	x									4
27	PAPIERS D'IDENTITE A.N.D.							x		x					2
28	MANIFESTE IMPORT			x	x		x					x	x		5
29	A.R.C. (OGM)						x					x			2
30	AUTORISATION D'IMPORTATION [illegible]		x	x					x						3

TABLEAU COMPARATIF DES PROCEDURES A L'IMPORT

NUMERO	DOCUMENTS / PORTS	MATADI	DOUALA	ABIDJAN	LE HAVRE	ANVERS
1	FACTURE COMMERCIALE	X	X	X	X	X
2	LICENCE D'IMPORTATION MODELE "I"	X	X	X	X	X
3	CERTIFICAT D'ORIGINE	X	X	X	X	X
4	NOTE OU CERTIFICAT D'ASSURANCE	X	X	X	X	X
5	CERTIFICAT DE QUALITE S.G.S.	X		X	X	X
6	ATTESTATION DE RESERVATION ARC OU CERTIFICAT DE DISPENSE	X	X	X		
7	FACTURE FRET	X	X	X	X	X
8	CONNAISSEMENT ORIGINAL	X	X	X	X	X
9	CERTIFICAT PHYTOSANITAIRE	X	X	X	X	X
10	DECLARATION DOUANIERE	X	X	X	X	X
11	AUTORISATION D'IMPORTATION	X	X			
12	LAISSEZ - SUIVRE	X	X			
13	LISTE DE COLISAGE	X	X			
14	INSTRUCTIONS DE DEDOUANEMENT	X				
15	REGISTRE DE COMMERCE (NRC)	X				
16	IDENTIFICATION NATIONALE	X				
17	AUTORISATION DU COMMERCE EXTERIEUR	X				
18	AUTORISATION D'ENLEVEMENT (ENI)	X				
19	ATTESTATION FISCALE	X				
20	TALLY OZAC	X				
21	BON D'ENLEVEMENT (ONATRA)	X				
22	PERMIS DE SORTIE (ONATRA)	X				
23	ATTESTATION DE FUMIGATION	X				
24	CERTIFICAT D'ASSURANCE VEHICULE IMPORTE	X				
25	QUITTANCE VETERINAIRE OFIDA	X				
26	BON D'ELEVEMENT OFIDA	X				
27	NUMERO IMPORT - EXPORT	X				
28	CREDIT DOCUMENTAIRE	X				
29	FACTURE PROFORMA	X				
	TOTAL	29	12	10	9	9

LE RELEVE DES DOCUMENTS A L'EXPORTATION

Emission
Réquisition

NUMERO	SERVICES ET DEPARTEMENTS / DOCUMENTS	TRANSITAIRES	ONATRA	OZAC	OFIDA	OGEFREM	AGENTS MARITIMES	OZACAF	[illegible]	AGRICULTURE	ECONOMIE NATIONALE	COMMERCE EXTERIEUR	ENVIRONNEMENT	NOMBRE DE CONTROLES
1	CONTRAT DE VENTE PROVISOIRE (OZACAF)	•						•	•					3
2	CONTRAT DE VENTE DEFINITIF	•						•						3
3	CERTIFICAT DE QUALITE (OZAC)	•	•	•	•			•						5
4	CERTIFICAT EUR 1 A	•	•	•	•									4
5	CERTIFICAT OIC (OZACAF)	•		•	•			•						4
6	DEMANDE D'ECHANTILLON (OZACAF)	•						•						3
7	RAPPORT D'ECHANTILLON (OZAC - OZACAF)	•		•				•						3
8	BULLETIN D'ANALYSE (OZAC - OZACAF)	•		•				•						3
9	AVIS DE RESERVATION (OGEFREM)	•	•			•								3
10	RAPPORT (OZAC)	•		•				•						3
11	LICENCE D'EXPORTATION (OZACAF)	•	•	•	•			•				•		6
12	LICENCE MODELE "E"	•	•	•	•			•				•		6
13	CERTIFICAT DE PESAGE	•	•	•	•			•						5
14	CERTIFICAT PHYTOSANITAIRE	•		•	•					•				4
15	DECLARATION SD (OFIDA)	•		•	•									3
16	NOTE DE FONDS (OZAC)	•	•	•	•			•						6
17	RAPPORT DE PESAGE (ONATRA)	•	•	•	•		•	•						6
18	B/L OU CDA	•	•		•		•							4
19	AUTORISATION D'EMBARQUEMENT (OFIDA)	•	•		•		•							4
20	BORDEREAU D'ENREGISTREMENT	•						•						3
21	QUITTANCE TAXE D'EXPORTATION (OZACAF)	•			•			•						3
22	AUTORISATION DE CHARGEMENT (OGEM)	•	•			•	•							4
23	CERTIFICAT DE VERIFICATION EXPORT (OZAC)	•	•	•	•									4
24	TALLY (OZAC)	•	•	•	•									4
25	LETTRE DE TRANSPORT (ONATRA)	•	•		•									3
26	PERMIS D'EXPORTATION (OZAC)	•	•	•	•									4
27	FACTURE COMMERCIALE	•		•	•									3
28	BORDEREAU D'EXPEDITION (OZAC)	•	•	•	•									4
29	REGISTRE DE COMMERCE	•										•		3
30	IDENTIFICATION NATIONALE	•									•	•		3
31	ATTESTATION FISCALE	•			•							•		3
32	PERMIS D'EXPLOITATION ENVIRONNEMENT (DGEE)	•		•	•								•	4
33	INSTRUCTIONS D'EMBARQUEMENT	•	•		•				•					4
34	CERTIFICAT D'ORIGINE	•			•									3
35	CERTIFICAT DE QUALITE PRELIMINAIRE OZACAF	•						•						3
36	INSTRUCTIONS D'EMPOTAGE	•		•	•			•	•					5
37	PLAN DE CHARGEMENT		•				•							3
38	AUTORISATION D'EXPORTATION	•									•			3
39	MANIFESTE EXPORT		•		•	•	•							4
	TOTAL	37	20	20	20	3	6	17	3	1	3	5	1	

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TABLEAU COMPARATIF DES PROCEDURES EN EXPORT

N°	DOCUMENTS / PORTS	MATADI	[illegible]	[illegible]	LE [illegible]	[illegible]
1	CERTIFICAT D'EXPORTATION			X		
2	ATTESTATION DE PRISE EN CHARGE			X		
3	FACTURE COMMERCIALE	X		X	X	X
4	CERTIFICAT D'ORIGINE	X	X	X	X	X
5	CERTIFICAT PHYTOSANITAIRE	X	X	X	X	X
6	CERTIFICAT DE QUALITE	X	X	X		
7	AUTORISATION DE CHARGEMENT OU DISPENSE	X	X	X		
8	LICENCE D'EXPORTATION MODELE "E"	X	X	X		
9	LA CARTE DE CHARGEUR	X		X		
10	DECLARATION DOUANIERE	X	X	X	X	X
11	CIRCULAIRE D'EXPORT ONCPB		X			
12	BULLETIN DE VERIFICATION ONCPB (CONTROLE DE CONDITIONNEMENT)		X			
13	DOMICILIATION D'EXPORTATION (MINISTERE DES FINANCES, CHANGE)		X			
14	CERTIFICAT DE PESAGE SGS	X	X			
15	CERTIFICAT DE CONTROLE DOUANE		X			
16	CONNAISSEMENT ORIGINAL T D / L I	X	X			
17	CERTIFICAT EUR 1 A	X	X	X	X	X
18	CERTIFICAT D'ASSURANCE		X			
19	CONTRAT DE VENTE PROVISOIRE OZACAF	X				
20	CONTRAT DE VENTE DEFINITIF	X				
21	CERTIFICAT OIC (OZACAF)	X				
22	DEMANDE D'ECHANTILLON (OZACAF)	X				
23	RAPPORT D'ECHANTILLONNAGE	X				
24	BULLETIN D'ANALYSE (OZACAF)	X				
25	AVIS DE RESERVATION (AG OGEFREM)	X				
26	RAPPORT OZAC	X				
27	LICENCE D'EXPORTATION OZACAF	X				
28	BORDEREAU D'EXPEDITION OZAC	X				
29	RAPPORT DE PESAGE ONATRA	X				
30	QUITTANCE TAXE D'EXPORTATION OZACAF	X				
31	TALLY OZAC	X				
32	CERTIFICAT DE VERIFICATION (SVE OZAC)	X				
33	LETTRE DE TRANSPORT ONATRA	X				
34	PERMIS D'EXPORTATION OZAC	X				
35	REGISTRE DE COMMERCE (ONC)	X				
36	IDENTIFICATION NATIONALE	X				
37	ATTESTATION FISCALE	X				
38	PERMIS D'EXPORTATION (DOIS)	X				
39	INSTRUCTION D'EMBARQUEMENT	X				
40	CERTIFICAT DE QUALITE PRELIMINAIRE (CAFE)	X				
41	INSTRUCTION D'EMPOTAGE	X				
42	AUTORISATION D'EMBARQUEMENT	X				
43	BORDEREAU D'ENREGISTREMENT	X				
44	AUTORISATION D'EXPORT OZAC	X				
45	PLAN DE CHARGEMENT	X				
46	MANIFESTE EXPORT	X				
47	NOTE DE POIDS	X				
	TOTAL	39	16	11	5	5

AC 1 1

Les exportations des pays développés vers les pays sous-développés sont faites sous régime C.I.F. pays de livraison

ANNEX E: REGIONAL TAXES

LISTE DES TAXES REGIONALES CREEES ET RECOUVREES DANS LA REGION DE BANDUNDU, CONFORMEMENT A L'ORDONNANCE N° 84-102 DU 9 AVRIL 1984 TELLE QUE MODIFIEE ET COMPLETEE A CE JOUR, RELATIVE A LA NOMENCLATURE DES TAXES AUTORISEES AUX ENTITES ADMINISTRATIVES DECENTRALISEES.

N°	NATURE DE LA TAXE	TAUX
01	Taxe sur la bière	6 Z/Casier
02	Taxe de consommation sur la farine de froment	10 Z/Sac 50 Kg
03	Taxe de consommation sur le sucre	50 Z/Sac 50 Kg
04	Taxe de consommation sur le ciment local	5 Z/Sac 50 Kg
05	Taxe sur l'huile de palme industrielle	200 Z/Tonne
06	Taxe sur l'huile de palme artisanale	25 Z/Fût
07	si petite quantité	0,10 Z/litre
08	Taxe sur le ciment importé	10 Z/Sac
09	Taxe sur savon local	10 Z/Carton
10	Taxe sur savon importé	20 Z/Carton
11	Taxe sur produits cosmétiques locaux	20 Z/Carton
12	Taxe sur vente de poisson salé	10 Z/Carton
13	Taxe sur vente de poisson de mer	10 Z/Carton
14	Taxe sur produits cosmétiques importés	40 Z/Carton
15	Taxe sur poulets congelés	10 Z/Carton
16	Taxe sur viande congelée	10 Z/Carton
17	Taxe sur permis d'achat des produits agricoles	500 Z/Produit/an
18	Taxe sur produits agricoles :	
	- maïs grain	25 Z/Sac
	- manioc	25 Z/Sac
	- arachides	25 Z/Sac
	- riz paddy	200 Z/Tonne
	- courge	25 Z/Sac
	- haricot	1.000 Z/Tonne
	- café en baie sèche	200 Z/Tonne
	- café décortiqué	400 Z/Tonne
	- cacao marchand	250 Z/Tonne
	- huile d'arachide	0,40 Z/Litre ou 80 Z/Fût

N.B. : Le taux de la taxe sur le maïs grain et le manioc pour les Sociétés qui achètent de grandes quantités de ces produits est respectivement de 10 Z/Sac de 70 Kg et 8 Z/Sac de 50 Kg.

19	Taxe sur le tabac	150 Z/Tonne
20	Taxe sur les amandes palmistes	6 Z/Sac de 60 Kg ou 100 Z/Tonne
21	Taxe sur le permis d'importation des produits agricoles et d'élevage	1.000 Z/Opération
22	Taxe sur le permis d'exportation des produits agricoles et d'élevage	1.500 Z/Opération
23	Permis d'exploitation des chenilles et Fumbwa	2.000 Z/Permis/an
24	Permis d'exploitation de Punga, Urena et du rauwolfia	5.000 Z/Permis/an
25	Taxe sur les fibres de Punga et de l'urena	200 Z/Tonne

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Fait à Bandundu, le 04 octobre 1988

LE PRESIDENT REGIONAL DU MPR,
GOUVERNEUR DE REGION,

Prof. SAMBA KAPUTO
OFFICIER DE L'ORDRE NATIONAL
DU LEOPARD.-

POUR COPIE CONFORME
Bandundu, le 24/10/1988
TSHILUMBA BASAMBOMBO BANZA
Directeur Régional
ANEZA/BANDUNDU.

ANEZA
Association Nationale
des Entreprises du Zaïre
B.P. 300
BANDUNDU

14

ANNEX F: STATISTICAL ANNEX

Table 1. Number of Percentage of Farm-Households Producing Different Types of Crops, Bandundu Region

Product	Sub-region: Kwango	Kwilu	Mai-Ndombe	Total Region
Manioc	151398	319291	125212	607757
	(99.5)	(100)	(98.5)	(99.5)
Corn	141964	298537	118602	569887
	(93.3)	(93.5)	(93.3)	(93.3)
Groundnut	145007	314182	90127	560724
	(95.3)	(98.4)	(70.9)	(91.8)
Rice	15064	41827	20975	76962
	(9.9)	(13.1)	(16.5)	(12.6)
Palm oil	58277	121331	59746	244935
	(38.3)	(38.0)	(47.0)	(40.1)
Leaves	174138	268843	113899	541176
	(96.7)	(84.2)	(89.6)	(88.6)
Yams	122488	182315	40805	248773
	(80.5)	(75.1)	(32.1)	(57.1)
Coffee	11108	64177	50848	128881
	(7.3)	(20.1)	(40.0)	(21.1)
Squash	102251	278741	40424	425735
	(67.2)	(87.3)	(31.8)	(69.7)
Millet	14154	70578	0	86735
	(9.3)	(2.6)	(0)	(14.2)
Total	152159	319291	127119	510811
	(100)	(100)	(100)	(100)

Source: (6, p. 5).

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Table 2: Average Value per Sale or Purchase of Manioc, Corn and Groundnuts, Bandundu Region, October 1987 September 1988 (In Current Zaires per Transaction)

	Manioc:		Corn:		Groundnuts:	
	Sale (when seller)	Purchase (when purchaser)	Sale (when seller)	Purchase (when purchaser)	Sale (when seller)	Purchase (when purchaser)
October	307	224	438	152	899	440
November	336	242	322	169	842	368
December	369	216	260	135	506	247
January	389	228	453	166	674	254
February	410	342	610	321	605	206
March	457	276	668	488	664	294
April	429	301	564	356	938	409
May	454	268	564	291	1275	542
June	438	228	714	244	1275	652
July	477	296	633	442	1620	730
August	475	272	747	592	1437	395
September	550	265	1068	220	1369	620
Unweighted average	424	263	587	298	1008	480

Note: $1 = Z 162.
Source: [7 pp.165,171].

Table 3: Percentages of Sales and Purchases Reported to be Based on Barter, Gifts or Money in the Bandundu Region, October 1987 - September 1988

Sub-region	Gift	Barter	Money and Barter	Money	Total
<u>Sales</u>					
Kwango	6.9	3.9	4.0	85.2	100.0
Kwilu	2.8	3.8	0.4	92.9	100.0
Mai-ndombe	1.4	4.9	0.2	93.9	100.0
Kikwit	0.1	0.0	0.0	99.9	100.0
Bandundu	0.0	0.4	0.1	99.4	100.0
Region	3.0	3.8	1.0	92.2	100.0
<u>Purchases</u>					
Region	5.9	3.1	0.8	90.2	100.0

Source: [7, p.4].

Table 4: Farm-Household Expenditures by Type of Expenditures
Bandundu Region, October 1987 - September 1988
(Percentage of respondents)

Expenditures	Sub-Region: Bandundu	Kikwit	Kwango	Kwilu	Mai-Ndombe	Total region
Education	68	60	28	39	27	34
Medical	11	40	14	27	25	23
Tools	0	0	1	0	0	0
Manufactures	15	0	28	28	40	31
Celebrations & funerals	0	0	0	0	2	1
Taxes	0	0	2	3	1	2
Others	6					
Total	100	100	100	100	100	100

Source: [8, p. 116].

Table 5: On-Farm Gross Cash Income, Cash Expenditures and Net Cash Income from Manioc, Corn, and Groundnuts for the Bandundu Region, October 1987 - September 1988
(In Current Prices, Millions of Zaires)

Sub-region	Gross cash income	Expenditures	Net cash income	% of net cash income
Kwango	2475.8	312.5	2163.3	15.4
Kwilu	998.3	1264.1	8725.2	62.1
Mai-Ndombe	3332.5	379.3	2953.2	21.0
Bandundu	111.0	42.1	69.1	0.5
Kikwit	282.2	135.6	146.6	1.0
Region	16190.8	2133.6	14057.4	100.0

Note 1. $1 = Z 162.

Note 2. (a) To allow for gifts and barter multiply by 100/92 = 1.087; (b) To allow for other crops multiply b, 100/85 = 1.176; (c) To allow for on-farm consumption multiply by 100/46 = 2.174 (d) Regional on-farm net income = 14057 X 1.087 X 1.176 X 2.174: 162 = $241 million; (e) Off-farm net cash income equals wage income of farm-household members working off the farm multiply (d) by 1.33.

Source. [7, p.7].

Table 6: Number of Buyers of Agricultural Commodities and the Determination of Farm Gate Prices Bandundu and Shaba Regions

(Number of respondents)

	Bandundu Dec-88	Shaba Mar-89
1. Number of buyers per given zone of operations		
1.1 one	0	0
1.2 2-5	2	1
1.3 6-10	2	8
1.4 more	13	0
2. Buyers have an understanding as to farm gate prices		
2.1 yes	7	2
2.2 no	10	7
3. Farm gate prices are determined by		
3.1 agreement between producer and	6	6
3.2 imposition and negotiation	8	2
3.3 imposition	3	1

Source. [26, pp.67,107].

Table 7: Measures of On-Farm Income per Farm-Household: Gross Cash Income, Expenditures, Net Cash Income from Manioc Corn and Groundnuts for the Bandundu Region, October 1987-September 1988

(In Current Zaires)

Sub-region	Measures of on-farm income per farm-household: Gross cash income	Measures of on-farm income per farm-household: Expenditures	Net cash income	Relative levels of Net Cash income
Kwango	16,271	2,054	14,216	62
Kwilu	31,286	3,959	27,328	119
Mai-Ndombe	26,216	2,984	23,233	101
Kikwit	27,644	10,488	17,195	75
Bandundu	34,312	16,493	17,819	77
Region	26,507	3,493	23,015	100

Note 1. 1 U.S.$ = 162 Zaires.

Note 2. 6.3 persons per farm-household.

Note 3. The following factors allow for items not included in the manioc, corn and groundnut budgets: (a) to allow for gifts and barter multiply by net cash income 100/92 = 1.087; (b) to allow for other crops multiply net cash income by 100/85 = 1.176; (c) to allow for on-farm consumption multiply net cash income by 100/46 = 2.174; (d) on farm net income per farm-household equals 23,015 X 1.087 X 1.176 X 2.174 : 162 = 395 dollars per year or 63 dollars per capita per year; (e) off-farm net cash income equals wage income of farm-household members working off the farm multiply (d) by 1.03. Annual per capita income of farm household members equals 65 dollars.

Source. [7, p.8].

Table 8: Net Cash Income from Manioc, Corn, Groundnuts, Distributed by Income of Farm, Households, Bandundu Region October 1987 - September 1988

(Percent of those reporting)

Income interval 1000 Zaires	Sub-region					Total region
	Kwango	Kwilu	Mai-Ndombe	Bandundu	Kikwit	
< -10	0.8	1.7	0.7	23.4	14.4	1.6
-10 - < -5	1.4	1.9	0.7	1.0	7.6	1.6
-5 - < 0	5.2	1.4	5.0	8.4	8.7	3.3
5 - < 10	21.0	6.8	13.4	7.9	9.1	11.8
10 - < 15	16.0	13.8	15.7	2.0	9.5	14.6
15 - < 20	13.5	11.6	14.0	7.1	7.9	12.5
20 - < 30	13.8	12.9	9.2	8.4	12.6	12.3
30 - < 40	19.4	17.0	17.0	15.1	9.4	17.5
40 - < 50	5.0	9.6	6.2	8.4	4.2	7.5
50 - < 60	2.3	6.3	7.4	6.2	5.7	5.5
60 +	0.5	5.4	1.9	3.7	0.0	3.4
	1.1	11.5	8.9	8.4	19.9	8.3
	100.0	100.0	100.0	100.0	100.0	100.0

Source. [7].

Table 9: Deflated Monthly On-Farm Net Cash Income per Farm-Household Derived from the Sale of Manioc, Corn, and Groundnuts Bandundu Region, October 1987-September 1988

(Percent and Zaires)

	Manioc (percent)	Corn (percent)	Groundnuts (percent)	Total net revenues (percent)	In Zaires (percent)
October	83.1	9.8	7.1	100.0	1366
November	91.6	6.4	1.9	100.0	1162
December	83.1	6.1	10.8	100.0	1356
January	71.8	11.7	16.4	100.0	1489
February	78.0	13.3	8.6	100.0	1326
March	78.0	14.8	7.2	100.0	1452
April	64.7	20.1	15.2	100.0	1430
May	62.2	17.8	20.0	100.0	1546
June	62.2	16.3	21.1	100.0	1365
July	59.5	14.2	26.2	100.0	1543
August	66.5	14.8	18.7	100.0	1294
September	70.6	16.1	13.2	100.0	1403

Source. [7].

Table 10: On-Farm Net Cash Income From Manioc, Corn and Groundnuts Bandundu Region, October 1987 - September 1989
(In Percentages)

Sub-region	Manioc (percent)	Corn (percent)	Groundnuts (percent)	Total net income
Kwango	80.6	6.6	12.8	100.0
Kwilu	64.0	15.8	20.1	100.0
Mai-Ndombe	81.9	15.2	2.8	100.0
Kikwit	91.7	7.6	0.6	100.0
Bandundu	76.1	5.2	18.7	100.0
Region	70.7	14.2	15.1	100.0

Source: [7, p.11].

Table 11. Distribution of Farm Households Reporting Manioc, Corn, or Groundnuts Contributing to Income

Income share	Manioc	Corn	Groundnuts
< 10	3.6	62.9	62.0
10 - < 20	0.9	18.8	12.2
20 - < 30	2.1	9.7	9.5
30 - < 40	4.0	3.8	5.0
40 - < 50	4.9	2.8	3.6
50 - < 60	6.5	0.7	2.1
60 - < 70	10.2	0.3	1.0
70 - < 80	11.8	0.2	1.0
80 - < 90	17.9	0.1	0.9
90 +	38.2	0.6	2.7
Total	100.0	100.0	100.0

Source: (7, p. 12).

Table 12. Percentage of Households Reporting Various Crops During the First (S1) and Second (S2) Growing Season, Bandundu Region

Product		Sub-region					Total region
		Kwango	Kwilu	Mai-Ndombe	Kikwit	Bandundu	
Corn	S1	93.2	95.5	94.0	94.8	53.7	94.3
	S2	14.2	16.7	61.6	31.0	24.0	32.3
Groundnuts	S1	95.9	98.6	59.2	96.3	86.4	89.2
	S2	14.2	17.8	6.4	11.4	41.4	14.5
Rice	S1	5.7	12.0	13.2	4.8	1.0	10.6
	S2	3.3	1.2	4.6	1.1	1.0	2.8
Manioc leaves	S1	97.3	83.9	89.7	94.3	76.0	88.6
	S2	77.7	55.5	71.0	50.0	45.4	64.2
Yams	S1	79.8	57.2	32.3	63.5	10.2	57.0
	S2	21.3	17.0	14.5	7.0	1.6	17.3
Squash	S1	57.2	78.0	23.5	84.0	23.3	60.6
	S2	26.1	36.8	11.7	2.9	8.6	28.0
Millet	S1	4.5	4.3	0.0	12.2	0.0	3.5
	S2	11.5	19.7	0.0	21.7	0.0	13.2

Note: The total number of farm households for the regions and each sub-region is set equal to 100.
Source: (6, p. 3).

Table 13. Farm-household Responses as to the Most Important Means of Increasing Output of a Product, Bandundu Region
(Percent of respondents)

Means	Sub-regions: Bandundu	Kikwit	Kwango	Karilu	Mai-Ndombe	Total region
Fertilizer	0	0	1	0	1	1
Prepare new fields	32	27	23	37	35	33
Increase the area	64	30	53	49	47	50
Better use of tools	0	30	8	6	6	6
More labor	4	2	4	1	4	3
Compost	0	0	1	0	0	0
Better seeds and clones	0	9	8	5	7	6
Others	0	2	2	1	0	1
Total	100	100	100	100	100	100

Source: (8, p. 110).

Table 14. Input Availability and Utilization, by Major Crops in the Bandundu and Shaba Regions
(Percent of respondents)

		Corn	Manioc	Rice	Coffee	Corn	Manioc	Rice	Cotton
		- - Bandundu (December 1988) -				- - - Shaba (March 1989) - -			
1	The farmer uses improved varieties								
1.1	Yes	0	12	25	11	42	6	100	52
1.2	No	100	88	75	89	58	94	0	38
2	Do you have sufficient land to increase the area grown of								
2.1	Yes	81	88	85	96	78	95	100	100
2.2	No	19	12	15	4	22	5	0	0
3	Land has been in production								
3.1	less than two years		2				11		
3.2	two to five years		18				41		
3.3	more than five years		80				48		
4	Labor used is provided by								
4.1	household members		88				44		
4.2	families helping each other		1				5		
4.3	villagers helping each other		9				1		
4.4	permanent wage labor		1				4		
4.5	occasional wage labor		2				10		
4.6	other forms		0				36		
5	Fertilizers and pesticides								
5.1	are used		0				21		
5.2	are not used		100				79		

Source: (8, pp. 52,101,102).

Table 15. Did Agricultural Production Increase Between 1987/88 and 1986/87? Responses by Crops, Bandundu Region
(Percent of respondents)

	Sub-region															Total Region		
	Kikwit			Kwango			Kwilu			Bandundu			Mai-Ndombe					
	+	-	0	+	-	0	+	-	0	+	-	0	+	-	0	+	-	0
Manioc	60	20	20	60	12	28	69	7	23	63	20	17	66	19	15	66	11	23
Corn	30	52	18	45	36	19	54	29	17	22	71	8	52	36	12	51	33	16
Groundnuts	31	52	18	52	33	15	56	30	14	59	23	18	45	33	22	53	32	15
Rice	19	38	43	48	31	21	66	23	11	100	0	0	45	41	14	57	29	14
Leaves	38	16	46	48	9	43	56	8	36	68	14	18	49	10	41	52	9	39
Coffee	30	56	14	14	46	40	45	11	44	55	24	21	46	20	34	46	20	34
Millet	31	39	30	17	11	72	57	14	29							49	14	37
Squash	22	60	18	41	29	30	45	32	23	26	49	25	36	30	34	43	32	25
Yams	34	35	31	27	18	55	36	20	44	0	32	68	52	19	30	35	19	46
Palm oil	18	42	40	7	35	58	38	18	44	17	50	33	47	22	31	32	23	45

Source: (8, p. 74).
Note: + = increase; - = decrease; 0 = unchanged.

Table 16. Principal Reason Given by Farm-households for (1) the Increase in Production (2) in the Alternative, the Decrease in Productivity. Responses by Crops, Bandundu Region, 87/88 and 86/87 Crop Year
(Percent of respondents)

	Manioc		Corn		Ground-nuts		Rice		Manioc leaves		Coffee		Millet		Squash		Yams		Palm oil	
	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2
Attractive price	17	0	23	2	22	3	29	0	8	0	36	3	26	0	19	3	12	4	49	6
Less attractive price	0	1	0	2	0	1	0	3	0	8	0	0	2	5	0	0	0	8	2	33
Marketability	8	1	1	1	0	0	2	0	1	2	0	0	0	7	2	0	2	1	13	6
The weather	[illegible]	9	3	24	4	27	0	14	2	4	3	26	0	26	2	29	4	16	4	49
Few losses	1	3	2	4	2	7	4	0	0	6	6	9	4	2	2	7	0	10	0	0
Important losses	0	2	0	9	0	7	0	19	0	1	0	5	0	14	0	7	0	9	0	2
Area grow	72	54	69	34	70	25	65	35	76	43	46	13	63	30	68	29	74	29	7	3
Diseases	0	19	0	9	0	15	0	4	0	16	0	21	0	7	1	9	0	14	0	7
Others	2	10	2	15	2	15	0	25	13	19	7	25	5	10	6	16	6	10	23	25
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Note: (1) responses by farm-households that increased production.
(2) responses by farm-households that decreased production.
Source: (8, pp. 86-95).

Table 17. Do Farm-Households Consider the Price of Agricultural Products When They Prepare Their Lands for Planting? Bandundu Region, October 1987-September 1988

(Percent of Respondents)

The price of agricultural products is taken into account when preparing land for planting	Sub-region					
	Bandundu	Kikwit	Kwango	Kwilu	Mai-Ndombe	Total region
No	80	83	63	51	67	58
Yes	20	17	37	49	33	42
Total	100	100	100	100	100	100

Source: (8, p. 108).

Table 18. Percent of Respondents Marketing a Share of Their Harvest, Bandundu Region

Product	Sub-region			Total region
	Kwango	Kwilu	Mai-Ndombe	
Manioc	89.1	92.1	94.7	91.6
Corn	65.1	81.8	84.8	79.6
Rice	57.1	80.6	69.8	73.6
Groundnuts	65.2	80.3	52.8	70.4
Palm oil	20.6	60.3	53.7	49.2
Coffee	46.0	65.6	85.6	72.3
Millet	35.1	81.9	0.0	74.0
Yams	14.4	60.0	31.8	33.0
Squash	53.4	68.2	24.0	62.0
Leaves	7.4	14.4	18.3	13.7

Note: 100 = Total number of producers per crop in each sub-region and the region as a whole.
Source: (8, p. 15).

Table 19. Percent of Farm-households Buying Agricultural Commodities, Bandundu Region

Product	Sub-region Kwango	Kwilu	Mai-Ndombe	Total region
Manioc	9.4	7.9	7.5	8.3
Corn	5.5	7.9	8.7	7.7
Rice	5.0	12.6	35.4	15.9
Groundnuts	16.6	13.5	35.6	19.2
Palm oil	25.5	23.6	28.9	25.4
Coffee	2.4	4.2	1.4	3.3
Millet	1.0	1.1	0.0	1.2
Yams	2.5	2.5	18.8	6.1
Squash	11.7	12.9	12.9	12.6
Leaves	0.0	0.4	0.5	0.4

Note: 100 = Total number of farm households in each sub-region and the region as a whole.
Source: (8, p.17).

Table 20. The Length of Time Agricultural Products are Stored on the Farm, Bandundu Region

(Percent of respondents)

Product	A few days	One week	A few weeks	One month	More than one month
Manioc	31.4	23.1	26.1	11.1	8.2
Corn	13.0	4.1	11.9	15.0	56.0
Rice	12.2	3.7	22.4	4.9	56.8
Groundnuts	7.0	1.4	10.6	11.3	69.7
Palm oil	79.3	7.6	8.3	4.4	0.4
Coffee	2.0	1.0	12.4	6.1	78.4
Millet	2.1	0.9	21.1	7.3	68.6
Yams	70.1	3.7	13.8	5.8	6.7
Squash	14.6	6.3	11.5	7.1	60.6
Leaves	94.7	0.9	2.8	0.8	0.7

Note: 100 = the total number of producers for each product.
Source: (8, p. 16)

Table 21. Reasons Why Agricultural Products Are Being Stored, Bandundu Region

(Percent of respondents)

Products	To wait for the right price	To sell when one needs money	To wait for the merchants
Manioc	11.5	18.5	69.9
Corn	34.0	18.1	47.9
Rice	29.7	6.0	64.3
Groundnuts	44.8	13.8	41.4
Palm oil	13.1	37.2	49.8
Coffee	41.1	4.0	54.8
Millet	33.4	16.1	50.4
Yams	9.8	44.7	45.5
Squash	42.4	18.0	39.6
Leaves	16.0	64.7	19.4

Note: 100 = the total number of producers per product.
Source: (8, p. 20).

Table 22. Monthly Number of Sales and Purchases per Farm-household of Manioc, Corn, and Groundnuts, Bandundu Region, December 1987-September 1988

	Sub-region					
	Kwango	Kwilu	Mai-Ndombe	Bandundu	Kikwit	Total region
Sales						
Manioc	2.67	3.94	3.84	1.71	2.91	3.58
Corn	0.23	0.6	0.64	0.37	0.24	0.51
Groundnuts	0.34	0.44	0.3	0.33	0.34	0.78
Purchases						
Manioc	0.49	0.39	1.07	0.91	1	0.09
Corn	0.05	0.09	0.21	0.33	0.7	0.02
Groundnuts	0.16	0.2	0.42	0.23	34	0.04

Source: (8).

(1\/

Table 23. Types of Buyers to Whom Farm-households Sold Their Products Throughout the 1987-1988 Agricultural Crop Year, Bandundu Region

(Percent of respondents)

Product	Type of buyer 1	2	3	4	5
Manioc	31.5	45.0	39.9	13.3	0.6
Corn	23.7	42.8	42.8	9.6	5.4
Rice	28.1	73.5	6.2	6.5	0.0
Groundnuts	17.3	44.7	49.6	11.6	0.3
Palm oil	44.6	22.0	15.5	22.9	7.9
Leaves	73.2	32.8	7.3	1.1	0.3
Squash	34.1	42.6	36.0	10.9	0.4
Coffee	2.9	83.6	10.1	2.9	0.8
Yams	69.1	21.8	5.2	12.3	1.0
Millet	35.4	48.9	5.3	11.2	0.9

1. Consumers
2. Merchants who have their own trucks
3. "Per colis," merchants who rent space in a truck
4. "Per colis," merchants who use a bicycle or transport on foot
5. Merchants who buy for storage and subsequently sell the accumulated stock

Source: (8, p. 23)

Table 24. Do You Usually Sell to the Same Merchant(s)? Affirmative Responses by Crops, Bandundu Region, October 1987-September 1988

(Percent of respondents)

	Sub-region					Total region
	Kikwit	Kwango	Kwilu	Bandundu	Mai-Ndombe	
Manioc	0	11	10	0	16	11
Corn	0	7	7	0	15	9
Groundnuts	0	5	7	0	7	7
Rice	24	0	6	0	28	12
Leaves	0	2	6	0	0	8
Coffee	0	0	3	0	21	12
Millet	0	0	11	0	0	10
Squash	0	4	9	0	6	8
Yams	0	7	15	0	6	12

Source: (8, p. 74)

Table 25. Reasons Why Farm-households Sell to a Given Buyer, Bandundu Region, October 1987-September 1988

(Percent of respondents)

	Sub-region					
	Bandundu	Kikwit	Kwango	Kwilu	Mai-Ndombe	Total region
Because of a material or financial advance	4	0	1	3	6	3
Because of a higher price	0	70	14	44	10	31
Nobody else is authorized to buy	0	0	6	9	4	7
The authorities ask me to	0	0	1	5	6	4
There are no other buyers	0	0	59	19	20	29
I know that buyer	11	14	12	17	12	14
I need cash	76	100	58	63	55	60
Others	4	0	2	3	5	3

Source: (8, pp. 111, 112).

Table 26. Post-harvest Losses, Bandundu Sub-regions

(Percent of respondents)

Product	Kwango	Kwilu	Nai-Ndombe
Manioc	8.9	5.6	8.4
Corn	19.2	9.0	8.4
Rice	18.5	13.7	15.5
Groundnut	17.0	11.1	11.1
Coffee	5.1	8.8	10.6
Palm oil	12.3	6.3	4.1
Millet	10.3	9.1	0.0
Squash	13.8	11.5	9.7
Yams	8.4	7.4	4.7
Leaves	4.1	4.5	16.8

Note: 100 = total production for each product in each sub-region.
Source: (8, p. 21).

Table 27. Farm-household Responses as to How the Market Price of Agricultural Products Is Determined, Bandundu Region, October 1987-September 1988

(Percent of respondents)

	Sub-region					
Means	Bandundu	Kikwit	Kwango	Kwilu	Mai-Ndombe	Total region
Through information from others	25	15	5	7	13	8
I find out at the market	51	62	11	7	21	12
The price is imposed by the authorities	19	4	11	17	9	13
The price is imposed by the buyer	0	1	2	19	17	14
I argue about the price	2	18	71	49	41	52
Others	4	0	1	1	0	1
Total	100	100	100	100	100	100

Source: (8, p. 117).

Table 28. Monthly On-farm Revenue from Manioc, Corn and Groundnuts, Bandundu Region October 1987-September 1988

(Current zaires)

	Manioc	Corn	Groundnuts	Total
October	1,135	134	97	1,366
November	1,127	79	25	1,231
December	1,212	89	157	1,458
January	1,217	199	277	1,693
February	1,265	216	139	1,620
March	1,453	276	134	1,863
April	1,273	397	300	1,970
May	1,495	399	449	2,343
June	1,373	358	463	2,194
July	1,537	368	578	2,583
August	1,493	335	421	2,249
September	1,791	412	338	2,541
Total	16,371	3,262	3,478	23,111

Source: (14).

Table 29. Weighted Price Received by Farm-households for Manioc, Corn, and Groundnuts, Bandundu Region, September 1987-October 1988
(Zaires per kilogram)

Sub-region	Manioc (Chips)	Corn (Grain)	Groundnuts (Pods)
Kwango	15.0	13.5	32.5
Kwilu	12.2	14.0	39.7
Mai-Ndombe	13.9	14.4	34.9
Bandundu	30.6	23.6	48.1
Kikwit	24.8	23.2	62.3
Region	13.0	14.1	38.3

Source: [8, p. 6]

Table 30. Buying Practices and Means of Transportation Used by Merchant Buyers of Agricultural Products, Bandundu and Shaba Regions
(Percent of respondents)

	Bandundu Dec-88	Shabe Mar-89
1. Merchants buy agricultural products from		
1.1 farm-producers	15	8
1.2 resellers	0	0
1.3 farmers and handlers	1	1
1.4 farmers and others	1	0
2. Merchants use commission agents		
2.1 yes	3	1
2.2 no	14	8
3. Means of transportation		
3.1 truck	10	2
3.2 boat	4	0
3.3 mixed	3	7
4. Ownership of means of transportation		
4.1 merchant	12	4
4.2 the government	2	0
4.3 private and public	2	5
4.4 merchant and others	1	0

Source: (26, pp. 54,65,104,105).
1) truck and train

Table 31. Volume of Different Products Shipped Out by Selected Merchants and Farm-gate Prices Paid Shaba Region, 1986-88

Merchant	1986	1987	1988
1. SOLBENA/Kangolo and Ngunzu zone			
Corn			
Volume (tons)	10,000	10,000	10,000
Price (Z/kilogram)	3	7	10
2. KS/Kangolo			
Corn			
Volume (tons)	500	600	700
Price (Z/kilogram)	5	8	10
3. ITSHIAM/Kaniama			
Corn	-	70	70
Volume (tons)			
Price (Z/kilogram)			
4. ESTAGRICO/Kangolo			
Corn			
Volume (tons)	-	3,000	3,500
Price (Z/kilogram)	-	8	10
Cotton			
Volume (tons)	1,800	2,500	2,500
Price (Z/kilogram)	12	15	30

Source: (26, p. 80).

Table 32. Volume of Different Products Shipped Out and Farm-gate Prices Paid by Fernandes Associates, Bulungu Zone, 1984-88

	1984	1985	1986	1987	1988
Corn					
Volume (tons)	8,178	8,387	2,543	2,361	1,364
Price (Z/kilogram)			7	10	13
Coffee					
Volume (tons)	233	218	151	44	
Price (Z/kilogram)				60	45
Palm oil					
Volume (tons)	365	303	636	482	
Price (Z/kilogram)	-	-	1.80	3.00	4.00

Source: (26, p. 40).

Table 33. Merchants' Use of Credit, Taxes Paid and Their Views as to Obstacles, to Trade, Future Plans and Priorities for Improved Trade, Bandundu and Shaba Regions
(Percent of respondents)

	Bandundu December 1988	Shaba March 1989
1. Merchants' use of credit		
1.1 no	15	6
1.2 yes	2	3
1.2.1 commercial credit	2	3
1.2.2 marketing campaign credit provided by public sector	0	0
2. Taxes paid		
2.1 no	0	0
2.2 yes	17	6
2.2.1 commodity taxes	15	-
2.2.2 environment	2	-
2.2.3 OZAC	4	-
2.2.4 OZACAF	1	-
2.2.5 economic affairs	7	-
3. Obstacles to trade		
3.1 no	0	0
3.2 yes	17	6
3.2.1 interregional transport permit	1	2
3.2.2 exclusively buying zone permit	1	1
3.2.3 agricultural marketing campaign	2	1
3.2.4 road blocks	8	0
3.2.5 minimum purchase prices	4	0
3.2.6 combination of above	7	4
4. Future plans		
4.1 increase volume of purchases	16	6
4.2 decrease volume of purchases	0	0
4.3 unchanged volume of purchases	1	0
5. Priorities for improved trade		
5.1 road maintenance	2	1
5.2 road maintenance and elimination of road blocks	7	1
5.3 road maintenance and access to credit	3	3
5.4 access to credit and elimination of road blocks	2	2
5.5 access to credit	3	2

Source: (26, p. 89).

Table 34. Reasons Given by Farmers for Selling to Given Buyers for Major Crops, and Buyers to Whom Farmers Would Prefer to Sell, Bandundu and Shaba Regions
(Percent of respondents)

	Bandundu (December 1988)				Shaba (March 1989)			
	Corn	Manioc	Rice	Coffee	Corn	Manioc	Rice	Cotton
1 Reasons for selling to a given buyer								
1.1 good price	34	40	6	35	38	50	46	0
1.2 only buyer	17	7	12	17	24	11	16	100
1.3 personal ties	0	0	0	0	16	22	8	0
1.4 distance	9	7	0	4	22	16	30	0
1.5 others	40	46	82	44	0	1	0	0
2 To whom do you prefer to sell								
2.1 any buyer	88	98	69	96	74	91	100	0
2.2 the cooperative	0	0	0	4	23	9	0	0
2.3 others	12	2	31	0	3	0	0	100

Source: (26, pp. 54,95).
1) In the Bulungu Zone of Bandundu, the right to purchase irrigated rice is exclusively reserved for the Chinese Agricultural Mission in Kikwit.

Table 35. Farm Gate Prices and Areas Under Cultivation as Perceived by Producers, Price Setting Preferences, Major Crops, by Bandundu and Shaba Regions (Percent of respondents)

	--- Bandundu (December 1988)---				------Shaba (March 1989)------			
	Corn	Manioc	Rice	Coffee	Corn	Manioc	Rice	Cotton
1 As to price received								
1.1 remunerative	50	49	43	3	63	55	70	0
1.2 not remunerative	50	51	57	97	37	45	30	100
2 As to area under cultivation								
2.1 increase	69	76	52	2	63	52	59	38
2.2 decrease	21	7	19	53	27	27	40	37
2.3 unchanged	10	17	29	45	10	21	11	25
3 Perferences as to price determination								
3.1 set by the public sector	1	0	0	3			37	
3.2 set by market forces	99	100	100	97			63	

Source: (26).

Table 36. The Determination as to Areas Grown and the Uses of Input for Major Crops by Bandundu and Shaba Regions
(Percent of respondents)

	Bandundu (December 1988)				Shaba (March 1989)			
	Corn	Manioc	Rice	Coffee	Corn	Manioc	Rice	Cotton
1 The area grown is determined by								
1.1 myself	85	85	88	96	68	75	100	0
1.2 the authorities	15	15	12	4	8	13	0	0
1.3 the extension agent	0	0	0	0	20	12	0	100
1.4 the clan	0	0	0	0	21	0	0	0
1.5 others	0	0	0	0	1	0	0	0
2 Output is disposed of through (1)								
2.1 sale	58	46	62	100	69	50	60	100
2.2 on-farm consumption	39	53	33	0	28	49	37	0
2.3 others	3	1	5	0	3	1	3	0

Source: (26, pp. 59,99).

Table 37. Sources and Uses of Harvested Corn (Grain),
Bandundu Region
(Metric tons)

	Sub-region					Total region
	Kwango	Kwilu	Mai-Ndombe	Bandundu	Kikwit	
Production	24,787	188,201	55,455	572	2,557	271,572
Losses	3,657	16,318	4,199	50	247	24,471
Seeds	1,487	11,292	3,327	34	153	16,293
Home consumption	10,513	59,913	19,201	428	2,132	102,187
Net sales	9,130	90,678	28,728	60	25	128,621
Gross sales	9,434	98,980	32,542	357	716	142,029
Purchases	304	8,302	3,814	297	691	13,408

Source: (9, p. 8).

Table 38. Producers' Awareness of Price Liberalization
Bandundu and Shaba Regions, March 1989
(Percent of respondents)

	Ngunzu	Lubudi	Regions Kaniana	Kongolo	Total Shaba Region
1. Are producers aware of price liberalization (yes; in percentage)	92	100	55	38	80
2. Source of information					
2.1 radio	5	13	18	20	10
2.2 extension agents	23	10	9	20	18
2.3 territorial administration	58	30	23	60	46
2.4 others	14	47	50	0	27

	Bulungu	Idiofa	Bandundu Kange	Masima Nimba	Region
1. Are producers aware of price liberalization (yes; in percentage)	84	95	100	61	82
2. Source of information					
2.1 radio	22	24	0	5	16
2.2 extension agents	2	0	0	0	1
2.3 territorial administration	38	61	0	49	43
2.4 others	22	8	100	7	22

Source: (26).

Table 39: Percent of Farm-households Reporting No Difficulty in Finding Farm Inputs, Bandundu Region
October 1987 - September 1988

	Sub-region					
Inputs	Bandundu	Kikwit	Kwango	Kwilu	Mai-Ndombe	Total region
Implements	14	32	38	39	51	41
Fertilizers	0	69	9	9	1	8
Manioc clones	4	71	27	19	1	17
Improved seed	0	12	9	9	0	7

Source: (8, p. 116).

Table 40. Agricultural Sector Terms of Trade: Indices of Prices Paid by Farm-households Indices of Prices Received by Farm-households, Bandundu Region, October 1987-September 1988

Item	Weight	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.
Education	0.34[a]	1	1	1	1	1	1	1	1	1	1	1	1.72
Medical	0.23[a]	1	1	1	1	1	1	1	1	1	1	1	1
Manufactures	0.43[a]	1	1.01	1.1	1.27	1.23	1.3	1.37	1.44	1.45	1.51	1.84	1.9
Beverages	0.12[b]	1	1	1.1	1.13	1.13	1.26	1.36	1.54	1.54	1.54	1.77	1.9
Clothing	0.19[b]	1	1.03	1.14	1.17	1.16	1.21	1.33	1.48	1.5	1.58	1.84	2.08
Non-food	0.12[b]	1	0.99	1.05	1.57	1.45	1.49	1.51	1.28	1.28	1.38	1.39	1.61
General index of prices paid by farm-households	1	1	1.01	1.05	1.12	1.1	1.13	1.17	1.19	1.19	1.22	1.36	1.63
General price index National Statistical Institute		1	1.06	1.08	1.14	1.22	1.28	1.38	1.45	1.61	1.84	1.74	1.82
Exchange rate index, zaires/U.S. dollar		1	1	1.02	1.06	1.12	1.16	1.29	1.34	1.41	1.54	1.53	1.61
General index of prices received by farm-households	1	1	1.1	1.19	1.28	1.29	1.32	1.35	1.4	1.41	1.48	1.54	1.64
Manioc	0.71[c]	1	1.04	1.21	1.3	1.32	1.38	1.42	1.45	1.48	1.48	1.51	1.59
Corn (grain)	0.14[c]	1	1.21	1.25	1.25	1.37	1.32	1.2	1.23	1.24	1.31	1.4	1.61
Groundnuts	0.15[c]	1	1.25	1.06	1.21	1.09	1.06	1.17	1.32	1.25	1.63	1.81	1.92
Farm-households Prices received/ Prices paid		1	1.09	1.13	1.14	1.17	1.16	1.15	1.18	1.18	1.21	1.13	1.01

a. Derived from (8).

b. Edward Kiely, USAID/Kinshasa Evaluation Officer. Items are coffee, soft drinks, beer, women's clothing, men's shirts, children's clothing, kerosene, cigarettes, and soap. Price indices provided by Miles Henderson, Economics Officer, U.S. Embassy.

Table 41. Per Capita per Month Consumption of Principal Food Groups, Kinshasa, by Years

(Kilos)

Item	1969	1975	1986
Cereals	2.644	2.342	2.990
Tubers and roots	6.604	5.89	5.096
Sugars	0.351	0.496	0.437
Legumes	0.635	0.652	0.510
Nuts	0.014	0.160	0.038
Vegetables	2.715	2.394	2.412
Fruits	0.630	0.488	0.265
Fish	1.418	1.305	1.058
Condiments	0.171	0.284	0.339
Meats	0.726	0.801	0.819
Alcoholic beverages	1.904	3.699	1.535
Dairy products	0.143	0.143	0.236
Vegetable oils	0.620	1.096	0.848
Non-alcoholic beverages	0.426	0.791	0.344
Total	18.731	20.541	16.927

Source: (23, 24).

Table 42. Sectoral Production Indices, Zaire
1982-1987

(1983 = 100)

Sector	1982	1983	1984	1985	1986	1987
Export Agriculture	106.5	100.0	120.5	112.4	179.0	145.3
Subsistence agriculture	106.6	100.0	106.0	115.7	119.9	100.8
Mining	84.1	100.0	124.3	131.2	143.0	126.6
Manufacturing	93.6	100.0	109.3	116.5	123.0	129.0
Electricity and water	97.0	100.0	103.2	109.8	111.7	116.3
Petroleum products	94.3	100.0	92.3	94.9	103.4	100.3
Cement	88.1	100.0	79.8	81.8	86.6	98.3
Transport	97.9	100.0	92.3	91.6	87.4	85.3

Source (7).

Table 43. Manufacturing Sector Production Indices, Zaire
1982-1987

(1983 = 100)

	1982	1983	1984	1985	1986	1987	1988
Consumption goods:	96.8	100.0	108.9	120.1	128.4	135.9	140.0
Foodstuffs	104.0	100.0	97.4	113.2	139.4	144.6	141.6
Beverages	96.5	100.0	116.4	124.0	129.2	144.7	159.2
Tobacco	93.0	100.0	107.2	126.6	134.9	150.1	160.6
Clothing	91.8	100.0	98.6	85.0	100.3	92.7	83.8
Printed fabric	110.8	100.0	106.8	101.7	114.2	94.4	86.8
Shoes and leather	66.6	100.0	85.4	93.5	105.3	105.7	107.6
Chemical products	103.4	100.0	123.3	150.1	140.6	143.1	129.9
Plastics	90.5	100.0	115.4	122.2	129.6	160.3	162.4
Metal manufacturing	100.1	100.0	95.0	120.9	124.9	121.1	124.2
Printing and other	104.9	100.0	124.9	122.1	111.1	93.8	94.8
Equipment goods:	86.3	100.0	110.4	108.2	110.5	113.2	112.7
Textile spindles and loans	82.9	100.0	111.2	85.6	95.8	94.1	88.8
Basic chemicals	79.0	100.0	89.5	74.7	54.1	113.5	133.5
Mechanical goods	105.5	100.0	130.5	175.1	171.9	165.8	167.3
Transportation materials	74.2	100.0	116.6	135.3	126.5	126.4	126.5
Nonferrous metals	101.0	100.0	94.9	90.2	92.6	105.2	102.6
Word processing	92.5	100.0	118.6	111.1	129.1	117.7	119.6

Source (1).

Table 44. Capacity Utilization Levels of Selected Zairian Industries (1986-1987)

Product	1986	1987	Percent change
Milk	46.1	47.9	3.9
Maize flour	39.6	39.2	-1.0
Wheat flour	66.6	73.7	10.7
Sugar	50.1	55.1	10.0
Margarine	30.5	38.4	25.9
Cigarettes	64.3	69.4	7.9
Printed fabric	61.2	43.1	-29.6
Clothing	3.1	1.9	-38.7
Sacks	66.0	64.0	-3.0
Mattresses	37.9	43.2	14.0
Shoes and leather	16.9	18.0	6.5
Plastic goods	32.3	28.5	-11.8
Metal manufacturing	74.5	59.8	-19.7
Tin roofing	6.8	32.7	380.9
Steel casting	16.5	19.8	20.0
Tires	47.5	52.5	10.5
Explosives	22.1	20.3	-8.1
Soap	28.7	36.8	28.2
Paint	31.1	32.1	3.2
Cement	39.6	44.3	11.9
Concrete products	6.3	6.7	6.3
Tiles	25.3	33.9	34.0
Petroleum refining	9.6	27.9	190.6

Source: (1).

Table 45. Commodities Imported Under the Structural Adjustment Support Grant (Project 660-0121)

Commodity Category	Amount* (U.S. dollars)	Percent of total
Agricultural inputs:	1,493,284	10.6
Soybean meal	758,328	5.4
Fertilizer	264,800	1.9
Agricultural machinery and spares (tractors)	470,156	3.3
Agricultural support materials:	10,379,067	73.8
Tire manufacturing raw materials	1,744,697	12.4
Textile manufacturing raw materials	518,566	3.7
Packaging manufacturing raw materials	2,954,530	21.0
Paint manufacturing raw materials	401,340	2.9
Metal products manufacturing raw materials	785,773	5.6
Transport machinery and spares	243,013	1.7
Forestry machinery (saws)	65,752	0.5
Tire manufacturing spare parts	880,484	6.3
Diesel fuel	2,784,912	19.8
Other industries:	2,191,480	15.6
Soap manufacturing raw materials	606,524	4.3
Candle manufacturing raw materials	424,840	3.0
Battery manufacturing equipment and spares	1,098,930	7.8
Communications equipment	61,166	0.4
Total	14,063,831	100.0

* Figures are actual drawdowns of letters of credit opened by importers, as of August 29, 1989.
Source: CIP Office/Kinshasa and authors' calculations.

Table 46. Status Report for the Structural Adjustment Support Grant as of September 1, 1989

(CIP Grant 660-K603, Project 660-0121)

Date Pro-Ag Signed:	29-September-1986	Terminal date for DAs:	01-Nov-1969
Date CPs Met:	09-April-1987 (PIL No. 2)	TD for disbursements:	01-Dec-1989
	26-May 1987 (PIL No. 3)		
	02-June-1988 (PIL No. 4)		
	03-May-1989 (PIL No. 5)		

Disbursing Authorization	Authorized	Committed *	Shipped/ Disbursed	Remaining to ship/ Disburse	Remaining to Commit**
DRA 603A.01 (USAID T.A.)	200,000	200,000	200,000	0	0
BL/COM 60301 (UBAF ARAB-AM)	5,000,000	4,990,000	4,759,000	231,000	10,000
DRA 60302 (USAID DL/COMs)	4,800,000	4,800,000	4,744,000	56,000	0
BL/COM 60303 (RIGGS)	5,000,000	4,978,916	4,916,562	62,354	21,084
Totals	15,000,000	14,968,916	14,619,562	349,354	31,084

Number of transactions currently approved: 52.

Average value of transaction: $284,018.

Note: The unused amount remaining to commit has been allocated to DAIPN for the total of $230,201 for the importation of soybean meal.

* Committed = transactions approved by USAID and Plan, and letters of credit opened by importers or direct letters of commitment issued by USAID.

** Remaining to commit = uncommitted funds plus unused balances from letters of credit and direct L/COMS.

Source: CIP office/Kinshasa.

Table 47. Sources and Uses of Counterpart Funds Gener
the Structural Adjustment Support Grant (660-0121
(thousands of U.S. dollars)

Sources	1987	1988	1989[a]
1. P.L. 480	13,402	19,324	22,946
2. CIP (0100, 0103, 121, and 120)	7,880	11,670	6,291
of which 0121:	1,500	7,258	3,011
3. Prior year balance	2,151	2,831	4,767
Total	24,933	41,083	37,015

Uses	1987	1988	1989[a]
1. Agricultural/rural dev.	4,392	5,789	5,038
2. Health and population	6,048	8,500	7,786
3. Education/training	329	772	390
4. Infrastructure	1,772	4,666	3,580
5. Public sector	6,551	7,329	6,300
6. Private sector	1,510	2,002	3,931
7. Other (Carry over)	2,831	4,767	6,979
Total	23,433	33,825	34,004

a. estimates.
Source: Program Office, USAID/Kinshasa.

ANNEX G: TECHNICAL NOTES

Technical Note 1: Sample Design, Permanent System of Collecting Agricultural Statistics.

Technical Note 2: Sample Design, Liberalisation des Prix Ex-Ferme et Restrictions à la Circulation des Produits Agricoles dans les Régions de Bandundu et du Shaba.

Technical Note 3: The price deflator used by the Tollen's surveys.

Technical Note 1

The Directorate of Marketing, Prices and Campaign Credits of the Department of Agriculture and the Food and Agriculture Organization (FAO) entered into a cooperative agreement (ZAI/84/008) in 1985 with the purpose of establishing a permanent system of collecting agricultural statistics.

The final sample design was developed in 1986 by J.B. Simaika [33] F.A.O. Advisor, the Directorate of Marketing, Prices and Campaign Credits. It was constructed in the following manner:

- rural communities ("collectivités rurales"), city wards ("quartiers de ville") and towns of each sub-region were systematically divided into two halves. The first half was retained.
- of the list of villages of each rural community of the first half, a fixed number of villages (50) were chosen with equal probability.
- the 50 villages were listed in increasing order according to the number of households. Five villages were retained in systematic manner.
- within each of those villages five farm-households were chosen with equal probability.
- this yields a sample of 1305 households for the Bandundu region with the following distributional characteristics:

	Retained households	Total number of farm households
Rural sub-regions:		
Kwango	295	152159
Kwilu	615	319291
Mai-Ndombe	265	127119
Urban sub-region:		
Kikwit	80	8225
Bandundu	50	4017
Bandundu region	1305	610811

Source: [26, p.4].

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The formulas underlying the above extrapolation are attached. They appear as Annex III in the previously cited report by Simaika. Formulas for sample variances were not included in the report.

The Tollens surveys use the sample design and extrapolation factors developed by Simaika.

Technical Note 2

Citoyens Kalamba Tshibangu and Nseye Mara of the SEP in the Department of Agriculture with the assistance of Carlos Camacho of the SEP/Chemonics/ USAID Policy Analysis and Planning Project developed and tested three separate and coded questionnaires with the following characteristics.

Region	Interviews with producers	Interviews with merchants	Interviews with consumers
Bandundu	145	17	100
Shaba	163	09	100

Source: [26, p.5].

Specifically the interviews took place in the following cities, towns and rural communities.

Regions	Cities and towns	Rural sub-regions	Rural zones	Rural communities
Bandundu	Bandundu Kikwit	Kwilu	Bulungu	Luniungu, Nko, Kwilu-Kimbata et Dwe
			Idiofa	Musanga, Kapia, Banga, Mangai, mateko
			Masi-Manimba	Mosango, Mokamo, Kinzenga et Masi-Manimba
		Kwango	Kenge	Pelende-Nord et Citè de Kenge
Shaba	Lubumbashi	Kolwezi	Lubudi	Mulumbu, Citè Lubudi et Bayeke
	Likasi			
	Kolwezi	Haut-Lomaini	Kaniama	Mutombo-Mukulu
		Tanganika	Nyunzu	Sud-Lukuga Mukenza et Nord-Lukuga
			Kongolo	Yambulu

Source: 26, p. 6

No formal sample design was used. Nevertheless the above rural zones were chosen because of their relative importance for providing a marketable surplus to Kinshasa (in the case of the Bandundu region) and Lubumbashi (as well as Likasi and Kolwezi in the case of the Shaba region).

The number of interviews in each rural community was proportional to its production of manioc (Bandundu) or corn (Shaba). The questionnaire was restricted to manioc, corn, rice, coffee and palm oil (Bandundu region) and corn, manioc, rice and cotton (Shaba region).

Technical Note 3

Between October 1987 and September 1988 the CPI of the National Statistical Institute increased from 275.0 to 499.3. Farm-household income data collected by the Tollens' surveys are expressed in nominal prices. To make meaningful intertemporal comparisons they must be adjusted for currency depreciation. The deflator used by Tollens is based on the INS CPI and presented below.

The deflator and U.S. dollar exchange rates used by the "Marketing of Agricultural Products" Project, Directorate of Markets, Prices and Campaign Credits, Department of Agriculture are also listed below:

Month	INSS CPI	Zaires per 100 Belgian francs	Zaires per 1 U.S. dollar	Deflator
October	275.0	338.9	127.5	1.00
November	291.3	381.8	127.7	1.06
December	295.7	380.8	130.3	1.08
January	312.8	398.9	135.7	1.14
February	335.9	398.3	141.3	1.22
March	351.7	421.7	148.1	1.28
April	378.9	471.4	164.8	1.38
May	399.1	482.5	170.3	1.45
June	441.9	494.4	180.3	1.61
July	460.2	515.0	196.7	1.84
August	477.9	508.5	201.2	1.74
September	499.3	523.0	204.7	1.82

ANNEX H: SAMPLE END-USE REPORT

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COMMODITY IMPORT PROGRAM

End-Use Check # EUR-89-0121-030

Grant No. 660-K603
Project No. 660-0121
BL/BL/COM 660-K603.01

Date End-Use Check 9 Jan 89

Transaction No. DAI-603.01-25

I. IMPORTER:

Name : D.A.I.P.N.
Address : KINSHASA/NSELE

Persons Contacted During Visit : Cit. N'Sunsa wu-Mambulu, Responsable du Service Imports

II. SHIPPING INFORMATION:

Commodity Description : Soybean meal
Value Shipped (CIF) : US$195,827.97
Partial/Total Shipment : Total

III. ARRIVAL INSPECTION:

Quantity Shipped : 383.30 tons
Quantity Received : 364.89 tons
Date Received Warehouse : 26-Sep-88
Condition of Goods : Good
AID Markings (Y/N) : Yes

Remarks : Shortages of 18.401 tons. Insurance claim was filed by DAIPN on November 30, 1988.

IV. END-USE CHECK:

Proposed End-Use : Mix soybean meal with maize, vitamins, palm oil, etc. to make feed for chikens, pigs, cows.

Evidence of End-Use : Production run using AID-financed soybean meal i animal feed mixing machine was witnessed.

Remarks :

Ntete Nsoni, Commodity Mgt. Specialist
Yamba Nzinzi, Commodity Mgt. Assistant
Investigator(s)
Title/Office

9 January 1989
Date of Report

V. **OBSERVATIONS/RECOMMENDATIONS:**

Bags marked: 50 KILOS NET
SOYBEAN MEAL
MIN 48.P.C.T. PROTEIN
DAIPN CDE 756/DDA
MATADI KINSHASA
L/COM 660-K603.01

We verified that USAID-financed soybean meal was used. However only 3 sacks of soybean meal remained at the time of the End-Use Inspection.

Cit. N'Sunsa, Responsable de Service Import, said that DAIPN is running out of raw materials, even of European imports, because of lack of foreign currency.

Cit. Mukumbi, Directeur Général, stated that DAIPN relies on USAID financial assistance to help them out.

Ntete Nsoni, Commodity Mgt. Specialist
Yamba Nzonzi, Commodity Mgt. Assistant
Investigator(s)
Title/Office

9 January 1989
Date of Report

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