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EMBASSY OF THE
UNITED STATES OF AMERICA

Agency for International Development
Kinshasa

UNITED STATES OF AMERICA

MEMORANDUM

DATE: OCTOBER 30, 1990

TO: Acting Assistant Administrator for Africa, Walter Bollinger

FROM: Acting Mission Director, USAID Zaire, Baudouin F. de Marcken

SUBJECT: Zaire - 1990 Assessment of Program Impact

Attached please find a copy of USAID Zaire's 1990 Assessment of Program Impact. In keeping with the spirit of this exercise, we have tried to minimize discussion of future program direction in API. Our current thinking on short-to-medium term strategy is reflected in Kinshasa 15130 (C).

cc: AAA, AFR/DP, Margaret P. Bonner
AFR/PD, Timothy J. Bork

Assessment of Program Impact,
USAID Zaire

I. Special Factors Affecting the USAID Program

USAID Zaire will start scaling back and reorienting its development activities as Fiscal Year 1991 begins. This comes in response to mounting obstacles to the achievement of program objectives, as well as implementation setbacks. Salient factors affecting the program include the failure of the Government of Zaire (GOZ) to maintain sound macroeconomic policies during 1990 and a rapidly changing political environment. The result was poorer than expected impact of the USAID program, particularly in the transport and private sectors. In recent years, the greatest impact has been obtained through health, family planning, AIDS and agricultural sector programs, as well as direct benefits from PL-480 and commodity import programs.

The GOZ's 1989 macroeconomic stabilization program became unglued by early 1990 as the Government failed to contain public expenditures and resorted to monetary financing of its budget deficit. This, in turn, crowded out credit to the private sector, fueled inflation and thus a decline in real incomes, and contributed to accelerating depreciation of the zaire currency.

Unable to reach agreement with the GOZ on fiscal management and reform measures, the World Bank suspended plans to provide more than $400 million in new structural adjustment lending. By March 1990, IMF financing was suspended due to unsatisfactory monetary policies. Consequently, net transfers from the IMF to the GOZ are negative in 1990.

Poor management of the economy by the GOZ has affected USAID's program in numerous ways. In response to the GOZ's poor macroeconomic policies, USAID's Development Fund for Africa assistance was cut back by 10 percent to $30 million in FY 1990, and planned non-project assistance in the financial and transport sectors did not go forward. Although the technical assistance elements of the Private Sector Support Project and the Transport Reform Project will continue, no new funds have been obligated to commodity import programs (CIPs) since May 25, 1989, resulting in a reduction in USAID's contribution to output and employment in the private sector.

A central feature of the GOZ's policies has been the poor allocation of public resources. Public investment is low and priority development projects are often passed over. Host country contributions to USAID projects are low and unreliable. In 1990, the GOZ has fallen behind in disbursements under its Priority Investment Program to all joint GOZ-USAID activities.

In recent years, counterpart funds have offset low host country contributions, complementing DFA resources, particularly for health and family planning, agriculture and transport development activities. Although counterpart fund expenditures have helped to increase the impact of USAID projects in the short run, this has been at the expense of sustainable GOZ commitments to development activities.

There have been serious shocks to the availability of counterpart funds during 1990. The curtailment of the CIPs has already reduced counterpart fund generations. Generations were also reduced by a GOZ decision to hold a shipment of PL-480 rice off the market until it is determined to be fit for human consumption. Moreover, rapid inflation and currency depreciation reduced the purchasing power of counterpart funds. In 1990, USAID projects will receive only 60 percent of planned counterpart fund disbursements and project activities have already suffered from associated implementation delays. As a result of non-availability of commodities and purchasing delays in FY 1990, Zaire lost $9.7 million in PL-480, Title I wheat and cotton, further exacerbating counterpart fund shortages in 1991. USAID's activities will be scaled back accordingly.

Poor macroeconomic policies are directly affecting USAID's efforts to assist the private sector. Currently the private sector is suffering from foreign exchange shortages, tight credit, rapid inflation, and economic and political uncertainty. Foreign exchange shortages have resulted from low copper and coffee revenues, non-essential imports, sharply reduced development assistance and IMF financing, high debt service, and recently, rising petroleum prices. Real interest rates are negative and discourage savings and long-term credit, while GOZ borrowing actively crowds out credit to the private sector. Uncertainty about Zaire's future also discourages private sector activity. The net result is that donor programs, including those of USAID, are unable to achieve their potential impacts in terms of increases in domestic resource mobilization, investment, market expansion, productivity, and consumption growth.

Deteriorating economic conditions for a majority of Zairians contributed to a crisis in confidence in Zairian leadership. On April 24, 1990, President Mobutu responded by announcing a process of democratization involving new, multi-party elections and appointing a new cabinet. Since April 24, opposition to the Government has become much more open, and the political future more uncertain. On the positive side, many opposition parties have been formed and the Zairian press must be regarded as one of the freest in Africa. Yet, implementation of USAID projects has been slowed by strikes of civil servants, medical professionals, and railway employees. Difficulties in working with a weak Transitional Government, where Ministers have limited say over public expenditures, have weak mandates, and are insecure in their tenure, also limits the effectiveness of USAID assistance.

II. Progress Towards Overall Country Program Goals

USAID's program goal is to contribute to sustainable, broad-based, market-oriented, economic growth and development. In the aggregate, Zaire's recent economic growth and development performance has been dismal, as underscored by the estimated 4.8 percent annual drop in per capita GDP in 1989 and 1990. Moreover, after rising infant and child mortality rates between 1975 and 1984 in half of the rural areas and most of the urban areas studied, there is no evidence that national mortality rates declined during the late 1980s. However, through infrastructure, human capital and non-project assistance, USAID has contributed powerfully to reducing infant mortality and to greater labor productivity in specific locations. In contrast, it is too early to expect measurable reductions in fertility. This is because USAID family planning assistance to date has reached only limited populations, while it normally takes a long time for family planning programs to affect fertility rates.

In order to assess the overall impact of the USAID program in this environment, the Mission has examined program performance over the past five years with respect to selected welfare indicators. This analysis disaggregates target populations based on differences in aid interventions. Analysis is based upon small studies conducted within the larger target populations. Findings are necessarily tentative given the inherent weaknesses of data in Zaire. Furthermore, attributing specific outcomes to discrete USAID interventions -- as if such interventions operate in a political, economic and social vacuum -- would be theoretically unsound. With these important caveats in mind, the Mission estimates that its program interventions are positively correlated with measurable improvements in the welfare of Zairians in terms of nutritional status of children, infant mortality, labor productivity, and per capita consumption of goods and services. At the goal level, nutritional status and child survival are indicators of physical quality of life while labor productivity and consumption are indicators of economic welfare.

In fiscal years 1986 through 1990, $306 million from Development Assistance, PL-480 and counterpart funds (generated from non-project assistance and PL-480) was spent through USAID programs in Zaire. This amounts to approximately $8 per capita, or $1.60 per capita per year. Half of this total was targeted to specific geographic areas within Zaire, while half consisted of national level non-project assistance, agronomic and policy research, health services, and training activities. Geographically targeted activities include marketing, agricultural development, health services, and rural infrastructure. These activities are most closely related to impact in rural areas, while non-geographically targeted activities have probably had the most impact in urban areas.

The most notable feature of USAID program impacts is their extreme variation across geographic areas and per dollar of total assistance provided to different sub-groups within Zaire. This variation in impacts is largely due to variations in initial income levels, existing health status, different packages of assistance provided, and the importance of external constraints during implementation. This extreme variation is more interesting from a programming perspective than average impact. It indicates significant opportunity to increase impacts even with a constant level of assistance, through geographic targeting and selection of more cost-effective activities. These considerations are relevant as the Mission is currently examining ways of reallocating assistance in response to changes in the policy environment and reduced counterpart fund generations.

Geographically Targeted Program Activities

Geographically targeted assistance of $23 per capita was provided to 6.2 million people, cumulatively over the past five year period. There are seven geographic target areas or groups that received USAID assistance d ring the period 1986 through 1990:

1) 2.8 million people were allocated $7 per capita in primary health care in Sante Rurale (SANRU) zones outside USAID area development projects in Bandundu and Shaba;

2) 200,000 people were allocated $17 per capita of transportation assistance, as in the Kwilu Sub-Region of Bandundu where, based on 1984 census estimates, the infant mortality rate was 131 per 1000 live births and life expectancy at birth was 47 years;

3) 1.1 million people were allocated $19 per capita in assistance for primary health care, immunizations and potable water in SANRU zones outside USAID area development projects;

4) 600,000 people in Bandundu were allocated $25 per capita in agricultural development, marketing and transportation assistance in rural communities where average infant mortality was between 113 and 131 in 1984;

5) 400,000 people were allocated $45 per capita in transportation, potable water, and primary health assistance in the Lualaba Sub-Region of Shaba where the infant mortality rate was 179 in 1984 and child mortality rose from 213 to 250 per 1000 children under age five between independence and 1984; in 1984, this sub-region was perhaps the poorest in Zaire, and life expectancy at birth was less than 40 years;

6) 400,000 people were allocated $53 per capita in agricultural and transportation assistance in central Shaba where child mortality rates declined from 300 to 233 between independence and 1984, and life expectancy was 42 years in 1984;

7) 700,000 people were allocated over $60 per capita in health, agricultural, and transport and marketing assistance such as in the health zones of Kabongo (Shaba) and Vanga (Bandundu) where access to health care and transportation is among the best in rural Zaire and where, before USAID interventions, mortality rates were similar to those in urban areas.

Table I estimates changes in selected welfare indicators for 1986 through 1990. Figures represent changes from initial conditions that are hypothesized to be related to USAID interventions, though USAID interventions were in no case unique events in any region. Program impacts are expected to be much higher for population groups that receive high levels of assistance compared to those that receive low levels. However, impacts of health interventions are expected to be larger in poor communities than in higher-income areas.

This analysis supports the following, preliminary findings:

- For direct beneficiaries of USAID programs in poor communities that are allocated $7 per capita fc child survival and basic maternal care assistance, infant mortality is reduced by 40 per 1000 live births from high initial levels, while malnutrition is increased by 15 percentage points.

- In contrast, for direct beneficiaries in communities allocated $60 per capita, labor productivity increases by 40 percent and infant mortality declines by 15 per 1000. No net change in nutritional status is estimated in these communities.

- Although improved agricultural production leads to improved nutritional status, concurrent reductions in infant mortality lead to declines in nutritional status, perhaps due to an increased dependency ratio. The net effect is no change in nutritional status, a disturbing finding warranting further study.

- Labor productivity has increased through changes in prices and, to a lesser extent, through changes in the physical productivity of labor resulting from improved technologies. USAID contributions to marketing and price liberalization appear to have had more impact on returns to labor than have efforts to increase the physical productivity of agricultural labor. This suggests that agricultural output is growing at roughly the same rate as the labor force.

<u>Non-Geographically Targeted Assistance</u>

Policy reform, commodity import and training programs are not geographically targeted. Since 1986, results of policy reform programs have fallen far short of Mission expectations. However, industrial commodity imports and PL-480 food and fiber imports have benefited private sector manufacturers and distributors,

TABLE I: SUMMARY OF USAID, ZAIRE PROGRAM IMPACT
(Resulting from Geographically Targeted Assistance, 1986 – 1990)

Assistance to Targeted Populations			Program Impact Estimates for Small Beneficiary Groups within Targeted Populations			
			Estimated Changes in			
Nature of Intervention	Cost per Capita	Targeted Population	Nutrition	Productivity	Survival	Consumption
1: Health	$7	2,800,000	–10	–4%	40	?
2: Transport	$17	200,000	–15	20%	10	+
3: Health & Water	$19	1,100,000	–5	4%	50	?
4: Agriculture, Marketing & Transport	$25	600,000	–10	30%	18	15%
5: Health, Water & Transport	$45	400,000	–20	24%	60	?
6: Agriculture & Transport	$53	400,000	10	40%	30	15%
7: Health, Agriculture & Transport	$60	700,000	0	40%	15	15%

Indicators Used:
Nutrition: Increase in percentage of children age 0 to 4 above standard weight for age.
Productivity: Percentage change in market value of production divided by labor input.
Survival: Decrease in infant deaths per thousand live births.
Consumption: Percentage change in value of consumption in terms of primary agricultural crop (kg of manioc) divided by population.

Notes:
1. Targeted population is accurate within plus or minus 20%. Beneficiary population size is unknown, but is smaller than targeted population. Beneficiaries are those households actually benefitting from the assistance. In some population groups the beneficiary group is less than 10% of the targeted population.
2. Impact estimates are for the beneficiary population and are considered accurate within plus or minus 60% of the mean presented above.
3. Impact estimates are preliminary results of Program Impact Evaluation (PIE) analysis and are based on case studies in Zaire, cross-sectional correlations across geographic communities, and parameter estimates from comparable population groups in Africa. Results are imputed from a small sample of communities experiencing impacts.

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particularly in Kinshasa. In addition, USAID programs train over 5,000 Zairians each year. This is an important investment, intended to raise the labor productivity of participating women and managers of micro-enterprises who would not otherwise be direct beneficiaries of private sector support activities.

USAID's non-project assistance has been directed to support reforms in industry and trade, agricultural marketing, banking, and transport policies. The positive impacts of the commodity import components of non-project assistance are discussed in the context of the private sector strategic objective, in Section III. In contrast, the Mission's experience with policy reforms has been mixed.

Substantial price liberalization has occurred in Zaire's agriculture sector since 1983. A 1989 study showed that farmers are aware of price liberalization. Only one in seven farmers perceives that the prices received are being imposed by the buyer. According to a recent evaluation report, producer prices have increased relative to prices for manufactured goods in rural areas since price liberalization . However, the impact of price liberalization on urban prices is not known. The high costs of farm-to-market transportation and distribution obscures this relationship.

With the abandonment of its 1989 structural adjustment program, the GOZ has not implemented planned policy reforms in the banking and transport sectors. Similarly, although industrial prices have been liberalized and some trade barriers reduced, there has been backsliding on tariff rationalization and virtually no progress in industrial sector adjustment. As a result, there has been no measurable impact from USAID banking, transport, and industry and trade policy initiatives.

III: Progress Towards Strategic Objectives and Related Progress Indicators

A. Health and Family Planning Program Performance

USAID's first strategic objective is to improve health status, with emphasis on increasing the rate of child survival and reducing the fertility rate (rearticulated as per State 238317).

Child Survival

USAID programs in primary health care continued to demonstrate measurable impact on child survival and improvement of rural living conditions. Studies in the Kingandu health zone in Bandundu found that introduction of a comprehensive primary health care program reduced mortality among children aged 1 through 4 from 33 to 19 per 1000 between 1980-83 and 1985-88. Utilization of health services increased dramatically. Between 1984 and 1989, measles vaccination rates increased from 22 percent to 74 percent. Utilization of oral rehydration therapy for treatment of diarrhea increased from 5 to 53 percent during the same period. While this zone is not necessarily representative of Zaire as a whole, it does demonstrate the magnitude of impact possible from successful delivery of health services in the Zairian environment.

Nevertheless, continuing declines in disposable income and purchasing power of rural, as well as urban, populations in recent years point to eroding health and nutritional status in monitored populations. A published study from one health zone demonstrated a 15 percent reduction in demand for health center services attributable to increasing prices and decreasing ability to pay.

Vaccination rates for measles and DPT have stagnated near 40 percent among 12 to 23 month-old children since 1988. Efforts to improve coverage rates have been hindered by a lack of leadership and commitment as well as poor management by GOZ authorities. Although USAID and UNICEF provided increased resources to Zaire's vaccination programs, GOZ expenditures actually declined in real terms. In addition, vaccination programs are suffering from deteriorating transport and communications infrastructure and declining purchasing power of the population. Thus, poor Zairians end up paying for vaccinations provided by donors in the absence of GOZ expenditures on these critical programs.

Zaire's national strategy calls for widespread distribution of chloroquine tablets and presumptive treatment of malaria. In the face of widespread chloroquine resistance, the effectiveness of this strategy is diminishing. The high cost of secondary drugs and the difficulty of obtaining rapid and accurate diagnoses are major obstacles to malaria prevention and treatment.

Declining GOZ expenditures on health and family planning -- down to U.S. fourteen cents per person per year in 1989 from thirty-three cents in 1986 -- have crippled implementation of bilateral and international donor projects and have curtailed operations of already weak public service delivery institutions.

In Zaire, primary and secondary health services are financed through patient fees to a degree unique in sub-Saharan Africa. While user fees may be necessary to the development of efficient and sustainable services, there is also the problem of making primary health care inaccessible to vulnerable groups in the population. Improved health care requires much greater government investment as well as greater consumer purchasing power, conditions not foreseen in the near future. USAID's health sector strategy focuses on improving the quantity and quality of health services - but does not alter the fact that health services in Zaire depend largely on consumer financing through out-of-pocket expenditures.

Family Planning and AIDS Protection

Ongoing monitoring systems reveal that contraceptive sales and distribution in the private sector are increasing rapidly, albeit from a very low base. For both private and public programs, distribution has increased from 30,000 couple years of protection (CYP) in 1988 to 87,000 CYP in 1989. Distribution is expected to reach or surpass 130,000 CYP in 1990. These results are indicative of progress in achieving the Mission's objectives in both family planning and HIV/AIDS protection -- though the lion's share of improvement is in condom use to prevent HIV/AIDS transmission. One survey shows that 70 percent of use is related to fear of AIDS, and there is some evidence that the incidence of HIV is leveling off in Zaire.

Improving Water Quality

Private and public programs to improve potable water supply and sanitation continued to make advances with a total of 1.3 million additional persons served since 1986 due to USAID investments. One study in eastern Zaire indicated that significant reductions in cholera and diarrheal disease coincide with the introduction of a gravity-fed water system in 1988. The study in Kirotshe zone found that cholera cases declined from several hundred in 1987 to zero in 1990. Children living less than 10 minutes from a standpipe experienced 40 percent fewer episodes of diarrhea than those living more than 10 minutes from a standpipe. This study provides preliminary evidence on the impact of safe water in reducing diarrheal and other water-borne disease.

A 1989 assessment of USAID projects in the Lualaba sub-region of Shaba found that women spent considerable time and effort in collecting water for their families and that improving access to potable water was often the highest priority for women with children. The same study showed that by 1991 approximately 65 percent of homes in the sub-region would be provided with potable water systems supported by USAID, and that with a monthly contribution of ten cents per capita, the water system could be maintained.

B. Agriculture Sector Program Performance

USAID's strategy in the agricultural sector is to increase production, productivity and household incomes, primarily through the development and dissemination of improved technologies, support of market-oriented policy reforms and improvements in rural financial services. Modest progress was achieved through the agricultural sector portfolio, particularly in the dissemination of technologies and in sustaining and improving sector policies. However, national and regional data on agricultural production, productivity and rural incomes are particularly weak in Zaire, limiting the Mission's ability to document program impact at this time. The Mission is currently taking concrete actions to measure program impact in this sector and will be in a better position to report on program impact in the 1991 API. The present assessment is based on evidence of performance with respect to sectoral targets.

Increased Crop Production and Productivity

The genetic materials and improved practices developed by the Applied Agricultural Research and Outreach project (RAV) are now being disseminated through agricultural development projects to over 33,000 farm households in Bandundu and Shaba. Moreover, these improved genetic materials and improved cultural practices are widely being adopted by farmers outside the USAID project zones. In the long run, an estimated 10 million people will be the ultimate beneficiaries of these improved maize, cassava and grain legume technological packages. An even wider segment of the population, including urban consumers, stands to benefit from increased productivity leading to increased food production, and resulting lower retail prices.

In order to ensure greater ecological and agronomic sustainability, crop production is being intensified as an alternative to extending land utilization. Maize-based alley-cropping systems and leguminous bushes are being promoted to decrease soil erosion and improve soil productivity.

Increased market efficiency is a means to increase production and productivity, and to reduce the cost of food to the urban consumers. Accordingly, USAID is assisting the GOZ to strengthen physical marketing infrastructure in key market corridors. Construction of a wholesale and retail market facility at Petit Kasai in Bandundu is nearing completion. An estimated 200,000 local producers and traders will derive direct economic benefits from this investment. Similarly, storage facilities are being built at eight key railheads in Shaba to reduce crop losses during the marketing process. Five of these facilities with a combined capacity of 10,000 tons were completed in 1990 and are being used during the current marketing season. About 700 kilometers of link roads have been rehabilitated in the central Shaba region during this period, increasing farmers' access to markets and likely reducing marketing costs. However, central Shaba producers have yet to reap the benefits of these improvements because of railway bottlenecks.

Market-Oriented Policy and Institutional Incentives

The liberal price regime maintained throughout the FY 1987-89 Action Plan period has been reinforced through continuing policy dialogue with national and regional authorities during the current reporting period. A 1989 evaluation of the FY 1986 Structural Adjustment Support Grant demonstrated that liberal policies helped to shield rural producers from declining per capita incomes through favorable shifts in rural-urban terms of trade.

Recent policy reform accomplishments include: advancing the opening date for the 1990 maize marketing campaign in Shaba, a preliminary step in reducing administrative determination of crop marketing seasons; the introduction of a tender and bid system for local purchase of maize from private traders by Gecamines, the state mining enterprise that is the largest buyer of maize in Shaba; and, although licenses are still required, allowing traders from the mineral rich Kasai Regions freedom to purchase corn directly from farmers in Shaba. In addition, with USAID technical assistance, the Ministry of Agriculture has prepared a draft sector strategy in order to improve resource allocation through better sector planning and project appraisal.

Improved Rural Financial Services

Given the poor macroeconomic environment and the pilot nature of USAID interventions in rural finance, impact to date in this sub-sector has been extremely limited. Nevertheless, during FY 1990 over 60 staff of savings and credit cooperatives were trained to provide more effective financial services in rural Bandundu. These trained personnel serve 160,000 individuals in the region. In addition, analysis conducted during FY 1990 has produced action recommendations for future assistance in this vital field which the Mission believes could have positive impact over the current Action Plan period.

C. Transport Sector Program Performance

USAID's new strategic objective in the transport sector is to improve the provision of sustainable transport infrastructure services and to maintain road and river infrastructure. There has been little progress in this sector due to lack of GOZ financing to Office des Routes (ODR) and Service National des Routes de Desserte Agricole (SNRDA), the national roads authorities, and to Regies des Voies Fluviales (RVF), the river transport authority. USAID is unable to demonstrate significant impacts on transport costs or traffic, critical indicators of sector performance. However, ONATRA, the state-owned river transport operator reports a 10 percent drop in river freight since the first half of 1988. Moreover, fuel prices have increased, strikes and delays plague the national rail line, SNCZ, and GDP is declining, suggesting that the flow of goods and services in Zaire declined during the reporting period. Although transport sector performance has been terrible, the Mission believes that this strategic objective remains valid, but only because this sector is critical to Zaire's economic future.

Policy and Institutional Reforms

Central to USAID strategy in the transport sector are policy and institutional reforms to improve road maintenance and investment planning. The Mission's main vehicle for reform is the Transport Reform Project, which was not authorized until September 1990. Nevertheless, the Mission engaged the GOZ in an active policy dialogue during FY 1990 on transport sector activities. Thus far, however, no progress has been made.

A priority policy issue has been sector financing. The GOZ has failed to meet its own targets for providing fuel surtax revenues and investment financing to ODR and SNRDA. Of $25.5 million in fuel tax revenues planned for ODR and SNRDA, only $15.9 million had been received as of August 1990. One reason is the failure of the GOZ to permit fuel prices to adjust fully to changing world market prices and exchange rate depreciation; as a result, fuel companies have been unable to cover costs and taxes. In addition, foreign exchange shortages are cutting supplies and thus the tax base.

The GOZ, with the assistance of the World Bank and USAID, has made only limited progress in privatization, while there has been back-sliding on decentralization efforts. At the same time, ODR has acted positively by reducing its workforce and by improving its debt position. By channeling over one-third of its limited revenues to debt repayment, it has sacrificed short-term output for potential improvements in the future.

Infrastructure Rehabilitation and Development

Some impact for specific populations resulted from road rehabilitation and river boat development activities. Greater progress could have been achieved, however, had the GOZ met its financial obligations to USAID-supported rehabilitation projects. Reduced counterpart fund allocations also contributed to poor performance of the transport portfolio in FY 1990. USAID-GOZ projects in Bandundu and Shaba rehabilitated 1835 km of roads in FY 1989, but only 160 km in FY 1990. Although some rehabilitation activities were planned for phase-down in 1990, the poor performance in 1990 is explained by inadequate GOZ financing.

In central Shaba, 700 km of roads serving 450,000 people were rehabilitated in FY 1989 and 1990. Central Shaba roads are used to transport maize to railheads and to the Kasai Regions. These roads appear to have contributed to increases in maize production in 1989/90. However, benefits to farm populations were undermined as the parastatal rail operator, SNCZ, has been unable to evacuate significant quantities of maize from railheads to intended markets.

In the Shaba refugee project areas, 1200 km of roads serving 400,000 people were rehabilitated in 1989 and 1990. Travel speeds for Mission vehicles on the Mutshatsha-Sandoa-Kapanga road have increased from 35 km per hour before project interventions to 85 km per hour in 1990, but traffic counts have not increased. One positive impact of this road work was to provide access to project sites for water drilling equipment and to primary health care centers.

In central Bandundu, water crossing construction and rehabilitation activities are increasing access to commercial markets for approximately 90,000 area residents. These improvements have reduced travel times on some roads by up to 10 percent, although on other roads, travel times remain unchanged.

D. Private Sector Program Performance

USAID's strategic objective for the private sector is to increase production and productivity. This is to be accomplished by promoting growth in domestic credit, supporting sound macroeconomic policies, and maintaining a private sector orientation throughout the Mission's programs. During FY 1990, results in the private sector were extremely poor, primarily because of an unstable political and economic climate. Current economic data and feedback from business managers confirm that the private sector is being squeezed on every front: inflation and exchange rate depreciation are accelerating; foreign exchange is increasingly scarce; reduced consumer purchasing power is resulting in lower sales and plant utilization; credit costs remain high; and, small companies and individual entrepreneurs have virtually no access to credit. Although credit to the private sector has contracted and there has been GOZ back-sliding on policy reforms, direct benefits did accrue from commodity imports provided to support earlier reform efforts.

Domestic Credit Expansion

Outstanding credit of the banking system to the private sector declined in real terms, from $161 million in December 1989, to $155 million in June 1990. Monetary financing of treasury deficits is taking an increasing bite out of private sector credit availability. Whereas the private sector received 67 percent of nominal credit increases in 1989, it has received only 19 percent in 1990 to date.

High and variable inflation as well as large margins between deposit and loan interest rates are having perverse effects on savings mobilization and borrowing. The Bank of Zaire's benchmark money market rate which was positive in real terms for nearly 18 months turned negative during the third quarter of 1990. Interest rates on private deposits remain strongly negative. Yet, the cost of credit to borrowers remains high, with nominal rates exceeding 100 percent. This undermines long term investment. Instead, credit tends to go to larger firms and to finance imports of consumption goods which provide high profits and quick turnover.

Business Climate

Poor macroeconomic policies are having profoundly negative effects on the private sector, discouraging investment and contributing to declines in production and productivity. In 1990, GDP is projected to decline by 2 percent, with per capita consumption dropping 5 percent. Manufacturing output is below 1989 levels and plant utilization rates are down. Annualized inflation in the June to August 1990 period was 85 percent, and will go higher by the end of the year. The gap between the official and parallel exchange rates has risen to 50 percent, and foreign exchange availability in the private sector, which had reached $39 million per month in late 1989, fell to $15 million in the third quarter of 1990.

Commodity Imports

In response to favorable, initial steps in financial sector reform under the Private Sector Support Program, USAID provided $11 million in CIP financing of capital goods and industrial inputs in FY 1989 and 90. In addition, the PL-480 program financed imports of $30.3 million in wheat, rice and cotton in FY 1989 and 90. Although the CIP did not have much impact in leveraging broader policy reforms and resource mobilization, this commodity assistance has had a direct impact in the private sector. In addition to the contribution to other Mission activities through counterpart funds generated, commodity imports represent a real resource transfer to the economy and have had a direct impact on the production and productivity of participating firms. This impact appears to be greater in urban areas. Even though activities with agricultural and rural linkages were targeted, 77 percent of CIP financing was allocated to manufacturers and distributors in Kinshasa.

A 1989 evaluation of the FY 1986 Structural Adjustment Support grant found that the $15 million CIP component contributed to an increase in capacity utilization between 1985 and 1988 for a majority of CIP participants sampled, at a time when most non-participants' capacity utilization declined; CIP participants increased capacity utilization by 9.7 percent more than non participants. Production of CIP firms increased 22.4 percent between 1985 and 1988, while recorded manufacturing output in Zaire grew by only 13 percent. The evaluation also concluded that the CIP helped to prevent layoffs and increase labor-productivity. The Mission will soon test the assertion that the recent Private Sector Support Program CIP, which provided a similar level of financing under similar circumstances, has had a comparable impact on private sector production and productivity.

Similarly, the Mission has determined that for each dollar of PL-480 wheat and cotton imported, approximately $3.43 of net value added is generated through initial processing and distribution. Thus, PL-480 wheat and cotton imports sustained approximately 42,000 private sector jobs and generated nearly $50 million in net value added, or almost 1 percent of recorded GDP, in 1989. Wheat (flour milling and baking) and cotton manufacturing in Zaire contribute 42 percent of all value added through processing of imports. Approximately 50 percent (96 percent of imports) of fiber cotton and 37 percent of the wheat processed in Zaire are financed by the PL-480 program.

Assessment of Program Impact, FY 1990

Goal: To Contribute to Sustainable, Broad-based, Market-oriented Economic Growth and Development

Country Trend Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
1. The recorded Gross Domestic Product will increase at a rate of 3.5 percent per year between 1990 and 1995.	GDP growth rate, 1984-88 average: 2.7 percent (IMF)	1989: -1.9 percent 1990, planned: 3.5 percent 1990, projected: -2.0 percent (World Bank, USAID)	1991-95 planned: 3.5 percent per year
2. Labor productivity of men and women will be maintained as demonstrated using national census and survey data.	1990 labor productivity: rural, $0.25 per work day; urban, $3.00 per work day (Tollens, Hoyoux, INS and USAID)	Same	1995 labor productivity: rural, $0.25 per work day; urban, $3.00 per work day
3. The infant mortality rate will decline from 110 per 1000 live births in 1988 to 80 by 2000.	Infant mortality (0-12 months) of 110 per 1000 live births in 1988 (UNICEF)	Not Available: A Demographic and Health Survey is scheduled for 1991-92	Infant mortality of 95 per 1000 live births in 1995; 80 per 1000 live births by 2000
4. The total fertility rate will decline from 6.1 children per woman in 1987 to 5.8 in 2000.	1987: 6.1 children per woman (World Bank)	Not available	2000: 5.8 children per woman

Strategic Objective 1: Improve Health Status, with Emphasis on Increasing the Rate of Child Survival and Reducing the Fertility Rate

Program Performance Indicator	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
A. Reduce mortality rates for children under 5 years of age from 136 per 1000 in 1989 to 110 per 1000 in 1995.	Mortality rate under 5 years: 136 per 1000 in 1989 (UNICEF)	Not available	125 per 1000 in 1992 110 per 1000 in 1995
B. Increase contraceptive prevalence from 2 percent in 1988 to 7 percent in 1995.	1988: 2 percent (estimated from limited area contraceptive prevalence surveys)	Not available	Contraceptive prevalence of 4 percent in 1992; 7 percent in 1995

Targets

1.1: Decreased Diarrhea-Related Morbidity and Mortality

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. Sales of Oral Rehydration Salts increase from 1 million units in 1989 to 3 million units in 1992.	1989: 1 million units (PEV Annual Report, 1989)	Not Available	1991: 2 million units 1992: 3 million units
b. Rural population in USAID-assisted health zones provided with potable water increases from 1.2 million in 1989 to 1.6 million in 1992.	1989: 1.2 million people	1.39 million persons served in 1990 (Project reports)	1991: 1.5 million people 1992: 1.6 million people
c. Deaths due to severe diarrhea reduced in sentinel areas from 464 in 1988 to 200 in 1992.	1988: 464 deaths recorded (PEV)	Not available	1992: 200 deaths

1.2: Reduced Vaccine-Preventable Morbidity and Mortality

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. Measles vaccine coverage rates among children 12 to 23 months increase from 40 percent in 1989 to 60 percent in 1992.	1988: 40 percent (PEV, National Reports)	Survey results expected in mid-1991 (UNICEF, USAID, GOZ Survey)	1991: 50 percent 1992: 60 percent
b. Polio vaccination (third dose) coverage rates for children 12-23 months increase from 41 percent in 1988 to 60 percent in 1992.	1988: 41 percent (National Reports)	Survey results expected in mid-1991 (UNICEF, USAID, GOZ Survey)	1991: 50 percent 1992: 60 percent
c. Diptheria, pertussis, tetanus vaccine (third dose) coverage rates for children 12 to 23 months increase from 38 percent in 1988 to 60 percent in 1992.	1989: 38 percent (UNICEF)	Survey results expected in mid-1991 (UNICEF, USAID, GOZ Survey)	1991: 50 percent 1992: 60 percent

1.3: Reduced Morbidity and Mortality from Malaria

a. Reduce deaths due to malaria in sentinel sites from 680 in 1988 to 500 in 1992	1988: 680 deaths (PEV)	1989: 677 deaths (PEV)	1992: 500 deaths

1.4: Increased Couple Years of Contraceptive Protection (CYP)

a. Increase sales and distribution of contraceptives in the private sector from 12,500 CYP in 1988 to 180,000 CYP in 1992.	Private sector sales in 1988: 12,500 CYP (USAID project reports)	Private sector sales in CYP: 1989: 74,000 1990: 99,000 (est.) (USAID)	180,000 CYP in 1992
b. Increase couple years of protection from all contraceptive methods from 30,000 CYP in 1988 to 235,000 CYP in 1992.	1988: 30,000 CYP (PSND, USAID Project reports)	1989: 87,000 CYP 1990, projected: 132,000 CYP (PSND, USAID Project reports)	1992, planned: 235,000 CYP

1.5: Reduced HIV/AIDS Transmission

a. Increase condom distribution in high-risk urban areas from 800,000 units in 1988 to 8 million units in 1992.	1988: 800,000 condoms distributed in high-risk areas (PSND, USAID project reports)	1989: 2.87 million condoms sold in high risk-areas (PSND, USAID Project reports)	1992, planned: 8 million units distributed
b. Introduce rapid diagnostic screening for HIV in 30 rural hospitals by 1992.	In 1988, no rural hospitals had diagnostic blood screening for HIV (USAID)	In 1990, 5 hospitals began HIV diagnostic testing and counseling (USAID)	1991: 15 hospitals 1992: 30 hospitals
c. Triple target audience receiving AIDS informational radio, television and print messages by 1992.	1989: 763,000 persons aged 10 to 30 received AIDS messages (USAID)	1990: 3,125,000 persons, estimated (USAID)	1991: 4 million persons 1992: 4.5 million persons

1.6 Increased Access to and Improved Quality of Health Services

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. Establish improved accounting and cost control systems in 25 health zones by 1992.	1988: 25 zones selected for accounting and cost control improvements (project reports)	Oct. 1990: Seven zones using new accounting and cost control methods (project reports)	1992: Improved systems in 25 health zones
b. Provide access to under-five clinics for 625,000 (52 percent) of children living within 50 BRH-II-assisted rural health zones by 1992, compared to 400,000 in 1989.	1989: 400,000 children under 5 received priority services in 40 health zones (Annual project reports)	Next report, mid-1991 (Annual project reports)	1992: 625,000 children
c. Provide access to prenatal clinics for 625,000 (52 percent) of women of child bearing age living within 50 BRH-II-assisted rural health zones by 1992 compared to 340,000 in 1989.	1989: 340,000 women (15-40 years) receive pre-natal care in project health zones (USAID)	Next report, mid-1991 (Annual project reports)	1992: 625,000 women

1.7: Improved Population, Health and Water Policies Adopted by GOZ

a. Actual GOZ total budgetary expenditures in health and family planning increase from $0.33 per capita per year in 1986 to $1.00 per capita by 1992.	1989: GOZ spent $0.14 per capita in health and family planning (Min. of Budget)	1990, planned: GOZ budgeted $0.36 per capita in health and family planning; actual expenditures are lower	1992: GOZ total budgetary expenditures rise to $1.00 per capita

Program Performance Indicator	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
A. Real returns to crop labor hours increase.	The long and medium term contributions of the agriculture sector interventions towards the strategic objective are to be measured in terms of changes in returns to crop labor, output per hectare, household income, food consumption, and natural resource management practices. USAID is in the process of gathering and analyzing secondary as well as primary data for tracking sector program performance on a long term basis. Hence, no quantitative figures on the performance measures are to be reported at this time.		
B. Crop yields per hectare increase.			
C. Rural household incomes increase.			
D. Food consumption increases.			
E. Natural resource management improves.			

Targets

2.1: Increased Sustainable Crop Production and Productivity for Domestic and Export Market

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. Cassava production in Bandundu and Shaba increased by 25 percent over the 1989 to 1993 period.	1988/89 production estimates: Bandundu, 3.5 million tons; Shaba, 2.7 million tons (Ministry of Agriculture)	1989/90 production data not available; new varieties developed and released with up to 66 percent yield improvement in trials (USAID)	1992/93 production: 7.8 million tons in Bandundu and Shaba
b. Maize production in Bandundu and Shaba increased by 35 percent over the 1989 to 1993 period.	1988/89 production estimates: Bandundu, 171,000 tons; Shaba, 307,000 tons (Ministry of Agriculture)	1989/90 production data not available; new varieties developed and released with 30 to 50 percent yield improvement in on-farm trials (USAID)	1992/93 production: 598,000 tons in Bandundu and Shaba
c. Peanut production in Bandundu and Shaba increased by 35 percent over the 1989 to 1993 period.	1988/89 production estimates: Bandundu, 104,000 tons; Shaba, 67,000 (Ministry of Agriculture)	New variety (JL24) developed and released with up to 104 percent yield improvement in on-farm trials (USAID)	1992/93 production: 230,000 tons in Bandundu and Shaba
d. Real returns to crop labor hours increased for maize and cassava by 20 percent in Bandundu and Shaba over the 1989 to 1993 period.	Cross-sectional comparisons to be based on houshold surveys to be conducted in 1991.		To be monitored in 1993 by Ministry of Agriculture and USAID
e. Marketed surplus for maize and cassava in Bandundu and Shaba increased by 50 percent over the 1989 to 1993 period.	Marketed surplus 1988/89: Bandundu Cassava: 1.7 million tons; Shaba Cassava, 659,000 tons Bandundu maize, 99,000 tons; Shaba maize, 284,000 tons (Ministry of Agriculture)	1989/90: Not available	1992/93 marketed surplus: 3.5 million tons of cassava and 575,000 tons in Bandundu and Shaba
f. Marketed surplus for peanuts in Bandundu and Shab increased by 55 percent over the 1989 to 1993 period.	Marketed surplus 1988/89: Bandundu peanuts, 42,000 tons; Shaba peanuts, 26,000 tons (Ministry of Agriculture)	1989/90: Not available	1992/93 marketed surplus: 105,000 in Bandundu and Shaba
g. Soil conservation and natural resources management technologies developed and utilized by 137,000 farmers by 1993.	FY 1989-90: Technologies developed such as maize alley-cropping, cassava-pigeon pea intercrop (to increase soil fertility), and leguminous bushes (for soil stabilization) being disseminated to 33,000 households in Bandundu and Shaba (USAID)		New technologies utilized by 137,000 farmers by 1993

2.2: Market-oriented Policy and Institutional Incentives Provided for Rural Agricultural Enterprises

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. GOZ eliminates regulations and practices restricting the inter-regional flow of agricultural commodities by 1993.	Prior to 1990, the Government of Shaba restricted the entry of maize traders from the neighboring Kasai regions (Ariza-Nino and Guyton)	Restrictions officially eliminated by 1990 (USAID)	USAID and Ministry of Agriculture will verify adherence through 1993
b. GOZ eliminates regulations and practices involving administrative determination of crop marketing seasons by 1993.	Prior to 1990, marketing was prohibited between Jan. 1 and May 15 in Shaba; Bandundu and other regions had similar restrictions (USAID)	1990 season was opened on March 7 on a pilot basis in one zone in Shaba(USAID)	Administrative determination of crop marketing seasons eliminated by 1993
c. GOZ eliminates compulsory cropping regulations and practices by 1993.	March 1990: Regional authorities dictate compulsory cropping requirements (USAID)	No change	Policies eliminated by 1993
d. GOZ formulates policies supporting establishment and operation of a viable food crop seed production and distribution system.	No baseline	Recommendations being developed by Ministry of Agriculture with USAID support based on April 1990 draft report (USAID)	Recommendations adopted by 1993
e. GOZ refines its data base to incorporate physical and economic data (area planted, yield, production, producer and consumer prices, export and import data, etc.) on major agricultural crops of Bandundu and Shaba.	Performance of the Agriculture Statistics Division of the Ministry of Agriculture is unsatisfactory. USAID intends to concentrate its funding support on the information units of the Bandundu and Shaba agricultural projects for gathering data in their respective zones. USAID will participate in January 1991 in a joint GOZ-donor evaluation of the agriculture statistics program in Zaire in 1991.		To be determined
f. GOZ conducts timely and sound economic analyses of investment for consideration during the Priority Investment Program and Public Expenditure Program allocation processes.	Investment planning unsatisfactory (USAID)	GOZ engaged in sector strategy development to define investment priorities (USAID)	To be determined
g. Percentage of national investment budget and of Priority Investment Budget going to the agricultural sector increases to 20 percent over the 1989 to 1993 period.	Ministry of Agriculture received approximately 2 percent of the national investment budget during the 1980's (Tollens)	1990 planned: 8.2 percent (USAID)	1993: 20 percent
h. GOZ undertakes appropriate measures to institute a tender and bid system for Gecamine's local purchase of maize, to promote competition in the maize market.	Prior to 1989/90, maize prices in Shaba were dictated by Gecamines (USAID)	In June 1990, contracts were signed with 5 private traders for up to 21,000 tons of maize based on a tender and bid system. Transport constraints inhibit impact of new system (USAID)	Gecamines retains and expands tender and bid system in 1991, 1992, 1993

Program Performance Indicator	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
A. Increase flow of goods and services on roads and rivers in Bandundu and Shaba, as demonstrated through comparisons with project baseline studies.	Indicators to be specified during FY 1991 under technical assistance component of Transport Reform Program using existing ODR and project baseline data on traffic counts and travel time		To be determined

Targets

3.1: Sustainable Mechanisms for Financing Infrastructure Established by GOZ

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. Fuel prices correspond to import prices, distribution costs and reasonable profits.	Feb. 1990: Fuel prices correspond to import prices, distribution costs, taxes and reasonable profits; fuel distributors receive $0.16 per liter for gasoline and $0.11 per liter for deisel to cover distribution costs and profits (Buzenet, USAID)	Oct. 1990: Fuel prices low relative to costs; fuel distributers receive $0.10 for gasoline and $0.05 for deisel (USAID)	1991-93: Fuel prices correspond to import prices, distribution costs and reasonable profits.
b. Office des Routes and SNRDA receive a minimum of 45 percent of fuel tax receipts or a minimum of $30 million per year in revenues from fuel surtaxes.	ODR and SNRDA received $30.8 million in 1989 (ODR and SNRDA accounting Records)	$15.9 million received compared to $25.5 million planned through August 1990	$30 million in 1991 and 1992
c. A greater and more equitable share of financial responsibility for the cost of road use is shifted to road users.	In 1989, Bundundu road user tax is Z 30 per 50 kg sack of manioc; railhead tax in Shaba is Z 300 per ton for corn and Z 500 per ton for cotton, rice, palm oil and peanuts (DFM study)	No change in 1990	By 1992, Bandundu and Shaba taxes will be 20 percent above 1989 rates in real terms, for all commodities
d. Office des Routes debts incurred prior to January 1990 are eliminated by June 1991.	ODR debt was Z 12 billion in Jan. 1990 (ODR Accounting Dept.)	ODR debt is Z 9.7 billion in Oct. 1990 (ODR)	Office des Routes debts incurred prior to January 1990 are eliminated by June 1991.
e. Office des Routes debts incurred after January 1990 are serviced regularly.	No baseline	As of October 1990, ODR is current on new 1990 obligations (ODR)	ODR remains current, 1991-93

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. Priority annual road plans of Office des Routes and SNRDA correspond to available annual funding.	Annual plan under study in March 1990 (ODR)	Annual plan under study in October 1990 (ODR)	Annual Plan implemented in CY 1991
b. Investment options for maintenance, rehabilitation and new construction are identified in the National Road Master Plan which will be completed by 1992.	Master Plan being prepared (ODR, March 1990)	Master Plan being prepared (ODR, Oct. 1990)	Master Plan completed in 1992
c. Office des Routes personnel are reduced from 7,500 to 5,000 by 1993.	Personnel: 8,000 in 1986 5,800 in March 1990 (ODR)	5,000 in Oct. 1990	5,000 in 1993

3.3: National and Regional Priority Infrastructure Maintained, as Identified in Annual and Multi-annual Plans

a. Selected traffic surveys show a steady increase in the number of vehicles but no marked increase in travel times on rehabilitated roads.	Baseline data now being collected in Shaba by Central Shaba Agricultural Development Project; average daily traffic in the Bandundu project area is 5 vehicles per day; information is available for 89 road sections (LBI reports)	Follow-up data to be collected in 1992	Follow-up data to be collected in 1992
b. Maize tonnage transported on central Shaba roads, as measured at railheads, increased from 50,000 tons in 1989 to 80,000 in 1992.	1989: 50,000 tons (Central Shaba Project Information Unit)	Jan. - Sep. 1990: 20,000 tons	1992: 80,000 tons

3.4: Private Sector Involvement in the Production of Transport Infrastructure Services Increases

a. Manual and light mechanical maintenance of earth roads in the Office des Routes and SNRDA networks increases from 17,000 km to 34,000 km by 1993.	17,000 km maintained by contractors in 1988 (ODR and SNRDA records)	Not monitored	34,000 km maintained in 1993
b. The private sector handles more of the management of equipment and laboratory functions.	In March 1990, equipment and laboratory functions were performed by sections of the Ministry of Public Works (ODR and Min of Pub. Works)	Oct. 1990: Privitization plan being prepared (ODR and World Bank)	To be determined
c. The private sector assumes greater responsibility for the execution of construction, rehabilitation and heavy maintenance activities currently undertaken by the Office des Routes.	To be determined	No change	To be determined

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. Increased delegation of authority is given to Office des Routes and SNRDA regional offices for matters pertaining to contracting, personnel issues, annual planning and supplemental resource allocation.	March 1990: ODR and SNRDA management highly centralized in Kinshasa	Changes under study	SNRDA has developed a decentralization plan to be put into effect during 1991. Increased Regional authority by 1993
b. Regional Road Commissions assume responsibility for mobilization of resources in addition to national budgets, and for coordination of regional road maintenance programs.	March 1990: Regional Road Commissions have only an advisory role (ODR)	No Change	Regional Road Commissions assume responsibilities identified by 1993

3.6: Bandundu and Shaba Roads Rehabilitated

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. GOZ completes rehabilitation of 1500 km of roads in Bandundu and Shaba between 1989 and 1993.	1989: 1835 km of roads rehabilitated, primarily in Shaba (USAID)	Jan. - Sep. 1990: 160 km of road rehabilitated (USAID)	1340 km to be rehabilitated, 1991-93

Program Performance Indicator	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
A. Manufacturing GDP increases by 4 percent per year between 1990 and 1993, compared to 3.4 percent between 1985 and 1988.	Manufacturing GDP Annual Growth Rates: 1985-88: 3.4 percent 1988: 9.2 percent 1989: -11.3 percent (IMF, World Bank)	1990 planned: 4 percent 1990 projected: -2 percent or lower (USAID)	1991-93, planned: 4 percent per year
B. Capacity utilization rate of medium-sized manufacturing firms increases from 50 percent in 1987 to 60 percent in 1993.	50 percent in 1987 (Coopers and Lybrand, 1987)	Less than 45 percent in Oct. 1990 (USAID)	60 percent in 1993

Targets

4.1: Sustained Growth in Domestic Credit Outstanding to Small and Medium Enterprises (SMEs) and Farm Firms Achieved

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. Share of total domestic credit going to the private sector increases from 26 percent in 1989 to 50 percent in 1993.	At the end of 1988, domestic credit to the private sector was equivalent to $161 million or 26 percent of total net domestic credit (BOZ)	At the end of June 1990: $155 million or 45 percent (BOZ)	50 percent in 1993
b. GOZ Rural Financial Markets Study is completed and other priority recommendations are implemented.	Study in progress, March 1990 (USAID)	Study completed in June 1990 and action program being developed at request of Central Bank and Agriculture Ministry (USAID)	New law on savings and credit cooperatives promulgated by 1992; other measures to be determined.
c. Baseline data established for measurement of the commercial investment of COOPECs and the overall economic impact of savings and lending activities.	Indicators and baseline data to be defined during World Council of Credit Unions consultancy scheduled for Nov. 1990		To be determined

Subtarget 4.1-1: Increased Domestic Savings Mobilization

d. Real savings in commercial banks increases by 4 percent per year between 1991 and 1993.	Total commercial bank demand and time deposits equivalent to $281 million at end of 1988; $240 million at end of 1989; -15 percent growth in 1989 (BOZ)	End June, 1990: $231 million; -7 percent annual growth rate (BOZ)	4 percent growth rate in 1991, 92, 93
e. Mobile savings mobilization facility is strengthened and expanded, reaching 10 new COOPECs over the 1989 to 1993 period.	Indicators and baseline data to be defined during World Council of Credit Unions consultancy scheduled for Nov. 1990		To be determined
f. Total COOPEC savings mobilized increased by 30 percent over the 1990 and 1993 period.	Indicators and baseline data to be defined during World Council of Credit Unions consultancy scheduled for Nov. 1990		To be determined

Program Performance Indicator	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
A. Manufacturing GDP increases by 4 percent per year between 1990 and 1993, compared to 3.4 percent between 1985 and 1988.	Manufacturing GDP Annual Growth Rates: 1985-88: 3.4 percent 1988: 9.2 percent 1989: -11.3 percent (IMF, World Bank)	1990 planned: 4 percent 1990 projected: -2 percent or lower (USAID)	1991-93, planned: 4 percent per year
B. Capacity utilization rate of medium-sized manufacturing firms increases from 50 percent in 1987 to 60 percent in 1993.	50 percent in 1987 (Coopers and Lybrand, 1987)	Less than 45 percent in Oct. 1990 (USAID)	60 percent in 1993

Targets

4.1: Sustained Growth in Domestic Credit Outstandin[illegible] Small and Medium Enterprises (SMEs) and Farm Firms Achieved

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. Share of total domestic credit going to the private sector increases from 26 percent in 1989 to 50 percent in 1993.	At the end of 1988, domestic credit to the private sector was equivalent to $161 million or 26 percent of total net domestic credit (BOZ)	At the end of June 1990: $155 million or 45 percent (BOZ)	50 percent in 1993
b. GOZ Rural Financial Markets Study is completed and other priority recommendations are implemented.	Study in progress, March 1990 (USAID)	Study completed in June 1990 and action program being developed at request of Central Bank and Agriculture Ministry (USAID)	New law on savings and credit cooperatives promulgated by 1992; other measures to be determined.
c. Baseline data established for measurement of the commercial investment of COOPECs and the overall economic impact of savings and lending activities.	Indicators and baseline data to be defined during World Council of Credit Unions consultancy scheduled for Nov. 1990		To be determined

Subtarget 4.1-1: Increased Domestic Savings Mobilization

d. Real savings in commercial banks increases by 4 percent per year between 1991 and 1993.	Total commercial bank demand and time deposits equivalent to $281 million at end of 1988; $240 million at end of 1989; -15 percent growth in 1989 (BOZ)	End June, 1990: $231 million; -7 percent annual growth rate (BOZ)	4 percent growth rate in 1991, 92, 93
e. Mobile savings mobilization facility is strengthened and expanded, reaching 10 new COOPECs over the 1989 to 1993 period.	Indicators and baseline data to be defined during World Council of Credit Unions consultancy scheduled for Nov. 1990		To be determined
f. Total COOPEC savings mobilized increased by 30 percent over the 1990 and 1993 period.	Indicators and baseline data to be defined during World Council of Credit Unions consultancy scheduled for Nov. 1990		To be determined

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
g. Reserve requirements on demand deposits are reduced and a portion of these reserves are remunerated, resulting in a decrease of 20 percent in the transfer from banks to the Bank of Zaire (BOZ) as measured by the implicit cost per 1000 zaires held as demand deposits by the banks.	Dec 1989: Implicit cost, Z 265 per Z 1000, based on required reserve ratio of 50 percent, rediscount rate of 53 percent and average return on reserves of 0 percent (BOZ)	June 1990: Implicit cost, Z 225 per Z 1000, based on Required reserve ratio of 50 percent, rediscount rate of 45 percent and average return on reserves of 0 percent; 15 percent decrease from baseline (BOZ)	20 percent decrease from baseline by Sept. 1994
h. The CCA (turn-over tax) on interest payments reduced from 18 percent in 1989 to 9 percent in 1991.	18 percent in 1989 (BOZ)	18 percent in 1990 (BOZ)	9 percent in 1991

4.2: GOZ's Macroeconomic Adjustment Program Supported

a. Private participants in the PSSP-CIP and PL-480 program increase capacity utilization by 5 percent.	Baseline data available on over 40 actual and potential PL-480 and CIP participants (Coopers and Lybrand, Equatorial Consult, USAID)	PL-480 wheat and cotton importers reduced capacity utilization in 1989; in spot-checks of five CIP participants, four reported reduced capacity utilization in 1989 (USAID interviews)	CIP and PL-480 participants increase capacity utilization by 5 percent between 1988 and 1993
b. The gap between official and parallel exchange rates remains below 20 percent.	12 percent gap at end of Sept. 1989 (USAID)	50 percent gap at end of Oct. 1990 (USAID)	Less than 20 percent gap, 1991-94
c. Inflation rate is reduced to and remains below 40 percent per year, or at a target agreed between GOZ and IMF.	Kinshasa CPI increased by 56 percent in 1989 (INS)	Kinshasa CPI increased at an annual rate of 85 percent between June and Aug. 1990 (INS)	Below 40 percent, 1991-93
d. Budget deficit maintained at below 2 percent of GDP in 1990 and 1991, compared to 6.3 percent in 1988.	1988: 6.3 percent 1989: 0.5 percent (World Bank)	Planned 1990: 2 percent Projected 1990: 10 to 14 percent (USAID)	Planned 1991: 2 percent

Target of Opportunity: Increase Protection of Zaire's Tropical Forests and Biological Diversity

Subtargets

5.1.1: Protected Area Increased

5.1.2: Increased Funding for Zairian Natural Resource Management

Notes:
1. Strategic Objective #1 rearticulated as per State 238317.
2. Target 1.6 rearticulated.
3. Target 4.3 dropped as per State 238317.
4. Target of Opportunity: No decisions have been made on the nature of Global Climate Change or Bio-diversity activities as of this submission.

10/30/90