

PD-ARK-362

92860

UNITED STATES GOVERNMENT

memorandum

DATE: January 10, 1995

REPLY TO
ATTN OF: Kiert Toh, Acting Director *KTOH*

SUBJECT: Portfolio Management Review
April 1 - September 30, 1994

TO: Glenn Slocum, AFR/EA

The USAID/Kenya Mission conducted semi-annual project implementation review (PIR) meetings for the second semester of FY 94 (April 1 - September 30, 1994) in mid-November 1994. Highlights of results of meetings are as follows:

A. Population and Health Office (PH)

USAID/Kenya's population and health program continues to achieve major impact on the Mission's strategic objective of reducing fertility and population growth. The analysis of the 1993 Kenya Demographic Health Surveys (KDHS) during the period under review, indicated that the fertility rate is now approximately 5.0% (down from 7.7% in 1984) and the 1994 population growth rate is approximately 2.7% (down from 4.1% in 1984). The Mission also has developed a good estimate of the total cost of the National Family Planning Program in which USAID is the major donor, funding up to 60% of the program cost. This means that the impact on population growth and fertility rate decreases can be closely associated with our program.

On AIDS prevention, USAID is the leading donor in condom provision. Preliminary findings from a recent analysis of condom impact, suggest that increased condom use in Kenya may have averted 10,000 AIDS deaths and 140,000 HIV infections.

On the negative side, USAID/Kenya suspended the NPA HCF program assistance to the Ministry of Health (MOH) due to evidence of poor Government of Kenya (GOK) management of NPA funds designated for Kenyatta National Hospital (KNH). Also USAID/Kenya, in consultation with MOH, terminated NPA and project assistance to the National Hospital Insurance Fund (NHIF), shifting the remaining time and resources to the development of the private insurance sector.

B. Private Enterprise Office (PEO)

In the Private Enterprise sector, the Private Sector Development (PED) project continues to achieve its goal and purpose, providing assistance to a total of 23,960 firms (up from 15,700 reported last period). A verification exercise on impact data was completed during the period for most implementing organizations. The preliminary analysis suggests that: 1) employment and sales in assisted firms have surpassed the target by more than 50%, with most employment being generated in the micro-enterprise; and 2) assets surpassed the target by more than 300%, thereby contributing significantly to the Mission subgoal of increasing production employment and income.

C. Office of Agriculture (AGR)

In the Agriculture sector, the program continues to contribute to the development of improved technologies through Kenya Agricultural Research Institute's (KARI) commodity research program through which: 1) ten maize cultivars are in final stage of development, and 2) five sorghum varieties that were earlier pre-released for testing are now ready for official release. Under the horticultural research program, introduction of plant materials of 17 new cultivars of fruit and 48 cultivars of vegetable from Holland, U.S.A. and Israel were made. In the market efficiency objective, through the Kenya Market Development Program (KMMP) program, the maize, bean and minor grain marketing is now fully liberalized.

D. Democracy and Governance Activities

The implementation of the new Democracy and Governance project has commenced with the execution of a Co-operative Agreement with the Institute for Policy Analysis and Research (IPAR) to support the establishment of an indigenous institute for medium- and long-term policy research and analysis. The procurement of an interim project manager is in process; the recruitment of project management personnel is expected to accelerate the pace of project implementation, especially the civil society component. The pace of negotiations with GOK regarding the signing of the ProAg for the implementation of the public sector components of the project has been slow but indications are that the draft agreement is circulating within GOK offices.

The Democracy and Human Right Fund (116(e)) grants continue to play a key role in the development of civil society. During the reporting period, the number of active grant was five, and number of grants whose PACD has expired but not closed was six, all with a total funding of \$532,400 provided under the DHRF since 1991.

cc: EXO:JGranados
CONT:CAAdams
RLA:AVance
RCO:RWebber
PROG:JGranados
AGR:DMcCarthy
PEO:THobgood
PH:GNewton
UID:HSumka

Drafted: PRJ:SRagama *SM*
Clearance: PRJ:SMeyer *SM*

U: \...\DOCS\PIR\PORTFOL.MEM

memorandum

DATE: January 3, 1995

REPLY TO
ATTN OF: Steffi Meyer, Chief, Office of Projects

SUBJECT: Office of Agriculture (AGR) - PIR meeting of November 15, 1994
for the period April 1 - September 30, 1994

TO: See Distribution

The Semi-Annual PIR meeting for Office of Agriculture was held on November 15, 1994. The agenda (+) and results (-) of the discussion are as follows:

Opening Remarks

Currently the Office manages five projects, namely, National Agricultural Research Project (NARP), Institutional Development for Agricultural Training (IDAT), Fertilizer Pricing and Marketing Reform Program (FPMRP), Conservation of Biodiverse Resource Areas (COBRA), and Kenya Market Development Program/Project (KMDP). The Office has only one US direct hire and two professional FSNs. The Office is extremely understaffed. The Office is currently in the process of filling two FSN positions. However, once recruited, training the new employees will be a major task for people in the Office.

A. National Agricultural Research Project - 615-0229

1. + What is the status of laboratory construction? Given the suspension of procurement of additional lab equipment pending completion of the labs, what action can be taken to expedite completion of the buildings? What is the Agriculture Office's proposed action regarding the suspension of procurement of laboratory equipment? Who has suspended the procurement? (why?)

- The laboratory construction has been finished but the contractor has not handed the buildings over to Kenya Agricultural Research Institute (KARI). Commodity procurement of additional lab equipment was suspended as a result of audit findings that equipment bought under the project were left lying idle in boxes because the construction of the labs was not completed. KARI has submitted a request to USAID requesting the lifting of the suspension. As a response to the KARI request, the

Agriculture Office requested the Controllers Office to carry out site visits to determine the status of lab completion. The Controllers Office, as a result of the visits, has recommended that the suspension should not be lifted. A meeting is planned between KARI and USAID to discuss the recommendation. The continued suspension of the commodity procurement will negatively affect the horticultural research activities and the USAID/KARI agreed-upon workplan, which has taken a lot of effort to put in place. The workplan demonstrates a clear link between project inputs and outputs.

2. + The report notes that project objectives "have been addressed in significant success" and that one of the activities planned for the next semester is to develop indicators for tracking progress towards project objectives. Why are new indicators being proposed? How different will these be from the current indicators?
 - In the past, the assessment of project performance against the objectives has been based on output level indicators. The proposed indicators, to be developed, will be used for assessing impact at the project purpose level. The Agriculture Office has been working on a proposed set of indicators. The exercise has been to reach consensus between all concerned parties on the proposed purpose level indicators. A meeting to discuss this has been scheduled for December 2, 1994. The review meeting resolved that Agriculture and Program Offices should meet and further discuss the proposed impact indicators.
3. + One of the actions planned for the period under review was the tracking of local currency. What is the status of this activity?
 - The Controllers Office provided the status, thereby rendering this issue moot.

B. Institutional Development for Agricultural Training
615-0239

1. + The report indicates that no progress has been made on some of the project output indicators although the project has only one year before the PACD. Have activities been initiated for these outputs? What are the chances that these activities will be completed?

- The project output indicators that show no progress were those for outputs added to the project in March 1994 when the project was amended. However, some activities have been initiated on these indicators but the Office could not precisely quantify them. The Office is confident that these activities will be completed before the PACD.

2. + When do we expect the 4 long-term participants to complete their training? Is their completion date in sync with the PACD?

- The last project extension was to provide the four remaining participants with additional time to complete their training. Therefore, their training completion date is in sync with the PACD.

C. Kenya Market Development Program/Project
615-0242/615-0250

1. + What is the status of actions needed for disbursement of funds of the recently obligated US \$2 million under the program component of KMDP?

- The Agriculture Office has drafted a PIL to GOK explaining the actions required to satisfy the conditions for the disbursement of recently approved US\$ 2 million NPA funds. The PIL is in the clearance process.

2. + During the last PIR meeting, the meeting recommended that we drop the CP requiring the GOK to increase road maintenance funding including the requirement for increases in real road maintenance budget. What is the status of the activity?

- This issue is tied to the above (No. 1) issue. However, the Agriculture Office will check with the Legal Office if there are possibilities for waiving the CP.

3. + The PAM conference of July 1994 was supposed to set the research agenda for the recently approved grant extension. What are the agreed-upon activities under the extension?

- The PAM team, as a result of the conference, has come up with a workplan outlining all the planned research activities. The plan will be circulated to relevant Mission Offices.

D. Fertilizer Pricing and Marketing Program/Project
615-0243

1. + What are the results of the recently concluded project evaluation? How has the evaluation impacted on the proposed project extension?
 - One of the major findings of the evaluation was that the Kenya National Fertilizer Association, which is responsible for marketing coordination of fertilizer, is currently controlled by three major fertilizer dealers and recommended the creation of an independent secretariat. The recommendation has been incorporated in the project amendment underway.
2. + One of the actions planned for the period under review was to write to the GOK requesting the return of surplus fertilizers bags (which are being used to rebag non-USAID fertilizer) or the deposit of the Kenya Shilling equivalent cost of the surplus bags into the special account. What is the status of this activity?
 - A letter was sent to GOK requesting the redeposit of Kenya Shilling equivalent into the special account. The Agriculture Office will check on the status of the GOK response.

E. Conservation of Biodiverse Resource Areas - 615-0253

1. + What is the purpose of the extension? Will additional funding be needed to cover activities under the proposed extension? Were funds expended during the period covering changes in KWS management? What was the impact of such expenditures?
 - The proposed extension is to compensate for the one and a half years time of project implementation that was lost during the change in management at the KWS. No additional funding will be required for the extension as limited amount of project funds were expended during the transition.
2. + What are the likely impacts of the results of the recently concluded joint donor KWS assessment on the COBRA project?

- The results of the assessment are to be incorporated into the report under the evaluation/audit section.

F. Park Rehabilitation and Management - 615-0253

+ What is the status of closing out the project?

- All the outstanding audit issues under the project have been resolved. USAID is waiting for KWS to submit project final vouchers. Once received and processed, the project close-out report will be filed.

Distribution

A/DIR:KToh
A/D/DIR:THobgood
EXO:JGranados
CONT:CAAdams
RLA:AVance
RCO:RWebber
AGR:DMcCarthy
PROG:(1 copy)
PRJ:(1 copy)
RIG/A:(1 copy)
USAID/W:(2 copies)

U:\USAID\USAID.PRJ\DOCS\PIR\PIRAGR.MIN

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPT 30, 1994

A ___ B_X C___

I. BACKGROUND DATA

Project Title: National Agr. Research Project
 Project Number: 615-0229
 Date of Authorization: original 07/07/86 amendment 06/25/92
 Date of Obligation: original 08/29/86 amendment 08/10/94
 PACD: original 06/30/92 amended to 09/30/97
 Implementing Agencies: Kenya Agr. Research Institute
 Major Contractors: MidAmerica Int. Agr. Consortium
 AID Project Officer: Maria Mullei
 Status of CPs/Covenants: All met except CPs

(f) Disbursements for Phase II Training:
 - Master Training Plan accepted
 subject to revision.

Covenants: To be implemented over the LOP.

Date of Last Evaluation: 07/15/90 Next Evaluation: 01/15/95
 Date of Last Audit: 12/31/92 Next Audit: 12/15/94
 Date of Last Field Visit: 08/31/94 Next Field Visit: 11/15/94

FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$15,250,000	amended to \$30,000,000
Amount Obligated:	DA/ESF Grant: original	\$ 7,421,000	amended to \$23,147,241
Amount Committed:	Period: 03/31/94	\$ 0	
	Cumulative:	\$19,966,680	
Accrued Expenditures:	Period - Projected: 03/31	\$ 1,200,000	
	Period - Actual:	\$ 852,190	
	Cumulative:	\$19,052,190	
	Period - Next:	\$ 1,000,000	
Pipeline:	Period - Beginning FY93	\$ 3,837,346	
	Period - Actual 03/31	\$ 4,095,051	
Counterpart			
Contribution:	Planned:	0	
	Actual:	\$3.1	
Local Currency (FY)	Programmed: current (FY)	K 3,000,000	
	Cumulative Receipts		
	from MOF (FY)	K 3,075,000	
	Expenditures (FY)	K 2,293,400	

% LOP Elapsed	76%
% of Total Auth. Oblig.	78%
% of Total Oblig. Exp.	84%
% of Total Auth. Exp.	64%

II. PROJECT DESCRIPTION AND PURPOSE

To develop a well-managed national agricultural research system capable of providing the agriculture sector with appropriate technologies which will increase productivity on a continuing basis. To achieve this purpose the project has focused on four components: (1) Research Planning and Management; (2) Maize and Sorghum/Millet commodity programs; (3) Human Resource Development; and (4) the Research Fund. The project was originally envisioned for a 10-year period. Considerable progress towards achievement of the project purpose was accomplished under Phase I. Major focus of Phase II activities are the utilization of the research planning and management system established within KARI under Phase I, namely: program planning and resource allocation; financial management; human resource development; and monitoring and evaluation. The commodity research focus of Phase I is shifted somewhat to include high value horticulture commodities as a major new initiative within Phase II together with the incorporation of a small ruminant (sheep and goat) research program.

19

III. Progress Toward Purpose Achievement and Project Officer's Assessment

Objectives have been addressed with significant success. Under the planning, management and evaluation component, personnel system was developed. Pension scheme and improved terms and conditions of service have been approved. The number of staff has reduced from 6,200 in 1989 to 5,400 in April 1994. A further reduction to 4,500 is expected by the end of the project 1997. Ex-ante impact assessments to generate necessary information for priority setting is being carried out. Ex-post impact assessments are planned during this year as well as yield gap analysis and adoption studies of technologies developed. Commodity Research programs have developed research technologies which are being packaged to formally be released. Ten maize cultivars are in final stages. Katumani Mpys (early variety for arid and semi-arid areas) was released in August 1994. The remaining cultivars include two for lowland coastal region, four for mid-altitude dry zone, three for mid-altitude moist zone and one for highland area. Selection criteria which vary from region include drought tolerance, maize streak virus resistance, and yield stability. Five sorghum varieties which were pre-released for farmer testing during the last few years are ready for official release. KARI Mtama-1 (tested as KAT 369) was released on August 19, 1994. Pear millet varieties are being targeted for drought-prone areas, while finger millet are being developed for mid-altitude areas of Western Kenya. The KARI/Mtama-1 is tolerant to striga. Milling tests indicate that it has recovery of 80%. Processing tests have showed that it blends well with wheat flour at a ratio of 15:85 to make up acceptable bread. It has a high germination rate of 95%. The potential yield is 44 bags per ha. On-farm plots managed by farmers yielded 8-12 bags per acre. It responds well to nitrogen fertilizer. It recommended for mid-altitude ecological zone.

Under the horticulture research component, introduction of plant materials of 17 new cultivars of fruits and 48 of vegetables from U.S, Holland, and Israel were made. The evaluation of trials of vegetable cultivars have been initiated and in progress. In addition evaluation of multiplication work on cut flowers have started. In multiplying the gladiolus corms for distribution to farmers, flowers were produced as a by-product. The local market responded very favorably to the introduction of gladioli. The production cannot meet the demand of 4000-5000 spikes (flower stems per week). The potential for export is great. The Small Ruminant Component has established research base for the Kenya Dual-Purpose Goat (KDPG). Impact study involving 100 smallholder farms has been initiated. Collaboration between KARI and Heifer International has been initiated for the multiplication and distribution of the KDPG. The Agricultural Research Fund (ARF) established during Phase I has attracted other donors, e.g. IDA, ODA and Kenya Seed Company. M&E system for the ARF has been developed. Improved linkages and interactions via a system publication/communications with GOK, NGOs with capabilities to disseminate information to farmers have been established. Joint donor meetings are held on a regular basis to coordinate activities. Linkages have been forged with ILRAD, ICIPE, CIP, GTZ, INTSORMIL and CIMMYT to disseminate information to farmers. A memorandum of Understanding between KARI and MOALD&M was signed. Under this memorandum of understanding joint KARI extension committees have been established at the national, regional and center levels. Each committee has a separate bank account to fund joint activities.

IV. Project Outputs

<u>Description:</u>	<u>Status (% Completed)</u>
1. Strengthened ag. research planning, administration & management systems.	80%
2. Improved farmer usable technologies developed for maize, sorghum & millet, horticultural crops & small ruminants.	60%
3. Operating ag. research fund supporting research activities undertaken by the private sector & the academic community.	60%

V. Progress During Reporting Period

A process of planning, priority setting in the horticulture sub-sector started. INFORM put in place. New Maize and sorghum varieties released. Collaboration between KARI and Heifer International initiated. Year 3 annual workplans with associated budgets completed. SOW for the Two amendments to add additional funds were done. SOW for the mid-term evaluation developed.

VI. Evaluations and Audits

The closeout of audit is completed. Mid-term evaluation is planned for June 1995.

7

VII. Issues, Problems, Delays and Corrective Actions

Procurement of laboratory equipment under Phase II was suspended due to audit recommendations. The laboratory buildings have now been completed. The AGR engineer and officials from the Controllers Office visited sites to verify whether these buildings have been satisfactorily completed and advise on closeout of the audit. Report on the trips expected in mid-November.

VIII. Major Actions Planned for the Next Semester

1. Develop monitoring indicators to track progress towards project objectives.
2. Complete priorities for project supported research in horticulture.
3. Monitor use of local currency.
4. Review progress in development of priority setting in KARI.
5. Monitor the collaborative plan with KARI/MIAC and ISNAR.
6. Participate in the IDA NARP II Project.
7. Complete collaboration agreement between KARI/MIAC and Heifer International
8. Complete the SOW and contract for the mid-term evaluation.
9. Monitor use of the operational funds.

IX. Gender Considerations

Include gender issues in the SOW for the mid-term evaluation.

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPT 30, 1994

A ___ B X C ___

I. BACKGROUND DATA

Project Title: Institutional Dev. for Agr. Training
 Project Number: 615-0239
 Date of Authorization: original 07/08/86 amendment 00/00/00
 Date of Obligation: original 08/08/86 amendment 03/31/94
 PACD: original 09/31/91 amended to 09/30/95
 Implementing Agencies: Egerton University
 Major Contractors: University of Illinois
 AID Project Officer: Maria Mullei
 Status of CPs/Covenants: All completed

FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$3,300,000	amended to \$7,500,000
Amount Obligated:	DA/ESF Grant: original	\$3,300,000	amended to \$7,500,000
Amount Committed:	Period: 03/31/94	\$ 229,999	
	Cumulative:	\$7,429,999	
Accrued Expenditures:	Period - Projected: 03/31	\$ 100,000	
	Period - Actual: 08-03/31	\$ 71,430	
	Cumulative:	\$6,371,430	
	Period - Next:	\$ 315,000	
Pipeline:	Period - Beginning FY94	\$ 532,836	
	Period - Actual 03/31	\$ 528,570	
Counterpart Contribution:	Planned:	\$14,000,000	
	Actual:	\$ 8,000,000	
Local Currency (FY)	Programmed: current (FY)	K 2,350,000	
	Cummulative Receipts from MOF (FY)	K 2,350,000	
	Expenditures (FY)	K 2,350,000	
	% LOP Elapsed	89%	
	% of Total Auth. Oblig.	100%	
	% of Total Oblig. Exp.	93%	
	% of Total Auth. Exp.	93%	

Date of Last Evaluation: 05/30/91	Next Evaluation: 06/15/95
Date of Last Audit: 07/30/93	Next Audit: 12/15/94
Date of Last Field Visit: 08/25/94	Next Field Visit: 00/00/00

II. PROJECT DESCRIPTION AND PURPOSE

To strengthen Egerton University as an agricultural education institution of excellence serving the needs of Kenya and other African countries, which will be accomplished in part by the establishment of a permanent institutional relationship between EU and the University of Illinois.

III. Progress Toward Purpose Achievement and Project Officer's Assessment

Significant progress has been achieved in the areas of curriculum development, administrative and management improvement, faculty and staff development, and the development of an educational materials center with research, extension and outreach activities. The project has been amended to include two new elements: the establishment of an integrated Biotechnology Research Laboratory (IBRL) as well as feasibility analysis of an Egerton Endowment which can generate sufficient income to allow continuation of research work. The IBRL facility will provide access to high quality staff to catalyze collaborative, strategic research and outreach activities in order to better apply the knowledge gained to the practical solution of agricultural problems in Kenya and the region.

IV. Project Outputs

<u>Description:</u>	<u>Status (% Completed)</u>
1. Curricular guidance study	100%
2. New curricular areas developed	100%
3. Faculty training in the U.S.	98%
4. Admin. staff training in the U.S.	100%
5. Education Materials Center constructed and operational	100%
6. Adaptive research/outreach programs through the Agricultural Resources Center	100%
7. Construction of extension of Utafiti Hostel	100%
8. Construction of dining hall extension	10%
9. Development of an integrated program to deliver results of research on protein fortification of food to rural and urban consumers through the public extension system and private commercial processors;	10%
10. Adoption by small farmers of research recommendations leading to increased shelf life of evening milk;	0
11. Establishment of a largely self-supporting embryo transfer service to livestock producers in the Njoro area;	20%
12. Establishment of a feed mill for research and production of high quality animal feed;	10%
13. Assimilation of research elements of the Crop Management Research and Training Program (CMRT);	30%
14. Completion of five attachments by faculty or staff appointed to the IBRL; and	0
15. Implementation of thesis research by five M.Sc. students appointed as research assistants to support IBRL research.	0
16. Completion of analysis for the feasibility of an Egerton Endowment	0

V. Progress During Reporting Period

1. Develop SOW for final evaluation.
2. Complete procurement of CMRT furnishings funded under CPF.
3. Work started on the construction of the dining hall extension.

VI. Evaluations and Audits

The non-federal audit completed in October 1993. Audit recommendation resolved. Audit closed on August 1994. Final evaluation is planned for July 1995.

VII. Issues, Problems, Delays and Corrective Actions

N/A

VIII. Major Actions Planned for the Next Semester

1. Complete LT Training for 4 remaining participants.
2. Initiate the feasibility study for an Egerton Endowment.
3. Initiate the development of the Integrated Biotechnology Research Laboratory.

IX. Gender Considerations

The Winrock, AID/W-funded African Women Leaders in Agriculture and the Environment (AWLAE) project is collaborating with the Egerton's Center for Women's Studies and Gender Analysis in strengthening the center for the promotion of women professionals and to increase awareness of discrepancies in gathering and analysis of statistics with regard to the status of females in agriculture and the environment sectors. U.S. dollar 14,500 has been given to the Gender Analysis Center at Egerton to establish a Gender Resource facility. Two research grants have been awarded to carry out research on gender issues. Gender issues will be incorporated into the final project evaluation.

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPT 30, 1994

A_X B__ C_

I. BACKGROUND DATA

Project Title: Kenya Market Development Program
 Project Number: 615-0242.0 (PRG), 615-0250 (PRJ)
 Date of Authorization: original 05/11/90 amendment 00/00/00
 Date of Obligation: original 05/11/90 amendment 04/14/94, 9/21/94
 PACD: original 05/15/94 amended to 06/30/95
 Implementing Agencies: MOA, CBS, MOPW, Egerton
 Major Contractors: Abt Associates, University of Arizona, Peat Marwick
 AID Project Officers: James Kigathi, Dennis McCarthy
 Status of CPs/Covenants: GOK has decontrolled maize, minor crops and beans marketing, allowed open market price announcements and announced regulation changes. GOK has increased road maintenance financing but this is not adequate in fulfilling covenant requiring a real increase in road maintenance budgets. USAID is not fulfilling its \$ 3 million bean and \$ 5 million maize movement decontrol CP commitment.

FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$5.25m (PRJ), \$10m (PRG), \$40m (PL 480)
Amount Obligated:	DA/ESF Grant: original	\$5.25m (PRJ), \$4m (PRG), \$20m (PL 480)
Amount Committed:	Period:	\$372,250
	Cumulative:	\$4,351,031 (PRJ), \$2m (PRG)
Accrued Expenditures:	Period - Projected:	\$500,000 (PRJ)
	Period - Actual:	\$384,550 (PRJ)
	Cumulative:	\$3,761,448 (PRJ), \$2m (PRG)
	Period - Next:	\$490,000 (PRJ)
Pipeline:	Period - Beginning FY	\$1,375,262 (PRJ) \$0 (PRG)
	Period - Actual	\$1,488,552 (PRJ) \$2 (PRG)

Counterpart Contribution:	Planned:	\$38,000,000
	Actual :	\$ 6,000,000

Local Currency (FY)	Programmed: current (FY) \$
	Cumulative Receipts
	from MOF (FY) \$
	Expenditures (FY) \$

% LOP Elapsed	73%
% of Total Auth. Oblig.	100% (PRJ), 40% (PRG), 50% (PL 480)
% of Total Oblig. Exp.	72% (PRJ), 50% (PRG), 50% (PL 480)
% of Total Auth. Exp.	72% (PRJ), 20% (PRG), 50% (PL 480)

Date of Last Evaluation: 08/17/93	Next Evaluation: 12/01/94
Date of Last Audit: 03/30/92	Next Audit: 00/00/00
Date of Last Field Visit: 07/24/94	Next Field Visit: 11/7/94

II. PROJECT DESCRIPTION AND PURPOSE

To develop a more efficient national maize and beans marketing system that will provide greater price incentives to maize and bean producers. KMDP encourages greater reliance on private traders for maize, beans and minor grain marketing through policy reform, market information dissemination and market to market road rehabilitation. KMDP supports policy research conducted by Egerton University in collaboration with the University of Arizona; market price, condition and regulation information dissemination by the Ministry of Agriculture; and private contractor market to market road rehabilitation administered by the Ministry of Public Works.

III. Progress Toward Purpose Achievement and Project Officer's Assessment

Maize, bean and minor grains marketing is now fully liberalized. On December 27, 1993 the GOK announced complete maize market liberalization. This announcement and the subsequent publicity achieved two of the project's outputs i.e, a) elimination of movement restrictions on maize, maize products, beans, sorghum and millet; and b) publicity campaigns on laws, regulations and policies affecting maize and bean trade. With only \$27 million of the planned \$55 million expended, KMDP has managed to accomplish the desired policy objectives.

IV. Project Outputs

<u>Description:</u>	<u>Status (% Completed)</u>
1. Elimination of movement restrictions on maize, maize products, beans, sorghum, and millet.	100%
2. Publicity campaigns on laws, regulations, and policies affecting maize and bean trade.	100%
3. Kilometers of market to market roads rehabilitated.	250 km (17%)
4. Improved capacity for market information collection and dissemination.	Daily and weekly prices announced, market summaries carried in magazines and newspapers.

V. Progress During Reporting Period

1. KMDP PROAG Amendment to obligate \$2.0m
2. One DMO workshop in May 1994 in which the maize, beans and potato rapid appraisal results presented.
3. Egerton/PAM team presented research findings on maize market liberalization in June 1994.
4. Awarded second phase construction contracts in Kisii, Kakamega and Uasin Gishu Districts (66 Km).
5. Obligate \$250,000 bringing LOP funding of project technical assistance to \$ 5.25 million.

VI. Evaluations and Audits

1. GAO audit in March-June 1992.
2. \$2 million NPA audit scheduled for FY 1994.
3. Evaluation of Policy Analysis Matrix component of KMDP carried out during August-September 1993. Final report completed in October 1993.
4. Evaluations for MIB and MOPW proposed for 2nd quarter FY 95.

VII. Issues, Problems, Delays and Corrective Actions

VIII. Major Actions Planned for the Next Semester

1. PIL for 2.0m disbursement (NPA)
2. PIO/T for committing \$150,000 to PAM; University of Arizona and Stanford University
3. Grant Amendment for \$60,000 for Agriculture Sector Review (PAM)
4. MIB STTA for Market Information Extension linkages
5. Award contracts Nyamira-Nyeri, Kitui, Nakuru
6. STTA to MOPW to draw TOR for study to harmonize management information system.
7. One DWO workshop in October 1994 to train KMDP Provincial and District Works Officers in Contract Management.

IX. Gender Considerations

Initial results from the 1993 beans rapid appraisal show that women play an important role in bean marketing, particularly in assembly and transportation of beans from surplus to deficit areas. This rapid appraisal was carried out after bean decontrol, and confirms the 1990 KMOP maize and beans marketing baseline survey that which showed women's participation being stifled by movement and price controls. Although no rapid appraisal has been carried out after the maize movement decontrol, one would expect that women would similarly benefit, particularly those trading in small volumes.

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPT 30, 1994

A ___ B X C ___

I. BACKGROUND DATA

Project Title: Fertilizer Pricing and Marketing Reform Prgrm
 Project Number: 615-0243 (CIP & PRJ)
 Date of Authorization: original 07/21/89 amendment 00/00/00
 Date of Obligation: original 08/31/89 amendment multiple
 PACD: PROJECT 9/30/92 amended to 09/30/94 CIP 1/30/91
 Implementing Agencies: MOA, Kenya National Fertilizer Association
 Major Contractors: Peat Marwick, IFDC, Dorion Rocco, Tim Durgan
 AID Project Officer: Dennis McCarthy
 Status of CPs/Covenants: As the GOK has decontrolled fertilizer prices all CPs concerning pricing policy have been fulfilled. There are nineteen covenants included in the Program Agreement. One covenant concerning fertilizer pricing was rendered irrelevant by the GOK's price decontrol. The GOK is in compliance with the of the covenants including, and most importantly, that contained in Article 6, Environment Studies.

FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$46,100,000
Amount Obligated:	DA/ESF Grant: original	\$35,761,963
Amount Committed:	Period:	\$38,991
	Cumulative:	\$35,623,016
Accrued Expenditures:	Period - Projected:	\$12,500
	Period - Actual:	\$ 3,563
	Cumulative:	\$35,583,163
	Period - Next:	\$ 150,000
Pipeline:	Period - Beginning FY	\$ 394,106
	Period - Actual	\$ 178,800
Counterpart Contribution:	Planned:	\$0
	Actual:	\$0
Local Currency (FY)	Programmed: current (FY)	\$
	Cumulative Receipts	
	from MOF (FY)	\$
	Expenditures (FY)	\$
% LOP Elapsed		100%
% of Total Auth. Oblig.		78%
% of Total Oblig. Exp.		99%
% of Total Auth. Exp.		77%

Date of Last Evaluation:	9/15/94	Next Evaluation:	00/00/00
Date of Last Audit:	ongoing	Next Audit:	00/00/00
Date of Last Field Visit:	not applicable	Next Field Visit:	00/00/00

II. PROJECT DESCRIPTION AND PURPOSE

The purpose of the Fertilizer Pricing and Marketing Reform Program is to increase fertilizer use by smallholder farmers in rural areas. The program promotes the development of a fertilizer marketing system where retail prices accurately reflect marketing and transport costs and normal trader profits. Given adequate fertilizer supplies, this market structure holds the greatest promise for increasing smallholder fertilizer use in Kenya. Foreign exchange was provided for the import of fertilizer and counterpart Kenya shilling generations are used for mutually agreed development purposes and for a trust fund to cover operating expenses of USAID.

The program provided fertilizer for distribution to farmers; supported the establishment of the Kenya National Fertilizer Association; provided training, short-term technical assistance, and commodities to the MOA's input marketing branch; and trained GOK, parastatal and private sector fertilizer market participants in all aspects of fertilizer marketing and distribution.

5

III. Progress Toward Purpose Achievement and Project Officer's Assessment

Following review of evaluation results, Mission has decided to extend project in order to pursue set mechanism to establish fertilizer marketing secretariat function within an NGO or other institutional structure.

IV. Project Outputs

<u>Description:</u>	<u>Status (% Completed)</u>
1. Average travel distance from farm to fertilizer retailer reduced.	100%
2. Private sector fertilizer market network.	100%

V. Progress During Reporting Period

Evaluation completed and justification for extension of PACD reviewed.

VI. Evaluations and Audits

Evaluation completed in September 1994.

VII. Issues, Problems, Delays and Corrective Actions

VIII. Major Actions Planned for the Next Semester

1. Extend Fertilizer Project in order to allow review of feasibility to establish secretariat as per PP.

IX. Gender Considerations

Field trips and monitoring have shown that the majority of urban fertilizer retailers are women. Therefore, in that price decontrol has contributed to more competitive fertilizer wholesaling, these women have benefitted from greater retail margins, increased volume, and greater access to wholesale fertilizer.

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPT 30, 1994

A___ B_X_ C___

I. BACKGROUND DATA

Project Title: Conservation of Biodiverse Resource Areas (COBRA)

Project Number: 615-0247
 Date of Authorization: original 09/18/91 amendment 00/00/00
 Date of Obligation: original 04/14/92 amendment 08/10/94
 PACD: original 09/30/96 amended to 00/00/00
 Implementing Agencies: Kenya Wildlife Service KWS
 Major Contractors: Development Alternatives Inc. DAI/
 African Wildlife Foundation AWF
 AID Project Officer: Dennis McCarthy/James Kigathi
 Status of CPs/Covenants: None outstanding

FINANCIAL DATA
 (\$000)

Amount Authorized:	DA/ESF Grant: original	\$7,000	amended to \$
Amount Obligated:	DA/ESF Grant: original	\$4,550	amended to \$
Amount Committed:	Period:	\$ 256	
	Cumulative:	\$2,133	
Accrued Expenditures:	Period - Projected:	\$0,500	
	Period - Actual:	\$0,847	
	Cumulative:	\$1,611	
	Period - Next:	\$1,560	
Pipeline:	Period - Beginning FY	\$2,345	
	Period - Actual	\$2,939	
Counterpart			
Contribution:	Planned:	\$5,652	
	Actual:	\$0,640 (revenue sharing & WOF)	
Local Currency (FY)	Programmed: current (FY)	Kf 1,200,000	
	Cumulative Receipts		
	from MOF (FY)	Kf 1,800,000	
	Expenditures (FY)		
% LOP Elapsed		60%	
% of Total Auth. Oblig.		65%	
% of Total Oblig. Exp.		35%	
% of Total Auth. Exp.		23%	

Date of Last Evaluation: 00/00/00	Next Evaluation: 06/17/95
Date of Last Audit: 06/15/93	Next Audit: 01/15/95
Date of Last Field Visit: 04/20/94	Next Field Visit: 11/15/94

II. PROJECT DESCRIPTION AND PURPOSE

To increase socio-economic benefits to communities living adjacent to Parks/Reserves from conservation and sustainable management of wildlife and natural resources.

The Project is assisting the Kenya Wildlife Service (KWS) in the implementation of a community-based conservation approach to wildlife management. The approach is designed to develop and demonstrate both real and potential benefits, i.e., social, financial, etc. to local communities who become involved in the protection and management of wildlife resources. Project funding is provided to KWS for the establishment of a Community Wildlife Service (CWS) Unit which is responsible for implementing, coordinating, supervising and monitoring the community-based conservation program.

17

III. Progress Toward Purpose Achievement and Project Officer's Assessment

Following change of Directorship at KWS, all donors involved in support to KWS initiated a joint assessment of the institution particularly to reassess underlying assumptions upon which support to KWS was based. Result of assessment of CWS and COBRA project were positive and recommendations made to continue the effort. Third Amendment to the COBRA project obligating an additional 1.6 million dollars was executed following the assessment in September 1994.

<u>IV. Project Outputs</u>	<u>Status % Completed</u>
1. Functioning CWS HQ Unit Team with qualified/capable staff to coordinate, carry-out and monitor the CWP.	70
2. Established capacity within CWS/HQ to identify, formulate and integrate policy issues/concerns into annual plans/activities.	15
3. Established internal management information system communicating priorities, strategies, operational guidelines/procedures to the field.	12
4. CWS/HQ capability to program and budget resources in support of both HQ and the field.	35
5. Capacity ensuring that planning reflects agency policy and the needs/conditions/perceptions of field personnel.	12
6. Over 500 KWS staff oriented to the CWS strategy and philosophy.	20
7. 36 well-trained Wildlife Extension Officers and 29 Community Wildlife Wardens implementing the CWP in the field.	30
8. Capacity within CWS/HQ to define/address training requirements for the CWP.	35
9. Organization/Implementation of administrative models for revenue-sharing in at least 4 geographic areas.	30
10. Distribution of no less than US \$2 million in KWS revenue-sharing in 4 geographic areas.	10
11. Establishment/implementation of at least 4 wildlife management units plans that incorporate community roles/concerns.	10
12. Enhanced local community expertise in Wildlife Management and utilization methods being employed in up to 4 locations.	10
13. Establishment of approx. 2 wildlife users/operators associations.	0
14. Establishment of at least 24 community development projects and/or enterprises.	10
15. Land use management plans in target project areas reflecting results of community assessments defining socio-economic and legal systems or concerns.	15

- | | |
|--|----|
| 16. CWS develops draft strategy/plan for collaboration with private sector on CWP initiatives. | 12 |
| 17. CWS documents models for revenue sharing and operational guidelines. | 85 |
| 18. Preparation and presentation of "white paper" or similar options paper defining additional reforms/changes needed to effectively regulate and promote utilization. | 20 |

V. Progress During Reporting Period

1. Economics of Wildlife Utilization Specialist contracted.
2. Impact Monitoring/Evaluation Specialist contracted. (funded under AWF Grant)
3. WDF guidelines approved and funding in place.
4. Legislative/Legal Study consultant team identified and contracted.
5. Develop terms of reference for USAID participation in joint donor assessment mission.
6. Joint donor assessment completed.

VI. Evaluations and Audits

None.

VII. Issues, Problems, Delays and Corrective Actions

1. Project Implementation essentially lost one year from change in administration of KWS.
2. Propose PACD extension for one year.

VIII. Major Actions Planned for the Next Semester

1. Modular Training Program Design inhouse review.
2. CWS/AWF team building Workshop.
3. KWS Staff retreat, presentation of CWS plans to senior KWS management.
4. Zimbabwe Wildlife Utilization module short course I.
5. Module Training Course Staff identified.
6. Finalize 1994/95 workplans
7. Amend DAI Contract to fund 94/95 workplan, include all operational funds within contract.
8. Establish progress indicators of progress for 94/95 workplan.
9. Recruit Project Manager.
10. Identify new Chief of Party
11. Issue PIL of proposed PROAG changes resulting from assessment.

IX. Gender Considerations

Addressed in current 94/95 workplan

Country: Kenya
 Data as of: 09/30/94
 Date Completed:
 Office: Agriculture

1	2	3	4	5	6	7	8	9	10	11	12	13	14
PROJECT NO. AND NAME	DATE OF INITIAL OBLIGATION	PROJECT DESIGNATION (A,B,C)	STATUS OF CPs (Cite only if there are as yet unmet CP's older than 18 months)	SIZE OF PIPELINE (Cite if pipeline exceeds 2 years estimated average annual obligations)	AGE OF PIPELINE (Cite if any obligation remains more than 50% unexpended 4 years after initial obligation)	ACCRUED EXPENDITURES (Cite if accrued expenditures are less than 80% of planned)	UNCOMMITTED BALANCE (Cite if balance exceeds 50% of obligation 18 months after the obligation)	EOPS A. (Cite if mission believes there is little chance of achieving EOPS before current PACD)	EOPS B. (Cite if EOPS are being achieved at higher level or faster rate than planned)	AUDIT A. (Cite if financial audit has not been done in last 18 months)	AUDIT B. (Cite if there are unresolved IG recommendations older than six months)	EVALUATION A. (Cite if project has not been evaluated in last three years)	EVALUATION B. (Cite if activity has PES recommendations opened 6 or more months past PES target date for closure)
615-0229 NATIONAL AGR RESEARCH PROJECT	08/28/86	B			(1)							(2)	
615-0230 INST. DEVEL. FOR AGRICULTURAL TRG	07/08/86	B							(3)				
615-0242 & 615-0250 KENYA MARKET DEVEL. PROG/PROJ	05/11/90	A							(4)	(5)			
615-0243 FERTILIZER PRICING & MARKETING	07/31/89	B											
615-0247 COBRA	04/14/92	B				(6)	(7)						
615-0253 PARK REHABIL. AND MGMT	07/30/90	B											

- (1). Money committed in MIAC contract will be used.
 (2). The planned evaluation is June 95, however the review meeting brought this forward to May 95.
 (3). Project evaluation planned for June 95.
 (4). With \$27.0 million expended out of \$55.0 million LOP planned, the program has achieved all its intended purposes.
 (5). No financial audit was planned within the period.
 (6). Due to institutional changes, i.e., Director change, etc., at implementing agency KWS. New KWS Director is now in place and project expenditures should progress on schedule.
 (7). Due to institutional changes causing disruption in implementation schedule, project PACD will be extended in near future.

20

memorandum

DATE: January 3, 1995

REPLY TO
ATTN OF: *Steff Meyer*
Steff Meyer, Chief, Office of Projects

SUBJECT: Office of Projects (PRJ) - PIR meeting of November 18, 1994
for the period April 1 - September 30, 1994

TO: See Distribution

The Semi-Annual PIR meeting for Office of Projects was held on November 18, 1994. The agenda (+) and results (-) of the discussion are as follows:

Opening Remarks

The Office project management functions are currently focused in four areas:

(1) PVO Co-Financing Project through which 22 grants totalling US\$ 629,000 have been made to NGOs. Design of a follow-on project is currently underway.

(2) Democracy and Governance Project has been approved. Negotiations for the obligation of FY 95 funds are currently underway with the Government of Kenya. Under the Democracy and Human Rights Fund (116(e)) 11 grants have been provided to date totalling worth US\$ 550,000.

(3) Regular Title II programs, which are implemented through three sponsoring agencies, involve three programs valued at US\$ 7 million (of which \$3m is for commodities).

(4) Disaster Response activities, which has provided 26 grants and commodities valued at US\$ 115,000,000 between 1991 and 1994.

A. PVO Co-Financing - 615-0236

1. + One of the project output indicators relating to the utilization of the institutional contractor is only 40% utilized yet the LOP time elapsed is 83%. What are the chances that this component will be fully utilized? If not fully utilized, what are the options for the utilization of funds left under this activity?

- The Project Manager reported that the IQC was designed to support those NGOs with acceptable proposals which could not meet USAID's registration criteria. There were only two NGOs that qualified for such assistance between 1989 and 1991. In 1992 a decision was made to extend these services to any NGOs that requested for TA. However, the

design of the contract with PW required that TA activities be specified in the original contract. Since the project could not determine NGO needs in advance, it became necessary to amend the contract to respond to each request for assistance. This slowed the process and only three PVOs were assisted from 1992 to date.

The Project Manager suggested that there is a need to formulate a better mechanism for providing TA in future PVO activities. He also assured the meeting that no funds will be lost as the excess contract funding had already been deobligated and reobligated into another activity.

2. + What is the status of the PVO II project design?

- The SOW for the procurement of the design team has been completed but will have to be revised in the light of the recently completed EOP Evaluation. Assistance in identifying a team to carry out the design work was requested, particularly names of qualified consultants. The PIO/T will be circulated as soon as a team is identified.

3. + What were the lessons learned during the project impact study and three grant recipient evaluations carried out during the reporting period?

a) From the project impact study, it was learned that:

1) there is a need to develop a working definition of institutional development/capacity building that is shared and clearly understood by both USAID and NGOs; 2) a clear understanding of stages of organizational development; 3) training component should be designed to support local training and in-house (PVO) courses; 4) a need for closer relationships between US and local NGOs. Partnerships need to be discussed and defined; 5) gender analysis should be included in the design of PVO II; and 6) greater emphasis on NGO networking.

On the three recipient End-of-Project evaluations, the Tototo Home Industries (THI) evaluation indicated that: 1) the training done by Tototo has yielded results. The target was to achieve 25% increase in THI program budget over a three year period. Before the grant THI had 39% of the budget from consultancy but now has 57% - an increase of 18%; and 2) client training depth was limited by the level of clients' literacy. 40% of the clients are illiterate and hence training could not go beyond the initial introductory level. The VITA evaluation revealed that: 1) VITA has increased self-employment and where the graduates received credit support, they tended to do better; 2) sustainability must focus beyond finances to include structural and managerial issues; and 3) institutional

capacity development must take a holistic view of the organization. The Farming Systems (K) (FSK) evaluation indicated: 1) FSK should develop a better loan recovery system that will spread the risk in the event of one member defaulting; and 2) adoption of a new innovations/ideas is long term, hence the need for project to be of a longer term nature.

There was a discussion on the issue of grant close-outs. The Project Manager reported that he was not sure who is supposed to close out the expired grants, whether it is the REDSO/CON or Kenya Mission. The Deputy Director suggested that a meeting should be convened to discuss the issue since it was affecting all units of the Mission.

Strengthening Democracy and Governance in Kenya - 615-0266

1. + The report indicates that the pace of project negotiations with GOK has been slow. What options are available to the Mission to speed up the pace? At what stage of negotiations are we? When does the Project Office anticipate the negotiations will be finalized?
 - PROAG and Annexes have been drafted. The Mission hopes at having a signed PROAG by November 31, 1994. Draft PROAG has been submitted to the GOK and. Mission is waiting for the response. Efforts are being made to speed up the process.
2. + Assuming the Civil Society component is not included in the bilateral GOK/USAID agreement, what implementation arrangement is the project office proposing for this activity? When is implementation likely to start?
 - A unilateral obligation is contemplated. The Mission is trying to recruit an interim Project Manager whose first task will be to develop a RFP for execution of a grant to implement the Civil Society component. Mission would like to identify an umbrella NGO to implement this component in order to avoid management issues such as those faced under 116(e). Implementation is likely to start in March 1995.
3. + What measures is the Mission proposing to ensure proper accounting for the project funds obligated with the GOK?
 - Procurement of goods and services will be incorporated, to the greatest extent possible, in Grants, Cooperative Agreements and Contracts. Where this is not possible USAID will do direct procurement. No money will go directly to the GOK.

C. Human Right Activities Generic Issues

1. + The project recipient organizations continue to demonstrate weak financial and management systems. This has affected the quality of technical reporting and project funds accounting and calls for intensive management. What options are available to the Mission to deal with this problem?
 - There is very little Mission can do. However, possible options include: (a) avoid issuing advances to NGOs as much as possible and instead reimburse them for costs incurred, (b) keep the number of projects low. When we close the projects whose PACDs have expired, we will be left with four active projects. If we have four projects each year, then, they can be managed more easily and (c) DHRF will be folded into D/G project.
2. + Since some of the organizations supported under the project were governed by the audit regulation covering grants of over US\$25,000, audit close-out remains a major issue. What options are available for the Mission to deal with this?
 - All pending audits have been carried out for ICJ/FIDA, ICJ, Kituo, FIDA so this is not an issue for the project. Once the audits are reviewed by CONT/RIG, then project close-outs will be done.

C. PL480 Title II

World Vision (WVRD)

1. + Review of the WV MYOP for FY95-97 was put on hold pending the findings of final evaluation of the FY 92-94 program. What are the preliminary findings of the evaluation? What is the likely course of action based on the preliminary evaluation findings?
 - The preliminary findings of the evaluation were that most of the project objectives had not been achieved and that about 40% of the project funds were still unexpended. The likely course of action to be taken based on these findings will be to grant World Vision/Kenya a no-cost extension for the rest of FY95 to complete the pending tasks using the unexpended project funds. USAID/Kenya will not recommend approval of FY95-FY97 program for World Vision/Kenya at this time, pending resolution of evaluation and audit issues.

2. + The project is well beyond its PACD. Is the project extension process underway? Have the activities of the project ceased?
- The uncompleted activities of the FY92-FY94 program are still being executed. World Vision/Kenya have been advised to request a no-cost extension,
- outlining the priority objectives and tasks to be undertaken within a specified extension period and with reference to the findings/recommendations of the evaluation report; and
- realigning the current project budget lines items to permit implementation of activities within the extension period.

Food for the Hungry (FHI)

1. + The report indicates that the water pan did not collect sufficient water and natural channels are being sought to re-direct more water into the pan. Why resort to natural channels? What were the planned modes for redirecting water into the pan and why are the modes not working? What other intervention options are available?
- When the rains came, very little run off was collected into the waterpan through the manmade channels that had been constructed. It was realized that the soil around these channels was not compact enough to allow sufficient run-off to accumulate and flow down to the waterpan.
- Natural channels, among other alternatives are being sought to redirect more run-off into the waterpan. These channels are expected to have more run-off because they are more compact and will not allow as much water to percolate as the manmade ones.
- Other options available are: (i) constructing a roof over the waterpan with which to collect more rain water, or (ii) constructing another waterpan on the windward side of Marsabit mountain where there is more rain.

Catholic Relief Services (CRS)

1. + The PACD for this activity has elapsed with a lot of project funds still unexpended. Why is this so? What actions is the Projects Office initiating to ensure that the funds are expended and PACD extended? What is the implication of the excess funds on the project to the recently approved FY AER?

- Large amount of unexpended funds resulted from: (i) substantial carry-over of funds from FY93 program; and (ii) delays in arrival of food commodities for free distribution. The approved FY95 program for CRS/K is basically a continuation of the FY94 program. Therefore, uncompleted activities and unused food commodities under the FY94 program have been carriedover into FY95.

The implication of excess funds from the FY94 program and full funding of the FY95 program is that there will still be unexpended funds at the end of FY95 program. This means that these expected unexpended funds will be taken into consideration while reviewing the FY96 program proposal.

D. Disaster Response Projects

Drought/Food Deficit Projects:

1. + The arid & semi-arid districts are chronically food insecure, often due to drought. With the exception of the CARE Post-Drought Transition project, USAID projects do not appear to support monitoring/preparedness activities. Should USAID take a more active role in promoting and supporting such activities and how?
 - USAID should continue supporting and perhaps be more involved in the monitoring and preparedness activities of the program. The Drought/Food Deficit Project assistance should be more linked to USAID's long-term development program. USAID needs to develop a greater capacity to do "medium-term" projects.
 - Possible ways of improving monitoring would be to strengthen links with NGOs, encourage UN agencies involved in food distribution (such as the World Food Programme) to play a more active monitoring role, as well as relying on internal USAID resources such as the Famine Early Warning System (FEWS).
2. + The impact of such short-term projects is difficult to ascertain. Can and should more substantive measures be built into emergency response projects? Based on nutritional data? morbidity/mortality statistics? FEWS-type data?
 - Impact assessment is more of an issue in long-term development but to the extent that USAID endeavors to develop the capacity to operate on a continuum rather than through extremes of "relief" and "long-term development," the impact of DRU projects must be assessed.

6

- It is necessary to develop indicators by which impact can be assessed. The Disaster Response Advisory Group (DRAG), which serves as technical backstop to the DRU, could assist in developing these indicators.
 - Efficacy is a dimension of impact. DRU projects should be examined for elements which contributed to high impact, successful programs.
 - Most of the grants have money for monitoring. What USAID/Kenya needs to do is pass more of the impact assessment responsibilities to our grant recipients.
 - DRU should also build on the work that has been done in this area by AFR/ARTS/ONI and FEWS.
3. + There have only been 3 projects focusing on targeted FFW activities. Why so few? What is needed to increase the capacity of the PVOs to identify and implement quality targeted programs? Are there lessons already learned from the 3 projects USAID has supported which could be shared with others?
- The past studies recommended the DRU projects should do more of FFW-type of activities in disaster-related projects.
 - USAID may need to become more active in ensuring that knowledge about FFW programs is shared among NGOs. For example, despite the fact that many NGOs feel it is "impossible" to implement FFW projects for pastoralists, World Concern has successfully done so.

Clashes

1. + The Embassy Political Section has responsibility for reporting, analysis, policy recommendations and coordination/information sharing concerning clash issues. USAID has responsibility for needs assessment, project identification and monitoring. Are the lines of responsibility clear to both agencies and does the collaboration work?
- This is both a coordination and a communication issue, options available include:
 - (i) instituting regular meetings (monthly/biweekly) between USAID and Embassy.
 - (ii) Mission management advising the Embassy of our need for greater policy guidance. We remain unaware of where the Embassy stands of specific issues. Mission should

A

request that the Embassy appoint a "point person" who can keep USAID apprised of the Embassy position on various political issues.

(iii) After the move to USAID Towers, USAID will have greater access to classified cable traffic, as the new building has a special area for classified materials. This will enhance USAID's cognizance of Embassy positions.

2. + Both UNDP and UNICEF, as UN agencies, have a mandate to work with/through government. What is the impact of GOK involvement in the UNDP and UNICEF projects at the national and local levels? Are they viable collaborators in these projects?
 - DRU should identify specific issues arising from the UN bodies' role as the representative of bilateral and multilateral donors. These issues should be brought to the attention of the front office, and from there to the Embassy for broader discussions at "higher levels" to increase the UN's accountability.

Generic Issues

1. + Identify specific issues relating to UN bodies being used as spokesman to be brought to the attention of the front office. To take the matter to the Embassy for broader discussions.

(Same as issue no.2 under clashes section)
2. + Several projects have received retroactive grants (approval to fund activities already underway) and food projects wait several months to receive their commodities. What is the impact of such delays on the implementing partners' ability to rapidly and appropriately respond to emergency needs?
 - Slow grant process for both monies and food commodities diminishes impact of emergency projects.
 - Operating environment can change significantly due to the time lag between submission of a project proposal and actual project implementation. Further, retroactive grant dates result in a curtailed project implementation period (since the NGO or PIO cannot begin implementation until they receive approval). This often results in the request for a no-cost time extension.
 - It may be necessary to build additional time into projects to obviate the need for no-cost time extensions. For example, if a proposal is for a 3-month project,

Mission could request a project implementation period of 9 months.

- Another option would be for Kenya Mission to have control over funds disbursement and contracting shifted to the Mission. However, this would be very labor-intensive for the Mission.

3. + Now that the recovery/rehabilitation stages are being reached in these emergencies, what gaps in funding are arising? Is the Mission able to and should it provide support for this area of the relief-to-development continuum?

- This needs to be examined in the context of the Greater Horn of Africa Initiative as well as in the context of the strategic plan.

4. + The majority of the affected populations in both drought/food deficit and clash emergencies are women with children. Are they adequately targeted with the project resources? Do they play an active role and have a proportionate say in what project resources are used for?

- Need to develop fora in which women's issues can be discussed. The DRAG Committee should be able to provide some assistance.

- In grant review process, USAID should encourage NGOs to consider areas of project implementation which can be used to enhance gender equity and to encourage women to play a more active role in community decision-making.

Distribution

A/DIR:KToh
A/D/DIR:THobgood
EXO:JGranados
RLA:AVance
RCO:RWebber
CONT:(1 copy)
PROG:(1 copy)
PRJ:(1 copy)
RIG/A:(1 copy)
USAID/W:(2 copies)

U:\USAID\USAID.FRJ\DOCS\PIR\PIRPRJ.MIN

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPTEMBER 30, 1994

A__ B X C__

I. BACKGROUND DATA

Project Title: PL480 TITLE II - MARSABIT FOOD SECURITY PROGRAMME
FY94-FY96

FINANCIAL DATA

Amount Authorized: PL 480 TITLE II Original \$ 667,365 (Monetization)

Date of Authorization: original 10/93

Amount Committed: Period: \$ 405,068 (FY94 Monetiz. 640MT VEG. OIL)

Cumulative: \$ 405,068
+ \$ 16,189 Bal. from FY93 Program

Implementing Agencies: FOOD FOR THE HUNGRY INTNL.
Major Contractors: NONE
AID Project Officer: GEORGE MUGO

Accrued Expenditures: Period - Projected: \$ 152,375
Period - Actual: \$ 170,619
Cumulative: \$ 235,539
Period - Next: \$ 87,000
Pipeline: Period - Beginning FY: \$ 405,068
Period - Actual: \$ 185,718

Counterpart
Contribution: Planned: \$ 201,285
Actual: \$ 46,375

% LOP Elapsed 33%
% of Total Auth. Commit. 61% - Monetiz. for FY95 \$ FY96 expected
% of Total Commit. Exp. 58%

Date of Last Evaluation: 05/94

Next Evaluation: 04/95

Date of Last Audit:

Next Audit:

Date of Last Field Visit:

Next Field Visit: 11/94

II. PROJECT DESCRIPTION AND PURPOSE

The goals of the Marsabit Food Security Programme are to:

- Increase the level of household food security,
- Support improvements for the sustainable use of natural resources,
- Promote and highlight the role of women in these activities.

de

III. Progress Toward Purpose Achievement and Project Officer's Assessment

1. Project staff positions filled by qualified persons
2. Farmer's demonstration and seed bulking plots have been established and are now operational.
3. A Participatory Rural Appraisal (PRA) has been completed with established population figures and a defined community leadership structure.
4. Contact farmers in 10 communities have been identified and their training continues. 4 zones for extension visits/training have been identified.
5. General training on nutrition and food preparation has commenced.
6. Over 2000 trees have been planted during the short rains making the land base more secure.
7. Fodder crops have been planted in demonstration plots.
8. Drought tolerant Katumani maize, cassava, pigeon peas and beans have been planted in demonstration plots.
9. Women Groups already in place and operational in promoting kitchen gardens and nutrition training.
10. Staff training in progress and already 9 staff members have received training in Project Monitoring & Evaluation, Organic Farming, Management of Rural Development, Participatory Development and Natural Resource Management.

IV. Project Outputs

<u>Description of Planned Targets</u>	<u>Status (% Completed)</u>
1. Staff recruitment/deployment	90%
2. Establishment of Seed Bulking Plot	100%
3. Livestock component tried	0% - but fodder planted in demonstration plot.
4. Participatory Rural Appraisal (PRA)	100% - communities now better understood.
5. Contact farmers identified	100%
6. Contact farmers trained	40% - Training in progress
7. Contact groups identified	50% - Identification in progress
8. Training on nutrition & food preparation	40% - Training in progress
9. Trees planted	100% - 2000 seedlings planted
10. Demonstration bulking plots operational	100% - 4 plots operational
11. Drought tolerant crops introduced and planted	100% - on demonstration plots.
12. Women's role highlighted	90% - WDO already working with women groups
13. Land base more secure	50% - trees planted in short rains.

V. Progress During Reporting Period

The short rains came on time and so far appear sufficient. Farmers have planted drought tolerant crops. The water pan and pipe laying were completed. However, no significant amount of water has collected in the pan.

A tree planting campaign has been mounted and achieved more than target results. Extension visits are going on.

VI. Evaluations and Audits

Final evaluation for the pilot project has been completed and presented in November 1994 but not yet reviewed by the mission.

VII. Issues, Problems, Delays and Corrective Actions

The water pan has not collected a significant amount of water as anticipated. Natural water channels are being sought so as to redirect more water in the water pan. Also considering further compaction of the channels.

VIII. Major Actions Planned for the Next Semester

Training of Farmers and Staff as well as extension visits will continue. Phase III of construction of 40 kms of the elephant fence will commence. Farmers will be taken for a Bio-intensive Gardening (BIG) training.

IX. Gender Considerations

80% of the community members who have been attending training are women. Also women are the majority of workers at the demonstration garden. The project has also successfully lobbied with the GoK to make available land for cultivation for more women who have no land.

PROJECT IMPLEMENTATION REPORT
April 1, 1994 - September 30, 1994

A___ B___ C___

I. BACKGROUND DATA

Project Title: Kenya PVO Co-Financing
Project Number: 615-0236
Date of Authorization: original 05/29/85 amendment 07/21/88
Date of Obligation: original 06/18/85 amendment N/A
PACD: original 04/30/95 amended to 04/30/95
Implementing Agencies: USAID/Kenya
Major Contractors: Price Waterhouse
AID Project Officer: Victor Masbayi
Status of CPs/Covenants: None

FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$ 12,000	amended to \$
Amount Obligated:	DA/ESF Grant: original	\$ 7,460	amended to \$
Amount Committed:	Period:	\$ 829	
	Cumulative:	\$ 7,372	
Accrued Expenditures:	Period - Projected:	\$ 586	
	Period - Actual:	\$ 374	
	Cumulative:	\$ 5,662	
	Period - Next:	\$ 797	
Pipeline:	Period - Beginning FY	\$ 1,843	
	Period - Actual	\$ 1,798	
Counterpart			
Contribution:	Planned:	\$ 2,629	
	Actual:	\$ 2,226	
% LOP Elapsed		83%	
% of Total Auth. Oblig.		62%	
% of Total Oblig. Exp.		75%	
% of Total Auth. Exp.		47%	

Date of Last Evaluation: Underway Next Evaluation: N/A
Date of Last Audit: Next Audit:
Date of Last Field Visit: 06/94 Next Field Visit: 01/95

II. PROJECT DESCRIPTION AND PURPOSE

Purpose: The purpose of the PVO Co-Financing Project is assist PVOs in Kenya to increase their development impact by strengthening their institutional, implementation and beneficiary outreach capabilities.

Project components: Assistance is given through grants, technical assistance, workshops and international training. Under grants component, grants are made to PVOs based on solicited and unsolicited proposals from the PVOs with a focus on developing institutional capacity. Technical assistance component involves the provision of consultancy services in the area of finance, management and evaluation. Annual workshops revolve around the topics that are related to capacity building. Selection of participants for international training is based on the identified needs of the PVOs and the ability of the participant to make an impact on the institutional capability of the PVO. Also, courses selected must respond to the PVOs weaknesses.

III. Progress Toward Purpose Achievement and Project Officer's Assessment

Increase in beneficiaries reached by recipient PVOs, strengthening institutional capacity, and improving/enhancing NGO and/or community sustainability, are the key EOPS of the PVO Co-Fi project.

<u>EOPS</u>	<u>Status Targets</u>	<u>Achievement To date</u>
<u>1. BENEFICIARY IMPACT</u>		
<u>GENERAL</u>		
a) beneficiaries reached		
- Households	8,150	15,711
- Individuals	62,593	83,032
b) Individuals trained	41,000	42,904
<u>HEALTH/CHILD SURVIVAL</u>		
c) No. of 'at risk' children weighed	5,400	8,259
d) No of children/mothers immunized	18,460	17,808
<u>WATER</u>		
e) Households with access to potable water	7,200	6,835
<u>AGRICULTURE</u>		
f) Household with increased production	7,400	11,460
<u>INCOME GENERATION</u>		
g) Jobs created	150	133
<u>2. INSTITUTIONAL STRENGTHENING</u>		
a) NGOs using improved management financial & implement systems	25	25
b) NGOs using evaluation in project planning & implementation	20	19
<u>3. SUSTAINABILITY</u>		
Linkages established between NGOs, industry, and donor community	20	19

Out of a target of 25 grants over LOP, the project has made 22 grants despite budgetary cuts.

Comments

The impact study completed during this period indicates a growing need among NGOs for capacity building, and concludes that the PVO Co-Fi project has made a major contribution in developing the capacity of the PVOs funded to date.

IV. Project Outputs

Description:	Targets	Status (% Completed)
Systems for collecting baseline data in place	60% of 25 grantees (15)	19 PVOs - 126%
NGOs with acceptable financial management systems in place	60% of 25 (15)	21 PVOs - 140%
NGOs staff trained	No target	90 trained
NGO staff sponsored for international training	between 5-10 per year (average of 7/yr) = 45	122%
PVO with evaluation systems established	At least 25 evaluations	19 - 76%
Institutional contractor utilized	15	40%

V. Progress During Reporting Period (April '94 - September '94)

- Grants: Five (5) grants were signed during this reporting period.
- Proposals: No new proposal was received during this period, since this is the final year of the project.
- Participant Training: A total of three (3) were nominated and proceeded for short term training.
- Evaluations: Farming Systems (K) and VITA/CITC carried out end of project evaluations. TOTOTO Home Industries completed their Mid-term evaluation during the report period.
- Management contract: No new activities were carried out under the contract
- Project Management: A project Financial Specialist and NGO Management Specialist have been identified to fill the two positions within the project and are expected to report during the first quarter of FY95.

VI. Evaluations and Audits

An Impact Study of the PVO Co-Financing project was completed during this period. An end of project evaluation is currently underway. The impact study has shown that the PVO Co-Financing project has made a difference to the institutional capacity of the PVOs supported, but that the project lacked baseline information on beneficiaries, and on the level of organization development of the PVOs supported. Such information would provide a better base for determining the growth in the institutional capacity of PVOs supported. This will be a priority in a new PVO project.

Work on the design of a new PVO II project is under discussion and a draft Scope of Work for the design has been completed.

VII. Issues, Problems, Delays and Corrective Actions

WORKLOAD: Being short of two staff, the Financial Management Specialist and the Project Specialist, there has been a heavy workload for the Project Manager and the Project Development Assistant.

VIII. Major Actions Planned for the Next Semester

- Complete End of Project Evaluation
- Design of a new PVO project

37

- Orientation of new staff
- Field visits to operational projects
- Close-out of expired grants

IX. Gender Considerations

Out of the 43 participants sponsored for short-term training under this project, 53% are women.

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPTEMBER 30, 1994

A ___ B X C ___

I. BACKGROUND DATA

Project Title: PL480 TITLE II-MORULEM IRRIGATION SCHEME
FY92-FY94

Date of Authorization: original 07/91 amendment 07/93

Implementing Agencies: WORLD VISION KENYA
Major Contractors: NONE
AID Project Officer: GEORGE MUGO

Date of Last Evaluation: 08/94 Next Evaluation: 08/95
Date of Last Audit: 09/94 Next Audit: 09/95
Date of Last Field Visit: 11/94 Next Field Visit: 06/95

FINANCIAL DATA

Amount Authorized: PL 480 TITLE II Original \$ 924,232 (Monetization)
amended to \$ 1,065,846 (Monetization)
+ 60MT Vegetable Oil (worth \$ 43,740)

Amount Committed: Period: \$ 1,160,000 (Monetization of 800MT MFDM)
+ 60MT Vegetable Oil (worth \$ 43,740)
Cumulative: \$ 1,160,000
+ 60MT Vegetable Oil (worth \$ 43,740)

Accrued Expenditures: Period - Projected: \$ 156,889
Period - Actual: \$ 125,736
Cumulative: \$ 598,682 + 60MT Vegetable oil
Period - Next: \$ 280,659
Pipeline: Period - Beginning FY \$ 770,493
Period - Actual \$ 209,175

Counterpart Contribution: Planned: \$ 407,456
Actual: \$ 93,438 - direct costs only.

% LOP Elapsed 106%
% of Total Auth. Commit. 109%
% of Total Commit. Exp. 52%

II. PROJECT DESCRIPTION AND PURPOSE

To develop an effective efficient and sustainable seasonal irrigation scheme on 614 acres at Morulem providing 1228 farmers each with a minimum plot size of 0.5 acres yielding a minimum of 450 kg maize or 720 kg sorghum per year to cover 80-100% of annual family cereal requirements.

57

III. Progress Toward Purpose Achievement and Project Officer's Assessment

Objective/Indicator	Progress												
<p>1. To extend the irrigation scheme from 150 to 614 acres by increasing the size of plots from 1/4 to 1/2 acres for 1228 farmers.</p>	<p>This has not been accomplished. The baseline plots size per farmer was later found to be 1/8 and not 1/4. The objective should therefore have been "to increase plot sizes from 1/8 to 1/4" (i.e. expanding the scheme by 153.5 acres) and not from 1/4 to 1/2.</p> <p>The following is the distribution of plot sizes among the MIS farmers:</p> <ul style="list-style-type: none"> - 15% families with 3/4 acre plots - 42% families with 1/2 acre plots - 17% single farmers with 1/4 acre plots - 26% families with 1/4 acre plots. <p><u>n.b: 86% of MIS families have been found to consist of 5 members.</u></p> <p>At present only 100 acres have been cleared for expansion and the canals have been extended.</p>												
<p>2. To rehabilitate the existing 150 acres by clearing the canals of silt and vegetation, establishment of measurement of flow conditions, completion of the drainage system and installation of regulating gates in all division boxes.</p>	<p>Canals are cleared of vegetation and silt but towards the harvesting season, when the farmers get busy maintenance is somewhat neglected. Flow conditions are met when canals are well maintained.</p> <p>Drainage system is incomplete and most of the drainage water flows into depression ponds while some is being re-used by farmers who have opened-up additional irrigation area leading to UNCONTROLLED EXPANSION of the scheme acreage. Very little is discharged back into the river.</p> <p>The division boxes are operational but some lack regulating gates.</p>												
<p>3. To strengthen and improve scheme management to ensure optimal water usage.</p>	<p>MIS by-laws have been established through a participatory process involving the farmers and are enforced by the MIS Management Committee.</p> <p>Canal maintenance work is poorly coordinated and tends to be neglected when farmers get busy during harvesting periods.</p> <p>A Management Committee has been established and committee members have been trained but most committee discussions are non-task-oriented leading to non-action.</p> <p>Little government input in technical assistance due to lack of staff and frequent transfers of extension officers. No memorandum of understanding exists between the MIS and the GoK or with WV/K.</p>												
<p>4. To provide farmers with appropriate agricultural technology, skills and practices to increase productivity to 450kg maize and 720kg sorghum per year per 1/2 acre plots.</p>	<p>Farmers use certified seeds, apply fertilizers, and control weeds and headsmut.</p> <p>Average crop yields expected in 1994 per 1/4 acre plots are:</p> <table border="1" data-bbox="834 1508 1528 1598"> <thead> <tr> <th></th> <th>Actual Est</th> <th>MYOP target</th> <th>% actual of target</th> </tr> </thead> <tbody> <tr> <td>Maize</td> <td>395kg</td> <td>225kg</td> <td>176%</td> </tr> <tr> <td>Sorghum</td> <td>823kg</td> <td>360kg</td> <td>229%</td> </tr> </tbody> </table> <p>74% of the families with more than 1/4 acre plots have the capacity for grain self-sufficiency and surplus. 26% of the families with 1/4 acre plots are meeting 70% of their grain requirements and would be self-sufficient if their plot sizes were expanded to 1/2 acre or more.</p> <p>There is adequate irrigation water in the river for at least 7 months per year for 2 cropping seasons of early maturing crops like cowpeas, sorghum etc.</p> <p>MOA extension officers are not consistently available for technical assistance. Farmers and committees have been trained but the process was not documented.</p> <p>A total of 54 'model' contact farmers have been established. Group trips were organized to other WV/K irrigation schemes in Narok, and to ASK shows in Lodwar and Nakuru as well as to Katumani Agri. Res. Centre.</p>		Actual Est	MYOP target	% actual of target	Maize	395kg	225kg	176%	Sorghum	823kg	360kg	229%
	Actual Est	MYOP target	% actual of target										
Maize	395kg	225kg	176%										
Sorghum	823kg	360kg	229%										

<p>5. To improve health, water and sanitation conditions by drilling 3 wells to provide potable water and for kitchen gardening and to construct 18 pit latrines.</p>	<p>The 3 wells were drilled and fitted with pumps but only 1 is functional after the other 2 pumps broke down due to silting. Most farmers rely on canal water for domestic consumption and for animals. The wells are away from residential areas and therefore not useful for kitchen gardening.</p> <p>12 pit latrines were dug but collapsed. 8 were re-excavated but only 3 have been fitted with concrete slabs but only 1 with a roof.</p> <p>Children below 5 years have good nutritional status but afflicted by diseases due to limited coordination of health activities. The Turkana Rehabilitation Programme which had been expected to carry out most of the health education terminated its mobile health extension services in 1991. The Public Health Technician, instead of the Divisional Health Officer has participated in a limited way.</p> <p>The children's good nutritional status has been attributed to availability of milk due to less disposal of livestock by the MIS farmers and also due to a MCH programme on children and pregnant and lactating mothers.</p>
<p>6. To introduce sustainable conservation and agro-forestry development practices among the scheme population.</p>	<p>Agro-forestry and conservation extension training sessions were done and involved 60 'model' farmers but was not documented. A conservation clause was included in the MIS by-laws. A total of 12,000 trees have been planted along the canals and 12 ecologically suitable trees identified.</p> <p>However, there is some evidence of encroachment of surrounding forest areas for grazing.</p>
<p>7. To promote optimal community participation in all aspects of project planning, implementation and decision making.</p>	<p>Community participation in design, planning, implementation, monitoring and evaluation was not well organized.</p> <p>The community participated in decision making and contributed to labor and time in canal maintenance, scheme extension/clearing, and digging pit latrines. Most of the farmers are aware of how the scheme operates, how to maintain the conveyance system and when and how to apply irrigation water.</p> <p>5 relevant committees exist with attendance to meetings of over 80%. However, the External Project Review Committee proposed in the MYOP was not constituted. The EPRC would have been responsible for reviewing periodic workplans and achievements/problems.</p>
<p>8. To develop and strengthen local institutional structures for greater community empowerment and self-reliance.</p>	<p>Most project roles and responsibilities have not been effectively shifted to community's own resource persons. The project did not realize its full staff establishment until the 3rd quarter of the final year.</p> <p>Some farmers were benefitting from relief food which was being distributed within a few meters from the FFW centre. Over 70% of the farmers interviewed expected relief food to continue. This relief food had attracted other people from outside the MIS which put considerable pressure on resources as well as damage to crops.</p> <p>Relevant government support in extension services not strong on the ground. Irrigation water is optimally used but alternative water sources have not been developed.</p> <p>Community not yet mobilized and empowered to tap external resources for development. Mobilization of internal resources still in form of labor.</p> <p>Most farmers say that MIS has given them the opportunity to contribute in shaping their destiny and improve the quality of their life. Grain supply has improved and has led to reduced disposal of animals from the average disposal rate of 5.7 units to 1.1 units for the MIS farmers.</p>
<p>9. To establish an effective and efficient commodity management system for support of FFW activities of the project.</p>	<p>Management for the FFW is efficient. However, there was evidence of weevil infestation on both harvested crops and FFW supplies which were often stored side by side in the same store.</p>

IV. Project Outputs

<u>Description of Planned Targets</u>	<u>Status (% Completed)</u>	
1. Expansion of the Moruilem Irrigation Scheme by 464 acres	22%	An extra 100 acres cleared
2. Rehabilitation of existing acreage	50%	Canals cleared but drainage incomplete
3. Strengthening and improving scheme management.	50%	Canal Maintenance poorly coordinated. Little GoK input in extension services. No MoU between WV with GoK and Community
4. To provide farmers with appropriate agric. technology, skills and practices to increase productivity to 450kg maize or 720kg sorghum per 1/2 plots	203%	Expected Est. 1994 yields, 395kg maize & 823kg sorghum per 1/4 acre plot
5. To improve health, water and sanitation by drilling 3 wells and constructing 18 latrines	53%	3 wells drilled and fitted with pumps but 2 pumps broke down. Only 1 latrine has been fully constructed.
6. To introduce sustainable conservation and agro-forestry development practices among the scheme population	80%	Agro-forestry and conservation training conducted but not documented. Some evidence of encroachment of the forest areas for grazing.
7. To promote optimal community participation in all aspects of project planning, implementation and decision making	75%	EPRC not constituted. Community participation not well organized.
8. To develop and strengthen local institutional structures for greater community empowerment and self-reliance	30%	Most project responsibilities not effectively shifted to community. 70% of the farmers interviewed expected relief food to continue being given. Relevant GoK support not strong on the ground. Community not yet mobilized to tap external resources.
9. To establish an effective and efficient commodity management system for support of FFW activities of the project	50%	There was evidence of weevil infestation of harvested food and FFW in the store.
Overall	68%	

V. Progress During Reporting Period

A field visit in June 1994 by USAID showed little project activity on the ground. World Vision presented a new 3-year proposal (MYOP for FY95-FY97) for approval. Approval process was put on hold pending the findings of final evaluation of the FY92-FY94 program. Evaluation was done between August/October 1994. Review of the evaluation is in progress.

VI. Evaluations and Audits

Final evaluation and financial audit were completed in October 1994. The findings of both are as per this report.

VII. Issues, Problems, Delays and Corrective Actions

A decision will be made by the Evaluation Review Committee regarding this program and the proposed FY95-FY97 program.

VIII. Major Actions Planned for the Next Semester

Actions for the next semester will depend on the decision of the Evaluation Review Committee.

IX. Gender Considerations

The beneficiaries of the project are 1228 farmers of whom 80% are women. Traditionally, women in Turkana community are responsible for agricultural and domestic activities. In this scheme, women have been primarily responsible for rehabilitation and extension work and are the main beneficiaries of scheme extension, agricultural extension training and FFW rations.

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPTEMBER 30, 1994

A__ B_X C__

I. BACKGROUND DATA

FINANCIAL DATA

Project Title: PL480 TITLE II - CATHOLIC RELIEF SERVICES
 FY94

Amount Authorized: PL 480 Title II original \$ 1,870,715 (MONETIZATION)
 + 5979 MT CSB
 + 834 MT VEGETABLE OIL
 + 958 MT B. WHEAT
 + 302 MT LENTILS

Date of Authorization: original 10/93

Amount Committed: Period: \$ 2,190,616 (Monetiz.of 10,510 MT WHEAT)
 + THE COMMODITIES MENTIONED
 Cumulative: \$ 2,190,616
 + THE COMMODITIES MENTIONED

Implementing Agencies: CATHOLIC RELIEF SERVICES
 Major Contractors: NONE
 AID Project Officer: GEORGE MUGO

Accrued Expenditures: Period - Projected: \$ 1,348,204
 Period - Actual: \$ 421,838
 Cumulative: \$ 700,987 + THE COMMODITIES
 Pipeline: Period - Next: \$ CARRYOVER INTO FY95
 Period - Beginning FY: \$ 2,190,615
 Period - Actual: \$ 1,489,629

Counterpart Contribution: Planned: \$ 0
 Actual: \$ 0

Date of Last Evaluation: 07/91 Next Evaluation: 01/95
 Date of Last Audit: 10/94 Next Audit: 10/96
 Date of Last Field Visit: 08/94 Next Field Visit: 12/94

% LOP Elapsed 113%
 % of Total Auth. Commit. 117%
 % of Total Commit. Exp. 32%

There were c/overs from FY93.
 Bal. from FY95 to be carried
 over to the approved FY95 pgs.

II. PROJECT DESCRIPTION AND PURPOSE

To improve the health and nutritional status of children under 5 years and to provide economic support to the most disadvantaged and vulnerable segments of society, particularly in food deficit areas.

12

III. Progress Toward Purpose Achievement and Project Officer's Assessment

a. Maternal & Child Health (MCH)

1. 26,236 children under 3 years were enrolled for the program and weighed on a monthly basis. The same number of children received food rations and 83% showed no weight loss.
2. 66 MCH centers carried out relevant monthly health and nutrition education sessions and over 57% of the participating mothers understood. 90% of the center personnel did counselling and home visits to 90% of mothers with growth faltering children. 88% of the participating children went for preventive and curative services referred by center personnel.
3. 4 out of 7 CRS counterparts fully and effectively managed all the components of the program. 92% of the center personnel were able to weigh children accurately, counselled appropriately, provided quality and relevant health and nutrition education, carried out home visits and guided participants to undertake food security interventions. 636 villages in Kitui and Machakos participated in Growth Monitoring Promotion (GM/P) with 480 trained Community Health Workers (CHW). There was a CRS organized counterpart workshop which achieved a 100% attendance.
4. 586 beneficiary families were actively involved in food security and health projects with an annual budget of \$42,198.

b. Family Life Training Centers (FLTC)

181 severely malnourished children and siblings were fed with 58 Mt food distributed to FLTCs.

c. Food For Work (FFW)

1. 2,678 workers were reached and benefitted from 227 Mt of Title II food commodities.
2. 261 ha of land was terraced, 2.7 ha planted with trees, 146 ha manured and 15 ha of gullies were healed.
3. 19,950 cubic meters of dams were constructed, 22,500 liters of water was made available through shallow wells, and 2,500m of piping was laid
4. 109 km of rural roads were constructed/rehabilitated and 3 food stores are under construction.

d. General Relief (GR)

2,647 disaster victims were given Title II food commodities on a monthly basis.

IV. Project Outputs

<u>Description of Planned Targets</u>	<u>Status (% Completed)</u>
1. Maternal & Child Health	75% - 4th Quarter commodities arrived in 1st quarter of FY95.
2. Family Life Training	42% - CRS dropped 8 of the original 14 FLTCs because of support by DANIDA and GoK.
3. Food For Work	52% - Improved only 523 ha out of targeted 1000 ha
4. General Relief	66% - This was complemented by the emergency program
5. Complimentary Projects	0% - these projects were delayed by the long approval process within CRS.

V. Progress During Reporting Period

Most of the food commodities were received late and delayed the program, e.g. the FY94 4th quarter commodities were received in October 1994. None of the complimentary projects intended to support food production and income generating activities of the recipients took off within the FY94. This is attributed to delays in approvals of identified projects by CRS Management. Two of the projects were approved toward the end of FY and will be implemented under the FY95 program. The commodities for free distribution received late will be treated as carryovers into the continuing programs under the FY95 program. Unexpended funds from FY94 will likewise be carried over into FY95 program.

42

VI. Evaluations and Audits

A financial audit has just been completed in October 1994 by a team from CRS Headquarters. The mission has not been issued a copy. A scope of work for an impact evaluation scheduled for January 1995 has been done.

VII. Issues, Problems, Delays and Corrective Actions

Generally, the program has been implemented according to the OP of FY94 program. The delays in achievement of set objectives were due to late commodity receipts and CRS internal approval process of the complementary projects.

VIII. Major Actions Planned for the Next Semester

All the pending activities and unexpended funds from FY94 will be carried over into the FY95 program. An impact evaluation of the FY94 program has been scheduled for January 1995.

IX. Gender Considerations

The MCH and FLTC components of the program involve 100% women (and children below 3 years of age). FFW, GR, and the complementary projects have 75% women involvement.

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPT 30, 1994

A__ B__ C__

I. BACKGROUND DATA

Project Title: Strengthening Democracy & Governance in Kenya (D/G)
Project Number: 615-0266
Date of Authorization: original 06/30/94
Date of Obligation: original 09/30/94
PACD: original 06/30/99
Implementing Agencies: MOF, IPAR, PVOs
Major Contractors: To be identified.
AID Project Officer: Nancy Gitau
Status of CPs/Covenants: None

FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$7 million
Amount Obligated:	DA/ESF Grant: original	\$400,000
Amount Committed:	Period:	\$400,000
	Cumulative:	\$0
Accrued Expenditures:	Period - Projected:	\$0
	Period - Actual:	\$0
	Cumulative:	\$0
	Period - Next:	\$N/A
Pipeline:	Period - Beginning FY	\$400,000
	Period - Actual	\$0
Counterpart		
Contribution:	Planned:	\$2,500,000
	Actual:	\$
Local Currency (FY)	Programmed: current (FY)	\$0
	Cumulative Receipts	
	from MOF (FY)	\$
	Expenditures (FY)	\$
% LOP Elapsed		%
% of Total Auth. Oblig.		%
% of Total Oblig. Exp.		%
% of Total Auth. Exp.		%

Date of Last Evaluation:	Next Evaluation:
Date of Last Audit:	Next Audit:
Date of Last Field Visit:	Next Field Visit:

II. PROJECT DESCRIPTION AND PURPOSE

The Project purpose is to strengthen the capacity of key democratic institutions. The Project consists of four components, namely, legislative performance to support Kenya's Parliament; policy analysis which involves support to the Institute for Policy Analysis and Research (IPAR); Accountability and Governance to enhance skills of staff of Controller & Auditor General and members of Public Accounts Committee and the Public Investment Committee as well as to assist the Ministry of Finance (MOF) on revenue collection and budgetary information systems; and strengthening civil society to support existing and emerging organizations committed to advancing democracy and good governance in Kenya.

III. Progress Toward Purpose Achievement and Project Officer's Assessment

Project implementation has commenced with the execution of a HB 13 Cooperative Agreement (CA) with IPAR. USAID/Kenya is currently involved in negotiations with the Government of Kenya (GOK) for signature of a ProAg for the Legislative Performance and Accountability and Governance components. Additional unilateral obligations are planned to support organizations that are outside GOK purview, namely, civil society NGOs.

Under the IPAR CA, Substantial Involvement Understanding (SIUs) specified include, a) review and approval of qualifications and scope(s) of work for key staff positions that will be funded by USAID (Executive Director, Program Director and finance and Administrative Director) prior to their employment, b) review and approval of design, modalities, and scope(s) of research/policy analysis and training conducted by recipient, and c) review and approval of the selection criteria for interns and visiting fellows funded by USAID/K. Disbursement of funds under the CA has not commenced since a condition precedent to disbursement require USAID/K to verify that IPAR meets USAID standards for management and financial capability. IPAR has made substantial progress in meeting this CP. They submitted a draft personnel and accounting manual to USAID/K in September. A final version is under preparation and it is expected at USAID before the end of November, 1994.

IV. Project Outputs

<u>Description:</u>	<u>Status (% Completed)</u>
■ Improved parliamentary ability to modify or even redraft legislation	0%
■ Improved quality of parliamentary debate on major public policy issues	0%
■ Increased access to and availability of information to members of parliament	0%
■ Reduced variation between actual spending & budget allocation	0%
■ Increased tax revenue	0%
■ Improved quality of GOK audited accounts	0%
■ Improved follow-up of audit recommendations	0%
■ Obsolete laws repealed & inconsistencies in law eliminated and relevant laws introduced to suit Kenya's market-oriented reforms of multi-party democracy	0%
■ Increased policy dialogue and debate	0%
■ A better informed civil society	0%

V. Progress During Reporting Period

- Project authorized and negotiations with GOK initiated
- \$400,000 obligated via cooperative agreement with IPAR

VI. Evaluations and Audits

None

VII. Issues, Problems, Delays and Corrective Actions

- Pace of negotiations with GOK has been slow, in part due to very limited GOK involvement in the project design process (GOK involvement was only on the legislative performance component). Although USAID/K preferred obligating all funds under a bilateral agreement, the GOK has indicated that it is willing to sign an agreement that covers only those areas with GOK involvement, namely, the legislative performance and accountability and governance components. Aside from the sensitivity of the proposed project activities, the GOK noted the need for host country contributions for activities outside its purview if all activities were included in the ProAg. This will allow project implementation to proceed, although issues/concerns regarding unilateral obligation without an MOU remain.

46

VIII. Major Actions Planned for the Next Semester

- Recruit and hire an interim Project Manager. (Due date: December 31, 1995. Action Offices: PRJ, EXO)
- Sign a ProAg for the Accountability & Governance and Legislative Performance components. (Due date: December 31, 1994. Action Offices: PRJ, PRG)
- Issue RFP for implementation of legislative performance component. (Due date: March 31, 1995. Action Offices: PRJ, RCO)
- Issue RFP for implementation of civil society component. (Due date: March 31, 1995. Action Offices: PRJ, RCO)

IX. Gender Considerations

None

u:\usaid\usaid.prj\docs\pir\dgpir2

DEMOCRACY AND HUMAN RIGHTS FUND (116 (e) (April - September, 1994)

During the report period, number of active grants were five, and number of grants whose PACD has expired but are not yet closed are six with total funding of \$532,400 since 1991.

Three new grants were approved during the PIR period. Post submitted 4 additional proposals to the Washington-based Democracy and Human Rights Fund committee for fallout funds which did not become available. The DHRF committee indicated that the requests for funds from Missions far exceeded the amount of funds available. The request will be re-submitted for FY 95 funds.

STATUS OF 116 (E) GRANTS

- 1) International Federation of Women Lawyers, Kenya Chapter
(Grant No. 698-9801-1048)

Purpose: To set up a legal clinic in Nairobi in order to provide the rights and improve the conditions of children and women prisoners.

Amount: U.S. \$45,000

Period of Grant: 07/12/91 - 07/31/93

Impact: The grant funded costs for two full-time lawyers who visited prisons around the country and gave free legal services to women and children. FIDA also lobbied the Government of Kenya (GOK) to revise Laws that discriminate against women and to improve prison conditions.

Progress/Status: Final Report completed; Audit report for the project was rejected by USAID as it did not conform to USG Standards for Audits contracted by foreign recipients. As a result, FIDA was asked to request the Auditor, Price Waterhouse, to resubmit another audit report that conforms to USG guidelines. New report has not yet been received by USAID.

- 2) Kenya Human Rights Commission (KHRC)
(Grant No. 698-0541.15-G-00-3063)

Purpose: To produce two book-length reports on: a) Human Rights in Kenya during 1993; and b) Human Rights Violations Against Ethnic Somalis of North-Eastern Kenya.

Amount: \$25,000

Period of Grant: 9/1/93 - 10/31/94

Progress/Status: A report on Human Rights in Kenya during 1993 was submitted to USAID/Kenya in August 1994. KHRC has become well known organization due to its detailed reporting on incidences of human rights abuses in Kenya. The second report on Human Rights Violations against the Somalis is still to be submitted.

Next steps: a) receive the second report, b) prepare project completion report, c) Project closeout.

3) International Commission of Jurists
(Grant No. 698-9801-G-00-1039)

Purpose: To provide support for a newsletter and two seminars.

Amount: U.S. \$70,000

Period of Grant: 05/22/91 - 07/31/93

Impact: The grant supported the publication of a newsletter; "The Kenya Jurist" and two seminars entitled "Human Rights, Justice and Peace" (September 19-22, 1991) and "Freedom of Expression, Association and Assembly" May 6-9, 1992. The Newsletter has covered such topics as police brutality in Kenya, refugees in Africa, crisis in leadership, tribal clashes and other topics that touch on civil and political rights. The Newsletter continues to be published after PACD. The grant to ICJ has played a critical role in furthering civic education in Kenya by bringing to public attention instances of political oppression. For example, the two seminars funded by the grant were attended by one hundred participants who included lawyers, government officials, trade unionists, church leaders and students. At the second seminars, a six-person special constitutional committee was formed to deliberate on and draft the minimal constitutional and legal reforms necessary for the introduction of sustainable multi-party democracy in Kenya. This committee has since evolved to include the Law Society of Kenya, the KHRC and ICJ.

Progress/Status: Final Report submitted to USAID/K. Audit completed but final report not submitted.

Next steps: Receive and review audit report and close-out grant.

48

4) International Commission of Jurists
(Grant No. 698-9801-G-00-1064)

Purpose: To meet the costs of establishing a paralegal clinic that will provide legal services to the rural poor.

Amount: U.S. \$30,000

Period of Grant: 08/31/93 - 08/31/94.

Progress/Status: Identification and training of paralegal workers has been completed and civil rights education for community workers is continuing. However, project implementation has been hampered by the economic problems facing the members of the partner group, Bakandu. Although the Bakandu members find the legal education valuable, they have been expecting economic support from ICJ despite the fact that economic support was not part of the project package. Due to this problem, ICJ is considering working with established organizations, such as churches and schools that have contacts with various groups at the local level. ICJ requested a one year no-cost extension on August 30, 1994. Mission has proposed a six-months no-cost extension to February 28, 1995 and the extension documentation is circulating for Mission clearances.

5) Windle Charitable Trust
(Grant No. 698-9801-G-00-2048)

Purpose: To provide support for a National Seminar for sensitization on refugee rights and law.

Amount: U.S. \$19,200.

Period of Grant: 08/13/92 - 12/31/93

Impact: In 1991, subsequent to the chaos in Somalia and Ethiopia, Kenya was listed by UNHCR as the fastest growing asylum country. GOK officials were ill-prepared to deal with this human tragedy. A conference was held during a time when 900 asylum seekers were pouring into Kenya from neighboring countries. It was attended by 70 provincial administration officials and immigration department staff serving at refugee entry-points. The conference discussed refugee rights and marked the first systematic approach to sensitization of Kenyan government officials to refugee rights. It assisted the Government of Kenya (GOK) in developing appropriate responses to refugee problems and therefore contributed to the promotion of human rights.

Progress/Status: Final Report completed and final voucher has been processed. Documentation to facilitate closeout is circulating for clearances.

6) Kituo Cha Sheria
(Grant No. 698-0541.15-G-00-2051)

Purpose: To provide support for a pre-election voter education program that would develop, produce and disseminate accurate information on voting and voter rights.

Amount: U.S. \$39,000

Period of Grant: 09/01/92 - 03/31/93

Impact: The grant funded the production of 4,500 audio tapes and 3,000 tapes in English and Swahili languages. These tapes were distributed in all Kenya's provinces. The project was based on the assumption that Kenya's general elections would be held in early 1993 and that the materials would be developed and distributed 6 months prior to the holding of the multi-party elections. Another assumption was that the GOK's monopolistic broadcasting media would make use of these educational materials in its voter education program.

However, the project faced several difficulties that lessened its intended impact. In the first instance, elections were held in December 1992 rather than in early 1993 as initially assumed. To have an impact on the 1992 elections, the grantee was forced to expedite project implementation to complete the project three months earlier than planned. As a result, some of the materials did not reach their intended beneficiaries. Also, the GOK-controlled broadcasting media did not make use of the materials as hoped. However, the educational materials were used by the electoral commission while the rest were distributed to all parts of the country. Given the circumstances existing at the time of the project, it has been extremely difficult to gauge the impact of this project.

Progress/Status: Final Report and Audit completed. Final voucher has not yet been submitted.

Next Step: Receive and review audit report and initiate closeout.

7) International Commission of Jurists/International Federation of Women Lawyers (FIDA/ICJ)
(Co-operative Agreement No. 698-054.15-A-00-2057)

Purpose: To provide support for Kenya's national elections.

Amount: U.S. \$100,000

Period of Grant: 09/30/92 - 03/30/93

Impact: The International Republican Institute delegation observed the 1992 elections and produced an internationally-recognized report on the conduct of the elections. Computers and other materials that were used by NEMU for the purpose of election monitoring were also provided under the grant and served to strengthen the organization's capacity to monitor elections.

8. International Commission of Jurists and Federation Women Lawyers (ICJ/FIDA)
(Grant No. 698-0541.15-G-00-2056)

Purpose: To provide support to a coalition of three monitoring organizations that would constitute the National Election Monitoring Unit (NEMU) for Kenya's multi-party elections held in December 1992.

Amount: U.S. \$100,000

Period of Grant: 09/30/92 - 03/30/93

Impact: The project funded costs for training of election monitors on election monitoring and on the basic provisions of the constitution. In addition, it coordinated efforts of domestic monitors with those of the international observers of the December 1992 multi-party elections. The project was important since this was Kenya's first multi-party election in 26 years and the first multi-party presidential elections ever. 4000 election monitors were trained and sent to all Districts in Kenya. In addition, NEMU produced a report on the elections that recorded serious abuse of the electoral process and concluded that the elections were not free and fair.

The grant built NEMU's capacity in domestic election monitoring and NEMU has been involved in the monitoring of by-elections that have occurred since 1992. NEMU has since evolved into a new organization known as Institute for Education in Democracy (IED) that will not only monitor elections and by-elections, but monitor Kenya's democratic process as well. IED has submitted an institutional strengthening proposal for consideration under the Mission's planned Democracy/Governance Project.

Progress/Status: An audit of the grant and CA to ICJ/FIDA was completed in March 1994 and audit issue has been closed. USAID is waiting for final voucher from FIDA/ICJ. Once this is received, USAID will initiate closeout.

9. Kenya Human Rights Commission (KHRC) RAP Project
(Grant No. 698-0541.15-G-00-4030)

Purpose: To support a rights awareness project.

Amount: \$20,000

Period of grant: 4/14/94 - 4/15/95

Progress: KHRC has developed and published training manuals, drama and interactive materials, as well as posters and stickers on human rights. The project hopes to finance a one-week seminar for legal educators.

The materials developed will promote rights awareness among youth and the under-privileged in Kenya, nurture belief in equality for all (with special emphasis on women's rights), and enhance the prospects for a stronger democracy and rule of law by empowering Kenyans to become better citizens.

Impact: The Rights Awareness Project (RAP) was initially conceived as an entity independent from KHRC. However, RAP was unable to register with the Government of Kenya (GOK) due to the caution exercised by the GOK with reference to human rights activities. As a result, RAP chose to operate under the umbrella of KHRC until it can obtain registration. It is currently operating as a department within KHRC. The project has developed a drama series entitled "You the Judge". The first play in the series entitled "the cut" endeavors to educate Kenyans on criminal trial process. This play was performed in various slum areas of Nairobi and at the National Theater where it was seen by 1,200 people over a one month period. Although USAID's grant supported the development of the drama materials, the play was sponsored by local firms and the Canadian CIDA.

Progress/Status: The play showed that drama is a very important educational tool that can be used effectively in civic education. The huge turn-out and the fact that audiences participated enthusiastically in the play's interactive sessions indicates the potential impact of this medium of communication in civic education in Kenya.

10. Kenya Family Development Association (KENFAD)
(Grant No. 698-0541.156-G-4029)

Purpose: To conduct a civic education program for women from North Eastern Kenya in order to strengthen their leadership positions at the grassroots level.

Amount: \$64,000

Period of grant: 4/14/94 - 4/15/95

52

Progress/Status: This has been a very problematic project that has consumed a lot of time for the Financial Analyst and the project officer. KENFAD has very rudimentary financial and accounting systems which has resulted in very poor financial reporting so that USAID must carefully scrutinize every voucher that the organization submits. However, the organization has made good progress in implementation of field activities. To date, 727 women in North Eastern Province have been trained in such topics as the concept of multi-party democracy, leadership representation and citizens participation in development activities. An average of 80 participants attend each seminar which lasts for a day.

Next Step: Although there is no provision for an end of project evaluation under 116(e) grants, an evaluation of the project before its PACD is planned.

11. Gender Sensitive Initiatives (GSI)
(Grant No. 698-0541.15-G-00-4031)

Purpose: To fund a five-day conference on "Democracy in a Multi-Ethnic Society" organized by the National Concerns Council (NACCO).

Amount: \$20,000

Period of grant: 04/14/94 - 04/15/95

Progress/Status: The project funded by this grant was a five day conference organized by the National Concerns Council (NACCO) on "Democracy in a Multi Ethnic Society." The conference provided a forum for discussing the issue of ethnicity with a view to resolving ethnic conflict in Kenya. The conference was held on June 29 - July 2, 1994 in Nairobi and was attended by approximately 80 participants including Members of Parliament from different political parties (excluding the ruling party), teachers, scholars (including the U.S.- based scholar, Professor Ali Mazrui), church leaders, etc. The conference discussed origins of ethnic conflict and concluded that though Kenya is an ethnically diverse society, there is no inherent reason for this to lead to conflict. It was felt that politicians had exploited ethnicity, inciting violence and hatred to further political goals.

The conference concluded that in order to avoid ethnic conflicts in Kenya, the power of the state must be reduced to allow for regional autonomy. A report on the conference is under preparation and may help assess the full impact of the project.

The grantee has not accounted for \$16,000 advanced for the conference in July. The Project Manager and Financial Analyst will follow-up on this issue with GSI.

ISSUES/PROBLEMS/DELAYS

1. The problems related to lack of financial and management systems faced by the recipients of DHRF continue. Most organizations involved in Human Rights activities are new with very rudimentary operational systems. Therefore, their capacity to submit technical reports, and account for funds effectively, is very low. This makes them management intensive.
2. The PACD for six DHRF projects have expired. However, since these organizations were governed by the audit regulation covering projects of over \$25,000, audits have to be completed before the grants are closed out.

ACTIONS PLANNED

1. Close out six grants (Due date: March, 1995. Action Office: PRJ, CONT and EXO)
2. Submit FY 95 funding requirements to Washington DHRF committee (Due date: November 1994. Action Office: PRJ)
3. If DHRF funds approved, award four grants. (Due date: March 1995. Action Office: PRJ)

U:\USAID\USAID.PRJ\DOCS\DG\pirdg

DISASTER RESPONSE GRANTS

I. DROUGHT/FOOD DEFICIT

- 1) CARE/Kenya Post Drought Transition, Grant # AOT-4031-G-00-4147

Goal/Objectives: Reduce dependency on relief and enhance food security in 4 northeastern districts through:

- A. Effective monitoring by training and fielding 32 monitors, doing baseline survey & monthly monitoring/reporting of key indicators;
- B. Distribute general relief commodities;
- C. Design & implement 100 FFW projects employing a max of 30,000 beneficiaries.

Amount: \$718,532

Period of Grant: June 1994 - March 1995

Progress/Accomplishments:

A. Baseline survey done but analysis incomplete; monitors trained and deployed in all districts but not full number; monthly monitoring/reporting of key indicators received regularly.

B. 75-79% of total rations being delivered.

C. 30 afforestation, dams, town cleaning FFW projects begun in 3 of 4 districts.

Impact: A 50% reduction in general relief beneficiary numbers has been announced in Sept without resistance from the communities. Human welfare indicators have improved in spite of the normal stresses of the dry season.

Issues/Concerns: Insecurity continues to impede normal migrational patterns, urban-to-rural return, timely distributions & monitoring in rural areas. Monitors encountering beneficiary resistance to monitoring questions; attempting to address through better training of monitors. Attempts to cover Tana River District with the Garissa staff unsuccessful; new staff being hired and trained. OFDA grant and FFP allocation processes very slow, causing CARE to advance own funds for 2 months to

get project started and to borrow WFP commodities.

II. CLASHES

1) MSF/Spain, Emergency Project For Victims Of Ethnic Violence In Kenya, Grant # AOT-2050-G-00-3135

Goal/Objectives: Meet the relief needs of ethnic clash victims by providing technical & financial assistance to local churches & NGOs in order to strengthen their relief capacities:

- A. Deploy 3 mobile teams to regularly visit & provide technical assistance & training to relief groups' operations;
- B. Thru local churches or NGOs, distribute relief supplies to 60,000 victims;
- C. Train church & NGO staff in disaster management;
- D. Establish local district committees for coordination of relief activities.

Amount: Originally \$492,060, expanded to \$ 885,520

Period of Grant: 3/15/94 to 8/31/94, extended to 3/18/95

Progress/Accomplishments:

- A. 3 mobile teams (each with a health & a logistics technician) covering Trans Nzoia (phased out), Bungoma, Mt. Elgon, Kisumu, south Nandi, western Kericho, Naivasha Division of Nakuru & Uasin Gishu districts working with 15 partner organizations.
- B. Provided \$153,000 (88%) of medical, nutritional, shelter, sanitation & water supplies & equipment to partners; beneficiary numbers not yet reported;
- C. 40% of training budget spent on on-the-job training; formal training sessions deemed unfeasible and less useful during initial stages;
- D. Coordination networks (local committees and/or health sub-committees) established or reactivated. Primary support for coordination committees taken over in 4 areas by UNDP program

Impact: Coordination groups functional in 4 areas due in part at least to MSF active attention to NGO reconciliation. Living conditions (shelter, water sources, sanitation facilities) visibly better for clash victims than before MSF project, however, substantive numbers not provided. GOK has gained sufficient

confidence in MSF to allow them into security zones to work.

Issues/Concerns: More areas & local NGOs requesting assistance than MSF can handle so staff spread too thinly; staff moved into field rather than work from Nairobi & Trans Nzoia area dropped when not enough interest was shown to warrant continued presence. Coordination/communication between PVO/NGO/UN agencies still inadequate as "turf" issues still arise; MSF focusing more on coordination committees & sub-committees and stepping up dialogue with UNICEF. Difficult to substantively measure impact.

2) UNICEF Project For Women & Children Victims of Ethnic Violence, Grant # AOT-4010-G-00-4199

Goal/Objectives: Work through local and government agencies to improve conditions for 60,000 displaced children & women by:

- A. Assist partner organizations to conduct needs assessments & develop implementation plans;
- B. Provide financial, material, technical, managerial and logistic support to partner organizations;
- C. Improve partner organizations' implementation and human resource capacities;
- D. Support coordination and equitable distribution of resources through liaison with all actors;
- E. Assist partner organization to develop appropriate monitoring & reporting systems.

Amount: \$ 1,046,181; first tranche \$550,000.

Period of Grant: 9/1/94 - 2/15/95; first tranche 9/1/94 - 1/15/95

Progress/Accomplishments: No reports received, no information available.

Issues/Concerns: Some overlap/confusion between "territory" &/or activities to be handled by UNICEF vs other PVOs/NGOs; UNICEF not communicating clearly to others how & where they are/will be working. Grant clause puts approval of sub-projects identified by UNICEF in hands of EXCOM; USAID/K & UNICEF/K put informal agreement of "USAID first review/approval" mechanism in writing, however system as yet untested. Reporting & accounting mechanisms not functional for USAID/K

monitoring purposes and USAID/K has little access to substantive implementation or accounting info to judge progress. Appears questionable whether UNICEF can access & spend remaining \$600,000 in 1 month before project end; no-cost extension probably necessary.

3) UNDP/GOK PROGRAM FOR DISPLACED PERSONS, GRANT # AOT-0410-G-4196

Goal/Objectives: UNDP to act as coordinator between GOK, donors, implementing agencies & affected communities to avail relief/rehabilitation resources and promote mediation & reconciliation, by:

- A. Support needs assessments and development of implementation plans;
- B. Provide financial, material, technical, managerial & logistic support, particularly in the agricultural sector to partner agencies;
- C. Assist partners to develop their implementation, monitoring & reporting systems & human resource capacities;
- D. Support coordination & equitable distribution of resources, particularly by establishing a UNDP/PIU field office.

Amount: \$1,200,000; first tranche 600,000

Period of Grant: 9/1/94 - 5/31/05; first tranche 9/1/94 - 1/15/95

Progress/Accomplishments: Few tangible, measureable impacts, however many small steps toward improving cooperation & dialogue between GOK and other parties:

1. National Coordination Committee for Displaced Persons (NCDP) & NCDP Executive Committee (EXCOM) established with representation from all constituent groups (displaced reps not yet identified);
2. Above committees serving as useful fora for greater exchange of info and discussion of sensitive issues/criticisms with GOK, thus creating greater GOK transparency/accountability on issues;
3. As national structures/relationships have evolved, greater cooperation received from local govt officials, including access by PVOs/NGOs to security zones;
4. 3 UNDP field offices opened & staffed, with resultant greater cooperation among UNDP, local GOK and PVO/NGO agencies in 2 of 3 areas;
5. UNDP field offices presence & increased familiarity with communities enhancing UNDP's ability to serve as

external check on abuses of power & as calming intermediary.

Issues/Concerns: Community representation still lacking at national coordination level & limited or non-existent at many district/local levels; members of EXCOM (including USAID) pressing district/local groups to name & actively include community participation. Continued perception by many donors, NGOs and communities that UNDP, as lead agency for program, lacks sufficient independence from GOK thus portraying current field situation & program progress in too positive light. UNDP/PIU does not have universal confidence of NGO & donor communities: perceptions of "empire building".

Grant clause puts approval of sub-projects to be funded thru this project in hands of EXCOM; USAID/K & UNDP/PIU put informal agreement of "USAID/K first review/approval" mechanism in writing, however system as yet untested. Reporting & accounting mechanisms not functional for USAID/K monitoring purposes. Field offices doing bi-weekly reporting but USAID/K has received no substantive implementation or accounting info to judge progress.

Country: Kenya
 Data as of: 06/30/94
 Date Completed:
 Office: Projects Office

1 PROJECT NO. AND NAME	2 DATE OF INITIAL OBLIGATION	3 PROJECT DESIGNATION (A,B,C)	4 STATUS OF CPs (Cite only if there are as yet unmet CP's older than 18 months)	5 SIZE OF PIPELINE (Cite if pipeline exceeds 2 years estimated average annual obligations)	6 AGE OF PIPELINE (Cite if any obliga- tion remains more than 50% unexpended 4 years after initial obligation)	7 ACCRUED EXPENDITURES (Cite if accrued expenditures are less than 60% of planned)	8 UNCOMMITTED BALANCE (Cite if balance exceeds 50% of obligation 18 months after the obligation)	9 EOPS A. (Cite if mission believes there is little chance of achieving EOPS before current PACD)	10 EOPS B. (Cite if EOPS are being achieved at higher level or faster rate than planned)	11 AUDIT A. (Cite if financial audit has not been done in last 18 months)	12 AUDIT B. (Cite if there are unexecuted IG recommendations older than six months)	13 EVALUATION A. (Cite if project has not been evaluated in last three years)	14 EVALUATION B. (Cite if activity has PES recommendations opened 6 or more months past PES target date for closure)
815-0238 PVO CO- FINANCING	06/18/85	B											
PL480 Title II CRS, WVRD & FHI*													

*The Mission has not been reporting on these activities due to the absence of FFPO, however, we have re-initiated reporting and will continue in future PIRs.

UNITED STATES GOVERNMENT
memorandum

DATE: January 3, 1995
REPLY TO
ATTN OF: Steffi ~~Meyer~~ ^{Heys}, Chief, Office of Projects
SUBJECT: Office of Program (PROG) - PIR meeting of Nov. 16, 1994
for the period April 1 - September 30, 1994
TO: See Distribution

The Semi-Annual PIR meeting for Office of Program was held on November 16, 1994. The agenda (+) and results (-) of the discussion are as follows:

A. Training for Development - 615-0234

1. + The PIR report indicates that an audit of the Pragma contract was planned for July 1994. Was the audit carried out? If so, what issues were identified? Why is another follow-on audit being planned for the next period?

- The Audit was scheduled to start in July, however, there was a delay from Washington.

- The audit is now planned for December 1994. The planned follow-on actions on audit are not for a new audit but for any actions required to close the recommendations that might come out of the planned December 1994 audit.

2. + A TDY was planned from USAID/W, G/Human Capacity Development Center to assist the Alumni Association develop its long-term strategies. What are the evolving strategies as a result of this TDY?

- This action was planned for the last PIR period when the decision was reached to extend PACD for TFD to September 1995. The objective of the TDY was to assess how the Alumni Association could be strengthened to obtain funding from USAID and other sources to carry out its activities. There is insufficient information available from past USAID experience on funding such an activity. This is partly due to the fact that no USAID Mission has given a grant to an Alumni Association and therefore, there is a dearth of knowledge on the subject.

- The Global/Human Capacity Development Center assessment study of the Kenya Alumni Association concluded that the Alumni Association cannot qualify for USAID funding at the moment, due to the registration requirement (the Alumni Association has to be registered as an NGO rather than as an Association). It was recommended that USAID provide technical assistance to the Alumni Association to help establish management systems.

3. + The Project PACD was extended during the period under review to August 30, 1995. What is the purpose of the proposed additional two-year extension? Does the limited remaining funding justify granting a two-year extension for additional activities proposed under the project?
 - A decision to extend the project beyond August 30, 1995 cannot be made now. USAID is waiting for a revised proposal from the Alumni Association to determine whether the objectives of the Association are consistent with those of the TFD project (to provide leadership training) A project review committee will review the proposal and advise the Mission on the next course of action.
 4. + Given the complexities involved in dollar-funded (appropriated) endowments, is establishment of an endowment an effective course of action? While Global may focus on broader endowment issues, does the Mission have the capacity to fully research the local scene, possibilities and limitations, and to monitor the activity?
 - The issue of whether or not to proceed with an endowment for the Alumni Association has been shelved as it is tied to the above issues of whether or not the Mission can assist the Association. However, a simple mechanism for endowment is being developed by the Global Bureau. Training Office to follow-up on this matter.
- B. Structural Adjustment Program Assistance - 615-0240
1. + The report indicates that the remaining issues under the project will be included as CPs/Covenants to the D/G project. The D/G PP has been authorized and the ProAg is being finalized with no specific CPs relating to this activity. What other options are available for the program office to address the unaddressed issues under this project? Do additional CPs need to be negotiated with the government?
 - D/G project is not a follow-on to the SAAPTAP and therefore, we cannot tie D/G CPs to the old project (SAAP). However, the D/G project negotiations are still underway and it is difficult at this time to determine how the negotiations will come out. Additionally, the evaluation of the SAAPTAP should look into the issue of sustainability of activities supported under the project.
 2. + The document prepared by TAI has failed to resolve the pending issues on the commodity audit. What are still the outstanding issues? When are these issues likely to be resolved?

- Three letters have been sent to TAI regarding the audit. To date no response has been received. Program Office will draft a fourth letter to TAI.

3. + The reports indicates significant progress in meeting project objectives but cites a lack of institutionalization. How would institutionalization be defined to determine sufficiency of project efforts? The report notes the development of the institution in the GOK structure, systems, budgets, personnel, etc. What more is needed?

- The project has achieved its targets. The issue is whether or not these achievements can be sustained. There are staff on board and the budgeting department is working. Although there has been high staff turnover, the Government has been able to maintain the staffing levels.

Tax Modernization

1. + USAID's decision regarding continued assistance to this activity was put on hold, awaiting GOK development of a proposal, possibly in the context of the budget speech for broader donor support for an independent tax authority. Was a proposal put up? If so, is the Mission likely to continue its participation in this activity?

- The African Development Bank (ADB) is committed to providing funds for activities previously covered by UNDP. However, the Mission is expecting to receive a proposal that will cover aspects that are not covered by ADB funding. Until this proposal is received, USAID cannot determine what it is likely to fund.

C. Program Development and Support - 615-0510

+ Even though the obligation rate of PD&S funds is good, the process for closing out activities is incomplete resulting in allot of funds being rendered invalid. What corrective options can the Program Office institute to correct the problem?

- The Program and Controllers Offices will work closely with Contracts Office to close-out the outstanding commitments that have expired. Corrective action might include limiting allocation of current year PD&S funds until all prior-year LSGA funds are utilized (only in exceptional cases will this not apply). However, the Program Office does not anticipate losing any money this year.

D. Human Resources Development Assistance - 698-0463.15

1. + The report indicated that the in-country training data is not in the PTMS. Why is this so? What does it entail to enter it in the system? Can this data entry task be done in-house? Does the level of effort required justify bringing somebody on board for this purpose for three months?
 - No external support will be sought for this purpose. Instead, a rover secretary will be brought on board to permit the training assistant to input the data. The project manager will follow up with personnel to ensure that a rover secretary is assigned for this purpose.
2. + What will be the focus of the planned HRDA evaluation?
 - The purpose of this evaluation is to assess the impact of the overall project on people trained in-country and in third countries.
3. + The report notes progress in providing training. Is there any information available on the utility of the training provided?
 - It was recommended that future PIR reports provide information on impact of the training provided under the Project.

Distribution

A/DIR:KToh
A/D/DIR:THobgood
EXO:JGranados
RLA:AVance
RCO:RWebber
CONT:(1 copy)
PROG: (1 copy)
PRJ: (1 copy)
RIG/A:(1 copy)
USAID/W:(2 copies)

U:\USAID\USAID.PRJ\DOCS\PIR\PROGPIR.MIN

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 TO SEPTEMBER 30, 1994

A X B C

I. BACKGROUND DATA

Project Title: Training for Development
 Project Number: 615-0234
 Date of Authorization: original 08/25/87 amendment 04/01/93
 Date of Obligation: original 08/26/87 amendment 04/01/93
 PACD: original 08/30/94 amended to 08/30/95
 Implementing Agencies:
 Major Contractors: Pragma Corporation
 AID Project Officer: Teresa Muraya/Aminah Salim
 Status of CPs/Covenants: None

FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$10,000,000	amended to \$10,500,000
Amount Obligated:	DA/ESF Grant: original	\$10,000,000	amended to \$10,500,000
Amount Committed:	Period:	\$ 6,565	
	Cumulative:	\$10,051,809	
Accrued Expenditures:	Period - Projected:	\$ 10,000	
	Period - Actual:	\$ 6,565	
	Cumulative:	\$ 9,987,872	
	Period - Next:	\$ 100,000	
Pipeline:	Period - Beginning FY	\$ 518,693	
	Period - Actual	\$ 512,128	
Counterpart Contribution:	Planned:	\$2,500	
	Actual:	\$1,000	
Local Currency (FY)	Programmed: current (FY)	\$64,516	
	Cumulative Receipts from MOF (FY)	\$	
	Expenditures (FY)	\$ 51,613	
	% LOP Elapsed	94%	
	% of Total Auth. Oblig.	100%	
	% of Total Oblig. Exp.	95%	
	% of Total Auth. Exp.	95%	

Date of Last Evaluation: 10/30/93	Next Evaluation: 00/00/00
Date of Last Audit: 07/01/94	Next Audit: 12/01/94
Date of Last Field Visit: 05/20/94	Next Field Visit: 11/26/94

II. PROJECT DESCRIPTION AND PURPOSE

The Training for Development Project is a \$10.5 million dollar general training project that provides long (academic) and short-term training to selected Kenyans with potential for professional leadership in both public and private sectors. The purpose of the project is to provide increased training for Kenyans who will hold positions of significant responsibility in national development.

Major Components are:

- a) Private sector training (include internships and follow-on activities in Kenya)
- b) Public sector training (include internships and follow-on activities in Kenya)
- c) Management of trainees by the Contractor
- d) Evaluation/Audit
- e) Follow-on activities (including Alumni Association)

5-

III. Progress Toward Purpose Achievement and Project Officer's Assessment

Project Officer's assessment, supported by findings of the impact evaluation, is that, overall, all EOP indicators of the Training for Development Project were met and/or significantly exceeded, and the impact in all categories was extremely high. Relative to the purpose EOPs, impact was very high. As a follow-on to their training, returnees have organized themselves and registered the Training for Development (TFD) Alumni Association. Efforts are underway to register as an NGO to more effectively address the needs of the Association. Such registration would also put the Association in a position to compete for USAID funding.

IV. Project Outputs

<u>Description</u>		<u>Status (% Completed)</u>	
Total Participants 189		100%	
Public: Long-term/Short-term		Private: Long-term/Short-term	
Male	25 29	Male	26 34
Female	18 22	Female	15 20

V. Progress During Reporting Period

1. During the reporting period the TFD Alumni Association initiated the process of registration of an NGO so as to qualify for a USAID grant. A TDY of Kathy Rose, from the G/Human Capacity Development Center, was arranged to assist the Alumni develop its long term strategies and institute a development agenda and management systems that would be appropriate for receipt of USAID funds.
2. The PACD was extended for one-year from 8/30/94 to 8/30/95 to allow the Mission find a mechanism for Alumni support.
3. Project property was disposed. Books, videos and reference materials went to the Alumni Association, office equipment and furniture went to the GOK (Directorate of Personnel Management), and household furnishings were auctioned by the GSO. Proceeds were to go towards Alumni support.

VI. Evaluations and Audits

Pragma audit was scheduled for June 1994.

VII. Issues, Problems, Delays and Corrective Actions

The Alumni Association is struggling to coalesce and focus. To assist it develop its long term strategies and institute a development agenda and management systems that would be appropriate for AID funding, the following actions are recommended:

- 1) Extend PACD from 8/95 to 8/97;
- 2) provide limited support through a buy-in to the Human and Educational Resource Network Support (HERNS).
- 3) consider long-term support through a central follow-on endowment mechanism, whose establishment is being initiated by the G/Bureau's HCD Center.

VIII. Major Actions Planned for the Next Semester

- | | | |
|---|---------------------|---------------|
| 1) Close-out of Pragma Contract - follow-up on audit and final voucher. | Muraya/Webber/Adams | Nov/Dec 1994 |
| 2) PACD extension (August 1995 to August 1997). | Muraya/Ragama | Dec 94/Jan 95 |
| 3) Support for the Alumni Association - buy-in to HERNS. | Muraya/Rose(G/HCD) | Jan/Feb 1995 |

IX. Gender Considerations

40% of the trainees were women. The impact evaluation found this category to have very high impact.

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPTEMBER 30, 1994

A. B X C

I. BACKGROUND DATA

Project Title: Structural Adjustment Ass. Prg. Microcomp.
 Project Number: 615-0240.02
 Date of Authorization: original 08/18/88 amendment 07/01/92
 Date of Obligation: original 05/15/87 amendment 07/01/93
 PACD: (Element) original 12/31/91 amended to 03/31/95
 Implementing Agencies: Ministry of Finance
 Major Contractors: Thunder and Associates, Inc.
 AID Project Officer: Elizabeth Martella
 Status of CPs/Covenants: N/A

FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$ 3,979	amended to \$ 6,518
Amount Obligated:	DA/ESF Grant: original	\$ 3,979	amended to \$ 6,518
Amount Committed:	Period:	\$ 0	
	Cumulative:	\$ 6,358	
Accrued Expenditures:	Period - Projected:	\$ 150	
	Period - Actual:	\$ 137	
	Cumulative:	\$ 6,358	
	Period - Next:	\$ 30	
Pipeline:	Period - Beginning FY	\$ 187	
	Period - Actual	\$ 161	
Counterpart			
Contribution:	Planned:	\$ 2,173	
	Actual:	\$ 2,173	
% LOP Elapsed		100-%	
% of Total Auth. Oblig.		100-%	
% of Total Oblig. Exp.		99-%	
% of Total Auth. Exp.		99-%	

Date of Last Evaluation: None Next Evaluation: 12/94
 Date of Last Audit: 02/20/93 Next Audit: N/A
 Date of Last Field Visit: 09/16/93 Next Field Visit: N/A

II. PROJECT DESCRIPTION AND PURPOSE

The Project is designed to provide technical assistance in support of the Structural Adjustment Program by financing among other things technical assistance, training and commodities to support the computerization of the budget process and the strengthening of the Budget Information System. Phase III focuses on institutionalization of this process.

III. Progress Toward Purpose Achievement and Project Officer's Assessment

The Microcomputerization Information Systems Department (MISD) started as a team of six junior staff assigned from the Government Computer Services (GCS) and became the Microcomputer Section of GCS in 1987. The department now has 35 staff. In November 1988 it was given status as a department and now consists of fourteen divisions or units. MISD has a full operational budget and individual client departments which provide operational budget support for their own computer systems. MISD is now also recognized by the GOK for the high quality and sustainability of its systems and for the systematic application of effective standards and methodologies for information strategies. Systems development standards and guidelines for information technology have been formalized and disseminated through MISD. The GOK, through the Ministry of Finance, has assumed most of the operational costs for the systems of MISD through its recurrent and development budgets so that operations will continue in the absence of donor financing.

IV. Project Outputs

<u>Description</u>	<u>Status (% Completed)</u>
1. Systems development and support capabilities in MISD	100%*
2. Microcomputer Systems Training Program	100%
3. The Budget Information System	100%
4. Priority Expenditure Control Information Systems	100%
5. Technical Maintenance Unit and Program	100%*
6. Systems Advisory Services and Development Support	100%

* Support capability fully-established, but MISD experiences fluctuations in capacity due to high staff turnover and lack of institutionalization of the MISD in MOF.

V. Progress During Reporting Period

The project effectively ended on March 31, 1994 in terms of technical assistance being provided by Thunder & Associates, Inc. (TAI). Amendment Number 4 to the Thunder Contract with the Ministry of Finance, which extended the contract to March 31, 1994, is presently in the review and clearance process at USAID. The Amendment was submitted by the MOF earlier in the year, but because of textual inaccuracies, was not approved by USAID. The only remaining actions are to conduct a post-project evaluation in December 1994 and to reconcile and clarify some procurement made by TAI and cited in an Non-Federal Audit (NFA).

VI. Evaluations and Audits

A final impact evaluation is planned for December 1994.

NFA: USAID has transferred action to USAID/W because TAI's original documents/files are in the Washington, D.C. area.
Commodity Audits: TAI has prepared and submitted the documents USAID requested (terms specified in the contract for procurement and management of commodities and clarification of how TAI complied with these contractual requirements); however, further clarification is needed. A letter was sent to TAI asking for this information including a list of commodities with values.

VII. Issues, Problems, Delays and Corrective Actions

Issues not successfully addressed during the life of this project (activity) will be reviewed/considered as covenants and/or Conditions Precedent for the Accountability Component of the Democracy and Governance Project presently under negotiation.

VIII. Major Actions Planned for the Next Semester

Project closeout.

IX. Gender Considerations

None.

68

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPTEMBER 30, 1994

A B X C

I. BACKGROUND DATA

Project Title: Tax Modernization
 Project Number: 615-0240.06
 Date of Authorization: original 08/31/89 amendment 00/00/00
 Date of Obligation: original 08/31/89 amendment 00/00/00
 PACD: original 12/31/91 amended to 03/31/95
 Implementing Agencies: UNDP/World Bank
 Major Contractors: Peat Marwick, HIID, Thunder & Associates
 AID Project Officer: Cyrilla Bwire, PRG
 Status of CPs/Covenants: N/A

FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$1,000,000	Amended to: N/A
Amount Obligated:	DA/ESF Grant: original	\$1,050,000	Amended to: N/A
Amount Committed:	Period:	\$ - 0 -	
	Cumulative:	\$1,000,000	
Accrued Expenditures:	Period - Projected:	\$1,000,000	
	Period - Actual:	\$1,000,000	
	Cumulative:	\$1,000,000	
	Period - Next:	\$ 0	
Pipeline:	Period - Beginning FY	\$ 50,000	
	Period - Actual	\$ 50,000	
Counterpart			
Contribution:	Planned:	\$ 200,000	
	Actual:	\$ 200,000	
Local Currency (FY)	Programmed: current (FY)	\$	
	Cumulative Receipts		
	from MOF (FY)	\$	
	Expenditures (FY)	\$	
	% LOP Elapsed	98%	
	% of Total Auth. Oblig.	100%	
	% of Total Oblig. Exp.	100%	
	% of Total Auth. Exp.	100%	

Date of Last Evaluation: 10/30/91 Next Evaluation: None
 Date of Last Audit: N/A Next Audit: N/A
 Date of Last Field Visit: 09/08/94 Next Field Visit: 12/06/94

II. PROJECT DESCRIPTION AND PURPOSE

This is a project to modernize Kenya's tax system. The major components are tax policy analysis, tax administration, and computerization. The project purpose is to support key structural reforms in Kenya's tax system and to strengthen tax institutions through the provision of policy advice, training and commodities.

III. Progress Toward Purpose Achievement and Project Officer's Assessment

1. An established Tax Policy Unit in MOF - This has been accomplished.
2. An operational and effective Tax Policy Unit - Good progress but additional time required.
3. An established Computer Support Unit in the Income Tax Department - this has been accomplished.
4. A fully functioning Computer Support Unit - Good progress but additional time and funding is required.

IV. Project Outputs

<u>Description:</u>	<u>Status (% Completed)</u>
1. Personal Identification Number (PIN) designed and implemented	100%
2. Provision of advice in tax policy analysis	70%
3. Computerization of the Master Tax File	100%

V. Progress During Reporting Period

The modernization of the taxation system is creating a more effective and efficient system. The tax base is being broadened, and more Kenyans who have the capacity to pay are being brought into the tax net through the Personal Identification Number (PIN). Tax rates have been lowered to encourage savings and investment and to support an export-led economy. Creation of an independent Tax Authority is proposed in order to enhance the competence and integrity of tax officers.

VI. Evaluations and Audits

The audit for this project falls under Agency Audits for International Organizations (IG Audits).

VII. Issues, Problems, Delays and Corrective Actions

None

VIII. Major Actions Planned for the Next Semester

Project closeout.

IX. Gender Considerations

Measurement of gender impact is difficult to assess for a project of this nature.

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPTEMBER 30, 1994

A B X C

I. BACKGROUND DATA

Project Title: Program Development & Support
 Project Number: 615-0510
 Date of Authorization: original 10/01/84 amendment 00/00/00
 Date of Obligation: original 01/30/85 amendment 00/00/00
 PACD: original 00/00/00 amended to 09/30/95
 Implementing Agencies: None
 Major Contractors: None
 AID Project Officer: Nimo Ali/E. Martella
 Status of CPs/Covenants: N/A

FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$ 7,548	amended to \$ N/A
Amount Obligated:	DA/ESF Grant: original	\$ 7,548	amended to \$ N/A
Amount Committed:	Period:	\$ 279	
	Cumulative:	\$ 7,150	
Accrued Expenditures:	Period - Projected:	\$ 92	
	Period - Actual:	\$ 100	
	Cumulative:	\$ 6,895	
	Period - Next:	\$ 275	
Pipeline:	Period - Beginning FY	\$ 750	
	Period - Actual	\$ 653	
Counterpart Contribution:	Planned:	\$ N/A (depends on specific LSGA amount)	
	Actual:	\$ 542	
% LOP Elapsed		N/A	
% of Total Auth. Oblig.		298.6	
% of Total Oblig. Exp.		294.3	
% of Total Auth. Exp.		293	

Date of Last Evaluation: N/A Next Evaluation: N/A
 Date of Last Audit: 08/08/88 Next Audit: 00/00/00
 Date of Last Field Visit: N/A Next Field Visit: N/A

II. PROJECT DESCRIPTION AND PURPOSE

1. CPSP related studies, sector assessments, or other special studies;
2. Project or program development, feasibility studies. Operation research and pilot testing hypotheses leading to final project design or new program direction;
3. Project level and non-project evaluations; and
4. On exceptional basis, (a) pre-project implementation costs or bridge funding; (b) monitoring and auditing of Local Currency; c) travel or short-term training costs for Host Country counterpart personnel.

71

III. Progress Toward Purpose Achievement and Project Officer's Assessment

Approximately 80% of the funds were used or earmarked for both design activities, pre-project implementation costs, and Strategic Plan related Studies. In addition about 50% of the funds under the FY93 LSGA was committed for Evaluation.

IV. Project Outputs

Description:

Status (% Completed)

N/A

N/A

V. Progress During Reporting Period

During the reporting period, the Mission managed to obligate 100% of the total budget allowance of \$396,000. However, about a third of these funds were obligated under a Limited Scope Grant Agreement and remains to be earmarked and committed for specific activities. Currently about \$74,000 have been earmarked for specific design activities and sector assessments studies.

VI. Evaluations and Audits

None

VII. Issues, Problems, Delays and Corrective Actions

There is a tendency to shy away from funds under the LSGA (in view of additional time required to secure GOK agreement for use of the funds), which leads to obligated funds under LSGA not being utilized by the PACD. In FY95 PD&S are Limited with almost 80% earmarked for Design activities and upcoming CPSP related studies. Once Fiscal Year 95 PD&S requirements are established, Technical Offices will be advised to use first the funds in the LSGA. The other problem faced in the Project is that, once activities are funded under PD&S, most activities are not liquidated on time. This is particularly evident during the 1311 review exercise. This has led to a big pipeline and might lead to audit issues if the project is audited. Technical offices who liquidate balances under their activities will be given Priority for PD&S funding. The Project Officer will carry out a review to liquidate old balances early in the second quarter.

VIII. Major Actions Planned for the Next Semester

The Project Officer is finalizing and establishing FY95 PD&S allocations in the next two weeks. A pipeline analysis of the Project is underway to establish unliquidated prior year funds which will be de-obligated. These are funds which are no longer valid. The Project Officer will work with technical offices to help them complete whatever paperwork necessary to commit funds under the LSGA and FY 1995 new PD&S funds.

IX. Gender Considerations

Mission uses PD&S monies funds to fund WID proposals as the only source available for such activities.

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPTEMBER 30, 1994

A B X C

I. BACKGROUND DATA

Project Title: Human Resources Development Assistance
 Project Number: 698-0463.15
 Date of Authorization: original 07/24/87 amendment 00/00/00
 Date of Obligation: original 07/07/88 amendment 00/00/00
 PACD: original 09/30/95 amended to 09/30/97
 Implementing Agencies: DPM/Private Sector Organization
 Major Contractors: None
 AID Project Officer: Aminah Salim/Teresa Muraya
 Status of CPs/Covenants: None

FINANCIAL DATA

Amount Authorized: N/A	DA/ESF Grant: original	\$2,108,970	amended to \$2,508,970
Amount Obligated:	DA/ESF Grant: original	\$2,108,970	amended to \$2,508,970
Amount Committed:	Period:	\$ 271,268	
	Cumulative:	\$1,857,457	
Accrued Expenditures:	Period - Projected:	\$ 200,000	
	Period - Actual:	\$ 50,850	
	Cumulative:	\$1,435,345	
	Period - Next:	\$ 200,000	
Pipeline:	Period - Beginning FY	\$1,079,491	
	Period - Actual	\$1,073,625	
Counterpart			
Contribution:	Planned:	\$257,250	
	Actual:	\$205,000	
% LOP Elapsed		88%	
% of Total Auth. Oblig.		100%	
% of Total Oblig. Exp.		57%	
% of Total Auth. Exp.		60%	

Date of Last Evaluation: 00/00/00	Next Evaluation: 01/11/95
Date of Last Audit: 03/30/94(FKE)	Next Audit: 12/01/94(DPM)
Date of Last Field Visit: 10/17/94	Next Field Visit: 11/28/95

II. PROJECT DESCRIPTION AND PURPOSE

HRDA is an African Regional Project whose purpose is to stimulate, facilitate and support national and regional training programs that supply qualified technical, scientific and managerial personnel and policy planners who will strengthen African development institutions; enhance the growth of the private sector; and increase the participation of Women in Development.

Major components are:

- Public Sector in-country training
- Private Sector in-country training
- Public Sector 3rd-country training
- Private Sector 3rd-country training
- U.S. Training (public and private sector)

III. Progress Toward Purpose Achievement and Project Officer's Assessment

- Public sector - DPM has effectively identified public sector training needs and facilitated delivery of quality training programs that are responsive to these needs.
- Private sector - Through a grant to the Federation of Kenya Employers (FKE), a number of small-scale export firms have been trained in areas supportive to Mission strategic objectives.
- Support for selected U.S. and third country training allows Mission flexibility to address discrete and important training objectives not addressed through on-going projects or where projects do not have training budgets.
- Approximately 50% of all those trained represent women.

IV. Project Outputs

<u>Description:</u>	<u>Target</u>	<u>Number Trained</u>	<u>Status (% Completed)</u>
U.S. Training	100	66	66%
Total trained	2500	2227	89%
Women trained	875	500	62%
Private Sector	1250	1017	88%
Third Country	200	122	61%

V. Progress During Reporting Period

A. Directorate of Personnel Management:

- Seven courses have taken place during this period
- Received/approved fourteen proposals from DPM.
- Four participants attended management training in ESAMI, Tanzania and Zambia
- Six participants attended short-term courses in the U.S. Two women in Private sector and Four Public Sector

B. Federation of Kenya Employers:

- Export Documentation Seminar
- Seminar on Trading in Comesa and PTA
- Export Market Development for women entrepreneurs
- Monitoring and Evaluation workshop for FKE staff
- Export Production Development Course
- One of the staffs (Mr. Nyikuli) participated to Kenya Investment Tourism and Trade Exhibition - KNITTEX, in August 2 - August 7, 1994.

VI. Evaluations and Audits

- Centrally-funded Project - Evaluation of African wide Evaluation in process
- DPM Audit planned for December 1994
- Mission evaluation January 1994

VII. Issues, Problems, Delays and Corrective Actions

Issue: In-country data not in PTMS.
Corrective Actions: Hire a Data Input clerk for three months.

VIII. Major Actions Planned for the Next Semester

- PIL for magistrates under way
- Prepare grant for Business & Professional Women's Club, PIL in circulation
- Review/approve additional courses from DPM
- Prepare funding documents for selected individuals and organizations
- Arrange Cedpa Women in Management course for in-country
- DPM Federal Audit
- Mission HRDA Evaluation

IX. Gender Considerations

The project has achieved the minimum acceptable standard, thirty-five percent of all women trainees.

Country: Kenya
 Data as of: 09/30/94
 Date Completed:
 Office: Program Office

1 PROJECT NO. AND NAME	2 DATE OF INITIAL OBLIGATION	3 PROJECT DESIGNATION (A,B,C)	4 STATUS OF CPs (Cite only if there are as yet unmet CP's older than 18 months)	5 SIZE OF PIPELINE (Cite if pipeline exceeds 2 years estimated average annual obligations)	6 AGE OF PIPELINE (Cite if any obliga- tion remains more than 50% unexpended 4 years after initial obligation)	7 ACCRUED EXPENDITURES (Cite if accrued expenditures are less than 60% of planned)	8 UNCOMMITTED BALANCE (Cite if balance exceeds 50% of obligation 18 months after the obligation)	9 EOPS A. (Cite if mission believes there is little chance of achieving EOPS before current PACD)	10 EOPS B. (Cite if EOPS are being achieved at higher level or faster rate than planned)	11 AUDIT A. (Cite if financial audit has not been done in last 18 months)	12 AUDIT B. (Cite if there are unexecuted IB recommendations older than six months)	13 EVALUATION A. (Cite if project has not been evaluated in last three years)	14 EVALUATION B. (Cite if activity has PES recommendations opened 6 or more months past PES target date for closure)
615-0234 TRAINING FOR DEVELOPMENT	08/28/87	A											
606-0463.16 HUMAN RESOURCES DEVEL. ASSIST.	07/07/88	B										(1)	
615-0240.02 SAAP (MICROCOM- PUTERIZATION)	05/15/87	B									(2)	(3)	
615-0240.06 SAAP (TAX MODER- NAZATION)	08/31/89	B			(4)	(4)	(4)						
615-610 Program Devel. & Support		B											

(1) An evaluation is planned for January 1995.

(2) NFA: Action transferred to AID/W.

Commodities: Satisfactory submission received.

(3) Scheduled for December 1994.

(4) UNDP has not submitted claims for funds reserved for the support of Tax Modernization. USAID/K will continue following the matter with UNDP.

75

memorandum

DATE: January 3, 1995

REPLY TO
ATTN OF: Steffi Meyer, Chief, Office of ProjectsSUBJECT: Private Enterprise Office (PEO) - PIR meeting of Nov. 22, 1994,
for the period April 1 - September 30, 1994

TO: See Distribution

The Semi-Annual PIR meeting for Private Enterprise Office was held on November 22, 1994. The agenda (+) and results (-) of the discussion are as follows:

Opening Remarks

The Office Chief in his opening remarks reported that: 1) the Kenya Rural Enterprise Program (KREP) and Capital Markets Authority (CMA) evaluations have been finalized. This completes the evaluation exercise for all the components of Private Enterprise Development (PED) project providing valuable lessons learned for the design of PED II; 2) the Office received a matching grant from USAID/W for PRIDE/Kenya; 3) the Trust Reflow Study, one of the most complicated arrangements USAID has been involved in, was completed; 4) a grant is being processed for International Executive Service Corps (IESC) under the Kenya Export Development Support (KEDS) project; 5) firm-level assistance under the KEDS project was initiated with fourteen firms assisted thus far; 6) KEDS project funds originally planned for support for the Export Processing Zone (EPZ) have been reprogrammed to support firm-level assistance, special studies and a new project component, Trade Finance; 7) PEO had a useful office retreat; 8) scope of work for PED II design and three sub-sector studies were completed in preparation for the project design; and 9) a process was initiated to recruit a private sector policy advisor.

A. Private Enterprise Development - 615-0238

1. + PIR report indicates that targets for membership, foreign exchange and new investment were not met because of the poor performance of assistance to IPC and KNCCI.

However, in the outputs section, the number of new investments approved by IPC indicates a 210% completion status. Why is achievement of the new investment only 37% vs. 210% for completion of the IPC output?

- The 37% new investment achieved reflects the overall PED project achievement. The figure is based on the actual new investment data that the office could capture, namely, investments under the Trust KREP and PRIDE components. The data tracking has not tracked the quantity of Investment Promotion Center (IPC) or KNCCI investments as these components were terminated prematurely, prior to the new investment data gathering exercise.

2. + What is the rationale for shifting assistance to IESC from PED to the KEDs project, given that IESC contribution to increased foreign exchange was minimal (9%)? How will IESC fit into KEDs activities, given that KEDs support is geared to supporting institutions that are export oriented and by implication must earn foreign exchange?

- The IESC assistance under the PED project had a different objective. It was not targeted to export promotion. The IESC evaluation recommended that IESC assistance be targeted to exports because of IESC's expertise in technology transfer, quality control and packaging assistance to small- and medium-sized exporting enterprises which is in line with the Mission's 1991-95 private sector strategy whose thrust is to promote export-led growth initiatives. The original KEDs project arrangements envisioned IESC technical services that would be incorporated under the Development Alternatives Inc. (DAI) contract. However, implementation of such a subcontracting arrangement proved to be unworkable because of the then existing MOU between IESC and USAID/W which allowed special provisions to IESC. This funding is being pulled out of the contract and a direct grant with IESC made.

3. + The report indicates that the proportion of KMAP operational expenses financed internally has gone down considerably with no corresponding increase in income. What are the chances of KMAP becoming a sustainable organization?

- The proportion of Kenya Management Assistance Program (KMAP) operational expenses financed internally by KMAP has gone down considerably with no corresponding increase in income because of: 1) inflation; and 2) the recent grant that KMAP received from ODA. KMAP has realized that sustainability is a big problem and in response has set up a sustainability committee to develop options for sustainability. Also during the period under review, KMAP increased its fee for registration and training. Its long-term business plan, while recognizing that R&D cost will continue to require outside funding, project substantial improvement in financial sustainability.

4. + The recently concluded evaluation of KREP indicated that KREP's lending to NGOs resulted in high arrears from clients to NGOs and that this may eventually harm KREP. What is the current status of NGO lending and what is KREP's strategy for addressing the problem? Can NGO lending be sustained? What is the implication of KREP's proposed move to convert its direct lending activities to banking to the future USAID assistance to the organization?

- One of the objectives of USAID assistance to KREP is to provide funds for the NGO lending program. The situation of high arrears from clients to NGOs has improved in the recent past. KREP has instituted a program aimed at making NGO lending become efficient. Most of the NGOs support is at 95% average repayment rate. KREP, in its effort to improve NGO lending, has; 1) hired a specialist to work on NGO lending full-time and 2) separated NGO lending program from other KREP activities. The NGO lending program is a sustainable program because KREP charges the NGOs minimal interest of 10%, while the NGOs charge the market rate, which is about 30%, providing enough spread for sustainability.

The implications of the conversion of KREP's direct lending to a bank on USAID/K program is difficult to tell now. However, KREP has given the whole exercise enough thought. A number of studies have been done to assess its viability. They have visited other countries having similar programs to learn from their experience. This issue will further be addressed during the PED II project design.

5. + The last PIR indicated that KAM had implemented 4 out of 10 decisions agreed between KAM and USAID after the evaluation. What is the status of the implementation of Project Evaluation Summary actions agreed to with KAM?
- The PES recommendations were aimed at strengthening the capacity of KAM. Out of the ten recommendations, seven have been fully implemented. The three remaining ones are: 1) a study tour to United Kingdom; 2) study tour to the U.S., all intended to expose KAM staff to other operations, and 3) training for the economist in policy analysis. The training for the economist is planned for June/July 95.
6. + What is the focus of the recently commissioned study on Trust? Is the study likely to resolve the issue of identifying 1) a new Trustee and 2) a new set Settler?
- The purpose of the reflow study was to figure out what to do with the money being paid from loan funds. The recommendations of the study include:
- (a) Continue lending out the reflows.
- (b) Meeting with Standard Chartered Bank to discuss whether it wants to continue to be the Trustee. If it does not intend to continue, then the Mission will search for a new Trustee through an open bidding process.
- (c) Trustee to select investment firms to borrow from Trustee and then on-lend to portfolio companies.
- (d) Creation of a board to supervise the Trustee.
7. + The report highlights the future relationship between PRIDE/Kenya and PRIDE/Africa as an issue. Why is this considered to be an issue?
- USAID/K has been associated with PRIDE/Kenya since 1991, through a U.S. PVO, Council for International Development (CID), which was a partner with PRIDE/Kenya in the implementation of a USAID grant. CID later ran into some problems and closed down. CID's management functions with PRIDE/Kenya were then taken over by PRIDE/Africa. PRIDE/Africa now want to create franchises in countries

where it is working but PRIDE/Kenya wants to operate on its own as an autonomous organization. We understand the issue is being addressed. Both have agreed through a memorandum of understanding to grant PRIDE/Kenya some leeway. However, the issue is further complicated as PRIDE/Kenya recently received a Belgium aid equivalent to US\$2 million through PRIDE/Africa. The PEO Office will continue to monitor the situation.

8. + The report indicates that KMAP will deplete USAID funding by early 1995 leading to a break in funding for the organization, between PED I PACD and PED II start up. Why will there be a break in funding? How long will the break be? What will be the effect of this break on both PED I and PED II? What options is PEO exploring to address the issue?

- The main cause for the break in funding are: (1) the appreciation of the Kenya Shilling, which reduced the amount of financial resources available to KMAP because the budget was based in US dollars; (2) KMAP did not receive adding funding in FY 94 under a no-cost extension; and (3) inflationary pressures have driven up salary costs more than anticipated under the grant. The Office also planned to have PED II in place by March 1995 which now appears to be unlikely. The options include: 1) deallowing funds from PED II to PED I for KMAP, 2) talking to ODA to pick some of the expenses currently being funded by AID, and (3) using financing under PD&S. PEO was requested to explore the ODA option.

9. + What are the outstanding IPC audit issues? When is PEO likely to resolve them? When is the Mission likely to receive the completed three recipients audits (KREP, PRIDE, Trust) for FY 93 that are still pending?

- The outstanding audit issue was for USAID to determine the allowability of the questioned and unsupported cost of US\$ 2,847. IPC submitted original documentation for all the disbursements. Based on the documents submitted, USAID allowed the unsupported cost of the same and requested RIG/A to close-out the recommendation. Regarding the recipient audits, the office has notified

the recipients that all the outstanding audits are due including the three completed audits. However, these completed audits have taken longer time to be submitted because they are taking into account the AID audit requirements which require higher-level testing.

B. Kenya Export Development Support - 615-0249

1. + The report indicates that no progress has been made in meeting some of the project objectives although LOP time elapsed is 43%. Why this low rate of achievement and there chances that these activities (EPPO seminars/workshops on policy studies, seminars/training held on export topics, and increased foreign exchange earning) will be completed?

- The low rate of achievement in some of the project objectives is because the procurement of project contractor took longer than expected, delaying some of project start-up in some activities by one year. The office is aware of the delay and efforts are being made to catch up. In fact the project is picking up very fast. Also, reporting on impact on some of the indicators, like foreign exchange and the employment indicators, requires more lead time before the tracking can start.

2. + The staffing of EPPO has been an issue for the project for quite some time now. What is the likelihood that GOK will respond to the recommendations made by the KAC in the August 4, 1994 meeting and those made by the Mission Director during the meeting held with the new Permanent Secretary? Should the GOK not respond to the two requests, what should be the Mission's next step? Do the 10 additional staff from the VAT Department fulfill the staffing needs of the Department?

- The intention of this covenant was to build capacity for policy analysis within EPPO. Since this is just a covenant, the PEO office cannot do much to ensure its implementation. There is a long-term advisor attached to this office who is trying to identify another constituency where the policy issues can be addressed. However, the capacity that will be left behind when the assistance ceases is the issue. The next step is to raise the issue in the mid-term evaluation. Mission management will also take up the EPPO issue with the financial secretary. PEO will be required to prepare a briefing note.

3. + The report indicates that non-traditional exporters may be negatively affected by the recent appreciation of the shilling and that the horticultural industry has made a request to the GOK to intervene. How does the project team view this request for GOK intervention in the shilling market in light of the project purpose for developing a more favorable trade environment?

- This issue has been an issue because of the credibility question created when the Government of Kenya (GOK) backtracked on some policy reforms last year. The KEDS team believes that the foreign exchange market is working. Nobody is manipulating the market. The recent deregulation of petroleum prices led to a rush to buy dollars, raising the price. The actual impact of this on exports will be clear by early 1995 when the economic survey is ready. Issues that worry exporters now are the fluctuations rather than the absolute rate of the shilling which make business planning difficult. Mission position is to support appropriate valuation of the shilling purely determined by the market forces.

C. Capital Markets Authority - 615-0240.04

1. + The CMA is positive that the recently published Bill proposing changes to the CMA Act would create an enabling environment for development of capital markets. What were the main changes proposed and how, in PEO's opinion, are they likely to realize the intended objective of enhancing the development of the capital markets?

- CMA sees the amendment as intended to increase wide participation at the NSE. NSE sees the acts as increasing the powers of the GOK. But the assessment of the situation depends on whom you talk to. The bill is now in Parliament. The project evaluators looked at the proposed amendments to the act and found them to be fine. The amendment include the normal clause you find in any CMA act in other countries. The issue is that the amendment is taking place when privatization is happening and makes people have some feeling that the GOK may have some hidden agenda.

2. + The PIR indicates that a recently concluded financial audit of CMA revealed weaknesses in their internal control structure. What is the target date for audit resolution?

- Two recommendations were made by the audit, one for the Mission to determine the allowability of the questioned and unsupported costs of US\$ 2698, and a second for receipt of a plan from the CMA for improving internal control systems. For the first recommendation, the amount was determined to be ineligible and the same recovered from NSE. On the second recommendation, CMA has already written to the Mission on steps being taken to improve the internal control system. The recommendation will be closed once the final plan is received.

Distribution

A/DIR:KToh
A/D/DIR:THobgood
EXO:JGranados
RLA:AVance
RCO:RWebber
CONT: (1 copy)
PROG: (1 copy)
PRJ: (1 copy)
PEO: (1 copy)
RIG/A: (1 copy)
USAID/W: (2 copies)

U:\USAID\USAID.PRJ\DOCS\PIR\PIRPEO.MIN

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPTEMBER 30, 1994

A_X B C

I. BACKGROUND DATA

Project Title: Private Enterprise Development
 Project Number: 615-0238
 Date of Authorization: original 06/05/87
 Date of Obligation: original Various
 PACD: original 09/30/94 amended to 09/30/95
 Implementing Agencies: Various
 Major Contractors: None
 AID Project Officer: Dennis Weller
 Status of CPs/Covenants: None

FINANCIAL DATA

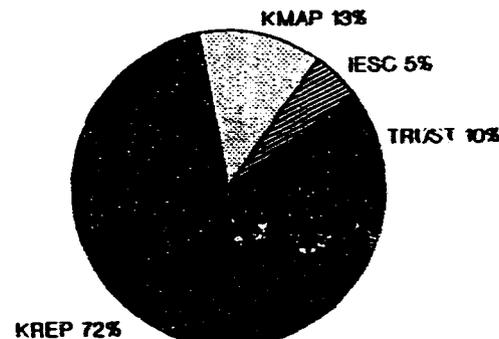
Amount Authorized:	DA/ESF Grant: original	\$ 25,000	amended to \$
Amount Obligated:	DA/ESF Grant: original	\$ 24,246	amended to \$ 23,724
Amount Committed:	Period:	\$ 508	
Cumulative:		\$ 22,753	
Accrued Expenditures:	Period - Projected:	\$ 2,252	
	Period - Actual:	\$ 713	
	Cumulative:	\$ 21,383	
Pipeline:	Period - Next:	\$ 2,015	
	Period - Beginning FY	\$ 1,835	
	Period - Actual	\$ 2,342	
Counterpart Contribution:	Planned:	\$ 7,000	
	Actual:	\$ 9,270	
Local Currency (FY)	Programmed: current (FY)	KSh 2,400	
% LOP Elapsed		- 88%	
% of Total Auth. Oblig.		- 95%	
% of Total Oblig. Exp.		- 90%	
% of Total Auth. Exp.		- 86%	

Date of Last Evaluation: Various	Next Evaluation: none
Date of Last Audit: Various	Next Audit: Various
Date of Last Field Visit: Various	Next Field Visit: Various

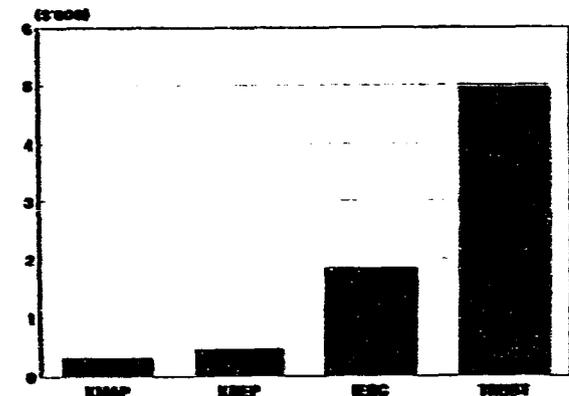
II. PROJECT DESCRIPTION AND PURPOSE The goal of the Private Enterprise Development Project is to increase growth among Kenya's private, for-profit enterprises. The project works toward this goal at two levels, and therefore, has a dual purpose: to strengthen institutions that can improve Kenya's business environment; and to encourage growth among Kenyan businesses directly through the financial and advisory assistance those institutions provide. The six institutions currently being assisted under PED have a wide range of activities and strategies. 1) International Executive Service Corps (IESC), an American PVO, provides technical and managerial assistance through retired American executive volunteers, and supplies information and research services mainly to small and medium sized, modern private sector firms in Kenya. 2) Kenya Association of Manufacturers (KAM), the primary institution representing manufacturers in Kenya, conducts studies and workshops on key policy issues in order to lobby for their members. 3) Kenya Management Assistance Program (KMAP) provides counselling to micro and small businesses using volunteer managers in larger Kenyan companies. KMAP also conducts workshop and links KMAP clients to a loan scheme at Barclays bank. 4) Kenya Rural Enterprise Program (KREP) provides loans to micro-enterprises through the minimalist approach. 5) Kenya Trust for Enterprise Development, which is implemented by Kenya Equity Management and Industrial Promotions Services, leverages equity from these venture capital firms by providing loans to new or expanding ventures. 6) Formerly assisted through KREP, PRIDE/Kenya now received funding directly from USAID to lend to micro-enterprises using a minimalist lending methodology. Indicators for the achievement of the project purpose are presented below:

INCREASE IN: ¹	EOPS	CURRENT	% COMPLETE
EMPLOYMENT	9,800	15,451	158%
NEW INVESTMENT	\$157 M or 4,382 M KSh	1,618 M KSh	37%
FOREIGN EXCHANGE	\$16 M	\$12.2 M	77%
SALES	\$34 M	\$56.1 M	165%
ASSETS	\$3.9 M	\$16.9 M	434%
ASSOCIATION MEMBERSHIP	6,937	1,443	21%

INCREASED EMPLOYMENT BY COMPONENT



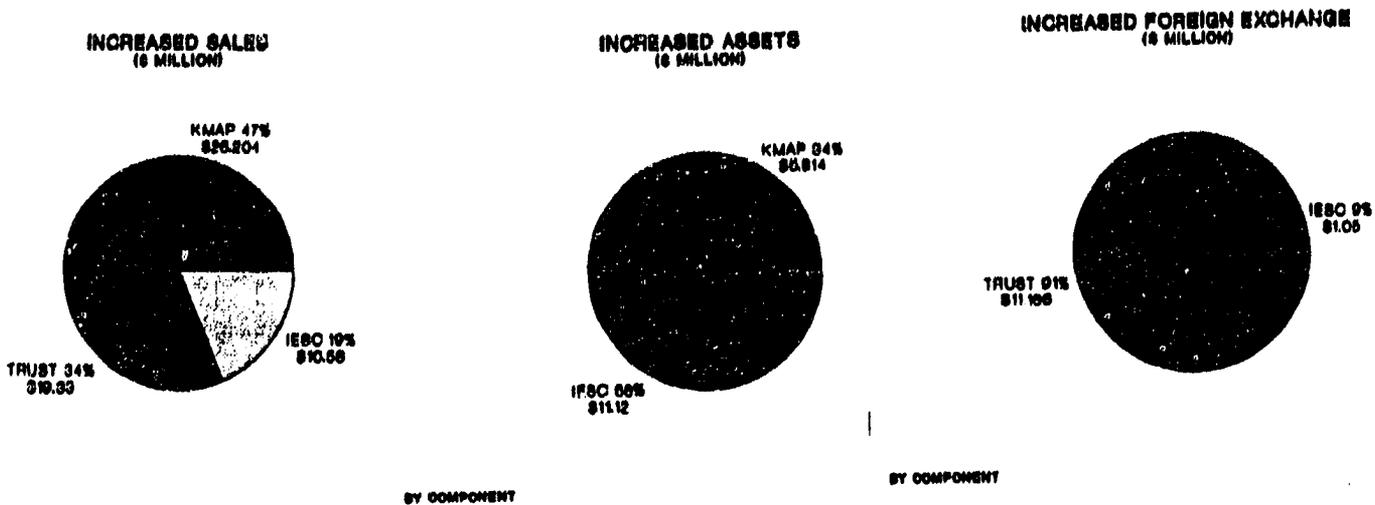
USAID FUNDING PER JOB INCREASED



¹Figures are estimates based on sample surveys, which resulted in wide confidence intervals. Thus, these figures should be considered indicative estimates, rather than exact numbers.

III. Progress Toward Purpose Achievement and Project Officer's Assessment

PED continues to perform well and achieve its goal and purpose. Working through four NGOs and two equity capital companies, a total of 23,960 firms have now been assisted, up from 15,700 reported last period. Prior to assistance, these firms employed approximately 56,000 employees, 45% of whom were women. A verification exercise on impact data has been completed for most implementing organizations. The data represent estimates based on surveys rather than actual data collected from all assisted firms. The estimates suggest that targets of increasing employment, sales and assets have been surpassed. The targets for membership, foreign exchange and new investment were not met, because of the poor performance of assistance to two agencies, the Investment Promotion Center and the Kenya National Chamber of Commerce and Industry, which was discontinued. Most significantly, the estimates suggest that employment increases in assisted firms have surpassed the target by more than 50%, with most of the employment being generated in micro enterprises assisted by KREP. The average USAID investment per job increased is approximately \$1,000, with the lowest being achieved by KMAP. The Trust takes the lead in increasing foreign exchange and IESC in assets (pending data from the Trust component), but micro enterprises assisted by KMAP increased sales most significantly. The PED project was extended for one year during the period to allow for continuation of project activities while the follow-on project is being designed. Due in part to the strong performance of micro enterprise assistance under the PED project, and in part to the results of a nationwide survey documenting the large size and dynamism of the micro enterprise sector, the follow-on project will focus more on micro enterprises.



IV. Project Outputs

DESCRIPTION	TARGET	THIS PERIOD	TOTAL	STATUS (% COMPLETED)
IPC Investment Approved	70	0	147	210%
KAM Policy Studies	10	0	9	90%
KEM/IPS Projects	20	2	18	90%
K-MAP Clients Registered	600	97	724	121%
KREP Firms Assisted	13,000	4,183	19,233	148%
IESC Clients	140	7	193	133%
PRIDE Borrowers TOTAL	8,750	1,876	6,642	76%
PED	5,082	1,876	2,974	59%

V. Progress During Reporting Period

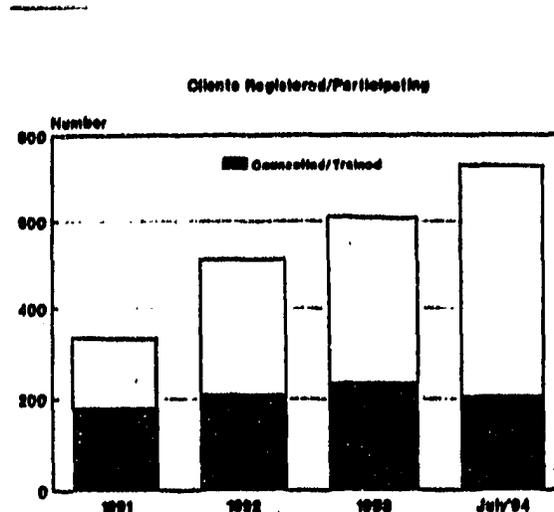
Investment Promotion Center: The IPC component will be closed out pending closure of the audit findings.

International Executive Service Corps: The Volunteer (VE) program continues to be effective in delivering technical assistance, transferring technical skills and technology and in helping small, medium and a few large firms to increase revenue, employment, assets and foreign exchange. The American Business Linkage Enterprises (ABLE) has also provided valuable trade, export and quality production information. A total of 33 ABLE projects have been completed to date. IESC has provided VE assistance to 193 firms of which 17% are women owned. Four (4) VE projects and six (6) ABLE sub-projects were completed this period. Also, during this period, IESC evaluated three (3) firms which have been in operation for one year since the VE assistance. The three firms have created a total of 45 jobs. To date 58 firms have been evaluated and an estimated 784 jobs created. These evaluations also revealed that sales and assets increased this period by 1.52M and 2.275M to new cumulative totals of 10.58M and 11.12M respectively. One of the projects evaluated during the period was Uchumi Chemicals which was completed on July 15, 1993. This firm which trades in Industrial Chemicals requested for IESC assistance to streamline their marketing efforts. After implementing the VE's recommendations, employment went up by 20%, sales increased by 15%, assets by 10% and export goods went up by 20%. IESC grant has not been closed out. Instead the Grant was extended to November 1994, and it is in process of being extended to December 1994. The purpose of the extension was to enable IESC to complete certain projects which were either started but required more time to be completed or were planned for but had not been started and also to avail sufficient time to refocus IESC assistance from PED TO KEDS.

Kenya Association of Manufacturers: KAM continues to act as a strong advocate for private sector policy reform, and is taking new initiatives to strengthen itself as an institution. During the reporting period, KAM held its Annual General Meeting (AGM) where the constitution was amended to restrict the Chairman's tenure to two years and to set the maximum age for Executive Committee members at 70 years. The Executive Committee elected Mr. A.C. Juma as the new Chairman for the association. KAM believes these changes were necessary in order to provide effective leadership for the association. As regards staffing levels, KAM recruited Mr. Z.N. Kahura as Senior Policy Economist who will also act as Deputy Chief Executive. A Corporate Strategy Study was completed during the period and is under review by KAM. On policy reform, KAM tracked several policy changes that will improve the business climate in Kenya. For example, GOK further liberalized the foreign exchange regime by allowing local borrowing by foreign controlled companies, repatriation of earnings by non residents, and 100% retention of export earnings. On taxation, GOK reduced the top tariff rate from 50% to 45% and also reduced the number of tariff bands from 8 to 7. In addition, GOK reduced the top VAT rate from 40% to 30%. As regards export finance, GOK has abolished stamp duty on promissory notes and bills of exchange in order to encourage short term trade financing. These are policies KAM has been advocating for through its studies and dialogue with the GOK.

Kenya Management Assistance Program:

K-MAP has continued to be a dynamic association catering to the middle range of micro enterprises: average K-MAP firm size is 4 employees, and around half are start-ups. The PED evaluation said, "It is difficult to envisage a project with as small a budget and secretariat that has achieved the same viability and outputs. This is supported by the relatively low USAID investment per job increased in assisted firm (\$400). The momentum of the K-MAP counseling program--the major thrust of USAID assistance to KMAP--has continued unabated. Likewise, special training sessions have attracted a wider audience and now cover their costs. Confidence in K-MAP is perhaps best exemplified by the overwhelming support by large companies who volunteer their executives for the counselling program. The total in-kind contribution by the business sector to K-MAP is estimated at about 20 million KSH, which represents 85% of K-MAP's total operational expenditure. The quality of advisory services is reflected in the high survival rate (94%) by micro enterprises receiving K-MAP assistance. K-MAP's effectiveness and bullish future is not missed by other donors. ODA (British aid) has recently funded a specialized program that intensifies and integrates the counseling and training functions. Financial sustainability remains the most worrisome aspect of K-MAP operations. The percentage of operational expenses financed internally was going up until a little over a year ago, when it reached its peak at 40%. Increases in cost without corresponding increases in KMAP membership fees cut into this index considerably and has reduced the percentage to about 20%. K-MAP's goal is to reach a 50% level by 1999.



Kenya Rural Enterprise Program: KREP achieved impressive results during the reporting period. Cumulative number of firms assisted reached 19,233, 61% of which are owned by women. Employment generated by firms assisted by KREP and its affiliated NGOs is estimated at 11,155. For example, an entrepreneur who runs a hair dressing business used the loan from KREP to purchase additional equipment. This resulted in increased business and she had to hire two more hair dressers. As her business continues to perform well, she plans to diversify into trading in textiles and hence hire additional workers. During the period, KREP integrated the Juhudi and Chikola loan programs into existing area offices. The changes are expected to increase efficiency and productivity in implementing the two schemes. The average loan repayment rate for the program is 97%. The Cooperative Agreement was extended for one year with additional funding of \$267,576. USAID external evaluation of KREP was completed. The findings were positive and we are discussing the evaluation recommendations with KREP. In addition, KREP completed its feasibility study for transforming its current direct lending activities into a private bank. KREP's board of directors is considering the results of the study prior to sharing the results with USAID.

Kenya Trust for Enterprise Development: During the period, KEM used the remainder of the \$7 million line of credit. New loans included \$185,000 to Plant Technologies, a modern farm/laboratory producing high-quality seedlings and plantlets for a variety of export crops; and \$400,000 to Prestige Express, a start-up rose farm that has already generated 120 jobs. Altogether, IPS and KEM have invested in 20 projects with 15 companies. According to the evaluation, employment increased in these assisted firms by 1,540 (33% female), and sales increased by \$19.330 million, as of December 1993. According to the evaluation, the TRUST has met its targets of increasing employment, investment and output. Equity investment and loans have gone to a wide range of firms including start-ups, small, medium and large firms. In part because this type of investment is not suited to micro enterprises, the Trust will not be a part of the follow-on project. However, a project committee met during the period, and decided that the substantial employment and economic growth impacts of the project merited continued use of USAID funds. Therefore, a study was commissioned to modify the Trust so that loan re-flows can be used in a similar manner after the PACD. USAID will have until the PACD to put this mechanism in place, but no specific close-out action is required.

PRIDE/Kenya: This is the first report for PRIDE/Kenya after receiving direct funding from USAID under the APPLE project. However, PRIDE, which operates a loan scheme for micro enterprises similar to the KREP model, has been supported under the local currency program since October 1993 and PVO Co-Financing Project since September 1990. The organization continues to perform well. During the period, the number of borrowers increased by 2,330 (49% owned by women) bringing the total to 2,974 since October 1993 when GOK/USAID funds were received. Cumulative number of borrowers since inception is 6,642. The loans are valued at Kshs 82,017,100 disbursed through ten branches. The repayment rate remained high during the period at 98%. The data from an impact study carried out during the period is currently being analyzed. Under the PED support, PRIDE is expected to reach 8,750 borrowers within a period of one year. However, we are in the process of hiring a consultant to assess the programmatic and financial viability of PRIDE's overall expansion plans and establish indicators for measuring performance.

VI. Evaluations and Audits

IPC: An audit was completed last period. The audit recommendations are in the process of being closed.

IESC: The evaluation was completed in April 1993. General findings were that IESC effectively assists small to large businesses to become more productive and increase employment, at below market costs. A USAID/W audit has been conducted and IESC Kenya audit issues resolved.

KAM: The audit recommendations have been closed; and the evaluation has been completed. General findings were that KAM plays an important supportive role in policy change by supplying policy options and technical information to key players, and that the training activity no longer requires USAID support because it can be self-financing.

KMAP: The evaluation was conducted in 1992. The evaluation found that KMAP had effectively and efficiently met its targets. The audit recommendations have been closed.

KREP: The evaluation, carried out in May 1994, concluded that KREP has contributed significantly to the realization of USAID PED objectives both as a beneficiary of resources - a situation that has allowed KREP to become a dominant player in micro-enterprise finance in Kenya - and as a provider of financial services and technical assistance to other micro-enterprise credit institutions. Issues raised include the possible separation of KREP's direct lending and non-sustainable activities. Audit for FY 1993 has been completed, but the report is still pending.

PRIDE/Kenya: A program and financial viability study is planned for 12/94. The FY 1993 audit is completed, but the report is still pending.

TRUST: The PES was completed in June 1994. The evaluation found that the Trust met its objectives of increasing employment, investment, and output, but the intended "venture capital" mechanism was not used. The recommendation was to hire a consultant to amend the Trust Deed to allow for the use of the reflows. This study is underway. The 1993 Audit was completed, but the report is still pending. The 1992 audit did not comply with USAID format and Standard Chartered Bank was requested to ensure that the 1993 audit report complies.

VII. Issues, Problems, Delays and Corrective Actions

1. Due to changing corporate objectives, Standard Chartered Bank is closing its investment services operations and may no longer be interested in being the Trustee for the Trust. A new Trustee may need to be identified and a new Trust Deed agreed.
2. Disbursement of funds to PRIDE has been delayed due to the CP requiring hiring of two additional accountants. PRIDE is in the process of fulfilling this condition.
3. The future relationship between PRIDE/Kenya and PRIDE/Africa has not been established.
4. KMAP, an NGO we are likely to continue supporting under the follow-project, will deplete its USAID funding by early 1995. This implies a break in funding between projects. PEO is exploring options to address KMAP's need for bridge financing.

VIII. Major Actions Planned for the Next Semester

1. New Trust Deed and Trustee in place	Jan '95	PEO:MMcVay
2. Program and financial assessment of PRIDE/Kenya	Dec '94	PEO: ZRatemo/MMcVay
3. KAM: Complete Corporate Strategy Study	Nov '94	PEO: MKimemia
Training in Policy Tracking System	Dec '94	
4. Extend current IESC Grant to Dec 31, 1994	Nov '94	PEO: AN'gan'ga
5. Close out current IESC Grant after the PACD	Nov '94	PEO:AN'gan'ga

IX. Gender Considerations

Women make up 44% of the employment increased in firms assisted through the PED project.

111. Progress Toward Purpose Achievement and Project Officer's Assessment

<u>Indicators</u>	<u>FOPS Targets</u>	<u>Impact To Date</u>
1. Increase in foreign exchange earnings (nominal dollar terms) from manufactured, horticultural and other non-traditional exports between 1990-1998	55%	25%
2. Increase in non-traditional exports as a percentage of total exports (1989 base year (42%), plus 6 percentage points)	48%	49%
3. Geographical diversification of export markets by reducing exports to EEC as a percentage of total exports (1989 base year).	39%	35%

The project has made significant progress toward achieving its purpose. In particular, non-traditional exports as a percentage of total exports have been increasing both by volume and value. This is mainly because of an improved trade policy environment and the implementation of the Duty/VAT Remission Scheme whose purpose is to make Kenyan exports price competitive. However, non-traditional exports may be affected negatively by the recent appreciation of the Kenya Shilling against other hard currencies. The horticultural industry has already represented its case to the GOK. The industry argues that Kenyan horticultural products are no longer price competitive due to the appreciation of the shilling, hence the need for GOK intervention.

IV. Project Outputs

<u>Description:</u>	<u>LOP TARGET</u>	<u>THIS PERIOD</u>	<u>TOTAL TO DATE</u>	<u>STATUS (% Completed)</u>
PUBLIC SECTOR COMPONENT:				
EPPO Seminars/Workshops on Policy Studies	10	1	1	10%
FIRM-LEVEL ASSISTANCE AND PRIVATE SECTOR COMPONENT:				
1. Export Firms directly assisted by PEMU	15-40	14	14	35%
2. Export firms assisted by IESC, referred by PEMU	10-20	0	0	0%
3. Increased employment in PEMU/IESC assisted firms (Average annual growth rate over project life.)	5%	0	0	0%
4. Increased foreign exchange earnings in PEMU/IESC assisted firms. (Average annual growth rate.)	10%	0	0	0%
5. International trade fairs attended by trade associations	15	1	7	47%
6. Seminars/Training held on export topics	15	1	4	27%
7. Participants trained in export seminars	300	78	372	124%
SPECIAL STUDIES COMPONENT:				
Special Studies	8-12	0	8	67%

V. Progress During Reporting Period (Qualitative Outputs)

A. **PUBLIC SECTOR COMPONENT:**

The KEDS Export Promotion Advisor at the Export Promotion Programmes Office (EPPO) continues to play an active role in pushing for trade policy reform through his participation in the policy-making process within GOK. Also the advisor has been instrumental in organizing the KEDS Advisory Committee meetings where policy and regulatory issues have been discussed. The KEDS project is therefore, associated with the current changes in the export policy environment.

During the reporting period, GOK announced several policy reforms that are intended to improve the Kenyan export environment. In the June 1994 Budget Speech, GOK abolished stamp duty on short-term commercial paper to improve export financing. GOK also abolished all export taxes and reduced the top import duty rate to 45%. In addition, GOK allowed duty free importation of capital goods for export production and increased tax deductible investment allowances for export oriented investments to 60%.

EPPO continues to create fora for constructive public/private sector dialogue. As a follow-up on the Export Finance workshop, EPPO and the Export Promotion Council (EPC) organized a meeting to discuss issues on the establishment of Export Finance and Insurance Corporation (EFIC) in Kenya. The meeting attracted officials from 24 banks and insurance companies who have agreed to develop a feasibility study for the proposed corporation. In addition, the KEDS Advisory Committee (KAC) met in August 1994 and discussed several issues, such as the findings of the export competitiveness study, the June Budget Speech and EPPO staffing levels. The KAC meeting recommended that KEDS should disseminate the findings of the export competitiveness study through workshops. The meeting also commended GOK on the ongoing trade liberalization and on abolishing stamp duty and export taxes during the June

98

1994 Budget Speech. In addition, the KAC recommended that EPPO staffing levels be improved as a matter of urgency. KAC is composed of both private and public sector senior officials and meets quarterly at the Ministry of Finance.

On institutional capacity, EPPO received 10 additional staff from VAT Department. GOK has now privatized EPPO's verification functions in order to accelerate DVR approvals. Currently, EPPO is dealing with 250 exporters utilizing the Duty/VAT Remission program.

B. SPECIAL STUDIES COMPONENT:

This component continues to provide essential information regarding policy, regulatory and firm-level constraints to export growth. The component also provides information on potential impact of non-traditional exports on employment and foreign exchange generation in the Kenyan economy. During this period, KEDS undertook a study on Employment in non-traditional exports. Preliminary findings indicate that the number of non-traditional exporting companies of all types rose from 1,500 in 1990 to about 2,000 in 1993 and of these, approximately 1,000 were classified as regular exporters. This study is expected to illustrate the impact of non-traditional exports on Employment in the Kenyan economy.

C. FIRM-LEVEL ASSISTANCE AND PRIVATE SECTOR COMPONENT:

1. PRIVATE ENTERPRISE MANAGEMENT UNIT (PEMU): Activities & Institutional Development

The most significant development of the KEDS project during the period was the implementation of firm-level assistance. PEMU initiated strategic consultancies with firms eligible for the Export Development Fund. The purpose of these consultancies is to focus assistance on the firm's priorities for export development. To date, 25 such consultancies have been provided to small and medium scale exporting firms. Of these, 14 firms were approved to receive the Export Development Fund (EDF) assistance. The average size of the firms assisted is in between small and medium-scale (58 employees) while the average size of EDF grants was \$6,000. One example of KEDS EDF assistance is Turasha Windsong Farm Limited, which is owned and managed by Mrs. Wangui Kimani. The firm is small with 22 employees and export sales in 1993 of \$89,000. The firm produces and exports cut-flowers. KEDS EDF grant of \$3,000 will assist the firm to procure professional services to develop Lisianthus, a new type of cut flower in Kenya with high demand in the export market. The firm is the pioneer of this new product.

Meanwhile, the PEMU Office continues to provide administrative support to the project through professional services of three long-term advisors: one Export Development Advisor and two Deputy Export Development Advisors. Mr. Timothy Durgan replaced Ms. Karen Potter as KEDS Export Development Advisor. During the reporting period, PEMU held a retreat to review KEDS goals and objectives and to raise issues for the upcoming mid-term evaluation. The retreat resolved that sustainability, capacity building, and environmental impact issues be integrated into the project. On the mid-term evaluation, the retreat recommended that a scope of work be developed by both USAID and KEDS team in order to address a wider range of issues, such as sustainability of technical assistance, support to parastatal agencies like HCDA and private sector associations. During the period, PEMU also developed an extensive and detailed KEDS monitoring and evaluation system. The Mission is in the process of approving a grant under the KEDS project to International Executive Service Corps (IESC), which was formerly assisted through the Private Enterprise Development project. The grant is to support IESC to provide export-oriented firm-level assistance, as planned for in the KEDS project. In addition, PEMU continues to provide support to trade associations as described below.

2. FRESH PRODUCE EXPORTERS ASSOCIATION OF KENYA (FPEAK): Activities & Institutional Development

On institutional development, FPEAK held its Annual General Meeting (AGM) in April 1994 which was attended by 82 members. The AGM elected five new Directors and Mr. Simon Ehangata was elected as new Chairman of the association. FPEAK also recruited Mr. David Gray as interim Chief Executive to the Secretariat. FPEAK has now revised its Memorandum and Articles of Association to be approved by an extraordinary AGM. For the first time, FPEAK organized the National Horticultural Conference which attracted senior GOK and private sector representatives. The association continued to work on the proposed Code of Practice and to produce the monthly newsletters for its membership.

3. HORTICULTURAL CROPS DEVELOPMENT AUTHORITY (HCDA): Activities & Institutional Development

HCDA organized a workshop on Fresh Herbs and Spices for export markets which was attended by 78 exporters. HCDA continued to work on the final draft of the Export Crop Manual which is being vetted by various local and international bodies for accuracy and completeness.

4. KENYA ASSOCIATION OF MANUFACTURERS (KAM): Activities & Institutional Development

KAM organized and participated in the Dar-es-Salaam Trade Show in July 1994 which was attended by 26 KAM members. The show resulted in approximately \$1.5 million in sales orders.

KAM Export Sector Committee continued to be active. During this period, KAM assigned two senior officers within the secretariat to the committee in order to organize trade shows more effectively. KAM also continued to produce the monthly newsletter to its membership.

VI. Evaluations and Audits

KEDS mid-term evaluation is scheduled for February/March 1995. The first audit is planned for in FY 96.

VII. Issues, Problems, Delays and Corrective Actions

1. To date, GOK has not fulfilled the Project Agreement's covenant requiring EPPD to be headed by a senior government official at the level of Deputy Secretary and to be fully staffed with at least three Chief Economists or specialists in trade policy. The Mission Director and the KEDS Advisory Committee have raised the issue with senior GOK officials and very little has been done. What course of action should the Mission take?
2. The Kenya Shilling has appreciated drastically against other hard currencies in the last few months. Proponents for this appreciation believe that the liberalization of the foreign exchange regime coupled with the recent devaluation of the U.S. Dollar are responsible and therefore, the market should continue to determine the appropriate exchange rate. On the other hand, critics of the appreciation of the shilling argue that Kenyan exports will decline and therefore, GOK should intervene in order to avoid a trade deficit position. What is the Mission position on the exchange rate management issues?

VIII. Major Actions Planned for the Next Semester

	<u>Target Date</u>	<u>Responsibility</u>
A. PUBLIC SECTOR:		
1. Hold Workshop on Export Sensitization	December 1994	EPPD & EPC
2. Complete KEDS Policy/Regulatory Reform Agenda	January 1995	EPPD:A. Strain/USAID: M. Kimemia
B. PRIVATE SECTOR INSTITUTIONS		
1. KAM Participation in Kampala International Trade Fair	October 1994	KAM
2. Completion of Export Crop Manual	December 1994	HCDA
3. FPEAK participation in trade show in France	Oct. 1994	FPEAK
4. FPEAK participation in trade show in Holland	Nov. 1994	FPEAK
C. FIRM-LEVEL ASSISTANCE		
1. Provide strategic Consultancies to 30 EDF applicants	Oct-Jan. 1995	PEMU
2. Provide EDF grant assistance to 25 exporters	Oct-Jan. 1995	PEMU
D. SPECIAL STUDIES		
Completion of NTE Employment Study	December 1994	EPPD
E. OTHER ACTIONS		
1. PIO/T for DAI Contract Amendments	Dec. 94	PEO:MKinemia
2. DAI contract Amendments	Jan. 95	CON:SHalvosa
3. IESC Grant Agreement	Nov. 94	CON:SHalvosa
4. Undertake Mid-term evaluation	Mar. 95	PEO:MKinemia/MMcVay

IX. **WID**

During the reporting period, the project funded a seminar on Exports of Fresh Herbs and Spices which attracted 78 participants of which 44% were women.

PROJECT IMPLEMENTATION REPORT
April 1, 1994 - September 30, 1994

A X B C

I. BACKGROUND DATA

Project Title: Capital Markets Authority (under SAAPTAP*)
 Project Number: 615-0240.04
 Date of Authorization: original 06/06/86
 Date of Obligation: original 08/19/88
 PACD: original 06/30/91 amended to 3/31/95
 Implementing Agencies: Capital Markets Authority
 Major Contractors: None
 AID Project Officer: Zack Ratemo
 Status of Cps/Covenants: Current

FINANCIAL DATA ('000)

Amount Authorized:	DA/ESF Grant: original	\$775	
Amount Obligated:	DA/ESF Grant: original	\$775	amended to N/A
Amount Committed:	Period:	\$ 31	amended to N/A
	Cumulative:	\$700	
Accrued Expenditures:	Period - Projected:	\$256	
	Period - Actual:	\$ 24	
	Cumulative:	\$631	
	Period - Next:	\$ 59	
Pipeline:	Period - Beginning FY	\$168	
	Period - Actual	\$144	
Counterpart			
Contribution:	Planned:	\$ -	
	Actual:	\$ -	
% LOP Elapsed		89%	
% of Total Auth. Oblig.		100%	
% of Total Oblig. Exp.		81%	
% of Total Auth. Exp.		81%	

Date of Last Evaluation: June/94	Next Evaluation: None
Date of Last Audit: Aug/94	Next Audit: None
Date of Last Field Visit: Sept/94	
Next Field Visit:	

* SAAPTAP: Structural Adjustment Assistance Project - Technical Assistance Program

II. PROJECT DESCRIPTION AND PURPOSE

The project was designed to expand the securities market, provide prudential regulation and establish industry rules and practices through the Capital Markets Authority (CMA) and the Nairobi Stock Exchange (NSE). The project seeks to increase the supply of debt and equity capital and ultimately provide a more diversified and stable financial base for Kenyan industry. An amendment granted assistance to the Nairobi Stock Exchange for preparation and release of educational/promotional materials to stimulate greater use of the Nairobi Stock Exchange by entrepreneurs and GOK for divestiture.

III. Progress Toward Purpose Achievement and Project Officer's Assessment

The purpose of USAID support to CMA has largely been met. Based on the findings of the recently concluded final project evaluation, it was observed that a reasonably well-formed and functioning, if still embryonic, capital market has developed in Kenya over a remarkably short period, and in a very adverse economic, financial and political context. That market should be capable of sustained growth. The evaluators concluded that the assistance provided by USAID was critical to both the quality and the timeliness of the development of CMA, which would likely have been placed in serious jeopardy if the assistance had not been available. It was during USAID's support that two of three core institutions that capital markets center around were built from the ground, i.e. regulator (CMA) and stock exchange (NSE). There is increased interest in the stock market. Seven new stock brokers were licensed to operate during the period. There are 5 new companies expected to be licensed before the end of the year to bring the total to 18 brokers. There continues to be a strong demand for the existing and new shares. In the reporting period the securities market in Kenya has had very robust trading. The value of shares traded from April to September 1994 is Kshs 1.3 billion, the same as for the period October 1993 to March 1994. In the period, there were two public offerings raising new equity of Kshs 2.15 billion. Listed companies gave out bonus share valued at Kshs 477 million. These increased the number of shares that could be traded from 986 million to 1.3 billion. However, the total capitalization of the market declined from Kshs 118 billion at the beginning of the period to Kshs 102 billion at the end of September 1994 due to low price index.

IV. Project Outputs

<u>Description:</u>	<u>Status (% Completed)</u>	
1) Awareness of CMA	60%	
2) Awareness of NSE	100%	
3) GOK divestment (Privatization)	25%	in fits and starts
4) NSE educational/promotional campaign	100%	
5) Established CMA (offices & staff)	100%	6/90
6) Modernized trading floor	100%	10/91
7) Legislation	100%	12/92

V. Progress During Reporting Period

The Project Assistance Completion Date of SAAPTAP project under which CMA is funded was extended to 9/30/95. As a result, we are planning to extend the PACD of CMA support to allow time for completion of staff training and strengthening of the accounting and internal control procedures whose implementation had been delayed. The host country contract with the Advisor ended in September 1994. There was change of management at the CMA in September 1994 involving replacement of the Chief Executive who has been with CMA since inception. We have not yet analyzed the implications of this change. A Bill was published proposing amendments to the CMA Act. The proposed amendments are designed to create an enabling environment for development of capital market; improve the legal and regulatory framework for a sound financial market; and allow all investors equitable access to the stock market. However, the proposed amendments generated a major debate from a cross-section of people arguing that the changes were intended to increase CMA (Government) control in the capital market. CMA has indicated that they received some useful comments that will be incorporated for discussion by parliament in the very near future. The new brokers admitted by the Nairobi Stock Exchange (NSE) received the requisite license from CMA in June 1994, and are now handling approximately 10% of the market. During the period, there were 2 new private sector companies listed on the NSE. Also, the NSE held two induction courses for the directors and operators of the newly admitted companies. The course was attended by 14 directors and 27 operators.

The privatization process continues to creep along slowly. Of 43 government owned companies sold to date, only 5 have been listed on the NSE. The majority of the sales (20) have been under preemption rights, i.e. an existing shareholder has been allowed to buy the GOK shares. Six (6) via liquidation. Seven (7) have been receiverships; five (5) have been sold as a result of inviting public bids. The original figure of 207 companies to be privatized were reduced by 37 which included 36 tea factories under KTDA and the Kenya Tea Packers Ltd (Ketepa) in which the GOK had no shares but had been listed as amongst the enterprises to be sold. Thus, there remain 170 parastatals on the GOK list of companies to be privatized.

VI. Evaluations and Audits

A final project evaluation was completed in September 1994. The evaluation found that the project achieved its purpose. "Prior to project commencement, capital markets in Kenya were not effective; subsequently they were. The generally successful outcome of the project, for its part, has certainly and well contributed to the broader SAAP and country objectives". A financial audit was completed in August 1994. The audit revealed that CMA internal control structure was weak and required strengthening. The audit recommendations are in the process of being closed.

VII. Issues, Problems, Delays and Corrective Actions

1. Future USAID support to CMA is uncertain. We are not sure that the new Private Enterprise activity under design will have a component to support development of capital markets. The evaluation findings observed that capital markets and NSE are still in their infancy and that further USAID support would be productive. Nevertheless, our outgoing advisor does not consider continued technical assistance or other donor support to be essential to the survival of the CMA and NSE. We are hoping that the design team of the new project will help think through and make a decision regarding our future support in this area. In the meantime, we are planning to meet with the new manager at CMA to figure out the immediate needs of CMA that can be accomplished if an extension is granted.

2. There is very little progress in the privatization of government corporations. Privatization could increase the number of listed companies and volume of shares in the market. The mechanisms are in place for sale of parastatals through the NSE. Project management recommends that any further project assistance to CMA be tied to the privatization process with a view towards getting the GOK to make better progress on selling the entities in a timely and transparent fashion.

VIII. Major Actions Planned for the Next Semester

- Process CMA Evaluation findings	December 94	PEO:ZRatemo/McVay
- Extend CMA assistance	December 94	PEO:ZRatemo

IX. Gender Considerations

WID impacts are difficult to assess in projects of this nature and it has not as yet been attempted by project management or the implementing agencies.

office directory:\pircma.994

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPTEMBER 30, 1994

A ___ B X C ___

I. BACKGROUND DATA

Project Title: Kenya Export Development Support
 Project Number: 615-0249
 Date of Authorization: original 06/19/91 amendment 08/23/94
 Date of Obligation: original 07/12/91 amendment 04/01/93
 PACD: original 12/31/98 amended to 00/00/00
 Implementing Agencies: KAM; FPEAK; HCDA; EPPO
 Major Contractors: DAI
 AID Project Officer: Migwe Kimemia
 Status of CPs/Covenants: All CPs to initial disbursement have been fulfilled, but the covenant regarding EPPO staffing has not been met.

FINANCIAL DATA (IN THOUSANDS)

Amount Authorized:	DA/ESF Grant: original	\$15,000	amended to \$N/A
Amount Obligated:	DA/ESF Grant: original	\$ 6,728	amended to \$N/A
Amount Committed:	Period:	\$ 120	
	Cumulative:	\$ 4,212	
Accrued Expenditures:	Period - Projected:	\$ 1,744	
	Period - Actual:	\$ 492	
	Cumulative:	\$ 2,967	
	Period - Next:	\$ 2,695	
Pipeline:	Period - Beginning FY	\$ 4,253	
Period - Actual		\$ 3,761	
Counterpart			
Contribution:	Planned:	\$ 346	
	Actual:	\$ 51	
% LOP Elapsed		43%	
% of Total Auth. Oblig.		45%	
% of Total Oblig. Exp.		44%	
% of Total Auth. Exp.		29%	

Date of Last Evaluation: 00/00/00	Next Evaluation: 02/20/95
Date of Last Audit: 00/00/00	Next Audit: 10/15/96
Date of Last Field Visit: 09/09/94	Next Field Visit: 12/15/94

II. PROJECT DESCRIPTION AND PURPOSE

The purpose of the KEDS Project is to increase non-traditional exports through increased investment in the export sector and development of a more favorable trade environment. The KEDS Project has four major components: 1) Public Sector Component provides support to the newly established Export Promotion Programmes Office (EPPO) to assist GOK in implementing export incentives programs; 2) Firm-Level Assistance Component provides direct assistance to Kenyan exporting firms and to several export sector support organizations to expand non-traditional exports; 3) Special Studies Component is intended to develop policy analysis capability within EPPO to improve Kenya's export climate; and 4) Trade Finance Component will provide pre-shipment financing through an Export Credit Guarantee Facility to enable new and small-scale exporters without tangible collateral to purchase inputs required to fill export orders. (The Fourth Amendment to the KEDS Project Grant Agreement has been officially signed by the Mission and GOK. The amendment entailed dropping the EP2 Swap Facility component and including the Trade Finance component by reprogramming funds under the project.)

oh

Country: KENYA
 Date as of: 06/30/94
 Data Compiling:
 Officer: Private Enterprise Officer

1	2	3	4	5	6	7	8	9	10	11	12	13	14
PROJECT NO. AND NAME	DATE OF INITIAL OBLIGATION	PROJECT DESCRIPTION (A.B.C.)	STATUS OF CP (Check only if there are no yet issued CP's other than 18 months)	SIZE OF PIPELINE (Check if pipeline exceeds 2 years estimated through annual obligations)	AGE OF PIPELINE (Check if any obliga- tion exceeds more than 18% unperformed 4 years after initial obligation)	ACCUMULATED EXPENDITURES (Check if accrued expenditures are less than 80% of planned)	UNCOMMITTED BALANCE (Check if balance exceeds 50% of obligation 18 months after the obligation)	EOPS A. Check if mission statements are in both classes of achieving EOPS (within current PRCS)	EOPS B. Check if EOPS are being achieved at higher level or number rate than (planned)	ADDT A. Check if mission statements for next year State at least 18 months	ADDT B. Check if there are uncommitted commitments in last three years	ENCLOSURES A. Check if project has not been initiated in last three years	ENCLOSURES B. Check if project has not been initiated in last three years
615-0228 PRIVATE ENTERPRISE DEVELOPMENT	06/15/87	A											(1)
615-0208 KENYA EXPORT DEVEL. SUPPORT	07/12/91	B		(1)									
615-0208.04 CAPITAL MARKET AUTHORITY	04/20/94	B											

(1) BEC and EMAP.
 (2) Project implementation delayed by 1 year due to institutional constraint (procurement process).

95

memorandum

DATE: January 3, 1995

REPLY TO
ATTN OF: *Steff Meyer*, Chief, Office of Projects

SUBJECT: Office of Population and Health (PH) - PIR meeting of
Nov. 23, 1994, for the period April - Sept. 30, 1994

TO: See Distribution

The Semi-Annual PIR meeting for Office of Population and Health was held on November 23, 1994. The agenda (+) and results (-) of the discussion are as follows:

Opening Remarks

On the staffing side, this is the first PIR for three new staff recently hired in the Office.

USAID/PH funded portfolio continues to make an impact. During the period under review the analysis of the National Demography Health Survey showed that the fertility rate is now at 5.0% while population growth is below 3%.

The office has developed a good estimate of the total cost of the National Family Planning Program in which USAID is the major donor, funding up to 60% of the program cost. This means that the impact on population growth and fertility rate decline can be closely associated with our program.

On AIDS, USAID is the leading donor in condom provision. The condom program has led to 140,000 fewer AIDS cases since 1989, and possibly 10,000 fewer AIDS-related deaths. This indicates a significant impact from provision and use of condoms in Kenya.

On the negative side, USAID/Kenya decided to suspend the NPA HCF program assistance to the Ministry of Health (MOH). The suspension has implications for both the HCF project/program and for the new PH project.

PH will be working full-time on the design of the new project for the next two months. This will have implications for what PH reports in the next PIR.

A. Family Planning Services and Support - 615-0232

1. + A Bill of Collection was issued by the Mission to close audit recommendations (2.5 and 2.6). Has the GOK responded to the BOCs? If not, what are the next steps for the mission?

- This issue has been with GOK for a long time. The new Permanent Secretary in Treasury is quite interested in solving the matter. Treasury has written to the line Ministries instructing them to respond to the BOCs. Mission Controller will write one follow-up letter covering all the pending BOCs. Mission management will also take the matter up with the Financial Secretary in the Ministry of Finance.

2. + The report indicates that the processing of a gazetted note establishing a blanket waiver of VAT for all contraceptive supplies, to ease the tedious waiver process for both MOH and donors, was supposed to be completed in July/August 1994, but the MOH has not applied for it. Why has the MOH not applied for Gazette notice processing? Shouldn't the MOH take the lead on this? What strategy is USAID planning to adopt in coordinating a donor demarche to the GOK to gazette a blank tax waiver, including VAT? How would be the proposed tax waiver, to be included in the new PH ProAg, be different from the existing provision in the ProAg Standard Provisions? (Same issue applies to CSM Project).

- PH has located the original notice and the MOH is now following up to draft a new gazette notice which will exempt all contraceptives from duty and VAT.

3. + In the last PIR, two evaluations were planned for the FPLM and FPMD components of the project. What is the status of these activities?

- These were mid-term evaluations organized by USAID/W. The evaluations were carried out as planned. A summary of major findings will be included in the report itself under the audit/evaluation section.

4. + Why is the project having such a large pipeline ?

- Even though the pipeline looks large, PH noted that most of the money is committed through add-ons with the grantees. PH and Controllers Office will work together to document what percentage of the pipeline is associated with outstanding AOCs.

B. Kenya Health Care Financing Project/Program - 615-0245

1. + The MOH cost-sharing revenue, as shown in the GOK FY 93/94 budget, equaled 3% of the MOH recurrent budget. The end of project target for this indicator is 10%. What is the PH strategy for realizing the target within the 10% LOP left?

- The project is at the moment a bit behind the 10% target, however, given the actions being taken by the GOK, such as increased fee schedule and new limitations on exemptions, cost-sharing revenues are likely to go up and the project expects to achieve a level of about 8-7% by end of GOK FY 94-95. The Mission Director also noted that the 10% target of the recurrent MOH budget is not necessarily an accurate reflection of true impact, since GOK allocations to health have increased, therefore increasing the denominator of the formula used to calculate the indicator. It would therefore be more accurate to review and track growth in actual revenue generated, i.e., the percent growth of absolute cost-sharing revenue. PH will present this on the next PIR.

2a. + In PIL No. 23, USAID requested that four major actions be taken by the GOK by September 30, 1994. On Sept 28, PS MOH responded advising USAID that the Ministry had initiated a CID investigation into the matter. Did the PS response satisfy the PIL No. 23 deadline? If so, when does the PH expect the issue to be finalized? Should GOK final response satisfy USAID, will the project/program be in a position to complete all the intended project activities within the PACD?

- The PS September 28 letter did not satisfy the PIL No. 23 deadline but kept Mission informed of actions being taken by the MOH. The USAID follow-up letter to PIL No. 23 also extended the deadline to the end of October, during which time the MOH did keep PH informed of progress made in investigation. It is clear PS/Health is taking this matter seriously.

- The matter will be satisfied when all the actions requested in PIL No. 23 are satisfied.

Status on the requested actions include:

a) CID investigations ongoing and have allegedly implicated two individuals. A formal report will be presented to the GOK which will be shared with AID when finalized.

b) Regarding the KShs. 4.5 million disbursement to KNH, Ministry of Health (MOH) has written to Treasury requesting authority to release the funds to KNH. Once the authority is received, the funds will be disbursed and the matter closed. Program Office is to determine reasons behind Treasury's failure to respond to MOH request.

c) Re systems improvement, PH will follow up to ensure that the proposed systems and procedures at HCF Secretariat are in place prior to the release of subsequent tranches.

2b. + What other discussions are anticipated at the upcoming Finance/Health - USAID Senior Management meeting regarding the GOK response to PIL No. 23 when actions required in PIL No. 23 are still pending?

- Continue dialogue in order to achieve some resolution of the issues raised in PIL No. 23. Good progress has clearly been made by the MOH in responding to PIL No. 23, but any decision to lift NPA suspension should also be based on actions taken by GOK in response to the CID report recommendations, if there is sufficient evidence in the report to proceed with such actions. Likely timing of the GOK-USAID meeting on HCF NPA funds will be in January. However, management will determine if such a meeting can be held before the CG.

3. + Given the HCF Secretariat's lack of mobility and financial resources constraint, the Secretariat and O/PH have begun soliciting support for the Secretariat from other donors. Who are the likely supporters? Did the planned meeting between the Mission Director and the Vice President of the World Bank during the period under review contribute towards the resolution of the issue? What about the Project Manager's planned meeting with the WB while on TDY in Washington?

- Negotiations with the Bank in the past have not been productive. The Secretariat continues to have limited access to the WB money, and still relies heavily on USAID support available through TA contract. APHIA project design will be conducted concurrently with the Bank's pre-assessment Mission for a broad Health Sector reform project, providing the opportunity for coordination of future USAID and WB support to the Secretariat. Likely supporters for the Secretariat other than USAID might include: (1) British ODA support in districts where ODA is active in community-based support progress and (2) AMREF, through their BHR/PVC matching grant-supported project, which currently provide assistance to the Secretariat. However, WB remains the biggest potential supporter for the Secretariat and GOK health care financing efforts, in general.

C. Contraceptive Social Marketing - 615-0251

1. + The August 1993 project re-orientation revised the project output indicators and specified them in terms of condom and oral contraceptive cycles. Why is the project not using the revised output indicators for tracking project performance?

- PH has been focusing more on condom sales rather than on the output indicator of couple years of protection (CYP). It has currently initiated work on impact indicator tracking that will show the impact of condoms on HIV prevention through the translation of condom sale numbers to number of HIV infections prevented.

2. + The report indicates that the Muijiza performers have been overbooked and hence have not been able to schedule sufficient performances. What will be the impact of this on the promotional input/output activities of the project? Are there no other performers available to undertake this activity?

- The inability of Muijiza performers to schedule sufficient performances will not have any impact on the project's promotional activities since this activity is funded under a different project (AIDSCAP) and CSM is just trying to tap the available services of AIDSCAP for CSM's promotional activities. However, this has provided the project with lesson learned, especially the need to tailor the performance to the needs of CSM clients.

3. + The report indicates that PSI's registration in Kenya is a dual nature and PH will seek guidance from relevant offices to resolve this. What is the problem with dual registration? Why can't PSI take the lead in resolving this?

- One interpretation of GOK policy is that, once an organization is registered as an NGO, it loses its MOU status with GOK. This is undesirable because a MOU provides a NGO with an efficient mechanism for clearing imported goods. PH feels that at one time PSI will not be able to clear its goods through customs using the existing MOU with the GOK since it is registered as a NGO. PH in July 1994 organized a meeting with other USAID-funded CAS, including PSI. A main conclusion of that meeting was CAS need help to resolve the problems associated with registration in Kenya.

D. Private Sector Family Planning II - 615-0254

1. + The report indicates that FPPS is working with the MOH/DFH to become certified as a training institute. What will be the implication of this on the PSFP II project? Why is the MOH delaying the certification of FPPS despite it having met all requirements?

- FPPS would like to be seen as a training institute where people can come and receive training and also provide training consultancies to its clients as a means of introducing sustainability to its programs. Also, if certified, MOH will not have to second their trainer, whom FPPS has to pay for, to sit in on FPPS training programs for them to be certified.

Distribution

A/DIR:KToh
A/D/DIR:THobgood
EXO:JGranados
RLA:AVance
RCO:RWebber
CONT:(1 copy)
PROG:(1 copy)
PRJ:(1 copy)
PH:(1 copy)
RIG/A:(1 copy)
USAID/W:(2 copies)

U:\USAID\USAID.PRJ\DOCS\PIR\PIRPH.MIN

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPTEMBER 30, 1994

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Family Planning Services and Support
 Project Number: 615-0232
 Date of Authorization: original 08/23/85 amendment 05/29/92
 Date of Obligation: original 08/23/85 amendment 05/29/92
 PACD: original 09/30/92 amended to 08/22/95
 Implementing Agencies: GOK/MOH; GOK/NCPD
 Major Contractors: JHPIEGO, FPLM, AVSC, Pathfinder, CEDPA, FHI, FPMD, IRD/Macro, JHU/PCS, FPAK, CHAK, Chogoria
 AID Project Manager: Mildred Howard
 Status of CPs/Covenants: N/A

FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$58,200,000	amended to \$58,200,000
Amount Obligated:	DA/ESF Grant: original	\$49,900,000*	amended to \$49,900,000
Amount Committed:	Period:	\$ 966,624	
	Cumulative:	\$45,627,084	
Accrued Expenditures:	Period - Projected:	\$ 2,297,000	
	Period - Actual:	\$39,110,353	
	Cumulative:	\$40,751,543	
	Period - Next:	\$ 3,660,000	
Pipeline:	Period - Beginning FY94	\$ 9,755,274	
	Period - Actual	\$ 9,148,457	
Counterpart Contribution:	Planned:	\$	
	Actual:	\$	
Local Currency (FY)	Programmed: current (FY)	\$	
	Cumulative Receipts from MOF (FY)	\$	
	Expenditures (FY)	\$	
	% LOP Elapsed	91%	
	% of Total Auth. Oblig.	86%	
	% of Total Oblig. Exp.	82%	
	% of Total Auth. Exp.	70%	

Date of Last Evaluation: (Components, varied) Next Evaluation: (Components, varied)
 Date of Last Audit: 06/22/90 Next Audit: 01/95 N/A
 Date of Last Field Visit:** Next Field Visit: **

- * Project will not receive further obligations.
- ** All components with field-based activities are visited regular extensive, regular schedule of contacts with contractors' offices.
- *** Mission MACS report indicates \$9.059 Million represent funds with Cooperating Agencies/AOCs

II. PROJECT DESCRIPTION AND PURPOSE

The purpose of the Project is to increase the prevalence of contraceptive use in Kenya. The Project as amended in 1992 has five components:

1. **Clinical Training and Logistics Management (CTLM):** \$8.766 million, LOP. Assistance to the MOH in increasing the quality and quantity of clinic-based family planning services by training of health workers and establishing a reliable contraceptive supply system.
2. **Voluntary Surgical Contraception (VSC):** \$8.815 million, LOP. Assistance to the MOH and NGOs in establishing and maintaining facilities especially dedicated to providing permanent and long-term surgical contraceptive services.
3. **Community Based Services (CBS)** \$11.3 million, LOP. Assistance to selected NGOs in establishing and monitoring the impact of community-based, non-clinical family planning services.
4. **Information, Education, and Communication (IEC):** \$3.831 million, LOP. Assistance to the MOH and NGOs in increasing the availability of family planning IEC.
5. **Planning, Monitoring and Institutional Strengthening (PMIS):** \$3.448 million, LOP. Assistance to selected Kenyan institutions in strengthening their capacities to plan (evaluate) and monitor national population policies and programs.

102

III. Progress Toward Purpose Achievement and Project Officer's Assessment

The 1993 Kenya Demographic and Health Survey (1993 KDHS) found the modern method contraceptive prevalence rate (CPR) for all women of reproductive age increased from 15% (1989 KDHS) to 21%. Analyses based on the 1993 KDHS found that the total fertility rate (TFR) in 1994 is approx. 5.0 (down from 7.7 in 1984) and the 1994 population growth rate is approx. 2.7% (down from 4.1 in 1984). USAID and the FPSS project have contributed substantially to these trends, with fully 60% of 1993 expenditures for the National Family Planning Program being attributable to USAID.

FY 94 was the last year in which funds will be committed to the Project (ending in August 1995). During the period February-April 1994, O/PH undertook a thorough and detailed review of each Project component to ensure optimal outputs and fund commitments during the final Project year. Implementation is being monitored carefully, and implementors are currently doing well in maintaining anticipated effort and expenditure levels. The Mission believes the Project will continue to perform at high levels of productivity through its PACD.

IV. Project Outputs

Description:

Status (% Completed)

SEE ATTACHMENT 1

V. Progress During Reporting Period

Components:

1. **CTLM:** JHPIEGO investigations found its former Country Representative to be liable for \$12,000 in undocumented Project expenditures. The former employee has been billed, and JHPIEGO guarantees replacement of these funds. A thorough review of JHPIEGO's Project activities in Kenya have been conducted jointly by JHPIEGO and O/PH to determine the nature of practices that may have lead to past management problems. Main corrective actions are that JHPIEGO has substantially tightened field accounting procedures, and JHPIEGO and O/PH jointly defined qualifications and collaborated closely on hiring of a new Country Representative. Since the new Representative began work in July 1994, operations and activities have proceeded smoothly. The Introductory and Certificates courses have been field-tested and revised, and a curricula orientation course plus an update in contraceptive technology has been completed with the facility-based clinical instructors. The five senior training managers along with the National Family Planning Program Manager and the country's Chief Nursing Officer completed a successful study tour to Thailand and Indonesia which concentrated on review of management structures and clinical approaches to family planning training in those countries.

The Contraceptive Logistics Management Information System (LMIS) continued to improve both its data base and analytical capacity and is now widely accepted by donors and technical consultants as the authoritative reference office for information on national contraceptive supplies and projections. A new, more comprehensive Logistics Management Training curriculum was developed with assistance from FPLM technical consultants and, as part of a nationwide training effort, the Logistics Unit has completed training/retraining of 600 selected government and NGO health workers (out of a total 1,800 planned), in Contraceptive Logistics Management.

2. **VSC:** Assessments and procurements are being completed in preparation for the addition of 22 new AVSC-supported sites, bringing the total to 50. The MOH and AVSC have agreed to modify plans for AVSC to take responsibility for an additional 40 active VSC sites not currently supported by AVSC. AVSC will instead concentrate on technical assistance to the Ministry of Health in strengthening its capacity to build a strong supervisory network for all VSC services in the country. Accordingly, during the period, AVSC gave major concentration to training of MOH trainers in applying techniques to improve quality of care (COPE), and in development/training of a regional VSC supervisory cadre.

3. **CBS:** A new FSN professional staff person joined O/PH in August 1994 and assumed project management responsibilities for this sub-component. USAID collaborated with the Japanese government to identify grantees for its Small Scale Grants Assistance (SSGA) program. USAID grantees Kabiro Kawangware and PCEA Chogoria received \$76,000 and \$54,000, respectively to support STD prevention/treatment and related services. CHAK's project has been extended for a further 11 months at no additional cost, while MYWO's project (with CEDPA funding), has been extended for the same period at an additional cost of \$129,000. There was a dissemination workshop for the Mkomani Catchment Area Survey whose findings showed that there is need for stronger inter-agency coordination of CBD activities in order to further rationalize coverage. An issue raised in the previous PIR about CBD coverage has been dealt with in a National IEC Survey. According to preliminary results of the 1994 IEC National Survey, the proportion of respondents reporting a CBD worker as their source of contraceptives is significantly higher and more consistent with expectations than that reported by the 1993 KUHS. A thorough analysis will be undertaken once the raw data is received.

4. **IEC:** Population Communication Services (PSC) launched many activities during the period: the Kenya Youth Project which began in April 94, to reduce the rates of unwanted pregnancies and sexually transmitted diseases, among Kenyan youth; a national family planning logo, now in design and development stages, to facilitate identification of outlets and access to family planning information and services; a February 1994 evaluation of phase I of the Client & Provider project showed that by 1993, 76% of the adult population in Kenya had been exposed to at least one form of Haki Yako campaign material, 76% of new acceptors had heard the family planning soap opera on radio, 38% of respondents said that the radio broadcast influenced them visit a clinic and/or talk to their partner or friend. Also, the vasectomy promotion project being done in conjunction with Innovative Communications Services (ICS) began in July and received a good public reception from KTN and print media (KBC/TV and radio declined to air the information campaign). A recently completed Kenya National IEC Survey covering knowledge-attitudes-practices showed among other findings, that 98% of respondents aged 15-19 year olds know about the risks of STD/AIDS infections, and 63% believe condoms can prevent AIDS.

5. **PMIS:**

- **Family Health International/Institutional Development Project (FHI/IDP):** Construction of the Department of Ob/Gyn office block extension is targeted for completion by November 1994. FHI is conducting two key research studies related to IUD use: "IUD Use Among HIV+/- Women", and "Reasons for Decline of IUD Demand in Kenya".

- **Demographic and Health Survey (DHS):** NCPD and USAID sponsored a national dissemination workshop on KDHS findings with assistance from the Institute for Resource Development/Macro Systems. KDHS findings are being widely quoted and used by GOK and the donor community to formulate long-term plans of assistance and service delivery. Plans are being discussed for similar presentations at provincial and district levels.

- **Family Planning Management Development Project (FPMD):** Development of the Family Planning National Implementation Plan is on-going. FPMD assisted CHAK in developing a comprehensive new organizational plan for integration of family planning and STD/AIDS prevention services which will be implemented with additional USAID funding and FPMD assistance during the next 10 months.

- **Population Council:** completed an assessment of CBDs' contribution to the current family planning program, and their future role in integrated family planning/STD/AIDS prevention.

VI. **Evaluations and Audits**

Evaluations In-Progress or Completed:

- Report on an AID/W mid-term evaluation of the FPLM-II Project issued in July 1994; Project to be re-competed in March-April 1995.

The Kenya-based FPLM-II Project was evaluated as performing well, having made major contributions to improvement of the national contraceptive logistics system.

- Report on an AID/W mid-term evaluation of the FPMD Project issued in September 1994; Project to be re-competed in early 1995.

104

The Kenya-based FPMD Project was evaluated as productive with need for improvements in its methodology for identifying technical assistance requirements.

Status of Audits:

Based on clarifications from Mission management on several issues related to the implications of issuing Bills of Collection (BOCs) to the government, Audit Recommendations 2.5 and 2.6 have been closed by issuance of BOCs.

VII. Issues, Problems, Delays and Corrective Actions

During 1994 the GOK has substantially tightened practices related to collection of Value Added Tax (VAT). Because VAT was not expressly mentioned as among the types of tax exemptions granted under USAID's bilateral agreements with the Government under terms of the FPSS, USAID's clearing agent is experiencing excessive delays in clearing condom shipments. For shipments delivered at port prior to June 1994, these were eventually exempted from VAT in a waiver that must be signed without delegation, by the Minister of Finance. It took the MOH several months to secure this waiver. USAID will deliver 20 million condoms before the end of 1994. These deliveries will also need to be subjected to the same tedious waiver process. Resulting clearance delays generate extraordinary demurrage charges which the MOH must then find monies to cover (leading to yet further delays in actually getting the commodities into the warehouse). As a result of the manner in which the GOK is handling this matter, the MOH has experienced two national level condom stock-outs this year. Processing of a gazetted notice establishing a blanket waiver of VAT for all contraceptive supplies was supposed to be completed in July/August 1994, but has not yet been applied for by the MOH. USAID plans to coordinate a donor demarche to the GOK to gazette a blanket tax waiver, including VAT, for all contraceptives. Establishment of these tax waivers will also be specifically agreed upon under terms of the Mission's new population/health bi-lateral project.

<u>VIII. Major Actions Planned for Next Semester</u>	<u>Target Date</u>	<u>Key Responsibility</u>
- Dissemination of Findings of a Study Tour to Thailand and Indonesia Undertaken by Senior MOH/DFH Training Unit Staff	November	MOH/DFH/MHoward
- JHPIEGO/DFH to fully implement the Introductory and Certificate Family Planning Training Courses in all Decentralized Training Centers.	January	JHPIEGO/DFH
- Population Council to commence a 2nd Family Planning Situation Analysis (comparing results of an earlier study done in 1990)	January	PC/CThube
- FHI to initiate a major study on use of dual methods for contraceptive/HIV protection.	January	FHI/CThube
- AVSC to complete site assessments and issue grants for 22 additional VSC outlets.	April	AVSC/MHoward
- Publication of IEC materials targeted to youth and parents.	February	PCS/NMwanzia
- Completion of "Haki Yako" video and client video	December	PCS/NMwanzia
- Completion of family planning logo design, and launch	March	PCS/NMwanzia
- Distribution to schools of a vide and discussion guidelines made from the movie, "More Time"	February	PCS/NMwanzia

105

- Pathfinder/CPK/MYWO to conduct project Catchment Area Surveys dissemination workshop	January	Pathfinder/TTakona
- Review the findings of the Population Council's study on Community Based Distribution of Family Planning in Kenya.	December	TTakona
- The Population Council to begin a study on the impact of the Kenyan CBD program.	December	PC/CThube with TTakona
- Re-analysis of the IEC National Survey data to confirm the extent of utilization of CBD services in the country.	January	APHIA Design Team
- Pathfinder to hire FP/STD Service Integration Coordinator and issue grants to selected NGOs to undertake innovative service integration projects.	January	Pathfinder/NAIruz
- Pathfinder to complete funding actions for the CPK Eldoret project	December	Pathfinder/TTakona
- Meet with other donors and P.S. Ministry of Health to resolve VAT issues	January	MHoward

IX. Gender Considerations

As the FPSS approaches its PACD, no new gender issues (other than those previously cited), have emerged. It is intended, however, that cumulative experience and insights gained from 10 years of FPSS operations will assist in informing design of the new bi-lateral population/health project.

U:\USAID\USAID.PHD\DOCS\PIRS-09.94\FPSS

10/94

ATTACHMENT 1

IV. <u>Project Output Descriptions</u>	<u>LOP</u>	<u>Status (% Completed)</u>			<u>1995</u>
		<u>1992</u>	<u>1993</u>	<u>1994</u>	
CTLM - Number of SDPs established,	2,212	75	80	80*	
- KCNs, KRNs, and COs trained to-date.					
. Certificate	4,950	--	82	82	
. Refresher	1,270	--	34	34	
- Training Unit Organogram.	"developed"	--	100	100	
- Annual Action Plan.	"submitted"	100	100	100	
- In-service curricula.	"implemented"	--	30	90	
- MOH/DFH participants trained annually.	8-10/yr	150	150	150	
- Logistics Unit staffed.	"fully"	60	80	100	
- Information system operational.	"fully"	40	80	85	
- Contraceptive supplies available.	"adequate"	50	80	80	
VSC - AVSC sites established.	78		87	115	
- VSC procedures performed.	110,000	71	75	98	
- Interns trained in VSC.	900	56	74	90	
- Graduated interns performing VSC.	70%	TBD	TBD	TBD	
- Norplant service sites established.	32	9	100	122	
- Norplant procedures performed.	14,000	4	14	---	***
- AVSC/COPE sites established.	62%		50	85	
CBS - # of sublocations with CBD sites.	37%	TBD	TBD	TBD	
- # of CBDs trained.	3,775	90	TBD	96	
- # of CBD supervisors trained.	150	79	TBD	98	
- Annual CYPs achieved.	200,000	53	TBD	---	***
- CBD referrals for:					
. VSC.	20,000	38	TBD	28	
. Norplant	2,000	4	TBD	18	
IEC - IEC materials produced/evaluated.	"widely"	50	--	100	
- IEC/counseling workshops held.	6	--	--	100	
- CBD Training Manuals distributed.	200	--	75	100	
- Radio programs broadcasted.	52	--	100	100	
- IEC Working Group meeting.	"quarterly"	100	100	100	
PMIS - 1993 DHS.	"completed"			100	
- NCPD MIS.	"established"	--	90	95	
- OB/GYN Medical Barriers studies	N/A**				
- NCPD participants trained, annually.	8-10/yr	150	150	150	

* Adjusted downward from previous estimate of 90% based on 1994 National Facilities Inventory (MOH Logistics Unit).

** Studies not done but three related national workshops held.

*** Data is being collected and will be entered ASAP.

U:\USAID\USAID.PHD\DOCS\PIRS-09.94\FPPS

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPTEMBER 30, 1994

A___ B___ C X

I. BACKGROUND DATA

Project Title: Health Care Financing Program/Project
 Project Number: 615-0245
 Date of Authorization: original 08/28/89 amendment 06/30/92
 Date of Obligation: original 08/28/89 amendment 06/30/92
 PACD: original 08/31/93 amended to 08/31/95
 Implementing Agencies: MOH--lead; KNH
 Major Contractors: Management Sciences for Health
 AID Project Officer: Kate Colson
 Status of CPs/Covenants: Tranche Two disbursement to KNH released;
 final GOK response to PIL 23 still pending;
 KNH submission for Tranche Three due
 by October 31, 1994

FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$15,000,000	amended to \$17,000,000
Amount Obligated:	DA/ESF Grant: original	\$16,230,000	amended to \$17,000,000
Amount Committed:	Period:	\$ 138,270	
	Cumulative:	\$12,151,147	
Accrued Expenditures:	Period - Projected:	\$ 524,442	
	Period - Actual:	\$10,560,055	
	Cumulative:	\$11,084,496	
	Period - Next:3/95	\$ 3,514,000	
Pipeline:	Period - Beginning FY94	\$ 7,066,668	
	Period - Actual	\$ 5,915,504	
Counterpart Contribution:	Planned:	\$1,965,000	
	Actual:	\$1,903,680 (as of 10.31.93)	
Local Currency (FY)	Programmed: current (FY)	\$3,150,000*	
	Cumulative Receipts from MOF (FY)	\$ 999,789	
	Expenditures (FY)	\$ 170,000	
% LOP Elapsed		80%	
% of Total Auth. Oblig.		100%	
% of Total Oblig. Exp.		65%	
% of Total Auth. Exp.		65%	

Date of Last Evaluation: 05/15/92 Next Evaluation: 03/95
 Date of Last Audit: 02/15/93 Next Audit: 12/94
 Date of Last Field Visit: 09/15/94 Next Field Visit: 10/24/94
 *Kenya Pounds 6.5 million were programmed, = 130 million Ksh.

II. PROJECT DESCRIPTION AND PURPOSE

To support the implementation of health sector policy reforms designed to provide sustained increases in financial resources for the delivery of curative and preventive services in Kenya.

Specifically, the program is to result in:

1. Reallocation of financial resources in favor of preventive/primary health services; and
2. Increased financial resources available to the overall health sector, made possible by fees-for-service, insurance claiming and improved efficiency.

This five-year policy reform initiative is being implemented with both non-project (MPA)--funded through the Africa Economic Policy Reform Program, and project assistance.

III. Progress Toward Purpose Achievement and Project Officer's Assessment

109

1. The MOH continues to make increases in budgetary allocations in favor of primary and preventive health care (P/PHC). Whereas rural and P/PHC allocations (both recurrent and development votes) represented only 22.5 percent of the MOH budget in GOK FY88/89, the two categories represented 28.85 percent of the MOH budget in FY92/93. Data for FY 93/94 are forthcoming, pending MOH Planning Unit and HCF Secretariat analysis.

2. Cost sharing is fully in place from KNH to the health center level. User fees are to be increased on October 1, 1994, along with important revisions of the exemption schedule. Revenue collected from both cost sharing fees and insurance claiming at KNH continues to equal 12 percent of KNH's recurrent budget and 32 percent of the hospital's non-wage budget. KNH's cost sharing revenue target (EOPS) in the PAAD has been met. MOH cost sharing revenue in GOK FY93/94 equaled 3 percent of the MOH's recurrent budget and 12 percent of the non-wage budget. MOH's cost sharing revenue target (EOPS) in the PAAD is 10 percent of recurrent budget. Actual cost sharing revenue for FY 93/94 totalled KShs. 130 million, or 76 percent of the projected income for the same period (KShs. 172 million). The HCF Secretariat expects that MOH facilities (excluding KNH) will generate KShs. 211 million in the current fiscal year. As of October 1, KShs. 3.7 million in cost sharing generations have been approved for P/PHC use at the district level.

3. While the Kenya HCF program continues to be recognized as one of the most successful cost sharing and health policy reform initiatives in Sub-Saharan Africa, the project did experience some setbacks during the period. On September 13, 1994 USAID suspended NPA to the MOH due to evidence of poor GOK management of NPA funds designated for KNH; and USAID, in consultation with the MOH, terminated NPA and project assistance to the NHIF, shifting the remaining time and resources to the development of private insurance sector alternatives to NHIF. This shift of assistance away from NHIF, however, was seen as one which would more effectively tap a fast growing market with great potential for increasing financial resources Kenya's health care through the insurance sector than continued assistance to NHIF in its current form.

4. A major project focus, as a result of the shifting technical assistance resources away from NHIF, was therefore on investigating various private insurance and managed care options in Kenya, including strengthening an existing pre-paid insurance scheme at Chogoria PCEA Mission Hospital, and investigating the potential for a Lake Naivasha Area Health Plan, in collaboration with Africa Air Rescue and Sulmac Flower Growers.

IV. Project Outputs

Description:

Status (% Completed)

Program outputs are being accomplished by the MOH HCF Implementation Committee and Secretariat with the assistance of the USAID-funded HCF Technical Assistance Team.

MOH:

- | | |
|--|---|
| 1. System to allocate increased budget to preventive health services | Currently described as an area of emphasis in the Five Year HCF Implementation Plan; data for FY 93/94 under analysis |
| 2. Waiver system developed to ensure access to care | Well-established, and to remain intact in upcoming revision of the FIF fee schedule and exemptions (Oct '94) |
| 3. Monitoring system | Data from household and facility surveys in indicator districts served as key data for FIF impact evaluation report due for release in December 1994 |
| 4. Cost sharing systems for revenue collection, recording and use | In place at PGHs, Dist. Hospitals and Health Centers; fees increased and exemptions to be revised on Oct. 1, 1994 |
| 5. Retention of 75% of cost sharing revenue at facility level and 25% within the district for primary/preventive health services | Accomplished; HCF Sec't produces quarterly reports reflecting monthly cost sharing generations and approvals for expenditures at facility-based and P/PHC levels |
| 6. Health Care Financing Strategy | Served as foundation for MOH Five-year Health Care Financing Implementation Plan--an important catalyst for recent private sector assessment and investigations of managed care |
| 7. Fully functioning Implementation Committee | Meets regularly; actively endorsed 10/1/94 fee increase; and actively involved in reviewing DHMB performance and the management and use of cost-sharing funds |
| 8. Efficiency measures identified and implemented: Protocols of care, staffing norms | Underway; clinical guidelines scheduled for release 11/94 and Essential Drug Policy currently under review by PS/MOH |

KENYATTA NATIONAL HOSPITAL

1. Cost sharing implemented Accomplished; fee increase and exemption revision in effect; cost sharing revenue represents 12% of KNH recurrent budget
2. Quality Assessments initiated Accomplished; survey of patients' perception of quality of care scheduled for October 1994

NATIONAL HOSPITAL INSURANCE FUND

(Based on the April 29, 1994 KHC Project Review Committee and May 4, 1994 PIR decision to end Project and NPA support to NHIF, O/PH will limit NHIF-related progress reports to progress made on the NHIF Act.)

1. Passage of NHIF Act Final draft with the Minister of Health and includes important language which allows for competition from non-NHIF insurers and calls for more insurance expertise on the NHIF Board of Management

V. Progress During Reporting Period

OVERALL

1. An amendment to incrementally increase funding for the Management Sciences for Health (MSH) under the current LOP and to revise the scope of work to redirect the insurance focus away from NHIF towards private managed care options to be finalized November 1994. The PIO/T authorizing the same changes was signed by the GOK in September 1994.
2. Cost-sharing revenues continue to play a central role in sustaining MOH facility-level service delivery of both curative and primary/preventive health care. In the current GOK FY thus far, KShs 3.7 million have been approved for use at the district level for P/PHC activities. Projected income for P/PHC activities for FY 94/95 is expected to reach KShs. 5.5 million.
3. The HCF Sec't completed its most recent wave of DHMB training and supervision in April '94, the impact of which will be evaluated by the end of October 1994. Future training is on hold pending the outcome of the evaluation, which will serve as the basis for revisions in training curricula and/or techniques.
4. The KHC Project (DKraushaar, IHussein and KColson), through the REDSO/Regional Health Network, has been actively involved in providing TA to USAID/Addis and the Ethiopian Ministry of Health in the development of that country's Health Care Financing Implementation Plan, being developed with assistance under USAID/Addis's ESHE Project. The USAID/Addis PH Chief recently stated that such assistance "represents real collaboration and sharing of experience and expertise."
5. HCF Secretariat and the MSH TA Team have begun an explicit shift in programmatic focus away from systems design, implementation and training in the generation and monitoring of cost sharing to a focus, coined the "accountability phase," in which attention is directed to more effective setting and monitoring of individual collection targets, priority setting in the use of cost sharing funds, activation of DHMB's and more vigorous use of government disciplinary machinery in cases of illegal or unauthorized use of cost sharing funds.

MINISTRY OF HEALTH:

1. Staffed with personnel required under the KHC Project, the HCF Secretariat is working effectively and, in many instances, independently of the TA Team. O/PH and the MOH, however, recognize the need for future donor support beyond Project PACD, and are working jointly to identify areas requiring additional donor assistance. The Secretariat is devoting considerable attention to monitoring accountability in reporting and programming cost sharing revenues and has begun to play an exceptionally proactive role in identifying inappropriate or illegal use of cost sharing funds and recommending punitive action to the HCF Implementation Committee, Chief MOH Hospital Secretary and Permanent Secretary.
2. While the HCF Secretariat is working well and taking on more responsibility and independence than in the past, it lacks the mobility and financial resources to be fully independent. USAID continues to advise the World Bank of the HCF Secretariat's difficulty in accessing World Bank funding under the Health Rehabilitation Project with only limited results. The HCF Secretariat and O/PH have begun to solicit support for Secretariat activities from other donors active in the health and population sector.
3. Consistent with MOH commitments in 1993, the HCF Secretariat has been elevated to unit status and budgeted to receive KShs. 2,200,000 in the FY 95/95 forward budget. Hussein's undersecretary status has ensured continued direct access to the MOH PS, allowing for important authority in areas such as revising fees and exemptions and coordinating investigations of alleged mishandling of cost sharing funds.

4. The Health Care Financing Strategy and Implementation Plan continue to serve as a critical working document for the Ministry of Health. The MOH-established HCF Task Force continues to oversee the implementation of the plan. Considerable effort has been devoted to one of the central objectives in the strategy, namely the investigation and development of the private sector's role in health care and family planning service delivery. The GOK MOH will be one of four African countries participating in a November 1994 regional workshop in Nairobi concerning the potential of private providers in health and family planning service delivery.
5. Regional workshops continued for DHMBs/DHMTs to reinforce expenditure guidelines, the planning process and planning schedule. Additional DHMB training, however, is on hold pending the findings of a DHMB/T training evaluation currently under way.
6. HCF Secretariat has begun auditing cash collections at generating facilities, resulting in several investigations regarding inappropriate use of cost sharing funds. The audit process has also revealed important progress made, particularly at the district level, in documenting and reporting cost sharing funds, but that such capacity varies greatly by facility.

KENYATTA NATIONAL HOSPITAL:

1. KNH Training Unit is conducting a regular schedule of training and has scheduled a training evaluation for the first quarter of 1995.
2. KNH expected to receive the balance of funds due (KShs 4.5 million) under Tranche Two NLT the end of November 1994, and expected to make its submission for Tranche Three by October 31, 1994.
3. The KNH finance department is routinely collecting financial information and has submitted two quarterly local currency reports to USAID.
4. As part of its forthcoming submission for Tranche Three, the KNH Quality Assurance Unit is currently conducting an assessment of the impact of cost sharing on patients' perception of quality of care, particularly important to gauge since the recent increase in fees and revised exemptions.

NATIONAL HOSPITAL INSURANCE FUND/MANAGED CARE INSURANCE DEVELOPMENT

1. The NHIF Act has been rewritten, with significant technical and financial support from the KHCF TA Team and Secretariat. The current revised draft provides a major opportunity to reform, restructure, and control NHIF, and for NHIF to actively support GOK HCF goals as expressed in the Five Year HCF Implementation Plan.
2. Two external consultants have contributed to an Aug-Sept 1994 assessment of the potential for strengthening and developing Chogoria's Hospital Insurance Scheme, with particular focus in developing the management information system and administrative needs for the scheme.
4. USAID/K, the MSH HCF TA Team, the HCF Sec't, the Bolivian health and family planning NGO, PROSALUD, and the USAID/Population Office-funded PROFIT project, have been jointly working to develop a pilot health insurance plan for the Lake Naivasha Area with participation from Africa Air Rescue.
5. An external consultancy has been scheduled for October to help develop provider contracting arrangements and provider relations in several different managed care health plans in Kenya.

VI. Evaluations and Audits

In response to the July 16, 1993 Non-Federal Audit final report, in which a total of \$722,690 in audit disallowances were identified for the MOH under Tranche One, PIL 23 was sent indicating, among other things, that the GOK must redeposit the Kenya Shilling equivalent into Special Local Currency Account 169 prior to the release of the first half of Tranche Two. This action led to the resolution of audit recommendations 2.1 and 3.1 from the same report. As of Sept 30, 1994, USAID has learned informally that Treasury plans to redeposit Ksh. 16.24 million into Special Local Currency Account 169.

VII. Issues, Problems, Delays and Corrective Actions

1. Suspension of NPA to the MOH: On September 13, 1994, via PIL 23, the Mission suspended NPA to the MOH and requested the GOK to: (a) redeposit KShs. 16.24 million (the amount of Tranche One expenditures disallowed by the 1993 NFA audit) into Special Account 169; (b) disburse the amount owed to KNH under Tranche Two; and (c) submit a report explaining the reasons for the delay in disbursing NPA to KNH and how delays will be avoided in the future. On 28 September 1994, the PS/MOH responded to PIL 23 by stating, inter alia, that he had requested the Criminal Investigations Department (CID) to conduct an investigation to determine whether any USAID NPA had been misappropriated. The Mission will decide whether to terminate NPA to the MOH altogether or lift the NPA suspension, based on: (a) the GOK's response to our requests; and (b) CID findings and the GOK's response to them.

As a result of USAID's insistence that the MOH improve its management of NPA, the MOH has taken encouraging steps: the head of the HCF Secretariat is the A.I.E. holder for all future KHCF NPA funds, ensuring greater control and centralization of management of such funds; the MOH will provide USAID with quarterly reports on NPA expenditures; and the MSH TA team will continue to provide TA to HCF Secretariat staff in financial systems and procedures.

O/PH strongly recommends that, as discussed in the August 2, 1994 KHCF PRC meeting, Mission senior management call for a joint Finance-Health meeting to discuss the immediate resolution of the issues raised in PIL 23.

2. **NPA and Project Support to NHIF:** Based on the outcome of the April 29 PRC and the May 2, 1994 O/PH PIR, O/PH received Mission approval to end USAID NPA and Project assistance to NHIF, except for limited TA devoted to the passage of a revised NHIF Act. To that end, a PIO/T was approved in September which redirected Project support away from NHIF to the development of managed care options in September, and the MSH Technical Contract Work Order was revised, and currently awaits final Contracts approval. Project Officer discussions with Projects and CONT led to the decision to reallocate the \$150,000 NPA originally allocated to NHIF to the KNH and inform the GOK of this shift via the Program Grant Agreement Amendment.

VIII. Gender Considerations

Increased financial resources available for both curative and primary/preventive care, resulting in improved availability and quality of services, are expected to equally benefit men and women.

IX. Major Actions Planned for the Next Semester

	<u>Responsibility</u>	<u>Expected completion date</u>
1. Review KNH submission for Tranche Three	USAID/K, OPH/CONT/RLA	November 1994
2. Complete Program Grant Agree't Amendment and PP/PAAD supplement related to changes in insurance component of Project	O/PH;Projects;REDSO; PRC;GOK--MOH/MOF	November 1994
3. Complete Hospital Drugs and Medical Supplies Management manual and Clinical Guidelines.	TA Team	November 1994
4. Finance-Health USAID/Sr Management Meeting re: GOK response to PIL 23	USAID/K;DIR & O/PH	December 1994
5. Call PRC to review GOK response to PIL 23 and make determination re: terminating NPA support to the MOH	USAID/K & PRC Members	December 1994
6. Based on outcome of # 4 above release tranche two (1st half)to MOH	USAID/K	January 1995
7. Conduct audit of NHIF Tranche One	USAID/K	December 1994
8. Release Tranche Three to KNH	USAID/K: OPH,CONT	February 1995
9. First phase of final evaluation for HCF Project	USAID/K/PH; HCF Sec't & Evaluation Team	February 1995
10. KNH in-country training program evaluation	HCF Sec't/TA Team	February 1995

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPTEMBER 30, 1994

A ___ B X C ___

I. BACKGROUND DATA

Project Title: Contraceptive Social Marketing
Project Number: 615-0251
Date of Authorization: original 06/29/90 amendment 06/03/92
Date of Obligation: original 06/29/90 amendment 11/30/92
PACD: original 06/30/93 amended to 12/31/95
Implementing Agencies: Population Services International (PSI)
Major Contractors: McCann Erickson (Advertising/Promotion)
AID Project Officer: Nellie Mwanzia
Status of CPs/Covenants: N/A

FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$2,683,000	amended to \$4,583,000
Amount Obligated:	CA/ESF Grant: original	\$2,683,000	amended to \$4,583,000
Amount Committed:	Period:	\$ 0	
	Cumulative:	\$4,183,000	
Accrued Expenditures:	Period - Projected:	\$ 304,000	
	Period - Actual:	\$2,438,422	
	Cumulative:	\$3,106,622	
	Period - Next:	\$1,176,800	
Pipeline:	Period - Beginning FY94	\$2,248,582	
	Period - Actual	\$1,476,378	
Counterpart			
Contribution: (PSI/Distr)	Planned:	\$1,029,000	
	Actual:	\$ 855,625	
% LOP Elapsed		77%	
% of Total Auth. Oblig.		100%	
% of Total Oblig. Exp.		68%	
% of Total Auth. Exp.		68%	

Date of Last Eval/Assess: 05/94	Next Evaluation: 12/95
Date of Last Audit: 12/31/93	Next Audit: 12/31/94
Date of Last Field Visit: 09/06/94	Next Field Visit: 11/28-12/2/94

II. PROJECT DESCRIPTION AND PURPOSE

The purpose of the CSM Project is to increase the availability, accessibility and affordability of contraceptive products available from private commercial outlets throughout the country. Particular emphasis is placed on marketing of condoms to combat the spread of STDs and HIV/AIDS.

III. Progress Toward Purpose Achievement and Project Officer's Assessment

Trust condom sales have increased exponentially since the October 1993 launch from an average of 40,000 per month in 1991 to 400,000 per month in late 1993/1994. The 4 million condoms sold in the last 12 months (Oct. 1993 to Sept. 1994) account for 67% of all sales since the project's 1990 inception. Increasing sales are a result of a dramatic increase in knowledge of the condom's effectiveness in preventing HIV/AIDS/STDs, partly attributable to project IEC activities. CSM condom promotion efforts combined with other public and private sector programs, have led to a significant increase in use of the condom in Kenya. Preliminary findings from a recent analysis of condom impact, suggest that increased condom use in Kenya may have averted 10,000 AIDS deaths and 140,000 HIV infections by 1993.

In the last PIR report, we mentioned that there tended to be mixed media messages about the utility of condoms. Based on the analyses of a mail in survey by ACE Communications in response to the articles in the "Now" pull out magazine funded by AIDSCAP, there has been little adverse publicity towards commercial condom advertisements in the public media.

IV. Project Outputs

<u>Description:</u>	<u>Status (% Completed)</u>
1. 113,300 Couple Years of Protection from condom sales.* (As of Sept. 30, 1994 cumulative total condoms sold = 5.9 million)	35%
2. 28,000 Couple Years Protection from contraceptive sales - 360,000 cycles. (As of Sept.30, 1994, cumulative OCs sold = 26,400)	7.25%

* Given the CSM project re-orientation in August 1993 towards prevention of STDs and HIV/AIDS, Mission will focus on condom sales and develop appropriate indicators to measure impact on AIDS.

(150 condoms = 1 CYP, 13 cycles OCs = 1 CYP)

V. Progress During Reporting Period

1. Mid-term evaluation was completed and strongly recommended a one-year cost extension.
2. Based on mid-term evaluation, PIO/T to extend PACD and incrementally fund the CSM Project was completed.
3. Approximately 50,000 cycles of Lo-Rondal were transferred to DKT Ethiopia on a no cost basis.
4. PSI participated in 6 major agricultural shows across the country and "raffled" approximately 39,672 Trust condoms during these shows.
5. PSI with assistance from ACE Production developed and aired public education messages on national radio.

VI. Evaluations and Audits

Last assessment - May, 1994 - Major recommendations from the team include:

A strong recommendation for a one year extension; discontinue the marketing of low-dose pills (Lo-Rondal) and concentrate on condom marketing in view of the HIV/AIDS/STD prevention focus of the project; consider the extension of the project beyond December 1995 for another 5-8 years to establish a viable commercial market for condoms which will be self-supporting; explore the prospects of developing one or more commercial or NGO organizations to take over the marketing of CSM brands; and consider diversifying into marketing of new products for HIV/AIDS/STD treatment and prevention after adequate market studies.

Next audit - December 1994

VII. Issues, Problems, Delays and Corrective Actions

1. PSI expects to achieve its CY 1994 target of 6.5 million condom sales provided there are no further delays in clearing condoms. ODA-donated condoms were held up at the Mombasa port for almost 5 months. Protracted delays in clearing condoms affects USAID and other donors and is a result of the GOK's varying interpretations as to whether duty and VAT are applicable. A detailed memo outlining the clearance problem has been prepared for the Mission Director and will be used as a basis for a consolidated donor demarche to the GOK requesting that all contraceptives be categorically excluded from duty and VAT.
2. PSI's current registration in Kenya is of a "dual nature". PSI currently is registered as a local NGO and also has a MOU with the GOK. OPH will request advice from PROG and RLA on how best to resolve the registration issue most advantageously for PSI.
3. The Miujiza theater group has not been able to schedule a sufficient number of performances for PSI because the Miujiza group has been overbooked with engagements. The few times they have performed for PSI target audiences in bars and lodging establishments, the audience has found the performance too lengthy. PSI will work with Miujiza and AIDSCAP to modify

my

performances.

VIII. Major Actions Planned for the Next Semester

1. OPH will work with PSI on revising their quarterly reporting format to better quantify and track condom sales and outlet coverage and other indicators required in the Cooperative Agreement. November 1994.
2. PSI and AIDSCAP will subcontract with ACE Communications to produce AIDS related soap operas for airing on KBC. Per every 15 minute episode, PSI will get 2 spots of 45 seconds to advertise TRUST condoms. October 1994.
3. PSI will carry out two research activities: A condom KAP and a consumer intercept survey. January 1995 & March 1995.
4. USAID will work with PSI to foster the potential linkages between PSI and NGOs as distributors/sellers of TRUST condoms. continuing in 1995.
5. PSI and Surgipham experts will carry out a free sampling distribution campaign of Lo-Rondal directed at consumers through selected NGOs, the KMA and other private medical practitioners. This distribution campaign will exhaust all remaining Lo-Rondal stock (102,000 cycles) ending the CSM sales of OCs. February 1995.
6. USAID will work with both AIDSCAP and PSI to clarify collaboration on common activities such as the Miujiza theater, IEC, and surveys/research studies. February 1995.
7. PSI in collaboration with AIDSCAP will train their sales force on HIV/AIDS/STD basic epidemiology information. January 1995.

IX. Gender Considerations

The project is intended to protect women and men against AIDS. Through the promotion of condoms and non-risky behaviors more women are being empowered to negotiate and control events surrounding sexual encounters.

115

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPTEMBER 30, 1994

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Private Sector Family Planning-II
 Project Number: 615-0254
 Date of Authorization: original 5/23/91 amendment 00/00/00
 Date of Obligation: original 12/31/91 amendment 00/00/00
 PACD: original 10/30/98 amended to 00/00/00
 Implementing Agencies: FPPS/Kenya
 Major Contractors: JSI/Boston
 AID Project Officer: Judith Robb-McCord
 Status of Cps/Covenants: N/A

FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$10,000,000	amended to \$
Amount Obligated:	DA/ESF Grant: original	\$ 4,728,000	amended to \$
Amount Committed:	Period:	\$ 1,500,000	
	Cumulative:	\$ 4,728,000	
Accrued Expenditures:	Period - Projected:	\$ 494,000	
	Period - Actual:	\$ 636,200	
	Cumulative:	\$ 3,405,530	
	Period - Next 10/1/95:	\$ 1,073,600	
Pipeline:	Period - Beginning FY94	\$ 1,165,104	
	Period - Actual	\$ 1,322,470	
Counterpart Contribution:	Planned:	\$ 1,263,240	
	Actual:	\$ 1,690,000	
Local Currency (FY)	Programmed: current (FY)	\$ 0	
	Cumulative Receipts from MOF (FY)	\$ 0	
	Expenditures (FY)	\$ 0	
	% LOP Elapsed	45%	
	% of Total Auth. Oblig.	47%	
	% of Total Oblig. Exp.	72%	
	% of Total Auth. Exp.	34%	

Date of Last Evaluation: 00/00/00	Next Evaluation: 05/01/95
Date of Last Audit: 06/30/93	Next Audit: 01/10/95
Date of Last Field Visit: 05/17/94	Next Field Visit: 10/27/94

II. PROJECT DESCRIPTION AND PURPOSE

The primary purpose of the PSFP-II project is to increase the availability, use and sustainability of family planning services in the private sector. Private sector includes parastatals, commercial firms, NGOs, communities and individuals, i.e. private nursing homes. The project has created Family Planning Private Sector (FPPS), a Kenyan NGO which assists organizations to: improve and update clinic facilities and operations; enhance management systems to increase efficiency; develop and disseminate materials for information, education and communication activities; assist local communities to develop locally based popular theater and folk media; enhance the reporting and contraceptive logistic systems by providing technical assistance and improve their operations through regular performance feedback and evaluation.

III. Progress Toward Purpose Achievement and Project Officer's Assessment

During this period, fifteen new sub-projects were awarded. FPPS is actively pursuing their goals and strategic objectives through continued training, operations research, IEC and information dissemination.

IV. Project Outputs

<u>Description:</u>	<u>Status (% Completed)</u>
1. 50 new sub-projects representing an estimated 120 SDPs routinely offer family planning (FP) services	37 out of 50 (74%)
2. (a) VSC services added to 15 sub-projects	10 out of 15 (67%)
(b) CBFP and/or IEC added to 30 sub-projects	29 out of 30 (97%)
(c) MCH interventions added to 10 sub-projects	10 out of 10 (100%)
3. (a) 450 Clinical Officers, Nurses and Midwives receive clinical FP training	152 out of 450 (34%)
(b) 450 clinical personnel receive refresher courses	52 out of 450 (12%)
(c) 90 field educators receive basic training	60 out of 90 (67%)
(d) 980 field educators attend regional workshops	500 out of 980 (51%)
(e) 210 CBD workers trained and deployed	168 out of 210 (80%)
4. Up to six diagnostic studies and/or projects completed	4 out of 6 (67%)
5. (a) Two national seminars held	1 out of 2 (50%)
(b) Presentations made at two international conferences	2 out of 2 (100%)
6. Cumulative increase in Couple Years Protection (CYP) from 1991 level of 350,000 to 800,000 attributable to private sector organizations (including PSFP-I sub-projects)	40%

V. Progress During Reporting Period

1. **Training:** Three basic FP clinical courses were conducted in 1994 and attended by 52 Nurses and Clinical Officers. Three Clinical Update courses were also provided for 52 Nurses and Clinical Officers in July and September. Training was provided to 78 Community Based Distributors and a Quality Management workshop was conducted for Doctors and Nurses from 20 VSC sites.
2. **Operations Research:** Data collection for the Brooke Bond Kericho Tea Estate case study was done; analysis of the results and group discussions will be completed by January 1995. Data collection for the Sulmac Study 1994 was initiated.
3. **Staffing:** The new Program Director was recruited and reported for work on August 1, 1994. An Administrative Assistant was hired in June.

VI. Evaluations and Audits

There were no evaluations or audits during this reporting period. An external audit originally scheduled for June, 1994 has been moved to January 1995. This will allow sufficient time for the new Director to become familiar with the project and its 1993 audit recommendations. Auditors will review current financial systems and determine if recommendations from the previous audit have been implemented and their effectiveness. An evaluation is planned for June 1995.

VII. Issues, Problems, Delays and Corrective Actions

FPPS is working with the MOH/DFH to become certified as a training institute. To qualify FPPS must have a training team established and a clinic. Although FPPS does not have a project clinic, they have selected a site that was approved by the MOH. Despite the fact that FPPS has met the MOH requirements, the certification process is being delayed. MOH is seconding an individual from the Division of Family Health to oversee FPPS training sessions. This arrangement is costly. The new FPPS director is working to resolve this situation.

VIII. Major Actions Planned for the Next Semester

Activity	Responsibility	Estimated Completion Date
-Strategic planning for 1995-1998	PSFP-II	January 1995
-Development of 1995 Workplan	PSFP-II	January 1995
-Development of NGO Business Plan	PSFP-II	January 1995
-Development of financial management plan	PSFP-II	January 1995
-Kenyanization of research, evaluation and monitoring	PSFP-II	December 1995
-Training Advisor to be recruited	PSFP-II	December 1994
-Start up of new sub-projects	PSFP-II	December 1994
-Training	PSFP-II	
MCH/FP 7 weeks	PSFP-II	October-December 1994
CBD Course	PSFP-II	January-March 1995
MCH/FP Update (refresher)	PSFP-II	1995
CBD Update	PSFP-II	1995
-OR/Studies		
Brooke Bond	PSFP-II	January 1995
Sulmac 1994	PSFP-II	December 1994
-Develop 10 new sub-projects	PSFP-II	March 1995
-Develop STD Management Curriculum	PSFP-II	January/April 1995
-Expand VSC services	PSFP-II/AVSC	March 1995
-Recruitment of Program Officers for AIDSCAP and IPPF funded projects	PSFP-II	December 1994

IX. Gender Considerations

Women and men participate equally in the project's ultimate output, which is increased use of family planning methods by couples. Although certain service delivery points find increasing male acceptance and involvement in family planning, women hold the primary responsibility for contraceptive use. Female participants may experience a relatively greater improvement in their socio-economic status than males as the burden of child-rearing falls overwhelmingly on women in Kenya.

Project activities are beginning to integrate HIV/AIDS/STD training for practitioners and testing and counseling for clients. Men and women have equal access to these services. Women are more likely to seek out these services and generally have greater access through family planning services that include HIV/STD testing and counseling. Men, however, are beginning to feel more comfortable accessing testing and treatment services and through partner notification are more likely to access services. HIV/AIDS/STD counseling pays particular attention to safe sex negotiations especially in the use of condoms for women who are in a relatively weak bargaining position. Project activities are also focusing on enhancing male acceptance of condom use.

Both males and females are participating in the various folk media campaigns. There is a direct benefit to both male and female participants as the messages regarding HIV/AIDS prevention and control and the use of family planning may empower participants in their personal lives.

Country: Kenya
 Data as of: 06/30/94
 Date Completed:
 Office: Population and Health

1 PROJECT NO. AND NAME	2 DATE OF INITIAL OBLIGATION	3 PROJECT DESIGNATION (A,B,C)	4 STATUS OF CPs (Cite only if there are as yet unmet CP's older than 18 months)	5 SIZE OF PIPELINE (Cite if pipeline exceeds 2 years estimated average annual obligations)	6 AGE OF PIPELINE (Cite if any obli- gation remains more than 50% unexpended 4 years after initial obligation)	7 ACCRUED EXPENDITURES (Cite if accrued expenditures are less than 60% of planned)	8 UNCOMMITTED BALANCE (Cite if balance exceeds 50% of obligation 18 months after the obligation)	9 EOPS A. (Cite if mission believes there is little chance of achieving EOPS before current PACD)	10 EOPS B. (Cite if EOPS are being achieved at higher level or faster rate than planned)	11 AUDIT A. (Cite if financial audit has not been done in last 18 months)	12 AUDIT B. (Cite if there are unresolved IG recommendations older than six months)	13 EVALUATION A. (Cite if project has not been evaluated in last three years)	14 EVALUATION B. (Cite if activity has PES recommendations opened 6 or more months past PES target date for closure)
615-0232 FAMILY PLANNING SERV. AND SUPPORT	08/25/85	A		(1)									
615-CC45 KENYA HEALTH CARE FINANCING	08/28/89	C		(2)		(3)							
615-0254 PRIVATE SECTOR FAMILY PLANNING II	12/31/91	A											
615-0251 CONTRACEPTIVE SOCIAL MARKETING	06/29/90	B											

- (1). AOC's from Washington for add-ons.
 (2). NPA behind schedule for all implementing agencies.
 (3). NPA behind schedule for all implementing agencies.

119

memorandum

DATE: January 3, 1995

REPLY TO
ATTN OF:

Steffi Meyer, Chief, Office of Projects

SUBJECT:

Urban Infrastructure Division (UID) - PIR meeting of
Nov. 25, 1994 for the period April 1 - Sept. 30, 1994

TO:

See Distribution

The Semi-Annual PIR meeting for Urban Infrastructure Division was held on November 25, 1994. The agenda (+) and results (-) of the discussion are as follows:

A. Small Town Shelter & Community Development - 615-HG-006

1. + The report indicates that 6 sub-projects are still between 10-60% completion with no further mention of future actions towards their completion. What plans does UID have to ensure the completion of these 10 sub-projects? When is UID likely to finalize all the project activities?
 - Ministry of Local Government (MLG) started these projects without consultation and approval of UID. Total cost was way beyond the money set aside for the project, yet MLG did not allocate additional funds to assure completion. Virtually all project funds have been disbursed. MLG has agreed to complete the six using various funding mechanisms. UID is likely to finalize all project activities by March 1995.
2. + The report notes that project-supported training has been held through GTI and that three workshops were held during the period under review. Is there any information on the utility of these training activities?
 - Since 1992, GTI Mombasa has been conducting Project Management Consultative Workshops (PMCW) through USAID/Kenya local currency funding. The annual allocation

of funds has been KShs. 80,000, part of which is retained by MLG for training and technical assistance. Since 1992, GTI Mombasa has conducted 7 PMCWs which focus on the management of bus parks, markets and slaughterhouses.

Feedback from local authorities has been very positive. Follow-up/impact assessment visits were carried out by REDSO/UID, USAID/Kenya, GTI Mombasa and MLG in August 1994 in the municipalities of Kisumu, Vihiga and Kakamega revealed that the PMCW has assisted local authorities in refocussing their attention on management problems. The results have been improved supervision, record-keeping and revenue performance of council facilities, especially bus parks and markets.

An assessment of USAID-supported training was recently completed which also documented the successes of the workshop. Officers from five local authorities were interviewed and, overwhelmingly, they felt the workshop provided an excellent forum for learning from their colleagues in other local authorities. It also revealed the importance of field interventions in the training process. The report, however, cautioned that the workshop is a small part of a long process and a more comprehensive and coordinated effort may be required to achieve long-term management improvements. This has certain funding implications.

A resource persons workshop will be held in Naivasha from December 8 - 10. Participants will be drawn from GTI Mombasa, MLG, local authorities, DPM, REDSO/UID, USAID/Kenya and other donors. The aim of the workshop is to discuss and recommend improvements to the Project management consultative training. It will also address ways of improving coordination between all the active and interested actors in local government training in Kenya.

3. + During the last PIR, one of the actions planned was to conduct a final project evaluation. This report indicates that no final evaluation is planned. Why was this planned project evaluation dropped?

- UID requested \$50,000 from the Mission and \$25,000 from USAID/W for the final Project evaluation. Both the Mission and USAID/W did not have funds to finance this activity. In the absence of such funds, project evaluation will not be undertaken. However, UID has completed the

Project Assistance Completion Report (PACR) which contains significant information that is well beyond a normal PACR and therefore provides sufficient data on the overall project performance and impact.

B. Kariobangi Community Development Proj. - 615-0252

1. + What is the focus of the project evaluation currently in process?

- The focus of the project evaluation currently underway is to:

a) assess the extent to which the project has met its objectives,

b) undertake stakeholder analysis to see the extent to which relationships among stakeholders have affected project implementation,

c) assess the affordability of the houses constructed,

d) assess members satisfaction with the houses,

e) evaluate the impact of the development on the rental rates in the area and,

f) evaluate the environmental impact of the project.

2. + The report notes a slow pace of occupation of project-developed houses as a major concern. Why are people reluctant to occupy the houses? How does the project propose to recover the additional expenses being incurred on security?

- The pace of physical occupation was slow due to security considerations. The first batch of completed houses had their wooden doors vandalized and others stolen. Beneficiaries had to beef up security by installing strong metal doors. These are expensive considering the clients and thus took long to install, affecting the pace of occupation. The Nairobi City Council also took a long time to deliver all the water meters required, causing further delay. Eventually it turned out some beneficiaries are no longer resident in Nairobi and new tenants were sought. Additional security arrangements that are currently underway to continue guarding the houses do not require USAID funding since the project has been handed over to the Cooperatives.

3. + The report notes that the Price Waterhouse audit of the NACHU grant came across some evidence suggesting fraud by senior management. What is the extent of the fraud? Has there been any response from either RIG/A or IG/I/NFO regarding this issue? Is UID satisfied by the actions being taken by NACHU?

- The extent of the fraud is not certain at the moment, though it is estimated that approximately Ksh. 3.5 million is involved. RIG/A has been involved and has sought and obtained a confidential report on the issue.

- UID is satisfied by actions taken by the NACHU management board which immediately swung into action once the matter came to light and suspended the General Manager, Finance Manager and the Board Chairman. It also sought intervention from the Ministry of Cooperatives, which also instituted an investigation that resulted in the sacking of the culprits. The NACHU management team also facilitated and cooperated with the audit team.

4. + The proposed co-operative agreement amendment of the Kariobangi project is being held by USAID/K pending resolution of some management issues. Given the negative early findings of the recently concluded NACHU audit, does UID still intend to go ahead with the proposed amendment? What is the Mission Management position on the proposed amendment\extension?

- UID feels encouraged to continue with the NACHU Cooperative Agreement Amendment and undertake other projects. As a cooperative union, NACHU is the only institution with technical capacity to organize housing cooperatives, design housing projects, tender them, supervise construction and assist housing cooperatives requiring finance. The Ford Foundation recently brought in one of their senior officers from New York to check the books of NACHU. He found that, in spite of NACHU having problems with loan recovery and weaknesses in financial management, the organization has a lot to offer and could easily be improved. The new management is determined to put in place a system that safeguards against future frauds. The Ford Foundation has also contracted Matrix Consultants to undertake a management review to identify areas that needs improvement. In addition, the Ford Foundation is in the process of contracting a consultant to develop management and financial systems that would safeguard against future fraud.

Mission management is still withholding its decision regarding the extension and amendment of the NACHU Cooperative Agreement, pending the findings of the NACHU audit report. Decision will be made based on those findings and NACHU response to audit.

HABITAT is exploring ways of working with NACHU to implement a project targeted at the low income group.

5. + One of the objectives of the Kariobangi project was to create a revolving fund for use in similar projects in the future. Now that phase one of the project is almost completed and mortgage arrangement for the houses almost finalized, what plans does UID have for the use of funds that will be accruing from the sale of the project-funded houses?
- NACHU, with assistance from Homeless International (UK), has acquired 3 sites for future housing development and UID hopes that the funds will be used for the development of the acquired sites.

Distribution

A/DIR:KToh
A/D/DIR:THobgood
EXO:JGranados
RLA:AVance
RCO:RWebber
CONT:(1 copy)
PROG:(1 copy)
PRJ:(1 copy)
UID:(1 copy)
RIG/A:(1 copy)
USAID/W:(2 copies)

U:\USAID\USAID.PRJ\DOCS\PIR\PIRUID.MIN

PROJECT IMPLEMENTATION REPORT
APRIL 1, 1994 - SEPTEMBER 30, 1994

A___ B___ C___

I. BACKGROUND DATA

Project Title: Small Towns Shelter & Community Dev Prj
 Project Number: 615-HG-006
 Date of Authorization: original 00/00/00 amendment 00/00/00
 Date of Obligation: original 00/00/00 amendment 00/00/00
 PACD: original 00/00/00 amended to 00/00/00
 Implementing Agencies: Ministry of Local Govt/National Housing Corp.
 Major Contractors:
 AID Project Officer: Richard Mwangi
 Status of CPs/Covenants:

FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$ 16,000,000	amended to \$
Amount Obligated:	DA/ESF Grant: original	\$ 14,550,000	amended to \$
Amount Committed:	Period:	\$	
	Cumulative:	\$ 14,550,000	
Accrued Expenditures:	Period - Projected:	\$ 66,660	
	Period - Actual:	\$ 44,440	
	Cumulative:	\$ 14,550,000	
	Period - Next:	\$ 44,440	
Pipeline:	Period - Beginning FY	\$ 22,220	
	Period - Actual	\$	
Counterpart			
Contribution:	Planned:	\$	
	Actual:	\$	
Local Currency (FY)	Programmed: current (FY)	\$ 1,000	
	Cumulative Receipts		
	from MOF (FY)	\$	
	Expenditures (FY)	\$	
% LOP Elapsed		-%	
% of Total Auth. Oblig.		100%	
% of Total Oblig. Exp.		99%	
% of Total Auth. Exp.		100%	

Date of Last Evaluation: 01/89 Next Evaluation: 00/00/00
 Date of Last Audit: None Next Audit: 00/00/00
 Date of Last Field Visit: 08/24/94 Next Field Visit: 11/29/94

II. PROJECT DESCRIPTION AND PURPOSE

The Kenya Small Towns Shelter and Community Development Project was meant to demonstrate improved methods for administration of public sector low-cost shelter programs in small towns, including community facilities and employment generation components with special attention to project identification, innovative design and post-occupancy management. Project aimed to develop shelter projects and community facilities and infrastructure, provide shelter for people below the median income (Ksh 3,000) and improve the weakened financial base of Local Authorities (LA's).

III. Progress Toward Purpose Achievement and Project Officer's Assessment

To date all 19 shelter components have been completed. Out of 56 community and infrastructure facilities, 37 have been completed, two are above 95% complete, while another two are @ 85% complete. The balance of funds remaining in the special account is approximately Ksh 3.17 million. It is therefore unlikely that the balance of funds would complete the four projects. With REDSO/UID concurrence, MLG has allocated approximately Ksh 2 million for the completion of two projects. Once these are complete, the balance of Ksh 1 million will be allocated. One project will be completed by the beneficiary local authority using internal funds.

Related training has been implemented through Government Training Institute (GTI), Local Government Department. Initial funding was through an assistance grant and continuing work is funded from the counterpart budget. Training is continuing under the banner of Project Management Consultative Workshops. Three workshops were conducted during the semester.

125

IV. Project Outputs

<u>Description:</u>	<u>Status (% Completed)</u>
Shelter Components	
19 core housing units	- 100%
Community and Infrastructure facilities	
a) 37 sub-projects	-100%
b) 2 sub-projects	- over 95% complete
b) 2 sub-projects	- over 85% complete
c) 10 sub-projects	- Between 10-60% complete
d) 5 sub-projects	- Not feasible, no construction initiated

V. Progress during Reporting Period

Though progress towards completion was recorded in two of the projects, the pace of construction was very slow. In part this was due to disputes between some councils and the contractors but also due to inaction by MLG. One council decided to complete its projects with own funds and MLG agreed to provide technical assistance by seconding one of its engineers. We agreed to complete another two projects and reserved approximately Ksh 1 million. If the two are completed with the allocated amounts of money, the balance could be used in attempts to complete the fourth project.

VI. Evaluations and Audits

No audit has so far been done on this project. Data collection and analysis for the PACR is underway. We do not anticipate to undertake a final evaluation.

VII. Issues, Problems, Delays and Corrective Actions

VIII. Major Actions Planned for the Next Semester

Activity planned	Time span
Complete other 2 infrastructure projects	- By March, 1995

IX. Gender Considerations

The project has taken into consideration gender concerns. Our market infrastructure facilities have continued to benefit women, who are the main users, while the core houses were open to both men and women applicants within the median income range.

PROJECT IMPLEMENTATION REPORT
April 1, 1994 - September 30, 1994

A ___ B ___ C ___

I. BACKGROUND DATA

Project Title: Kariobangi Community Development Proj.
 Project Number: 615-0252
 Date of Authorization: original 06/11/90 amendment 00/00/00
 Date of Obligation: original 06/11/90 amendment 00/00/00
 PACD: original N/A amended to 05/31/94
 Implementing Agencies: National cooperative Housing Union
 Major Contractors: MEGDEV Construction Company
 AID Project Officer: Richard Mwangi
 Status of CPs/Covenants: NACHU contribution reduced to \$0.39m.

FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$1,170,000	amended to \$
Amount Obligated:	DA/ESF Grant: original	\$1,126,2060	amended to \$
Amount Committed:	Period:	\$0	
	Cumulative:	\$1,126,206	
Accrued Expenditures:	Period - Projected:	\$ 50,000	
	Period - Actual:	\$ 39,012	
	Cumulative:	\$ 309,012	
	Period - Next:	\$ 24,000	
Pipeline:	Period - Beginning FY	\$ 860,988	
	Period - Actual	\$ 860,988	
Counterpart			
Contribution:	Planned:	\$ 390,000	
	Actual: N/A	\$	
	% LOP Elapsed	100%	
	% of Total Auth. Oblig.	100%	
	% of Total Oblig. Exp.	95%	
	% of Total Auth. Exp.	100%	

Date of Last Evaluation: None	Next Evaluation: In progress
Date of Last Audit: 00/00/00	Next Audit: 00/00/00
Date of Last Field Visit: 10/5/94	Next Field Visit: 11/15/94

II. PROJECT DESCRIPTION AND PURPOSE

The Kariobangi Community Development Project was meant to establish a replicable model of privately undertaken slum upgrading in Kenya and to promote self-help community development as a means of reducing settlement upgrading costs. The project was intended to (1) incorporate self-help community upgrading by mobilizing household resources to reduce upgrading costs, (2) recover project costs from beneficiaries and create a revolving fund for use in similar projects in future, and (3) undertake development of 300+ housing units in the 12 acre site belonging to Kariobangi Housing Settlement Cooperative Society (KHSC).

A proposal to amend the Cooperative Agreement to allow a reduction of Kariobangi project and enable balance of project funds to be used elsewhere as well as extend the project completion date was put together and is awaiting approval by the Mission Director.

127

III. Progress Toward Purpose Achievement and Project Officer's Assessment

Difficult site conditions at Kariobangi precluded contractor from proceeding with all the 192 units of what became phase I of the project. Of the 120 units started, 95 have been completed, allocated and beneficiaries are moving and the occupancy rate is 43%. The remaining 25 units will be taken over by the KHSC, which will find ways and means of completing them.

105 members met the required down payment of Ksh 14,400 per person, ten more than the completed units. The extra ten were allocated similar units KHSC was holding and intended to use for rental purposes. CFL agreed to lend the Kariobangi Housing Settlement Cooperative (KHSC) approximately Ksh 13,850,000 as a single mortgage for a 25 year repayment term under the Cooperative Housing Mortgage Program (CHMP). CFL contribution will earn 30% interest, while the USAID grant contribution will earn 4%, to assure that the mortgage payment is affordable to the beneficiaries at Ksh 1,300 pm.

IV. Project Outputs; Kariobangi Project

<u>Description:</u>	<u>Status (% Completed)</u>
a) New/Improved housing units	99%
b) Households benefitting from improved water reticulation, sanitation, drainage and roads	100%
c) Project Cost recovered	Beneficiaries have started paying at Ksh 1,300 per month.

V. Progress During Reporting Period

Rapid inflation and rising interest rates threatened project affordability. Majority of mainstream financial institutions suspended lending. While CFL agreed to advance long term mortgage it insisted on charging at 30% interest. This meant the project would not be affordable unless the interest rate on USAID contribution was reduced to 4%. REDSO/UID agreed and CFL therefore agreed to lend Ksh 13,850,000 in one mortgage, payable in 25 years. The KHSC, with the assistance of NACHU, is in the process of putting together the necessary collateral to facilitate issuance of the loan. The number of beneficiaries who have assumed occupancy of their units increased from 10 to 41.

When CFL sought the leasehold title for collateral purposes, it turned out the lease had balance of ten years to expire, against the expected 25 years mortgage. Working jointly with NACHU and KHSC, we were able to have the extension of leasehold beyond the 25 years.

VI. Evaluations and Audits

Price Waterhouse undertook an audit of NACHU accounts. At the exit conference, the auditors informed us they had they had come across some evidence suggesting a fraud had been perpetrated by senior management. We then referred the matter to RIG/A and IG/I/NFO. The draft audit report has been produced and discussed with NACHU and we are awaiting the final report. The officials involved in the fraud were suspended and have eventually had their services terminated. An evaluation of the project implementation and impact is in progress and is expected to be completed after a majority of beneficiaries occupy their houses.

Matrix Development Consultants were contracted by the other major benefactor of NACHU, Ford Foundation to undertake a management review of NACHU. The report has commended NACHU management on a number of issues while pointing out those issues requiring management action.

VII. Issues, Problems, Delays and Corrective Actions

The slow pace of occupation of the units is an issue of concern to us. Working closely with NACHU, we have resolved one impediment after another, first water meters, then security doors and now the issue of absent landlords looking for tenants. Occupation has gathered pace in recent days and we look forward to full occupation in the near future.

VIII. Major Actions Planned for the Next Semester

Our timetable for the next semester is as follows:

Activity	End of Activity
1) Achieve 75% beneficiary occupation	March 30, 1995
2) Complete evaluation	May 30, 1995
3) Undertake site dedication	April, 1995
4) Start new sub-projects	When Coop. Amendment is approved

IX. Gender Considerations

The majority of households within Kariobangi Housing settlement Cooperative are women headed. A large number of beneficiaries are therefore women.

Country: Kenya
 Data as of: 09/30/04
 Date Completed:
 Office: Urban Infrastructure Division

1 PROJECT NO. AND NAME	2 DATE OF INITIAL OBLIGATION	3 PROJECT DESIGNATION (A,B,C)	4 STATUS OF CPs (Cite only if there are as yet unmet CP's older than 18 months)	5 SIZE OF PIPELINE (Cite if pipeline exceeds 2 years estimated average annual obligations)	6 AGE OF PIPELINE (Cite if any obliga- tion remains more than 60% unexpended 4 years after initial obligation)	7 ACCRUED EXPENDITURES (Cite if accrued expenditures are less than 60% of planned)	8 UNCOMMITTED BALANCE (Cite if balance exceeds 50% of obligation 18 months after the obligation)	9 EOPS A. (Cite if mission believes there is little chance of achieving EOPS before current PACD)	10 EOPS B. (Cite if EOPS are being achieved at higher level or faster rate than planned)	11 AUDIT A. (Cite if financial audit has not been done in last 18 months)	12 AUDIT B. (Cite if there are unresolved IG recommendations older than six months)	13 EVALUATION A. (Cite if project has not been evaluated in last three years)	14 EVALUATION B. (Cite if activity has PES recommendations opened 6 or more months past PES target date for closure)
615-0252 KARIOBANGI COMMUNITY DEVEL.	08/11/90	B				NA				(1)			
615-HG-008 SMALL TOWN SH.LTR. & COMMUNITY DEVEL.	04/85	(2)											
615-HG-008 KENYA CREDIT UNION/COOP HOUSING	08/21/87	(3)											

(1). Consideration is being given to using PD&S funds to fund an audit since this was not originally budgetted in Grant.

(2). HG Project.

(3). HG Project.

138