

USAID/Zimbabwe

FY 1999

**Results Review and Resources Request
(R4)**

March 1997

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USAID/ZIMBABWE

FY 1999

Results Review

I. Overview and Factors Affecting Program Performance

Significant changes in the broad development context in Zimbabwe relate to recent USAID/Washington decisions. USAID/Zimbabwe is one of the Bureau for Africa programs that has been named to graduate from U.S. development assistance early in the next decade. Furthermore, it has been named a Limited Assistance Mission in USAID's Overseas Restructuring Plan. In the past year, the mission has carefully scrutinized the program activities and developed transition and phase-out plans for each of the Strategic Objectives (SO). Each SO team has revised its Results Framework and the mission has developed a Country Strategic Plan (1997-2003) with a goal of consolidating successes while emphasizing sustainability where appropriate and feasible. The Country Strategic Plan (CSP) is being submitted within weeks of the submission of this R4.

This R4 provides a preview of the changes planned in the new strategy. In summary, they are as follows:

- **SO1 - Natural Resources Management Strengthened for Sustainable Rural Development for Communal Areas Management Programme for Indigenous Resources (CAMPFIRE) Communities** - This SO will be focussed on community-based natural resources management. The cereals research and agricultural marketing results are drawing to a successful conclusion this year. The strategy calls for this SO to be phased out by the end of FY 2000.
- **SO2 - Broadened Ownership in a Growing Economy** - This SO will continue to pursue both low-income housing and private sector intermediate results. The private sector activities will begin to phaseout in 1998 for completion by the end of FY 2000. Current housing programs could continue beyond FY 2000, however, if the Agency determines it will go forward with a third guaranty borrowing and management issues can be resolved.
- **SO3 - Reduced Fertility and Increased Use of HIV/AIDS Preventive Methods** - This SO shifts its focus slightly to emphasize sustainability in its joint family planning and HIV/AIDS programs. It plans to phase out family planning interventions in FY 2000 and HIV/AIDS activities by the end of FY 2002.
- The strategy suggests a "Post-Presence" Special Objective which would include consideration of a Development Foundation as one possible mechanism for activities after the bilateral mission closes. This proposal has not developed sufficiently to permit anything but projections of likely illustrative results but it is incorporated into the Resources Request.
- Mission staffing has been carefully reviewed and the phase down plan is reflected in the Resource Request as staff numbers progressively decline to close-out by the end of FY 2003.

For the past six months, mission staff have been preoccupied with planning the phase-out. With the anticipated approval of the revised strategy and Results Frameworks, the mission will be poised for a complete focus on implementing the activities and maximizing results in the phase-out process.

In general, the development context in Zimbabwe improves year by year. Economic growth is recovering after the drought years in 1992 and 1995. The trend toward a liberalized economy continues and Zimbabwe has avoided the political or ethnic conflicts disrupting many other countries. Drought, however, remains a critical confounding variable in Zimbabwe's economic destiny.

II. Progress Toward Objectives

Strategic Objective One - Increased Household Food Security in Communal Areas of Natural Regions IV and V

1. Performance Analysis

Currently, this Strategic Objective (SO) addresses the food security needs of Zimbabwe's poor, particularly those residing on communal lands in the poorly-endowed regions of the country known as Natural Regions IV and V. It is being substantially revised as a part of the mission's strategic planning process. As most activities in the Grain Marketing Reform Support Program (GMRSP) concluded in 1996 and the regional Sorghum and Millet Improvement Program was transferred to the Regional Center for Southern Africa in 1995, the revised SO will focus more exclusively on the achievement of its community-based natural resource management program objectives. The SO's indicators have been revised in the new CSP in accordance with this revised program emphasis.

Given this restructuring of the Strategic Objective, this narrative is devoted to thoroughly reporting on progress and accomplishments under the first IR which captures the community-based NRM activities which form the core of the continuing program;

IR-1 Increased average household benefits generated by community-based natural resources management activities in natural regions IV and V;

and on the accomplishments of IR 2, the grain marketing program, which has been successfully completed;

IR-2 More marketed grain available at lower cost for rural households in communal areas of natural regions IV and V.

Note that USAID/Zimbabwe will not report on agricultural indicators in the FY 2000 R4.

IR-1 Increased average household benefits generated by community-based natural resources management activities in natural regions IV and V

The indicator for this IR was defined as "net household income from natural resources management activity." A meaningful indicator of tangible program results, this single indicator is insufficient to adequately report on the expanding NRM emphasis in the revised SO. The revised Results Framework for this SO and the new Country Strategic Plan will incorporate additional indicators to more fully capture the results. The following discussion provides additional data and vignettes to deepen the picture of results provided by the indicator alone.

**Between 1989 and 1996,
CAMPFIRE has generated
revenues of US\$6 million**

Under the CAMPFIRE program, which is the key operating entity for implementing activities under this SO, average contributions to the household from CAMPFIRE activities have risen from \$Z95 in 1993 to \$146 in 1996. This gradual increase per household is more dramatic when considered in the context of the rapid expansion of numbers of participating households, from 9,000 in 1989 to some 200,000 at present. Overall revenues in the CAMPFIRE program have increased from Z\$600,000 in 1989 to Z\$15 million in 1996. More important than the financial numbers themselves is the realization by rural Zimbabweans that proper management of natural resources means additional cash and other incentives for their household. Their interest derives from an incentive to protect the resource base and assist in its management.

**NRM has been incorporated
into the secondary school
syllabus**

The program has begun to have singular success in spreading the word that natural resources management is a key ingredient to sustainable economic development in Zimbabwe. In particular, 1996 saw NRM incorporated into the nation's secondary school agricultural syllabus.

The CAMPFIRE program has begun to diversify its vision to incorporate non-wildlife management activities as well. A few examples follow:

- Hurungwe Rural District Council has developed an eco-tourism venture;
- Guruve Rural District Council is actively investigating the potential for marketing the Masau fruit;
- In the Mudzi-Nyanga Rural District Council areas, residents have begun to develop a local bee-keeping (honey and beeswax) industry, while discussions are on-going on how to manage/exploit local spring water resources;
- Bulilima-Mangwe Rural District Council is marketing Mopane worms; and,

- Binga Rural District Council is initiating plans to exploit indigenous hardwood resources on a sustainable basis.

The success of CAMPFIRE has not been achieved without costs. In particular, preservationist-oriented animal welfare groups around the world have stepped up their campaign against CAMPFIRE during the run-up to the 1997 Convention on International Trade of Endangered Species (CITES) conference (to be held in Zimbabwe), condemning the program for its sport hunting emphasis. While USAID/Zimbabwe is sensitive to these concerns, we firmly believe that continued support for this premier community-based NRM prototype activity is justified and fits within the Agency's strategic framework. Significant financial benefits have been realized by thousands of previously economically disadvantaged households throughout the most marginal areas of Zimbabwe. At the same time, aerial census data for the CAMPFIRE program areas indicate growing elephant populations and fairly stable populations of other large mammals. Moreover, carcass counts indicate that the levels of illegal offtake are negligible. CAMPFIRE has emerged as an African and a global model for sustainable natural resources-based community development.

Elephant population in Zimbabwe has grown by 5,000 since 1993

IR 1.2 More Marketed Grain Available, at Lower Cost, for Rural Households in Communal Areas of Natural Regions IV and V

The following presents a wrap-up for the grain marketing activities. In order to present a more meaningful picture of results achieved in marketing, the SO1 team has converted the nominal prices to real prices based on a constant 1990 Zimbabwe dollar. This presents a more accurate picture of trends over the past several years.

Under the auspices of the \$20 million USAID-supported non-project assistance (NPA) Grain Marketing Reform Support Program, the GOZ has made steady and impressive gains, putting its formerly state-dominated maize trading and distribution system onto a commercial footing. While the final tranche of NPA under the program will not be disbursed due to the failure to fully privatize the Grain Marketing Board (GMB), cereals marketing has largely shifted to the private sector with over 90 percent of grain marketed through the private sector. With over 90 percent of the marketing being conducted through private channels and the government subsidy being eliminated, the GMB has become largely irrelevant as a market force.

Over 90% of grain is now marketed through the private sector

The trend data on household foodgrain availability indicate the marked effect that grain marketing reforms have had on improving food security in Zimbabwe. Family household averages have exceeded their targets and rural households have remained above the insecurity threshold (estimated at 250 kilograms per person per year). The data from 1994/95--a drought

year--demonstrate the increase in grain availability made possible through the market liberalization process.

The retail market price of maize has, as expected, shown variability with the vagaries of the weather appearing to be a primary determinant of prices. Of greater interest is the relative prices of "straight run meal", i.e., a more nutritious maize meal processed by local hammer-mills, and

Number of small, local hammer-mills doubles since 1990 due to liberalization of grain markets

"roller meal", i.e. that maize processed by large commercial mills. The price of maize meal locally processed by hammer-mills has declined steadily between 1993 and 1996, dropping from Z\$7.77 to Z\$6.47 (per 15 kilograms) in constant 1990 dollar terms. During the same period the price of maize meal from large commercial roller-mills increased substantially from Z\$6.88 to Z\$9.77

per 15 kilograms. The reversal of relative prices, making meal produced locally a very attractive commodity, has led to an explosion in local hammer-mills established as micro-enterprises. The Assessment of Program Impact attributed this rapid growth, a doubling between 1990 and 1995, to the following factors:

- decontrol of grain marketing;
- removal of roller mill subsidies; and
- availability of the technology.

Analysis by USAID and other agencies (FAO) in the past year has documented the following additional significant reform program impacts:

- Within the space of two years, the proportion of staple maize meal procured through informal channels has soared from 8% in 1991, to 50% in 1993, to 92% in 1995, and 92.3% in 1996.
- The market reforms have allowed urban households to acquire maize meal at 60-70% of the cost of meal manufactured by large-scale industrial millers.
- More than 20,000 new/additional jobs have been generated in maize milling and related grain trading activities since the reform effort began.
- Small-scale millers now have the potential to supply up to 70% of Zimbabwe's maize meal requirements.

A final program evaluation will carefully document the results and examine lessons learned in this exceptional program.

Here follow the Performance Data Tables for Strategic Objective 1:

Strategic Objective 1: Increased Household Food Security in Communal Areas of Natural Regions IV and V			
APPROVED: 1993 CPSP		COUNTRY/ORGANIZATION: USAID/Zimbabwe	
RESULT NAME: R - Increased Household Food Security in Communal Areas of Natural Regions IV and V			
INDICATOR: Average Household Foodgrain Availability			
UNIT OF MEASURE: (KG)	YEAR	PLANNED	ACTUAL
SOURCE: USAID Survey	(B)93		884
INDICATOR DESCRIPTION: Total retained production and purchases	94	890	1,396
COMMENTS: Final Year for Reporting	95	990	1,368
	96	1,100	1,292

Strategic Objective 1: Increased Household Food Security in Communal Areas of Natural Regions IV and V			
APPROVED: 1993 CPSP		COUNTRY/ORGANIZATION: USAID/Zimbabwe	
RESULT NAME: IR - Increased Household Benefits from NRM			
INDICATOR: Increased Average Household Benefits Generated by Community Based Natural Resource Management Activities in Natural Regions IV and V.			
UNIT OF MEASURE: Z\$ per Household	YEAR	PLANNED	ACTUAL
SOURCE: WWF reports on CAMPFIRE	(B)89		89
INDICATOR DESCRIPTION: Total Z\$ CAMPFIRE revenue/# of residents	94	150	93
COMMENTS: Rapid increases in the number of participants keeps per household returns from increasing rapidly	96	250	146
	97 (T)	175	
	98 (T)	205	

Strategic Objective 1: Increased Household Food Security in Communal Areas of Natural Regions IV and V			
APPROVED: 1993 CPSP		COUNTRY/ORGANIZATION: USAID/Zimbabwe	
RESULT NAME: IR - More Marketed Grain Available, at Lower Cost, for Rural Households in Communal Areas of Natural Regions IV and V.			
INDICATOR: Retail market price of straight-run maize meal in selected markets.			
UNIT OF MEASURE: Z\$/15 kg (real)	YEAR	PLANNED	ACTUAL
SOURCE: USAID survey	(B)93		7.77
INDICATOR DESCRIPTION: in constant 1990 Z\$	94	10.50	6.55
COMMENTS: "Straight-run" maize meal price is the price of meal produced in small local hammer-mills. Final year for reporting.	95	9.50	7.06
	96	9.50	6.47

Strategic Objective 1: Increased Household Food Security in Communal Areas of Natural Regions IV and V			
APPROVED: 1993 CPSP		COUNTRY/ORGANIZATION: USAID/Zimbabwe	
RESULT NAME: IR - More Marketed Grain Available, at Lower Cost, for Rural Households in Communal Areas of Natural Regions IV and V.			
INDICATOR: Retail market price of roller meal in selected markets.			
UNIT OF MEASURE: Z\$/15 kg (real)	YEAR	PLANNED	ACTUAL
SOURCE: USAID Survey	(B)93		6.88
INDICATOR DESCRIPTION: in constant 1990 Z\$	94	7.75	8.06
COMMENTS: "Roller meal" is that meal produced by the 4 large commercial millers. <u>Final year for reporting.</u>	95	10.35	9.08
	96	10.35	9.77

2. Expected Progress and Management Actions

The revised Country Strategy defines a major restructuring of this Strategic Objective with the cereals production and marketing aspects now completed and the Natural Resources Management activities being reinforced to become a stand-alone strategic objective. The details of this proposal are defined in the SO2 team's Results Framework for this SO, as well as the CSP, which is being submitted concurrently with this R4.

The current Intermediate Result is slightly reformulated to become the Strategic Objective "NRM strengthened for sustainable rural development in CAMPFIRE communities" while maintaining the household benefits indicator for achievement of the desired result. This SO-level indicator will be supplemented in the mission information system by monitoring capital improvements and rates of resource degradation.

The new NRM Strategic Objective has two key Intermediate Results for which USAID is primarily responsible;

- sustainable NRM practices adopted, and
- sound community decision-making processes established.

Additional indicators for the Intermediate Results will be provided in the CSP and Results Framework to measure adherence to sustainable NRM principles and practices, NRM skills transfer and adoption, incentives for NRM, and community processes for effectively managing resources. Upon approval of the CSP, these indicators will form the basis for reports in future R4s.

3. Transition

The transition to non-presence status has already begun in this Strategic Objective with an increased focus on efforts in community-based NRM and the completion of cereals production

and marketing efforts. The activities defined in the Results Framework for this Strategic Objective are designed to be completed by the end of FY 2000 when USAID's in-country technical and management staff for this SO depart Zimbabwe. The emphasis in redefining the NRM approach has been to delineate activities which would be sustained after USAID's bilateral involvement is completed in 2000. A section of the CSP is devoted to explaining the details of the transition/phaseout plan and options considered for any post-presence activities.

Strategic Objective Two: Broadened Ownership and Increased Investment at all Levels of the Zimbabwean Economy

1. Performance Analysis

This Strategic Objective is directed specifically at the private sector in Zimbabwe and emphasizes a growth approach to improving equity. While it has been subject to some adjustments and a reduction of \$1 million in additional funds during the current strategy exercise, these adjustments have been minor and have not materially affected the overall results expected.

A new indicator has been developed at the SO level, the inflation adjusted \$Z value of all outstanding credits of less than Z\$500,000 (approximately US\$50,000) extended by 12 key financial institutions. This indicator provides a good measure of investment since the cap on the size of the loans limits it to smaller entrepreneurs. Baseline data on this indicator is currently being collected for 1996.

Achievement of the desired result in this strategic objective is dependent on three Intermediate Results:

- Broadened Low-Income Home Ownership;
- Broadened Ownership of Existing Businesses; and
- Accelerated Creation/Expansion of Micro, Small and Medium Enterprises (MSMEs).

IR-1 Broadened Low-Income Home Ownership

Since 1992, activities have achieved considerable success in accomplishing this Intermediate result. In particular:

- low-income families have become home-owners in greater numbers than ever before in the history of Zimbabwe;
- the provision of serviced, low-income plots has increased by a factor of three;
- over US\$35 million in private sector resources have been leveraged for low-income housing;
- the number of low income mortgages has expanded by a factor of thirteen;
- the construction price of a minimum standard house has decreased by 96%;

- US firms have entered the Zimbabwean low-income market and are negotiating expansion to other low-income markets in the region; and
- benefitting from USAID training, two new indigenous building societies were formed and are participating in the Private Sector Housing Program (PSHP) program, and at least 6 new indigenous land survey firms have been formed since 1993.

Data gathered to date indicate that the (PSHP) is continuing to meet, and in most cases, exceed its targets. Housing Guaranty (HG) and grant funds have provided US\$35 million to Zimbabwe's five building societies, which in turn are matching these funds and providing low-income mortgages. US\$15 million in HG funds have been provided on a matching basis to the Government's National Housing Fund and is being on-lent to local authorities for low-income housing infrastructure development. Consequently, the program has exceeded the target set for the provision of serviced, low-income plots and for the number of low-income houses built.

Price of a minimum standard house on a serviced plot decreases 30% due to policy initiative

Increased affordability of low-income housing is measured by the indicator, "median price of a minimum standard urban house and serviced stand." Although escalating land prices and high inflation in the cost of construction materials has increased the price of the minimum standard house, policy successes are responsible for maintaining the overall price well below the program's target.

Data for the number of mortgages issued are currently being collected and analyzed for 1996, but preliminary indications show a drop in the total number issued in 1996 from the record numbers in 1995. This may be due in part to constraints which remain in the surveying and titling sectors. USAID activities are currently addressing these bottlenecks. Problems in receiving timely data from the building societies are being addressed through the installation of computerized tracking systems and through the technical assistance of financial accounting experts. The mission is exploring the feasibility of placing more emphasis on reports received from local authorities as these appear to be more timely and reliable. Additional results from the 1996 program will be reported in the next R4 submission.

IR-2 Broadened Ownership of Existing Business

While activities to accomplish this result have been initiated and the groundwork is being laid, none of the efforts to implement Employee Stock Ownership Plans (ESOPs), Employee or Management Buyouts (EBOs and MBOs), or partial privatizations through sales to management or employees occurred in 1996. The desired intermediate result remains valid and the prognosis for 1997 accomplishments looks very good.

IR-3 Accelerated Creation and Expansion of Sustainable Micro, Small and Medium-sized Enterprises

The activities in this Intermediate Result attained exceptional results during 1996. The lending program, encouraged by a blend of significant bilateral funds and staff effort and major inputs from global resources and staff, has been a particularly impressive Agency-wide effort. Limited bilateral funds available to support activities under this IR were supplemented by significant global and regional funds which have permitted a rapid expansion of lending to micro, small, and medium enterprises (MSME). In 1996, a total

Commercial bank loans to micro, small, & medium enterprises went from less than US\$20,000,000 in 1995 to nearly US\$100,000,000 in 1996

Number of microenterprise borrowers more than doubles between 1995 and 1996.

of 182 loans, valued at Z\$10.7 million, were executed by participating banks. The average size of a loan was Z\$58,960 (US\$5,725) and 32 percent of loans went to female-owned firms and businesses. Performance during the first year of this program component, while slightly below planned targets, was acceptable. The number of loans provided indicates spread effects close to the target levels. On the other hand, the lower value of loans suggests the possibility of an overestimation of average loan size when the targets were established. This indicator will be monitored during 1997 to

determine if, in fact, this is the case, then adjusted accordingly.

32% of SME loans and 72% of microenterprise loans went to women-owned enterprises

The micro lending program has enjoyed a slightly more successful year. In 1995, the number of loans provided by USAID-supported micro lenders jumped 112 percent, from 2,124 in 1995 to 4,496. Total loan value increased 55 percent during the year to Z\$6.2 million. The growth in the number of loans during 1996 was two times the growth in loan value, indicating a reduction in the size of loans and a deeper penetration into the microenterprise market. In fact, loan size between 1995 and 1996 did decline from Z\$1,883 (US\$183) to Z\$1,379 (US\$134). Women continued to be the major beneficiaries of the program, capturing 72 percent of all 1996 loans.

Here follow the Performance Data Tables for Strategic Objective 2:

Strategic Objective 2:			
APPROVED: Proposed		COUNTRY/ORGANIZATION: USAID/Zimbabwe	
RESULT NAME: R2 - Broadened Ownership in a Growing Economy			
INDICATOR: New Indicator -Formal Sector Finance going to low-income households and MSMEs			
UNIT OF MEASURE: Inflation adjusted Z\$ value of all outstanding credits of less than Z\$500,000 extended by 12 key financial institutions.	YEAR	PLANNED	ACTUAL
SOURCE: Semi-annual reports from the 12 institutions	(B)1995	TBD	TBD
INDICATOR DESCRIPTION:	1996	TBD	TBD
COMMENTS: Baseline being tabulated, expected increases on the order of 20% per year.	1997(T)		
	1998(T)		

Strategic Objective 2: Broadened Ownership and Increased Investment at all levels of the Zimbabwean Economy			
APPROVED: FY 95		COUNTRY/ORGANIZATION: USAID/Zimbabwe	
RESULT NAME: IR-2.1 Broadened Low Income Home Ownership			
INDICATOR: Number of low-income housing units built annually			
UNIT OF MEASURE: # per 1000 urban population	YEAR	PLANNED	ACTUAL
SOURCE: local government authorities	(B)1992		0.77
INDICATOR DESCRIPTION:	1995		0.6
COMMENTS: Annual survey process well established by independent firm. A measure of the housing delivery system as a whole.	1996	0.88	2.7
	1997 (T)	0.96	
	1998 (T)	1.06	
	2000 (T)	1.30	

Strategic Objective 2: Broadened Ownership and Increased Investment at all levels of the Zimbabwean Economy			
APPROVED: FY 95		COUNTRY/ORGANIZATION: USAID/Zimbabwe	
RESULT NAME: IR-2.1 Broadened Low Income Home Ownership			
INDICATOR: Number of low cost stands built annually			
UNIT OF MEASURE: # per 1000 urban population	YEAR	PLANNED	ACTUAL
SOURCE: local government authorities	(B)1992		3.09
INDICATOR DESCRIPTION:	1995		4.44
COMMENTS: Annual survey process well established by independent firm. A measure of the land market functions.	1996	5.0	9.95
	1997(T)	5.0	
	2000 (T)	5.0	

Strategic Objective 2: Broadened Ownership and Increased Investment at all levels of the Zimbabwean Economy			
APPROVED: FY 95		COUNTRY/ORGANIZATION: USAID/Zimbabwe	
RESULT NAME: IR 2.1.1 - Increased access by low-income households to mortgage financing			
INDICATOR: Absolute number and percent of total mortgage loans going to urban low-income households			
UNIT OF MEASURE: number and percent	YEAR	PLANNED	ACTUAL
SOURCE: Building Societies' reports	(B)1992		1,220 #M-1,070 #F-150 %M - 88 %F -12
INDICATOR DESCRIPTION: annual data disaggregated by gender	1995		15,962 M-13,089 #F-2,873 %M-82% %F-18%
COMMENTS: Gender disaggregated data shows female headed households as indicators of women's participation.	1996	16,760 #M-13,408 #F-3,352 80%M 20%F	TBD
	1998(T)	18,475 #M-14,780 #F-3,695 80%M 20%F	
	2000(T)	20,000 #M-16,000 #F-4,000 %M-80% %F-20%	

Strategic Objective 2: Broadened Ownership and Increased Investment at all levels of the Zimbabwean Economy			
APPROVED: Proposed		COUNTRY/ORGANIZATION: USAID/Zimbabwe	
RESULT NAME: IR 2.12 - Increased affordability of low cost housing			
INDICATOR: Median price of minimum standard urban house and serviced stand			
UNIT OF MEASURE: 1992 Z\$	YEAR	PLANNED	ACTUAL
SOURCE: USAID survey	(B)1992		30,552
INDICATOR DESCRIPTION:	1995	29,406	18,324
COMMENTS: This indicator is a combination of two indicators from the SO2 monitoring plan.	1996	29,024	20,196
	1997 (T)	28,642	
	2000 (T)	27,496	

Strategic Objective 2: Broadened Ownership and Increased Investment at all levels of the Zimbabwean Economy			
APPROVED: 1994 API		COUNTRY/ORGANIZATION: USAID/Zimbabwe	
RESULT NAME: IR 2.23 - Accelerated Creation and Expansion of Sustainable Micro, Small and Medium Sized Enterprises (MSMEs)			
INDICATOR: Number and total value of USAID-guaranteed loans extended to SMEs			
UNIT OF MEASURE: Z\$millions (1995 Z\$s)	YEAR	PLANNED	ACTUAL
SOURCE: Participating Bank Reports	(B)1995		0.0 Z\$0.0
COMMENTS: Modified from a % of total commercial lending going to MSMEs	1996	200 Z\$15.0	182 Z\$10.7
	(T)1997	300 Z\$22.5	
	(T) 2000	600 Z\$45.0	

Strategic Objective 2: Broadened Ownership and Increased Investment at all levels of the Zimbabwean Economy			
APPROVED: 1994 API		COUNTRY/ORGANIZATION: USAID/Zimbabwe	
RESULT NAME: IR 2.23 - Accelerated Creation and Expansion of Sustainable Micro, Small and Medium Sized Enterprises (MSMEs)			
INDICATOR: Number and Value of Loans to MEs supported by USAID			
UNIT OF MEASURE: # and value in 1995 Z\$ (millions)	YEAR	PLANNED	ACTUAL
SOURCE: reports from USAID-supported microfinance NGOs	(B)1995		# 2,124 Z\$4.0
INDICATOR DESCRIPTION:	1996	# 3,700 Z\$5.20	# 4,496 Z\$6.20
	(T)1997	# 5,325 Z\$7.20	
	(T) 2000	# 10,000 Z\$10.00	

2. Expected Progress and Management Actions

While slightly refined, this strategic objective will show few changes in the new Country Strategic Plan. Its SO title is proposed to change to "broadened ownership in a growing economy. The indicators continue to be valid and systems are being established to track them. The continued flow of resources from Global and regional offices are expected to permit significant growth of the program related to creating micro, small and medium enterprises. Current projections show \$23 million in funds or guaranty programs to complement \$16.2 million remaining for disbursement in the bilateral pipeline. Therefore, the commercial bank and micro-lending programs are expected to continue to exceed targets through the phase-out in 2000.

Activities relating to competency-based training and broadening ownership of existing businesses are expected to begin phasing out during the 1998-99 planning period. Results monitoring will show whether the "critical mass" has been attained to sustain these programs.

The low-income housing program is expected to continue at the same level throughout the planning period. By the year 2000, nearly 100,000 mortgages will have been provided to Zimbabwean low-income households during the program period, which began in 1992.

The Country Strategic Plan and Results Framework for this Strategic Objective provide greater details on the continuing activities.

3. Transition

The transition plan for this Strategic Objective is provided in detail in the Country Strategic Plan and the Results Framework for this SO. In broad lines, the plan is to begin phasing down the training and large business activities in 1998, allowing the extremely successful MSME lending activities to continue until the end of the phaseout period in FY 2000. USAID's in-country technical and management staff for this SO are projected to depart Zimbabwe in FY 2000. As stated earlier, low-income housing programs could continue beyond FY 2000 if the Agency determines it will go forward with a third borrowing and if management issues can be resolved.

Strategic Objective 3 - Reduced Fertility and Increased Use of HIV/AIDS Preventive Measures

1. Performance Analysis

After a decade of steady improvement in health care indicators after independence in 1980, the viability of Zimbabwe's public health system is now clearly threatened. The public health budget declined by more than 40 percent in per capita real terms between 1990 and 1995, and the exploding HIV/AIDS epidemic now places Zimbabwe among the most severely affected countries in the world, with an estimated 22 percent of all adults infected with the HIV virus.

USAID/Zimbabwe responded to these epidemiological and economic challenges with an interim SO strategy approved in April 1996. It encompassed a broader reproductive health approach addressing the needs of customers and stakeholders, while building on USAID's successes in family planning and the need to focus greater efforts on Zimbabwe's HIV/AIDS epidemic. Subsequent to the development of the strategy, the Government expressed its reluctance to utilize USAID resources to pursue an integrated reproductive health approach. The mission's revised strategy, therefore, shifts its emphasis to an increase in private sector involvement with a continuing focus on family planning and HIV/AIDS.

Accomplishments at the strategic objective level are measured by a set of four indicators.

The declining total fertility rate (TFR) - the TFR has dropped from 6.5 in 1984 to 4.3 in 1994 when it was last surveyed. Current estimates show this trend continuing. However, the challenge is to reach less educated rural women where the fertility rate is 58 percent higher than in urban areas.

The total number of condoms sold or distributed - The number has been growing by approximately 25 percent per year to a level of 50,000,000 in 1996.

**50,000,000 condoms
sold or distributed
in 1996**

Percent of the population reporting condom use during the most recent sex act of risk - The baseline for this measure was established in 1996 and will be surveyed semi-annually.

Percent of surveyed men reporting appropriate STD treatment behavior - The baseline is set at 33 percent in the 1994 Demographic and Health Survey (DHS) - new data will be part of the 1998 DHS.

The 1997-2003 strategy articulates one intermediate result: increased use of complementary delivery systems for family planning and HIV/AIDS services.

Five sets of activities constitute the USAID interventions to achieve these results: (1) improved quality of family planning services, (2) adequate supply and proper management of contraceptive logistics, (3) improved policies for reproductive health, (4) enhanced NGO capacity to deliver HIV/AIDS prevention services, and (5) expanded behavior change communications.

**Longer acting contraceptive methods
increase from 15% to
30% of all methods used**

Of particular interest in the maturing family planning program is the diversification of the contraceptive mix to include more longer acting methods. Survey data indicate that longer acting methods have increased from 15 percent of all methods in 1992 to 31 percent of all methods in 1996. With an increasing emphasis on sustainability, longer acting methods put decreasing loads on service providers.

Commercial and non-traditional distribution of condoms add significantly to the availability and sustainability of condoms in the country, with significant importance in both family planning and HIV/AIDS/STD prevention. The baseline of 300 centers was determined in 1996 and progress on this indicator will be reported annually in the future.

As noted above, public sector interest in working with USAID to implement a comprehensive reproductive health program at the district level has waned. Attention has therefore shifted to

non-governmental delivery systems to address this critical integration aspect at the lowest level. The CSP and revised Results Framework for SO3 provide details on this shift in approaches.

Here follow the Performance Data Tables for Strategic Objective 3:

Strategic Objective 3: Reduced Fertility and Increased Use of HIV/AIDS Prevention Measures			
APPROVED: RF -1996		COUNTRY/ORGANIZATION: USAID/Zimbabwe	
RESULT NAME: Reduced Fertility and Increased Use of HIV/AIDS Prevention Measures			
INDICATOR: Total Fertility Rate			
UNIT OF MEASURE: children per mother	YEAR	PLANNED	ACTUAL
SOURCE: DHS	(B)1984		6.5
INDICATOR DESCRIPTION:	1994		4.3
COMMENTS:	(T)1998	4.0	

Strategic Objective 3: Reduced Fertility and Increased Use of HIV/AIDS Prevention Measures			
APPROVED: RF -1996		COUNTRY/ORGANIZATION: USAID/Zimbabwe	
RESULT NAME: Reduced Fertility and Increased Use of HIV/AIDS Prevention Measures			
INDICATOR: Total Condoms Sold or Distributed			
UNIT OF MEASURE: Number	YEAR	PLANNED	ACTUAL
SOURCE: Contractor report - Contraceptive forecasting	(B)1994		33 million
INDICATOR DESCRIPTION:	1996		50 million
COMMENTS:	(T)1997	65 million	
	(T)2000	75 million	

Strategic Objective 3: Reduced Fertility and Increased Use of HIV/AIDS Prevention Measures			
APPROVED: RF -1996		COUNTRY/ORGANIZATION: USAID/Zimbabwe	
RESULT NAME: Reduced Fertility and Increased Use of HIV/AIDS Prevention Measures			
INDICATOR: Percent of Population Reporting Condom Use During Most Recent Sex Act			
UNIT OF MEASURE: Percent	YEAR	PLANNED	ACTUAL
SOURCE: AIDSCAP survey	(B)1996		47% -M 49% -W 89%- C
INDICATOR DESCRIPTION:	(T)1998	52%-M 54%-W 91%-C	
COMMENTS: Monitoring of Men - M Women - W Comm Sex Worker - C	(T)2002	70%-M 75%-W 97%-C	

Strategic Objective 3: Reduced Fertility and Increased Use of HIV/AIDS Prevention Measures			
APPROVED: RF -1996		COUNTRY/ORGANIZATION: USAID/Zimbabwe	
RESULT NAME: Reduced Fertility and Increased Use of HIV/AIDS Prevention Measures			
INDICATOR: Percent of Surveyed Population Reporting Appropriate perception of risk of HIV			
UNIT OF MEASURE: Percentage	YEAR	PLANNED	ACTUAL
SOURCE: DHS/AIDSCAP	(B)1996		41%-M 47%-W
INDICATOR DESCRIPTION:	(T)1998	49%-M 52%-W	
COMMENTS: AIDSCAP provides data on high risk groups more often which the SO team monitors. Men - M Women- W	(T)2000	53%-M 60%-W	
	(T)2002	60%-M 69%-W	

Strategic Objective 3: Reduced Fertility and Increased Use of HIV/AIDS Prevention Measures			
APPROVED: RF -1996		COUNTRY/ORGANIZATION: USAID/Zimbabwe	
RESULT NAME: Increased Contraceptive Use			
INDICATOR: Contraceptive Prevalence Attributed to Longer Acting Methods Last Year to report			
UNIT OF MEASURE: Percentage	YEAR	PLANNED	ACTUAL
SOURCE: DHS	(B)1988		3.9%
INDICATOR DESCRIPTION: Percentage long acting is of total contraceptive prevalence	1994		5.9%

COMMENTS: This indicator from the DHS measures that portion of the CPR attributable to longer acting methods, data is also available annually on the percentage long acting is of total contraceptive use from FPPMES.	1998	12%	
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Strategic Objective 3: Reduced Fertility and Increased Use of HIV/AIDS Prevention Measures			
APPROVED: RF -1996		COUNTRY/ORGANIZATION: USAID/Zimbabwe	
RESULT NAME: Increased Availability and Knowledge of proven HIV/AIDS Preventive Services & Increased Contraceptive Use			
INDICATOR: Number of Non-traditional (not pharmacy, not supermarket) condom distribution outlets			
UNIT OF MEASURE: number	YEAR	PLANNED	ACTUAL
SOURCE: Project reporting	(B)1996		300
INDICATOR DESCRIPTION:	(T)1997	2,500	
COMMENTS:	(T)1998	4,000	
	(T)2002	4,000	

2. Expected Progress and Management Actions

The revised Country Strategic Plan foresees relatively minor adjustments in this Strategic Objective to accomplish two purposes:

- incorporate the experiences of 1996 in initiating reproductive health services, and
- adjust approaches to meet the need to phase out USAID/Zimbabwe's in-country presence by FY 2003.

While additional details are provided in the transition section below (and even greater detail in the CSP and revised Results Framework), the results expected from this SO will not substantively change. However, there will be an increased effort to capture the issue of sustainability within the results as USAID moves to the transition. For example, the indicator of percentage of the contraceptive prevalence rate (CPR) attributable to longer term methods will be dropped and indicators of the growth of private sector delivery services will be added in the next R4.

Continuing support to the Family Planning Program in terms of contraceptive supplies and technical assistance should assist the attainment of further reductions in Zimbabwe's total fertility rate to the 1998 target of 4.0 children per woman. This should be accompanied by an increase in the CPR for all modern methods, particularly for longer-acting methods (such as the injectable hormonal contraceptive, Depo Provera).

Condom social marketing shows great promise for increasing condom availability and acceptability and for contributing to even greater use of condoms for HIV/AIDS control as well as family planning. In the coming year, condom distribution by non-traditional outlets is expected to begin a rapid growth phase, increasing from an estimated 300 non-traditional outlets in 1996 to 2,500 non-traditional outlets by the end of 1997.

HIV/AIDS targets for 1997 and 1998 have been revised to reflect the full range of results obtained in 1995/96 AIDSCAP baseline surveys. Given these baseline results, refinements in AIDSCAP's and UNICEF's programs will be undertaken to ensure that all USAID-financed education efforts move beyond raising awareness to more effectively motivate for behavior change (as measured by changes in actual practices). USAID is also considering the introduction of several new initiatives to further strengthen and expand the availability and use of HIV/AIDS preventive services. These could include support for NGO-delivered reproductive health services, strengthening of community-based HIV/AIDS education activities (for both prevention and care), and possible support for the Ministry's HIV/AIDS/STDs sentinel surveillance system. These interventions could fill current gaps in Zimbabwe's response to the epidemic and contribute significantly to controlling the further spread of the epidemic.

3. Transition

The transition in this Strategic Objective is primarily a shift in emphasis. As discussed above, the emphasis will be on delivery of sustainable services.

The reluctance of Government to engage in an integrated reproductive health program at district level led to the decision to focus efforts on the non-governmental community. This approach will develop over the coming years to supplement the declining government services.

Emphasis will be on building mechanisms for sustaining past and future investments in the sector. Shifting to enhancing NGO and private sector capability to deliver services will help offset the decline in government budgets. Contraceptive social marketing programs are another key contributor to sustainability as they create demand for product and strive for increased cost recovery over time. USAID will coordinate closely with other donors to emphasize the need for building future programs without USAID participation.

Current transition plans call for family planning activities to phase out in the year 2000 with HIV/AIDS activities continuing through the final phase-out date for this SO in FY 2002. USAID managerial and technical in-country presence is scheduled to be completed by the end of FY 2002 with declines beginning in FY 2000 when the family planning support ends. Details on these proposals are contained in the CSP.

Special Objective - Increased Opportunities for Participation in the Private Sector and Political Processes

This Special Objective (SpO) is added to the strategic framework for the first time in this R4. It is a key element of the transition strategy, providing for Strategic Partnerships for the post-

presence period. It is narrowly defined to incorporate increased private sector development and growth of political pluralism.

The private sector constitutes a major opportunity for development while the socio-political arena constitutes one of the biggest constraints. Furthermore, it is clear from recent experience in Africa that economic and political development must proceed in lock-step if enduring change is to result. In the case of Zimbabwe, USAID is playing catch-up on the political side while taking advantage of the solid base established on the private sector side.

The growth of pluralism is essential for continued economic growth. The symbiotic link between economic development and democratic development that is gradually being demonstrated throughout the world must take root in Zimbabwe. Issues of civic education, human rights, women's rights, media freedom, transparency and accountability, etc. must be addressed. There is no "quick-fix" for these key constraints. Many years of continuous effort, often using small, micro activities to bolster policy dialogue is the only successful route. For this reason, the mission has chosen this Special Objective to provide mechanisms for continuing participation in the post presence period through strategic partnerships.

After almost 20 years and over \$700 million in development assistance funding, USAID/Zimbabwe is phasing out its bilateral program. A key element of the USAID close-out is to establish and endow a foundation. This unit, to be called the Zimbabwe American Development Foundation (ZADF) will continue supporting non-governmental organizations actively engaged in expanding sustainable economic development and democratic pluralism.

It is expected that the ZADF will establish a long-term development relationship between Zimbabwe and the U.S. that engenders shared economic and political principles. It will have distinctive American ties through its founding and funding by the US Government and other U.S. foundations, and through its approaches to development problems which rely on US values, technology, and collaboration. This continued relationship between Zimbabwe and the U.S. is expected to respond initially to the challenges of sustainable economic development and political liberalization.

Preliminary design of this endeavor has been initiated and represents the U.S. Mission's thinking prior to USAID/Washington review. The results expected from this Special Objective are focussed on increasing opportunities for participation, both politically and economically. Reasonable measures of this increase in opportunities will be defined in collaboration with the strategic partners.

The key anticipated intermediate results are:

- **increased access for micro, small and medium enterprises;**
- **improved governance, both corporate and governmental; and**
- **increased acceptance and awareness of democratic values.**

The proposal for this Special Objective will be reviewed in USAID/Washington in the Spring of 1997. If approved, the results of that review and additional design work will be incorporated into the FY 2000 R4.

III. Status of the Management Contract

The USAID/Zimbabwe management contract is undergoing significant change. This contract is based upon agreement reached through the submission of the mission's Country Program Strategic Plan, FY 1994-1998 (May 1993). USAID/Zimbabwe has been rigorous in seeking and gaining approval from USAID/W for incremental changes to its management contract through the API/R4 process. In 1996, it was determined that USAID/Zimbabwe would be one of the southern Africa missions to close-out (FY 2003 for Zimbabwe). Furthermore, USAID/Zimbabwe was named a "Limited Assistance Mission" (LAM) and, thus, will be affected by USAID/W's overseas restructuring plans. Therefore, concurrently with this R4, the mission is developing a Country Strategic Plan (CSP) based upon the concept paper, "*USAID/Zimbabwe 1996-2003, Graduation and Beyond*" (April 1996).

Sections I and II of this R4 provide a brief summary of the mission's proposed program changes by strategic objective area. The March 31 CSP submission, along with each Strategic Objective team's Results Framework, provide the mission's proposed strategic modifications in much greater detail.

In brief, the adjustments to the strategy are as follows:

- The SO1 team will focus on community-based natural resources management. The cereals research and agricultural marketing results are drawing to a successful conclusion, as planned, this year. The strategy calls for this SO to be phased out by the end of FY 2000.
- The SO2 team will continue to pursue both low-income housing and private sector intermediate results. The private sector activities will begin their phaseout in 1998 for completion by the end of FY 2000. Current housing programs could continue beyond FY 2000 if the Agency determines it will go forward with a third guaranty borrowing and management issues can be resolved.
- The SO3 team shifts its focus slightly to emphasize sustainability in its joint family planning and HIV/AIDS programs. It plans to phase out family planning interventions in FY 2000 and HIV/AIDS activities by the end of FY 2002.
- The strategy also suggests a Special Objective which would include consideration of a development foundation(s) as one possible mechanism among strategic partnerships to endure after USAID departure.

Mission staffing has been reviewed and a phase-out plan developed (as part of the CSP) which proposes: 1) termination of all SO1 and SO2 activities and a departure of USDH and other staff by the end of FY 2000; 2) termination of all SO3 activities and a departure of USDH and other staff by the end of FY 2002; and 3) final close-out, disposal of assets, wrapping-up of mission business, and departure of the balance of USAID staff by the end of FY 2003. The mission is planning a FY 2001 Close-out Plan submission. These plans are reflected in the resource request which follows.

USAID/Zimbabwe has several issues and concerns related to the development and implementation of a new management contract which will form the basis for discussion in the April 1997 Program Week.

USAID/ZIMBABWE

FY 1999

Resources Request

IV. Resources Request

1. Financial Plan

Annex 1 presents the budget tables for the USAID/Zimbabwe program request for 1997, 1998, and 1999. In summary, the request calls for the following new budget resources.

FY 1997
\$ 000

SO	Econ Growth	Pop	HIV/AIDS	Environ	DG	Total
1	-5,500			4,500		-1,000
2						0
3		4,000	4,200			8,200
SpO	4,500				4,700	9,200
Total '97	-1,000	4,000	4,200	4,500	4,700	16,400

Note the deobligation of \$5.5 million in the economic growth category. This represents \$5 million of Non-Project Assistance and an expected \$500,000 (approximate) of Project Assistance in the Grain Marketing Reform program whose terminal date is September 30, 1997. The condition requiring complete privatization of the Grain Marketing Board has not been met and the mission has requested that the \$5 million be deobligated for reobligation to the Special Objective Development Foundation. The remaining approximately \$500,000 of project assistance would be returned to the Bureau for reallocation. In addition, the mission has advised USAID/Washington that it intends to deobligate \$1.4 million of the National Railways of Zimbabwe Project in FY 1997. This is not reflected in the table above because it is a long-standing project which was not part of any of the strategic objectives.

This request is based on the understanding that funds in the economic growth and democracy/governance categories are fungible. This reflects the mission's best estimate of the utilization of endowment proceeds in a foundation mechanism.

FY 1998
\$ 000

SO	Econ Growth	Pop	HIV/AIDS	Environ	DG	Total
1				3,000		3,000
2						0
3		3,500	3,500			7,000
SpO	1,750				1,750	3,500
Total '98	1,750	3,500	3,500	3,000	1,750	13,500

The 1998 budget reflects the same assumption regarding the fungibility of economic growth and democracy/governance funds.

FY 1999
\$ 000

SO	Econ Growth	Pop	HIV/AIDS	Environ	DG	Total
1						0
2						0
3						0
SpO						0
Total '99						0

The mission is requesting no new funds in FY 1999. In defining the phase-out strategy, the mission determined that there was sufficient pipeline to continue the HIV/AIDS program to its close-out in 2002. This precluded providing the \$5 million per year programmed in HIV/AIDS funds for 1999 and 2000. If the situation changes in the interim, the mission will approach USAID/Washington for the additional funds. Expenditures of previously obligated funds will continue for SO1 and SO2 through the end of FY 2000, and for SO3 through the end of FY 2002. Expenditures under the Special Objective should be concurrent with the obligation of funds, with the exception of \$2.5 million in grant funds provided as seed money for the NGO. Therefore, the mission does not foresee a significant pipeline for that activity.

2. Prioritization of Objectives

The mission ranks its objectives as follows:

1. SO3 - Family planning and HIV/AIDS
 - a. HIV/AIDS prevention
 - b. Family planning

2. SO1 - NRM
 - a. Wildlife management portions of activities
 - b. Other NRM activities

3. Special Objective
 - a. Democracy and governance
 - b. Private sector

4. SO2 - Private Sector
 - a. Low-income housing
 - b. MSME lending
 - c. Employee stock options, employee or management buyouts
 - d. Subcontracting/franchises
 - e. Competency-based training

These rankings reflect the mission's perception of overall contribution to mission and agency goals. However, it must be noted that SO2 has already obligated all the funds necessary for it to accomplish its anticipated results by the end of FY 2000. The other objectives are each requesting additional funds in FYs 97 and 98 to accomplish their respective results.

3. Field Support

Annex 2 contains the Global Bureau Field Support table. SO3 utilizes field support from the Global Bureau extensively in its family planning program. The entirety of these field support activities are through OYB transfer mechanisms. The mission, as part of its phase-out strategy, has identified a lengthy list of Global and Africa Bureau programs and regional programs which claim some level of activity in Zimbabwe. These activities will be addressed as part of the strategy review in program week.

4. Workforce and Operating Expenses (OE)

A. Workforce

During FY 1997, the mission will have reduced staff by 1 USDH and 1 locally hired OE-funded USPSC position. This is subsequent to reductions in FY 1996 of 2 USDHs and 5 FSNPSCs.

In FY 1998, the mission will reduce by: 1 USDH, 4 locally hired OE-funded PSCs, and 1 Program-funded PSC. *[Note that our assumption in developing both the R4 and the CSP has been that the ceilings are for end-of-year levels. We plan to discuss this issue further with AFR/AMS to ensure that our staff can remain as far into the FY as our strategic objective planning demands as we move toward eventual closeout.]* No further cuts are planned for FY 1999. For FY 1998 and FY 1999, the mission's locally hired OE-funded ceiling of 41 includes: 4

Director's Office employees, 12 Controller's Office employees, and 25 Executive Office employees.

Mission management reviewed staffing patterns to ensure that all appropriate staff have been charged to projects. This workforce request is based on a thorough analysis of program and administrative management personnel requirements.

Until FY 1997, USAID/Zimbabwe was a regional mission and still retained accounting responsibility for six regional projects, for which project management responsibility is now located in neighboring missions. Over the next year, the mission will concentrate its current portfolio down to core projects which directly pertain to its strategic objectives. The mission plans to either complete, transfer, consolidate, or closeout fifteen active and inactive projects currently on the books.

USAID/Zimbabwe's annual OE dollar budget compares favorably with most missions in the Africa Bureau. One reason for this mission's efficient use of dollars is the fact that its offices are located in a compound of three U.S. Government-owned buildings. In addition, the mission owns five residential buildings. To protect and preserve the office compound, the mission uses FSNPSC employees who serve double duty as janitors, gardeners, and when needed, warehousemen. The cost of these four employees is minimal and is paid out of local currency trust funds. To meet potential future workforce ceiling reductions, the mission could replace these employees with a commercial contractor or request Embassy ICASS support, however, it is estimated that the cost of either of these alternatives would be more than double.

Another mission-specific workforce issue involves the motorpool. This mission maintains a motorpool of six employees, all paid out of local currency trust funds. This function has been vital to efficient operations because the mission is neither located in the city center area nor close to the Embassy. Our project counterparts are located in various sections of a capital city (Harare) that is spread over a very large geographic area. In addition, projects sites are located throughout the country. Further workforce reductions could make the motorpool function a target for staff cuts, however, the mission believes alternate sources, such as ICASS (International Cooperative Administrative Support Services), would result in significant cost increases combined with reduced motorpool availability.

Mission management scrutinized Controller's Office staff levels in response to potential decreased workloads caused by: recently terminated regional accounting station responsibilities, upcoming project completions, and start-up of the New Management Systems (NMS). However, any possible reduction in the workload has been more than offset by countervailing staff reductions.

In FY 1996, the Deputy Controller position was eliminated, and in early FY 1997, the IDI position transferred to RCSA/Botswana. The USPSC Budget and Accounting position is currently projected to terminate in FY 1998. In late FY 1996, the office's only financial analyst resigned and the position has been abolished. The Office has no chief accountant and no financial analysts. This tightly staffed Controller's Office is focussed entirely on payment and accounting core functions with most staff involved in processing payments. On a yearly basis,

voucher examination disallowances exceed related staff costs, thereby making this service virtually free to the U.S. Government.

With a limited assistance program that, until recently, was a full sustainable development program, USAID/Zimbabwe's projected staffing pattern fits the Bureau's restructuring model for a Limited Assistance Mission with 2-3 Goals. After a series of thorough staffing reviews, mission management believes that USAID/Zimbabwe can continue successful operations -- both program and support -- within its FY 1998 and FY 1999 workforce position ceilings. The mission has confronted difficult phase-down planning issues, nonetheless, the mission team remains committed to implementing a sound program which addresses pivotal global issues affecting the environment, the HIV/AIDS pandemic, and population in a country which has consistently played an important role in U.S. foreign policy objectives in the region.

B. Operating Expense

1. Overview of FY 1997 Estimates

USAID/Zimbabwe's approved FY 1997 operating expense budget is \$626,600 in U.S. dollars and \$1,030,000 in local currency trust funds for a total U.S. dollar equivalent of \$1,656,600. This is approximately \$450,000, or twenty-two percent less than the FY 1996 level (\$2,100,000). This figure marks this mission as one of Africa Bureau's more efficient users of OE dollar funds.

Target workforce levels as of September 30, 1997 are as follows:

U.S. Direct Hire	8
Internationally Recruited OE	0
Locally Hired OE	45
Program	12

These staffing numbers exclude RHUDO-funded personnel.

Virtual year ICASS costs for FY 1997 are \$175,000, of which \$30,000 would have been charged to projects with \$145,000 remaining as Agency OE costs. In reality, mission FAAS costs will be based on FY 1996 costs estimated at \$35,000.

Although paid with local currency trust funds, FSNPSCs represent the largest OE cost, accounting for almost one-half of the annual OE budget. The FSNPSC level is expected to remain at 44 throughout FY 1997. Over the last year, the mission completed maximum movement of eligible personnel to project funding.

The USPSC (locally hired) workforce level will be reduced to one (1) with the departure of the Director's secretary in the third quarter of FY 1997.

For the Mission Director's retirement transfer, the mission budgeted \$24,000 in travel and freight. For the Director's replacement, \$62,000 was budgeted for assignment travel, freight and

educational allowances. In addition, two transfers to USAID/W and one transfer to another post in FY 1997 are anticipated.

During the last year, USAID/Zimbabwe took the lead to bring about two smooth, successful accounting station transfers. The accounting functions for USAID/Botswana and USAID/RCSA were transferred to the Regional Center for South Africa (RCSA) in the fourth quarter of FY 1996. In early FY 1997, accounting responsibilities for USAID/Angola and USAID/Namibia were transferred to the RCSA. As a result, one FSN position and two USDH Controller's Office positions were abolished.

Due to the decrease in USDH staffing levels, by September 30, 1997, USAID/Zimbabwe will require only three residential properties in addition to the five owned properties.

To prepare for an orderly phase down, \$10,000 U.S. dollars and 100,000 Zim dollars were budgeted to initiate an FSN career transition training program.

NXP Procurement includes \$30,000 for Residential or Office Equipment/Furniture and \$40,000 for ADP Equipment such as printers, additional PCs, and NMS equipment contingencies.

2. Overview of FY 1998 - FY 1999 Estimates

OE requirements for FY 1998 are \$698,600 in U.S. dollars and \$1,222,700 in local currency trust funds, for a total U.S. dollar equivalent of \$1,921,300.

FY 1999, OE requirements are \$905,300 in U.S. dollars and \$922,500 in local currency trust funds for a total U.S. dollar equivalent of \$1,827,800.

Staffing levels will be further reduced beyond FY 1997 levels. Workforce levels as of September 30, 1998 and 1999 are projected as follows:

	FY 98	FY 99
U.S. Direct Hire	7	7
Internationally Recruited OE	0	0
Locally Hired OE	41	41
Program	11	11

The mission budgeted \$130,000 for FY 1998 ICASS costs. Total ICASS costs for FY 1998 are estimated at \$160,000 less \$30,000 to be charged to projects. Total ICASS costs for FY 1999 are estimated at \$140,000 less \$30,000 to be charged to projects.

FSNPSC levels will be reduced to 41 by the end of FY 1998. The cost savings resulting from this staff reduction will be offset by anticipated cost of living adjustments and will result in severance pay requirements of approximately \$50,000.

The mission anticipates one USDH transfer to USAID/Washington in FY 1998.

At September 30, 1998, the mission will require only two residential properties in addition to the five owned properties.

200,000 Zim dollars (U.S. equivalent \$20,000) were budgeted to continue the FSN career transition training program. The only significant NXP procurement planned for the next two fiscal years is ADP hardware upgrades and replacements.

FY 1998 is the last year the mission will have full usage of local currency trust funds. The mission estimates that local currency trust funds will be exhausted during FY 1999. Local currency trust funds have accounted for the U.S. dollar equivalent of approximately \$1.1 million (60 percent) of the mission's OE budgets for FY 1997 and 1998.

5. Environmental Compliance

The single environmental issue is whether the environmental mitigation measures introduced in the USAID programs will be continued as the programs phase-out. While monitoring the continuation of these measures will most likely be beyond the Agency's manageable interest as USAID's direct presence diminishes, strong encouragement will be given to the implementing agencies to continue the mitigating procedures after USAID funding ceases.

Mission plans tentatively call for three new activity starts this year which will each probably require some minimal level of environmental review. These proposed activities include: (1) the new post-presence Zimbabwe American Development Foundation (ZADF); (2) an as-yet-untitled HIV/AIDS NGO activity; and (3) a possible amendment to the ongoing Zimbabwe AIDS Prevention and Control Project. The ZADF is being carefully designed to specifically prohibit the financing of any activities which might entail significant environmental concerns in a post-presence scenario. And, as a result of their health-related nature, the other proposed activities will probably receive Categorical Exclusions pursuant to Section 216.2(c)(viii) of 22 CFR 216, i.e., "for Programs involving nutrition, health care, or population and family planning services...". Accordingly, no significant environmental regulatory requirements or other actions are predicted for USAID/Zimbabwe for at least the remainder of this FY.

The mission will forward to the Bureau Environmental Officer a complete tabulation of mission projects and activities with an update on environmental compliance.

Annex 1 - Program Budget Tables

Annex 2 - Field Support Tables

Annex 3 - OE Budget Tables

Annex 4 - Workforce Tables