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AGENCY FOR INTERNATIONAL DEVELOPMENT

FIELD BUDGET SUBMISSION
FY 1976

KENYA

BEST AVAILABLE

DEPARTMENT OF STATE

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INTRODUCTION

This FY 1976 Field Budget Submission is the joint effort of all Mission staff. Agriculture is a collaborative effort between Mission and REDSO/E personnel. Submission of the FBS, coming as it does before completion of the Kenya Development Assistance Plan September 1, means that this document is necessarily incomplete with regard to projected future activities.

In the DAP process USAID/Kenya has begun to focus on developing project proposals for implementation in future years. Most of these have come to light during a series of DAP seminars held in the Mission the week before submission of the FBS. These sessions have involved a few high-level Government of Kenya officials along with appropriate USAID personnel. One might characterize the proposals at this stage as being only "gleams in the Mission's eye," and because of their preliminary nature, they can be described in only general terms. Without further discussions with the GOK, at both operating and administrative levels as well as with other donors, and without further thought by the Mission, no estimates of future assistance magnitudes - in terms of dollars, personnel, training etc. - can be made now. Such budget information will be submitted, however, in an FBS revision which the Mission proposes to submit to AID/W in December 1974 in order for this information to be available to AID/W in time for inclusion in the FY 1976 Congressional Presentation.

DEVELOPMENT OVERVIEW

There have been three major recent reports on Kenya's development prospects and the development issues now facing the Government of Kenya (GOK): The 1972 ILO/UNDP Report on Employment, Incomes and Equity; the 1973 IBRD basic economic report; and the 1974 IBRD agriculture sector survey. The GOK responded to the ILO/UNDP report in a May 1973 "Sessional Paper on Employment" and took the IBRD reports into account in preparing the Development Plan for 1974 - 1978. In early March 1974 after the Plan has been basically completed, the magnitude of price increases for oil and other imports became known resulting in a GOK policy statement on measures to maintain Kenya's development momentum in the face of serious prospective balance of payments shortages. Concurrently, the IBRD prepared a brief report for the Kenya Consultative Group meeting last April on balance of payments prospects and their implications.

Several factors growing out of Kenya's resource base, as well as its historical background, must be kept in mind in any discussion of development potential:

- High and medium potential agricultural land represents only 18% of Kenya's land area with over 80% of the population concentrated in these areas.

- Physical resources other than land are insignificant.

- Kenya's population, estimated at slightly under 13 million, is growing at 3.3% per year, one of the highest growth rates in the world.

- At independence Kenya had an advanced (compared to most other African states) physical infrastructure, modern agriculture sector, and industrial base although the economy was highly dualistic.

During its first decade of independence Kenya has sustained a high rate of economic growth. Gross domestic product grew at an average rate of 6.8% per year during 1964 - 1972 (at constant prices) exceeding both the pre-independence growth rate of 4% - 5% as well as the target rates for the First Development Plan (6.3%) and the Second Plan (6.7%). Although the population growth rate increased from 2.8% per annum in 1963 to 3.5% in 1974, the high GDP growth rate permitted per capita GDP to increase about 3.6% per year on the average, bringing per capita GDP in 1973 to $175.

Much of Kenya's success in maintaining a high growth rate is attributed to political stability, the Government's pragmatic and generally positive attitude toward private enterprise and foreign capital and expertise, and generally sound management of the economy. Consequently, gross fixed investment rose from 14% of total GDP in 1964 to 23% in 1972, or from 16% to 28% if non-monetary GDP is excluded. This rate of investment has been supported by an exceptionally high domestic savings rate of about 20% and substantial private and public capital inflows. The high domestic savings rate is due primarily to high personal savings.

In 1964 Kenya had a recurrent budget deficit and relied on external assistance for support for the entire development budget. Due to a strengthened tax effort and a successful program to control spending, the GOK has converted its recurrent budget deficit to surpluses. expanded the development budget at an average rate of 27% per year, and decreased its relative dependence on foreign aid. Thanks to conservative money management, these results have been achieved with negligible inflation, at least until recently, and without a substantial increase in Kenya's external debt service burden.

Until very recently, availability of foreign exchange has not constrained Kenya's growth. However, in 1970 - 1971 the balance of payments position deteriorated rapidly due to a rapid growth in imports and lower net receipts from invisibles, thus widening the current account deficit from an insignificant amount in 1969 to over $150 million in 1971. Reserves, consequently, dropped sharply in late 1971 leading the Government to impose import controls and credit restrictions. Following an improvement in the balance of payments, these measures were relaxed in mid-1973.

Sectoral Trends

The structure of Kenya's economy has changed relatively little during the first 10 years of independence, largely due to the relatively advanced stage the economy had previously achieved. Subsistence production declined from 25% to 20% of total GDP during 1964 - 1972, and agriculture's overall contribution to total GDP declined from 38% to 31%. (This understates agriculture's importance, however, since it employs about 85% of the labor force and provides 60% - 70% of overseas exports.) Manufacturing increased from 10% to 12% of GDP, and government services, from 13% to 17% (1964 - 1972). The relative contributions of other sectors remained generally unchanged.

The fastest growing sector has been government services while the fastest growing components of government services have been education and health. Since independence, primary school enrollments have nearly doubled to 1.7 million (almost 80% of this age group) and secondary enrollments increased nearly five-fold to 160,000. University enrollment grew by a factor of seven to about 4,000. A notable factor in this achievement has been the growth of Harambee, i.e., self-help, secondary schools.

Health facilities have also expanded rapidly, partially through self-help efforts, and annual per capita expenditures on health have doubled to $2 per capita. Free out-patient treatment has been introduced at all government hospitals and clinics, and free family planning services in government health facilities were begun in 1967. The Government has also initiated programs in housing, and by 1972 had built or financed 10,000 housing units and about 4,000 units as part of "site and service" schemes.

Two significant programs -- both in agriculture -- have had a significant impact on small-holders. The first, begun in 1955 under the Swynnerton Plan, was a comprehensive program to commercialize small-holder agriculture in the "nonscheduled" areas reserved by the colonial government for Africans through land consolidation, land registration, and introduction of cash crops, such as coffee, tea, pyrethrum and sugar cane. Continued and expanded since 1963, these programs have resulted in a doubling of overall marketed production during 1964 - 1972. The small-holder share of marketed production, however, has risen from 25% to over 50% at present. The land reform program for small-holders has also been accelerated. About 1.3 million acres had been adjudicated by 1963; at mid-1973 over 10 million acres had been registered or were under adjudication.

The second program, "The Million Acre Scheme," was begun in 1960 with financing and technical assistance from the U.K., Germany and IBRD to enable purchase and development by Kenyans of large farms in "Scheduled" or "European" areas where Africans had not previously been allowed to own land. Over the last decade a total of 25,000 farm families were settled on 650,000 acres under this Scheme. Another 25,000 farm families were settled by cooperative and squatter settlement programs initiated after the program's end. Large mixed farms, ranches and plantations -- about 1.6 million acres -- have also been transferred intact from European to Kenyan ownership.

Growth and Equity

The Kenya Government has had as its objectives since independence both rapid output growth and a more equitable distribution of the benefits of that growth. Kenya has made significant progess in all these areas:

- A conservative approach to transferring jobs and assets to Kenya citizens has permitted rapid but orderly "Kenyanization" with only minimal losses in output or effectiveness. The prospects are good that the target of virtually complete Kenyanization by 1982 will be met.

- The transfer of assets in land and businesses has proceded rapidly and probably has had a favorable impact on income distribution.

- The same progress can be cited per the previous discussion on small-holder production of cash crops.

- Access to services has been substantially improved by expansion of transport, water, health and education facilities and by introduction of free health care and the recent abolition of school fees for the first four primary grades.

Progress with respect to employment generation has been less satisfactory and has been a source of increasing concern. Various measures to address the problem had only temporary effect so that wage employment grew at only 2% annually during 1964 - 1974, well below the population and GDP growth rates.

ILO/UNDP Report

This concern led directly to the ILO/UNDP Report in 1972. The Report attributed the causes of continued poverty and income disparities to imbalances existing between the rate of population growth and the nature of technology utilized, between the center and the periphery, and between the "formal" (or modern) and "non-formal" sectors. A pervading influence on these imbalances is the dualistic nature of the economy. While the modern sector has largely passed into Kenyan hands, i.e. those of the "elite", the relationship of this sector to the remainder of the economy has not really changed. Also, this transfer has maintained both a highly skewed income distribution and demand for formal sector output.

The ILO/UNDP Report recommended a strategy of "redistribution through growth" consisting of a concerted effort to overcome the indicated imbalances through reduced population growth, introduction of less capital-intensive technologies, vastly stepped up rural development programs, export-oriented industrialization, and encouragement of small industry and the urban informal sector. The Report also proposed that the Government try to maintain a GDP growth rate of 7% per annum during the 1970's with agriculture growing at 6% and non-agricultural GDP, 8% - 9%.

IBRD Report

The major conclusion from the IBRD's 1973 analysis of development during the first decade of independence is that Kenya has now reached a "turning point" and that the mobilization and efficient utilization of resources will be more difficult and complex in the second decade. This will have implications for both the rate of output growth and programs aimed at reducing poverty and employment.

The Bank's hypothesis is based on three factors:

- Kenya has already exploited many of the "easy" opportunities for growth, such as import substitution, rapid expansion of road construction, transfer of high potential agricultural lands, etc.

- Resource use in the past by both the public and private sectors has not been as efficient as it could have been, and it may be becoming less efficient over time.

- Efficient resource use is now more critical because the economy is approaching nearer to the limits of the domestic and external resources available for development.

The implications of the above are that Kenya may be moving from an "absorptive capacity" constraint phase to a "resource" constraint and that new policies will be needed to maintain a high growth rate and to reduce poverty and unemployment.

The IBRD's preferred strategy would be to utilize a combination of factor price changes -- a 10% devaluation, an increase in average interest rates from 9% to 12%, and abolition of capital investment allowances -- with a restructuring of growth so as to increase that of agriculture to 7.5% while slowing infrastructure growth. This strategy would reduce the resource gap to near manageable proportions, increase the rate of growth of wage employment from 5.3% to 6%, and increase the rate of growth of agricultural incomes from 0.5% to 2.8%. A major constraint would be agriculture sector absorptive capacity.

Kenya's Development Plan, 1974 - 1978

This is the third development plan prepared by the GOK since independence, and its central theme is employment and income distribution, including major rural development efforts. Publication of the Plan in March 1974 was accompanied by issuance of a policy statement setting forth the GOK's proposals for dealing with the expected rapid deterioration of Kenya's balance of payments.

Highest priority is given by the Plan to achieving increased employment, alleviation of poverty and more equitable income distribution. Output growth targets are given a secondary priority. The basic output target is a 7.4% growth in GDP per year with a per capita GDP growth rate of 4.1% annually, assuming population growth of only 3.3% per annum. This would permit GDP to exceed $2.8 billion by 1978, or $190 per capita. Major sectoral growth rates are projected at 5.2% for agriculture; 6.7%, monetary agriculture; 10.2%, manufacturing; 7.2% construction; 10.1%, government services, and 3.8%, non-monetary output.

The major elements in the GOK's strategy for achieving its equity goals in the Plan period and beyond include:

- Continued rapid output growth to expand both employment opportunities and resource generation for modernizing agriculture and the rural areas.

- Expansion of the GOK family planning program to reduce population growth to a rate of 3.0% by 1978.

- Income redistribution through increasing the progressivity of the tax structure and restraining urban wage increases.

- Agricultural and rural modernization (the most important element in the GOK's equity strategy) through raising agricultural output to 5.2% per year, particularly by small-holders. This will involve tripling development expenditures on agriculture under the Plan to $253 million, almost doubling recurrent expenditures to $203 million, assuring marketing institutions and pricing policies provide adequate incentives, and increasing intensity of land use. The Plan also envisages major improvements in basic rural services, i.e. secondary and feeder roads, rural water facilities, rural electrification, primary schools, rural health facilities, etc.

- Educational reform to make education more elevant to problems of unemployment and poverty.

- Promotion of small-scale enterprises, principally through a new Small Business Development Corporation to provide extension, research and development services to small businessmen in smaller towns and rural areas.

The major strategy elements above will be supported indirectly by the Government's monetary, fiscal, and trade and exchange policies.

The target GDP growth rate of 7.4% assumes a growth rate of 9.3% per annum in investment and savings. Personal and government savings are to grow at 5% yearly while both business saving and net capital inflows are to increase at over 10%. International reserves are assumed to grow at over 5% per annum due to projected growth rates in exports and imports of 10% and 10.4%, respectively, along with a 50% increase in annual net capital inflows during the Plan period, i.e. from $140 million to $205 million.

Central government expenditures are estimated to increase at 11% a year. Development expenditures totalling $1,320 million during 1972 - 78 are to constitute about one-third of total expenditures. External grants and loans totalling $550 million would finance 42%

of all development expenditure with the remainder to be generated by domestic borrowing and government saving.

Revisions to the Plan

Recent petroleum price increases along with continued rapid price increases for other imports and drought conditions throughout much of the country have had a drastic impact on Kenya's short and medium-term prospects. The GOK policy paper issued with the Plan noted that domestic inflationary pressures were increasing and that import price increases could result in an \$85 million balance of payments deficit in 1974. (In 1973 there was a \$28 million BOP surplus.) Short-term measures to deal with this problem were identified as: (1) reduced oil imports, (2) a ban on luxury imports and tighter quotas for imports subject to quantitative restrictions, (3) balance of payments assistance from the IMF and IBRD, (4) export controls on food to conserve domestic food supplies, (5) expansion of food production, and (6) review of price controls.

Over the longer term the GOK restated the basic Plan strategies -- accelerating development of rural areas and the informal sector to save imports, giving greater priority to raising agriculture production and lower priority to projects expensive in imported materials, and revising Kenya's industrial development strategy to make it export-oriented.

Development Prospects

The equity and growth objectives of the 1974 - 78 Development Plan are appropriate to Kenya. GOK has recognized that fundamental changes are required in the approach to economic development, including assigning first priority to equity targets. In general there is no conflict between the equity and growth goals.

However, it is not clear that the Plan strategies can bring about the necessary revisions in the basic style of development or to support the target growth rate. For example, the Plan's projected agriculture growth rate of 5.2% and the manufacturing growth target of 10.2% contrast sharply with the rates recommended by the ILO/UNDP (6% in agriculture and 8% - 9% for the remainder of the economy). The IBRD's preferred strategy assumed a growth rate in the monetary agriculture sector of 7.5% and the Plan, 6.7%.

The Plan does not indicate that the GOK will take the vigorous measures required to expand agriculture's absorptive capacity.

The extent to which the Government will be able to give greater relative weight to adequate price incentives for farmers as opposed to its desire to maintain low prices on basic foodstuffs for urban consumers is not made clear in the Plan.

The major economic policy changes proposed by the IBRD were substantially higher interest rates, elimination of accelerated depreciation allowances, and a 10% devaluation. On the last-named the Plan probably goes as far as it can in calling for "maintenance of an appropriate value for the Kenya Shilling" (page 28); however, higher interest rates are discussed only briefly and elimination of depreciation allowances is not discussed at all.

The major constraint on output growth through 1978 will probably be the balance of payments. Domestic resource mobilization may also pose problems due to the difficulty in maintaining the growth rate of private savings and restoring the recurrent budget surplus. It is questionable whether the minor interest rate increase from 3% to 5% announced in the 1974/75 budget speech will be sufficient to affect personal savings, nor is it clear that tax modifications already introduced (abolition of the graduated personal tax, introduction of a sales tax on manufactured goods, and reform to make the income tax more progressive) will provide revenue elasticity adequate to support an 11% growth annually in recurrent revenues.

Balance of Payments

An IBRD team visited Kenya in February 1974 and reviewed BOP prospects. Based on the team's projections the cost of oil imports will increase from $78 million in 1973 to $218 million in 1974 and $241 million in 1975. Due to offsets by exports of refined petroleum products from the Mombasa refinery, the net increase in the direct foreign exchange cost of oil is estimated to be $68 million in 1974 and $75 million in 1975. The prices of non-oil imports are projected to increase rapidly in 1974 - 1975 by a compounded total of 30%. None of Kenya's exports are anticipated to enjoy price increases of this magnitude.

The BOP estimates derived by the IBRD team suggest that there will be a payments gap of about $162 million in 1974 and $335 million in 1975. Import controls and other measures proposed in the GOK Sessional Paper could reduce the gap to $45 million in 1974 and $215 million in 1975. These estimates are posited on a low GDP growth rate of 5% and 6%, respectively, in each year.

In the longer-term the basic recommendations of the IBRD and ILO/UNDP still hold regarding the need for a restructuring of growth and more efficient utilization of resources.

External Assistance Requirements

As indicated earlier, the Development Plan projects external assistance needs of $550 million over the period 1974 - 78. The World Bank in its basic report projected a residual external resource gap would still exist even if the preferred strategy were fully implemented and indicated that increased flows of public and private capital were necessary. In the case of official aid, the need for donors to shift the emphasis of these activities to agriculture or other productive sectors is also stressed,but it is noted that this should be conditioned by agriculture's absorptive capacity. The Bank observes, too, the need to change the type of assistance made available to that which will be effective in bringing a growing level of income, employment and services to the mass of the population through financing of increased portions of local costs in addition to some balance of payments support. Sector and subsector lending is, thus, seen as a logical direction for external assistance to take based as it is on broad-based planning rather than the more narrowly focused project approach. A major problem the Bank stresses, however, is the need for greater aid coordination.

In its March 1974 assessment of Kenya's external resource requirements the World Bank estimates Kenya's supplementary financing needs at £57 million (about \$160 million)in 1974 and to £118 million in 1975 (\$330 million), exceeding in both years the total projected flow of public and private capital (about \$104 million and \$120 million, respectively.) In 1975 the gap is almost three times assistance projections!

U.S. Economic Assistance

The U.S. has provided aid to Kenya since the early 1950's. Since independence AID has made available an average of about \$2 million in technical assistance annually, and this has been supplemented by capital assistance totalling about \$30 million (including the FY 1974 livestock loan). The program remained small because other donors were able to meet Kenya's assistance requirements.

This situation no longer exists. Kenya'a aid requirements have increased rapidly enough, even without considering current balance of payments needs, that the traditional donors(IBRD,UK, FRG, Sweden, and the UN specialized agencies) can no longer meet the GOK's assistance requirements.

Kenya's aid needs are also becoming more complex and specialized, and less traditional as a result of the need to shift to a development strategy focused on employment and income distribution issues. The traditional donors may not be those in the best position to meet Kenya's evolving requirements.

The emphases in the Development Plan on equity considerations are very much in tune with the new emphases in the FY 1974 Foreign Assistance Act. Kenya, too, is more capable than most African states of being able to follow through significantly on such a program within the next few years. As the IBRD has pointed out, donor countries will have a particularly important role to play over the coming years in Kenya, both in furnishing financial assistance sufficient to maintain current development momentum and in supporting the innovation and changes the GOK has proposed.

The above factors justify an increased level of U.S. assistance in Kenya. The assistance program envisaged would, through concentration on agricultural production and family planning, be aimed at improving rural incomes, and this consideration would be the central theme of the entire AID effort. Note that the existing AID emphasis on livestock is proposed to be broadened to include other kinds of food production so as to permit AID to provide assistance to activities having the greatest impact on employment and income distribution.

To carry out this strategy will necessitate a concerted program development effort over FY 1975 and FY 1976. Most of the existing AID/Kenya projects are currently scheduled for termination in FY 1976 - FY 1977. Also, until recently the Mission has given little attention to program development. The various sector statements included in this FBS include the Mission's preliminary proposals on new project ideas, and these will be further developed in the Development Assistance Plan (DAP) to be submitted September 1.

In addressing the problems of agriculture production and population growth the Mission also proposes to give attention to the need for an improved management performance by the Government in both areas if its ambitious program targets are to be achieved. This is a problem which GOK officials themselves recognize and are concerned about and which the IBRD has identified as the most serious manpower constraint facing Kenya.

The Mission also expects to utilize a broader range of AID assistance tools than is now the case. Input requirements in agriculture, such as fertilizer, small-holder credit and so on, will be met through initiation starting in FY 1975 of sector lending. Management concern will be addressed through non-formal education activities, some of which may involve Block Grants. Such grants may be particularly appropriate for Kenya in light of the greater control over grant activities which can be transferred to the host government using this medium.

Finally, the carrying through of a program to address small-holders will require a more narrow focus for all AID activities in Kenya than now exists. This is particularly the case with centrally funded projects. Such a focus will not only result in more efficient use of Mission personnel but will reinforce new and continuing bilateral activities.

Kenya
(Country or Subregion)

Table I

Summary of Commitments by Appropriation Category
(Loan Authorizations/Grant Obligations/PL 480 Shipments/HIG Authorizations)
($ thousands)

	FY 1974 Actual	FY 1975 Estimate	FY 1976 Request	FY 1977 Projection 1/	FY 1978 Projection
I. Functional Development Appropriations	11,465	13,144	12,384	12,405	11,702
Grants					
New	(-)	(75)	(50)	600	1,300
Ongoing	(1,865)	(3,119)	(2,334)	1,805	402
Loans	9,600	10,000	10,000	10,000	10,000
A. Food Production and Nutrition	11,019	11,892	11,659	11,755	11,300
Grants					
New	(-)	(50)	(50)	600	1,300
Ongoing	(1,419)	(1,842)	(1,609)	1,155	-
Loans	9,600	10,000	10,000	10,000	10,000
B. Population Planning and Health	334	1,144	725	650	402
Grants (Title X)	(334)	(1,119)	(725)	650	402
Grants (non-Title X)	(-)	(25)	(-)		
New	(-)	(-)	(-)		
Ongoing	(-)	(-)	(-)		
Loans					
C. Education and Human Resources	112	108	-	-	-
Grants					
New	(-)	(-)	(-)		
Ongoing	(112)	(108)	(-)		
D. Selected Development Problems	-	-	-	-	-
Grants					
New	(-)	(-)	(-)		
Ongoing	(-)	(-)	(-)		
Loans					
E. Selected Countries and Organizations	-	-	-	-	-
Grants					
New	(-)	(-)	(-)		
Ongoing	(-)	(-)	(-)		
Loans					

1/ Summarize by Functional Development Appropriation only.

TABLE I (continued)

Kenya
(Country or Subregion)

	FY 1974 Actual	FY 1975 Estimate	FY 1976 Request	FY 1977 Projection 1/	FY 1978 Projection 1/
II. Other Appropriations (List by Appropriation Category)	-	-	-	-	-
III. Other Commitments	15,443	672	672	- 2/	- 2/
HIG's	15,000	-	-	-	-
PL 480 Title I shipments	-	-	-	-	-
PL 480 Title II Shipments	443	672	672	-	-
TOTAL COMMITMENTS	26,908	13,816	13,056	12,405	11,702

1/ Summarize and list by each appropriation category.
2/ Summarize and list for HIG's, PL 480 Title I and PL 480 Title II.

FOOD PRODUCTION AND NUTRITION

Agriculture has been and will continue for the foreseeable future to be the dominant sector in terms of employment and contribution to GDP. For at least the next decade the sector will be called upon to employ the majority of labor force increments, estimated to be 700,000 individuals by 1978. Concurrently, the sector will be expected to provide rapidly growing amounts of food and raw materials for an expanding population and additional resource-based industries as well as to supply increasing quantities of agricultural products for export. The sector also offers the most realistic opportunity available to the Government of Kenya to spread the "benefits" of development, i.e. improve the income distribution profile of Kenya.

Although extensive in area, Kenya is relatively land poor in terms of medium and high potential land with only 0.88 hectares per person. Most land is regarded as the exclusive domain of a particular tribe with resultant variation in population densities and cultivation intensity. Smallholdings total approximately 1.2 million in number with approximately one-half under 2 hectares in size.

Within Kenya's wide range of climatic conditions a variety of food and export crops are grown. Agricultural crop exports are the leading foreign exchange earner with coffee and tea the largest contributors providing about 60 percent of the agricultural total. Various other exportable crops are produced and significant opportunities to expand the output of several, particularly cashew nuts, horticultural crops and pulses, appear to exist.

Maize is by far the most important food crop followed by wheat, sorghum and millet and pulses. Rice, barley, oilseeds, and rootcrops constitute minor food crops. Cane sugar is important as an import substitute. The expansion of maize production appears to warrant top priority attention. Programs on other crops-sorghum/millet, wheat, pulses, oilseeds-also appear feasible and desirable. Sugar appears to be receiving adequate attention.

In the livestock sub-sector, which occupies the majority of Kenya's land area and in total provides about 30 percent of gross marketed agricultural production, significant improvements can be made in both intensive and extensive production of beef cattle. More focus on sheep/goats, pigs and poultry is also required if Kenya is to meet its growing domestic demand for livestock products and have an excess for export. An inexpensive feed source (maize, sorghum) is a key requisite to any substantial, intensive production efforts.

Nutritional levels are largely dependent on food production which has been increasing at approximately the same rate as population and thus maintaining the average at near adequate levels. Of course, for certain groups there are severe deficiencies particularly in protein and calories. A national nutrition strategy needs to be formulated and greater attention paid to nutrition in developing a strategy for the agricultural sector. Fortunately, the emphasis indicated above for food crops and livestock should also have positive nutritional results.

Regarding agricultural services, Kenya has a complex, extensive system providing research, extension, credit, marketing, agricultural inputs, training manpower and agricultural planning. In all areas, improvements are required to effectively reach the smallholder sector. Major additional efforts are required in research, extension and planning which in part will depend on an expansion of trained staff. Development of integrated packages of extension, credit, marketing, input supply seems a desirable target.

The agricultural elements of the Special Rural Development Program are continuing to test provision of several ideas of potential national significance including credit to stockists of agricultural inputs, improved livestock marketing systems, a coordinated agricultural extension program, and the provision of smallholder seasonal credit. The GOK does not plan to expand the program although research-proven ideas will be utilized in other programs.

Perhaps the most serious constraint facing Kenyan agriculture is the unfavorable pricing situation which reduces farm prices while raising input prices and biasing investment toward capital intensive industry. Another key constraint is the ability of the sector to absorb resources due to shortages of project planning, design and implementation ability and the less than optimal coordination and organization of the various institutions servicing the sector. A third constraint, which is a contributor toward the lack of absorptive capacity already mentioned, is the paucity of technical information for many crops and areas, particularly for smallholders. A forth constraint is ineffective delivery services for extension, inputs, marketing and credit. A final constraint which runs through the previous three is a quantitative and qualitative shortage of trained manpower.

Basic goals are to achieve a growth rate of 5.2 percent (6.7 percent in marketed production) while improving income distribution, increasing employment opportunities, developing methods to exploit less favored areas, improving nutritional standards, increasing exports and proceeding with Kenyanization of the sector. Additional resources are to be provided over previous plans in both absolute and in percentage terms.

An evaluation of the Plan targets leads to the conclusion that they are perhaps too modest if Kenya is to achieve its overall Plan goals regarding employment and income distribution. Increments in funding for agriculture above projected levels also seems desirable. A review of projects and programs shows few new ideas. Assuming no change from current plans it appears that growth goals will probably be met but achieving income distribution and employment goals is less likely. Improvement in the pricing situation is undoubtedly a key to achievement of any or all goals.

The AID program in agriculture is principally concentrated on livestock with the FY 1974 loan and most of the technical assistance activities -- the National Range and Ranch Management, Agriculture Credit, and Faculty of Veterinary Medicine projects -- all being supportive of that sub-sector. Most of these TA activities are currently scheduled for conclusion in FY 1976 - FY 1977.

As a result of the DAP seminar on agriculture and other efforts of USAID staff. The following list of proposed activities is being considered for possible future implementation within the Food Production and Nutrition area of concentration:

FY 1975 Agriculture Sector Loan - This proposal is currently under discussion with the GOK, and the Mission and REDSO/EA plan to submit an Intensive Review Request by October 31 and a Capital Assistance Paper by next January 31. This loan, projected at $10 million, is envisaged as being the first of a series of annual sector loans of about the same magnitude to be made during the GOK's 1974-1978 development plan period. These sector loans may be utilized to finance imports of agriculture commodities, such as fertilizer, small-holder credit, purchase by the GOK of services, i.e. advisors, studies and training to facilitate achievement of plan targets, with the local funds generated being programmed in support of the recurrent and development budgets of the Ministry of Agriculture or other agriculturally related institutions.

Agriculture Planning and Statistics - Using TA funds, the Mission may provide advisors and training in statistics and project planning, development and evaluation to the Planning Unit of the Ministry of Agriculture. The proposed project may not be ready for approval until early FY 1976 with implementation to begin later in that year or in early FY 1977.

Integrated Crop Development - A program now being defined by the World Bank. The Mission will keep in close touch with IBRD officials in Kenya and may propose provision of loan and/or TA assistance in support of the Bank activity. Approval of AID inputs may not occur until FY 1977 with implementation estimated for late in that same year.

Non-Formal Education for Farmers and Extension Workers - This proposed activity might address needs for transfer of more modern farm technology as well as family planning education to farmers and/or extension workers. It might also encompass management training for extension and other MOA personnel, possibly through the medium of a block grant to the Kenya Institute of Administration or the Institute of Adult Studies, University of Nairobi (see sector narrative for "Activities Outside Areas of Concentration").

Crop/Livestock Production in High Potential Areas - Much of the current AID livestock programs as well as many other donor activities in Kenya's agriculture sector are focussed on arid and semi-arid areas having low potential for production. The highest potential areas are those that are also the most densely populated. Despite this it is certain that they will have to absorb an increasing number of small-holders if Kenya is to meet its sectoral growth targets, particularly for food crops. As the result of further discussions with the GOK, the World Bank and other donors, AID may undertake a program to boost production in these areas. Approval of such an effort is not anticipated until FY 1977.

From the above it is clear that USAID/Kenya has under consideration the broadening of its activities in agriculture to include attention to food production in addition to livestock. The planning and non-formal education efforts are clearly supportive of these thrusts and thus are not considered as being separate from them. The overall emphasis in AID agriculture activities will be on raising the incomes and well-being of Kenya's 1.2 million small-holders.

RURAL DEVELOPMENT SUB-SECTOR

AID has had the Special Rural Development Project in the Vihiga Hamisi Divisions of the Kakamega District, Western Province since FY 1971. That project is one of six experimental SRDP's being carried out by the GOK and four other donors, including the United Kingdom, Norway, Sweden and the Netherlands, to test innovative approaches to rural development as prototypes for application elsewhere in Kenya and to provide an operational milieu to develop local staff capabilities for carrying out rural planning and development.

The GOK's SRDP program was originally conceived in 1970 out of recognition that the rural areas of Kenya are the base of its economic development; however, overall development achievements to date, as impressive as they have been, have had limited impact on rural standards and quality of life.

Rural Development in the FY 1974 - 78 Development Plan

The new 1974-78 Development Plan as a consequence, and in the words of one GOK official, is viewed as constituting in toto a rural development plan with its overall goal being improvements in rural incomes and living conditions through creation of rural employment opportunities and increases in the level of available social services to make them more comparable to those in urban areas. Each Ministry is to contribute to and play a role through increased spending on projects in rural areas. Thus, Ministry of Agriculture programs, which are to constitute the primary thrust of the usual development effort, are to concentrate on improved programs and pricing policies to increase production of food and export crops so as to raise farmers' incomes. The Ministry of Works is to undertake an ambitious effort of rural access roads construction with particular emphasis on use of labor-intensive methods of construction. Health is to carry out a new rural health program as well as increased family planning efforts in rural areas. Education and other ministries will similarly play their individual parts. The Ministry of Finance and Planning will finance from its own budget District Development Grants totalling $11.8 million to fund activities planned at the local level by District Development Committees to which will be assigned District Planning Officers to assist in the Committee's planning efforts. The Ministry will also continue to finance the SRDP program until FY 1977, when funding will be transferred to the ministries having responsibility for the various program elements, and will also fund a special rural works program.

The above approach may reflect in its decentralization proposals re District Development Committees and Grants one result of the SRDP experience. Another may be labor-intensive roads construction methods developed by the AID Vihiga project in which the Government has shown considerable interest. However, due to only partial implementation of evaluation mechanisms originally built into the SRDP effort and the lack of any strong coordination of SRDP at the National level, the program has had, on the whole, less impact on GOK rural development planning than originally hoped. This is reflected in the oft-repeated statements by various GOK officials that they cannot wait until 1976 for SRDP results to become available for use in designing rural development activities and strategies.

The Mission sees a number of constraints to effective implementation of the Plan's rural development program:

- Lack of trained manpower to plan and implement a program of the proposed dimensions and to fill District Development Officers positions.

- Lack of an effective central organization to administer, support and evaluate rural development activities and to incorporate evaluation results into forward planning.

- Lack of familiarity with planning techniques and the practice of matching projects to development needs at the local level combined with resistance at the national level to decentralization on the part of central ministries.

Future U.S.Assistance

The Mission plans to continue the scheduled completion of the Vihiga - SRDP Project. It may revise the project in FY 1975 to incorporate provision of an evaluator-planner to work in the Ministry of Finance and Planning on evaluation and dissemination of results from the six experimental SRDP's. Such an expansion, however, will be dependent on the results and recommendations of an evaluation of the project in early FY 1975.

The Mission has in the past been approached along with other donors to participate in the District Development Fund and the Rural Works Program. Given the constraints indicated above, the Mission proposes to adopt a "wait and see" approach. Should the GOK make meaningful progress in overcoming the constraints, the USAID might consider provision initially of technical assistance to assist in program or project development and possibly at a later date of capital transfers in relatively small amounts for program implementation.

Kenya
(Country or Subregion)

TABLE II

Summary of Commitments by Area of Concentration
($ thousands)

Area of Concentration Food Production & Nutrition

	FY 1974 Actual	FY 1975 Estimate	FY 1976 Request	FY 1977 Projection	FY 1978 Projection
Development Loans	9,600	10,000	10,000	10,000	10,000
Livestock Phase II Loan	9,600	-	-	-	-
Ag Sector	-	10,000	10,000	10,000	10,000
Development Grants *	1,419	1,892	1,659	1,755	1,300
(157) Nat'l Range & Rural Dev.	472	761	812	650	-
(148) Agriculture Credit	215	287	206	155	-
(158) Univ. of Nairobi Vet Fac.	477	398	404	350	-
(147) Rural Dev. Vihiga	255	396	187	-	-
(000) Tech Support	-	50	50	600	1,300
Other Dollar Appropriation Grants					-
[illegible]	-	-	-	-	-
PL 480 Title I Shipments	-	-	-	-	-
PL 480 Title II Shipments	433	672	672	-	-
1. Maternal and Child feeding 1/	374	462	462	-	-
2. School feeding 1/	64	42	42	-	-
3. Food for Work 1/	-	-	-	-	-
4. Other 1/	5	168	168		
HIGs	15,000	-	-	-	-
TOTAL COMMITMENTS	26,452	12,564	12,331	11,755	11,300

1/ If the programs of all sponsors (e.g., CRS, CARE, Government to Government) in one Title II category (e.g., Maternal Child Feeding) fall in one area of concentration, there is no need to list programs by sponsor. However, if some MCH programs are in one area of concentration and others are not, indicate the level of resources administered by each sponsor within each area of concentration.

* All projects are funded from FOod Production & Nutrition appropriation.

PROJECT BUDGET TABLE
($ thousands)

TABLE V

Project Title National Range and Ranch Development

Financing Dates (FY)	Begin	End
Obligations	73	79
Expenditures	73	80

Project Number 615-11-190-157
Appropriation Food & Nutrition
Estimated Total Costs: A. Per Latest PROP $ 4,743 B. Per Current Estimate $ 5,250

Project Budget & Expenditures	Personnel U.S. $	U.S. MM	Local/TCN $	Local/TCN MM	Participants $	Participants MM	Commodities $	Other Costs $	Total $
FY 1974 Oblig.-Total	281	84			60	72	94	37	472
Direct	9	NA	1/		60	72	94	37	200
PASA	268	84							268
Contract	4	1							4
FY 1974 Expend.-Total	341	89			36	46	37	37	451
Direct	10	NA	1/		36	46	37	37	120
PASA	327	89							327
Contract	4	1							4
6/30/74 Unliq.-Total	-	-			64	80	75 2/	3	142
Direct	-	-			64	80	75	3	142
PASA									
Contract									
FY 1975 Oblig.-Total	590	127			149	180	22		761
Direct	138	NA	1/		149	180	22		309
PASA	452	121							452
Contract									
FY 1975 Expend.-Total	620	127			96	120	97	3	816
Direct	138	NA	1/		96	120	97	3	334
PASA	452	12							452
Contract									
6/30/75 Unliq.-Total	-	-			117	141	-	-	117
Direct	-	-			117	141	-	-	117
PASA									
Contract									
FY 1976 Oblig.-Total	680	135			62	72	70		812
Direct	151	NA	1/		62	72	70		283
PASA	529	135							529
Contract									
FY 1976 Expend.-Total	680	135			93	116	70		843
Direct	151	NA	1/		93	116	70		314
PASA	529	135							529
Contract									

1/ Mission funded support costs for PASA's.

2/ Orders placed late in FY 74.

TABLE VI

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
($ thousands)

Project Number 615-11-190-157

PASA/Contract Name U.S. Department of Agriculture

	Funding Periods		
	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
Contract No.	AFR AJ-08-73		
From (mo/yr)	9/73	7/74	7/75
To (mo/yr)	6/74	6/75	6/76

Budget & Expenditures	Personnel U.S.		Personnel Local/TCN		Participants		Commod-ities	Other Costs	Total
	$	MM	$	MM	$	MM	$	$	$
FY 1974 Obligations	212	79							271
FY 1974 Expenditures	271	74	1/						271
6/30/74 Unliquidated	-	-							-
FY 1975 Obligations	413	109							413
FY 1975 Expenditures	413	109							413
6/30/75 Unliquidated	-	-							
FY 1976 Obligations	475	123							475
FY 1976 Expenditures	475	123							475

1/ Includes $63,000 travel costs for returning and new technicians.

TABLE VI

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
($ thousands)

Project Number 615-11-190-157

PASA/Contract Name United States Geological Survey

	Funding Periods		
	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
Contract No.	AID(TC) 09-73		
From (mo/yr)	7/73	7/74	7/75
To (mo/yr)	6/74	6/75	6/76

Budget & Expenditures	Personnel				Participants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1974 Obligations	56	15							56
FY 1974 Expenditures	56	15							56
6/30/74 Unliquidated	-	-							-
FY 1975 Obligations	39	12							39
FY 1975 Expenditures	39	12							39
6/30/75 Unliquidated	-	-							-
FY 1976 Obligations	54	12							54
FY 1976 Expenditures	54	12							54

TABLE VII

Project Number 615-11-190-157

PROJECT PASA/~~XXXXXXXXXX~~/~~GRANT~~ PERSONNEL TABLE
($ thousands)

U.S. Contract Technicians	FY 1975 Obligations No.	FY 1975 Obligations MMs	FY 1975 Obligations $000	FY 1976 Obligations No.	FY 1976 Obligations MMs	FY 1976 Obligations $000
Long-term	11	121	452	11	123	475
Short-term						

Personnel (PASA/Contract/Grant implementing agent, and position title)	Actual FY 1974 On-board 6/30/74	Actual FY 1974 MMs	Actual FY 1974 Expenditures ($000)	Estimated FY 1975 On-board 6/30/75	Estimated FY 1975 MMs	Estimated FY 1975 Expenditures ($000)	Projected FY 1976 On-board 6/30/76	Projected FY 1976 MMs	Projected FY 1976 Expenditures ($000)	Projected FY 1977 On-board 6/30/77	Projected FY 1977 MMs	Projected FY 1977 Expenditures ($000)
USDA	7	74	271	10	109	413	10	123	475	(for contract personnel only)		
Livestock Economist	1	12	28	1	13	28	1	12	31			
" "	1	12	24	1	13	28	1	12	31			
Agriculture Engineer	1	12	27	1	13	28	1	12	29			
" "	1	9	18	1	12	28	1	12	29			
" "	-	-	-	1	10	22	1	12	29			
Range Planner	1	10	19	1	12	26	1	13	29			
" "	1	10	19	1	12	26	1	13	29	(not required)		
" "	1	9	16	1	12	28	1	13	29			
Deputy Livestock Coordinator	-	-	-	1	6	13	1	12	31			
Range Planning Trainer	-	-	-	1	6	13	1	12	29			
Overhead (25%)	-	-	57	-	-	79	-	-	80			
Travel/Transport/ODC	-	-	63	-		94	-	-	99			
USGS	1	15	56	1	12	39	1	12	54			
Hydrologist	1	15	30	1	12	24	1	12	29			
Overhead	-	-	18	-	-	15	-	-	18			
Travel/Transport/ODC	-	-	8	-	-	-	-	-	7			

TABLE VIII

Project No. 615-11-190-157

PROJECT PARTICIPANT TRAINING TABLE
($ thousands)

	DIRECT AID									CONTRACT		
	U.S. Academic			U.S. Non-Academic			3rd Country					
	No.	MMs	$	No.	MMs	$	No.	MMs	$	No.	MMs	$
FY 1974 Obligations	6	72	60									
Long-term - new	4	48	41									
Long-term - continuing	2	24	19									
Short-term	-	-	-									
FY 1974 Expenditures	5	46	36									
Long-term - new	-	-	-									
Long-term - continuing	5	46	36									
Short-term	-	-	-									
Unliquidated Oblig. - 6/30/74	10	71	61									
Long-term - new	4	48	41									
Long-term - continuing	6	23	19									
Short-term	-	-	-									
FY 1975 Obligations	15	180	149									
Long-term - new	6	72	62									
Long-term - continuing	9	108	87									
Short-term	-	-	-									
FY 1975 Expenditures	11	120	96									
Long-term - new	4	40	32									
Long-term - continuing	7	80	64									
Short-term	-	-	-									
Unliquidated Oblig. - 6/30/75	15	141	117									
Long-term - new	6	72	62									
Long-term - continuing	9	69	55									
Short-term	-	-	-									
FY 1976 Obligations	6	72	62									
Long-term - new	6	72	62									
Long-term - continuing	-	-	-									
Short-term	-	-	-									
FY 1976 Expenditures	15	116	93									
Long-term - new	6	54	48									
Long-term - continuing	9	62	45									
Short-term	-	-	-									

TABLE IX

Project Title National Range and Ranch Development

Project Number 615-11-190-157

	$ 000's
Commodity Budget (Type and Amount)	
FY 1975 Obligations	
2 Jeep-type vehicles	20
Camping equipment	1
Scientific Equipment	1
	22
FY 1976 Obligations	
7 Jeep-type vehicles	70
	70
Other Cost Budget (Type and Amount)	
FY 1975 Obligations	
---	---
FY 1976 Obligations	
---	---

NATIONAL RANGE RANCH DEVELOPMENT PROJECT

The project is designed to develop within the Ministry of Agriculture the capability for planning for the development of livestock production, particularly beef in semi-arid areas. The project is integrally related to a much larger development program in which several international agencies, including IDA, CIDA, ODA and SIDA, are involved. All of these agencies are participating along with AID in providing both technical and capital assistance.

The goal of this project is to provide the necessary planning capability to accomplish, in conjunction with other donors, three basic goals:

1. increase the income of one of the lowest income groups (the nomadic pastoralists) and promote their integration into the social, economic and political structure of the country;

2. increase the available meat products for domestic consumption; and

3. produce a marketable surplus of meat products for export to earn foreign exchange.

Specifically, project objectives are:

1. completion of economic analysis and planning to provide a basis for a livestock program development strategy;

2. carrying out development and management planning for approximately 160 ranching units made up of group, cooperative, company and commercial ranches;

3. carrying out development and management planning for approximately 14 million acres of communal grazing lands in arid areas of the country;

4. training to degree level of Kenyan officials in the fields of agriculture engineering, agriculture economics and hydrogeology;

5. provision of commodity support for project technicians to permit the accomplishment of these objectives.

The resources presently committed are:

1. one direct-hire USAID Project Manager and a nine-man PASA team. The PASA team consists of two agriculture economists working in the Economic Planning Division and the Project Coordination Unit, Ministry of Agriculture; one planning team consisting of a Range Planner, Agriculture Engineer and Hydrogeologist who are planning the development of communal grazing lands; two teams consisting of one Ranch Planner and one Agriculture Engineer each for planning of ranch development;

2. twenty-six scholarships for degree training in U.S. universities;

3. commodities consisting of vehicles, communication equipment, and scientific instruments to support the PASA teams.

Progress to Date

(See PAR 74-5 dated May 31, 1974.)

Under the Livestock Phase I program, a pilot range development project of two million acres was completed by constructing the necessary infrastructure facilities. In addition, economic studies were conducted and plans and projections completed for a Phase II development scheme in which AID is participating through provision of $9.6 million in FY 1974 loan funds. Activities under the NRRD project (615-11-190-157) are designed to be an integral part of the GOK Phase II Livestock Development program. Progress to date under the project includes the completion of development and management plans for two additional range blocks totaling approximately three million acres. The construction of infrastructure such as bore holes, reservoirs, and service roads has also been completed on one-half of one block.

New Project Elements

The greatly expanded activities under Phase II of the Livestock Program involve four Ministries, five departments of the Ministry of Agriculture, two parastatal organizations, and five external assistance agencies, all of which interact in varying degrees with the PASA planning teams. The magnitude of AID loan and grant-financed livestock activities has made it necessary that an additional full-time, direct-hire specialist be assigned to coordinate the activities of the PASA field planning teams. This individual would also be responsible for liaison with the various departments involved in the program. He would also ensure through his contacts with the Project Coordination Unit (PCU), which oversees Phase II, that the many facets of the project which depend on the PASA planners or interact with the results of activities already planned are considered, adjusted, and coordinated as necessary. The current project manager will give his full attention to the loan project.

Other personnel changes in the project during the year will be the replacement of the PASA technician currently serving as Deputy Project Coordinator in the PCU and, as soon as possible, addition of another PASA technician to fill the duties of livestock economist. This position has been vacant since the incumbent was shifted to the Deputy Coordinator role. Later in the fiscal year it is anticipated that yet another PASA will be recruited to serve as a range management trainer. This function will involve working in the field with Kenyan range management personnel to upgrade their skills for effective management of range areas.

From the experiences of Phase I activities (and in anticipation of Phase II), it has become clear that there are insufficient experienced range and ranch managers to insure the successful management of the large range/ranch areas being developed under the Phase II project. Through the USAID participant training program and the Egerton College range management school, there will be a sufficient number of young officers with formal training for the needs of block and ranch managers. These officers, however, will lack the experience required to make the season-by-season adjustments required to administer the management systems developed by the PASA planners. The problem was a major finding of the Mass Consultancy Report. It has also been the subject of discussions with the Head of Range Management who is aware of the problem. As a result, the GOK is requesting an additional PASA position to provide inservice training and to assist the young Kenyan range and ranch managers.

The estimated budget for FY 1975 is $761,000 which will fund PASA agreements with USDA and USGS for the services of ten technicians and costs for six new-start and nine continuing long-term participants. The funding also includes commodity costs for two additional jeep-type vehicles, camping gear and scientific equipment.

PROJECT BUDGET TABLE
($ thousands)

TABLE V

Project Title Agriculture Credit

Project Number 615-11-140-148
Appropriation Food & Nutrition

Financing Dates (FY)	Begin	End
Obligations	FY 71	FY 77
Expenditures	FY 71	FY 78

Estimated Total Costs: A. Per Latest PROP $ 1,967 B. Per Current Estimate $ 1,325

Project Budget & Expenditures	Personnel U.S. $	Personnel U.S. MM	Local/TCN $	Local/TCN MM	Participants $	Participants MM	Commodities $	Other Costs $	Total $
FY 1974 Oblig.-Total	137	49			78	78			215
Direct	2	1			78	78			80
PASA									
Contract	135	48							135
FY 1974 Expend.-Total	149	46			4	5		5	158
Direct	2	1			4	5		5	11
PASA									
Contract	147	46							147
6/30/74 Unliq.-Total	101	32			74	73			175
Direct					74	73			74
PASA									
Contract	101	32							101
FY 1975 Oblig.-Total	176	50			111	99			287
Direct					111	99			111
PASA									
Contract	176	50							176
FY 1975 Expend.-Total	182	50			107	94			289
Direct					107	94			107
PASA									
Contract	182	50							182
6/30/75 Unliq.-Total	95	27			78	78			173
Direct					78	78			78
PASA									
Contract	95	27							95
FY 1976 Oblig.-Total	187	48			19	24			206
Direct					19	24			19
PASA									
Contract	187	48							187
FY 1976 Expend.-Total	155	48			71	69			226
Direct					71	69			71
PASA									
Contract	155	48							155

TABLE VI

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
($ thousands)

Project Number 615-11-140-148

PASA/Contract Name Agriculture Cooperative Development International (ACDI)

	Funding Periods		
	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
Contract No.	AID/afr 856	AID/afr 856	AID/afr 856
From (mo/yr)	July 1, 1973	July 1, 1974	July 1, 1975
To (mo/yr)	July 30, 1974	June 30, 1975	June 30, 1976

Budget & Expenditures	Personnel				Participants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1974 Obligations	135	48							135
FY 1974 Expenditures	147	46							147
6/30/74 Unliquidated	101	32							101
FY 1975 Obligations	166	48							166
FY 1975 Expenditures	172	48							172
6/30/75 Unliquidated	95	27							95
FY 1976 Obligations	187	48							187
FY 1976 Expenditures	155	48							155

TABLE VI

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
($ thousands)

Project Number 615-11-140-148

PASA/Contract Name To be Determined

	Funding Periods		
	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
Contract No.		To be Determined	
From (mo/yr)		11/1/74	
To (mo/yr)		6/30/75	

Budget & Expenditures	Personnel				Participants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1974 Obligations									
FY 1974 Expenditures									
6/30/74 Unliquidated									
FY 1975 Obligations	10	2							10
FY 1975 Expenditures	10	2							10
6/30/75 Unliquidated									
FY 1976 Obligations									
FY 1976 Expenditures									

Project Number 615-11-140-148

PROJECT PASA/CONTRACT/GRANT PERSONNEL TABLE
($ thousands)

U.S. Contract Technicians	FY 1975 Obligations No.	FY 1975 Obligations MMs	FY 1975 Obligations $000	FY 1976 Obligations No.	FY 1976 Obligations MMs	FY 1976 Obligations $000
Long-term	4	48	166	4	48	187
Short-term	1	2	10			

(Contract Personnel Only)

Personnel (PASA/Contract/Grant implementing agent, and position title)	Actual FY 1974 On-board 6/30/74	Actual FY 1974 MMs	Actual FY 1974 Expenditures ($000)	Estimated FY 1975 On-board 6/30/75	Estimated FY 1975 MMs	Estimated FY 1975 Expenditures ($000)	Projected FY 1976 On-board 6/30/76	Projected FY 1976 MMs	Projected FY 1976 Expenditures ($000)	Projected FY 1977 On-board 6/30/77	Projected FY 1977 MMs	Projected FY 1977 Expenditures ($000)
ACDI (AID/afr 856)	4	46	147	4	48	172	4	48	155	4	48	194
Credit Specialist	1	10	24	1	12	29	1	12	30	1	12	32
Area Manager	1	12	29	1	12	30	1	12	32	1	12	34
Area Manager	1	12	28	1	12	29	1	12	30	1	12	32
Area Manager	1	12	28	1	12	29	1	12	30	1	12	32
Overseas Overhead 1/			None			None			None			
Home Office Overhead			None			None			None			
Home Office Salaries and Benefits			None			None			None			
Travel/Transport/ODC			38			55			33			64
Consultant (Computer/Programming)					2	10						

1/ ACDI contract does not charge overhead

TABLE VIII

Project No. 615-11-140-148

PROJECT PARTICIPANT TRAINING TABLE
($ thousands)

	DIRECT AID											
	U.S. Academic			U.S. Non-Academic			3rd Country			CONTRACT		
	No.	MMs	$	No.	MMs	$	No.	MMs	$	No.	MMs	$
FY 1974 Obligations	4	48	40	5	30	38						
Long-term - new	2	24	21	-	-	-						
Long-term - continuing	2	24	19	-	-	-						
Short-term	-	-	-	5	30	38						
FY 1974 Expenditures	2	5	4	-	-	-						
Long-term - new	-	-	-									
Long-term - continuing	2	5	4									
Short-term	-	-	-									
Unliquidated Oblig. - 6/30/74	4	43	36	5	30	38						
Long-term - new	2	24	21	-	-	-						
Long-term - continuing	2	19	15	-	-	-						
Short-term	-	-	-	5	30	38						
FY 1975 Obligations	4	48	40	11	51	71						
Long-term - new	2	24	21	-	-	-						
Long-term - continuing	2	24	19	-	-	-						
Short-term	-	-	-	11	51	71						
FY 1975 Expenditures	4	43	36	11	51	71						
Long-term - new	2	24	21	-	-	-						
Long-term - continuing	2	19	15	-	-	-						
Short-term	-	-	-	11	51	71						
Unliquidated Oblig. - 6/30/75	4	48	40	5	30	38						
Long-term - new	2	24	21	-	-	-						
Long-term - continuing	2	24	19	-	-	-						
Short-term	-	-	-	5	30	38						
FY 1976 Obligations	2	24	19	-	-	-						
Long-term - new	-	-	-									
Long-term - continuing	2	24	19									
Short-term	-	-	-									
FY 1976 Expenditures	4	39	33	5	30	38						
Long-term - new	-	-	-	-	-	-						
Long-term - continuing	4	39	33	-	-	-						
Short-term	-	-	-	5	30	38						

AGRICULTURE CREDIT

Purpose of the Project

The project contributes to the development of the agriculture sector by strengthening the ability of the Agricultural Finance Corporation of Kenya (AFC) to provide timely agriculture credit to a growing number of Kenyan farmers. The strategy for achieving this purpose lies in reducing those organizational and managerial problems in AFC which constrain the flow of agriculture credit.

The Agricultural Finance Corporation addresses the need for farm credit by focussing on both large and small-scale farming operations. AFC attempts to provide farm credit through its national headquarters and 33 branch offices located throughout the country. Several donors provide funds to capitalize the operation. IBRD is by far the largest contributor although AID in the FY 1974 Livestock Loan has provided $4.1 million for credit. The basic aims of AFC are:

1. to decentralize credit lending operations;

2. to expand efficiently the availability of credit to all areas of agriculture;

3. to minimize losses through efficient administrative and capital management;

4. to operate in a prudent, business-like manner to the extent of realizing sufficient financial gains to minimize subsidies and expand facilities to meet increasing credit needs.

Project Outputs as stated in PROP Revision No.1.

1. In-service and on-the-job training to provide for approximately 175 field and office personnel to include Branch Managers, Loan Officers and administrative support personnel,

2. Provide formal training for 19 participants, six at degree level and 13 in non-academic practical training in U.S. institutions.

3. Increase farm management advice available to farmers from AFC field officers.

4. Re-design the administrative and management structure for AFC.

5. Improve the system of financial management, bookkeeping and accounting (utilizing improved accounting equipment).

Progress to Date. (See PAR No. 74-7 dated May 31, 1974)

The entire staff of the 33 existing branches is constantly being exposed to in-service training by USAID-sponsored Area Managers. The training is carried on through office visits, monthly group meetings, periodic seminars and annual branch managers' conference. Sixty new loan officers have been added in the past two years. Seventy-five percent of the Branch Offices have been up-graded and assigned full responsibility for making individual loans in amounts up to $2,500. Prior to this project all loans were approved and processed by the Central Headquarters in Nairobi.

Participant training is running slightly behind the original project schedule, but it should gain momentum in FY 1975 and be completed well ahead of the project phaseout date. Three degree-level participants are now in training in the United States, two of which are expected to return to Kenya during the first quarter of the present fiscal year. The first three non-academic participants are presently in the U.S. for six months training. The remaining 13 participants have been scheduled for training FY 1975 - FY 1976.

The minimum requirement for formal training for all incoming AFC employees has been raised to three years of college education. The majority of the Loan Officers and Field Supervisors now are agriculture college graduates. Farm appraisal and farm management techniques are constantly being emphasized to enable these personnel to provide qualified farm management advice along with credit. This is a new and growing aspect of the lending process and is directly attributable to the AID project technicians.

Decentralization of overall lending functions has made outstanding progress. Branch offices have been given major responsibility for loan appraisals, approvals and collection. This major accomplishment has taken place over the past two years and has resulted in providing an increased amount of timely credit to the areas served by the Branch offices. A total of 709 small scale farm applications were processed during the first quarter of 1974, an increase of 129 over the first quarter of 1973. Disbursements during the first quarter of 1974 were Shs. 2,106,665 compared to Shs. 1,859,295 during the first quarter of 1973. Area Managers to supervise Branch offices have been added to the AFC's organizational structure. The introduction by project personnel of regular field managers' meetings has resulted in increased communication throughout AFC. Policy changes and procedures to shorten the loan-making process, provide more timely reports throughout the organization, and computerize accounts and record keeping are now in progress.

In late FY 1972 the project provided 30 man-days of consultant services to study the machinery requirements for improving the financial and accounting management. This area of AFC is just beginning to move toward substantial improvement. A computer was recently installed and personnel are being trained for management and programming of computerized operations. AFC has requested AID to provide several training tours in the U.S. and 30 - 60 days of consultant services during 1975 to strengthen the computer accounting section.

Assistance to the project for fiscal year 1975 and 1976 is expected to continue at the same level, providing four contract employees in operational positions. Each of the three Branch Managers will be responsible for from 5 - 10 Branch offices scattered over a particular region. One employee will serve as a Credit Advisor in the Ranch/Loan Section of AFC. Short-term training in computer programs and management will be provided for three AFC employees. It is also anticipated that 30 - 60 days of consultant services will be provided to finalize the programming and management procedures for computer accounting.

The budget estimates for this project in FY 1975 will be utilized for costs to provide contract funding for four technicians plus consultants ($176,000) and participant training for 2 new start and 2 continuing long-term participants and short-term non-academic training for 11 participants ($111,000).

PROJECT BUDGET TABLE
($ thousands)

TABLE V

Project Title Univ. of Nairobi Vet Faculty

Project Number 615-11-110-158
Appropriation Food Production & Nutrition

Financing Dates (FY)	Begin	End
Obligations	71	78
Expenditures	72	78

Estimated Total Costs: A. Per Latest PROP $ 2,325 B. Per Current Estimate $ 2,325

Project Budget & Expenditures	Personnel U.S. $	U.S. MM	Local/TCN $	Local/TCN MM	Participants $	Participants MM	Commodities $	Other Costs $	Total $
FY 1974 Oblig.-Total	399	72			60	81	18		477
Direct					1	NA			1
PASA									
Contract	399 1/	72			59	84	2/ 18		476
FY 1974 Expend.-Total	347	66			24	25	-10	4	365
Direct	-1				2	NA	2/ -1	4	4
PASA	[illegible]	[illegible]			[illegible]	[illegible]	-9		
Contract	348	66			22	25	-9		361
6/30/74 Unliq.-Total	342	64			59	74	38		439
Direct									
PASA									
Contract	342	64			59	74	38		439
FY 1975 Oblig.-Total	330	61			50	60	18		398
Direct									
PASA									
Contract	330	61			50	60	18		398
FY 1975 Expend.-Total	318	72			56	78	53		427
Direct									
PASA									
Contract	318	72			56	78	53		427
6/30/75 Unliq.-Total	354	65			53	61	3		410
Direct									
PASA									
Contract	354	65			53	61	3		410
FY 1976 Oblig.-Total	336	57			50	60	18		404
Direct									
PASA									
Contract	336	57			50	60	18		404
FY 1976 Expend.-Total	390	72			46	52	15		451
Direct									
PASA									
Contract	390	72			46	52	15		451

1/ Differs from U-203. Revised U-203 being pouched.
2/ See footnote (1) Table VIII.

TABLE VI

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
($ thousands)

Project Number 615-11-110-158

PASA/Contract Name Colorado State University

	Funding Periods		
	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
Contract No.	AID/afr 790	AID/afr 790	AID/afr 790
From (mo/yr)	4/74	4/75	4/76
To (mo/yr)	3/75	3/76	3/76

Budget & Expenditures	Personnel				Participants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1974 Obligations	399	72			59	84	18		476
FY 1974 Expenditures	348	66			22	25	-9		361
6/30/74 Unliquidated	342	64			59	74	38		439
FY 1975 Obligations	330	61			50	60	18		398
FY 1975 Expenditures	318	72			56	78	53		427
6/30/75 Unliquidated	354	65			53	61	3		410
FY 1976 Obligations	336	57			50	60	18		404
FY 1976 Expenditures	390	72			46	52	15		451

TABLE IX

Project Title Univ. of Nairobi Vet. Faculty

Project Number 615-11-110-158

	$ 000's
Commodity Budget (Type and Amount)	
FY 1975 Obligations	
Laboratory and teaching equipment	18
FY 1976 Obligations	
Laboratory and teaching equipment	18
Other Cost Budget (Type and Amount	
FY 1975 Obligations	
---	---
FY 1976 Obligations	
---	---

TABLE VII

Project Number 615-11-140-148

PROJECT PASA/CONTRACT/GRANT PERSONNEL TABLE
($ thousands)

U.S. Contract Technicians	FY 1975 Obligations No.	FY 1975 Obligations MMs	FY 1975 Obligations $000	FY 1976 Obligations No.	FY 1976 Obligations MMs	FY 1976 Obligations $000
Long-term	6	61	330	6	57	336
Short-term						

Personnel (PASA/Contract/Grant implementing agent, and position title)	Actual FY 1974 On-board 6/30/74	Actual FY 1974 MMs	Actual FY 1974 Ex-penditures ($000)	Estimated FY 1975 On-board 6/30/75	Estimated FY 1975 MMs	Estimated FY 1975 Ex-penditures ($000)	Projected FY 1976 On-board 6/30/76	Projected FY 1976 MMs	Projected FY 1976 Ex-penditures ($000)	Projected FY 1977 On-board 6/30/77	Projected FY 1977 MMs	Projected FY 1977 Ex-penditures ($000)
Colorado State Univ	6	66	348	6	72	318	6	72	390	4	48	259
Parisitologist	1	14 1/	44	1	12	33	1	12	35		-	-
Microbiologist	1	1 1/	2	1	12	37	1	12	39	1	12	41
Clinical Surgery	1	13 1/	42	1	12	37	1	12	39	1	12	41
Clinical Pharmacology	1	13 1/	45	1	12	31	1	12	33	1	12	35
Clinical Medicine	1	13 1/	31	1	12	38	1	12	41	1	12	42
Clinical Laboratory	1	12	32	1	12	35	1	12	39	-	-	-
Travel/Transport/ODC			87			33			84			29
Overseas Overhead			31			38			41			29
Home Office Overhead			13			15			16			17
Home Office Benefits and Salaries			21			21			23			25

1/ Reflects overlap with previous incumbents.

TABLE VIII

Project No. 615-11-140-148

PROJECT PARTICIPANT TRAINING TABLE
($ thousands)

	DIRECT AID									CONTRACT		
	U.S. Academic			U.S. Non-Academic			3rd Country					
	No.	MMs	$	No.	MMs	$	No.	MMs	$	No.	MMs	$
FY 1974 Obligations	1	NA	1 1/							7	84	54
Long-term - new										2	24	19 2/
Long-term - continuing										5	60	40
Short-term										-	-	-
FY 1974 Expenditures			2							5	25	22
Long-term - new			2							-	-	-
Long-term - continuing										5	25	22
Short-term												
Unliquidated Oblig. - 6/30/74										7	74	54
Long-term - new										2	24	19
Long-term - continuing										5	50	40
Short-term										-	-	-
FY 1975 Obligations										5	60	50
Long-term - new										3	36	31
Long-term - continuing										2	24	19
Short-term										-	-	-
FY 1975 Expenditures										7	78	56
Long-term - new										2	18	16
Long-term - continuing										5	60	40
Short-term										-	-	-
Unliquidated Oblig. - 6/30/75										5	61	53
Long-term - new										3	36	31
Long-term - continuing										2	25	22
Short-term										-	-	-
FY 1976 Obligations										5	60	50
Long-term - new										2	24	21
Long-term - continuing										3	36	29
Short-term										-	-	-
FY 1976 Expenditures										5	52	46
Long-term - new										3	27	24
Long-term - continuing										2	25	22
Short-term										-	-	-

1/ Research costs for participant doing research in Kenya.
2/ New start amount includes $750 one-way air fare Nairobi- U.S.

UNIVERSITY OF NAIROBI VETERINARY FACULTY PROJECT

Purpose

The purpose of the project is to assist the University of Nairobi in the further development of its Veterinary Faculty. Particular emphasis is being given to the area of clinical medicine, post-graduate training programs and veterinary research. Trained veterinary manpower to meet the teaching and research requirements of the English-speaking countries of East Africa and to a lesser extent Southern Africa will be the major contribution of the Veterinary Faculty to the goal of increased agriculture production.

Animal disease control is one of the major constraints to livestock industry development in eastern Africa. At the very base of the livestock economy are the several million nomadic herdsmen who depend solely on cattle for livelihood and the hope of improving their quality of life. They are generally at the mercy of natural calamities, such as disease outbreaks, and are often the victims of complete loss of their means to earn a livelihood. Trained veterinarians are necessary to overcome the disease problem through the formation of an effective veterinary service. Building a healthy national herd is directly essential to providing adequate national nutritional levels and allowing the benefits of growth of the animal industry to be shared by the several million nomadic herdsmen in Eastern and Southern Africa.

Specific Project Objectives.

1. Maintaining and improving the presently achieved level of under-graduate training.
2. Expand research and graduate training.
3. Africanization of Faculty staff.

Planned Outputs.

1. Strengthening the Faculty to the extent that the courses in the curriculum which are being taught by the USAID-sponsored technicians can be conducted by Kenyans without further U.S. assistance.
2. Africanization of all USAID filled positions.
3. Establish a vigorous program of post-graduate research by the Faculty.
4. Assist in improving the relevance of the curriculum to the veterinary needs of Eastern Africa.

Progress to Date (See PAR 74-1 dated 8/25/74)

The project's under-graduate area of emphasis is clinical medicine which has been steadily growing in importance (and acceptance by the Faculty) to the overall curriculum. All students are required to have maximum exposure to clinical medicine training regardless of specialization. Much better opportunities for field training are being provided than ever before. Overall student enrollment in the undergraduate faculty has exceeded by approximately 10% the maximum projected at the beginning of the project. Eighty-to-ninety freshmen students have been admitted in each of the past two years in comparison to 55 - 65 prior to the present project activity.

There are presently 63 permanent staff positions with 20 positions being held by Africans. Participants now in training who have been sponsored by various donors total 21. Thirteen participants are being trained under the AID project to replace the six AID-sponsored technicians now in staff positions. One student has now returned and seven are still in training in the U.S. Five more will begin training during the next two years. Any surplus will be advantageously used to reinforce the much needed staff in the clinical medicine area. It is expected that the remaining positions now being held by expatriates will be filled from the 26 graduate students enrolled in the post-graduate training program of the Veterinary Faculty.

Changes are being carried out in the graduate system within the Faculty so as to combine both course work with research and to establish new graduate courses. All participants sent overseas for course work are now required to return to fulfill research requirements in East Africa for their U.S. degrees. Combined faculty and graduate student research have been started as a base for building a growing research component within the Faculty. Seven projects are now under way in the fields of parasitology, surgery, toxicology and tick-borne diseases. As post-graduate students return from overseas, additional research activities will be initiated. Gradual changes in research attitudes and methodology are beginning to emerge and should be firmly established by the end of the project period. In relation to research, the Mission is encouraging the establishment of a linkage between the Faculty and the presently formed ILRAD.

The clinical medicine areas offers practical training under actual animal production conditions. More attention is being given to training in the outstanding problem areas (i.e. parasitology) due to the scope and variety of parasitic cases prevalent among animals under tropical conditions.

The estimated budget of $312,000 for FY 1975 will be utilized to fund contract costs for providing six veterinary technicans, three new start and two continuing participants engaged in graduate study in the U.S., and commodity costs for the purchase of laboratory and teaching equipment.

VIHIGA SPECIAL RURAL DEVELOPMENT PROJECT

Purpose

The purpose of the Kenyan Special Rural Development Program is to carry out experimental and other projects at the Division level which contribute to the project goal of developing a broad national capability to formulate and execute economic development programs with a conscious emphasis on rural development. This is being accomplished by (1) testing new methods, techniques, combinations, sequences, etc. as prototypes for wider replication, and 2) providing an operational milieu in which a rural development management system and staff can be developed. Operationally, this is being accomplished in six specially selected divisions throughout Kenya, five of which are supported by foreign donors. Vihiga, a division in Kakamega District, Western Province, is the division receiving support from the U.S.

Outputs

By the end of this project on June 30, 1976 the following hopefully will have been accomplished:--

- Development of a system for providing credit to small holder farmers in a way which (1) will induce increased agricultural production through the use of improved inputs, and 2) can be administered economically.

- Creation of systems for the rapid introduction of new crops and farm techniques through improved extension programs.

- Development of an approach and/or program for upgrading the basic business skills of small rural businessmen.

- Development of a system for increasing rural employment through the use of labor intensive techniques in rural road construction and maintenance.

- Development of a workable system through which local officials can plan, implement, and evaluate locally initiated development projects.

More specifically, the status of U.S. supported sub-projects in support of the above objectives are as follows:

Maize Credit

a. Project output - Credit would have been provided to 1,200 farmers and a repayment rate of 80% would have been attained.

b. Status - During the first three years of the program its coverage expanded from 68 farmers in FY 1971 to 973 in FY 1973. However, due to steadily decreasing repayment rate as the program was expanded, the

FY 1974 program was cut back and restructured in such a way as to test repayment patterns from three separate experimental groups. The crop planted with credit provided by the FY 1974 program is still to be harvested so that the results of the restructured FY 1974 program are still unknown at this time. Further revision is anticipated in the FY 1975 program once the results of the FY 1974 program have become available.

Cattle Dips

a. Project output - Construction and operation of 29 dips in the Vihiga Division, with an average of 1,000 cows using each dip each month.

b. Status - 10 of the scheduled 29 dips have been completed, and 11 are in various stages of construction. Actual utilization of completed dips has been far below the expected level, and new starts have been suspended until such time as greater utilization can be made of the existing units. The FAMU/Trans Century advisory team is nearing the completion of an in-depth evaluation of this activity. This evaluation is expected to identify the causes of under-utilization and recommend corrective actions.

Tea Credit

a. Project output - Provision of credit to 700 farmers to allow the planing of 700 new acres of tea.

b. Status - The project is running ahead of schedule. Through FY 1974, credit was actually provided for 807 acres of tea.

Roads

a. Project output - It was anticipated that a labor-intensive construction system would have been developed and 41 miles of road completed by January 30, 1975.

b. Status - Overall project implementation was delayed by the late arrival of commodities. This was originally to be a two-year project commencing in February, 1973; however, the hand tools did not arrive until the middle of 1973, and the advisor's vehicle and project trucks did not arrive until the fall of 1973. The Mission has consequently rescheduled the completion of this project to June 30, 1975. Construction is underway on approximately 18 miles (40%) of the scheduled work and the rural roads engineer has just completed an interim report on the use of labor in rural road construction.

Rural Industries

a. Project output - Creation of 245 new jobs by June 30, 1976.

b. Status - The project originally envisioned a joint effort by the Rural Industrial Development Center (RIDC) at Kakamega and the Partnership for Productivity Service Foundation (PfP). This has never happened because the R.I.D.C. has never become an operationally viable organization. It is located in Kakamega and has no out-reach capability with respect to Vihiga. On the other hand, PfP has opened an office in Vihiga and has six full-time people working within the Division (four Kenyans and two expatriates). Current activities include:

- Services of four rural business extension advisors providing general business advisory services to rural traders on a regular basis.

- Organization of five rural market committees and the provision of loans to these groups which are administered by the committees.

- Technical, financial, and marketing assistance to various women's handicraft groups in the Vihiga area. Employment is currently being created for approximately 125 women in Vihiga Division as the result of this assistance.

- Assistance in the management and instruction at Keveye Village Polytechnic.

It is anticipated the the job creation target will be reached or exceeded within the allotted time.

An increase in the PfP Grant from $40,000 to $50,000 is requested in both FY 1975 and FY 1976. This is an increase of $10,000 over previous years' funding levels at a time when earlier planning documents indicated a phased reduction, but this increase is justified for the following reasons:

- Phased reduction was based on assumption that R.I.D.C.'s would become a viable organization which would gradually replace PfP. This has not happened, nor do we expect it to happen in the foreseeable future.

- The recently instituted PfP rural business extension program may well prove to be the model for the GOK Small Business Advisory Program which is proposed to become operational over the next few years.

- Costs for the actual services being provided by PfP to the Vihiga SRDP are in excess of our grant to PfP.

- Mission estimates the cost for service provided by PfP are extremely low when compared to alternate sources. The present grant provides for (1) 48 Kenyan MM and 24 expatriate MM exclusively for Vihiga, and (2) approximately 12 MM of expatriate service on a part time basis.

The additional $10,000 being requested would be used as follows:

- To cover a shortfall of approximately $6,000 for PfP operating expenses applicable to the Vihiga Project.

- To permit the hiring of one middle-level Kenyan business advisor to supplement the four Kenyan rural business advisors and to understudy the present expatriate advisor.

- To cover a portion of the costs involved in hiring an additional Kenyan exclusively for the management of the PfP loan program.

- To allow for an expansion of the Vihiga rural market loan fund.

Village Polytechnics

a. Project Output - The purpose of this project is to determine the most appropriate method for the improvement of Harambee-initiated Village Polytechnics through experimentation at the Keveye Village Polytechnic. By 1974 the project was to have (1) completed a program to upgrade instruction, (2) provided improved instructional aids, (3) conduct innovations in program instruction, and (4) initiate evaluation of items 1, 2 and 3.

b. Status - Items 1 and 2 above have been completed, item 3 is in process, and item 4 will be carried out in FY 1975.

Vegetables

a. Project output - Organize 12 new producers' groups and double vegetable output by the end of FY 1975.

b. Status - This target was abandoned after economic analysis indicated that the operational break-even point exceeded market potential; and even if profitable, the benefits would have affected less than fifty farmers. The project has now been reoriented toward the production of a special variety of banana which is presently being imported in large quantities from Uganda. This activity should become operational on a limited basis during the coming year, and fully operational in FY 1976.

Extension

a. Project output - To upgrade the quality of extension efforts through (1) retraining of existing extension workers, and (2) the development of an improved system of supervision.

b. Status - The re-training has been largely completed, and a study is presently underway to determine more effective systems to supervise extension workers.

Equally important to the above outputs are the lessons learned in the course of implementing these sub-projects. As an experimental program, the various sub-projects are not judged only on whether they are successes or failures, but rather whether it was possible to identify the variables which contributed to the success or failure of a specific sub-project. Only through the identification of these variables will it then be possible to develop programs which can be successfully replicated on a wider basis.

With respect to adequate documentation and analysis of S.R.D.P. results, a U.S. contract program evaluator has been provided to the project by TA/DA during the past two years. The GOK has recently indicated a desire to improve their own internal evaluation capabilities, and a request for assistance in this area is expected to be forthcoming in the next three to four months. Should this happen, we would propose that our existing evaluation effort be expanded to improve information linkages between the local evaluation efforts and a central analytic capability, and to assist in the development of a centralized GOK evaluation capability. This expansion would more than likely require that our present advisory efforts in evaluation be moved from Vihiga to Nairobi, and that the funding of this effort be included within the Mission program starting in FY 1976. However, due to the tentative nature of this revision a definitive budget figure has not been included in our FY 1976 budget estimates.

FY 1975 Program/Estimates

Major program operations proposed in FY 1975 include;

1. A comprehensive program evaluation during the first half of the fiscal year. The results of this evaluation may result in some shifts in the FY 1975 and 1976 programs, and a possible PROP revision in early CY 1975.

2. Continuation of the grant to Partnership for Productivity Service Foundation.

3. Reimbursement to the GOK of local project costs as indicated in Table VIII.

Proposed FY 1976 Budget

		($000)
Contracts		40
Project Other Costs		147
a. Local project costs reimbursed to GOK	97	
b. PfP grant	50	
TOTAL FY 1976		187

An annual Project Appraisal Report was submitted on this project on January 25, 1974.

2. An extension to the Florida A&M University contract to provide funds for contract operations through March 31, 1976. Funding for the remaining three months of the project is not proposed until after the Mission has reviewed the recommendations proposed by the above evaluation.

3. Extension of the contract for the rural roads engineer for five months, until June 30, 1976.

4. Continuation of the grant to Partnership for Productivity Service Foundation.

5. Reimbursement to the GOK of local project costs as indicated in Table VIII.

Proposed FY 1975 Budget

		$000
Contracts		181
a. Estimated one year funding for extension to 3/31/76	155	
b. Extension of Trans Century T.O. No. 24 for five months to 6/30/75	26	
Project Other Costs		195
a. Local project costs reimbursed to GOK.	125	
b. PfP grant	50	
c. Evaluation of project (4 mm TDY)	20	
TOTAL FY 1975		376

FY 1976 Program/Estimates

Major program operations proposed in FY 1976 include:

1. Funding of the final three months of the FAMU contract (3/31/76 - 6/30/76).

PROJECT BUDGET TABLE TABLE V
($ thousands)

Project Title Rural Development - Vihiga

Project Number 615-11-180-147
Appropriation Food Production & Nutrition

Financing Dates (FY)	Begin	End
Obligations	71	76
Expenditures	71	77

Estimated Total Costs: A. Per Latest PROP $2,168 B. Per Current Estimate $1,850

Project Budget & Expenditures	Personnel U.S. $	U.S. MM	Local/TCN $	Local/TCN MM	Participants $	Participants MM	Commodities $	Other Costs $	Total $
FY 1974 Oblig.-Total	159	43						96	255 1/
Direct	-1							96	95
PASA									
Contract	160	43							160
FY 1974 Expend.-Total	184	60					31	135	350
Direct	9	N/A					31	135	175
PASA									
Contract	175	60	2/						175
6/30/74 Unliq.-Total	224	36						30	254
Direct	1	-						30	31
PASA									
Contract	223	36							223
FY 1975 Oblig.-Total	196	39					5	195	396
Direct	20	4						195	215
PASA									
Contract	176	35					5		181
FY 1975 Expend.-Total	278	56					5	188	471
Direct	21	4						188	209
PASA									
Contract	257	52					5		262
6/30/75 Unliq.-Total	142	22						37	179
Direct								37	37
PASA									
Contract	142	22							142
FY 1976 Oblig.-Total	40	6						147	187
Direct								147	147
PASA									
Contract	40	6							40
FY 1976 Expend.-Total	182	28						147	329
Direct								147	147
PASA									
Contract	182	28							182

1/ Figure represents FY 74 obs of $302,000 less de-obs of $47,000.
2/ Low man month rate is result of Trans Century personnel (24 mm of total), who represent signficantly lower salaries and low overhead, plus adjustment for prior year over accruals.

TABLE VI

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
($ thousands)

Project Number 615-11-180-147

PASA/Contract Name Florida A&M (AID/afr 801)

	Funding Periods		
	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
Contract No.	AID/afr 801	AID/afr 801	AID/afr 801
From (mo/yr)	4/74	4/75	3/76
To (mo/yr)	3/75	3/76	6/76

Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1974 Obligations	150	39							150
FY 1974 Expenditures	124 1/	36							124
6/30/74 Unliquidated	204	30							204
FY 1975 Obligations	150	27					5 3/		155
FY 1975 Expenditures	216	39					5		221
6/30/75 Unliquidated	138	19							138
FY 1976 Obligations	40 2/	9							40
FY 1976 Expenditures	178	28							178

1/ See footnote 2 Table V.

2/ Assumes present pipeline capable of funding contract through May 30, 1975.

3/ Spare parts for five contract vehicles.

TABLE VI

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
($ thousands)

Project Number 615-11-180-147

PASA/Contract Name Trans Century Corporation (AID/afr 771)

Funding Periods

	Current-FY 1974		Proposed-FY 1975		Projected-FY 1976	
Contract No.	T.O. 14	T.O. 24	T.O. 14	T.O. 24	TO 14	TO 24
From (mo/yr)	3/74	-	-	4/74	-	-
To (mo/yr)	7/74	-	-	6/75	-	-

Budget & Expenditures	Personnel U.S. $	Personnel U.S. MM	Personnel Local/TCN $	Personnel Local/TCN MM	Participants $	Participants MM	Commodities $	Other Costs $	Total $
FY 1974 Obligations	10	4							10
FY 1974 Expenditures	51	24							51
6/30/74 Unliquidated	19	6							19
FY 1975 Obligations	26 1/	8							26
FY 1975 Expenditures	41	13							41
6/30/75 Unliquidated	4 2/	-							4
FY 1976 Obligations	-	-							-
FY 1976 Expenditures	4	-							4

1/ Includes costs for return to U.S. by Bartolo and Crawford.

2/ Costs for return to U.S. - Bartolo.

Project Number 615-11-180-147

PROJECT PASA/CONTRACT/GRANT PERSONNEL TABLE
($ thousands)

U.S. Contract Technicians	FY 1975 Obligations No.	FY 1975 Obligations MMs	FY 1975 Obligations $000	FY 1976 Obligations No.	FY 1976 Obligations MMs	FY 1976 Obligations $000
Long-term	4	35	176	1	6	40
Short-term						

Personnel (PASA/Contract/Grant implementing agent, and position title)	Actual FY 1974 On-board 6/30/74	Actual FY 1974 MMs	Actual FY 1974 Expenditures ($000)	Estimated FY 1975 On-board 6/30/75	Estimated FY 1975 MMs	Estimated FY 1975 Expenditures ($000)	Projected FY 1976 On-board 6/30/76	Projected FY 1976 MMs	Projected FY 1976 Expenditures ($000)	Projected FY 1977 On-board 6/30/77	Projected FY 1977 MMs	Projected FY 1977 Expenditures ($000)
FAMU (AID/afr 801)	3	36	124 1/	4	39	216	1	28	178	(for contract personnel only)		
Chief of Party	1	12	27	1	12	34	-	7	21			
Ag Extension Advisor	1	12	21	1	12	227	-	9	22			
Ag Economist	1	12	20	1	12	225	1	12	26			
TDY	-	-	-	-	-	3	-	-	-			
Field Overhead	-	-	10	-	-	13	-	-	10			
Home Office Overhead	-	-	7	-	-	12	-	-	8			
Home Office Salaries and Benefits	-	-	17	-	-	20	-	-	21			
Travel/Transport/ODC	-	-	85	-	-	70	-	-	70			
TransCentury(AID/afr 771)	2	24	51	1	13	41	-	-	4			
T.O.14 Dist.Dev. Adv.	1	12	20	-	1	2	-	-	-			
T.O.24 Rural Roads Adv.	1	12	29	1	12	34	-	-	-			
Field Overhead	-	-	-	-	--	---	-	-	---			
Home Office Overhead	-	-	2	-	--	1	-	-	---			
Home Office Salaries and Benefits	-	-	-	-	--	---	-	-	---			
Travel/Transport/ODC	-	-	-	-	--	4	-	-	4			

1/ Total expenditures less FY 73 over accruals of $63,000.

TABLE IX

Project Title Rural Development - Vihiga

Project No. 615-11-810-147

	$ 000 's
Commodity Budget (Type and Amount)	
FY 1975 Obligations	
Vehicle Spare Parts	5
	5
FY 1976 Obligations	
---	---
Other Cost Budget	
FY 1975 Obligations	
Kenya SRDP STaff	11
Gasoline	5
Maize Credit	17
Cattle Dips	0
Vegetables	14
Tea	28
Training	2
Roads	42
Partnership for Productivity	50
Village Polytechnics	6
	175
FY 1976 Obligations	
Kenya SRDP Staff	12
Gasoline	6
Maize Credit	30
Cattle Dips	0
Vegetables	17
Tea	10
Training	2
Roads	10
Partnership for Productivity	50
Other	10
	147

KENYA

PL 480 Title II Activities (thousands)*

Table IV

	FY 1974 Actual			FY 1975 Estimate			FY 1976 Request		
	$	lbs.	No. of Receip.	$	lbs.	No of Receip.	$	lbs.	No. of Receip.
I. Child Feeding									
A. Maternal & child feeding									
1. Govt-to-govt		none			none			none	
2. VolAg (CRS)	(374)	(323)	(60)	(462)	(410)	(60)	(462)	(410)	(60)
B. School Feeding	64	615	49	42	145	33	42	145	33
1. Govt-to-gov		none			none			none	
2. VolAg (CRS)	(64)	(615)	(49)	(42)	(145)	(33)	(42)	(145)	33
C. Other child feeding	4	53	5	168	677	11	168	677	11
1. Govt-to-govt		none			none			none	
2. VolAg (CRS)	(4)	(53)	(5)	(168)	(677)	(11)	(168)	(677)	(11)
II. Food for Work		none			none			none	
III. Other Welfare Relief (Adults)	.7	8	.2	—	—	—	—	—	—
A. Govt-to-govt		none			none			none	
B. VolAg (CRS)	(.7)	(8)	(.2)	—	—	—	—	—	—
Total	443	(1,001)	114.2	672	623	104	672	623	104
A. Govt-to-govt		none			none			none	
B. VolAg (CRS)	(443)	(1,001)	(114.2)	(672)	(623)	(104)	(672)	(623)	(104)

*FY 74 figures are based on the actual figures for the last 6 months of 1973.

**FY 75 figures estimates exclude 500,000 lbs. CSB for relief feeding.

PL 480 Title II

AID provides Kenya with PL 480 Title II commodities to support nation-wide child feeding programs under the administration of Catholic Relief Services. During FY 1974 a total of 114,000 children benefitted from the various programs CRS conducts. The program of greatest emphasis and involving the largest number of children is the mother/pre-school age children which involves 66,000 children. The purpose of this program is to demonstrate and thereby educate mothers as to the value of nutrition in their children's diets. CRS also conducts programs for school age children in which hot lunches are furnished utilizing PL 480 commodities in combination with local food supplies. This program reached 39,000 disadvantaged students during the year. Other programs are carried out in orphanages (10,000 children) and nurseries (5,000).

PL 480 Title II was also utilized on an emergency basis during the year to supply food to victims of a drought which has affected northern Kenya for the past two years. This program is also administered by CRS. Commodities for this effort with the value of $283,000 were supplied.

The FY 1975 program is proposed to reach 103,000 recipients. This commitment was to have taken effect during FY 1974 but the disappearance of previously existing surpluses in maize meal and milk caused delay in fulfilling the commitment.

POPULATION SECTOR NARRATIVE

The pattern and progress of Kenya's future development are inextricably tied to its demography. The significance of this relationship is not yet fully appreciated by Kenya's policy makers although the recommendations of the recent IBRD study have been accepted and incorporated by the GOK into a Five-Year Family Planning Program.

It is estimated that the current population growth rate is 3.5 percent (3.3 percent is used as the official figure but the higher figure is generally accepted as more realistic) which ranks as one of the world's highest. This is an appreciable increase from the rate at independence ten years ago - 2.8 percent - and has meant a substantial growth in population size from 9 million to 12 million today. If unchecked, the growth rate would push the total to 34 million by the year 2000.

The impact of such growth on development is self-evident. While trying to create an economic and social system which raises the standard of life for its people, the government is faced with a series of negating forces which are directly attributable to demographic factors.

One such force is the high and increasing rate of urban migration. Large numbers of rural residents, principally males, are coming to the cities in search of employment or higher wages. This population shift has already over-strained urban services and created a large community of unemployed or under-employed manpower which has had the consequent effect of raising the incidence of crime in the urban areas. In the rural areas it has caused localized shortages of labor in the agricultural sector and disrupted traditional patterns of family life.

Another pressure sustaining this urban drift is the declining availability of fertile land due to over-population. Kenya is not a land-rich country. Only 17 percent of the land is categorised as arable and the bulk of the population have settled in these areas.

Kenya is locked into these problems for the next generation at least, regardless of any progress in reducing the birth rate. Fifty-four percent of the population fits into the "dependent" category. It is the young, the vast majority of the dependent group, who present the greatest challenge. They can be a positive force in development if the government can tap their potential by providing the education and opportunities for them to enter the society as productive citizens. This is a formidable task, however, and is made doubly so by the fact that their numbers are increasing so rapidly.

The government is already engaged in trying to expand the education system to meet this particular challenge. The pressures to do so are enhanced by the fact that Kenyans clearly recognize education as their principal route for upward mobility. The government has committed itself to the goal of providing free education for the first nine grades by 1980. To do this will require increasing education's share of government revenues. The same situation exists with respect to other social services such as health, where the government must expand rapidly to fulfill the needs and demands of its growing population and in the process incurs increasingly large expenditures for recurrent costs. This latter point is important because such costs affect the amount of funds available for development financing.

The Kenyan government is already hard-pressed to meet these challenges. Kenya was the first sub-Saharan country to adopt family planning as a national policy in 1962 and was among the first to initiate a national program in 1967. But very little progress has occurred to date. In part this reflects the time required for "education". The decision-makers of the government have to be educated to appreciate the significance of population size and the population composition for the country's development. While important segments of the government have received and learned from this education, there has been considerable resistance stemming from a problem endemic to the society. Kenya is a country of tribes who have traditionally acted so as to maintain or enhance their position vis-a-vis other tribes. Family planning has been construed by many as a device used by others to the detriment of their tribal interests. The government has been reluctant, therefore, to push too hard in this area.

This has not been the only factor accounting for the slow start in implementing family planning as a national program. The program has been seriously handicapped by the absence of an effective supportive infrastructure to administer the program and a general shortage of trained manpower to carry out the clinical and educational/instructional services required.

The official policy of making family planning an integral part of health services has also had the effect of putting the program into competition with what has traditionally been the MOH's priority effort, providing medical treatment. Personnel in the clinics have concentrated their activities on medical assistance with the result that family planning services are offered on a part-time basis, if at all. Consequently, since inception in 1967, the program had only enlisted 45,200 new family planning acceptors with 172,300 revisitors to the clinics by 1973.

Another constraint on an effective program has been the lack of a definitive plan of action. This was corrected only in 1972 when the IBRD carried out an in-depth study which resulted in a series of recommended actions. The government accepted these and, as mentioned above, incorporated them into its Five-Year program.

The emphases in this plan are on meeting the infrastructure needs and on expanding training of administrative and paramedical personnel. The plan involves an estimated input of $39 million with roughly 70 percent being contributed by foreign donors. A total of twelve donors, public and private, have been involved in Kenya's family planning efforts for the past several years. Seven plan to continue and expand their assistance to support the Five-Year program. These include the I.D.A., NORAD, DANIDA, Wester Germany, SIDA, UNFPA, and USAID. The first four of these will concentrate their assistance on financing oonstruction of administrative and training facilities as well as 30 rural health centers. The other donors will use their inputs to fund technical assistance, recurrent budget costs, and commodity support, primarily for equipping the new facilities.

USAID plans to focus its assistance on the health education aspects of the Five-Year family planning program as well as training for administrative and training personnel. It is projected that a total of 76 personnel in jobs directly related to program management or training will receive U.S.-financed training over the five-year period. The participant program will include sending personnel at the supervisory level to the U.S. for varying lengths of time and bringing trainers on a short-term basis from the U.S. to work with Kenyans in improving local training efforts. USAID will also provide, in the initial part of the new project, the continued services of a Public Health Educator and a Communications Resources Advisor who have been working with the Ministry of Health for the past several years, under a previous Population Dynamics project. Another element of this previous project will also be continued -- the provision of technical assistance to help establish a Demographic Studies Unit in the Central Bureau of Statistics will be continued to completion in FY 1977. Other inputs in the new program will include equipment for the Health Education Unit and the Research and Evaluation Division of the National Family Welfare Center as well as clinical equipment for the 400 field service points and 17 mobile units. U.S. inputs will also include a substantial amount of local operating costs on a reimbursable basis and on a declining scale of contribution over the five year period.

Beyond concentration of effort on the Five Year Program, USAID is only considering two other new activities at this time. One is to assist the Ministry of Health to improve their management capability. The Ministry has been severely handicapped by its management capability in implementing its programs and AID assistance can be supportive of both the new family planning project, other family planning activities and the Ministry's new rural health program. The other proposal under consideration is assistance to the University of Nairobi to enable them to enlarge their research and evaluation capacity vis-a-vis family planning/population activities. A proposed Population Research Center at the University is also seen as a vital supportive element for the national program if the Center were to be utilized by the Ministry of Health to carry out research and evaluation needed as part of that program.

The Mission will also attempt to utilize AID/W population resources to support in-country efforts being carried out in connection with the Five Year Program. As the following listing of current activities funded out of AID/W indicates, there is a large and diverse range of such activities already active in Kenya (see narrative on AID Centrally Funded Activities in Kenya).

PROJECT TITLE CONTRACTOR/PASA	PROJECT NUMBER & CONTRACTOR NUMBER
1. Marketing Research Pop Services, Inc.	698-11-570-374 AID/afr-827
2. Chogoria Hospital FPIA	931-11-580-955 (Kenya 03) AID/csd-3289
3. Legal Aspects of Pop Studies in Kenya Smithsonian Institute	931-11-570-979 AID/csd-3598
4. Female and Male Sterilization Assn for Voluntary Sterilization, Inc.	N/A AID/csd-3611
5. Pop Education for AFR Countries Population Council	931-11-570-863 AID/csd-2897
6. Pop Seminars for Youth World Assembly of Youth	931-11-570-850 AID/csd-2610
7. Univ Overseas Pop Interns Fredericksen Interns University of North Carolina	931-11-570-882 AID/csd-2830

Kenya
(Country or Subregion)

TABLE II

Summary of Commitments by Area of Concentration
($ thousands)

Area of Concentration Population Planning

	FY 1974 Actual	FY 1975 Estimate	FY 1976 Request	FY 1977 Projection	FY 1978 Projection
Development Loans (name and appropriation category for each)	-	-	-	-	-
Development Grants (name, project number for ongoing and appropriation category for each)	334	1,144	725	650	402
Other Dollar Appropriation Grants (name, project number for ongoing and appropriation category for each)	-	-	-	-	-
PL 480 Title I Shipments	-	-	-	-	-
PL 480 Title II Shipments 1. Maternal and Child feeding1/ 2. School feeding1/ 3. Food for Work1/ 4. Other1/	-	-	-	-	-
HIGs	-	-	-	-	-
TOTAL COMMITMENTS	334	1,144	725	650	402

1/ If the programs of all sponsors (e.g., CRS, CARE, Government to Government) in one Title II category (e.g., Maternal Child Feeding) fall in one area of concentration, there is no need to list programs by sponsor. However, if some MCH programs are in one area of concentration and others are not, indicate the level of resources administered by each sponsor within each area of concentration.

FAMILY PLANNING (615-11-580-161)

This is a new program activity for USAID/Kenya which is outlined more fully in a PROP submitted to AID/W in April 1974 for approval. The purpose of the project is to assist the GOK, in concert with six other donors, to establish the necessary infrastructure for implementing a national family planning program based on recommendations stemming from a 1972 IBRD study. The program's ultimate goal would be the recruitment of 640,000 new acceptors of birth control techniques over the five-year period 1974-1979. It is projected that this program will avert 150,000 births and reduce the population growth rate by 0.3 percent. The longer-range effects are to lessen the social services burden of the country in such areas as education, social welfare, and health.

The six other donors contributing to this program are as follows: IBRD/IDA - $12 million; SIDA - $5.4 million; UNFPA - $3 million plus $0.5 million for a census; NORAD - $1.3 million; West Germany - $0.9 million; and DANIDA - $0.6 million. The total cost of the five-year effort is estimated at $41 million of which the Kenyan government expenditure is projected at $14.3 million.

The total USAID contribution, which focuses on the health education portion of the program as well as training for administrative and training personnel, will amount to an estimated total of $3.5 million. This amount will fund (1) technical assistance in the education/information area, (2) in-country training, (3) participant training in the U.S. (3) equipment for the production of educational materials, research and evaluation equipment, and clinical equipment, (4) condoms, and (5) local costs for recurrent expenditures for selected portions of the program.

It was originally planned to make the initial obligation for this program in FY 1974 for the first program year, which started in July 1974. However, obligation has been postponed to early FY 1975 to permit adjustments to the USAID contributions to reflect recent program decisions within the Ministry of Health. As a consequence of these adjustments the first year's obligation is now projected at $876,000 which, while less than the previously anticipated obligation of $974,000, is not expected to affect the overall five-year projection.

Population Dynamics(615-11-580-141)

(A) Health Education (Sub-project 141.1)

This sub-project has provided the services of a Communications Resources Advisor and a Public Health Educator to the Ministry of Health's Health Education Unit. These personnel have been provided to train Kenyans in the various aspects of audio-visual materials production, communication skills and health education techniques. This sub-project was to have been terminated as of June 30, 1974, and the components were to be incorporated into the new Family Planning project (161). Due to the delay in implementing this new project, it has been decided to continue this sub-project for another 12 months. The estimated budget for FY 1975 is $77,000 to fund a six-months extension of the Public Health Educator and 12 months for theCommunications Resources Advisor.

A PAR (No. 74-6) was submitted May 31, 1974 for the overall Population Dynamics project which covers this sub-project and the two sub-projects which follows.

B. POPLAB (Sub-project 141.2

This sub-project is beginning its third year of operation of an estimated five-year project life. Its purpose is to assist in the establishment of a Demographic Studies Unit in the Central Bureau of Statistics to give Kenya the capability for measuring vital statistics on a continuing basis. USAID has been providing one contract statistician/demographer and participant training. During this year an evaluation will be conducted to determine if the sub-project should be continued. This determination will be based on an assessment of whether the Kenyan government is prepared to absorb the activities of the subj-project as part of its regular activities.

C. Vihiga Family Planning (Sub-project 141.3)

This sub-project, which does not appear in the FBS tables because it has unliquidated obligations of less than $50,000 as of 6/30/74, was originally funded in August 1972 and was scheduled to terminate in August 1974. However, implementation has still not been fully effected. The sub-project was conceived in the field with minimal participation from the Ministry of Health in Nairobi. The intent was to conduct an experimental program to test methods of delivering family planning services in rural areas. As a consequence it has never been fully understood at the national level and, therefore, has not received effective direction or inputs of staff and resources. The Mission is discussing with the Ministry what action should be taken. If a project revision and extension is agreed upon, the sub-project will be constituted as a research component of the new Family Planning project (161) and receive its future funding under that project. The estimate of annual funding is $25,000.

PROJECT BUDGET TABLE
($ thousands)

TABLE V

Project Title Family Planning

Project Number 614-11-580-161

Appropriation Population Planning & Health

Financing Dates (FY)	Begin	End
Obligations	75	79
Expenditures	75	80

Estimated Total Costs: A. Per Latest PROP $ 3.5M B. Per Current Estimate $3.5M

Project Budget & Expenditures	Personnel U.S. $	Personnel U.S. MM	Personnel Local/TCN $	Personnel Local/TCN MM	Participants $	Participants MM	Commodities $	Other Costs $	Total $
FY 1974 Oblig.-Total									
Direct									
PASA									
Contract									
FY 1974 Expend.-Total									
Direct									
PASA									
Contract									
6/30/74 Unliq.-Total									
Direct									
PASA									
Contract									
FY 1975 Oblig.-Total	165	27			147	135	294	270	876
Direct					147	135	294	260	701
PASA									
Contract	165	27						10	175
FY 1975 Expend.-Total	60	10			36	24	200	206	502
Direct					36	24	200	200	436
PASA									
Contract	60	10						6	66
6/30/75 Unliq.-Total	105	17			111	111	94	64	374
Direct					111	111	94	60	265
PASA									
Contract	105	17						4	109
FY 1976 Oblig.-Total	20	4			211	189	163	331	725
Direct					211	189	163	331	705
PASA									
Contract	20	4							20
FY 1976 Expend.-Total	95	17			157	150	194	374	820
Direct					157	150	194	370	721
PASA									
Contract	95	17						4	99

TABLE VII

Project Number 615-11-580-161

PROJECT PASA/CONTRACT/GRANT PERSONNEL TABLE
($ thousands)

U.S. Contract Technicians	FY 1975 Obligations No.	FY 1975 Obligations MMs	FY 1975 Obligations $000	FY 1976 Obligations No.	FY 1976 Obligations MMs	FY 1976 Obligations $000
Long-term						
Short-term	5	27	165	2	4	20

Personnel	Actual FY 1974			Estimated FY 1975			Projected FY 1976			Projected FY 1977		
(PASA/Contract/Grant implementing agent, and position title)	On-board 6/30/74	MMs	Ex-penditures ($000)	On-board 6/30/75	MMs	Ex-penditures ($000)	On-board 6/30/76	MMs	Ex-penditures ($000)	On-board 6/30/77	MMs	Ex-penditures ($000)
										(for contract personnel only)		
					10	60	-	16	95	-	11	65
Training/Supervision Services - To be Determined	1/	-	-	-	7	45		12	75		5	35
Short Term Consultants	-	-	-	-	3	15		4	20	-	6	30

1/ All personnel will be 3 - 4 month TDY's

TABLE VI -B

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
($ thousands)

Project Number 615-11-580-161

PASA/Contract Name Short-Term Consultants - PSC's - To be Determined

Funding Periods

	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
Contract No.		To be Determined	To be Determined
From (mo/yr)		3/1/75	7/1/75
To (mo/yr)		6/30/75	6/30/76

Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1974 Obligations									
FY 1974 Expenditures									
6/30/74 Unliquidated									
FY 1975 Obligations	15	3							15
FY 1975 Expenditures	15	3							15
6/30/75 Unliquidated									
FY 1976 Obligations	20	4							20
FY 1976 Expenditures	20	4							20

TABLE VI-A

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
($ thousands)

Project Number 615-11-580-161

PASA/Contract Name To be Determined - Training/Supervision Contract

	Funding Periods		
	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
Contract No.		To be Determined	
From (mo/yr)		3/1/75	
To (mo/yr)		2/28/77	

Budget & Expenditures	Personnel				Participants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1974 Obligations									
FY 1974 Expenditures									
6/30/74 Unliquidated									
FY 1975 Obligations	150	24						10	160
FY 1975 Expenditures	45	7						6	51
6/30/75 Unliquidated	105	17						4	109
FY 1976 Obligations	-	-						-	-
FY 1976 Expenditures	75	12						4	79

TABLE VIII

Project No. 615-11-580-161

PROJECT PARTICIPANT TRAINING TABLE
($ thousands)

	DIRECT AID											
	U.S. Academic			U.S. Non-Academic			3rd Country			CONTRACT		
	No.	MMs	$	No.	MMs	$	No.	MMs	$	No.	MMs	$
FY 1974 Obligations												
Long-term - new												
Long-term - continuing												
Short-term												
FY 1974 Expenditures												
Long-term - new												
Long-term - continuing												
Short-term												
Unliquidated Oblig. - 6/30/74												
Long-term - new												
Long-term - continuing												
Short-term												
FY 1975 Obligations	7	84	72	15	51	75 1/						
Long-term - new	7	84	72	-	-	-						
Long-term - continuing	-	-	-	-	-	-						
Short-term	-	-	-	15	51	75						
FY 1975 Expenditures				8	24	36						
Long-term - new	-	-	-	-	-	-						
Long-term - continuing	-	-	-	-	-	-						
Short-term	-	-	-	8	24	36						
Unliquidated Oblig. - 6/30/75	7	84	72	7	27	39						
Long-term - new	7	84	72	-	-	-						
Long-term - continuing	-	-	-	-	-	-						
Short-term	-	-	-	7	27	39						
FY 1976 Obligations	9	108	92	23	81	119						
Long-term - new	9	108	92	-	-	-						
Long-term - continuing	-	-	-	-	-	-						
Short-term	-	-	-	23	81	119 2/						
FY 1976 Expenditures	7	63	56	21	75	97						
Long-term - new	7	63	56	-	-	-						
Long-term - continuing	-	-	-	-	-	-						
Short-term	-	-	-	21	75	97						

1/ Includes 1-way air fare for 15 = $11,250
2/ Includes 1-way air fare for 23 = $17,250

TABLE IX

Project Title Family Planning

Project Number 615-11-580-161

	$ 000's
Commodity Budget (Type and Amount)	
FY 1975 Obligations	
Audio visual production equipment and supplies for the Health Education Unit, National Family Welfare Center.	167
Research and Evaluation Equipment for the National Family Welfare Center	35
Clinical Equipment for Family Planning Clinics	92
	294
FY 1976 Obligations	
Audio visual production equipment and supplies for the Health Education Unit, National Family Welfare Center.	93
Research and Evaluation Equipment for the National Family Welfare Center	4
Clinical Equipment	66
	163
Other Cost Budget (Type and Amount)	
FY 1975 Obligations	
Salaries, allowances, maintenance and supplies, for:	
National Family Welfare Center	105
Supervisory Officer	115
Fixed Clinics	50
	270
FY 1976 Obligations	
Salaries, allowances, maintenance and supplies, for:	
National Family Welfare Center	118
Supervisory Officer	123
Fixed Clinics	90
	331

Project Number 615-11-580-161 **TABLE IX A**

CENTRALLY FUNDED TITLE X CONTRACEPTIVES
FOR BILATERAL PROGRAMS

Orals

	Quantity Monthly Cycles	Costs[a/] $ thousands	Number of Pill users
1. Usage through CY 1977	-0-		
CY 1974 Usage	-0-		
CY 1975 Usage	-0-		
CY 1976 Usage	-0-		
CY 1977 Usage	-0-		
2. 12/31/73 Unused	-0-		XXXX
Central Warehouse	-0-		XXXX
Public Sector Distribution System	-0-		XXXX
On order and confirmed by AID/W	-0-		XXXX
3. FY 1975 Obligations	-0-		XXXX
4. CY 1978 Usage	-0-		
5. FY 1976 Obligations	-0-		XXXX

a/ For FY 1974 and prior year obligations, calculate based on $.14 per MC plus 18% for transportation. For FY 1975 and succeeding years, calculate based on $.18 per MC plus 18%.

Project Number 615-11-580-161 **TABLE IX B**

Contraceptives Provided by Other Donors, Organizations, and Host Country Government

	FY 1974 Obligations		FY 1975 Planned Obligations		FY 1976 Proposed Obligations	
	Quantity (MC/Grs)	Costs ($000)	Quantity (MC/GRS)	Costs ($000)	Quantity (MC/GRS)	Costs ($000)
I. Orals-TOTAL						
a. Other Bilateral Donors (specify)						
SIDA	1,240,000 (all delivered)	177	2,000,000	285	3,000,000	430
b. Private Organizations 1/						
IPPF	Nil			Nil	Nil	
Pathfinder Fund	-0-	-0-	-	-	-	-
PPFA/FPIA	-0-	-0-	-	-	-	-
Other (specify)						
FP Assoc./Kenya	16,000	N/A	21,000	N/A	27,000	
c. UN						
d. Host Country Government	-	-	-	-	-	-
II. Condoms-Total						
a. Other Bilateral Donors (specify)						
SIDA	7,000 (Not Delivered Yet)	21	8,000 (est.)	24	10,000 (Est.)	30
b. Private Organizations						
IPPF						
Pathfinder Fund	-0-	-0-	-	-	-	-
PPFA/FPIA	-0-	-0-	-	-	-	-
Other (specify)						
FP Assoc./Kenya	1,400	N/A	2,200	N/A	3,500	N/A
POP Services, Inc.	4,500	17	-	-	-	-
c. UN						
d. Host Country Government						

1/ Contraceptives used by the two IPPF projects in Kenya (mobile units and the Family Welfare Centre) come from those supplied by SIDA to the MOH.

Project Number 615-11-580-161

TABLE IX A
(continued)

CENTRALLY FUNDED TITLE X CONTRACEPTIVES
FOR BILATERAL PROGRAMS

	Condoms		
	Quantity Gross	Costs a/ $ thousands	Number of condom users
1. Usage through FY 1975	-0-		
FY 1975 Usage	-0-		
FY 1976 Usage	-0-		
FY 1977 Usage			
2. 6/30/74 Unused	-0-		XXXX
Central Warehouse	-0-		XXXX
Public Sector Distribution System	-0-		XXXX
On order and confirmed by AID/W	-0-		XXXX
3. FY 1975 Obligations	10,000	50,400	XXXX
4/ FY 1978 Usage	10,000	-	10,000
5. FY 1976 Obligations	10,000	50,400	XXXX

a/ For FY 1974 Obligations calculate based on $3.00 per gross plus 20% for transportation. For succeeding years, calculate based on $4.20 per gross plus 20% for transportation.

PROJECT BUDGET TABLE
($ thousands)

TABLE V

Project Title Population Dynamics - SUMMARY

	Financing Dates (FY)	
	Begin	End
Obligations	69	75
Expenditures	69	77

Project Number 615-11-580-141
Appropriation Population Planning & Health
Estimated Total Costs: A. Per Latest PROP $ - B. Per Current Estimate $ -

Project Budget & Expenditures	Personnel U.S. $	Personnel U.S. MM	Personnel Local/TCN $	Personnel Local/TCN MM	Participants $	Participants MM	Commodities $	Other Costs $	Total $
FY 1974 Oblig.-Total	183	43			51	60	10	90	334
Direct	49	12			41	48	10	90	190
PASA	30	12							30
Contract	104	19			10	12			114
FY 1974 Expend.-Total	136	36			34	42	7	136	313
Direct	48	12			34	42	7	113	202
PASA	21	12							21
Contract	67	12						23	90
6/30/74 Unliq.-Total	120	21			57	71	11	2	190
Direct	1	-			47	59	8	2	58
PASA									
Contract	119	21			10	12	3		132
FY 1975 Oblig.-Total	137	28			10	12		96	243
Direct	43	12						96	139
PASA	33	6							33
Contract	61	10			10	12			71
FY 1975 Expend.-Total	185	49			46	50	11	63	305
Direct	44	18			38	41	8	63	153
PASA	33	12							33
Contract	108	19			8	9	3		119
6/30/75 Unliq.-Total	72	12			21	27		35	128
Direct					9	12		35	44
PASA									
Contract	72	12			12	15			84
FY 1976 Oblig.-Total									
Direct									
PASA									
Contract									
FY 1976 Expend.-Total	72	12			19	24		35	126
Direct					9	12			9
PASA									
Contract	72	12			10	12		35	117

PROJECT BUDGET TABLE
($ thousands)

TABLE V

Project Title Population Dynamics

Project Number 615-11-580-141.1

Appropriation Population Planning & Health

Financing Dates (FY)	Begin	End
Obligations	69	75
Expenditures	69	76

Estimated Total Costs: A. Per Latest PROP $ 669 B. Per Current Estimate $ 884

Project Budget & Expenditures	Personnel U.S. $	U.S. MM	Local/TCN $	Local/TCN MM	Participants $	Participants MM	Commodities $	Other Costs $	Total $
FY 1974 Oblig.-Total	79	24			41	48	10	24	154
Direct	49	12			41	48	10	24	124
PASA	30	12							30
Contract									
FY 1974 Expend.-Total	69	24			34	42	3	23	129
Direct	48	12			34	42	3	23	108
PASA	21	12							21
Contract									
6/30/74 Unliq.-Total	1	-			47	59	8	2	58
Direct	1	-			47	59	8	2	58
PASA	0 1/								
Contract									
FY 1975 Oblig.-Total	76	18							76
Direct	43	12							43
PASA	33	6							33
Contract									
FY 1975 Expend.-Total	77	18			38	41	8	2	125
Direct	44	12			38	41	8	2	92
PASA	33	6							33
Contract									
6/30/75 Unliq.-Total					9	12			9
Direct					9	12			9
PASA									
Contract									
FY 1976 Oblig.-Total									
Direct									
PASA									
Contract									
FY 1976 Expend.-Total					9	12			9
Direct					9	12			9
PASA									
Contract									

1/ Lack of pipeline reflects $9,000 adjustment for prior year accruals

TABLE VI

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
($ thousands)

Project Number 615-11-580-141.1

PASA/Contract Name U.S. Public Health Service - HEW

	Funding Periods		
	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
Contract No.	Afr(HA)23-70	AFR(HA)23-70	
From (mo/yr)	7/1/73	7/1/74	
To (mo/yr)	6/30/74	12/30/74	

Budget & Expenditures	Personnel				Participants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1974 Obligations	30	12		-	-	-	-	-	30
FY 1974 Expenditures	21	12	-	-	-	-	-	-	30
6/30/74 Unliquidated	0	-	1/		-	-	-	-	-
FY 1975 Obligations	33	6	-	-	-	-	-	-	33
FY 1975 Expenditures	33	6	-	-	-	-	-	-	33
6/30/75 Unliquidated	-0-	-	-	-	-	-	-	-	-0-
FY 1976 Obligations	-0-	-	-	-	-	-	-	-	-0-
FY 1976 Expenditures	-0-	-	-	-	-	-	-	-	-0-

1/ See footnote Table V

Project Number 615-11-580-141.1

PROJECT PASA/CONTRACT/GRANT PERSONNEL TABLE
($ thousands)

U.S. Contract Technicians	FY 1975 Obligations No.	FY 1975 Obligations MMs	FY 1975 Obligations $000	FY 1976 Obligations No.	FY 1976 Obligations MMs	FY 1976 Obligations $000
Long-term	1	6	22			
Short-term						

Personnel (PASA/Contract/Grant implementing agent, and position title)	Actual FY 1974 On-board 6/30/74	Actual FY 1974 MMs	Actual FY 1974 Ex-penditures ($000)	Estimated FY 1975 On-board 6/30/75	Estimated FY 1975 MMs	Estimated FY 1975 Ex-penditures ($000)	Projected FY 1976 On-board 6/30/76	Projected FY 1976 MMs	Projected FY 1976 Ex-penditures ($000)	Projected FY 1977 On-board 6/30/77	Projected FY 1977 MMs	Projected FY 1977 Ex-penditures ($000)
										(for contract personnel only)		
USPHS/HEW (PASA)	1	12	21 1/	-	6	22						
Health Education Advisor	1	12	21	-	6	17						
Overhead 2/	-	-	-	-	-	-						
Travel/Transport/ODC	-	-	-	-	-	5						

1/ Actual expenditures for 12 mm was $30,000 but figure was adjusted to $21,000 to reflect over-estimated accruals in FY 73.

2/ HEW charges no overhead.

TABLE VIII

Project No. 615-11-580-141.1

PROJECT PARTICIPANT TRAINING TABLE
($ thousands)

	DIRECT AID											
	U.S. Academic			U.S. Non-Academic			3rd Country			CONTRACT		
	No.	MMs	$	No.	MMs	$	No.	MMs	$	No.	MMs	$
FY 1974 Obligations	4	48	41									
Long-term - new	4	48	41									
Long-term - continuing	-	-	-									
Short-term	-	-	-									
FY 1974 Expenditures	4	42	34									
Long-term - new	-	-	-0-									
Long-term - continuing	4	42	34									
Short-term	-	-	-									
Unliquidated Oblig. - 6/30/74	5	53	47									
Long-term - new	4	48	41									
Long-term - continuing	1	5	6									
Short-term	-	-	-									
FY 1975 Obligations												
Long-term - new												
Long-term - continuing												
Short-term												
FY 1975 Expenditures	5	41	38									
Long-term - new	4	36	32									
Long-term - continuing	1	5	6									
Short-term	-	-	-									
Unliquidated Oblig. - 6/30/75	4	12	9									
Long-term - new	4	12	9									
Long-term - continuing	-	-	-									
Short-term	-	-	-									
FY 1976 Obligations												
Long-term - new												
Long-term - continuing												
Short-term												
FY 1976 Expenditures	4	12	9									
Long-term - new	4	12	9									
Long-term - continuing	-	12	9									
Short-term	-	-	-									

PROJECT BUDGET TABLE
($ thousands)

TABLE V

Project Title POPLAB

Project Number 615-11-580-141.2
Appropriation Population Planning & Health
Estimated Total Costs: A. Per Latest PROP $ 869 B. Per Current Estimate $ 682

Financing Dates (FY)	Begin	End
Obligations	72	76
Expenditures	72	77

Project Budget & Expenditures	Personnel U.S. $	Personnel U.S. MM	Personnel Local/TCN $	Personnel Local/TCN MM	Participants $	Participants MM	Commodities $	Other Costs $	Total $
FY 1974 Oblig.-Total	104	19			10	12		66	180
Direct								66	66
PASA									
Contract	104	19			10	12			114
FY 1974 Expend.-Total	67	12					4	113	184
Direct							4	90	94
PASA									
Contract	67	12						23	90
6/30/74 Unliq.-Total	119	21			10	12	3	-	132
Direct									
PASA									
Contract	119	21			10	12	3	-	132
FY 1975 Oblig.-Total	61	10			10	12		96	167
Direct								96	96
PASA									
Contract	61	10			10	12			71
FY 1975 Expend.-Total	108	19			8	9	3	61	180
Direct								61	61
PASA									
Contract	108	19			8	9	3		119
6/30/75 Unliq.-Total	72	12			12	15		35	119
Direct									
PASA									
Contract	72	12			12	15		35	119
FY 1976 Oblig.-Total									
Direct									
PASA									
Contract									
FY 1976 Expend.-Total	72	12			10	12		35	117
Direct									
PASA									
Contract	72	12			10	12		35	117

TABLE VI

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
($ thousands)

Project Number 615-11-580-141.2

PASA/Contract Name POPLAB

	Funding Periods		
	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
Contract No.	AID/csd 2495TO 3		
From (mo/yr)	July 1974	July 1975	July 1976
To (mo/yr)	June 1975	June 1976	June 1977

Budget & Expenditures	Personnel				Participants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1974 Obligations	104	19			10	12			114
FY 1974 Expenditures	67	12							67
6/30/74 Unliquidated	119	21			10	12	3		132
FY 1975 Obligations	61	10			10	12			71
FY 1975 Expenditures	108	19			10	12	3		121
6/30/75 Unliquidated	72	12			10	12			82
FY 1976 Obligations									
FY 1976 Expenditures	72	12			10	12			82

TABLE VII

Project Number 615-11-580-141.2

PROJECT PASA/CONTRACT/GRANT PERSONNEL TABLE
($ thousands)

U.S. Contract Technicians	FY 1975 Obligations			FY 1976 Obligations		
	No.	MMs	$000	No.	MMs	$000
Long-term	1	10	61			
Short-term						

Personnel	Actual FY 1974			Estimated FY 1975			Projected FY 1976			Projected FY 1977 (for contract personnel only)		
(PASA/Contract/Grant implementing agent, and position title)	On-board 6/30/74	MMs	Ex-penditures ($000)	On-board 6/30/75	MMs	Ex-penditures ($000)	On-board 6/30/76	MMs	Ex-penditures ($000)	On-board 6/30/77	MMs	Ex-penditures ($000)
UNIV. OF NORTH CAROLINA	1	12	67	1	19	108	1	12	72			
Statistician Demographer	1	12	45	1	12	47	1	12	49			
Travel/Transport/ODC			7			9			6			
Field Overhead (36%)			15			17			17			
Home Office Overhead			NA			NA			NA			
Home Office Salaries and Benefits			NA			NA			NA			
Consultant Visits					4	20						
Staff Visits					3	15						

TABLE VIII

Project No. 615-11-580-141.2

PROJECT PARTICIPANT TRAINING TABLE
($ thousands)

	DIRECT AID									CONTRACT		
	U.S. Academic			U.S. Non-Academic			3rd Country					
	No.	MMs	$	No.	MMs	$	No.	MMs	$	No.	MMs	$
FY 1974 Obligations										1	12	10
Long-term - new										1	12	10
Long-term - continuing										-	-	-
Short-term										-	-	-
FY 1974 Expenditures												
Long-term - new												
Long-term - continuing												
Short-term												
Unliquidated Oblig. - 6/30/74										1	12	10
Long-term - new										1	12	10
Long-term - continuing										-	-	-
Short-term										-	-	-
FY 1975 Obligations										1	12	10
Long-term - new										1	12	10
Long-term - continuing										-	-	-
Short-term										-	-	-
FY 1975 Expenditures										1	9	8
Long-term - new										1	9	8
Long-term - continuing										-	-	-
Short-term										-	-	-
Unliquidated Oblig. - 6/30/75										2	15	12
Long-term - new										1	12	10
Long-term - continuing										1	3	2
Short-term										-	-	-
FY 1976 Obligations										-	-	-
Long-term - new										-	-	-
Long-term - continuing										-	-	-
Short-term										-	-	-
FY 1976 Expenditures										2	12	10
Long-term - new										1	9	8
Long-term - continuing										1	3	2
Short-term										-	-	-

TABLE IX

Project Number 615-11-580-141.2

Project Title POPLAB

Other Cost Budget (Type and Amount)

FY 75 Obligations

Local salaries and other support costs for the Demographic Studies Unit	$96

FY 76 Obligations

(same as above)	$18

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ACTIVITIES OUTSIDE AREAS OF CONCENTRATION

Education and Human Resources

This Mission currently has only one active project in this area - Opportunities Industrialization Centers. The OIC programs in Kenya provides vocational training in Nairobi in entrepreneurial skills for small traders and in secretarial skills. The project is to be evaluated in FY 1975 with particular emphasis to be paid to prospects for program viability and continuance, relying on local support, after scheduled conclusion of AID financing in February 1976.

Kenya, compared to many other African states, is comparatively rich in trained, high-level manpower. However, this is not the case with regard to technically skilled personnel or, more importantly for the USAID/Kenya program, with regard to capable project planners and administrators. This lack of planning and managerial talent is reflected in other parts of the FBS as well as the recent various World Bank reports on Kenya, the ILO study on unemployment and the expressed concerns of various GOK officials. The problem obviously does not affect one sector or area of concentration, but cuts across all of them and will be a serious constraint on the GOK's ability to attain overall Development Plan goals as well as to reach the objectives of various programs falling under the Plan.

Subject to further study and exploration with the GOK, the Mission is tentatively considering two possible new efforts in the Education and Human Resources area. (Though funded from this functional category, they are to be supportive of Mission efforts in its two areas of concentration - agriculture and family planning.) One has already been described in the Food Production and Nutrition narrative. The other may involve training, and possibly advisory assistance, in management and planning to be provided through the Office of the President to the Ministry of Finance and Planning, the Ministry of Agriculture and related agriculture organizations, and to the Ministry of Health for its family planning and related efforts, including its nutrition activities. The kinds of assistance being considered include training in financial management, statistics, taxation, project design and evaluation, supply and logistics, O&M, and public administration. TDY consultants, and in some cases full-time advisory personnel as well as support for research by local institutions into problems or questions of crucial development importance, might also be provided through this mechanism.

The activity itself might take the form of either a traditional direct AID project or of a block grant designed to be appropriate to the Kenyan scene and conditions. A block grant, appropriately tailored for Kenya, offers some attractions since it would reflect in its administrative arrangements the relatively more advanced state of Kenya's development and take into account Kenyan emphasis on Kenyanization as well as expressed nationalistic themes, while addressing a problem the Kenyans themselves recognize as being important. Should such an effort evolve, the Mission could conceive of submission of a PROP in late FY 1975 with implementation in early FY 1976. To avoid becoming a "basket" the project would have to include specific criteria re the types and numbers of training and advisors as well as a limited duration.

Program Loan

The $10 million FY 1973 Program Loan originally provided as balance of payments support is now in the process of being drawn down. Utilization has been delayed by Kenyan lack of familiarity with AID program lending procedures and by the unattractiveness of the funds due to AID requirements for use by importers of sight drafts which is in distinct contrast to the standard practice of using 90 to 180-day supplier credit arrangements. However, the loan should be fully utilized during the first half of FY 1975 for fertilizer as part of an AID consolidated procurement of that commodity involving several LDC's, including Kenya. As the Mission has no plans for further program lending, use of this loan to purchase vitally needed fertilizer will serve as a transition to the proposed agriculture sector lending discussed earlier.

Housing Guaranty

In June 1974 AID approved a $15 million Housing Guaranty for the Nairobi City Council ($10 million) and the National Housing Corporation ($5 million). The HIG will support low-cost housing construction by the NCC and NHC in sixteen municipalities and town councils. The housing, which is to be made available on a lease-purchase basis, is to fall within the 750 to 1,250 pound price range.

The HIG must still be negotiated with the NCC and NHC and then investment arrangements finalized with U.S. investors. Ability to do so in a relatively timely fashion will depend, however, on U.S. interest rates falling to a level acceptable to the GOK; i.e., within its current ceiling of 8 3/4 percent for such borrowing.

This is the second housing guaranty in Kenya. The first in 1969 resulted in a $2.1 million project under which 345 homes were built at the Kimathi Estate, Nairobi, at an average sales price of $6,500. At present the Mission has no plans for any further activity in this area.

Public Safety

This activity clearly falls outside the Mission's interests and emphasis. Also, given the proposed amendment to the FY 1975 FAA eliminating all Public Safety assistance, the Mission does not plan to undertake any activities in this area.

Kenya
(Country or Subregion)

TABLE IIA

Summary of Commitments for Activities Outside Areas of Concentration
($ thousands)

	FY 1974 Actual	FY 1975 Estimate	FY 1976 Request	FY 1977 Projection	FY 1978 Projection
Development Loans	-	-	-	-	-
Development Grants	112	108	-	-	-
(139) Opportunities Industrialization Centers/Kenya - Education & Human Resources	112	108	-	-	-
Other Dollar Appropriation Grants	-	-	-	-	-
TOTAL COMMITMENTS	112	108	-	-	-

OPPORTUNITIES INDUSTRIALIZATION CENTERS/KENYA

The Opportunities Industrialization Centers/Kenya (OIC) project is directed toward the establishment of a locally supported Kenyan organization for training manpower in medium level technical skills. This organization is to utilize techniques developed by the OIC parent body in the U.S., adapting them where necessary to the Kenyan context through a built-in self-evaluation process which would also permit a flexible response to changing manpower needs. A key feature of this approach is its effort to turn out trained manpower in a more rapid fashion than more conventional training programs. The approach also embodies job placement and guidance/counseling services. For purposes of implementation, OIC has assigned three U.S. personnel to advise on establishing an organization and to plan training courses as well as prepare Kenyans to take over administration and teaching responsibilities.

The project thus far has concentrated on two areas of training -- small-business entrepreneurial skills and secretarial training. The entrepreneurial skills program has focused on small traders in the market areas of Nairobi. It seeks to give them management and accounting training which will permit the operation of more efficient businesses. The secretarial course is designed to turn out secretaries capable of basic office management in addition to normal secretarial skills.

Progress during the first full year of operation has been intermittent. Difficulties in locating facilities have affected the conduct of training classes. The entrepreneurial course which is twelve weeks in duration has been held only twice during the year graduating a total of 48 trainees. The first secretarial course was initiated in May 1974 with an enrollment of 25. The class is due to be graduated in August.

The project has made only minimal progress toward the principal goal of establishing a locally-supported and managed organization. Attempts to generate financial backing among the business community have brought limited response, i.e. a total of Ksh 45,000 in donations, and the organization has now changed its direction and is seeking to become government supported. It is apparent that OIC/K will not be prepared to assume responsibility this year for payment of local salaries as put forth in the project agreement. The system for creating a viable administration has likewise not progressed well. The Board of Governors has not become the viable body anticipated and efforts to change this situation have so far met with little success. (A PAR (74-4) was submitted May 31, 1974.)

Due to considerable changes to the original concept of this project as outlined in the PROP, the Mission will be revising the PROP in October 1974 after conducting an intensive evaluation.

It is currently planned that $108,000 will be obligated in January 1975 to final fund the contract with OIC to its scheduled expiration date of February 1976.

PROJECT BUDGET TABLE
($ thousands)

TABLE V

Project Title OIC/K
Opportunities Industrialization Centers/International
Project Number 615-11-420-159
Appropriation Education & Human Resources

Financing Dates (FY)

	Begin	End
Obligations	FY 73	FY 75
Expenditures	FY 73	FY 76

Estimated Total Costs: A. Per Latest PROP $ 820 B. Per Current Estimate $ 320 1/

Project Budget & Expenditures	Personnel U.S.		Personnel Local/TCN		Participants		Commodities	Other Costs	Total
	$	MM	$	MM	$	MM	$	$	$
FY 1974 Oblig.-Total	78	36	28	60			6		112
Direct									
PASA									
Contract	78	36	28	60			6		112
FY 1974 Expend.-Total	81	36	28	60	4	2	3		116
Direct									
PASA									
Contract	81	36	28	60	4	2	3		116
6/30/74 Unliq.-Total	49	23	-		4	2	3		56
Direct									
PASA									
Contract	49	23	-		4	2	3		56
FY 1975 Oblig.-Total	90	35	2/ 18	40					108
Direct									
PASA									
Contract	90	35	18	40					108
FY 1975 Expend.-Total	80	36	18	40	4	2	3		105
Direct									
PASA									
Contract	80	36	18	40	4	2	3		105
6/30/75 Unliq.-Total	59	22							59
Direct									
PASA									
Contract	59	22							59
FY 1976 Oblig.-Total									
Direct									
PASA									
Contract									
FY 1976 Expend.-Total	59	22							59
Direct									
PASA									
Contract	59	22							59

1/ Assumes project terminates on schedule.
2/ See footnote Table VI

TABLE VI

PROJECT PASA/CONTRACT/GRANT BACK-UP BUDGET TABLE
($ thousands)

Project Number 615-11-420-159

PASA/Contract Name Opportunities Industrialization Centers/International

	Funding Periods		
	Current-FY 1974	Proposed-FY 1975	Projected-FY 1976
Contract No.	AID/afr 653-T.O.5	AID/afr 653-T.O.5	
From (mo/yr)	1/73	1/75	
To (mo/yr)	12/74	2/76	

Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1974 Obligations	78	36	28	60	-	-	6		112
FY 1974 Expenditures	81	36	28	60	4	2	3		136
6/30/74 Unliquidated	49	23	-	-	4	2	3		56
FY 1975 Obligations	90	35	1/ 18	40	-	-	-		108
FY 1975 Expenditures	80	36	18	40	4	2	3		105
6/30/75 Unliquidated	59	22	-	-	-	-	-		59
FY 1976 Obligations									
FY 1976 Expenditures	59	22	-	-	-	-	-		59

1/ Variation reflects transfer costs for 3 U.S. personnel at end of project.

Project Number 615-11-420-159

PROJECT PASA/CONTRACT/GRANT PERSONNEL TABLE
($ thousands)

U.S. Contract Technicians	FY 1975 Obligations			FY 1976 Obligations		
	No.	MMs	$000	No.	MMs	$000
Long-term	3	35	90	-	-	-
Short-term						

Personnel	Actual FY 1974			Estimated FY 1975			Projected FY 1976			Projected FY 1977		
(PASA/Contract/Grant implementing agent, and position title)	On-board 6/30/74	MMs	Ex-pendi-tures ($000)	On-board 6/30/75	MMs	Ex-pendi-tures ($000)	On-board 6/30/76	MMs	Ex-pendi-tures ($000)	On-board 6/30/77	MMs	Ex-pendi-tures ($000)
OIC/International	3	36	81	3	36	80	-	22	59	(for contract personnel only)		
Program Advisor	1	12	25	1	12	25		8	17			
Entrepreneurial Specialist	1	12	24	1	12	24		7	15			
Education Specialist	1	12	24	1	12	24		7	14			
Travel/Transport/ODC			5			7			13			
Overhead 1/												

1/ Overhead percentage not known

Opportunities Industrialization Centers/International

TABLE VIII

Project No. 615-11-420-159

PROJECT PARTICIPANT TRAINING TABLE
($ thousands)

	DIRECT AID									CONTRACT		
	U.S. Academic			U.S. Non-Academic			3rd Country					
	No.	MMs	$	No.	MMs	$	No.	MMs	$	No.	MMs	$
FY 1974 Obligations												
Long-term - new												
Long-term - continuing												
Short-term												
FY 1974 Expenditures										2	2	4
Long-term - new										2	2	4
Long-term - continuing												
Short-term												
Unliquidated Oblig. - 6/30/74										2	2	4
Long-term - new										2	2	4
Long-term - continuing												
Short-term												
FY 1975 Obligations										-	-	-
Long-term - new										-	-	-
Long-term - continuing												
Short-term												
FY 1975 Expenditures										2	2	4
Long-term - new										2	2	4
Long-term - continuing												
Short-term												
Unliquidated Oblig. - 6/30/75										-	-	-
Long-term - new										-	-	-
Long-term - continuing												
Short-term												
FY 1976 Obligations												
Long-term - new												
Long-term - continuing												
Short-term												
FY 1976 Expenditures												
Long-term - new												
Long-term - continuing												
Short-term												

TECHNICAL SUPPORT

Most costs previously funded under this project are now included in the Mission Operations Budget. However, a few remaining Direct Hire Personnel support costs (storage costs) have not been transferred to the MOB, since they are FY 73 obligations and AID/W has not issued authority to include them in the MOB. The project was utilized in FY 1974 to provide funding for extensions for two participants who had received their initial support under the concluded Higher Agriculture Education Project.

The Mission proposes to continue to utilize this project in order to be able to fund ten man-months of consultants to assist in the development of new projects in the agriculture sector. These consultants would be experts in such areas as agricultural economics, planning, and non-formal agriculture education. The Mission also proposes to fund 5 man-months of consultant services in the field of Health Management in early FY 75 to assist in preparation of a new project at the Ministry of Health. The Mission has no other vehicle under which to finance program development activities which do not fall within the scope of existing activities.

	FY 75	FY 76
Agriculture Economist	5 mm @ $25,000	4 mm @ $20,000
Agriculture Planner	3 mm @ $15,000	4 mm @ $20,000
Non-Formal Ag. Education Specialist	2 mm @ $10,000	2 mm @ $10,000
Health Management Analyst	5 mm @ $25,000	
	15 mm @ $25,000	10 mm @ $50,000

Summary

PROJECT BUDGET TABLE
($ thousands)

TABLE V

Project Title Technical Support

Project Number 615-11-999-000
Appropriation
Estimated Total Costs: A. Per Latest PROP $ NA B. Per Current Estimate $ NA

Financing Dates (FY)

	Begin	End
Obligations	FY 60	NA
Expenditures	FY 60	NA

Project Budget & Expenditures	Personnel U.S. $	Personnel U.S. MM	Personnel Local/TCN $	Personnel Local/TCN MM	Participants $	Participants MM	Commodities $	Other Costs $	Total $
FY 1974 Oblig.-Total	-				14	17	2/		14
Direct	-				14	17			14
PASA									
Contract									
FY 1974 Expend.-Total	-5		4		10	12	4	5	18
Direct	-5		4		10	12	4	5	18
PASA									
Contract									
6/30/74 Unliq.-Total	3 1/				4	5			7
Direct	3				4	5			7
PASA									
Contract									
FY 1975 Oblig.-Total	75	15							75
Direct	75	15							75
PASA									
Contract									
FY 1975 Expend.-Total	78	15			4	5			82
Direct	78	15			4	5			82
PASA									
Contract									
6/30/75 Unliq.-Total									
Direct									
PASA									
Contract									
FY 1976 Oblig.-Total	50	10							50
Direct	50	10							50
PASA									
Contract									
FY 1976 Expend.-Total	50	10							50
Direct	50	10							50
PASA									
Contract									

1/ Funds represent U.S. personnel storage costs which U-203 has not yet reflected being shifted to MOB.

2/ Funding for two participants previously funded under terminated Higher Ag.Educ. Project

PROJECT BUDGET TABLE
($ thousands)

TABLE V

Project Title Tech Support

Project Number 615-11-999-000
Appropriation Population Planning & Health
Estimated Total Costs: A. Per Latest PROP $ - B. Per Current Estimate $ -

Financing Dates (FY)	Begin	End
Obligations	FY 60	-
Expenditures	FY 60	-

Project Budget & Expenditures	Personnel U.S. $	MM	Local/TCN $	MM	Participants $	MM	Commodities $	Other Costs $	Total $
FY 1974 Oblig.-Total									
Direct									
PASA									
Contract									
FY 1974 Expend.-Total									
Direct									
PASA									
Contract									
6/30/74 Unliq.-Total									
Direct									
PASA									
Contract									
FY 1975 Oblig.-Total	25	5							25
Direct	25	5							25
PASA									
Contract									
FY 1975 Expend.-Total	25	5							25
Direct	25	5							25
PASA									
Contract									
6/30/75 Unliq.-Total									
Direct									
PASA									
Contract									
FY 1976 Oblig.-Total									
Direct									
PASA									
Contract									
FY 1976 Expend.-Total									
Direct									
PASA									
Contract									

PROJECT BUDGET TABLE
($ thousands)

TABLE V

Project Title: Tech Support

Project Number: 615-11-999-000

Appropriation: Food Production & Nutrition

Financing Dates (FY)	Begin	End
Obligations	FY 60	NA
Expenditures	FY 60	NA

Estimated Total Costs: A. Per Latest PROP $ - B. Per Current Estimate $ -

Project Budget & Expenditures	Personnel U.S. $	U.S. MM	Local/TCN $	Local/TCN MM	Participants $	Participants MM	Commodities $	Other Costs $	Total $
FY 1974 Oblig.-Total					14	17 1/			14
Direct					14	17			14
PASA									
Contract									
FY 1974 Expend.-Total					10	12			10
Direct					10	12			10
PASA									
Contract									
6/30/74 Unliq.-Total					4	5			4
Direct					4	5			4
PASA									
Contract									
FY 1975 Oblig.-Total	50	10							50
Direct	50	10							50
PASA									
Contract									
FY 1975 Expend.-Total	50	10			4	5			54
Direct	50	10			4	5			54
PASA									
Contract									
6/30/75 Unliq.-Total									
Direct									
PASA									
Contract									
FY 1976 Oblig.-Total	50	10							50
Direct	50	10							50
PASA									
Contract									
FY 1976 Expend.-Total	50	10							50
Direct	50	10							50
PASA									
Contract									

1/ Funding for two participants previously funded under terminated Higher Ag Educ. Project.

Technical Support

Project Number **615-11-999-000**

PROJECT PASA/CONTRACT/GRANT PERSONNEL TABLE
($ thousands)

U.S. Contract Technicians	FY 1975 Obligations			FY 1976 Obligations		
	No.	MMs	$000	No.	MMs	$000
Long-term						
Short-term						

Personnel (PASA/Contract/Grant implementing agent, and position title)	Actual FY 1974			Estimated FY 1975			Projected FY 1976			Projected FY 1977		
	On-board 6/30/74	MMs	Ex-penditures ($000)	On-board 6/30/75	MMs	Ex-penditures ($000)	On-board 6/30/76	MMs	Ex-penditures ($000)	On-board 6/30/77	MMs	Ex-penditures ($000)
										(for contract personnel only)		
PSC	-	-	-	-	15	75	-	10	50	-		
Ag. Economists	-	-	-	-	5	25	-	4	20	-		
Ag. Planning	-	-	-	-	2	10	-	4	20	-		
Ag. Manpower/Training (Non-Formal Ed.)	-	-	-	-	3	15	--	2	10	-		
Health Education Analyst					5	25						

TABLE VIII

Technical Support

Project No. 615-11-999-000

PROJECT PARTICIPANT TRAINING TABLE
($ thousands)

	DIRECT AID											
	U.S. Academic			U.S. Non-Academic			3rd Country			CONTRACT		
	No.	MMs	$	No.	MMs	$	No.	MMs	$	No.	MMs	$
FY 1974 Obligations	2	17	14									
Long-term - new												
Long-term - continuing	2	17	14*									
Short-term												
FY 1974 Expenditures		12	10									
Long-term - new												
Long-term - continuing	2	12	10									
Short-term												
Unliquidated Oblig. - 6/30/74	2	5	4									
Long-term - new												
Long-term - continuing	2	5	4									
Short-term												
FY 1975 Obligations												
Long-term - new												
Long-term - continuing												
Short-term												
FY 1975 Expenditures	2	5	4									
Long-term - new												
Long-term - continuing.	2	5	4									
Short-term												
Unliquidated Oblig. - 6/30/75												
Long-term - new												
Long-term - continuing												
Short-term												
FY 1976 Obligations												
Long-term - new												
Long-term - continuing												
Short-term												
FY 1976 Expenditures												
Long-term - new												
Long-term - continuing												
Short-term												

*Extensions for two participants previously funded under the terminated Higher Agriculture Education Project.

AID CENTRALLY-FUNDED ACTIVITIES IN KENYA

There is a very large number of AID/W centrally funded activities which operate in Kenya. A significant proportion are in the population planning and health functional category.

While Missions are supposed to perform only a monitoring role per AIDTO Circ A-335 (April 30, 1974), in fact Mission responsibilities often must extend beyond that since USAID personnel are located at the project site, i.e. Kenya, and thus are "available" for liaison, problem solving, etc. to both AID/W and the GOK. Also, this Mission believes it has the responsibility for oversight of all AID activities in Kenya to ensure that these efforts are designed in an appropriate manner, agreed upon by responsible GOK bodies, and implemented so as to ensure achievement of project objectives. In fact, the Kenyans hold the Mission responsible and do not make the same distinctions regarding ultimate responsibility as does AID. To the GOK all these various "spigots" come from the same AID "pot".

As can be seen from the attached listing, there is quite a diversity among these activities. Few are directly related to, or supportive of, the Mission's current program emphases. Given the time required to monitor existing activities and the workload now being, and to be placed in future, on limited USAID staff, the Mission proposes to be more selective about concurrence in proposed new efforts as well as in visits by AID and other personnel to Nairobi. The principle criterion for approval of proposed programs for Kenya will be the relevance to and support for the Mission's bilateral assistance program followed by a criterion relating to compatability with GOK Development Plan objectives.

Food Production and Nutrition

1. Regional Org Dev (ACOSCA)
   Credit Union National Assn., Inc.
   698-11-995-154

2. PACT

   Partnership for Productivity

   Technoserve

   VITA
   PHA/PVC

3. Local Action Guidance & Implementation
   Trans Century Corporation
   931-11-720-986

4. Evaluation of Supplementary Child Feeding Programs
   931-11-560-879

5. Mosquito Genetic Control
   I.C.I.P.E.
   931-11-995-535

6. African Data for Decision Making
   Dualabs
   932-11-570-606

7. Remote Sensing Census Project
   Census Bureau PASA
   931-11-995-997

8. Family Life Education
   FPIA
   931-11-580-955

9. Marketing Research
   Pop Services,Inc.
   698-11-570-374

10. Chogoria Hospital
    FPIA
    931-11-580-995

11. Legal Aspects of Pop Studies in Kenya
    Smithsonian Institute
    931-11-570-979

12. Female and Male Sterilization
    Assn. for Voluntary Sterilization, Inc.
    AID/csd-3611

13. Pop Education for AFR Countries
    Population Council
    931-11-570-863

14. Pop Seminars for Youth
    World Assembly of Youth
    931-11-570-850

15. Univ Overseas Pop Interns
    University of North Carolina
    931-11-570-882

16. African Labor Development
    African American Labor Center
    698-11-490-363

17. African Mathematics Program
    Edu. Development Center
    698-11-690-356

18. African Primary Science Program
    Edu. Development Center
    698-11-690-357

19. Economic Dev Research Orgns.
    (Univ. of Nairobi Social Science Research)
    698-11-995-378

20. Employment Through Small Industry
    TA/OST 211(d) Ga. Inst. of Technology

21. Technology Adaption
    (M.I.T.)
    University of Nairobi Architecture Faculty