PDBEN130

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE: A (A = Add, C = Change, D = Delete) — Amendment Number

DOCUMENT CODE: 3

2. COUNTRY/ENTITY: ZAIRE

3. PROJECT NUMBER: 660-0125

4. BUREAU/OFFICE: AFR — 660

5. PROJECT TITLE (maximum 40 characters): SMALL PROJECT SUPPORT

6. PROJECT ASSISTANCE COMPLETION DATE (PACD): MM 09 DD 30 YY 94

7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4)
A. Initial FY 88 B. Quarter 4 C. Final FY 89

8. COSTS ($000 OR EQUIVALENT $1 = Z. 200)

A. FUNDING SOURCE	FIRST FY 88 B. FX	C. L/C	D. Total	LIFE OF PROJECT E. FX	F. L/C	G. Total
AID Appropriated Total	4,395		4,395	6,000		6,000
(Grant)	(4,395)	( )	(4,395)	(6,000)	( )	(6,000
(Loan)	( )	( )	( )	( )	( )	(
Other U.S. 1.						
Other U.S. 2.						
Host Country						
Other Donor(s)		65	65		6,000	6,000
					1,200	1,200
TOTALS	4,395	65	4,460	6,000	7,200	13,200

9. SCHEDULE OF AID FUNDING ($000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE 1. Grant	2. Loan	D. OBLIGATIONS TO DATE 1. Grant	2. Loan	E. AMOUNT APPROVED THIS ACTION 1. Grant	2. Loan	F. LIFE OF PROJECT 1. Grant	2. Loan
(1) DFA	120	000							
(2)	200	200				4,395		6,000	
(3)	500	500							
(4)	760	700							
TOTALS						4,395		6,000	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each): 060 | 240 | 510 | 740

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code	BRW	BSW	PVOU
B. Amount	3,000	2,000	6,000

13. PROJECT PURPOSE (maximum 480 characters)

To increase support for community-based small-scale development activities in rural areas which respond to USAID priorities in Zaire and can be sustained by the local population.

14. SCHEDULED EVALUATIONS
Interim MM 10 YY 91 | MM YY | Final MM 08 YY 93

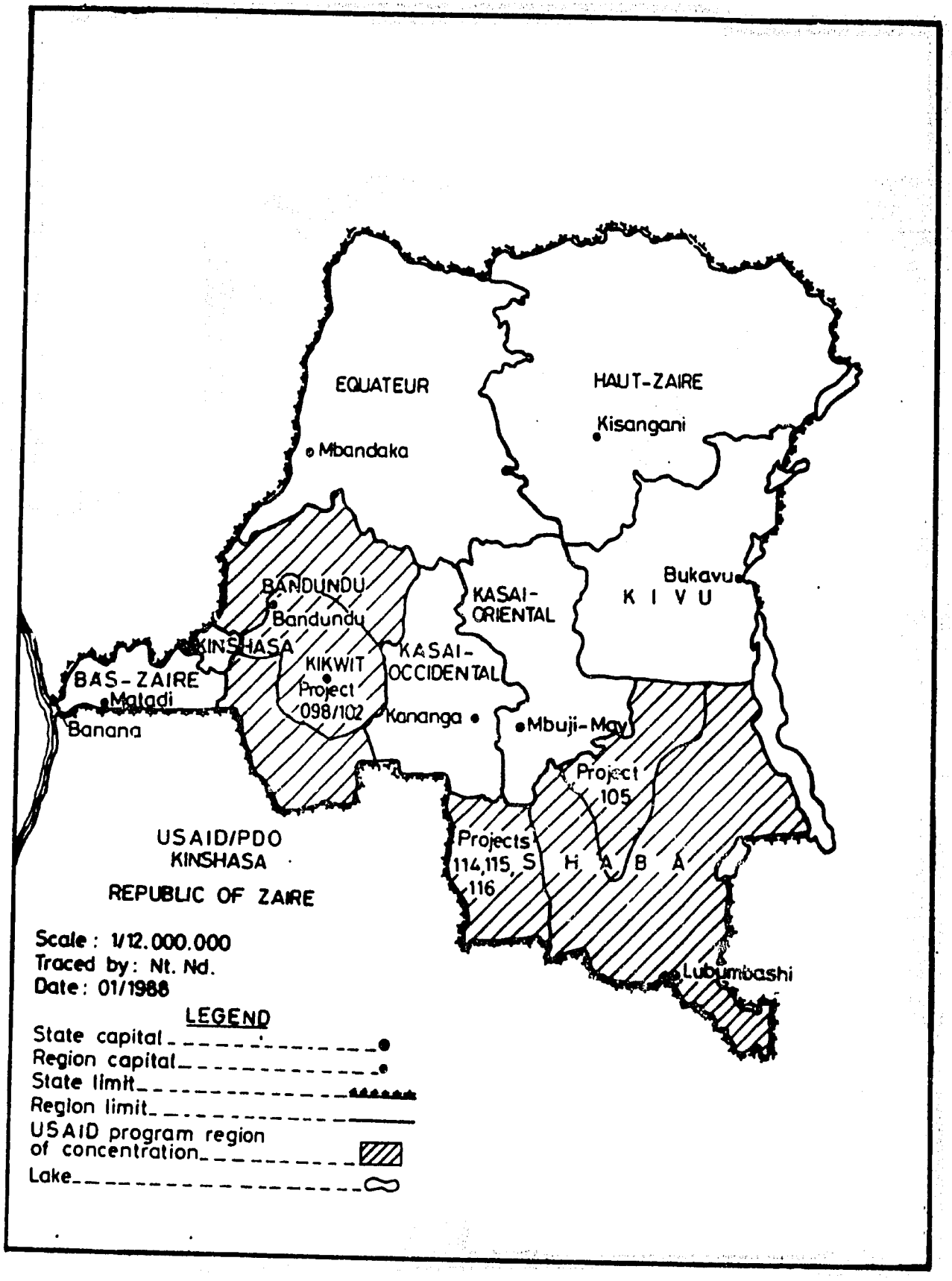
15. SOURCE/ORIGIN OF GOODS AND SERVICES
☐ 000 ☐ 941 ☐ Local ☒ Other (Specify) 935

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a ____ page PP Amendment.)

17. APPROVED BY
Signature: Dennis M. Chandler
Title: Director, USAID/Zaire
Date Signed: MM 08 DD 23 YY 88

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
MM DD YY

AID 1330-4 (8-79)


EQUATEUR
Mbandaka
HAUT-ZAIRE
Kisangani
BANDUNDU
Bandundu
KINSHASA
KIKWIT
Project
098/102
KASAI-
ORIENTAL
KASAI-
OCCIDENTAL
Kananga
Mbuji-May
Bukavu
K I V U
BAS-ZAIRE
Matadi
Banana
Project
105
Projects
114,115,
116
S H A B A
Lubumbashi
USAID/PDO
KINSHASA
REPUBLIC OF ZAIRE
Scale : 1/12.000.000
Traced by: Nt. Nd.
Date: 01/1988
LEGEND
State capital
Region capital
State limit
Region limit
USAID program region
of concentration
Lake

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LIST OF ACRONYMS

A.I.D.	Agency for International Development
AIDRZ	Association Internationale de Developpement Rural au Zaire
AIDS	Acquired Immune Deficiency Syndrome
APCD	Assistant Peace Corps Director
CBZO	Communaute Baptiste de Zaire Ouest
CENACOF	Centre National de Coordination de la Formation au Developpement
CEPETEDE	Centre de Perfectionnement aux Techniques de Developpement
CIP	Commodity Import Program
CMO	Commodity Management Office
CPF	Counterpart Funds
CPZ	Communaute Pentacotiste au Zaire
DFA	Development Fund for Africa
ECZ	Eglise du Christ au Zaire
FAO	Food and Agriculture Organization
FRLC	Federal Reserve Letter of Credit
GECAMINES	GOZ mining parastatal
GDO	General Development Office
GDP	Gross Domestic Product
GNP	Gross National Product
GOZ	Government of Zaire
HCN	Host Country National
IEE	Initial Environmental Examination

BEST AVAILABLE DOCUMENT

IMF	International Monetary Fund
INADES	Institut Africain pour l'Action Economique et Sociale
IRR	Internal Rate of Return
LDC	Less developed country
LOP	Life of Project
MIS	Management Information System
NGO	Non-governmental organization
ORT	Organization for Rehabilitation through Training
OXFAM	Oxford Famine Relief
PDO	Project Development Office
PID	Project Identification Document
PIP	Public Investment Program
PIR	Project Implementation Reveiw
PLZ	Plantations Lever au Zaire
PNS	Project North Shaba
PP	Project Paper
PPF	Projet Pisciculture Familiale
PSA	Procurement Services Administrator
PVO	Private Voluntary Organization
RAV	Recherche Agronomique et Vulgarisation
RLO	Regional Legal Officer
SANRU	Projet de Soins de Sante Primaire en Milieu Rural
SNHR	Service National de l'Hydraulique

BEST AVAILABLE DOCUMENT

SPSP	Small Project Support Project
UMU	Umbrella Management Unit
UNDP	United Nations Development Program
USAID	United States Agency for International Development
Z	Zaire (currency)

BEST AVAILABLE DOCUMENT

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PROJECT DESIGN TEAM

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EXECUTIVE SUMMARY

During the two decades after independence, the rural areas of Bandundu and Shaba suffered repeated shocks. The Mulelist Rebellion in Bandundu (1964) destroyed much of the colonial infrastructure. In 1972-73 zairianization measures produced a second collapse of the rural economy as expatriate-owned plantations and commercial enterprises were handed over to inexperienced nationals. Demonetization in 1980 wiped out many rural peoples' savings. In Shaba, the Angolan civil war and invasions in 1977-78 devastated the Lualaba sub-region and sent shocks throughout the Region. This twenty year period saw the exodus of many missionary groups, several of which have since returned to Zaire and are attempting to rebuild their activities. Their overall goal is the eventual turnover of mission activities to Zairian hands.

These non-governmental organizations (NGOs) continue to play a key role in Zaire's development. The NGOs such as the religious missions act as a buffer in a time of transition from a system dominated by plantations and monopsonies to a new system resulting from liberalization measures aimed at opening up agricultural trade to competition. Most NGOs are actively working toward creating or aiding self-sustaining and self-financing community groups for the production and commercializatin of crops, and improving public health, water sources, and road maintenance. In sum, NGOs are crucially important in the current stage of Zaire's development.

The project will increase support for community-based small-scale development activities in rural areas which respond to USAID priorities in Zaire and can be sustained by the local population. The project will fund development activities in the domains of agriculture, rural transport infrastructure, and basic rural health. The activities will be concentrated principally in the regions of Shaba and Bandundu. Resources will be transferred to community organizations through NGOs and Peace Corps-related extension programs. Subprojects will build or improve and maintain basic facilities, services and infrastructure such as clinics, hospitals, roads, bridges, water sources, and agricultural extension programs. Approval of the subprojects will be based on selection criteria developed by the Project Management Unit (PMU) and on an assessment to carried out by local resource orgs. All subprojects will then be subject to USAID approval.

A major portion of the project's funding is targeted toward support of a Fish Culture Expansion subproject with the Peace Corps and the Zairian Government's Projet Pisciculture Familiale (PPF). This subproject will build on the highly

lauded PPF Project, 660-0080. The fish activity will be approved simultaneously with the PP. USAID will contract with a qualified individual to implement the fish subproject until the arrival of the UMU.

The rationale for the project, then, is twofold: First, it increases the impact of other development activities by providing inputs and building on outputs of those projects, and by helping to achieve a critical mass in specific regions and sectors. Second, by working with successful community-based NGOs, the likelihood of sustained development is magnified. The NGOs are actively working toward sustainability and "zairianization" of their activities.

The project will serve as a magnet attracting additional resources to areas where USAID is already working to maximize benefits from existing projects and assisting contiguous areas which may receive secondary effects from the ongoing USAID projects. Results are sought in the form of a long-term improvement of living conditions and economic well-being for people in the rural areas which can be sustained over time by the people themselves or by the community groups to which they belong.

Grant amounts will vary from $100,000 to $1 million. It is expected that the UMU staff will manage approximately 10-15 subgrants over the life of the project. Some of these such as support for Peace Corps fish activities will be large and others may in reality be a grant package including several activities under one NGO to reach the $100,000 minimum.

Assistance to NGOs and PVOs through the UMU will focus on organizational assessments, strategic planning, financial and program management, training, and collaborative monitoring of project impacts. It is estimated that, over time, at least 100 community groups in the Bandundu and Shaba regions will receive USAID assistance under the project through NGOs and PVOs.

The project will be managed by a UMU competitively selected from registered U.S. PVOs. This management structure was selected to permit streamlined approval and financing of project activities; to bring consistent management attention to a diverse set of subprojects; to deal with common small project constraints and opportunities more effectively, and to provide "one voice" to interact with PVOs, NGOs, Peace Corps support and other small project opportunities for USAID.

The project will support three expatriate long-term technical advisers, at least six long-term Zairian employees, and provide short-term technical assistance for training NGOs and PVOs. The UMU will have a branch office in Shaba; its Bandundu activities will be managed from Kinshasa.

PROJECT AUTHORIZATION

Name of Country: **Republic of Zaire**

Name of Project: **Small Project Support**

Number of Project: **660-0125**

1. Pursuant to the Foreign Assistance Act of 1961, as amended, and the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 1988, I hereby authorize the Small Project Support Project for the Republic of Zaire, involving planned obligations of not to exceed $6.0 million in grant funds over a six year period from date of authorization subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the project. The planned life of the project is six years from the date of initial obligation.

2. The project will increase support for community-based small-scale development activities in rural areas which respond to USAID priorities in Zaire and can be sustained by the population. The project will provide subgrants ranging from $100,000 to $1,000,000 for activities proposed by local, U.S. and international Private Voluntary Organizations (PVOs) and other non-governmental groups working in development in Zaire, and for Peace Corps activities. The project will focus on agricultural, rural transport infrastructure, and basic rural health activities in the Bandundu and Shaba regions. The project will support a Peace Corps fish activity which will build on the highly lauded Fish Culture Expansion Project (660-0080). The fish activity is thus the first subproject to be funded and implemented under this umbrella project. The project's Umbrella Management Unit (UMU), which will be administered by a competitively selected registered U.S. PVO, will reduce previous USAID/Zaire direct involvement in the management of such small-scale activities.

3. The Project Agreement which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority shall be subject to the following essential terms and covenants and major conditions, together with such others terms and conditions as A.I.D. may deem appropriate.

(a) Source and Origin of Commodities, Nationality of Services

Commodities financed by A.I.D. under the project shall have their source and origin in the United States, the Republic of Zaire or in countries included in A.I.D. Geographic Code 935 except as A.I.D. may otherwise agree in writing. The suppliers of commodities or services shall have the United States, the Republic of Zaire or countries included in A.I.D. Geographic Code 935 as their place of nationality, except as A.I.D. may otherwise agree in writing.

Ocean shipping financed by A.I.D. under the project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States, the Republic of Zaire, or other countries in A.I.D. Geographic Code 935.

(b) Condition Precedent

The Project Agreement shall contain a condition precedent providing in substance that prior to the first disbursement of funds under the Project, or to the issuance of any commitment documents with respect thereto, the Government of the Republic of Zaire shall furnish in form and substance satisfactory to A.I.D. a statement of the name of the person holding or acting in the office of the Grantee, and of any additional representatives, together with a specimen signature of each person specified in such statement.

(c) Covenants

The Project Agreement shall contain covenants providing in substance that:

(1) The Parties agree to establish an evaluation program as part of the Project; and

(2) All organizations to be funded under this project must have recognized legal status in Zaire.

Signature Dennis M. Chandler

Dennis M. Chandler
Director
USAID/Zaire

Date 8/23/88

I. PROJECT RATIONALE AND BACKGROUND

A. PROJECT RATIONALE

This project will increase support for small-scale development activities in agriculture, public health, and transport infrastructure. Working through NGOs based primarily in the regions of Bandundu and Shaba, the project will stress community development and progress toward sustainability. The goal of the project is to raise the standard of living of rural dwellers in those regions, specifically, improving the income and welfare of rural cultivators, increasing their access to quality, affordable health care and potable water, and opening up channels of communication and training opportunities for community development groups.

The project will accomplish these objectives by funding discrete subprojects proposed and to be implemented by NGOs working in the targeted areas. The NGOs must be reputable organizations with recognized legal status in Zaire, capable of good internal management and financial reporting. The subprojects will be community-based efforts to build or improve, and maintain, basic facilities, services and infrastructure such as clinics, hospitals, roads, bridges, water supply systems, and agricultural extension programs. Approval of the subprojects will be based in part on assessments carried out by local researchers who will examine the feasibility and appropriateness of the activity, and its capacity for sustainability.

A subgoal of the project is to fund activities which will complement and build on other USAID activities in the two regions. For example, a project to upgrade water sources in Central Shaba would significantly benefit women, and could permit them more time to participate in the Central Shaba Project's agricultural extension programs. A major portion of the project's funding is targeted toward support of the Peace Corps Fish Culture Expansion Project (PPF), a highly successful project which has operated for ten years in five regions of the country.

The rationale for the project, then, is twofold: first, it increases the impact of other development activities by providing inputs and building on outputs of these projects, and by helping to achieve a critical mass in specific regions and sectors; second, by working with successful community-based NGOs, the likelihood of sustained development is magnified. The NGOs are actively working toward sustainability and "zairianization" of their activities.

The project will contribute significantly to the stimulation of economic activity in the target regions by providing increased income generating opportunities for both individuals and groups.

Use of NGOs as development partners is recommended for several reasons:

1) NGO projects have proven to have a high degree of success in the Zairian environment where there are many community-based activities supported by missionaries and PVOs. Predecessor project activities financed by USAID also support this conclusion.
2) NGO-support projects are recognized as legitimate and viable by Congress and within USAID.
3) NGO projects are less expensive than projects which require high levels of USAID personnel, time and outlay for project infrastructure.
4) NGO projects reduce the management burden on A.I.D., and are likely to employ people with extensive knowledge of local conditions and of the constraints to and methods for getting a task accomplished.

This is a critical period in the development of Zaire's rural economy. In many areas, large parastatals, monopsonies and concessions are retreating. Agricultural marketing and price policies are becoming progessively more liberal. USAID and other donors are committed to rebuilding rural infrastructure damaged by internal strife and invasions and neglected in the wake of economic decline. For the first time since the formation of the colonial state, rural dwellers, essentially small farmers, can organize community development activities for themselves. This process is a difficult one, however. In many cases, rural communities in Zaire have very little experience with sustained, self-motivated development. NGOs, then, play a crucial role in the development process, not only in the rebuilding of essential infrastructure, but in providing support and technical assistance to communities which must now maintain this infrastructure.

[illegible]. [illegible] TO THE PROJECT

[illegible]. [illegible]

a. [illegible] Economic Indicators

Zaire is a very large country, richly endowed with natural resources, but it is also one of the world's poorest countries, particularly on a per capita basis. Its main exports are copper, industrial diamonds, cobalt and

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coffee; imports are largely machinery and equipment, consumer goods and food. GDP of about $140 per capita comes about 1/3 from agriculture, 1/3 from mining and metallurgy, and 1/3 from services and trade.

Most of Zaire's 34 million people obtain their livelihood from agriculture, but they crop only 3 percent of the available land area. Agricultural technology is based on hand labor, virtual absence of any purchased inputs, and shifting cultivation. Cereal yields average 700 kg/hectare. Maize and manioc are the principal crops, and reliance on these crops results in severe malnutrition, primarily protein deficiency.

The population is growing at 3.1 percent per year, despite high rates of mortality among infants and children, and cities are growing faster than rural areas because of migration. Major rural health problems include malaria, tuberculosis, malnutrition, infant diarrhea, intestinal parasites, poor facilities for childbirth and, increasingly, AIDS.

b. Recent Trends in the Economy

Beginning in 1978, and especially since 1983, the GOZ has implemented a wide ranging policy of structural adjustment and economic liberalization. This program has included serious efforts to revalue the zaire, phase out parastatals, and restructure agricultural policy to reflect the reality of the current agricultural marketing system. Of particular importance to this project is the liberalization of agricultural prices and markets. This policy, though not uniformly implemented, has opened up new opportunities for small traders and producers.

High Inflation rates - as high as 100% per year - have continued to be the most serious problem affecting rural and urban dwellers alike, most importantly by decreasing consumer purchasing power and impeding productive investment. Access to foreign exchange for essential imports has also become increasingly tight, hence manufacturers and traders have cut credit to distributors in the interior. This trend is reflected by a progressive decline in the availability of merchandise in rural areas. There is also a critical scarcity of credit for agricultural buying campaigns. In many parts of Shaba and Bandundu, market development is weak. Missions and NGOs may provide the only depots for essential goods, and may be major buyers, shippers, or primary processors of agricultural products.

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c. Bandundu

Since the paved road to Kikwit opened in 1978, economic opportunities have been expanding in the region. The phase out of large agro-industrial concerns such as PLZ (Plantations Lever au Zaire), however, has exacerbated scarcities in the region because these companies have been responsible for supplying goods and carrying out road maintenance in their concession areas. At the same time, their withdrawal opens up opportunities for small producers and traders to produce, process and sell agricultural products.

d. Shaba

Outside the mining cities' hinterland, which is serviced by the parastatal Gecamines and other development groups, missions and religious groups are often the focal point of the economy. There are many areas which traders cannot enter because of poor roads or broken bridges. The local mission is often the only place which has a mill for grinding corn and manioc. (See the Social Soundness and Economic Analyses for more details on the local economies of Shaba and Bandundu.)

2. USAID Activities

Recognizing the need to rebuild Zaire's rural infrastructure in order to promote sustained development, USAID has focused its activities on the essential sectors of agriculture, public health and related transport infrastructure. Bandundu and Shaba were chosen as major beneficiary regions to further concentrate efforts and obtain a critical mass for sustained development. Bandundu has become the most important provisioner of Kinshasa, while Shaba, with its vast mineral resources, is economically the most important region. Both regions have great untapped agricultural potential. (Refer to the Economic Analysis for further data on agricultural potential and production.)

Specific USAID interventions relevant to this project include:

a. Shaba:

1) Project North Shaba (PNS). Agricultural extension, new crop varieties and road rehabilitation have significantly increased maize production. Project officially ended in 1986.

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2) Central Shaba Project (105). A fifteen year project, begun in 1986, combining agricultural extension, seed multiplication and road rehabilitation.

3) Projects 114, 115, and 116 Lualaba Region. Rebuilding rural infrastructure destroyed by 1977-78 Shaba invasions. Health, water and roads components. Working with NGOs.

b. Bandundu:

1) Agricultural Marketing Development Project (026/028/098). Road and bridge rehabilitation. Works with NGOs.

2) Area Food and Marketing Development Project (102). Works with NGOs in the Kwango-Kwilu subregions exclusively in agricultural production and marketing.

3) Fish Culture Expansion Project (PPF). Also operating in four other regions, PPF is strongest in Bandundu and has built a very successful network of support and extension for fish farmers. Will expand into Shaba.

c. Other Related Activities:

1) RAV (091). Basic agricultural research in manioc, maize and leguminous plants. Envisions cooperation with extension efforts.

2) SANRU (107). Integrated Rural Health. Supports 100 health zones throughout Zaire. Benefitted from previous NGO-support project.

3) SNHR Rural Water. Development of potable water supplies in rural areas.

d. <u>Previous NGO-Support Activities</u>

USAID has funded several successful NGO-support projects, as discrete projects and under the previous umbrella project, the PVO Economic Support Project (017). These projects provide a reservoir of experience in rural development, and knowledge about the strengths and weaknesses of NGOs which has been incorporated into the development of this project. One lesson learned, for example, is that technical assistance is often necessary before a locally based NGO can absorb funds. The experience of previous projects also reinforces this project's emphasis on community involvement and sustainability.

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3. Other Donor Activity

Other donors are actively supporting NGO activities in development. One-fourth of Belgian foreign assistance is channelled through NGOs. The UNDP is currently funding a small grant program of $25,000 per activity exclusively for NGOs. In addition UNDP has sponsored round table meetings on NGO issues for the government and NGOs.

Currently, the World Bank plans to fund a $4.4 million agricultural development project in the mining hinterland of Shaba, which will be implemented by NGOs in that region.

No donor is currently concentrating a large amount of resources on community-based activities through NGOs in specific sectors and regions in any way similar to the proposed project.

4. Specific Problems to be Addressed

The following are examples of specific community development problems, types of subprojects which address these problems, and community groups which directly benefit from these projects.

a) Health.
Problem: Hospitals and clinics destroyed during the Rebellion and never rehabilitated. Project: Rehabilitate and supply satellite clinics in an NGO/SANRU health zone. Supply refrigerators for maintaining the cold chain, motorbikes and bicycles for health personnel. Community Group Supported: Health Committee.
Problem: Water sources are polluted or very far from the village. Project: Install hand pumps or tap water sources to improve public health and free women's time. Community Group Supported: Water Committee.

b) Agriculture.
Problem: Few new plant varieties developed and disseminated. Project: Logistical support for research, seed multiplication and extension activities of NGO agricultural research center. Community Group Supported: Women's community farming group; agricultural cooperatives.
Problem: Protein scarcity and paucity of income generating activities in rural areas. Project: Continue successful PPF activities and, where possible, expand extension into integrated agriculture. Community Group Supported: Fish farmers' groups.

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c) Transport Infrastructure.
Problem: Bridges broken on important roads for evacuating crops. Project: Supply materials and logistical support for NGO to repair bridges. Community Group Supported: Agricultural cooperatives, traders' association, salaried maintenance crews.
Problem: Insufficient means of transport via waterways. Project: Provide boats for transport of freight, at moderate cost. Community Group Supported: Cooperative marketing group.

This project has been planned to complement development efforts in Bandundu and Shaba in sectors essential to the rehabilitation of the rural economy. The timing of the project allows USAID to intervene in a critical period of restructuring and transformation of rural areas. Support to NGOs and, through NGOs, to community groups targets this intervention to those most in need of assistance and to those who will be responsible for maintaining the infrastructure in the long term. A detailed discussion of project goals and purpose is presented in the next section, Detailed Project Description.

II. DETAILED PROJECT DESCRIPTION

The project will fund development activities in the areas of agriculture, public health and transport infrastructure implemented by non-governmental organizations working directly with rural community groups. The activities will be concentrated principally in the regions of Shaba and Bandundu. Resources will be transferred to community organizations through NGOs and Peace Corps-related extension programs. The concept of support to small projects recognizes the need to continue worthwhile and successful agricultural programs such as the family fish culture initiative of the Peace Corps and government fish program and to begin new projects which will fund community-based action in health, agriculture and related transport infrastructure.

The project draws on the capabilities of locally based NGOs to work effectively with existing community groups to provide access to resources for development directly at the beneficiary level. This capability has been demonstrated in Zaire through a long history of non-governmental, largely church-based, work in education and health and more recently agriculture and transport infrastructure. The project seeks to increase income and improve the quality of life in two priority regions of Zaire where A.I.D. is concentrating its resources: Bandundu and Shaba. Most activities funded will not be pilot projects but aimed at giving proven development organizations the resources

to extend greater service delivery in health or agricultural production, income generation and marketing into rural areas. Infrastructure development in water supply systems, roads, bridges and transport will also be funded. The project will serve a magnet function attracting additional resources to areas where USAID is already working to maximize benefits from existing projects as well as serving contiguous areas which may receive secondary effects from the ongoing A.I.D. projects. Results are sought in the form of the long-term improvement of living conditions and economic well-being for people in the rural areas which can be sustained over time by the community itself.

The NGOs and PVOs who assist these groups will serve as important conduits for resources and expertise as they generally have a regular institutional base in the communities through church affiliation. By assisting these NGOs to strengthen their project development and implementation skills, the project also serves the additional secondary benefit of supporting what is now, and will continue to be, an important sector in the development of the country. A strategy for project development which includes collaborative planning will give NGOs the opportunity to make institutional and management choices early in the funding process, which will assist in the eventual withdrawal of outside funding. The aim is to assist organizations in their own autonomous development activities, not to create donor dependency.

The goal of the project is to improve the standard of living for populations of the areas assisted as measured by income, agricultural production and access to health care. The primary unit of measurement for this impact will be the community group. Over time, selected communities should show measurable improvements in the sectors where assistance has been provided (see Guidelines for Beneficiary Impact Study in Annex F). In cases where other USAID-funded activities are also being undertaken, progress over time should be pronounced and measurable.

The project purpose is to :

> Increase support for community-based small-scale development activities in rural areas which respond to USAID priorities in Zaire and can be sustained by the local population.

This objective reflects the project strategy outlined above to increase funding to smaller-scale activities which have a greater chance for success because they are identified and managed at the level of the direct beneficiaries. Achievement of the purpose will be measured by the degree to which community projects are sustained beyond project life.

In order to achieve this purpose a series of outputs are planned:

1. 10-15 NGOs working with 100 established community groups in agriculture, health and transport infrastructure development.

2. Fish farmers are assisted by Peace Corps and PPF to expand fish culture activities and manage their own ponds.

3. NGOs trained in basic project financial management and use it in their activities.

4. NGO-established strategic plans for continued activity without USAID funds.

5. NGOs needing management training and assistance receive it and apply it to their work.

6. UMU functioning to fund and support NGO activities.

The project will be managed by an Umbrella Management Unit competitively selected from registered U.S. PVOs. This structure was selected to permit streamlined approval and financing activities; to bring consistent management attention to a diverse set of activities; to deal with common small project constraints and opportunities more effectively; and to provide "one voice" to interact with PVOs, NGOs, Peace Corps support and other small project opportunities for USAID. With sound knowledge of local needs, major and minor actors, and programming constraints, and having determined the organizational capabilities of potential grant recipients, the UMU will use established criteria to select projects for funding and submit final candidates for USAID project committee approval. From that point on all monitoring, both programmatic and financial, will be the responsibility of the UMU, which will report progress to A.I.D.

Grant amounts will vary from $100,000 to $1 million. It is expected that the UMU staff will monitor approximately 10-15 grants over the life of the project. Some of these such as support for Peace Corps fish culture expansion will be large and others may in reality be a grant package including several activities under one NGO to reach the $100,000 minimum. In exceptional cases subprojects may be funded for less than $100,000.

Assistance to NGOs and PVOs through the UMU will focus on organizational assessments, strategic planning, financial and program management, training, and collaborative monitoring of

project impacts. It is estimated that over time at least 100 community groups in the Bandundu and Shaba regions will receive USAID assistance through NGOs and PVOs.

Project Elements

In order to achieve the results described above the project will supply these elements: long-term technical assistance (both U.S. and Zairian); short-term technical assistance (U.S. and Zairian); grants to NGOs and PVOs to carry out community activities; training to NGOs in strategic planning, financial and program management and impact monitoring; training to farmers involved in Peace Corps fish culture and integrated agricultural activities; and commodities and equipment to support subproject grant activities.

Long-term technical assistance will be provided by 17 person years of expatriate assistance and 11 person years of Zairian assistance in the UMU. In addition, support staff for these professional level activities will also be funded.

Short-term technical assistance will include approximately 13 person months of U.S.-furnished assistance for training NGOs and PVOs as well as 22.5 person months of Zairian-provided short-term training assistance from local development management organizations.

Training for farmers and extension workers will be provided through support for Peace Corps activities in fish culture and integrated agriculture. Individual PVO/NGO subgrants may include short-term assistance and training according to project needs.

Grants will be made to NGOs and PVOs for use in community organized activities in the priority project sectors. These grants will include commodity purchases for health, agriculture and transport infrastructure as needed.

The project will support a USAID project manager, some additional commodity support management and the costs of external evaluations.

III. IMPLEMENTATION PLAN

A. Introduction

The UMU will be responsible for implementation and major monitoring functions for all project activities (see Table 1). The USAID PVO Liaison Officer will have certain roles in project start-up, monitoring and evaluation. Project implementation will have the following four phases:

- Preparation
- Project start-up
- Full-scale operations
- Phase-down

B. Discussion of Project Phases

1. Preparation

This phase begins when the Project Agreement is signed by the Mission Director and the GOZ. The Mission will issue a request for applications for the selection of a registered U.S. PVO to run the UMU and will proceed with contractor selection. This selection period should take a maximum of three months.

While the PVO is being selected to run the UMU, several activities will take place. The fish culture subproject will start up and the acting Peace Corps Liaison Officer will manage that activity until the UMU is in country. The USAID Project Manager will immediately begin procurement of three vehicles in anticipation of the arrival of the UMU. He will also begin to identify and inform potential PVO subgrantee groups of the project start-up date and criteria.

2. Project Start-up

The project start-up begins when the cooperative agreement for the UMU is signed and extends through year one. During this phase, which will begin in the second quarter of year one, the UMU will rent and set up offices in Kinshasa and Lubumbashi, hire and train Zairian professional and support staff, establish financial control systems, and conduct the first PVO workshop for interested subgrantees on project proposal writing and criteria. The first subgrant proposals will be received, evaluated and approved during this period. The first UMU audit will occur at the end of year one, as will a workshop to strengthen the management capabilities and strategic planning capabilities of subgrantees. The first semi-annual project implementation review by USAID will also occur during year one.

3. Full-scale Operations

This period lasts from year two to year five and will be characterized by the receipt of several subproject proposals, the implementation of approximately 10 to 15 subprojects and careful monitoring of funded projects. Monitoring will include frequent visits to the subproject sites, short-term technical assistance in project management and finance, establishment of subproject sustainability plans, and regular financial reporting to the UMU. The UMU will continue to offer PVO workshops to explain project proposal format and criteria as needed through year three. Management workshops and other short-term technical assistance will also be provided through year four.

The UMU will continue to issue quarterly financial reports on CPF disbursements to USAID/Kinshasa and reports on its FRLC drawdowns to AID/Washington and USAID/Kinshasa. UMU audits will occur at the end of each fiscal year, and the project implementation reviews on a semiannual basis. During the first quarter of year three the project will undergo an external mid-term evaluation, which will prescribe any adjustments in project systems. A second, final evaluation will take place in the fourth quarter of year five which will focus mainly on project impact. Full-scale project implementation will last through mid-year five.

4. Phase-down

Phasing down of project activities will begin mid-year five and continue through year six. During this time ongoing subprojects will be monitored by the UMU and still continue to issue their quarterly reports to the UMU, as will the UMU to USAID. The UMU will turn more of its attention to developing a recommended model for any future replication of the project by USAID or other donors. USAID will conduct its last two project implementation reviews, and the last annual UMU audit will take place. A final project audit will occur at the end of year six, and will be carried out by an established independent accounting firm.

C. Gray Amendment Considerations

The project design was awarded to a women-owned small business which subcontracted one of the design positions to an 8(a) minority-owned firm. The project implementation phase is expected to be awarded to a registered U.S. PVO. However, [illegible] that initiative, applicants will be encouraged to [illegible] participation, to the maximum extent possible, of [illegible] economically and socially disadvantaged enterprises, and women-owned firms.

TABLE 1

SMALL PROJECT SUPPORT PROJECT
IMPLEMENTATION SCHEDULE

ACTIVITY	FY 1988		FY 1989				FY 1990				FY 1991				FY 1992				FY 1993				FY 1994			
QUARTER	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
- PP Approval	*																									
- PROAG signed	*																									
- Fish Subproject start up	*																									
- Solicit & Select UMU contractor			*																							
- A.I.D. PVO Liaison Officer Procures Vehicles			*																							
- A.I.D. PVO Liaison Informs PVOs			*																							
- Negotiate Coop Agreement			*																							
- UMU team arrives				*																						
- UMU established				*																						
- UMU conducts PVO workshops					*		*		*		*		*													
- UMU receives proposals					*	*	*	*	*	*	*	*	*	*	*	*	*	*								
- UMU evaluates/selects subprojects					*	*	*	*	*	*	*	*	*	*	*	*	*	*								

TABLE 1 - (continued)

SMALL PROJECT SUPPORT PROJECT
IMPLEMENTATION SCHEDULE

ACTIVITY / QUARTER	FY 1988		FY 1989				FY 1990				FY 1991				FY 1992				FY 1993				FY 1994			
	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
- Subprojects funded (1)			*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*								
- Subprojects implemented (1)			*	*	*	*	*	*	*	*	*	*	*		*	*	*	*	*	*	*	*	*	*	*	*
- UMU Conducts Management workshops						*				*				*				*								
- UMU submits quarterly financial reports to USAID					*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
- Quarterly subgrantee reports to UMU			*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
- Annual UMU Audit						*				*				*				*				*				
- Final UMU Audit																										*
- Semi-annual PIR reviews			*		*		*		*		*		*		*		*		*		*		*		*	
- SPSP evaluated											*								*							
- Project close out report																									*	*

(1) Fish culture expansion subproject was approved with the PP and funding and implementation of that activity started before the UMU was in place.

IV. COST ESTIMATE AND FINANCIAL PLAN

A. Introduction

The Small Project Support Project (SPSP) is a six year project which will be funded from the Development Fund for Africa (DFA). It is expected that the life-of-project A.I.D. contribution of $6 million will be obligated during the first two years of the project (FY 88-89). It is also expected that an equivalent amount of local currency ($6 million) will be available from the Mission's commodity import (CIF) and PL 480-generated counterpart funds. In addition, subgrantees will be expected to contribute at least 10% of the total subgrant amount in either cash or in kind (as presently budgeted, this equals $666,000). Hence, approximately $12.7 million will be available in cash or in-kind for use under the project.

Table 2 summarizes the three costs areas of the SPSP- UMU management costs, subproject costs, and USAID project management costs. Table 3 outlines the obligation schedule for DFA funds. Table 4 summarizes the dollar, local currency, and in-kind costs per activity. All budgets are dollar denominated, and the UMU labor costs are increased by 5% per annum to account for anticipated inflation and pay increases over the life of the project. A total of $3,211,000 and $918,000 equivalent in counterpart funds (CPF) will be spent to run the UMU, $1,579,000 and $5,082,000 equivalent in CPF will be spent on subproject grants, and $1,210,000 will be needed to pay for USAID project management support and evaluations over the six years of project implementation.

B. Sources of Financing

The SPSP will be funded with $6 million from the Development Fund for Africa. It is anticipated that an equal amount of local currency will be available from commodity import fund and PL 480 sales to Zaire. The dollars will be obligated over a two year period, $4.395 million in year one of the project, and the balance of $1.605 million in year two. The dollars will be transferred to the UMU, a registered U.S. PVO, through a Federal Reserve Letter of Credit (FRLC), as needed. The UMU will issue quarterly reports of its dollar expenditures to AID/Washington. Local currency will be directly transferred from USAID/Kinshasa's account to an account set up by the UMU in Kinshasa, also on a quarterly basis. The UMU will issue quarterly reports of its local currency expenditures to the USAID/Kinshasa Controller's

Office. A financial report format that is used by the USAID/Kinshasa Controller is available at the Mission and is a format that is strongly recommended to facilitate this quarterly reporting.

Subgrantees will be required to contribute at least 10% of the requested grant amount in either in-kind labor, materials, or cash. Every effort should be made on the part of the UMU management to objectively evaluate the proposed contribution by the subgrantee organization and to determine its feasibility and importance in the overall subproject. Where necessary, the UMU should identify other areas where the subgrantee organization would be able to contribute to their subproject. By so doing, the UMU not only increases the leveraging of project funds, but also enhances local participation, and hence commitment, to the grant activity.

It is planned that USAID/Kinshasa will make available to the project the equivalent of $6 million in local counterpart funds. There is some question, given the anticipated level of USAID's future CIP sales, as well as the effect of the drought in the U.S. on the PL 480 program, whether CPF will be available in sufficient quantities to fully fund the SPSP. If not enough CPF are available to meet the project's needs, it will be necessary to finance some local costs by converting dollars to zaires. Since the UMU will be responsible for tracking all project funds, these dollar-financed local costs will be fully accounted for during the life of the project.

There are no contingency or inflation line items in the budget. In costing-out each budget category, consideration was given to both unforseen costs as well as the effects of inflation. Although the inflation rate in local currency ranges from 100 to 200% per annum, dollar-denominated inflation has remained constant at approximately 5%.

C. Disbursement Plan

After receipt, review and approval of a subproject proposal, the UMU will estimate the CPF required by the grantee for the first quarter of activities and advance these funds into a bank account set up by the grantee exclusively for these funds. At least two responsible members of the subgrantee organization, one of them the financial manager, will need to sign to release funds from this bank account. All subsequent project advances will be made on a quarterly basis by the UMU. Any dollar procurement will also be authorized at project start-up, and processing for procurement initiated by the UMU.

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Based on the amount of grant drawdowns, the grantee will furnish either monthly or quarterly reports to the UMU on its disbursement of grant monies. If at any time it is determined that grant funds have been misallocated or are missing, the UMU Financial Manager will indicate this to the grantee, request an explanation, and if necessary, stop future disbursements until the missing funds have been recovered. If necessary, the UMU should revoke the subgrantee's entitlement to advances and change fund disbursement to a reimbursement basis. Although these cases will be more management intensive for the UMU, it will ensure complete accountability of project funds.

D. Financial Control

Accurate financial control and reporting on all dollar and CPF expenditures to USAID will be the ultimate responsibility of the UMU. The USAID/Kinshasa Controller has established a project reporting format that should be adopted to facilitate quarterly reporting of project activities. It is strongly urged that the UMU financial accounting system be set up in a compatible fashion with this system. In addition, requesting subgrantees to submit financial reports in a similar format would streamline the control and reporting process for the UMU.

All financial records should be computerized by the UMU, and the system be approved by a certified public accountant. This has several advantages, including improving project administration, lessening reporting time, and extending an understanding of microcomputer technology to host country national staff members. Several systems have been designed to monitor USAID-sponsored development projects. Locally, Coopers and Lybrand and Technoserve have both designed systems which are compatible with USAID/Kinshasa reporting requirements.

There are a few key elements that should be included in the UMU financial reporting system. These elements should be broken down to monitor UMU activities and separately, subproject activities. For UMU expense monitoring, a chart of accounts with annual and life of project budgets, detailed monthly budget versus actual expenditure summaries, annual and life-of-project budget versus actual expenditure summaries, and a check register system are all important elements. For subproject activities, a budget versus actual expense report should be maintained on a monthly basis with information provided by the subgrantee. The financial tracking system should be designed to track both dollar and CPF expenditures. A monthly cash reconciliation is also strongly recommended. These reports should be submitted to USAID's Controllers Office no later than 30 days after the end of each quarter.

Under the FRLC and CPF agreements, the UMU will be responsible for reporting to AID/Washington (FRLC) and USAID/Kinshasa (CPF). The UMU will send a copy of the FRLC report to USAID/Kinshasa. The UMU operations should undergo an annual audit to review all financial procedures and assure to both UMU personnel and USAID/Kinshasa that project activities are in full compliance with A.I.D. regulations and are being accurately reported. Several locally based accounting firms are fully capable of performing such audits. The UMU will also undergo an extensive close-out audit by an independent accounting firm in the final year of the project.

A principal task of the UMU before a grant is awarded will be to assess the ability of the subgrantee to manage project funds. After visiting with several potential grantee organizations, the design team concluded that a wide range of financial sophistication exists among the PVO groups. The team feels that project funding should be based not only on need but also on ability to effectively manage grant funds. It is anticipated that technical assistance in the areas of financial management and administration will have to be provided to many subgrantee groups before they can receive funding under the project. Technoserve and Coopers and Lybrand are locally-based organizations that can provide this type of training to organizations that need it. Based on the size of the grant and the sophistication of the grantee's financial system, the UMU will schedule visits to the project, spot-check its books and compare project expenditures with visible progress. An end of subproject audit will be performed either by the UMU accountant or a locally based accounting firm.

TABLE 2

LOP BUDGET (Illustrative)
SMALL PROJECT SUPPORT PROJECT ($000)

	FY 1989		FY 1990		FY 1991		FY 1992		FY 1993		FY 1994(6mos)		TOTAL	
	dollar	CPF	dollar	CPF	dollar	CPF	dollar	CPF	dollar	CPF	dollar	CPF	dollar	CPF
A. MANAGEMENT														
1) Chief of Party(a)	170		179		187		197		207		113		1052	
2) Financial Mgmt(a)	130		137		143		150		158		90		808	
3) P.C. Liaison Off(a)	106		111		117		128		134		70		667	
4) HCN Prof/Supp.Staff(a)		38		40		42		44		46		24		234
5) Short-Term TA	50	10	30	10	20	10	10	5	10	5	10	5	130	45
6) Wkshps/Seminars		10		10		10								30
7) UMU Procurement	148												148	
8) Office Operations		53		53		53		53		53		26		291
9) Travel/Per Diem	7	38	4	38	4	38	4	38	2	19	1	9	22	180
10)Internal Audits		10		10		10		10		10	60		60	50
11)G&A @12%(b)	67	17	52	17	54	17	58	16	60	14	33	7	324	88
SUBTOTAL	678	176	512	178	526	180	547	166	571	147	377	71	3211	918
B. SUBPROJECT BUDGETS														
1) PVO/NGO Activities	148	372	137	970	86	970	61	670	42	205			474	3187
2) PPF	352	282	70	252	142	264	254	296	37	269		282	855	1645
3) Other Peace Corps	75	75	50	50	50	50	25	25	25	25	25	23	250	250
SUBTOTAL	575	729	257	1272	278	1284	340	991	104	499	25	307	1579	5082
C. USAID PROJECT MANAGEMENT SUPPORT														
1) USAID Proj Mgr (PSC)	200		160		160		160		160		80		920	
2) Mgmt Sppt Sal & Equip	45		25		25		25		25		25		170	
3) Evaluations			60						60				120	
SUBTOTAL	245		245		185		185		245		105		1210	
TOTAL	1498	905	1014	1450	989	1464	1072	1157	920	646	507	378	6000	6000
TOTAL $ and CPF(c)	2403		2464		2453		2229		1566		885		12000	

(a) increase 5% per annum
(b) excludes short-term T.A. and internal audits
(c) CPF in dollar equivalent

TABLE 3

OBLIGATION SCHEDULE
SMALL PROJECT SUPPORT PROJECT
($000)

BUDGET CATEGORY	Method of Financing	1988	1989	TOTAL
A. MANAGEMENT	FRLC	2314	897	3211
B. SUBPROJECT BUDGETS	FRLC	1319	260	1579
C. USAID PROJECT MANAGEMENT SUPPORT	Direct Pay	762	448	1210
TOTAL		4395	1605	6000

TABLE 4

SUMMARY COST AND FINANCIAL PLAN
($000)

BUDGET CATEGORY	FX USAID	CPF GOZ	In-Kind Contrib
A. Technical Assistance	3963	793	-
B. Commodities (Mgmt Support)	148	-	-
C. In-country Training Costs	130	75	-
D. Fish Culture Extension	855	1645	250
E. Other Subgrants	724	3437	416
F. Evaluations/Audits	180	50	-
TOTALS	6000	6000	666

V. SUMMARIES OF PROJECT ANALYSES

A. TECHNICAL

1. Institutional Analysis

The Institutional Analysis (Annex H) discusses NGO interest in the project and potential subprojects in Bandundu and Shaba, examines the rationale and requirements of NGOs, outlines what needs to be done to work successfully with NGOs in Zaire, and suggest potential NGO/PVO partners in both regions as well as resources for training them as needed.

Qualified NGOs and NGO-based development efforts in USAID priority sectors do exist in the two regions, but developing viable subprojects will require time and effort on the part of the UMU. Specifically, 1) smaller community projects may have to be grouped together in a funding envelope under a larger entity such as a diocese; and 2) the UMU will need to work with the NGOs at the beginning to help them assess their strengths and weaknesses. The analysis suggests steps for assessment, provides planning exercises, and shows how these exercises relate to project objectives.

The NGO itself, however, must control the processes of assessment and project planning in order to reduce donor dependency.

Philosophical and motivational differences exist between donors and NGOs. NGOs have their own objectives and may be reluctant to change their management and financial accounting systems to meet donor requirements. NGOs are focused toward their constituent community's needs, which may conflict with donor or government policy. Therefore, care must be taken to understand NGO objectives in defining collaboration.

The analysis looks at potential groups and project ideas in the two regions. The design team's trip to Shaba demonstrated the need for a UMU field representative there to act as a catalyst and to link up NGOs in that vast region.

In Bandundu, the project will draw on the Area Food and Marketing Development project's (660-0102) expertise and knowledge of NGOs, taking care not to duplicate efforts.

Sustainability has been emphasized in this project. The key element in sustainability is choice. The beneficiary community, at the outset, should be allowed to choose which benefits it wishes to sustain and what trade offs are necessary to sustain them. This is not to be confused with maintaining infrastructure or generating income to keep a community group functioning, both of which are also necessary.

2. Project Criteria and Selection Procedures

Subprojects will be selected following a process outlined in Annex F. The overall objectives of the selection process are to generate good projects which fit the NGOs capacity and the beneficiaries' needs, and to maintain flexibility so that NGOs and the UMU work together toward this goal. Emphasis is placed on 1) appropriate activities which a community could sustain or maintain over time; and 2) projects which will not overwhelm or unnecessarily strain the implementing agencies and affect their viability over time. Subproject selection criteria include a preference for proposals that a) are within USAID development sectors (agriculture, transport infrastructure, and basic rural health), b) are located in USAID geographic focus areas (Bandundu and Shaba regions), c) include women as participants in work and as beneficiaries, and d) will be implemented by a reputable organization with recognized legal status in Zaire, capable of good internal management and financial reporting.

Subproject selection criteria will be distributed to identified NGOs early in the life of the project. Owing to differences in organizational capacity, a select number of NGOs may be ready for funding in the first year of the project. Other NGOs may require assistance to prepare suitable proposals and/or to plan their use of the assistance. The UMU will provide training sessions and hands on assistance to those NGOs requiring such assistance.

B. SOCIAL SOUNDNESS ANALYSIS

The target population for the project are the rural dwellers of Shaba and Bandundu regions, the vast majority of whom are small cultivators. Liberalization of prices and agricultural markets has fueled a transformation in the rural economy which brings new challenges and opportunities to small farmers, traders, and rural enterprises. NGOs play an essential role in this transformation.

NGO-implemented subprojects will target specific locations with discrete interventions in the agricultural, health and transport infrastructure sectors.

It is expected that subprojects will accomplish certain concrete objectives: e.g., refurbishing a hospital, installing water pumps at a given number of sites, building a road or repairing a bridge. The long-term impact of the project, however, will be determined by the way in which the NGO works with community groups to develop their capacity to maintain the infrastructure and pass along the skills used in building it. The kinds of community groups expected to benefit include fish

farmers' groups, village health and water committees, women's cooperative farming groups, and agricultural cooperatives.

Background studies have demonstrated the predominance of women in agriculture and the high number of women-headed households in both regions. The project will promote the participation of women at all levels, specifically: 1) by including evidence of women's input in subproject design as a criterion for selection; 2) through initial assessments of subproject feasibility and appropriateness, with respect to women's activities; and 3) in the monitoring and evaluation of the subproject's impact on women.

Specific constraints have been identified in the Social Soundness Analysis:

* Structural constraints such as minimum project size, strict financial accountability, and overall scarcity of qualified NGOs restrict the pool of potential subprojects which can be funded.

* Obstacles at the community level include divisions and inequality in the village, lack of management skills, "passivity" and fear of risk taking, labor shortages, beliefs about success and pressure to redistribute gains, and external pressures such as costly taxes and licensing for every economic activity.

* Possible negative consequences arise from continuing to support NGOs at the expense of government and private sector commercial enterprise which should be building and maintaining infrastructure, and from raising the level of expectation at the village level where risk taking is so difficult.

The analysis makes recommendations for overcoming these constraints:

* Developing a communications strategy which includes collection and dissemination of important information at all levels: for assessing the worth of a subproject, for training NGOs and community groups, for monitoring and evaluation, and for providing access to information to rural dwellers.

* [illegible] "natural groups," those which rural people [illegible] which have functioned successfully [illegible].

* [illegible] community groups or [illegible].

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* Measuring success not by just successful construction efforts but by community growth as seen by participation in subproject activities.

C. MANAGEMENT ANALYSIS

The SPSP is intended to improve the efficiency and effectiveness of USAID/Kinshasa's small project involvement by using an intermediary organization, the UMU, to provide significant support to rural-based PVO/NGO organizations in the areas of agriculture, public health, and transport infrastructure development. The UMU will be responsible for informing interested groups about project criteria and application procedures for subgrants, evaluating proposals submitted for funding, approving project subgrants, and monitoring the subgrant to ensure that it is being used as intended in the original subgrant proposal. The UMU will be expected to accurately monitor and report on all financial transactions in a fashion that is acceptable to U.S. Government and A.I.D. regulations. It will also provide technical assistance to subgrantees in the areas of project design, implementation and management.

The SPSP is designed so that the major burden of project management falls on the UMU. However, the Mission has certain responsiblities for the project as well which will be carried out by a full-time Personal Services Contractor reporting to Mission's GDO. This person will act as liaison between the UMU and USAID and assist in project identification, procurement, and monitoring. S/he will also coordinate any assistance the UMU may need from the Mission's Contracting Officer, Commodity Management Section, Controller's Office, or the various technical offices.

The SPSP is consistent with and supportive of the GOZ's development strategy for rural Zaire and with its policy of decentralization. The two are closely related and express the government's recognition that the socio-economic development of Zaire depends on the technical skills and management abilities of local and private institutions, including PVO's. There will be no direct involvement by the GOZ in the implementation of the SPSP. However, the GOZ will be kept fully informed of its progress and will be invited to participate in project evaluations.

D. [illegible] ANALYSIS

Zaire is a large country that is rich in resources and sparsely populated, its density averaging about 11 persons per square kilometer. The population of 30 million is growing at a rate of 3.[illegible] percent per year, despite high infant and child mortality.

Seventy two percent of the people derive their livelihood from agriculture. Crop production technology in current use features shifting agriculture, labor-intensive tillage, and almost no purchased inputs. In many areas, women do most of the work in crop production. Health problems of both women and children adversely affect productivity.

Principal crops are maize, manioc, beans and peanuts. Cereals yield an average of 700 kg/ha. These low yields combined with soils and climate suitable for more intensive agriculture and vast areas of untilled land give Zaire great potential for increases in agricultural production.

Land in Zaire is traditionally considered to belong to the clan, but by law all land is property of the government, and tenurial rights are administered by traditional or civil authorities. Farmers believe that their ancestors control fertility and planting regimes, but this does not preclude them from adopting new methods. Such new methods are a mainstay of any plan to increase agricultural production.

Exploitation of mineral wealth leads to Zaire's main exports of copper, cobalt, and industrial diamonds; coffee is the only significant agricultural export. Though it accounts for a small share of the GDP, there are some large manufacturing operations and several smaller ones. Unemployment is widespread. Per capita GDP is about $140 per year, making Zaire one of the world's poorest countries. Stabilization and reform measures in the last decade have improved the climate for investment and growth and have resulted in the GDP growing modestly - 2% per annum - since 1983, but population has grown faster.

Economic forecasts suggest that revenue from export and the availability of foreign exchange will decline, and that inflation will continue. High inflation, presently 100 percent a year, has severe adverse consequences for access to credit and for investment. The gap between prices of agricultural products and the cost of everything else continues to expand.

Despite the poverty of most of the people, the economy is monetized. Even in remote areas people are familiar with the concept and use of money, and they are motivated to raise cash crops whose only value to them is their salability.

The transportation network is inadequate to Zaire's needs, and evacuation of agricultural products is uncertain. High transport costs and the paucity of buyers keep farmgate prices low. Cereals and flour in storage and awaiting sale are subject to severe losses from insects, birds, rodents and spoilage.

SPSP's support of health-oriented projects will promote increased use of affordable community-based health care services. One result of the combined agricultural production, marketing, health and transport infrastructure efforts will be to make rural areas better places to live, thereby reducing migration to the large cities.

Economic analysis of costs and benefits of the subprojects cannot be done now because the subprojects are not yet identified. Attention should be paid when projects are considered for selection to ensure that costs of inputs do not outweigh benefits to be obtained. Least cost analysis affirms that the Umbrella Management Unit (UMU) established by the project should be run by an organization outside of USAID, whereas the subprojects could be implemented by PVOs or other non-governmental organizations.

Selection of subprojects should be based on case-by-case examination of the characteristics of the subproject and the administrative capability of the implementing organization.

E. ENVIRONMENTAL ANALYSIS

The Initial Environmental Examination (IEE) in the PID approved a categorical exclusion for the management component of the project and a deferral for subproject activities until such time as subprojects are identified. Each subproject will be subject to an IEE to be approved by USAID.

VI. MONITORING AND EVALUATION PLAN

The project will incorporate a joint monitoring and evaluation plan which reflects current A.I.D. guidance requiring projects and programs to base monitoring and reporting systems on information needs for specific decisions. The proposed evaluation schedule will reflect ongoing information gathering in the project as well as the proposed focus and timing of external evaluations.

The UMU will have primary responsibility for collecting information on subproject progress, financial accountability and impact of funded activities undertaken by NGOs and PVOs. Since this project is looking for results at the community level, care should be taken to measure goal and purpose level achievement over time as well as monitoring ouputs. The UMU should design a basic project management information system (MIS) early in project start-up and use it for all reporting and special monitoring needs. An illustrative chart showing information needs can be referred to in Figure 1.

The UMU will collect baseline information on beneficiaries and targets for each subproject with the NGO at project start-up. These will supplement pre-project impact studies done by Zairian researchers in the project community to ascertain community support and identify beneficiaries.

Disaggregated data on sex, age, religious affiliation, ethnic group, etc. will be a part of these rapid reconnaissance studies (1 week per community). The project selection criteria annex includes guidelines for these studies.

NGOs funded will be asked to report regularly to the UMU on progress toward objectives. This can be done quarterly if the activity warrants or at least annually otherwise. Financial reports to the UMU should be quarterly, and funding should be contingent on adequate reporting.

In some cases, pre-award examination of financial systems by the UMU will be necessary to identify financial management training needs and any problem areas. The thoroughness of this examination will be determined by types of activities to be managed as well as levels of funding to be received.

An annual portfolio progress report by the UMU to the USAID project committee will deal primarily with progress toward overall objectives in subprojects by sectors and regions as well as reports on benefits received by communities and steps taken to achieve sustainable action by project end. The strategic plans prepared by each NGO receiving funding should be examined annually by the UMU with the NGO to assist them in meeting long term objectives beyond project life.

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In the course of the project a sample of two or three subprojects or communities per region should have independent impact assessments to evaluate goal achievement and prospects of success. This will also allow for the measurement of unintended benefits in the communities assisted.

Regular Project Implementation Review (PIR) reports will be prepared by the PSC project officer for mission review and submission to AID/Washington. These should be coordinated with the UMU so that quarterly reports can adequately fit PIR needs and cut down on staff time for both parties.

The mid-term evaluation should be scheduled at least one year after the first round of grants is made, preferably in year three of the project.

The traditional 18 month timing for this evaluation has been found to be premature in this type of project as evidenced by previous mission evaluations. If performed too early the evaluation tends to focus on outputs and inputs alone and ignores the purpose and goal levels which are important aspects of the sustainability objectives of this project. This evaluation should be conducted by a three person team including a sociologist/anthropologist, preferably Zairian. The pre-project impact studies carried out by local researchers can be used as baselines for these evaluations. The logical framework for the project should be revised at the time of the mid-term evaluation to reflect actual numbers of grants made, expected numbers of beneficiaries and kinds of activities being funded. Special attention should be given to women's participation in community subprojects.

A final evaluation should determine among other things whether the umbrella model works sufficiently well to continue funding into another phase or to change the management structure and staffing patterns to reflect demand for funding and project success. The GOZ will be invited to participate in the mid-term and final evaluations.

Audit will form an important part of project monitoring. Since the UMU is asked to take financial responsibility for subgrants by A.I.D., it must assure itself that any PVO or NGO funded can handle accountability needs, particularly expense justification and inventory control.

In addition to the monitoring and evaluation tasks outlined, the [illegible] and USAID should carefully monitor project assumptions which affect GOZ policy towards NGOs and rural development. Changes in customs duties and import regulations which are unfavorable to NGOs could seriously affect project performance.

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Audits will be performed on all subgrantees at the end of their projects by independent auditors. (See Section IV. Cost Estimate and Financial Plan). In addition, if a subgrant is large and/or of long duration, an appropriate number of midterm audits will be scheduled. The UMU will be audited on an annual basis.

Figure 1. Information System

TYPE OF REPORT	WHO COLLECTS INFORMATION	WHO PREPARES	WHO RECEIVES INFORMATION	FREQUENCY
Pre-project impact study	Zairian researchers	UMU with researchers	UMU/NGO	Before each subgrant
Project progress	NGO	NGO	UMU/USAID	Quarterly or other
Financial	NGO	NGO	UMU/USAID	Quarterly
Portfolio progress	NGOs/Peace Corps	UMU	USAID project committee/Peace Corps	Annual
Impact assessments (selected subprojects)	UMU	UMU	USAID	year 2 & year 4
PIR	UMU	USAID project officer	USAID	6 months
Mid-term evaluation	External team	External team	UMU/USAID	24 months into proj. (during year 3)
Final evaluation	External team	External team	UMU/USAID	year 5
Audit of NGOs	Audit firm	Audit firm	UMU/NGOs	Pre-award if needed or every 2 years; at end of project.
Audit of UMU	Audit firm	Audit firm	UMU/USAID	Year 3 and final Annual Internal.

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VII. CONDITIONS AND COVENANTS

1. Conditions Precedent to Disbursement

a. First Disbursement.

Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D., a statement of the name of the person holding or acting in the office of the Grantee, and of any additional representatives, together with a specimen signature of each person specified in such statement.

b. Notification.

When A.I.D. has determined that the condition precedent specified in Section a. above has been met, it will promptly notify the Grantee.

c. Terminal Date for Condition Precedent.

If the condition specified in Section a. above has not been met within 90 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

2. Covenants

a. Project Evaluation.

The Parties agree to establish an evaluation program as part of the project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the project and at one or more points thereafter:

(1) evaluation of progress toward attainment of the objectives of the project;
(2) identification and evaluation of problem areas or constraints which may inhibit such attainment,
(3) assessment of how such information may be used to help overcome such problems; and
(4) evaluation, to the degree feasible, of the overall development impact of the project.

b. Legal Status of Organizations.

All organizations to be funded under the project must have recognized legal status in Belize.

ANNEX A

PID APPROVAL MESSAGE

Approval authority for the Small Project Support Project was delegated to USAID in 87 STATE 204202 (LOU). The appropriate section pertaining to the Small Project Support Project is provided below:

(3) Small Project Support Project. The review recommended that this project be treated similar to a shelf project (i.e. Mission should proceed with development but hold authorization of project until other higher priority activities have been obligated). While approval authority for this project has been delegated to the field, it was agreed that the Mission would cable AID/W prior to authorization to determine if funding availabilities would permit a go-ahead with the project. The review concluded that the project should be focussed in priority sectors and guidelines be developed for the activities which are to be included under the project umbrella.

Subsequent to that cable, an appropriation of $4,395,000 was made available to the project, with obligation subject to PP authorization (See STATE 247901 attached).

ACTION MEMORANDUM FOR THE DIRECTOR

Date: February 24, 1988

From: Richard Macken, RAM PDO

Subject: PID Approval for Small Project Support Project, 660-0125

Problem:
USAID wishes to execute a $6 million, umbrella-type Small Project Support Project which will finance and monitor the implementation of various small-scale development activities in Zaire. The project will be managed by a U.S. PVO or other U.S. non-profit organization which will be selected competitively.

Discussion:
The project's purpose is to efficiently support a selection of discrete, sustainable, small-scale activities that further USAID's development objectives in Zaire, benefiting primarily the rural dweller. Subgrant activities will be proposed by organizations, primarily PVOs, working in the CDSS geographic focus areas of Bandundu and Shaba Regions, and focus sectors of agriculture and health. USAID/Peace Corps collaborative activities also will be managed under this umbrella. Subgrants may be for dollars, local currency, or a combination of the two, and may include inter alia commodities, rehabilitation/construction, and technical or management services, assistance, or training. The project builds on extensive Mission experience with similar small-scale activities but will focus small activities to address CDSS priorities and reduce direct USAID involvement in implementation monitoring.

Of special note is the contracting mode for the project. At the suggestion of the Regional Contracting Officer, the proposed project will follow the Collaborative Assistance Method outlined in HB 13, Appendix 6B. Following this approach, USAID will enter into a two-phase Cooperative Agreement with a U.S. PVO or other U.S. non-profit organization for the design and implementation of the project. The PVO/non-profit organization selected will be allowed to proceed with the implementation phase only after successful completion of the design phase.

The Project Identification Document (PID) for the Small Project Support Project is attached.

The Regional Legal Officer has reviewed and given his concurrence on the PID. The USAID Project Committee has reviewed and cleared the PID, as indicated by the signatures below.

Pursuant to 88 State 45959, and consistent with Revised DOA No. 551 dated 26 January 1988, delegation of authority by AID/W for approval of the project IEE and for approval of associated IEE's for individual subproject components has been granted to the USAID/Zaire Mission Director with the concurrence of the Regional Legal Officer (RLO), USAID/Cameroon. The Regional Environmental Officer (REO), REDSO/WCA, drafted the project IEE and, along with the RLO, has reviewed and concurred in the final wording of the project IEE as attached.

Recommendation:
STATE 204202 (LOU) grants you the authority to approve the PID. Based on that authority, I recommend that you approve the PID for the Small Project Support Project.

Approved 01 MARCH 1988
Dennis M. Chandler

Clearance:
PRM, J. Bierke 2/24/88
REO/REDSO/WCA, J. Goodson
D/D, J. Goodwin
Project Committee
PDO, C. Felkel
ARD, J. Mitchell
HPN, G. Murphy
CONT, D. Dolley
PRM, Cit. Tumba

M UNCLASSIFIED STATE 247901

ACTION AID2 INFO AMB DCM ECON

A-4

CHRON

02-AUG-88

TOR: 09:04
CN: 50183
CHRG: AID
DIST: AID
ADD:

VZCZCKI0597
PP RUEHKI
DE RUEHC #7901 2142319
ZNR UUUUU ZZH
P 012319Z AUG 88
FM SECSTATE WASHDC
TO AMEMBASSY KINSHASA PRIORITY 8429
BT
UNCLAS STATE 247901

AIDAC

E.O. 12356: N/A

SUBJECT: SSA ALLOWANCE

1. APPROPRIATION 72-1181014, BUDGET PLAN CODE GSSA-88-21660-KG13 (ALLOWANCE 814-50-660-00-69-81) INCREASED BY DOLLARS 5,397,000 FOR PROJECT 660-0094, FAMILY PLANNING SUPPORT DOLS 1,002,000 FOR NEW PROJECT TOTAL OF DOLS 2,002,000; AND 660-0125, SMALL PROJECT SUPPORT DOLS 4,395,000.

2. FUNDS FOR 660-0094 CANNOT BE OBLIGATED UNTIL PP AMENDED AND 660-0125 UNTIL PP AUTHORIZED. BOTH PROJECTS REQUIRE A CN. IF PROJECT RECENTLY AUTHORIZED OR AMENDED, SEND COPY OF AUTHORIZATION PACKET TO AFR/DP IF YOU HAVE NOT ALREADY DONE SO.

3. PLEASE ADVISE AFR/DP THE DATE WHEN FUNDS WILL BE OBLIGATED.

4. ADVICE OF ALLOWANCE FOLLOWS. WHITEHEAD
BT
#7901

NNNN

M UNCLASSIFIED STATE 247901

USAID / ZAIRE
INFO
DIR
D/DIR
FRM ✓
CONT ✓
FDO ✓
CSO
HRM ✓
EXO
JAO / PER
GSO

ACTION DUE : 8/5

HS

ANNEX B

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project :
From FY 88 to FY 94
Total U.S. Funding 6,000,000
Date Prepared : 8/88

Project Title & Number : 660 - 0125 Small Project Support

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Program Goal : Standard of living for people of zones assisted in Bandundu and Shaba improves as measured by income, agricultural production and access to health care.	1. People in communities assisted have improved health and higher income at end of project measured by increased use of affordable community-based health care service.	1. NGO monitoring reports, other projects in regions, GOZ health statistics, project impact evaluations.	Economic stabilization encourages investment in rural areas.
	2. Communities assisted show increases in agricultural production and sales over LOP.	2. Agricultural measurement in subprojects, GOZ agriculturestatistics, baselines from other projects	Liberalization of agricultural markets continues including elimination of minimum prices, interregional trade allowed, taxes and licenses on production and trade reduced.
	3. Communities assisted have increased access to necessary goods and markets over LOP.	3. Increase in consumer goods and availability of food in market surveys by Zairian researchers.	
	4. Significant nos. of women participate and receive benefits from subprojets.	4. Impact studies on communities.	

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project :
From FY 88 to FY 94
Total U.S. Funding 6,000,000
Date Prepared : 8/88

Project Title & Number : 660 - 0125 Small Project Support

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project Purpose : Increase support for community-based small-scale development activities in rural areas which respond to USAID priorities in Zaire and can be sustained by the local population.	End-of-Project status. 1. Increase in fish culture activities from farmers in 5 regions to farmers in these regions plus Shaba by EOP using PC and NGOs. 2. 50% of subprojects have become self-sustaining by EOP. 3. Remainder of subprojects completed and no further activity required by EOP. 4. Fish farmers/groups expand into integrated agriculture over LOP. 5. NGOs/PVOs in Shaba and Bandundu have expanded activities in zones where other USAID projects are operating by EOP.	1. Records from Peace Corps/PPF compared to 10 year history 2. Monitoring reports of UMU and individual PVOs. 3. Impact studies of communities by selected sample of projects completed by social science research. 4. Project/NGO strategic plans and financial records.	- Increased income in rural areas is sufficient to improve living conditions for the population. - National agriculture policies provide incentives for rural producers. - Improved access to health care encourages rural people to support services directly. - Improved roads are sufficient to increase production and access to markets. - NGOs allowed access to inputs duty free.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project :
From FY 88 to FY 94
Total U.S. Funding 6,000,000
Date Prepared : 8/88

Project Title & Number : 660 - 0125 Small Project Support

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project Outputs : 1. 10-15 NGOs working with 100 established community groups in agriculture, health and transport infrastructure development in regions. 2. Fish farmers are assisted by PC and PPF to expand fish culture activities and manage their own ponds. 3. All NGOs trained in basic project financial management and use in their activities. 4. All NGOs have established strategic plans for continued activity without A.I.D. funds. 5. NGOs needing management training and assistance receive it and apply it to their work.	1.1. 5 grants made in 1st year of project to NGOs serving 20 community groups or more. 1.2. Remainder of grant funds allocated by end of year 4. 1.3. Nos of grants proposed to UMU vs those funded each year. 1.4. Numbers of clinics functioning, roads improved, value of goods marketed meet NGO proposal objectives over LOP. 2.1. Numbers of fish groups/farmers in regions increase from 8,000 to 10,000 over LOP. 2.2. Fish farmers in Shaba increase to 200 over LOP.	1. Grant agreements held by UMU. 2. Financial records of UMU. 3. Site observation reports by UMU, USAID, Peace Corps. 4. Training session reports from UMU. 5. Internal and external audit reports. 6. Strategic plans from NGOs collected by UMU. 7. Ministry of Plan records. 8. Interviews with community groups.	1. NGOs continue to be effective means to provide resources to communitygroups and are acceptable to GOZ as development agents. 2. NGOs indentify projects w/communities which respond to important income, agricultural production, and health needs. 3. NGOs selected do not exceed their capacity to manage by accepting AID funds. 4. Demand for fish culture and related activities continues to grow. 5. Additional infrastructure needed in project areas is developed and maintained.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project :
From FY 88 to FY 94
Total U.S. Funding 6,000,000
Date Prepared : 8/88

Project Title & Number : 660 - 0125 Small Project Support

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project Outputs :			
6. UMU functioning to fund and support NGO activities	2.3. 30% of fish groups/farmers are involved in related agricultural production activities by EOP. 3.1. At least 20 NGO program personnel trained in financial management by year 2. 3.2. All NGOs keeping accounts which are audit sustainable 1 year after grants are disbursed. 3.3. NGOs receiving funding maintain financial management systems through LOP. 4.1. Each NGO funded has strategic plan by year 2 of funding and has objectives for completing or sustaining activities funded 5.1. 50 NGO managers and community leaders receive project management training by year 3. 6.1. UMU sustains outside audits satisfactorily throughout LOP.		6. UMU is appropriate management mechanism to channel resources and monitor NGO activity.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project :
From FY 88 to FY 94
Total U.S. Funding 6,000,000
Date Prepared : 8/88

Project Title & Number : 660 - 0125 Small Project Support

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS ($000's) FX A.I.D.	LC GOZ	In Kind	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project Inputs :					
1. Technical assistance L-T 28 person years S-T 35.5 person months	3,963	793	--	USAID Controller records UMU financial records Audit reports Individual NGO financial records	1. Grants to NGOs are best mechanism to assist community groups in regions
2. Commodities (Mgmt support)	148	--	--		2. Assistance furnished by UMU in proposal development is sufficient to allow NGOs to develop viable projects and strategic plans.
3. In-Country Training	130	75	--		
4. Fish Culture Expansion Subgrant	855	1,645	250		3. Peace Corps fish extension model continues to be effective in mobilizing farmers
5. Other Subgrants	724	3,437	416		
6. Evaluations/Audits	180	50	--		4. Level of TA and training programs are sufficient for NGOs to maintain successful projects
	6,000	6,000	666		

ANNEX C

COUNTRY CHECKLIST

- PRIVATE SECTOR SUPPORT PROJECT -

Listed below are statutory criteria acceptable to: (A) FAA funds generally: (B) (1) Development Assistance funds only; or (B) (2) the Economic Support Fund only.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FY 1988 Continuing Resolution Sec. 526. Has the President certified to the Congress that the government of the recipient country is failing to take adequate measures to prevent narcotic drugs or other controlled substances which are cultivated, produced or processed illicitly, in whole or in part, in such country or transported through such country, from being sold illegally within the jurisdiction of such country to United States Government personnel or their dependents or from entering the United States unlawfully? NO

2. FAA Sec. 481(h). (This provision applies to assistance of any kind provided by grant, sale, loan, lease, credit, guaranty, or insurance, except assistance from the Child Survival Fund or relating to international narcotics control, disaster and refugee relief, or the provision of food or medicine.) If the recipient is a "major illicit drug producing country" (defined as a country producing during a fiscal year at least five metric tons of opium or 500 metric tons of coca or marijuana) or a "major drug-transit country" (defined as a country that is a significant direct source of illicit drugs significantly affecting the United States, through which such drugs are transported, or through which significant sums of drug-related profits are laundered with the knowledge of complicity of the government), has the President in the March 1 International Narcotics Control Strategy Report (INSCR) determined and certified to the Congress (without Congressional enactment, within 30 days of continuous session, of a resolution disapproving such a certification), or has the President determined and certified to the Congress on any other date (with enactment by Congress of a resolution approving such certification), that (a) during the previous year the country has cooperated fully with the United States or taken adequate steps on its own to prevent illicit drugs produced or processed in or transported through such country from being transported into the United States, and to prevent and punish drug profit laundering in the country, or that (b) the vital national interests of the United States require the provision of such assistance? N/A

Drug Act Sec. 2013. (This section applies to the same categories of assistance subject to the restrictions in FAA Sec. 481 (h), above.) If recipient country is a "major illicit drug producing country" or "major drug-transit country" (as defined for the purpose of FAA Sec. 481(h)), has the President submitted a report to Congress listing such country as one (a) which, as a matter of government policy, encourages or facilitates the production or distribution of illicit drugs; (b) in which any senior official of the government engages in, encourages, or facilitates the production or distribution of illegal drugs; (c) in which any member of a U.S. Government agency has suffered or been threatened with violence inflicted by or with the complicity of any government officer; or (d) which fails to provide reasonable cooperation to lawful activities of U.S. drug enforcement agents, unless the President has provided the required certification to Congress pertaining to U.S. national interests and the drug control and criminal prosecution efforts of that country? — N/A

4. FAA Sec. 620(c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government? — NO

5. FAA Sec. 620(e)(1). If assistance is to a government, has it (including any government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities? — NO

6. FAA Secs. (620(a), 620(f), 620D; FY 1988 Continuing Resolution Secs. 512. Is recipient country a Communist country? If so, has the President determined that assistance to the country is vital to the security of the United States, that the recipient country is not controlled by the international Communist conspiracy, and that such assistance will further promote the independence of the recipient country from international communism? Will assistance be provided directly to Angola, Cambodia, Cuba, Iraq, Libya, Vietnam, South Yemen, Iran or Syria? Will assistance be provided to Afghanistan without a certification? — NO

7. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, damage or destruction by mob action of U.S. property? — NO

8.	FAA Sec. 620(1). Has the country failed to enter into an investment guaranty agreement with OPIC?	NO
9.	FAA Sec. 620(o); Fisherman's Protective Act of 1967 (as amended) Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing vessel because of fishing activities in international waters? (b) If so, has any deduction required by the Fisherman's Protective Act been made?	NO
10.	FAA Sec. 620(q); FY 1988 Continuing Resolution Sec. 518. (a) Has the government of the recipient country been in default for more than six months on interest or principal of any loan to the country under the FAA? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the FY 1988 Continuing Resolution appropriates funds?	NO
11.	FAA Sec. 620(s). If contemplated assistance is development loan or to come from Economic Support Fund, has the Administrator taken into account the percentage of the country's budget and amount of the country's foreign exchange or other resources spent on military equipment? (Reference may be made to the annual "Taking Into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur).	N/A
12.	FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have relations been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption?	NO
13.	FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the A.I.D. Administrator in determining the current A.I.D. Operational Year Budget? (Reference may be made to the Taking into Consideration memo.)	ZAIRE IS CURRENT IN PAYMENT OF U.N. OBLIGATIONS
14.	FAA Sec. 620A. Has the President determined that the recipient country grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism or otherwise supports international terrorism?	NO

15. FY 1988 Continuing Resolution Sec. 576. Has the country been placed on the list provided for in Section 6 (j) of the Export Administration Act of 1979 (currently Libya, Iran, South Yemen, Syria, Cuba, or North Korea)? NO

16. ISDCA of 1985 Sec. 552(b). Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to section 1115(e)(2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures? NO

17. FAA Sec. 666(b). Does the country, object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA? NO

18. FAA Secs, 669, 670. Has the country, after August 3, 1977, delivered to any other country or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards, and without special certification by the President? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.) NO

19. FAA Sec. 670. If the country is a non-nuclear weapon state, has it, on or after August 8, 1985, exported (or attempted to export) illegally from the United States any material, equipment, or technology which would contribute significantly to the ability of a country to manufacture a nuclear explosive device? NO

20. ISDCA of 1981 Sec. 720. Has the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Assembly of the U.N. on Sept. 25 and 28, 1981, and did it fail to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the Taking into Consideration memo.) NO

21. FY 1988 Continuing Resolution Sec. 528. Has the recipient country been determined by the President to have engaged in a consistent pattern of opposition to the foreign policy of the United States? NO

22. FY 1988 Continuing Resolution Sec. 513. Has the duly elected Head of Government of the country been deposed by military coup or decree? If assistance has been terminated, has the President notified Congress that a democratically elected government has taken office prior to the resumption of assistance? NO

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23. FY 1988 Continuing Resolution Sec. 543. Does the recipient country fully cooperate with the international refugee assistance organizations, the United States, and other governments in facilitating lasting solutions to refugee situations, including resettlement without respect to race, sex religion, or national origin? — YES

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria

FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy? — NO

FY 1988 Continuing Resolution Sec. 538. Has the President certificed that use of DA funds by this country would violate any of the prohibitions against use of funds to pay for the performance abortions as a method of family planning, to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilization as a method of family planning, to coerce or provide any financial incentive to any person to undergo sterilizations, to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning? — NO

2. Economic Support Fund Country Criteria

FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the President found that the country made such significant improvement in its human rights record that furnishing such assistance is in the U.S. national interest? — NO

FY 1988 Continuing Resolution Sec. 549. Has this country met its drug eradication targets or otherwise taken significant steps to halt illicit drug production or trafficking? — N/A

ANNEX C

COUNTRY CHECKLIST

- SMALL PROJECT SUPPORT PROJECT -

Listed below are statutory criteria acceptable to: (A) FAA funds generally: (B) (1) Development Assistance funds only; or (B) (2) the Economic Support Fund only.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FY 1988 Continuing Resolution Sec. 526. Has the President certified to the Congress that the government of the recipient country is failing to take adequate measures to prevent narcotic drugs or other controlled substances which are cultivated, produced or processed illicitly, in whole or in part, in such country or transported through such country, from being sold illegally within the jurisdiction of such country to United States Government personnel or their dependents or from entering the United States unlawfully? NO

2. FAA Sec. 481(h). (This provision applies to assistance of any kind provided by grant, sale, loan, lease, credit, guaranty, or insurance, except assistance from the Child Survival Fund or relating to international narcotics control, disaster and refugee relief, or the provision of food or medicine.) If the recipient is a "major illicit drug producing country" (defined as a country producing during a fiscal year at least five metric tons of opium or 500 metric tons of coca or marijuana) or a "major drug-transit country" (defined as a country that is a significant direct source of illicit drugs significantly affecting the United States, through which such drugs are transported, or through which significant sums of drug-related profits are laundered with the knowledge of complicity of the government), has the President in the March 1 International Narcotics Control Strategy Report (INSCR) determined and certified to the Congress (without Congressional enactment, within 30 days of continuous session, of a resolution disapproving such a certification), or has the President determined and certified to the Congress on any other date (with enactment by Congress of a resolution approving such certification), that (a) during the previous year the country has cooperated fully with the United States or taken adequate steps on its own to prevent illicit drugs produced or processed in or transported through such country from being transported into the United States, and to prevent and punish drug profit laundering in the country, or that (b) the vital national interests of the United States require the provision of such assistance? N/A

Drug Act Sec. 2013. (This section applies to the same categories of assistance subject to the restrictions in FAA Sec. 481 (h), above.) If recipient country is a "major illicit drug producing country" or "major drug-transit country" (as defined for the purpose of FAA Sec. 481(h)), has the President submitted a report to Congress listing such country as one (a) which, as a matter of government policy, encourages or facilitates the production or distribution of illicit drugs; (b) in which any senior official of the government engages in, encourages, or facilitates the production or distribution of illegal drugs; (c) in which any member of a U.S. Government agency has suffered or been threatened with violence inflicted by or with the complicity of any government officer; or (d) which fails to provide reasonable cooperation to lawful activities of U.S. drug enforcement agents, unless the President has provided the required certification to Congress pertaining to U.S. national interests and the drug control and criminal prosecution efforts of that country? N/A

4. FAA Sec. 620(c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government? NO

5. FAA Sec. 620(e)(1). If assistance is to a government, has it (including any government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities? NO

6. FAA Secs. (620(a), 620(f), 620D; FY 1988 Continuing Resolution Secs. 512. Is recipient country a Communist country? If so, has the President determined that assistance to the country is vital to the security of the United States, that the recipient country is not controlled by the international Communist conspiracy, and that such assistance will further promote the independence of the recipient country from international communism? Will assistance be provided directly to Angola, Cambodia, Cuba, Iraq, Libya, Vietnam, South Yemen, Iran or Syria? Will assistance be provided to Afghanistan without a certification? NO

7. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, damage or destruction by mob action of U.S. property? NO

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8.	FAA Sec. 620(l). Has the country failed to enter into an investment guaranty agreement with OPIC?	NO
9.	FAA Sec. 620(o); Fisherman's Protective Act of 1967 (as amended) Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing vessel because of fishing activities in international waters? (b) If so, has any deduction required by the Fisherman's Protective Act been made?	NO
10.	FAA Sec. 620(q); FY 1988 Continuing Resolution Sec. 518. (a) Has the government of the recipient country been in default for more than six months on interest or principal of any loan to the country under the FAA? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the FY 1988 Continuing Resolution appropriates funds?	NO
11.	FAA Sec. 620(s). If contemplated assistance is development loan or to come from Economic Support Fund, has the Administrator taken into account the percentage of the country's budget and amount of the country's foreign exchange or other resources spent on military equipment? (Reference may be made to the annual "Taking Into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur).	N/A
12.	FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have relations been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption?	NO
13.	FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the A.I.D. Administrator in determining the current A.I.D. Operational Year Budget? (Reference may be made to the Taking into Consideration memo.)	ZAIRE IS CURRENT IN PAYMENT OF U.N. OBLIGATIONS
14.	FAA Sec. 620A. Has the President determined that the recipient country grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism or otherwise supports international terrorism?	NO

15. FY 1988 Continuing Resolution Sec. 576. Has the country been placed on the list provided for in Section 6 (j) of the Export Administration Act of 1979 (currently Libya, Iran, South Yemen, Syria, Cuba, or North Korea)? NO

16. ISDCA of 1985 Sec. 552(b). Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to section 1115(e)(2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures? NO

17. FAA Sec. 666(b). Does the country, object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA? NO

18. FAA Secs, 669, 670. Has the country, after August 3, 1977, delivered to any other country or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards, and without special certification by the President? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.) NO

19. FAA Sec. 670. If the country is a non-nuclear weapon state, has it, on or after August 8, 1985, exported (or attempted to export) illegally from the United States any material, equipment, or technology which would contribute significantly to the ability of a country to manufacture a nuclear explosive device? NO

20. ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Assembly of the U.N. on Sept. 25 and 28, 1981, and did it fail to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the Taking into Consideration memo.) NO

21. FY 1988 Continuing Resolution Sec. 528. Has the recipient country been determined by the President to have engaged in a consistent pattern of opposition to the foreign policy of the United States? NO

22. FY 1988 Continuing Resolution Sec. 513. Has the duly elected Head of Government of the country been deposed by military coup or decree? If assistance has been terminated, has the President notified Congress that a democratically elected government has taken office prior to the resumption of assistance? NO

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23. FY 1988 Continuing Resolution Sec. 543. Does the recipient country fully cooperate with the international refugee assistance organizations, the United States, and other governments in facilitating lasting solutions to refugee situations, including resettlement without respect to race, sex religion, or national origin? YES

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria

FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy? NO

FY 1988 Continuing Resolution Sec. 538. Has the President certificed that use of DA funds by this country would violate any of the prohibitions against use of funds to pay for the performance abortions as a method of family planning, to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilization as a method of family planning, to coerce or provide any financial incentive to any person to undergo sterilizations, to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning? NO

2. Economic Support Fund Country Criteria

FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the President found that the country made such significant improvement in its human rights record that furnishing such assistance is in the U.S. national interest? NO

FY 1988 Continuing Resolution Sec. 549. Has this country met its drug eradication targets or otherwise taken significant steps to halt illicit drug production or trafficking? N/A

ANNEX D

STATUTORY CHECKLISTS

- SMALL PROJECT SUPPORT PROJECT -

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A includes criteria applicable to all projects. Part B applies to projects funded from specific sources only: B(1) applies to all projects funded with Development Assistance; B(2) applies to projects funded from Development Assistance loans; and B(3) applies to projects funded from ESF.

CROSS REFERENCES:	IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?	(a) YES (b) YES

A. GENERAL CRITERIA FOR PROJECT

1.	FY 1988 Continuing Resolution Sec. 523; FAA Sec. 634A. If money is sought to obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has the Congress been properly notified?	A CONGRESSIONAL NOTIFICATION EXPIRED WITHOUT OBJECTION ON AUGUST 19, 1988.
2.	FAA Sec. 611(a)(1). Prior to an obligation in excess of $500,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance, and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?	(a) YES (b) YES
3.	FAA Sec. 611(a)(2). If legislative action is required within recipient country, what is basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance?	N/A
4.	FAA Sec. 611(b); FY 1988 Continuing Resolution Sec. 501. If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.)	TO BE DETERMINED AT TIME OF SUBPROJECT IDENTIFICATION.
5.	FAA Sec. 611(e). If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed $1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project?	TO BE DETERMINED AT TIME OF SUBPROJECT IDENTIFICATION.
6.	FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.	NO

7.	FAA Sec. 601(a). Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.	PROJECT WILL SUPPORT PRIVATE NON-GOVERNMENTAL ORGANIZATIONS, THEREFORE BENEFITS SHOULD BE SEEN IN B), C), D),AND E).
8.	FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance program (including use of private trade channels and the services of U.S. private enterprise).	PROJECT WILL BE IMPLEMENTED BY A U.S. REGISTERED PRIVATE VOLUNTARY ORGANIZATION.
9.	FAA Secs. 612(b), 636(h). Describe steps taken to assure that, to the maximum extend possible, the country is contributing local currencies to meet the cost of contractural and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.	THE GOZ WILL CONTRIBUTE $6 MILLION IN GOZ-OWNED COUNTER-PART FUNDS FOR LOCAL COSTS OF THE PROJECT.
10.	FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?	NO
11.	FY 1988 Continuing Resolution Sec. 521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?	N/A
12.	FY 1988 Continuing Resolution Sec. 553. Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?	NO
13.	FAA Sec. 119(g) (4)-(6). Will the assistance (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term	NO

agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas?

14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (either dollars or local currency generated therefrom)? — N/A

15. FY 1988 Continuing Resolution. If assistance is to be made to United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government? — YES

16. FY 1988 Continuing Resolution Sec. 541. If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.? — YES

17. FY 1988 Continuing Resolution Sec. 514. If funds are being obligated under an appropriation account to which they were not appropriated, has prior approval of the Appropriation Committees of Congress been obtained? — N/A

18. FY 1988 Continuing Resolution Sec. 515. If deob/reob authority is sought to be exercised in the provision of assistance, are the funds being obligated for the same general purpose, and for countries within the same general region as originally obligated, and have the Appropriation Committees of both Houses of Congress been properly notified? — N/A

19. State Authorization Sec. 139 (as interpreted by conference report). Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision). — YES

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a.	FY 1988 Continuing Resolution Sec. 552 (as interpreted by conference report). If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities (a) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (b) in support of research that is intended primarily to benefit U.S. producers?	N/A
b.	FAA Secs. 102(b), 111, 113, 281(a). Describe extent to which activity will (a) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.	THE PROJECT IS TARGETED TO ASSIST RURAL COMMUNITY-BASED ORGANIZATIONS IN THE DOMAINS OF AGRICULTURE, RURAL TRANSPORT INFRA-STRUCTURE, AND PUBLIC HEALTH. USE OF LOCAL MATERIALS, APPRO-PRIATE TECHNOLOGY, AND INCOME-GENERA-TING AND TRAINING ACTIVITIES WILL BE ENCOURAGED. THE PROJECT WILL MAKE A SPECIAL EFFORT TO INCLUDE WOMEN IN MANAGEMENT AND WORK ACTIVITIES.
c.	FAA Secs. 103, 103A, 104, 105, 106, 120-121. Does the project fit the criteria for the source of funds (functional account) being used?	YES (DFA)
d.	FAA Sec. 107. Is emphasis placed on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?	YES

e.	FAA Secs. 110, 124(d). Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?	YES (RECIPIENT COUNTRY WILL PROVIDE AT LEAST 25 PERCENT OF COSTS).
f.	FAA Sec. 128(b). If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority?	YES
g.	FAA Sec. 281(b). Describe extent to which program recognized the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective participation in governmental processes essential to self-government.	THE PROJECT WILL WORK THROUGH ESTABLISHED NGOS. SUCH ORGANIZATIONS ARE ALREADY KNOWLEDGEABLE ABOUT THE NEEDS AND CAPACITIES OF THE COMMUNITY PEOPLE. THE PROJECT WILL TAKE ADVANTAGE OF LOCAL INSTITUTIONS AS RESOURCES (I.E. TRAINING) TO THE PROJECT.
h.	FY 1988 Continuing Resolution Sec. 538. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions?	NO
	Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations?	NO
	Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?	NO
i.	FY 1988 Continuing Resolution. Is the assistance being made available to any organization or program which has been determined to support or participate in the management of a program of coercive abortion or involuntary sterilization?	NO
	If assistance is from the population functional account, are any of the funds to be made available to voluntary family planning projects which do not offer, either directly or through referral to or information about access to, a broad range of family planning methods and services?	N/A

j.	FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?	YES
k.	FY 1988 Continuing Resolution. What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, and colleges and universities having a student body in which more than 20 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?	THE PROJECT DESIGN WAS AWARDED TO A WOMEN-OWNED SMALL BUSINESS WHICH SUBCONTRACTED ONE OF THE DESIGN POSITIONS TO AN 8(a) MINORITY-OWNED FIRM. THE PROJECT IMPLEMENTATION PHASE IS EXPECTED TO BE AWARDED TO A REGISTERED U.S. PVO. HOWEVER, WITHIN THAT LIMITATION, APPLICANTS WILL BE ENCOURAGED TO SOLLICIT THE PARTICIPATION, TO THE MAXIMUM EXTENT POSSIBLE OF SMALL BUSINESS CONCERNS, ECONOMICALLY AND SOCIALLY DISADVANTAGED ENTERPRISES, AND WOMEN-OWNED FIRMS.
l.	FAA Sec. 118(c). Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16?	YES
	Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible:	NO
	(a) stress the importance of conserving and sustainably managing forest resources;	(a) N/A
	(b) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas;	(b) N/A
	(c) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management;	(c) N/A
	(d) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices;	(d) TRADITIONAL AGRICULTURE IN ZAIRE IS BASED ON FIELD ROTATION. USAID'S AGRICULTURAL STRATEGY PROMOTES IMPROVED TECHNIQUES WHICH INCREASES THE PRODUCTIVITY PER HECTARE, THEREBY DECREASING THE NEED TO SLASH AND BURN.
	(e) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded;	(e) N/A
	(f) conserve forested watersheds and rehabilitate those which have been deforested;	(f) N/A
	(g) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing;	(g) N/A
	(h) support research to expand knowledge of tropical forests and identify alternatives which	(h) N/A

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will prevent forest destruction, loss, or degradation; (i) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (j) seek to increase the awareness of U.S. government agencies and other donors of the immediate and long-term value of tropical forests; and (k) utilize the resources and abilities of all relevant U.S. government agencies? — (i) N/A; (j) N/A; (k) N/A

m. FAA Sec. 118(c)(13). If the assistance will support a program or project significantly affecting tropical forests (including projects involving the planting of exotic plant species), will the program or project (a) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land, and (b) take full account of the environmental impacts of the proposed activities on biological diversity? — N/A

n. FAA Sec. 118(c) (14). Will assistance be used for (a) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; or (b) actions which significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas? — NO

o. FAA Sec. 118(c) (15). Will assistance be used for (a) activities which would result in the conversion of forest lands to the rearing of livestock; (b) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands; (c) the colonization of forest lands; or (d) the construction of dams or other water control structures which flood relatively undergraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development? — N/A

p. FY 1988 Continuing resolution. If assistance will come from the Sub-Saharan Africa DA account, is it (a) to be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant; (b) being provided in accordance with the policies contained in section 102 of the FAA; (c) being provided, when consistent with the objectives of such assistance, through African, United States and other PVOs that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in Sub-Saharan Africa; (d) being used to help overcome shorter-term constraints to long-term development, to promote reform of sectoral economic policies to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities, to bring about appropriate sectoral restructuring of the Sub-Saharan African economies, to support reform in public administration and finances and to establish a favorable environment for individual enterprise and self-sustaining development, and to take into account, in assisted policy reforms, the need to protect vulnerable groups; (e) being used to increase agricultural production in ways that protect and restore the natural resource base, especially food production, to maintain and improve basic transportation and communication networks, to maintain and restore the natural resource base in ways that increase agricultural production, to improve health conditions with special emphasis on meeting the health needs of mothers and children, including the establishment of self-sustaining primary health care systems that give priority to preventive care, to provide increased access to voluntary family planning services, to improve basic literacy and mathematics especially to those outside the formal educational system and to improve primary education, and to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas?

ASSISTANCE WILL COME FROM DFA ACCOUNT. SUBPROJECTS, YET TO BE IDENTIFIED, ARE EXPECTED TO SUPPORT MOST OF THE CONCERNS RAISED UNDER THIS RESOLUTION.

2. Development Assistance Project Criteria (Loans Only)

a. FAA Sec. 122(b). Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest.

SECTION NOT APPLICABLE AS PROJECT IS A GRANT.

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b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest?

c. FY 1988 Continuing Resolution. If for a loan to a private sector institution from funds made available to carry out the provisions of FAA Sections 103 through 106, will loan be provided, to the maximum extent practicable, at or near the prevailing interest rate paid on Treasury obligations of similar maturity at the time of obligating such funds?

d. FAA Sec. 122(b). Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities?

3. Economic Support Fund Project Criteria

a. FAA Sec. 531(a). Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA?

SECTION NOT APPLICABLE AS FUNDS ARE FROM DFA.

b. FAA Sec. 531(e). Will this assistance be used for military or paramilitary purposes?

c. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

STANDARD ITEM CHECKLIST

Listed below are the statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. PROCUREMENT

1.	FAA Sec. 602(a). Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed?	YES
2.	FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him?	PROJECT GEOGRAPHIC CODE IS 935, BUT PROCUREMENT WILL BE 000 WHENEVER POSSIBLE.
3.	FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?	N/A
4.	FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)	THE PROJECT MAY FINANCE PROCUREMENT OF NO MORE THAN VERY SMALL QUANTITIES OF LOCALLY PRODUCED SEEDS (FOR AGRICULTURAL USE) WHICH COULD NOT REASONABLY BE PROCURED IN THE U.S.
5.	FAA Sec. 604(q). Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.)	NO
6.	FAA Sec. 603. Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates?	NO

7.	FAA Sec. 621(a). If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?	YES
8.	International Air Transportation Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?	YES
9.	FY 1988 Continuing Resolution Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?	YES
10.	FY 1988 Continuing Resolution Sec. 524. If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)?	YES

B. CONSTRUCTION

1.	FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services be used?	N/A
2.	FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?	YES (CONTRACTS PROVIDING CONSTRUCTION COMPONENT WILL INVOLVE PRIMARILY ROAD AND BRIDGE MAINTENANCE AND SIMILAR ACTIVITIES).
3.	FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed $100 million (except for productive enterprises in Egypt that were described in the CP), or does assistance have the express approval of Congress?	N/A

C. OTHER RESTRICTIONS

1.	FAA Sec. 122(b). If development loan repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter?	N/A
2.	FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights?	N/A

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3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? YES

4. Will arrangements preclude use of financing:

a. FAA Sec. 104(f); FY 1988 Continuing Resolution Secs. 525, 538. (1) To pay for performance of abortions as a method of family planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; or (4) to lobby for abortion? YES

b. FAA Sec. 483. To make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated? YES

c. FAA Sec. 620(g). To compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President? YES

d. FAA Sec. 660. To provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? YES

e. FAA Sec. 662. For CIA activities? YES

f. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? GEOGRAPHIC CODE FOR PROJECT IS 935.

g. FY 1988 Continuing Resolution Sec. 503. To pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel? YES

h. FY 1988 Continuing Resolution Sec. 505. To pay U.N. assessments, arrearages or dues? YES

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i. FY 1988 Continuing Resolution Sec. 506. To carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)? YES

j. FY 1988 Continuing Resolution Sec. 510. To finance the export of nuclear equipment, fuel, or technology? YES

k. FY 1988 Continuing Resolution Sec. 511. For the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? YES

l. FY 1988 Continuing Resolution Sec. 516; State Authorization Sec. 109. To be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, of for any publicity or propaganda purposes not authorized by Congress? YES

ANNEX E

INSTITUTIONAL ANALYSIS

This analysis will address issues concerning the use of non governmental organizations and private voluntary organizations as the intermediary agents which will receive A.I.D. funds and work with the community organizations targeted in this project. A great deal has been written about NGOs and PVOs and the Mission has at its disposal a substantial number of studies and evaluation reports on activities which it has previously funded. We will not repeat those lessons here. They are reflected in the PID and in the basic design of this project. This analysis will suggest an approach to the UMU's work with the NGOs and will address the role of NGOs as development agents.

Organizational criteria which may be of use in assessing individual NGO strengths and weaknesses will be suggested and the remainder of the analysis will focus on the potential for NGO work in Bandundu and Shaba, list contacts for start-up activities in each region, suggest resources which the project should draw on in Zaire, discuss where the NGOs will be at the end of the project, and outline key assumptions which must be made and then tested in the course of project implementation.

Organizational Assessment and Planning

Throughout the development of the subprojects, the NGOs and PVOs will form the most crucial link in the chain which will transfer resources from USAID/Kinshasa through the UMU to the community groups to be funded. If the NGO selected cannot manage the activities and report on progress, the UMU will be unable to fulfill its obligation to USAID and the whole linkage system becomes useless. Careful observation of NGOs receiving outside funding has shown that inability to plan how the funds will affect the organization as well as the specific activities they will be used for often leads to serious management problems and impedes sustainable development. Careful planning to avoid organizational warping becomes an important part of the collaborative process and must be undertaken from the beginning.

Occasionally, NGOs are reluctant to participate in these kinds of planning activities if they feel that funding is uncertain. Putting themselves at the mercy of donor whims or preferences may lead to deviation from the organizations' basic mission and objectives. Organizations that do an assessment and implement an improvement process are better able to understand their environment and the impact of change on the organization, [illegible] activities, utilize resources better and do more [illegible]. [illegible] consistent with the UMU and the NGOs

must make to this process is to take the time in the beginning of their interaction and at regular intervals to examine where they are and where they want to go. Without this planning process there is a risk that more time will be spent in training and corrective action than is necessary for good project implementation. With the method described below, the NGO takes responsibility for its own long-term planning from the start, and the UMU is merely the catalyst for the action. The dependency relationship is reduced because organizations are making their own decisions about where they will be, and the UMU is not required to play a paternalistic role.

The four steps required by each organization are : 1) analysis, 2) long-term planning, 3) operational planning and 4) evaluation of results. The most important step is the first which includes an organizational needs analysis. Undertaken collaboratively with the UMU, this analysis will also serve to identify what training needs, if any, the NGO has and when these should be met. Figures E1 -4 attached demonstrate the basic steps in the assessment and decision-making approach needed. For an organization to commit itself to a continuous improvement of its performance all the steps in Figure E1 should be undertaken. Once an NGO has begun this process, it can continue on its own without extensive outside intervention. The objectives of the assessment and planning exercise are to:

1. Provide the NGO with its own assessment of its strengths and weaknesses.

2. Show the UMU where training is needed and allow it to decide how much can be met by the project and how much will be the NGO's own responsibility.

3. Reveal potential trouble spots in implementation and plan for them in advance.

4. Get the NGO started on the process of its continued operation beyond A.I. D. funding.

Without this step, both the UMU and the NGO will advance by trial and error and, even if successful, may not know why and be unable to replicate the success in the future.

NGO and UMU Participation in the Project

During the course of [illegible] in both [illegible] were contacted by the design team and visited [illegible] the sites of some potential activities. Although time was limited, some indications nevertheless emerged of [illegible] interest, constraints to project development in

the two regions, and possible subproject criteria. A list of start-up contacts for both regions is attached to this annex for use by USAID and the UMU.

It is often assumed that because donors receive a variety of miscellaneous requests for assistance over a given time frame that there are literally hundreds of well-meaning and appropriate groups waiting with anticipation to receive funding. Experience in other countries has shown this not to be the case in the short or medium term. The process of identifying and funding activities seems long to the NGOS and discouragement often sets in before real progress is made. In the course of the field visits, the design team ran into a few NGOs who had gone through the process of applying for A.I.D. funds in the past only to receive no response to queries and/or proposals due to inefficient communication or Mission attention to more pressing concerns. Many of these groups participated in Mission workshops in 1981 designed to foster interest of NGOs in A.I.D. funding. Since only a limited number ultimately received assistance, there is a prevailing scepticism about USAID interest, particularly in Shaba, which must be overcome. This finding led the design team to include an office in Shaba for NGO liaison as part of its management structure to help facilitate communication and participation with NGOs there.

Although numbers of potential projects do exist, they will have to be identified early and their implementors carefully nurtured to get them to the approval stage. The idea of packaging several activities under one NGO was conceived to increase the likelihood of participation at the $100,000 floor level by groups with good records in community work but less experience with outside funding. Wherever possible this analysis will suggest ways of working with NGOs to ensure successful projects and good understanding on both sides.

Some assumptions should be made about both NGOs and PVOs to facilitate interaction with them in the project. These mainly concern philosophical and objective differences between these groups and the donor community. The very traits which make NGOs good development agents at the community level also mean that they have more difficulty working with larger agencies such as A.I.D. The UMU will need to understand these differences and avoid becoming merely a smaller size A.I.D. in dealing with this client group. A few basic tenets can be advanced:

1. NGOs see themselves as philanthropic organizations with their own objectives and approach to development which may or may not coincide with current donor interests. If they are [illegible], for example, they will want to remain that way and not become wards of organizations just for the sake of a single project or set of activities.

2. NGOs would prefer to adopt the least amount of administrative change necessary in meeting donor requirements. Care should be taken to analyze existing NGO systems to see how they fit before proposing new ones which may increase management costs and be impractical in the long term.

3. NGOs are loyal to their constituents and beneficiaries not to the organizations which fund them. They should not be asked to protect donor interests in the areas they are working in nor to associate themselves officially in any way with the donor.

4. NGOs may not always be in agreement with government policy in the areas where they work and the donor may receive criticism for funding them as a result.

If the UMU is successful in taking these differences into account it will have a greater chance of effective collaboration with the NGOs than if it focuses only on their management weaknesses and how to improve their accountability. For this reason, the design team has developed a set of project selection criteria which are illustrative but not definitive. This is to allow the UMU flexibility in dealing with the universe of potential projects and in determining a set of criteria which meet the project's objectives and the NGO realities (see Annex F Project Selection Criteria).

Potential Partners in Shaba and Bandundu

The climate of NGO/PVO activity in the two regions is somewhat different but may be examined together to underline the challenge in implementation facing the UMU. In both regions there are established NGOs, particularly church-affiliated groups, which could serve as subgrantees of the project. They are all involved in development work which fits the priority areas of the project. Some NGOs are working in areas near the major USAID Central Shaba Agricultural Development Project (660-105). This represents an opportunity to involve communities in development activities not being undertaken by this project which could complement it, for instance, in health or water supply.

As the larger of the two regions, Shaba has a greater number of NGOs. Many of these are parishes or religious missions organized through dioceses. Their ability to [illegible] on the interest of the individual [illegible] directors or committees [illegible] go-betweens for individual missions or communities. For example, the design team visited Catholic mission in Kalalo where a group of organized themselves to do agricultural [illegible] and were also interested in road

improvement. There is a dynamic and well-trained development committee chairman and an expatriate priest who has worked there a long time. Their ability to participate in the project will depend on their ability to interest the diocesan development director in Kongolo to serve as their intermediary in receiving funds and performing basic accountability tasks. The funding they would require would not exceed $50,000, hence the diocese would need to find other parishes with development needs and create a package to request funding. In addition, the HRD project officer in Shaba will need to travel to Kabalo and Kongolo several times to make the linkages and assist in proposal preparation. If several dioceses in Central Shaba are interested, there may be enough people to stage a proposal preparation workshop there for the benefit of these groups and others NGOs in the region. Thus, funding opportunities do exist at the community level but must be carefully linked through a number of organizations to eventually receive resources. Shaba's problems are distance, poor roads, and poor communications. Some of the more dynamic and motivated groups are in more remote areas where they must rely on their own resources for solutions.

In Bandundu there are fewer NGOs to work with than in Shaba. The presence of the Area Food and Marketing Development Project (660-0102), however, which is also working with NGOs, has provided the opportunity to identify projects and do joint training of NGOs in management related areas. The design team met with several organizations involved in agricultural marketing and extension activities and transportation improvement. A proposal has been received by USAID for a hospital improvement project. A number of activities have a potential for funding in the first round of project approval but other activities would have to be carefully coordinated with the 102 project, even those outside the Kwilu area, to avoid overloading of NGOs in the region.

It is evident that these groups are good candidates for funding and have a high probability of success at the local level. The precarious element becomes the management - intensive linkages which must be maintained for the subprojects to work. Thus several funding opportunities were evident [illegible] Shaba and Bandundu. The HRD will have to encourage [illegible] organizations to identify their own internal linkages and [illegible] assist [illegible] putting funding packages together.

[illegible] contacts [illegible] compile [illegible] sites.

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Sustainability of NGO/PVO Efforts

The project has placed a great deal of emphasis on continuing activities undertaken by the subprojects beyond LOP. It is useful to define some concepts of sustainability as it applies to the institutions which are to benefit from the project. The key element of sustainability is choice. Beneficiary groups along with the intermediary organizations must choose those benefits early on which they find important enough to sustain over time. This is not to be confused with maintaining infrastructure or generating income to keep a community group functioning. Every development activity has inputs and outputs which allow it to achieve its objectives. Some of these such as extension assistance should be temporary or focused on specific actions such as introducing new technologies. They need not be continued over time. A community should be given the opportunity to choose which benefits it wishes to sustain and what trade offs it will make to sustain them. The NGO cannot decide this for the community. In its work with each NGO to plan its long term objectives in the project, the UMU should introduce this concept of sustainability and foster a maximum amount of local decision-making on the use of scarce resources over time.

Resources Available to the UMU and NGOs

There are a number of organizations and individuals which can furnish assistance to the UMU on a contractual basis to provide training and special studies related to project selection and start-up. During the design effort, the Social Science Department at the University of Lubumbashi was contacted to identify potential researchers to complete the pre-project impact studies of beneficiaries called for in the design. At least ten persons were identified with qualifications to provide these services on a personal contract basis. The UMU representative in Shaba should contact them directly to perform these studies once potential project sites in communities are identified. A similar list of persons in the Kinshasa area could be identified through the university and private firms to perform similar studies in Bandundu.

A number of organizations are qualified and experienced in providing management related training to NGOs. Technoserve has provided both financial management diagnostic assistance and training to several A.I.P. NGO projects. Their competent Zairian professional staff could form an important resource for the project and the UMU should consider using their established capability in this area.

INADES (Institut Africain d'Etudes pour l'Action Economique et Sociale) has substantial training experience in project management and community development, largely with NGOs. As an NGO itself it is particularly sensitive to their concerns and brings a body of excellent French training materials in these topics. Previously funded by USAID to develop an appropriate technology clearing house, it is a repository of technical information which the UMU should tap in assisting the NGOs. Its publication AGRIPROMO has a supplement AGRI-ZAIRE whose editors are interested in disseminating information about the project to its readers and to project participants. The UMU should subscribe to the publication for all of the community groups funded through the NGOs and use the publication as a newsletter for the project. INADES would be able to implement a limited number of annual workshops for the UMU in project development and management, including training in regional towns in the project areas.

CEPETEDE (Centre de Perfectionnement aux Techniques de Developpement) is a non-profit association which specializes in training managers for development programs, agriculture and industry. It has developed special short-term seminars in management for small enterprises and could be contacted to develop courses for NGOs in accounting, personnel management, and inventory management.

CENACOF (Centre National de Coordination de la Formation au Developpement) is the product of a USAID-funded management development program. It offers short courses and seminars in training management, interpersonal communication, evaluation of training programs, group dynamics, management tools, human resource management, management of institutions including organizational diagnosis and all aspects of development program management. It has developed tailor-made courses including some for women and should be considered as a source for specialized training in management and training of trainers in the project. [illegible] Expansion [illegible] project with Peace Corps could [illegible] use of [illegible] of these [illegible] to meet its new focus on [illegible] external [illegible].

POTENTIAL NGO/PVO PARTNERS

BANDUNDU

Communaute Baptiste du Zaire-Ouest
Centre Agricole Lusekele
(CBZO)
B.P. 4728
Kinshasa
Charles Moore, Administrator

Bureau Diocesain de Developpent
B.P. 1449 Kikwit
Bandundu
Abbe Ngaya Ebengo, Directeur

Eglise du Christ au Zaire
GTEK/Bandundu
B.P. 102
Kikwit II
Citoyen Mishidi Muna M'Ba, Directeur-Coordonateur

Mennonite Central Committee
B.P. 81
Kikwit
Bandundu

Developpement Communautaire Kimbanguiste
B.P. 228
Bandundu
Citoyen Mengesse Mbango, Chef de Division Regionale

Catholic Mission at Sia
Centre de Sante de Reference
Soeur Agnes, Hospital Coordinator

Technoserve, Inc.
B.P. 4707
Ngaliema 2
Kinshasa
Harvey Schartup, Director

SHABA

Centre Diocesain de Developpement
Archidiocese de Lubumbashi
B.P. 72
Lubumbashi
Cit. Abbe Kilima - Directeur du Bureau Diocesain

Eglise du Christ au Zaire
Coordonateur GTER-Shaba
B.P. 3071
Lubumbashi
Conseiller Technique Mbayo Vumba

Eglise Methodiste Unie
B.P. 2219
Lubumbashi
Cit. Dyapubemba, Directeur du Developpement

Diocese de Kongolo
B.P. 5274
Kongolo
Directeur Diocesain de Developpement

Diocese de Kilwa
Bureau Diocesain de Developpement
B.P. 74
Kilwa
Monseigneur l'Eveque Kimpinde

Diocese de Kolwezi
Bureau Diocesain de Developpement
Kolwezi

Individual Missions in Kabalo, Kabongo,
Sandoa may wish to propose activities through their respective
dioceses

Rotary International
Lubumbashi
Mr. Michel Le Carre

AIDRS
B.P. 7511
Kinshasa tel. 24556
Mr. Guy Petit

Working in Shaba in water resources and wish to expand
activities in 103 region and Sandoa area.

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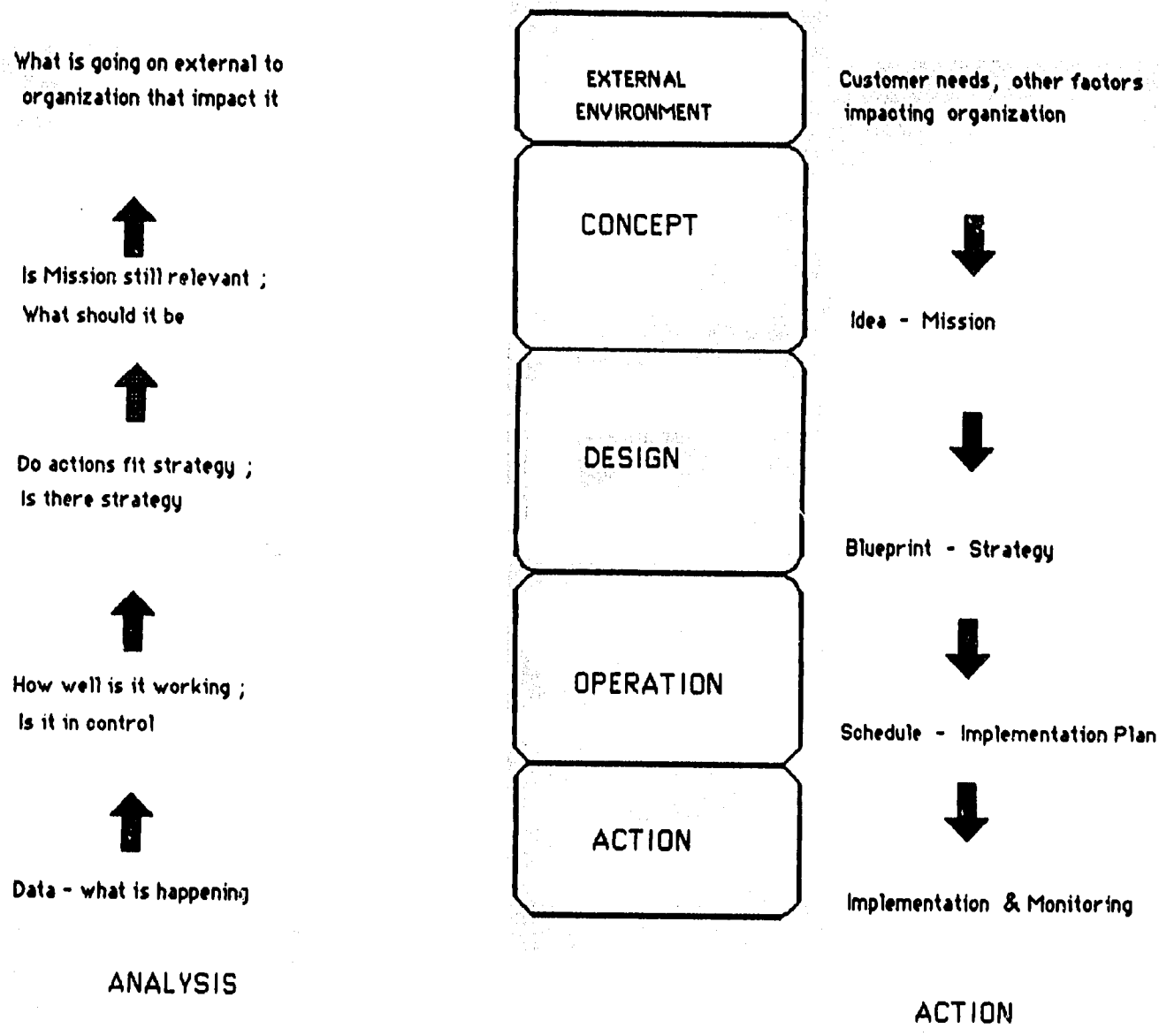
Project Habitat pour l'Humanite
B.P. 59
Likasi, Shaba
Cit. Mubonge Mwepu Kazembe, President

World Vision
Lubumbashi
Mr. Jeff Brown

Anglican Church c/o Bishop
Lubumbashi
Ms. Sonja Maekstra-Foss

Figure E-1. How Organizations Function



Source: Unpublished notes, Organizational Development Program, Cummins Engine Company, 1985

FIGURE E-2 THE PROCESS OF INSTITUTIONAL ASSESSMENT: PROCEDURES

The following chart represents the major steps in the institutional assessment (IA) procedures. It is the management unit's task to carry out steps 1 through 3 prior to the start of the assessment. The results of these steps need to be communicated to those conducting the assessment and built into the scope of work. The assessment group will carry out steps 4 through 6.

STEP	TASK
1. Assess Output Measures	• Initial discussions with organization leadership/idea promotion • Preliminary data collection of output measures • Analysis of outputs • Determine need for IA • Make go/no-go decision
2. Agreement with Organization	• Explain process in detail to decision-makers and get agreement and clarity on expectations of product • Discuss mission of the IA group and agree on goals and scope • Develop written scope of work • Identify personnel from PVO and UMU to act as assessment group
3. Prepare Organization for Assessment	• Discuss arrangements with key managers in organization and form review committee with concurrence from top
4. Collect Data	• Assessment group meets with top management and review committee to begin process and clarify scope • Use a variety of methods: interview, observation guidelines, task analysis, reading, survey instruments

	• Take diagonal "slice" of organization (e.g. a person from each functional unit and from each level of organization)
5. Analyze Data	• Independent Analysis
	• Assessment Group Analysis
	• Look for major patterns and themes
	• Share initial analysis with organizational review committee/ leadership (prompt timing is key)
6. Diagnose Strengths	• Compare patterns/themes against performance
	• Prepare written profile
	• Present Analysis to appropriate decision-makers and organization and make revisions

----------POST ANALYSIS: NEXT STEPS----------

7. Design Project or Development Activity	• Plan with client organization needed project or improvement activities based upon diagnosis, priority problems, and resources available
8. Implement Institutional Strengthening Activity	• Link strengthening activities to on-going actions (monitoring, financial and credit administration)

Source: Adapted from Guidelines for Institutional Assessment-Water and Wastewater Institutions, WASH Technical Report No. 37, Pre-Field Test Draft, March 1986

FIGURE E-3 ASSESSING ORGANIZATION PERFORMANCE ALTERNATIVE APPROACHES - CATEGORIES

I	II	III	IV
I. Facilitative Factors	Performance Categories	A. Organizational Capacity Building Categories	A. Administrative Performance
• Pressure for change	1. Autonomy	1. Resource Management	• Organizational Mandate and Objectives
• Inclusive participation	2. Top Leadership	2. Service Delivery	• Organizational Structure
• Self-reliance	3. Management and Administrative Systems	3. Diversification (ability to innovate and be flexible)	• Institutional Procedures
• Openness to ideas	4. Commercial (Financial) and Consumer (Client) Orientation	4. Human Resources, Administrative Performance	• Decision-making process and Management Information Systems
• Level of stability in organization/environment	5. Technical Capability and Developing/ Maintaining Staff	5. Leadership and Management Style	• Personnel background, training incentives
II. Basic Managerial Functions (at beneficiary, project, organization levels)	6. Organization Culture and Interactions with Key External Institutions	6. Planning, Monitoring, Evaluation	• Training methods, contents
• Consensus on mission		7. Learning	• Productivity and efficiency
• Clarity on roles/ responsibilities		B. Organizational Linkage Categories (political status and legitimacy)	B. Administrative & Financial Viability
• Useful schedules/budgets			• Administrative Viability
			• Financial Viability

FIGURE E-3 (continued)

I	II	III	IV
• Mechanisms for effective implementation • Flexibility to adjust to change III. Personal Factors • Skills/performance		8. Forging Links (horizontal and vertical) 9. Claim-making (leverage and advocacy) C. Categories Common to A & B 10. Resource Mobilization/ Income Generation 11. Accountability/ Responsiveness 12. Conflict Management (resolution/mediation) 13. Demonstration Effect	C. Client Profile • General Classification • Key Socioeconomic Factors of Clients • In-depth Socioeconomic Profile

Column I Source: Tuthill, Janet. "Practical Guidelines for Assessing and Explaining Development Management Performance," AID Evaluation Special Study No. 33, January 1986.

Column II Source: Guidelines for Institutional Assessment: Water and Wastewater Institutions, WASH Technical Report No. 37, Pre-Field Test Draft, March 1986.

Column III Source: Cawley, James. Local Capacity Framework, IVS, July 1986 Draft.

Column IV Source: Chapter 7: Evaluating Technical Assistance Implementing Institutions, A Manual to Evaluate Small-Scale Enterprise Projects, AID, November 1985.

FIGURE E-1

SUGGESTED APPROACH FOR ORGANIZATION ASSESSMENT

Categories of Analysis

1. Organization Mission - what is it; how well is it accepted; by whom. Identify the "What" (functions, services), "Who" (client groups), "How" (activities, technologies, methods) within the mission statement.

2. WHAT evaluation (output and purpose level) - what are services to be provided; what actually done; impact

3. WHO evaluation (beneficiary focus) - who is intended to be served; who is actually served

4. HOW evaluation - what tools/methods used to provide services; why; impact

5. Administrative viability - planning; scheduling; organization structure and use of staff resources

6. Financial viability - planning; budget; fund-raising; use and accounting of financial resources

7. Personal factors - how is the staff; how well do they link to clients

8. [illegible] - [illegible] management; how well do they [illegible]

9. [illegible] - [illegible] project within mission/plan programs, [illegible] specific activities [illegible] of these programs; what [illegible] to integrate project activities into the organization

ANNEX F

SMALL PROJECT CRITERIA AND SELECTION PROCEDURES

SUBPROJECT SELECTION PROCESS

The development of subprojects with interested NGOs will be as collaborative as possible. Owing to differences in organizational capacity, some NGOs may be ready to submit acceptable proposals once they have been given project criteria and had discussions with the UMU while others may need training sessions and hands-on assistance. There will probably be a select number of organizations ready for funding in 1989 (see Institutional Analysis for lists of potential NGO/PVO partners) but others may need several weeks or months of assistance in order to prepare acceptable proposals and to train organizations to plan their use of assistance. The objective of the proposal development process is not merely to fund activities but to plan the interventions so that appropriate beneficiaries are targeted; NGOs plan their implementation carefully including procurement, accountability and monitoring; and the UMU is satisfied that the NGO can accept responsibility for both achieving objectives and reporting results.

The Peace Corps fish activity will be approved with the PP as the first subgrant under the project. USAID will contract, under a Personal Services Contract, with a qualified individual to implement the fish activity until the UMU team arrives.

The process of developing proposals and selecting projects will proceed by steps:

1. Criteria will be approved by project committee and Mission during PP authorization.

2. Draft project selection criteria will be distributed to previously identified NGOs/PVOs in Shaba and Bandundu during project start-up by USAID project officer.

3. UMU staff will finalize criteria with USAID when their cooperative agreement begins.

4. NGOs will be informed of final criteria immediately through field visits.

5. The UMU will work with potential first-round NGOs to be funded to assess their organizational capacity and their financial systems ability to sustain audits.

6. Beneficiary impact studies will be completed for each potential project by Zairian researchers working for UMU (see attachment for guidelines).

7. NGOs needing project development assistance will participate in UMU-sponsored workshops in Bandundu and Shaba to learn to prepare proposal packages.

8. UMU will propose first-round funding package to USAID project committee for approval.

9. First round of grant agreements will be signed by UMU.

10. NGOs/PVOs needing assistance in project development will submit proposals to UMU.

11. UMU will propose second-round funding package to USAID project committee for approval.

12. UMU will receive proposals from NGOs/PVOs and provide periodic workshops as needed and subject to funding availability.

13. All NGOs/PVOs funded will receive financial management training either directly by UMU, through Technoserve or other locally based organizations or in special workshops on inventory control, project financial management, planning financial sustainability, etc.

The overall objective of the selection process is to generate sound projects which fit the NGO's/PVO's capacity and the beneficiaries' needs and to maintain flexibility so that NGOs/PVOs and the UMU work together towards this goal. The UMU should avoid the role of U.S. government watchdog. The emphasis on financial accountability should be to promote responsibility for funds on the part of the NGO/PVO for good internal management as well as reporting appropriate uses of funds to the donor.

The project criteria selected are meant to be flexibly applied. Emphasis is in the two areas of 1) appropriate activities which a community could sustain or maintain over time; and 2) projects which will not overwhelm or unnecessarily strain the implementing agencies and affect their viability over time. Other concerns should be secondary to these two principles. The UMU will work out final selection criteria once it is in place.

NGOs/PVOs that wish to propose activities under the $100,000 target minimum grant size will be assessed to

determine whether they could propose two or three activities in one funding request for several communities at a time. These would be managed by the NGO/PVO and the communities as discrete activities but the organization would manage and report on activities at an intermediary level (e.g. diocesan development committee submits proposal for health center improvement in three communities under one funding request). One subgrant is made to the organization which includes several components. This solution will allow some organizations and communities to receive funds which might otherwise have requests which are too small. NGOs/PVOs that might benefit from this approach would receive help in developing these funding "envelopes" in the UMU's project development workshops. This flexibility will be important so that the project can fund NGOs/PVOs which have good community links and working relationships but less experience with outside funding of this scale. NGOs/PVOs registered with the Government of Zaire will be eligible. If a group is a PVO, registration with USAID is necessary. International or U.S. PVOs may apply if they can meet project criteria. No funds will be available to new PVOs for installation of staff or offices in Zaire and only administrative costs directly related to subprojects will be allowed.

Subgrant agreements will contain (1) an appropriate Condition Precedent to disbursement or Covenant stating (a) that funds will not be obligated until such time as an environmental review of the subproject activities has been completed or assured and (b) that the provisions of that environmental review will be adhered to during subproject implementation; (2) a plan to maintain project-purchased equipment after completion of project assistance; (3) a 611 (a) determination, if the activity involves construction; and appropriate Standard Provisions.

In order to receive assistance under the project, NGOs/PVOs must have recognized legal status in Zaire. For indigenous PVOs, this means registration with the appropriate GOZ ministry: agricultural cooperatives, for instance, must be registered with the GOZ Department of Rural Development; pre-cooperatives must be registered at the zone level in the sub-region where they are located; PVOs must be registered with the GOZ Department of Justice.

Given that the UMU will be registered with AID/Washington as a PVO, subgrantees need not be registered with A.I.D. in order to be eligible for project assistance.

Subproject selection criteria require that a copy of the document showing the NGO's/PVO's legal status be attached to the subproject proposal. The UMU will verify the NGO's/PVO's legal status while the beneficiary impact study is being conducted at the pre-project stage.

Subproject Basic Requirements Checklist for Consideration

The project:

- Is in USAID priority sectors of agriculture, transport infrastructure or basic rural health and water supply.
- Is located in the Bandundu or Shaba regions.
- Has a significant impact on the economy of the area.
- Works directly with visable existing community groups.
- Focuses on needs of rural population and has an acceptable number of beneficiaries from the whole community as determined by independent assessment.
- Includes women in project decisions as well as work.
- Meets a priority need of the community in agriculture, health or transport infrastructure as voiced by the community.
- Will not exceed NGO's/PVO's ability to manage (both administrative and financial).
- Can be completed in 5 years or less.
- Will be implemented by a PVO registered with USAID or a reputable NGO with recognized legal status in Zaire.

Subproject Selection Criteria

Preference will be given to projects which:

- Are located in Bandundu and Shaba.
- Have a component which involves women in economic activities and training.
- Present an acceptable plan for community and NGO/PVO maintenance of the activity by the end of project.
- Use local skills and materials as much as possible.
- Focus on one or two activities per community to have maximum impact.
- Can be justified economically (i.e. inputs are not more costly than expected results).
- Are located near an A.I.D. project and complement it or assist persons in an area not served by A.I.D. but provide assistance in a priority activity to USAID.
- Show that activities can be sustained and maintained by beneficiaries beyond the funding period.
- Show that the NGO/PVO can manage the activity and maintain adequate financial records.

An appropriate weighting system for these criteria will be jointly developed by the UMU and the USAID project committee.

Minimum
Suggested Subproject Format

Name of Organization:

Address, Phone, Telex:

Name of person responsible for project and NGO:

Name of Project:

Location of project:

Objectives

Beneficiaries (disaggregated by gender and approximate age groups)

Background on problem to be solved

Description of how project will work (who will be responsible, timing of activities)

Description of how progress will be monitored

Resources needed (funds, equipment, labor) including contribution by NGO and community

Length of project

Plan to continue activities after project completion

Experience of NGO in activity and in region where community is located

Results which can be expected during and at end of project (with approximate dates)

Registration status or legal status of organization

GUIDELINES FOR BENEFICIARY IMPACT STUDY

The following are suggested guidelines for baseline and comparison studies which will measure a subproject's impact on primary beneficiaries. It is understood that specific guidelines must be set up for each subproject, based on pre-project impact studies by local researchers in collaboration with the USAID project committee, the UMU and the participating NGO. These are indicative of the kinds of measures to be used in monitoring project p ogress and results.

A. Agriculture

To measure changes in levels of farmers' incomes, as a result of improved transport infrastructure or extension activities, baseline study and comparison studies are needed which record farmgate prices, production costs including but not limited to taxes, licenses, tools, labor costs and land rental (where applicable), non-agricultural income-generating activities (such as hunting, brewing local whiskey or gathering insects), level of competition (number of traders in the area, crops bought, system of payment), and prices for basic consumer goods (salt, soap, shoes, cloth, used clothing, fishing nets). For fish farmers, the price of inputs and the sale price of fish will be included. This information can be gathered in the agreggate for a village or villages by interviewing local authorities, market women, and farmers' groups.

To assess changes in well-being as a component of increased income, more detailed information is needed as this value is related also to distribution and use of income in a village or within the household. This type of information is harder to obtain, but estimates can be made by tracking the volume of purchases of consumer items such as bicycles, radios and metal roofing; number of corn or manioc mills; number of children in school; growth of markets and additional consumer items available; costs and items required for bridewealth; level of malnutrition (see below). For Bandundu, the Small Farmer Study carried out for 098/102 provides some good baseline data.

B. Health

Two important factors in determining the impact of a health project are improved access to medical facilities and quality of medical care.

Baseline and comparison studies will look at indicators such as:

- average distance to a clinic or hospital;

- length of waiting time to see a qualified person;
- grades of health personnel;
- availability of basic pharmaceuticals and diagnostic tools;
- number of beds and services available;
- official and "unofficial" costs for interventions.

Changes in the level of community health can be measured by examining clinic and hospital records as to number of cases of malnutrition or kwashiorkor, average birth weights, or incidence of prenatal health problems such as anemia.

C. Levels of Participation

The above measures of medical facilities and care are valid only if there is significant utilization of a clinic or hospital. The same is true for measuring the impact of projects to improve water sources. Levels of participation also indicate the degree to which a community is committed to sustaining a particular development effort. Clinic and hospital records can be examined to show changes in use of the facilities, but interviews with users or potential users are needed to explain patterns of utilization. For example, clinic personnel may say that women do not use the maternity ward because of superstition; the women themselves may reveal that there are high "unofficial" costs for such basic services as washing the baby after birth.

As subproject objectives are achieved mainly through the efforts of community groups, the growth and functioning of these groups must be evaluated over the length of the project. The frequency of meetings, the number of people attending, and the turnover rate of participation can be measured, but it is also important to look at how development efforts are perceived by a range of participators. Thus the researcher needs to interview not only development group members but group drop-outs, non-participators and "hidden members" (women) as well.

For construction activities, it is important to note if and how work is compensated and what kind of contribution the community is expected to make. AIDAI in Shaba, for example, did a study on recurrent costs for maintaining a water pump and estimated what percentage of monthly revenue a family's contribution would represent. If workers are not compensated for community work, by what mechanism are they encouraged or obliged to work? Are those who help to build a clinic the same individuals who make up the health committee? Are work groups founded on "natural groups" such as the parish, the clan, the entourage of a local authority, or on common interests such as fish farming, extension activities or literacy?

These are the types of questions which lead to an understanding of measured levels of participation, and can indicate the potential for sustainability of a given intervention.

D. Feasibility, Compatibility with Sociocultural Environment

The potential for achieving initial subproject goals and for long-term sustainability of the development effort can be assessed prior to implementation.

Feasibility studies can also help modify a subproject to adapt it to local conditions, which might affect success.

For example, AIDRZ's attempts to organize water committees to maintain water sources in Luulaba villages met with some resistance from traditional authorities and came up against the disorganization engendered by the Shaba invasions. Initial studies would have helped to show how to integrate traditional authorities into the project at the outset, and predicted that sustainability would require a great deal of organizational assistance.

The following are examples of the kind of data a researcher might collect to examine feasibility and compatibility:

- Division of labor by gender and age;
- Structure of local authority;
- Previous experience with development activities;
- Communications systems - access to information and to "the outside world;"
- Presence or absence and quality of schools;
- Significant events in village history (e.g rebellion, invasion, demonetization, building of a road);
- Principal sources of income and major expenses;
- Presence or absence of "natural groups" based on religion or clan affiliation, or around a local leader;
- Belief system which structures daily activities and personal relationships.

This type of information can be obtained in unstructured interviews and does not require elaborate questionnaires or household surveys. The study must be targeted to the objectives of the subproject, while leaving room for uncovering unknown variables which might affect the viability of the project.

ANNEX G

SOCIAL SOUNDNESS ANALYSIS

I. INTRODUCTION

> "Sustainability is a realistic prospect for many development activities in Zaire, however, it must be planned for in some depth from the project design stage and not merely stated as a laudable goal."
>
> - Final Evaluation, PVO Economic Support Project (097)

This project will assist NGOs to implement small community-based projects in Shaba and Bandundu regions focusing on the domains of agriculture, public health and transport infrastructure. The institutional analysis examines the management structure and organizational capacity of these NGOs as intermediary organizations in the project. This analysis concentrates on the target populations in each region and on the types of individuals and community groups which will be the ultimate beneficiaries of the project. Refer also to the Background section of the PP and the Economic Analysis for general information on the economic environment as it affects local institutions and community-based development in each sector.

NGOs have been a key element in Zaire's development strategy since the colonial era. Catholic and, later, Protestant missionaries played an essential role in the health and education sectors, running virtually all health facilities and schools in the Belgian Congo. Small holder agriculture, on the other hand, was organized ("encadre") by private traders, companies and plantations or, to a limited extent, the State. There were strict controls on rural-urban migration, production quotas, fixed prices and monopoly buying zones. Missions had their own fields and herds and were often self-sufficient. They trained rural workers in skills such as carpentry, masonry and general construction.

During the two decades after Independence, the rural areas of Bandundu and Shaba suffered repeated shocks. In 1964, the Mulelist Rebellion destroyed much of the colonial infrastructure and decimated the young male population. In 1972-73, nationalization measures produced a second collapse of the rural economy as expatriate-owned plantations and commercial enterprises were handed over to inexperienced nationals. Demonetization in 1980 wiped out many rural people's

savings. In Shaba, the Angolan civil war and invasions of 1977-78 devasted the Lualaba sub-region. The after-effects are still felt throughout the Region, notably in the cutoff of railway access to the coast through Angola.

This twenty year period saw the exodus of many missionary groups, several of which have since returned to Zaire and are attempting to rebuild their activities. Their overall objective is the eventual turnover of mission activities to Zairian hands. The missions continue to be the most important actors in the health and education fields, but many of them are now beginning to concentrate on rural development in general and agriculture in particular. These ventures must be seen in part as a response to the void created by the break-up of the old system of agricultural production and commercialization, a system dominated by plantations and monopsonies which provided services, road maintenance and access to manufactured goods in return for guaranteed sale of crops to their enterprises. This system is in transition now as a result of liberalization measures aimed at opening up agricultural trade to competition.

Thus the missions', and other NGOs'* activities, described in detail below, act as a buffer in this time of transition. They help rural communities to organize themselves in the face of changing economic circumstances which make new demands but bring new possibilities as well. Most of the NGOs are aware of the transitional nature of their activities and many are actively working toward creating or aiding self-sustaining and self-financing community groups for production and commercialization of crops, public health, water sources, or road maintenance. Traditional and GOZ authorities are integrated, to every extent possible, in these efforts.

USAID's activities in the two regions have also concentrated on agriculture, public health and transport infrastructure. A.I.D.'s emphasis has increasingly been on funding already established community-based groups working for self-sustainability. USAID-funded PPF and SANRU are good examples. PPF works with groups of fish farmers who help each other to learn fish farming and to sell their harvests. SANRU, working with local NGOs, requires villages to set up a health committee before a clinic can be built in the village. Area development projects in Bandundu and Shaba complement these efforts. The Central Shaba Project, for example, is setting up

*Other NGOs such as Oxfam, AIDRZ, ORT and World Vision have established themselves in Zaire. Active religious communities include Catholics, Kimbanguists and Protestants, grouped under the ECZ, such as Baptists, Mennonites, the Pentacostal Church, Seventh Day Adventists, and the United Methodist Church.

an extension and seed distribution program which works in cooperation with producers' cooperatives, community groups, including women's fund-raising groups, as well as individual "model farmers." The goal is to encourage individuals and groups to undertake their own development initiatives.

NGOs are crucially important in this stage of Zaire's development. To better understand how they work at the local level, the analysis will look at the rural populations of Bandundu and Shaba, their history, socioeconomic activities, and the role NGOs play in their communities. It will then focus on specific types of community groups likely to benefit from the project. Finally, it will evaluate social constraints to accomplishing project goals and means to overcome these constraints.

Information on NGOs and community groups was gathered on two field trips to Shaba and one to Bandundu, extensive documentation on the project 098/102 area in Bandundu collected by L. Pruitt and E. Reid among others, sociological information on Shaba from researchers at the University of Lubumbashi, and interviews with managers of NGO projects working in these Regions. Information about women's activities, the gender division of labor and development issues related to women are incorporated into the analysis to improve project targeting and opportunities for women.

II. BANDUNDU

Background studies carried out for Projects 028, 098 and 102, the infrastructure and area development projects funded by USAID in Bandundu, report that Bandundu is a region of wide ethnic/linguistic diversity. Thirty-six languages (or dialects) are said to be spoken in the Region. Most people are multilingual and use Kilenge ya letat (Kituba) as a trade language [illegible] Yaka and Lingala to the north of the river. Some people, however, do not speak any lingua franca [illegible] village specialization in [illegible] the vast majority of [illegible] "Kotos [illegible] study, differentiates [illegible] Native Bantu [illegible] farmers have access to land through lineage rights distributed by the "chef de terre," the guardian of ancestral lands. Farmers (fermiers), by contrast, are "outsiders" who have leased land from the lineage for farming or herding usually at a distance from the village. There is increasing conflict between these two groups as good land becomes scarce.

The lineages are matrilineal, with authority for a child vested in the mother's brother, but residence is virilocal. Thus, very schematically, at marriage a woman moves away from her own lineage but her children remain in her lineage though they grow up physically separated from other lineage members. A man is responsible for his sisters' children who might be in another village. This kinship system creates strains which can affect community efforts: a husband and wife have loyalties to different lineages, often different villages with concommitant demands on their time and finances. Children grow up in a lineage which is not their own. Since women are in-marrying they have no lineage solidarity among themselves, hence the importance of church-based groups for organizing women's activities. One fifth of households in Pruitt's study was headed by women. Pruitt emphasized as well the continued importance of traditional authority in village life. When asked who they would consult about farming problems, the village chief was the second overall choice after spouse, and the first choice for men.

Women are more involved in agriculture than men. They spend more time in the field, obtain fields at a younger age and cultivate them into old age. Men are becoming more involved in farming and herding, however, because one important source of men's income, hunting, has dried up. Men's other sources of income are palm wine tapping, palm nut cutting (now considered by many young men as too dangerous), fish farming, mat weaving and artisanal palm oil processing (illegal in some places due to alleged competition with Lever palm oil factories). There is very little salaried employment. Women's income is derived from selling in the market, pottery, weaving, and brewing whiskey. Pruitt and Jones-Burk report very low levels of household income and ownership of consumer items such as bicycles and radios. A rough calculation reveals that one would need all the revenue from 1 1/2 ha of corn - the average household's harvest - to pay for the cheapest sort of radio, not including batteries. The basic mode of production is slash and burn cultivation in both forest and savannah, with a fallow period of about four years or less, according to informants. The staple crop is manioc, eaten with a little corn in some areas. Manioc has also become an important cash crop in areas with easy access to urban centers. See the Economic Analysis for more detail on agricultural production and commercialization.

In 1978, construction of a paved road was completed from Kinshasa to Kikwit. This road has had the effect of making Kikwit an urban center of great importance in the Region and opening up the rural areas around Kikwit and along the road to more intense exploitation. At the same time, Plantations Lever

au Zaire (PLZ) and other plantations are decreasing their activities in the Region. According to a PLZ spokesman, the company prefers Equateur and Haut-Zaire regions because of better growing climate but the pullout will take several years. This means that in many areas secondary roads are not being maintained which were formerly in the domain of a large concession. NGOs and private companies have stepped in to fill the gap in some areas, in many cases with USAID assistance. In other areas, however, bridge building and road maintenance have not been organized. The Project Paper team went to visit a fish farmer just 20 km outside of Kikwit but were unable to drive directly to his farm as a bridge was broken which had formerly been maintained by PLZ.

Despite the many exigencies of village life, to be discussed in Section V, there seems to be a net inflow of people to the villages, according to Jones-Burk's study, and Kikwit too is growing rapidly. In 1970, Bandundu had 18 persons per km2; by 1982, that number had risen to 26 per km2. Consequently, there has been increased pressure on land as seen in decreased fallow times and resultant disputes over land rights. Technoserve estimates that 75% of all conflicts at the village level involve land disputes. The possibility of land shortage is usually not considered in Zaire because of the overall very low percentage of arable land under cultivation (3%) but, in fact, good land close to the village is not abundant and, with increased productivity, land will become more valuable. Pruitt warns us not to see village life as static and unchanging - "they live just as they have lived for centuries" - because there is little visible technological change. In fact, this is a period of profound transformation of rural areas, as discussed in the Introduction. For the first time, rural people have a chance to control their own development. In the past, restrictions on mobility, economic shocks and political upheaval left the rural cultivator few options. A major problem now is organization. Many constraints and difficulties still exist which can only be dealt with by viable community groups.

The NGOs and PPF in Bandundu provide these groups with support, technical assistance, knowledge and access to resources. The ECZ, for example, sponsors adult literacy classes in 31 centers (mainly for women) in the Region. Adult literacy was considered an impossible goal even when Pruitt wrote his report in 1984. As of April 1987, 1200 people had already achieved literacy. PPF now has 32 posts in Bandundu and is beginning to turn several of them over to indigenous management. Two thirds of the schools and four fifths of the rural health zones are run by PVOs.

The project will complement the work of Project 102, which also funds PVO activities in Bandundu. Unlike 102, the project will not be restricted to one part of Bandundu, and it will be able to fund health related activities. In return, it can draw on the data base compiled for 102 and 098 and on the expertise of those projects' personnel. 102 activities will also be directed towards strengthening small groups' endeavors in agricultural production and marketing. The design team obtained suggestions on community and NGO activities from 102 for use in the Institutional Analysis (Annex E).

III. SHABA

Shaba is a vast Region (496,877 km2, about the size of France) comprising over 30 ethnic groups with diverse land use patterns and economic activities. There are, however, a few ethnic groups which dominate the Region, notably the Baluba of West and Central Shaba, the Lunda of the Lualaba and the Bahemba to the North and East. The first two groups are ancient kingdoms with still powerful traditional authorities such as the Mwant Yaav (Lunda) and the Grand Chef Kabongo II (Baluba). The Bahemba, though numerous, do not have an overarching political entity. In North and East Shaba, cultivators live in association with pygmy groups which provide cheap farm labor. There are also many fishing villages along the Lualaba and on Lake Tanganyika. The presence of strong traditional authorities changes the development picture somewhat since they can be either powerful agents of change or guardians of custom and conservatism (see part IV for more detail on their role).

The kinship systems found in Shaba, whether patrilineal (the majority) or matrilineal, are based on virilocality, that is women live in the villages of their husbands. Women retain strong ties to their own lineages, however, and return often to visit or in the case of divorce. Professor Verhust's study of Kabongo-Dilunda in Central Shaba showed that in the 15+ age bracket there are 31% more women than men, including a high percentage of widows, divorced and abandoned women. Swahili is the lingua franca of the Region but there are many areas where the people can speak it, and where other languages have been used in primary school education (Kiluba, Kilunda). One observer that lack of information on local language use can hinder development efforts. One Peace Corps Volunteer trained in Swahili was sent to work in health education in Kabongo and found that most people only spoke Kiluba.

The Region is predominantly savannah and gallery forest, and cultivation is done by traditional slash and burn methods. Intercropping and mounding are usually practiced. Hunting and gathering (red ants, mushrooms) provide a revenue in some areas. Corn and manioc are the major crops cultivated, but manioc is eaten much more frequently than corn. Women say this is because corn is more difficult to pound and can more easily be sold to traders. Corn then is a cash crop for consumption in the mining centers. Malnutrition results from a diet too dependent on manioc. In one village in Kabongo zone, health workers estimated that 25% of the children were malnourished. Both men and women work in the fields. They may have separate fields, the men's tending to be for cash crops (corn) and the women's for subsistence (manioc).

The Region has a railroad system which provides an alternative to road transport but runs in a highly inefficient manner. Failure to dredge the Lualaba over the years has also inhibited the extensive river transport system from functioning. People have thus come to depend on road transport which is expensive and difficult to maintain. USAID has funded and continues to fund large scale road rebuilding projects in Shaba, notably in North Shaba (PNS area), Central Shaba (Projet 105 area), and to a limited extent in the Lualaba (Projet 115). USAID has been a presence in the Region for over 12 years, since the debut of PNS (Project North Shaba), an integrated rural development project. Project 105, the Central Shaba project, begun in 1986, funds agricultural extension, road building and the organization of a private sector seed distribution system with the aim of increasing production and hence farmers' revenues. To complement Project 105's activities two local NGOs have proposed water projects and Peace Corps is extending its fish culture program into Shaba. The Lualaba region, so heavily damaged by the Shaba Invasions of 1977-78, has benefitted from USAID-funded, NGO-supported activities in health, water sources and road building.

Important NGOs in the region include the Catholic Church, through its Diocesan Development Committees, the ECZ, with an especially dynamic branch belonging to the CPZ or Pentecostal Church, the United Methodist Church, AIDRI (a Zairian-based multinational of the religious order SSO "Fonds de Bien-Etre Indigene"), World Vision, the Anglican Church, and the Rotary Club. The President of the Shaba Regional Assembly pointed out that most development assistance in the past has gone to the "Hinterland Miniere," that is the Southern Shaba region around the important mining cities of Lubumbashi, Kolwezi and Likasi. Cooperation Belge and the World Bank, among others, have funded and are funding agriculture and health projects in this area.

It appears that the eastern part of Shaba, along Lake Tanganyika, has received the least attention from international donors. Gecamines, the mining parastatal, has shaped the Region's economy and patterns of development. Many people noted that the population in the mining hinterland are accustomed to receiving goods and assistance through Gecamines' development arm and other assistance programs. In other words, local entrepreneurship and initiative in these areas have been repressed.

Agricultural marketing has been dominated by a few Arab families in Central Shaba, and by Kasaians in Western Shaba. There still exists a great deal of barter between traders and farmers and between farmers and fishermen despite the fact that barter is officially prohibited. Liberalization of prices and agricultural campaigns has come slowly and unevenly. There are still restrictions in many areas on buyers, timing of buying campaigns and "minimum" prices. Farmers will often sell to the first buyer, at a low price, for fear of not being able to evacuate their crops. This fear, often incited by traders, keeps farmgate price low and frustrates cooperative action. Storage facilities are rudimentary or nonexistant. There are several viable cooperatives in Kabongo Zone, Central Shaba, created by the CPZ under the inspiration of one charismatic preacher. One of these cooperatives has a truck and a corn mill and has built a guest house. The cooperative members also built and equipped a clinic and hired a nurse to run it. It is interesting that the area where these cooperatives flourished has been isolated from the rest of Shaba since the 1964 Rebellion by the destruction of bridges across the Lomami river.* The CPZ Pastor's goal was to get his people to help themselves given that no outside assistance could reach them. Cooperative leaders complained that the only time zone officials ever visited was to prohibit traders from Kasai from buying their corn.

The lesson from Shaba for community development here is twofold: local initiative develops when the community must rely on its own resources, and is dampened when assistance is proferred within a paternalistic top-down framework. Shaba NGOs are becoming aware of this problem though there is still talk of "organizing the peasants" ["encadrer les paysans"] in the sense of providing them with inputs and requiring them to sell their output to one buyer.

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* Very recently, a new ferry has opened up this area but the vehicle ramp for the ferry is owned and controlled by a private trader.

IV. TARGET BENEFICIARIES

The organizational unit we will focus on in this analysis is the community group, given that the Institutional Analysis deals with the NGOs themselves. Individual farmers and health consumers will, of course, benefit through NGO efforts funded under the project but we were struck by the extent to which NGOs work with community groups in implementing their activities. For example, the ECZ's policy is now to set up community development groups in every parish which initiate their own projects and sends them to the Regional development office which in turn send them on to the National Headquarters if they require outside funding. W. Pruitt cautioned too that a village or community must be seen as an entity, not a collection of autonomous decision-makers.

One can make the argument that forming or working with community groups is so difficult that projects should target individuals to receive benefits. This has been one strategy, for example, of the Central Shaba Project (105) in working with "farmer leaders" to spread innovation in a community. This strategy is not without risks as individuals who advance too rapidly in a village may be subject to accusations and even retribution by jealous neighbors, but may be recommended when care is taken to work with community leadership. Often, individual farmers will end up forming a group anyway, as has been the case with fish farmers in the PPF program. Women, especially, tend to work in groups and should be approached as a group by any outsider to avoid suspicion and jealousy.

Women's Groups

Several types of community groups were observed in Shaba and Bandundu. One of the most basic community groups is a church-affiliated women's group cultivating a communal field to raise money for a specific goal: outfitting a maternity, buying a mill, or buying wholesale goods for church members. Often these groups are bypassed in development efforts because male leadership in village organizations is so much more visible. A far too common development model is to neglect these agricultural production groups and set up separate "foyers sociaux" for women which teach them to sew, knit and perform household chores. The drop-out rate in these "foyers sociaux" is very high because of women's time constraints and the skills women learn are often not income-generating because sewing materials are too expensive and local marketing potential too small. In addition, women are not receiving help in the domain within which they concentrate most of their efforts: agriculture. We noted that recognition of this fact is growing

among local NGOs and more attention is being made to incorporate women into agricultural extension programs. Lusekele Center in Bandundu, an agricultural training center run by American Baptist missionaries, for example, is incorporating women into its extension program. This project will fund development activities for women through the NGOs which are viable economically, not social in nature.

Health Committee

Another important group is the village health committee, set up to organize funding and maintenance of the village health center under the SANRU-Department of Public Health guidelines. The Project Paper team visited one health center at Lenge in Kabongo Zone, organized by Franciscan Sisters. The dispensary and maternity were immaculate and well-equipped by village standards. Many women were waiting with their babies for vaccination. The Sister in charge said that it was difficult to get women to come to the maternity ward, however, even though it was cheaper and safer than the traditional midwife. In terms of organizing the health committee, she mentioned that people of all denominations use the clinic but when it comes time to do work they claim that it is a "Catholic" clinic and only Catholics need to help out. On the other side, we heard complaints that in some centers (not Lenge) coreligionists get preferential treatment, and women have said that "official" prices might be low but unofficially they must pay more to get even the most basic services from personnel. These factors may account for reluctance to participate.

Water Committee

A different set of problems attack village water committees. These groups have been set up to maintain pumps and water sources put in by AIDRZ and SNHR (USAID-funded) in the Lualaba subregion of Shaba. The major problems here are resistance or lack of support by traditional authorities and finding a suitable person or organization to hold the money collected for spare parts. AIDRZ has found that providing the spare parts as soon as the money has been collected eases this problem. Traditional leaders may see the water commi'tee as undercutting their authority, thus the village chief is made the titular (if not actual) president of the committee. Despite the difficulties, AIDRZ sees these village committees as a force to mobilize development in other domains. The people of the Lualaba, they say, have been demoralized by the war and it takes time to build up local institutions. One half of the population of this subregion has refugee or returnee status.

Fish Farmers

The fish farmer groups affiliated with PPF and Peace Corps program are remarkable in that they are "natural" groups, formed by the farmers themselves in response to their needs to share information and learn new skills. Labor on the fish pond is carried out by each individual family, apart from initial construction of the pond, and revenues are not pooled but the groups help each other out in marketing the fish. In some areas they have developed an ingenious method for avoiding extended family pressure to give away fish. At harvest time, the group - excluding the pond owner - will sell the fish and later give the revenue to the owner. This model provides a good example of how projects can work with enterprising individuals and community groups at the same time.

Cooperatives

Producers' cooperatives in Zaire have experienced difficulties related in part to their colonial past. Cooperatives ("paysannats") were organized by the Belgians for farmers and were run essentially by the colonial administration. Very few Congolese were trained in management skills. In addition, the resources and infrastructure of these cooperatives were destroyed during the Rebellion. The colonial model, including the legal text, is still used in Zaire to set up cooperatives as non-profit organizations. Cooperatives, then, tend to be dominated by the village elite (those who are literate). Those who contribute their labor become quickly discouraged if they see little or no return after the harvest. Often, too, not enough provision is made to assure the marketing of increased production.

Nevertheless, as shown above in the discussion of Shaba Region, some cooperatives are viable and valuable entities. In Bandundu, groups of farmers, many of whom are also teachers, grow crops for sale to fund diamond and gold prospecting which in turn funds the rental of a truck to distribute merchandise in the villages. These cooperatives or pre-cooperatives will be, however, too small to benefit from this project unless an NGO chooses to work with several together to obtain funding. For example, Technoserve will be working with cooperatives in Bandundu.

Demands on Beneficiaries and Response to Demands

The project, working with NGOs, will require village groups to become more aware of their needs, be able to formulate these needs, find ways to overcome their organizational weaknesses (discussed below in part V), deal with external obstacles such

as excessive taxation and harassment by officials, and work towards self-sustainability. The response to these demands will be highly variable, predictable to a large degree on an area's past experience with development. In the Lualaba sub-region of Shaba, for example, it has been particularly difficult to organize groups due to the recent invasions and the passivity engendered by previous development efforts. There is only one cooperative in Sandoa Zone. In contrast, Kabongo Zone in Shaba, with its progressive Grand Chef and religious leaders active for many years, has 26 self-starting cooperatives. The long-term presence of an active NGO in an area can play a large role in response to development initiatives, as we witnessed at Lusekele Center in Bandundu. Innovations, such as rabbit raising, are spread rapidly throughout the community from the center.

Community response to sustained efforts on the part of NGOs has been good because, over time, NGOs adapt to changing conditions and needs of the rural population. In turn, the long-term presence of many local NGOs allows communities to adapt to new ideas. For example, the Catholic mission in Budi, Shaba, has successfully promoted cattle raising and, more recently, animal traction. Many Protestant missionaries are second-generation in Zaire, and many Catholic Sisters, Fathers and Brothers have spent decades in the country. They are now turning over their skills and knowledge to their Zairian colleagues. Providing financial management and access to outside resources remain the key functions of the expatriate missionaries.

USAID has funded small PVO projects such as building a health center with the Salvation Army, training women in batik with INADES, and providing management training for agricultural cooperatives with TECHNOSERVE. Much was learned in these efforts. USAID has learned that people don't always respond the way we would like them to or the way our models say they should respond. The final evaluation for Project 097 has an excellent discussion of lessons learned from that project. It examines the relative success of two subprojects and the difficulties which arose in a third subproject (Koda minihydro) due to failure to involve the community.

To repeat what was said in the Introduction, this is a critical period of change in rural Zaire. The response of many rural people to the current turmoil is, sadly, to wish to return to the colonial era model where everything was done for them in return for cheap labor. Others feel discouraged by internal and external pressures from trying any new ways. This "conservatism" becomes more deeply rooted when risks are taken and failure results. The margin of safety for the average villager in Zaire is very slim. Risk taking behavior has rarely been rewarded in the past.

Happily, there are individuals and groups which are able to respond to and even initiate development efforts, and the project will be able to determine the likelihood of success of these efforts in advance because USAID has accumulated a great deal of knowledge of what works and what doesn't work through previous NGO projects. PPF alone provides a decade of experience in providing technical assistance to community groups, gauging their response and redesigning efforts to better meet their needs.

Spread Effects

In addition to assistance to specific NGOs and community groups, the project's benefits will spread to neighboring communities as they observe successful efforts. Flying over Bandundu one sees the striking growth of fish farming in the Region. PPF personnel noted that many people do not participate directly in the project but have decided to try fish farming on their own. Project criteria which include the integration of women have the effect of increasing women's participation in the NGO and community group. Increased participation of women in agricultural and health projects, domains which already concern them greatly, helps these projects to succeed. The benefits of women's new knowledge and skills (such as soya preparation and nutrition education) are passed on directly to their children.

The most important spread effect is the institution building and training elements built into the subprojects to be funded under the project. These elements strengthen rural organizations in the face of economic and social changes which will shape their futures. If rural people don't begin to organize themselves, they will be organized again by outside interests. The project thus fits in with USAID's mission to aid the rural poor, and the Mission's directive to work through the private sector. For more information on benefits of specific types of projects, see pp. 17-19 of the Economic Analysis.

V. CONSTRAINTS

A. Structural Constraints

There are several issues which emerge from the structure of the project itself which affect local level participation. The most important is the need to keep project minimum dollar amounts to $100,000, with rare exceptions. This minimum amount prohibits smaller NGOs from participating if they cannot group their projects together for logistical reasons. Hence, the

project will probably be dealing with proven large scale NGOs such as the Catholic Church and AIDRZ. Special efforts will have to be made to include smaller groups such as the Pentacostal Church or the Salvation Army. Independent farmer cooperatives at present do not have the capacity to absorb that amount of money or the management capability to handle the finances. Nevertheless, many NGOs are set up to tap into grass roots development activities, for example, the ECZ's parish development committees at the village level.

A related issue is the limited number of NGOs who will be able to qualify under project guidelines. Successful NGOs may receive funds from other donors as well, and even from other USAID projects. They must be careful to avoid overload and having to deal with conflicting goals and expectations. USAID funding is considered management-intensive, relative to other funding sources, according to NGOs contacted.

Rural based private sector companies and government agencies may begin to feel neglected with so much attention paid to NGO activity. One entrepreneur in Bandundu expressed his belief that the private sector can deliver services to rural people more efficiently than NGOs and they have more incentive to do so. In his opinion, private companies could be given contracts for infrastructure work or even agricultural extension and be held accountable for performance in the same way as NGOs. They could also be required to work toward self-financing of activities. The PLZ spokesman reiterated the ability of locally based companies to carry out activities in health, agriculture and transport infrastructure which would raise the standard of living of the population in their areas.

Although NGOs usually maintain very good relations with GOZ officials at the highest levels, local conflicts do erupt. This has been most evident in the Health Zones where a Zairian doctor was named Chief Medical Officer of the Health Zone with control over a hospital or clinic traditionally run by missionaries. The Director of SANTE cautioned the design team to "work within the Health Zone framework," i.e. collaborate with the Zairian doctor running the Health Zone and not just the missionaries who might run the hospital or dispensary. Recognizing these tensions, NGOs have already come a long way in resolving these problems since the Health Zone system was established.

Large NGOs are still run by expatriates and thus are subject to GOZ policies governing expatriates. Recently, all expatriates had to get new visas, even missionaries born in Zaire. Very few expatriates are citizens of the country. The customs exoneration for PVOs has recently been revoked,

requiring them to pay customs duties on imports, a costly and time-consuming procedure, or apply for exonerations on a case by case basis. On the other hand, expatriate presence usually indicates a certain financial stability and accountability since they work on an international level. It cannot always be assumed, however, that an expatriate-run NGO will be well managed or that its goals will match A.I.D.'s goals.

B. Obstacles On The Community Level

1. Social Structure and Inequality

We have discussed or alluded to some of the organizational weaknesses found in community groups. Some obstacles result from tensions in the village social structure: divisions among clans, lineages, by religious affiliation or between husbands and wives. Other tensions which lead to obstacles in cooperation arise from economic inequality. Pruitt showed how on average 50% of the value (of goods) in a Bandundu village belong to 12% of the population, while 45% of the villagers possessed no consumer items like a watch, radio or bicycle. Village elites may use the unpaid labor of the less privileged. Husbands have the right to demand labor and services from their wives. Thus a community development project may benefit one segment of the community but increase the workload of another segment. Men may be reluctant to contribute time and money to a project seen to benefit women (such as constructing a water source). Poor villagers do not want to contribute toward building a health center which they fear will be too expensive for them to use.

2. Management Skills

Many community groups lack very basic management skills. Leadership finds it hard to articulate clear goals and means to obtain these goals. Since the colonial period, emphasis has been placed on training rural people for jobs such as carpentry, masonry, or road maintenance for men, and for domestic chores for women. Leadership these days comes both from teachers, nurses and other salaried and educated individuals who work in the village and from traditional authorities. Neither group usually has specific training in management and must work intensively with the NGO to develop these skills.

3. Time and Labor Constraints

Time is a major constraint, especially when dealing with projects which involve women's participation. If women are asked to add on more tasks to their day, compensatory measures

must be taken to free up their time. A common community development self-financing mechanism is the communal field, cultivated by women. Some villages have organized day care for women who work on the communal field. Part of the interest in communal grinding mills is labor related. In areas with low population densities, it is difficult to recruit labor for infrastructure maintenance, and people tend to be very reluctant to contribute their labor. Local authorities make many demands on the labor force which require them to take time away from productive activities.

4. Passivity

Many NGOs noted that "passivity" was a major obstacle in organizing community groups. In a 1988 study on Appropriate Technology and Development in Zaire, Professor Kalaba of the University of Lubumbashi refers to problems caused by the "assistance mentality." The village committee consistently turned to the expatriate advisor for solutions to their problems. "Local solutions", he says, "seem to be absent from their imagination." As a result many solar installations were not repaired because no one took the initiative to repair them, though the cost involved was minimal. Much of this "passivity" comes from negative experience with development efforts in the past, especially short-term efforts that made little attempt to build community management capabilities, or attempted to "organize" people for a project that required continued external input to be maintained. For example, USAID's Project North Shaba distributed hand mills to women's groups in the project area but since spare parts were not available the mills fell into disuse.

5. Belief System

Most rural people in Bandundu and Shaba are nominally Christian but retain traditional beliefs in ancestral control over land and the ability of certain individuals to harm or even kill others. Other beliefs and taboos shape villagers' response to certain suggestions made by outsiders. These beliefs often impede individual initiative since outward success causes jealousy if goods are not distributed. It is difficult, if not impossible, for the average villager to directly reject requests from family members for goods and services. Relatively well off people become weary of constant demands for assistance and many move to town. Credit unions in Bandundu, sponsored by NGOs, have been an important means of keeping assets away from this immediate pressure. Pruitt observed that there is a great deal of variation among Bandundu ethnic groups as to jealousy of one's neighbor and emphasis on entrepreneurial ability.

6. External Pressures

People do not like to display what they have because they will be subject to taxation and licensing, much of it unofficial. In Katanga town, Shaba, one researcher reported 45 different official local taxes including 30% tax on receipts for hotels and Z300 annual tax on canoe makers. For nonpayment of taxes, villagers are subject to fines and imprisonment. The survival margin is slim and maneuverability is still limited. It can take a long time to show people how a specific project can benefit them.

C. "Adverse Benefits"

Two possible negative consequences arise from the project as it is set up. The project does not strengthen the government's or the private commercial sector's capacity to provide services which are or eventually should be in their domain: road maintenance, health care, rural education and agricultural extension. In many cases, NGO projects compete with the government, "robbing" it of its best personnel. Scarcity of credit to the private sector for agricultural marketing is a major constraint to rural development and one which does not receive enough attention.

The other negative factor is the risk of raising the level of people's expectation in the benefits to be gained from individual projects. Because of the constraints and obstacles cited above, community development is a long-term proposition and benefits accrue slowly. Outside involvement stimulates certain expectations, many of which cannot be fulfilled. There is always, thus, disappointment. The landscape in rural Zaire is littered with failed or aborted projects.

This section highlighted, deliberately, the thorniest problems in NGO/Community Development Projects. Fortunately, there are potential solutions to these problems to be presented in the following section.

VI. OVERCOMING CONSTRAINTS

A. Communications Strategies

Project personnel, aware of the constraints and obstacles described above, can make concrete plans to address these problems and set realistic goals for success. It is critical to open and maintain lines of communications. There are several

layers of responsibility in the project and a great deal of information must flow in both directions (see Detailed Project Description for a discussion of these layers of communication). Data need to be collected for selecting, monitoring and evaluating the subprojects. The project will also be able to disseminate information to NGOs and community groups on how different development approaches are working, services available, important events which may effect the rural economy, etc. The project should also encourage the dissemination of available literature published by NGOs such as "Agriprono" (INADES), "Bizila" (PPF), and CEPLANUT nutrition primers.

Rural radio is another possible channel of information on market prices, development activities, and formation of new groups. We encountered several people who had walked tens of kilometers to get access to new information or skills that they heard were available. Pruitt found that the most popular consumer item in Bandundu households was a radio. He also noted the dearth of written materials in the villages and that people were unable to retain reading skills when they had nothing to read. The Project Paper for 102 described several communications strategies used by missions, such as catechists, satellite missions and "doyennettes." Communication between Catholic and Protestant missions can be difficult, however.

3. Training

A related strategy involves training NGO and community leaders in preparing project proposals. Preparing a proposal is in itself good experience because one must set project goals, budget expenses, think about means to attain goals, plan for self-financing, monitoring and self-sustainability. Local leaders, such as the health committee president, women's activities president, and fish farmer leaders will be involved in training activities as well. PPF already has an excellent networking and training system. Experienced fish farmers have [illegible] to train beginners, even on their own initiative. [illegible] Centre [illegible] has as its main purpose training extension agents. So project proposals need to include a training program for local leaders and a scheme for dissemination of information in local languages.

4. Selecting Projects

The project aims to assure the selection of subprojects which will produce quantifiable results in a reasonable timeframe. Local researchers will be employed to assess a proposed project's viability and appropriateness, and to help set reasonable criteria for success and benchmarks to measure success. A good understanding of the milieu within which the

subprojects will operate avoids setting up unrealistic criteria for success. For example, AIDRZ has encountered many difficulties in organizing local water committees in the Lualaba because there have been few local institutions supportive of community development efforts. AIDRZ, then, had to start at a very low level of understanding and capacity to organize. They are learning techniques now to help communities form and maintain their water committees. Thus, they are performing an essential development function but the need to address these issues may slow down the installation of self-sustaining pumps in the project area. If they did not aid these groups, however, it is very likely that pump maintenance would not be self-sustaining. Criteria for success of a subproject, therefore, must include the quality and effectiveness of its communications and training component. Based on our experience with PPF and other projects carried out by NGOs such as Lusekele and AIDRZ, we can estimate how long it takes and what factors are necessary to achieve self-sustainability.

D. Natural Groups

In addition, the project will be working with NGOs which have already demonstrated ability to work in rural Zaire. As much as possible, NGOs will avoid organizing community groups themselves and work with groups which are already functioning. PPF, for example, did not organize fish farmers' groups. The farmers themselves did this in response to their own needs. This avoids many of the problems discussed in section V, notably "passivity" and divisions in the community. In order to function, the community group must itself address these issues. People drop out and new people enter the group but there is a reservoir of knowledge and experience to draw upon. Local parishes often provide the base for community development groups as they form groups to build the church, fund a clinic, or help out members in need. A work group may form around a village leader. We found a fledgling cooperative in Katuapi, Shaba, formed around a retired Commissaire de Zone. He was able to mobilize his group to clear and plant 10 ha of maize, beans and rice. His wife presided over the women's cooperative which had planted 4 ha of manioc and beans. Now assisted by the Project 645 extension agent, this group is learning management skills and new production techniques.

E. Avoiding Overload

When we encounter a project, NGO, community group or local leader who is doing a very good job, our tendency is to want to support this organization or person to insure that our project is a success. Sometimes, however, this organization or

individual cannot handle any more work. The village fish farmer leader cannot also be the president of the health committee and the water committee. An NGO with defined goals and limited personnel cannot expand its activities to include entirely new spheres of activity - even if it wishes to do so. Not overloading people or organizations avoids ultimate collapse of the endeavour due to fatigue and overcentralization of power. DPP in Idiofa, Bandundu, for example, has apparently reached a saturation point in absorbing external assistance. And John Gadway (1988) reasoned, in his report on Bandundu credit unions, that direct outside financial assistance could destroy these fragile institutions.

In Zaire, people like to work with individuals and organizations which are "sure." Thus the villagers in Professor Kalaba's study always turned to the outside advisor for help because they felt safe with him. NGOs must be encouraged to develop local resources and test out methods of transferring authority and resources while supporting a range of community leadership incentives.

F. Conclusion: Measuring Success

We saw in Section IV that some constraints arise from the structure of the project and some from deeply embedded socioeconomic structures. There are, thus, limits to what the project can do. It is expected that subprojects will accomplish certain concrete goals: e.g., refurbishing a hospital, installing water pumps in a given number of sites, building a road or repairing a bridge. The long-term impact of the project, however, will be determined by the way in which the NGO works with community groups to develop their capacity to maintain the infrastructure and pass along the skills used in building it. The SANRU model is a good one to follow. It provides for recycling of health personnel, community involvement at the outset, eventual self-financing of clinics and use of instructive materials. In every SANRU clinic or hospital we saw bright posters illustrating important health messages.

Just as local competents will be involved in studying potential subprojects prior to funding, they will also monitor and evaluate projects. It is necessary for evaluators to talk to beneficiaries as well as project leaders. We toured a well-equipped and seemingly well run maternity ward in the Sandoa hospital but found out from local women that high "unofficial" charges and tasks required of women patients turned many women away from the hospital and toward more dangerous homebirths. Evaluation of subprojects will be based on initial goals formulated by the NGO with the help of local

researchers, goals which can realistically be accomplished and accurately reflect the development task and the socioeconomic environment. Evaluations should include mention of community growth, shown, for example, through participation levels in activities and not just successful construction efforts. (See Guidelines for Beneficiary Impact Study in Annex F.)

To reiterate the major theme of this analysis, there is a "window of opportunity" now to work for self-sustained development in rural Zaire. NGOs provide a critical component needed to get the momentum necessary for qualitative change. This project can be an important facilitator for keeping the momentum headed in the right direction.

ANNEX H

MANAGEMENT ANALYSIS

I. Introduction

The SPSP is intended to improve the efficiency and effectiveness of USAID/Zaire's small project involvement by using an intermediary organization, the UMU to provide significant support to rural-based PVO/NGO organizations in the areas of agriculture, public health, and transport infrastructure development. The UMU will be responsible for informing interested groups of project criteria and application procedures for subgrants, evaluating proposals submitted for funding, approving project subgrants, disbursing subgrants, and monitoring the subgrants to ensure that they are being used as intended in the original subgrant proposal. The UMU will be expected to accurately monitor and report on all financial transactions in a fashion that is acceptable to U.S. Government and A.I.D. regulations. It will also provide technical assistance to subgrantees in the areas of project design, implementation, and management. The management analysis will explain the structure of the UMU, its relationship to USAID/Kinshasa and the GOZ, and will conclude with position descriptions for the principal employees of the UMU.

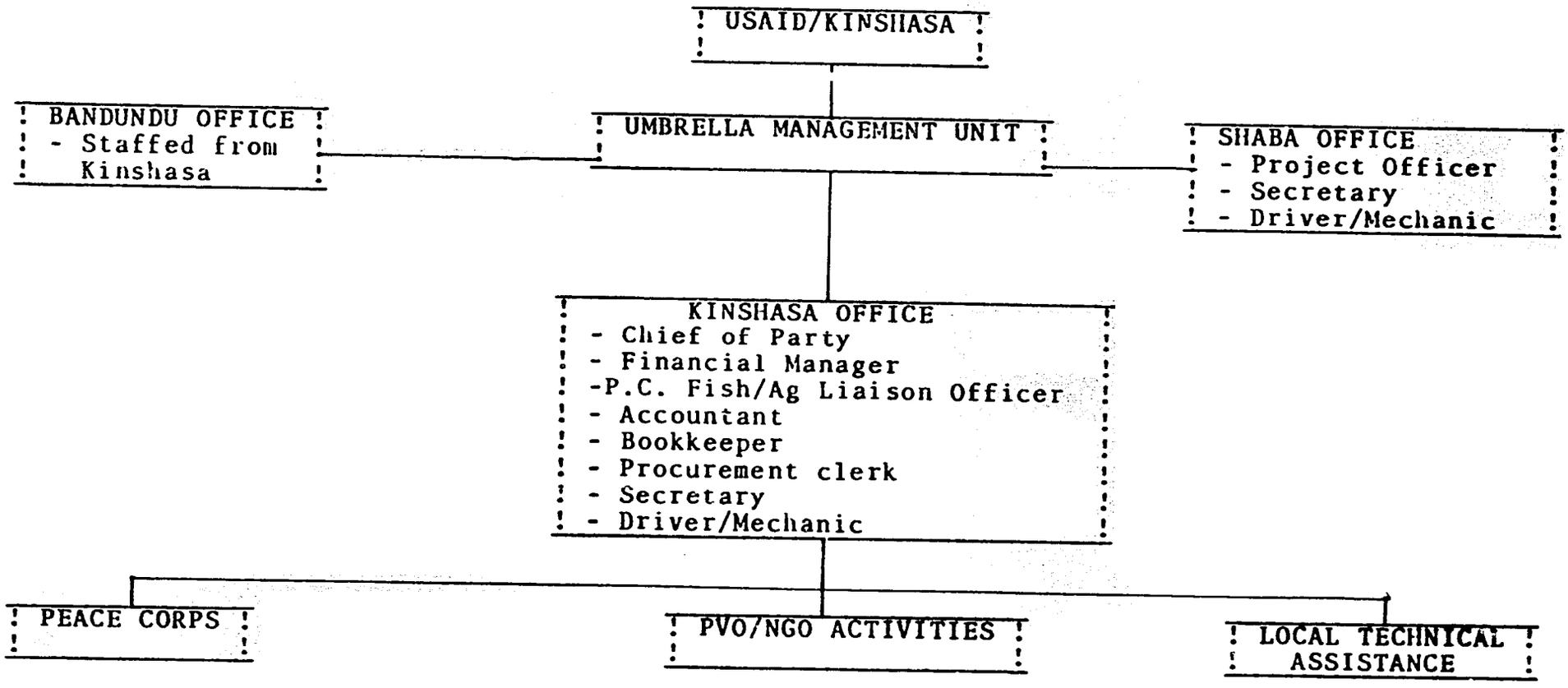
II. Umbrella Management Unit

The organizational diagram in H-2 exhibits the relationship of the UMU to USAID and potential subgrantee groups. This project is designed so that the major burden of management and implementation will fall on the UMU. It will be run by a registered U.S. PVO that has been selected competitively. The UMU will be based in Kinshasa, with a permanent office in Lubumbashi to provide full-time representation in the Shaba Region. All activities in Bandundu, at least for the initial years of the project, will be managed by the Kinshasa office because of the proximity to Kinshasa and anticipated level of project activity in Bandundu. The UMU will report to USAID/Kinshasa through the PVO Liaison Officer, who will be part of USAID's General Development Office in Kinshasa.

The major tasks to be performed by the UMU include: selection and recommendation to USAID/Kinshasa of subprojects; grant-making to PVO groups; providing technical assistance for NGOs/PVOs in the areas of program development and financial management; obtaining approval for, executing, implementing, monitoring, and evaluating subproject agreements; overall project coordination; and supervising project procurement. In addition, the UMU will keep complete project management and financial accountability records and make timely reports to USAID/Kinshasa on the UMU and subproject progress.

FIGURE H-1

SMALL PROJECT SUPPORT PROJECT MANAGEMENT STRUCTURE



The UMU Chief of Party will have overall management responsibility for all UMU activities. S/he will supervise all UMU staff, coordinate training and workshop activities, assist PVOs in strategic planning, make final approval of all subgrant proposals before sending them to USAID/Kinshasa for funding approval, review all financial reports, and assist the UMU staff in identification, evaluation, and implementation of subprojects in Bandundu and Shaba Regions, when needed.

The Financial Manager will establish and control all financial reporting systems to track UMU and subproject costs. S/he will evaluate the financial capability of each PVO group that has submitted a proposal and report to the Chief of Party and USAID/Kinshasa on subproject feasibility; monitor all subgrant disbursements, expenditures, and reporting by subgrantees; head-up all commodity procurement efforts, providing technical assistance to subgrantees where necessary; coordinate all project financial reporting to USAID/Kinshasa.

The Peace Corps Fishculture and Agriculture Liaison Officer will advise the Director of Projet Pisciculture Familiale (PPF) on all technical, managerial, training, policy, and operational matters relating to their grant with the UMU. S/he will relay all requests for training and other technical assistance for PPF staff to the UMU; monitor and submit PPF quarterly financial reports to the Financial Manager; and identify and evaluate potential PVO/NGO grant recipients in agriculture and fishculture and other activities in Bandundu and Shaba regions.

The Shaba Regional Project Officer will be a local national who will be the UMU liaison officer in the Shaba region. S/he will receive inquiries from interested NGOs/PVOs, evaluate the proposed project feasibility and help the NGO/PVO put their proposal in the correct format, make recommendations to the UMU/Kinshasa office as to the acceptability of a given proposal, and monitor subgrantee organization progress once funding is obtained. The Regional Project Officer will act as the eyes and ears of the UMU in Shaba, troubleshooting problems and providing assistance, either through training or direct oversight, to subgrantee organizations.

In addition, the UMU will be staffed by appropriate support personnel necessary to manage the offices and fulfill project objectives. These positions may include: an accountant, a bookkeeper, a logistics/procurement clerk, secretaries for the Kinshasa and Lubumbashi offices, driver/mechanics for the Kinshasa and Lubumbashi offices, and various custodial personnel. The UMU may wish to divide support positions differently once they are operational.

Short-term technical assistance will be provided from the UMU and locally-based organizations in the technical areas of agriculture, public health, transport infrastructure, financial management, strategic planning, administration, and project design and implementation.

C. USAID/Kinshasa

The SPSP is designed so that the major burden of project management falls on the UMU. However, the Mission has certain responsibilities for the project as well. These responsibilities will be carried out by a full-time Personal Services Contractor under the supervision of the Mission's General Development Officer. The PVO Liaison Officer will be the contact person in the Mission for any issues involving the UMU and its subprojects. He will serve on the Project Committee, assist the UMU with all procurement problems and customs exonerations, monitor and report to USAID on project implementation, and assist the UMU in potential subproject identification.

In addition to this direct project support, USAID/Kinshasa will play an advisory role towards the UMU. The Mission's Contract Assistant will advise on contracting matters, the Commodity Management Section will advise on procurement procedures, and the Controller's Office will offer advice on the financial controls and terms of proposed subgrants. The various technical offices (PDO, ARD, HPN) will also be available to advise the UMU and subgrantees in the areas of transport infrastructure, construction, and rehabilitation; agriculture and marketing; and health nutrition, water and sanitation.

Appropriate Mission staff will provide advice and assistance on implementation issues and on the administrative and support procedures the UMU will follow. They will also be responsible for semi-annual project implementation reviews and any external evaluations.

D. GOZ Department of Plan

The SPSP is consistent with and supportive of the GOZ's development strategy for rural Zaire and with its policy of decentralization. The two are closely related and express the government's recognition that the socio-economic development of the country depends on the technical skills and management abilities of local and private institutions, including PVO's. There will be no direct involvement by the Government of Zaire in the implementation of the SPSP. Through its Ministry of Plan, which will authorize the Project Agreement, the USAID PVO

Liaison Officer will provide regular reports on groups that have been assisted by the project. The GOZ will be invited to participate in periodic project evaluations. Any other information pertinent to the Ministry will be provided when needed through USAID.

POSITION: Chief of Party, Umbrella Management Unit

REPORTS TO: USAID/Kinshasa through Project Officer

FUNCTIONS:

- Overall supervision of all UMU activities.
- Reporting to USAID on project progress.
- Coordination of PVO/NGO sector activities and technical assistance.
- Approves all PVO/NGO subgrants and presents to USAID for concurrence.
- Responsibility for all accountability requirements in subprojects.
- Identifies short-term technical assistance needs of NGOs.
- Supervises administrative functions of UMU and ensures timely reporting to USAID.
- Identifies and evaluates potential PVO/NGO grant recipients in Bandundu region.
- Is liaison with national, regional and local authorities to keep them apprised of project activities.
- Is liaison with PVO grantees in Shaba and Bandundu Regions.

RESPONSIBLE FOR STAFF MEMBERS: All UMU Employees

EMPLOYED BY: UMU Contractor

POSITION: Financial Manager

REPORTS TO: UMU Chief of Party

FUNCTIONS:

- Establishes all grantee reporting and procedural requirements for UMU.
- Evaluates the financial capability of each subproject proposal and makes recommendations based on subproject financial criteria to Chief of Party and USAID regarding subproject feasibility.
- Monitors all grant disbursements, expenditures, and reporting by grantees.
- Responsible for commodity procurement for Peace Corps activities and the other subprojects.
- Monitors, evaluates, and coordinates subproject and UMU expenses and prepares quarterly reports to USAID.

RESPONSIBLE FOR STAFF MEMBERS: Accountant (Zairian) and UMU support staff (Zairian).

EMPLOYED BY: UMU Contractor

POSITION: Peace Corps Fishculture and Agriculture Liaison Officer

REPORTS TO: UMU, Chief of Party

FUNCTIONS:

- Advises Director of Projet Pisciculture Familial (PPF) on all technical, management, training, policy and operational matters.
- Coordinates between PPF, Peace Corps, and UMU on programmatic matters.
- In concert with the Associate Peace Corps Director/Fish, advises the Director of PPF on placement, support, and activities of Fish Peace Corps Volunteers.
- Reports to the UMU on PPF organizational objectives and implementation of staff training.
- Provides PPF quarterly reports to UMU Financial Manager.
- Assists Associate Peace Corps Director/Agriculture on potential integrated agriculture opportunities in Bandundu and Shaba regions.
- Identifies and evaluates potential PVO/NGO grant recipients in fish culture, agriculture, and other activity areas as applicable in Bandundu and Shaba regions.

RESPONSIBLE FOR STAFF MEMBERS: None

EMPLOYED BY: UMU Contractor

POSITION: UMU Shaba Representative (Zairian)

REPORTS TO: UMU Chief of Party

FUNCTIONS:

- Advises local PVO/NGO organizations on project objectives, criteria, and proposal requirements through periodic regional workshops and project site visits.
- Identifies and evaluates potential PVO/NGO grant recipients in Shaba region.
- Receives, Reviews and performs or supervises pre-project assessments of proposals for subgrants in Shaba region.
- Monitors grant disbursements, subproject implementation, and financial accountability of subgrant recipient organizations.
- Furnishes quarterly reports from subgrantees to UMU in Kinshasa.
- Coordinates UMU activities with Shaba USAID office as needed.
- Coordinates technical training for grantees where appropriate.

RESPONSIBLE FOR STAFF MEMBERS: Local Secretarial and Logistics Staff.

EMPLOYED BY: UMU Contractor

POSITION: Accountant (Zairian)

REPORTS TO: Financial Manager

FUNCTIONS:

- Keeps all project accounts for UMU.
- Reviews subgrantee monthly reports for accuracy, completeness and proper format.
- Works with USAID/Controller to assure that all project accountability standards are met.
- Works with NGO financial staffs when necessary.

RESPONSIBLE FOR STAFF MEMBERS: Bookkeeper

EMPLOYED BY: UMU Contractor

ANNEX I

ECONOMIC ANALYSIS

I. Introduction

The Small Project Support Project will fund local development efforts in the regions of Bandundu and Shaba through NGOs and PVOs. These efforts are to be in the domains of agriculture, marketing, health, and transport infrastructure. Proposals for subprojects to be funded will be prepared by NGOs or PVOs. An Umbrella Management Unit that will serve as the conduit for A.I.D. funds to these organizations will review NGO proposals, select from those that meet the selection criteria and have the best chances for success, and present them to USAID for its concurrence. Implementation of the approved and funded subprojects is to be handled by the proposing NGOs/PVOs, with monitoring of progress and particularly of financial administration by the UMU.

The goal of the project is a higher standard of living for the rural population of Bandundu and Shaba regions. This is to be achieved by increasing agricultural productivity and marketing, improving health status, and in general promoting socio-economic development.

This annex to the Project Paper presents certain background information about Zaire and the regions where the project will be active, focusing on the resources of these areas, the use of the resources, the macroeconomic context of project activities, and economic features and issues that appear to be particularly relevant to this project. The anticipated effects of the project are discussed, and an economic analysis is undertaken to evaluate the desirability of the project.

II. Resources and Economy of the Project Area

A. Resources

Zaire is a very large country by any standards, having a gross area of 2.35 million square kilometers - as large as the U.S. east of the Mississippi. Its size is perhaps better indicated by its maximum east-west and north-south dimensions of about 1900 and 2000 km respectively. The impact of sheer size on the project and its operations is suggested by the straight-line distance for air travel from Kinshasa to

Kikwit (Bandundu region) and Lubumbashi (Shaba region): 400 and 1500 km respectively. It is those regions, two of Zaire's nine administrative regions, in which Project 125 is to be implemented. Bandundu has an area of 295,658 Km2 while Shaba has 496,877 km2.

Except for a narrow strip of South Atlantic coast at the mouth of the Zaire River, Zaire is an inland country. It is bordered by these countries in clockwise sequence from the coast: Congo, Central African Republic, Sudan, Uganda, Rwanda, Burundi, Tanzania, Zambia and Angola. The country's landmass straddles the equator, with about two-thirds of the total area and both of the regions of the project in the southern hemisphere. The topography of Zaire is predominately level to gently rolling, but deep valleys abound in Bandundu and the terrain becomes mountainous in parts of the south and northeast.

The climate of Zaire is generally tropical, with several months of overcast but practically rainless weather in June-September south of the equator. The southern part of Shaba region is higher in elevation and therefore naturally cooler and less humid. The national average rainfall is about 107 centimeters per year, with more near the equator and less in the south. The seasonal rainfall pattern in Shaba gives only one crop season, but in much of the rest of Zaire there is an interruption of the rainy season that permits two crops a year. A wide variety of crops can be grown, although the varieties must be adapted to day length that varies but little during the year. There is no cold season, and no frost within the project area.

Texturally, most of Zaire's soils have a high proportion of clay, except in river valleys where more sand is found. Eons of soil development, influenced by climate and vegetation, have resulted in soils that tend to be acidic and leached, and thus low in plant nutrients. When cleared of native woods or savannah, the already-low organic matter content is further reduced, so that structure and permeability of the soil become more of a problem. The soils are also erosion-prone, especially so under the intense rainfall typical of the area. The muddy brown waters of the rivers are evidence of the continuing erosion.

While most of the soils of Shaba and Bandundu regions are of only modest fertility, their extent and relatively level topography combined with adequate rainfall and warm temperatures result in enormous productive potential. In contrast to some parts of the world where all of the land is already in use and the only hope for production increase is intensification and higher yields per unit area, Zaire has two-dimensional potential: production increases can come about

at either or both the intensive and extensive margins of land use, through increases in area tilled and/or higher yields per unit area.

The human resources of Zaire were inventoried by census in 1984. The 1987 population was estimated at between 32-34 million, with the annual rate of increase being 3.1 percent. Further analysis of population characteristics can be found in Annex G, Social Soundness Analysis.

2. Use of Resources

Zaire's economy is more diversified than that of many developing countries. Agriculture is the base of the economy, and 72 percent of the population derive their livelihood from cultivating the land. These farmers, usually working small plots by traditional methods, produce food crops that are consumed locally or, when possible, sold to traders or in the market. Some cotton is also produced by small farmers. Most of the export crops -- in the past coffee, oil palm products, rubber, cocoa, tea -- were produced by plantations, but the plantations are receding in some regions and small holder production is becoming more important, especially for coffee and palm oil.

Balanced against agricultural production are the extractive and industrial sectors. Copper, cobalt, petroleum and industrial diamonds are mined, as are smaller quantities of other metals. A significant amount of hydroelectric power has already been developed, and the potential exists for far more. The industrial sector includes manufacture of clothing, cement, paint, and soap, processing of food and sawn lumber; petroleum refining, and the assembly of trucks and appliances.

The 34 million inhabitants of Zaire give the country an average population density of about 13 persons per km2. Probably more revealing than the average are the extremes. Kinshasa has a density of 266; Bandundu has about the national average and Shaba about 6 persons per km2. These are all averages: portions of Kinshasa have far greater density, while vast areas of the interior are nearly or totally devoid of human inhabitants.

Most of the rural people are engaged in agriculture in one way or another, and there is a strong tendency of the people to continue such farming activities even if they live in towns. There is no question about agriculture being of paramount importance to the welfare of the rural population of Zaire.

Traditional agriculture is responsible for practically all food production and for more than three-fourths of agriculture's

contribution to the country's GNP. The modern agricultural sector, on the other hand, is largely restricted to commercial productions of industrial and export crops, and is made up of large-scale operating units. Modern agriculture, therefore, is outside the scope of the Small Project Support Project. Consequently, the balance of this report is concerned only with traditional agriculture in Zaire.

Only a small fraction of the available land is used for crops. One figure given is 3 percent, and while the precision of that figure depends on how "available land" is defined, the order of magnitude seems right; it amounts to a very small proportion. However, pressures on the land are beginning to be felt in some places.

Under the system of shifting cultivation practiced, the fallow land is a part of a long cycle of depletion of productivity by cropping and regeneration of productivity by brush fallow. Thus fallow land is, in a sense, crop land, albeit not being very intensively used. In some areas, population pressure is requiring longer periods of cropping and shorter periods of fallow, because there is not enough land (or there are too many people) to permit adhering to the old schedules. This tends to reduce the yields of the crops grown. The reduction may escape notice if farmers are simultaneously shifting to new varieties, better seed, and improved techniques that more than offset the adverse effect of greater intensity of land use.

The most important crops produced are manoic and maize. Other crops of varying local importance are beans, peanuts, rice, sorghum, millet, various vegetables, and cotton.

The techniques of production feature hand labor and an almost total lack of purchased inputs. Land is cleared by cutting of brush and small trees, and removal of branches of larger trees. The field is burned, the heat reducing insect and weed pests. The resulting ash contributes to the availability of plant nutrients and modestly lessens the acidity of the soil. Loosening of the soil, with the short-handled hoe being the principal tool, mixes the ash with the soil of the seedbed. Maize is planted after the rains begin; sometimes it is planted in lines but usually not. Weed control if done is by use of the hoe. Some of the varieties of maize in common use have fragile stalks which tend to break and fall over, and some farmers let the weeds grow so that they will help to support the weakened maize stalks, or at least prevent the stalks from falling to the ground. Harvest is by hand picking of the ripened ears of maize, but this operation may be delayed by farmers who have inadequate storage facilities for the maize crop, in which case

there is bound to be considerable loss of the crop to birds, insects and other pests. Maize may be planted two or more years in succession.

The next crop in the rotation schedule is usually peanuts. Maize stalks ands weeds are burned and the soil hoed to prepare it for seeding. Usually peanuts are raised only one year.

Manioc is the final crop in the standard cropping sequence. Cuttings of manioc stalks or branches are partially buried in mounds of earth that are spaced about a meter apart. Some weeding is done by hoe. The traditional varieties of manioc take more than one year to reach maturity and maximum yield but manioc leaves can be harvested earlier. After maturity, the tubers may be left unharvested in the soil for several months before they are dug up for use.

The land is normally abandoned at this stage, and permitted to revegetate naturally. Coverage by weeds is prompt; tree growth is slower, and real forest cover is almost never re-established before the field is again needed for cropping. Meanwhile, the vegetation is burned periodically as an aid to hunting of wild game. Establishment and growth of vegetation and the regeneration of the soil are impeded by these brush fires.

Farmers have demonstrated their willingness to use innovations that will benefit them. However, real extension programs to teach them the new methods are uncommon to non-existent. New technology consisting primarily of better varieties of common crops and improvements in cultural practices such as time of planting, spacing and density of plants, etc. has been tested both in research plots and on farmers' fields, and is known to have the potential for increasing farmers' yields. This technology is little used, because it has not been "extended" to the farmers. The relative absence of needed extension program is another manifestation of the government's inability to provide services. What extension programs exist are provided by NGOs and externally funded projects such as USAID's Central Shaba Agricultural Development Project (660-0103).

C. Economic Conditions and Level of Development

Zaire's traumatic history of colonization, achievement of independence, rebellion, invasion and internal strife are bypassed in this section in favor of presenting an overview of economic development in the last decade and a summary of the current situation.

Zaire came into the recent period of relative peace and stability after 1978, saddled with a number of problems: severe deterioration of productive capacity, underutilization of the capacity that does exist, high and continuing inflation, declining per capita income, and -- largely the result of the foregoing -- weak internal and external investor confidence.

A stabilization program with IMF funds was implemented in 1980. Recovery was to be forged from five elements, agreed upon with three major donors: rescheduling of external debt, systematic institutional reform, improved economic and financial performance, a public investment program (PIP), and better focused external aid. New agreements with IMF and donors have been worked out periodically, accompanied by further rescheduling of debt. Reforms have included retrocession of nationalized enterprises to private owners, liberalization of exchange and interest rates and some prices, a program of progressive reduction of effective rates of tariff protection, and virtual elimination of agricultural marketing parastatals.

The efforts at stabilization and reform have shown mixed results. The reform measures have been hampered by tardy and incomplete implementation, lack of follow-through, and poor financial and overall management. Tax collection is weak, so government revenues are inadequate. Growth in the money supply at annual rates ranging from 10 to nearly 100 percent (Figure 1) has contributed to severe devaluation of the Zaire (Table 1). Inflation of 100 percent per year has been commonplace and is likely to continue. Corruption in government is still an issue. Plantation production has been declining for a decade, and production of raw cotton, palm oil and rubber are at less than half of earlier levels. The GNP has shown moderate growth since 1983, but per capita GNP is still among the lowest in the world.

The current (1988) situation includes a forecast of further decline in export revenues despite favorable copper prices, difficult availability of foreign exchange, a budgetary deficit due principally to weak tax collection, and continuing inflation.

While there is no doubt that Zaire is properly categorized as a developing country -- an "LDC" -- it is instructive to compare Zaire's level of development with those of other countries. For such comparisons, the agricultural development indicators of FAO (Food and Agriculture Organization of the United Nations) are useful. Only a few of the available indicators are presented here.

In Zaire, 41 percent of the population is economically active. This compares favorably with the median for all

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underdeveloped countries of 36 percent. The proportion of the population obtaining their livelihood from agriculture is 72 percent.

Child mortality (deaths of children aged 1-4) is 21 per 1000 in Zaire, but the 5 year cohort mortality figure (0-4 age range) is 171 per 1000, pointing up the high incidence of infant death. This is considered by many to be the best single measure of nutritional level in a country. Neighboring countries are roughly comparable in this respect; few are much better and some are much worse (Gambia 46, Burkina Faso 50).

Zaire's Gross National Product per capita is only US$140 per year (in 1984). Thus, despite its potential wealth, Zaire is one of the world's poorest countries.

Yields of cereal crops in Zaire are reported to average 700 kg/ha (in 1982-84), compared to 800 the median yield for African countries.

Of Zaire's economic land (cropped land plus meadows, pastures, forest and woodlands), only 3 percent is in crops, compared to the median of 16 percent for African countries. Obviously, there is great potential in Zaire for future intensification and development of the land wealth.

In summary of the development indicators, it can only be said that Zaire has a long way to go. The country is young, and the potential is there for Zaire to improve its development and to improve the lot of its people.

It is not unreasonable, however, to ask whether development is possible, given the current situation in Zaire. Take, for example, the country's needs for a better transportation network, development of human resources, more productive agriculture, etc. Zaire's development taken as a whole, seems an overwhelming and well-nigh impossible task. But on a piecemeal basis, it can be done; taken in small mouthfuls, it can be and is being chewed.

Repair of one stretch of road, construction of a few bridges, education of a few children, training of one group of farmers: projects of this restricted scope are do-able, take relatively little time, are less complicated on the local level to manage, and show results rather promptly. Approached in this way, development is possible. It is in this way, and with projects such as these, that development is being carried out by NGOs and PVOs and other small entities in Zaire. Support of these targeted local development activities is the raison d'etre of the SPSP.

III. Economic Characteristics of the Project Area

Almost any characteristic of the project area could, under certain conditions and with the proper assumptions, take on vital importance to some aspect of the project. The focus in this section is to avoid comprehensive detail in favor of presenting and discussing some of the characteristics that have fairly obvious implications for the project.

A. Monetization of the Economy

Use of money as a medium of exchange and a standard of value is supposed to characterize developed countries. By that criterion, Zaire is well developed, for the economy is certainly monetized, even in remote areas.

Barter is officially discouraged in order to promote market sales which can be regulated and taxed but it is, nevertheless, widespread. Zairians even in remote places are familiar with and comfortable in use of money, although they may have little of it. School fees and taxes must be paid in money, and these and other monetary needs and desires lead sometimes to social problems. For example, malnutrition in food-surplus areas has resulted when farmers sold their stocks of food to get money for other needs. A strong orientation toward cash crops exists; even food crops are evaluated by their cash value.

The implications of monetization for the project lie in the sensitivity of producers to prices and their responsiveness to better prices. They want guaranteed outlets and higher prices for their crops. They will respond to those higher prices by increasing their production and sales.

B. Tenure and Other Constraints on Land Use and Crop Production

Land in Zaire is considered to be a sacred trust passed on by the ancestors to a collective unit such as a clan. Ownership thus is vested in groups rather than in individuals. Usufruct - the right to use the land and/or to benefit or profit from such use - may be vested in individuals by the chef de terre, or it may be granted by government officials to individuals, companies, missions and the like by concessions or long-term (99 year) leases.

It is commonly accepted that the ancestors of a clan control the success or failure of any undertaking on the land of that clan. If the ancestors do not approve, crops will not grow well, cattle will sicken or die, or misfortune may befall

the landholder. This belief has the effect of obligating the current user of the land to use only ancestor-approved technology, as interpreted by the traditional authorities, under pain of failure and loss. This does not mean that extension programs are doomed to failure or that introduction of new technology cannot succeed. Clan ownership and individual usufruct do not rule out changes, innovations or new techniques in the production of crops, nor do they require that all members of a community use the same techniques. Therefore, the traditional tenure system and the system of beliefs of which it is a part need not be changed in order to help people to help themselves through use of better information and improved agricultural inputs.

The basic pattern of shifting agriculture or "slash and burn" farming places limits on both cropping and total crop production. As discussed above in Section II. B., land is cleared of savannah or forest vegetation and cropped for several years. When productivity declines because of reduced "fertility" (really the availability of nutrient elements), the field is retired from cultivation and permitted to regain its fertility through fallow or resting, during which time it revegetates. Where population pressures force a lengthening of the period of cropping or a shortening of the fallow period or both, the productivity in subsequent cycles of use is reduced.

Such a reduction in productivity is not inescapable: Any or a combination of the practices of addition of nutrient elements in the form of chemical fertilizers or animal manures, chemical modification of the soil's acidity, enrichment of the soil with organic matter, and use of nitrogen-fixing plants in the rotation can offset or reverse the decline in productivity. The first two practices are not used in the project area because of high cost or non-availability of the inputs, but the last one, particularly, has some potential. It is being tested by the Central Shaba Agricultural Development Project (USAID project 660-0105); if it proves feasible, it should become a feature of agricultural projects over a wide area.

A consequence of shifting agriculture is that the cropping must shift to new fields every few years. If the period of cropping lasts for, say, 5 years and the fallow period for 15 years, only 25 percent of the land is used for crops at any given time. Farmers in the project area are currently enlarging their fields and tilling more fields; these fields, like the old ones, are subject to use only a fraction of time. To obtain access to additional land, areas must be used that are farther away from the village. This results in more and more walking to and from those fields, so that the labor requirement per hectare is greater for new fields than for the old ones. Since

the time and labor requirements for traditional agriculture already place severe limitations on the area of land that can be cropped by a given labor supply, the potential for expansion of cropped area may depend on expansion of the labor supply or else on use of production packages that are less demanding of labor.

A production practice with good potential for reducing labor requirements is the use of animal traction. While plowing the land preparatory to planting is commonly thought to be the only operation suited to animal power, simple modification can adapt the drawn implement (plow) for tillage between the rows of maize, greatly reducing the labor required for weed control. Therefore, animal traction can be recommended as a component of almost any program aimed at increasing maize area and yield.

Another constraint on labor and thus on agriculture results from the numbers and the health of the local population. This applies particularly to women, who perform most of the agricultural labor, and to children, whose sickness may preclude their mothers' availability for farm labor. Taken together, high birth rates, childhood diseases and mortality, and lack of adequate prenatal and birth clinics, take a high toll on women's productivity. In this respect, health and agricultural production may be mutually complementary: gains in either one may provide benefits in the other. This suggests that it would be quite appropriate for health and agricultural projects to be located with overlapping or even identical areas of influence.

C. Crop Processing and Storage

Manioc and maize both pose problems in connection with the storage and processing that is necessary after harvest and before consumption. These problems can be solved, and opportunities exist for projects to popularize the solutions in the project area.

(1) Maize is harvested by picking the ears from the standing stalks. These ears are well suited to air drying, but for handling in sacks, the grains must be removed (shelled) from the cobs. The usual ways of doing this are by rubbing the kernels off by hand, and by pounding the ears in an oversized mortar and pestle made from an old oil drum and a stick. Both methods are laborious and time consuming. Mechanical shellers that are hand cranked, foot-pedal powered, or motor-driven are known and desired but beyond the means of most producers.

(2) Manioc tubers contain poisons that must be dissolved out by retting (soaking in water). The water must then be removed; usually this is done by solar drying, which is difficult in the rainy season. The tubers must be peeled, either before or after retting. The labor requirements of this processing appear to be equal in magnitude to the work of field production, but concentrated in a much shorter period of time. Extracting part of the water by centrifuge or pressure is possible. A simple hand-operated machine to squeeze the roots between two rollers would significantly reduce the time required for drying.

(3) Both maize grain and manioc must be ground to produce flour, the commonly used form of both crops. Manioc can be pounded in a mortar and pestle; maize is so hard to grind by that method that it is more commonly mechanically ground -- at some cost, and at great inconvenience for the transport to and from the mill. Mills for grinding are greatly desired, especially in Shaba where maize is relatively more important in the local diet.

(4) Storage of maize is a problem at every stage. Both before harvest and when stored as ear corn it is subject to loss or damage by animals and insects; the grain in sacks is similarly vulnerable. Flour of either maize or manioc may become weevily or moldy in long storage. Losses from these sources are very large; losses of 50 percent for maize and 30 percent for manioc have been reported. Solution of the problem of storage losses would have the effect of greatly expanding stocks available for sale. It would also give farmers the option of holding their crop, maize particularly, for sale later in the season when prices are higher; some farmers already do that although at considerable risk. Better storage -- simple, safe, and low in cost -- is sorely needed and perhaps will be offered by an agricultural project.

D. Prices of Agricultural Products

A common problem in Africa and elsewhere is the pro-urban bias of governments in setting prices for agricultural products at a low level, to assure low-cost food to their urban constituencies. Controlling of prices, commonly handled by mandating sale of the commodities to parastatal marketing organizations, frequently has the effect of eliminating the incentive for farmers to produce. Parastatal marketing organizations have been common in Zaire since

colonial days; eleven such organizations were in operation until 1978. However, most of the parastatals were eliminated between 1978 and 1981.

A marketing season is established for each major crop by the government, which nominally requires the producer to hold the crop until the marketing season is officially opened. Buyers are supposed to obtain at each market a permit to purchase a fixed amount, but an increasing number of "commercants" buy direct from the producers, bypassing the established market and apparently also bypassing permits and the limits of the marketing season.

The major problems of marketing of agricultural produce cannot be bypassed or solved so easily. The capability of the transport and marketing system to meet the needs in one area from production in a distant area is limited by physical constraints: insufficient roads and bridges, poor road maintenance, limited availability of fuel, not enough trucks, too few river boats, only a few railroads and widely scattered loading points. Other constraints also exist: too few buyers; high cost of transport, exacerbated by "informal taxes" that must be paid at roadblocks; uncertainties about delivery resulting from the physical problems; deterioration and losses in transport; low prices paid to farmers.

Quantification of transport costs is provided by a study of market prospects for maize in Shaba, done in December 1987 by Ariza-Nino and Mueller. Actual costs of farm-to-railhead transport of maize by truck were found to total 40 Zaires per ton-kilometer, or 0.04Z per kilogram/km (Z 150 = $1.00). This included depreciation of the truck over four years; operating costs including taxes, tariffs and margin; time and costs of loading, travel, unloading and return; and allowance for estimated non-operating time. At the time of the study, Office des Routes used (internally) a figure of 18Z/t/km for larger trucks that travelled mainly on paved roads and were exempt from taxes and tariffs. Obviously, road condition is an important factor in the difference in costs.

At that time, Gecamines was paying 21 Z/kg for maize at Lubumbashi; that price had increased steadily from 8.4 Z/kg in July 1986. If maize delivered to Gecamines were subject to transport charges at the rate shown above, transport from nearby, say 10 km away, would cost only 2 percent of the gross receipts. However, Gecamines bought an average of 65,000 tons each year, and the required quantity of maize would not be available from farmers within that 10 km range. In fact, that quantity is about the same as the entire annual production of maize by the traditional agricultural sector of Shaba. The long

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distances that maize and other products must be transported and the high cost of transport inevitably result in low farm-gate prices.

Small and local improvements in the transport system are envisioned by subprojects already in the proposal stage: bridge repairs by CBZO near Vanga, boats for river transport at Lusekele. The benefits from such local efforts will spread well beyond the immediate vicinity.

Prices of crops change seasonally, as would be expected. The magnitude of the seasonal change is greater than would be the case if better storage facilities were available so as to reduce storage losses. (See an elaboration of storage problems in Section II. C. 4 of this Annex).

Inflation in Zaire has been rampant for years. Decline of the value of one's money at this rate inevitably has severe adverse effects on the development of the country because it impedes capital accumulation and productive investment. A USAID team* studying informal capital markets concurrently with the SPSP design reported that Zairians have adjusted as well as possible, minimizing the effect of inflation by saving things rather than currency, and by investing promptly in things whose value will appreciate to keep pace with inflation. However, these actions relate to self-preservation rather than development. They have adverse implications for subsequent access to credit, and they do nothing to redress the growing gap between prices received for farm produce and prices paid for practically everything else.

Inflation will be a problem for any project, but the small projects supported under SPSP will be shielded to some extent by their relatively prompt implementation, their diversity and their tendency to focus on local inputs for which inflation rates may be less than for imported commodities.

IV. Anticipated Effects of the Project

The Small Project Support Project will operate by funding development activities of NGOs whose projects will include agricultural, marketing, health and transport infrastructure interventions. The fish culture (PPF) project will also obtain funds through SPSP; this activity is discussed in Annex K. The

* The informal capital markets team was made up of Robert Flammang, Gordon Appleby and Jan Van Leeuwen.

SPSP therefore will not have direct contact with farmers or health clinics or commercants, so its impact on agricultural production, health and infrastructure will be indirect. It is not possible to quantify those indirect effects ex ante, because the small projects that will be supported have not yet been selected. Obviously, therefore, characteristics of those projects such as their size and scope, number of beneficiaries, impact on yields or production, effect on health practices, tonnage of agricultural produce transported, effective farm-to-gate prices, deaths prevented through vaccination, or even sector and scope cannot be specified at this time.

There will be, nevertheless, important benefits to the rural people in the regions of Shaba and Bandundu. One set of secondary benefits will result from the strengthening of the implementing agencies, the NGOs and PVOs. Their capability in financial management, for example, will be enhanced by the training and close monitoring provided by the management unit. As the NGOs become more competent administratively and more broadly experienced through their implementation of subprojects, their role will be broadened and their benefits to the community will be expanded and diversified.

Benefits will also accrue in the domains of agriculture production, marketing and health as a consequence of this project. The nature of the expected benefits and the rationale for expecting them to occur are presented in the following paragraphs.

A. Agricultural Production

Projects that have already been proposed for funding by USAID, or that have been prepared by NGOs or discussed with the design team in the field, are concerned with the following concepts and ideas: extension of new technology to farmers; provision of improved seeds, tools and other farming necessities; introduction of animal traction and provision of credit for purchase of bullocks and animal-drawn implements; modification of cropping sequences and faster revegetation of fallow lands; small scale manufacturing of hand tools, small mills and shellers, and animal drawn implements and carts; provision of maize shellers and flour mills, and provision of improved storage of agricultural products. Early submission of proposals built around these ideas can be expected.

The effects of such projects will include some combination of the following:

- Use of improved "production packages" by the farmers - better varieties, treated seed, more timely planting, proper plant populations, better weed control, insect and disease control, and timely harvest - will result in higher yields and better quality of produce.

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Wider ownership and use of draft bullocks will result in considerably expanded capacity for plowing and in reduction of labor requirements for crop production, leading to an increase in the area of crops produced.

With the use of bullock carts, the transport of farm produce over distances up to several kilometers will be far easier, expanding the range within which farmers can market their crops.

More rapid and more complete revegetation of fallow land, leading eventually to more complete regeneration of the soils and, in the long run, better yields of crops. In the meantime, interplanting of nitrogen-fixing plants will reduce erosion of soil and enhance yields of the interplanted crops. Interplanted trees will make significant contributions to village fuel supplies.

Better quality hand tools, available at more affordable prices, will result in easier performance of field tasks and some reduction in labor. Availability of maize shellers and of mills for grinding manioc and maize will reduce considerably the labor needed for those tasks, improving the level of living and freeing labor for other tasks.

Improved storage facilities and methods will reduce losses of grains in storage, encourage more timely harvest, contribute to the control of vermin and insects, and result in more and/or better quality of grains available for sale.

B. Agricultural Marketing

Projects with impact on marketing of farm products will be concerned with storage, concentration and transport of goods. Impact will be felt accordingly:

Improved methods or facilities for storage will make it possible for farmers to defer sale of their crops until later in the season (when prices are usually significantly higher), or until such time as suits the individual preference of the producer. In either case, the income of the farmer will be improved.

Cooperative action by producers will make it possible to avoid market gluts, thereby stabilizing prices. Action by groups of fish farmers who harvest and sell their fish in sequence has already demonstrated the benefits of such action.

- Concentration of agricultural products, getting more of the salable crops physically available at one time and place, will attract more buyers, who because of volume will be able to pare their costs of transport; both of these effects will mean higher farmgate prices and more income to farmers.

- Transport has been a major obstacle to evacuation of agricultural crops. Additions to the transport fleet of large trucks, small trucks and river boats, and improvements to roads and addition or repair of bridges, all of which are proposed by NGOs, will improve evacuation of agricultural products, will make it possible for commercants to get access to more produce and to move it at less cost. NGOs are motivated to undertake these actions by the expected benefits to the local communities. Their efforts will mesh with those of commercants who will be motivated by the personal gain or profit to be derived from it, and farmers will have better markets and at better prices than heretofore.

- Improved transport runs in both directions. The trucks and boats that haul out farm produce will also bring in consumer goods, household necessities and other merchandise, thereby stimulating local business and improving the level of living of rural folk.

C. Health

The design team's discussions with medical and paramedical personnel and NGOs in the health field revealed the need for a variety of projects. It is clear that proposals will be forthcoming requesting funding under SPSP for the following: establishing, rehabilitating and expanding of health clinics; miscellaneous support of and supplies for hospitals; village sanitation facilities such as improved water supply, drainage and latrines; programs of education and training in subjects such as nutrition and preventive health measures; pest eradication and insect control programs; and projects related to construction of improved houses. These projects will have impact on the rural people in the project areas as suggested and discussed below:

- Improved health clinics will be accessible to a larger proportion of the rural citizenry. They will conduct programs of vaccination against contagious diseases and will provide first aid and health care services. As a result, the clientele will enjoy greater health and reduced mortality at all ages.

- Better supported hospitals will be able to provide timely medical care to more patients, reducing mortality, morbidity and loss of productive time of the local citizenry. The hospitals' outpatient services and programs of education will have the result of reducing malnutrition, contagion and the incidence of diseases, thereby improving the quality of life.

- Provision of safe water supplies, eradication of pests and elimination of breeding grounds of diseases in the villages will reduce water-borne and insect-transmitted diseases, contributing to longer life expectancy.

- Availability of better quality roofing materials and instruction/assistance with construction of better houses will result more secure residences. Availability of better living facilities in rural areas, combined with better services, increased food supplies, more readily available consumer goods and local health programs will help to anchor the population, many of whom probably would otherwise like to migrate to the larger cities.

D. Analysis of Benefits

Many if not most of these effects of the sub-projects to be funded under SPSP are capable of being measured and valued; quantification of such benefits can be achieved. But in this case and at this stage, without knowledge about the size, location, domain, modus operandi, number of beneficiaries, and other details of the projects, neither measurement nor estimation of the benefits is possible.

In order to determine or evaluate the desirability of subprojects under the SPSP, indicators such as those listed below can be used as measures.

Surveys to obtain data on a before/after basis or without project/with project basis would provide the most accurate data. However, formal surveys are likely to be too costly or difficult for the size of project concerned. Informal surveys and estimates, carefully done by knowledgeable persons, can provide very worthwhile indications of subproject success or failure. Investigations of this nature will be carried out by the UMU as a part of its review of proposals. (See Annex F, Guidelines for Beneficiary Impact Study.)

Agricultural production projects should address the area of each crop concerned in the zone of influence of the project yields obtained, and total production of the crop. Indications of quality of produce should be sought if relevant. Data for a

villages using the new methods or inputs can be compared to other similar villages not affected by the project. Where new or different tools are used to perform a task, a "quick fix" on the satisfaction of a few users may assist efforts to popularize the tools; eventually measurements or at least estimates of the amount of time saved would be desirable.

Introduction of animal traction requires substantial changes in the farmers' lifestyle, since the animals must be fed and cared for every day. Some kind of record of the labor and costs of such care, as well as the use of the animals and estimation of the time and costs saved by their use, whether in the field or as short-haul transport with a bullockcart, will probably be necessary to persuade others of the desirability of this innovation as well as to document the success of the project.

Agronomic modifications - different crops or combinations of crops - can be evaluated by the immediate satisfaction of the farmer, although changes in rotations can be fairly evaluated only with cost-return observations during an entire cycle. Per-hectare yields are a crucial element in such evaluations. While control of erosion is important in the long run, it is difficult to measure and, as long as there is plenty of land, not highly valued. However, many erosion control practices are closely linked with agronomic or water-control measures that have yield improving effects. Here, too, yields should be determined.

The benefits of shellers and grinders (flour mills) can be evaluated by measuring the labor input for shelling or grinding a sample by mortar-and-pestle and by the mechanized alternative. The savings in time may not be worth much on the job market, but the value of that free time for other family duties and of freedom from distasteful work may far be greater than the cost of using the machine.

The value of proper storage is best indicated by quantifying the losses avoided. The value of a sack of good flour compared to the same quantity of moldy flour may be determined by selling one of each (or trying to). The tendency is to lose sight of the value of proper storage unless one does without it occasionally. If storage permits deferred sale of a crop, the sale value of the stored crop at different sale dates is likely to be very convincing evidence of the value of storage facilities.

Agricultural marketing projects can best be evaluated by comparing net prices in two or more alternatives: the price received for the commodity at each market or sale opportunity, less whatever costs were incurred in accomplishing that sale. This general procedure applies whether one considers sales to alternative buyers, or transport to a distant market compared to a local market, or even sale of an unprocessed commodity compared to the processed commodity derived from it (manioc cossettes cf. manioc flour, for example).

Health projects usually establish goals in terms of numbers of patients treated or vaccinations given, or in terms of mortality rates for certain age groups or from certain causes, time lost as a result of sickness, etc. The cost of the program per death averted or per day gained is an appropriate evaluation tool, given the difficulty of placing a value on the lives saved or the days gained. Projects which upgrade the supply of potable water can be evaluated rather easily in terms of cost per beneficiary or per family served. Determining the value of the time saved by a convenient water source is more difficult, and probably will not be done for individual water points.

To evaluate a project producing roofing tiles, corrugated roofing sheets or new-style houses, the easiest evaluation is subjective: is the product in demand? Is the quantity of output reasonable? More precise and objective evaluation probably would require rather complete cost and production records, so that the unit cost could be compared to alternative products. As noted above, evaluation of results will be done in some cases by the subprojects. Additional evaluation of impact will be a part of the monitoring process carried out by the UMU. (See Annex F).

The ultimate evaluation of the project and its subprojects aggregatively will be in terms of development of the areas served. Time and history will serve on the committee for that ultimate evaluation.

V. Economic Analysis

The strength and the beauty of ideal economic analysis is that it presents a quantification, an evaluation using numbers, of the desirability of a project. Such an analysis considers all the costs of a project or program, both "up front" investment and recurrent or operating costs, and the timing of those costs. Against those costs are balanced the benefits, which usually start small and increase for several years as the investment is completed and service is provided to more people.

Since deferred costs or benefits are worth less than those with immediate effect, discounting or adjustment of values for the time-preference factor must be applied to both costs and benefits. The appropriate rate to be used in discounting is the opportunity cost of capital - what it would cost to borrow the needed money, or the rate of interest that the funds could earn in some other use. The sums of discounted costs and discounted benefits can be compared and manipulated to produce various measures of project desirability: net present worth of the project, benefit-cost ratio, and internal rate of return.

When these computations use the costs and benefits of the implementing or benefitting entity, the result is referred to as financial analysis. Analysis from the viewpoint of society is termed economic analysis. The costs paid by the implementing entity may not represent the real cost to society, because of taxes, subsidies, distorted prices, etc. Benefits to society also are likely to be different from benefits to the individual or group most closely concerned with the project. To get a better representation of the costs and benefits to society, economic prices are used; these are also called shadow prices and are usually equivalent to international prices. Discounted economic costs and economic benefits are summed, and computations lead to economic net present worth, benefit-cost ratio, and internal rate of return.

As the analyses just described relate to the project under consideration, it will be seen that an insurmountable obstacle prevents even the first step of quantifying costs and benefits. As discussed at some length in Section IV, it is not possible to know at this stage what the costs or the benefits will be. Consequently, alternative approaches to economic analysis must be used.

Least Cost Analysis

In the case of a project for which the benefit-cost ratio or the internal rate of return (IRR) cannot be calculated, other justification for implementation of the project must be used. A fully appropriate approach is least cost analysis, in which it is demonstrated or proven that the project design is the least cost way of achieving the agreed-upon goals.

Conceptually, this approach requires that all conceivable alternative designs or ways of reaching the goal be examined in sufficient detail that their costs can be determined. In practice, the design process usually will have considered other options and rejected them as unsuitable or uneconomic, so that least cost analysis reduces to a review of the reasonableness of the project design relative to what it is expected to accomplish.

In SPSP, the design alternatives can be considered at two levels: implementation of the development subprojects, with NGOs and PVOs as the candidates for carrying out the planned actions; and management of the overall project, which could be either done within USAID or "farmed out" to another agency under contract. Let us first consider implementation - the subproject level.

Whether NGOs or PVOs are selected to implement subprojects, it is clear that locally based organizations have advantages over organizations that are foreign to Zaire. In the case of expatriate personnel, for example, the agencies that are already here, especially the religious organizations, nearly always have personnel with technical competance, knowledge of and adaptability to local conditions, and the good will of the local people. To import and "break in" expatriates to match those capabilities would be costly, to say nothing of the time required.

A number of factors favor NGOs and PVOs. These agencies are local organizations, or at least they have local ties, although they may also have international connections. They are staffed in large part and sometimes entirely by Zairian personnel, and familiarity with local languages as well as local customs and traditions can be assumed. They tend to be altruistic, with a relatively small element of self-aggrandizement and profit seeking. In most cases, they have long histories of familiarity and close collaboration with local people, and they enjoy the trust of those people. Normally, they are committed to long-term programs in their localities, and are naturally oriented to the sustainability of their projects.

The competency of NGOs in administration is likely to be adequate although not exceptional; their familiarity with required accounting and financial management is likely to be deficient but subject to upgrading with training. In the usual case where the project is proposed by the NGO/PVO, having been developed because of their own perception of local need, the organizations are likely to be quite dedicated to making a success of the project. Their long acclimatization to limited budgets, low salaries and "making do" with available resources equips them to work with small projects and moderate resources envisioned under SPSP.

Certain characteristics of PVO activities in general suggest that their projects will contain certain features, which will contribute to raising the benefit-cost ratio or IRR achieved by the SPSP:

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- PVO projects tend to be labor intensive, with emphasis on employment of local personnel.

- PVO projects often make use of locally available materials and equipment, avoiding the need for foreign exchange and minimizing the difficulty and the costs of operation and maintenance.

- PVO projects tend to employ simple and cost-effective technologies that are appropriate to locally-available resources and skills.

- PVO projects are likely to mesh or interact with existing projects and activities in ways that increase the benefits from both.

As for management and administration of the overall program of small project support, the logical options reduce to management within USAID and management by an organization outside of but supervised by USAID. It has been determined administratively that retaining management within USAID is not tenable, for reasons related largely to staff limitations. Thus, project administration must be handled by an outside organization.

It can be concluded therefore, that the combination of administration of a management unit by an entity outside of USAID, and implementation of appropriate subprojects by organizations - NGOs or PVOs - selected on the basis of their capabilities is the least cost way of achieving the goals of the SPSP.

VI. Economic Issues in Choice of Subprojects

Issues discussed in this section have implications for success and therefore selection of subprojects.

Costs and Benefits: Are required inputs more costly than can be justified by expected results? Preproject studies must look at the number of people to benefit, the extent of these benefits and the probable duration of benefits. One subproject of the last PVO Economic Support Project (097) was criticized because the benefit pool was too restricted. In other cases, costs and overhead may be too high to justify the benefits.

Duration: The design team for the SPSP has made an effort to mold into the project the most desirable characteristics that it can design. However, the SPSP as an offspring of USAID will have certain genetically-determined characteristics that

are not subject to modification by the design team. Among such characteristics is the Life of the Project (LOP), which is to be 6 years. During these 6 years, the implementing agency must establish itself and its operating procedures, select and fund the subprojects, monitor and evaluate the implementation of the subprojects, and undergo two or more evaluations of its own and the subprojects' success. Funds are to be allocated rapidly: at least 5 grants in the first year; all grant funds allocated by the end of year 4.

At least two possible difficulties were found in the schedule of the project; both related to start-up costs and difficulties for a project of relatively short duration. The process of subproject generation through proposals by NGOs will take some time to whip into shape. The NGOs are interested, and requests for funding have already been made, but few if any of the proposals we have seen are suitable for funding in their present form. Formal or informal training of the staff of the NGOs will develop their capability for preparation of good proposals for sound projects. And about the time that the proposal-generating skills are properly honed, funding will terminate. We are designing a project that is essentially disposable: to be used once and then discarded, like a Kleenex.

A second problem regarding duration has to do with the need for rapid implementation of the subprojects. Some of them will be small enough that the funds will be used up within a few months, and most of them will have no trouble completing everything planned within a couple of years. But where a big project is undertaken by a small organization, or where several small projects are grouped so as to bring funding within the $100,000-to-$1 million range foreseen, the implementing agency may have difficulty in completing all of its commitments within the alloted time, and the end of the project may come too soon.

These inherent difficulties must be accepted as features of the project. They can be minimized by expeditious start-up, and careful selection and monitoring of projects. They will also be minimized if A.I.P. extends the life of the project or "rolls it over" into a new project, and expands the funding.

Critical Mass: Guidelines for the size of subgrants set $100,000 and $ 1 million as the lower and upper limits. Most of the NGOs we contacted had their sights calibrated for smaller game; they needed 5, 10, 20 thousand, not 100. It may be difficult for NGOs to "think big," and to design bigger projects or bundles of projects that fit the intended size-of-grants pattern. It is acknowledged, however, that the burden on the management unit will be far less with a few big projects.

There is another argument besides administrative efficiency for the idea of larger grants. Small projects are like drops in a bucket of water, or grains of sand on the seashore: the effect of one unit - drop, grain of sand or project - is too small to have perceptible effect. Particularly when the duration is only a couple of years, the impact of a development project may be lost in the brush fires or swallowed up in the flood. Where it can be arranged for a large project or a succession of smaller projects to be implemented so as to affect a community over a period of a decade or so, a critical mass may be achieved, and the probability of lasting effect on the community will be considerably enhanced.

Sustainability: Almost any project that can be imagined will have the problem of sustainability: how will you keep it going when the donor's funds run out? This problem affects capital investment projects because the trucks wear out and must be replaced, the road develops potholes and must be repaired, the photocopier runs out of toner. It happens with technical assistance projects: who will pay the salaries of the experts or even of the HCN counterparts, when the project is terminated? It is essential that subprojects come to grips with this issue from the very beginning. A source of income must be designed into the project, a source that is adequate to meet recurring costs and that can be sequestered so the funds are available when needed. Without that feature in the design of the project, sustainability is only a dream.

Sustainability is more than funds. Within the community there must be commitment to some or all project activities because of their perceived value to the group. This aspect of sustainability may be more difficult to ascertain ex ante than the availability of funds. It has been seen to be especially difficult in infrastructure projects.

Claims are made that the continuous presence of PVOs in Zaire demonstrates their survivability, which may translate into sustainability for projects they implement.

Local receptivity: A number of representatives of NGOs with whom the design team met during the field study phase mentioned that they had problems of motivating the villagers. The officials we talked to were motivated; they wanted the project. But they were afraid that the clientele whom the project was designed to serve would not be sufficiently motivated to make it work.

This problem is probably due to the method of identifying or selecting the project. Rural folk are not likely to be enthusiastic about a project imposed upon them. "Top down" selection often doesn't work. What is needed is the active

participation of the villagers, in a grass-roots approach or "bottom up" process. There is seldom any lack of enthusiasm for a project or reluctance to participate in a project if the clientele of the project have selected the project and participated in its design.

Interrelationship of Production and Marketing: While projects relating to agricultural production and the marketing of agricultural products have been considered separately, and while they may in fact be handled independently, there is an interrelationship between the two that is vital. Money-oriented farmers are unlikely to undertake expansion of their production unless they are convinced that what they produce can be sold, and at a price high enough to make it all worthwhile. So marketing must be assured for a production project to succeed. Simultaneously, any marketing project must have something to sell. There is no point in establishing marketing channels for a commodity that is not produced, or of which there is no surplus above local needs.

While this may appear to be a "chicken or egg" problem, the solution is likely to be quite simple: start small. Develop a market or find an outlet for a few bags of maize, and let the price received send signals to the farmers that they should increase production. Sell a truckload next time around, and the signals will come back stronger than before. While production and marketing are separate activities, they have to be linked if their development is to succeed.

Indirect Benefits: The benefits derived from some projects are themselves capable of giving rise to other benefits. An example would be local manufacture of improved tools, whose use would reduce the labor of weed control, stimulating the production of maize. In such a case the original project may or may not be fully justified by its direct benefits (profit from sale of the tools), but the indirect or second-stage benefits may be the ones to observe; their importance may outweigh the direct benefits. Projects for which such indirect benefits are obvious should be favored in the selection process.

The following criteria should be included in selecting subprojects which are economically sound:

1. Evidence of bottom up selection, or of grass-roots participation in selection design, or at least of real local need for and interest in the project.

2. Inclusion in the project design of recurrent costs: recognition that they exist, estimation of their amount, and plan for where the funds to pay them will come from.

3. Evidence of sufficient volume of activity and thus of impact of the project that will be visible and/or measurable.

4. Evidence that backward and forward linkages have been properly considered. For example, agricultural production projects must consider marketing of their outputs; marketing and processing must consider availability of the products to be handled; manufacturing must consider on-going supplies of inputs, etc.

5. Preference should be given to subprojects that will produce benefits or results that will give rise to other benefits. An example would be local manufacture of a needed input that would stimulate agricultural production.

6. Evidence that the costs justify the likely benefits to be accrued.

TABLE I -1.

Decline of the value of the zaire
(number of zaires per U.S. Dollar)

YEAR	VALUE (Official Rates)	DEVALUATION (Annual Rate)
1967	0.50	-
1981	4.40	14.4%
1982	5.80	24
1983	17.38	67
1984	37.50	52
1985	50.00	26
1986	60.00	15
1987 (July)	122.00	53
1988 (July)	199.00	38

Source

1981-85 USAID/Program Office Memorandum of May 14, 1985, Document 4200c.

1986-87 USAID/Program Office Memorandum, undated

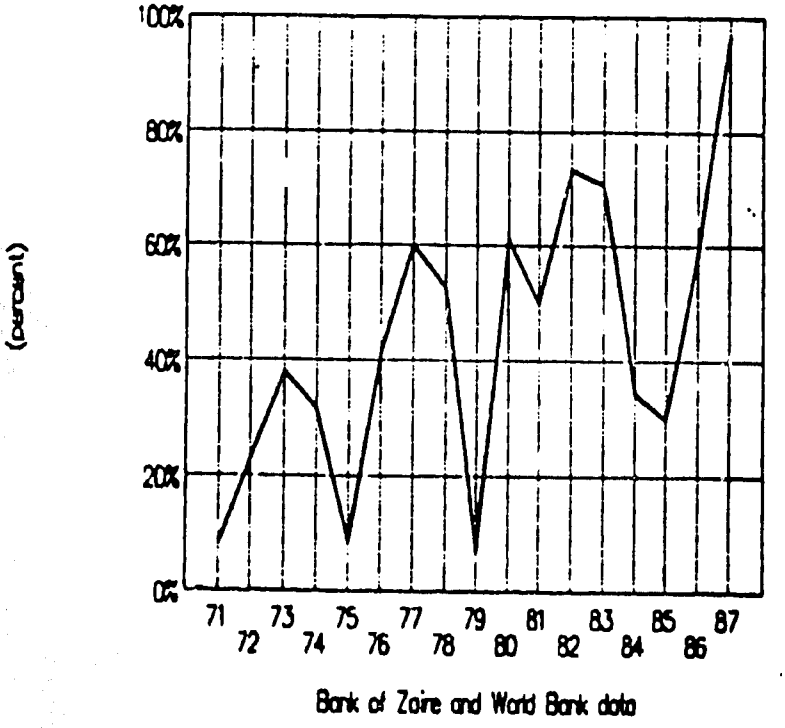
1988 USAID cashier.

Devaluation calculated from value data.

FIGURE I -1

Growth in the Money Supply

(Demand & Time Deposits + Currency)



Source: Background on Zaire's macroeconomy and financial sector prepared by Joe Ryan, USAID/Kinshasa May 1988.

ANNEX J

ENVIRONMENTAL ANALYSIS

Pursuant to delegation of authority from AID/Washington (88 State 45959 attached), the Initial Environmental Examination (IEE) for the project was approved by the USAID Director with concurrence from the A.I.D. Regional Legal Officer (RLO) (copy attached). The IEE categorically excluded the management component of the project and deferred the subproject component of the project to such time as subprojects are identified.

The delegation of authority (88 STATE 45959) also gave authority to the USAID Director, with RLO concurrence, to approve subproject IEE's. An IEE will be prepared by the NGO and the UMU for each subproject proposal. Each subproject IEE will be reviewed by USAID's Environmental Officer, currently the Division Chief, Agriculture and Rural Development Office. If recommended for approval, the subproject IEE will be reviewed by the RLO and, if he concurs, approved by the USAID Director.

The project will be monitored by the General Development Office (GDO). During the course of implementation, the Project Officer will be responsible for monitoring and reporting to USAID's Environmental Officer on any project activities which may have an adverse effect on the environment. Project evaluations will also review the environmental impact of project activities.

Subprojects will for the most part involve small-scale activities of limited scope and nature which are not expected to result in a significant adverse environmental impact. The project does not expect to support the use of pesticides, nor build new roads through undegraded forest. If the threshold decision for a subproject is positive, meaning that a significant adverse impact on the environment is expected, an Environmental Assessment will be made following procedures [illegible] (4) as [illegible] in Jeffrey Cohen's [illegible] (1980/81) Practical Guide and Strategy Tips for AID Project, Program and Technical Personnel, [illegible].

The project is expected to support the establishment of fish ponds. The small size and low level of technology involved in pond construction and fish farming will not adversely impact on the environment (see IEE for fish culture activity, Annex K). Building construction and renovation, road rehabilitation, agriculture, and potable water subprojects are expected to be supported by the project, but all activities will be small in scale and therefore are not expected to have a significant effect on the environment.

Attachment 2

Initial Environmental Examination or Categorical Exclusion

Project Country: Zaire

Project Title: Small Project Support (660-0125)

AID Funding: FYs 1989-94, $6,000,000

IEE Prepared by: J.Born, Project Design Officer, USAID Kinshasa

Environmental Action Recommended:

_____ Positive Determination

_____ Negative Determination

__X__ Categorical Exclusion

__X__ Deferral

Summary of Findings:

The management and project development activities component of this project is eligible and recommended for categorical exclusion pursuant to the provisions of 22 CFR 216.2(c)(1)(i). The subproject activities component of the project and the activities which will take place under that component are eligible and recommended for deferral pursuant to the provisions of 22 CFR 216.3(a)(7), since they are and will remain "undefined at the time of authorization." In association with this recommendation, all of the provisions of 22 CFR 216.3(a)(7) have been met as described in Section III of this IEE. The project or other agreement obligating funds for these subproject activities will contain an appropriate condition precedent to disbursement or covenant stating that funds will not be obligated until such time as environmental review of the subproject activities is completed or assured, and that the provisions of these environmental reviews will be adhered to during subproject implementation.

Concurrence: Dennis M. Chandler, Mission Director

Approved Dennis M. Chandler

Disapproved _____

Date 01 MARCH 1988

Concurrence: DRAFT January 25, 1988

Bunyan Bryant
Regional Legal Officer

Date

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ACTION AID2 INFO AMB DC. ECON

VZCZCXIO038
PP RUEHKI
DE RUEHC #7555 0560621
ZNR UUUUU ZZH
P 2526192 FEB 88
FM SECSTATE WASHDC
TO AMEMBASSY KINSHASA PRIORITY 4082
BT
UNCLAS STATE 057555

25-FEB-88 TOR: 06:25
CN: 12107
CHRG: AID
DIST: AID
ADD:

ACTION TAKEN

NAME ..... DATE .....

AIDAC, ABIDIJAN FOR REDSO/WCA YACUNDE FOR RLO

E.O. 12356: N/A

SUBJECT: ZAIRE SMALL PROJECT SUPPORT (660-0125)

REF: (A) KINSHASA 01499
(B) STATE 204202 (LOU 87)
(C) DOA DATED 1/26/88

1. DELEGATION OF AUTHORITY FOR APPROVAL OF THE INITIAL ENVIRONMENTAL EXAMINATION (IEE), AND ASSOCIATED IEE'S FOR INDIVIDUAL SUB-PROJECT COMPONENTS GRANTED TO USAID/ZAIRE MISSION DIRECTOR, WITH THE CONCURRENCE OF THE REGIONAL LEGAL OFFICER, USAID/CAMEROON.

2. THE AUTHORITY IS CONSISTENT WITH REVISED DOA NO. 551 DATED 1/26/88 AND DOES NOT APPLY TO OTHER PROJECTS OR SUB-ACTIVITES OF OTHER PROJECTS. FORWARD COPIES OF RELATED DOCUMENTS AFTER APPROVAL TO AID/W, AFR/TR/ARD FOR RECORD PURPOSES.

3. PER REF (B) AID/W HAS LOOKED AT ZAIRE'S OYB SITUATION AND SEES NO REASON WHY MISSION SHOULD NOT MOVE AHEAD WITH THE PID APPROVAL AND PID DEVELOPMENT FOR THE SUBJECT PROJECT. AFTER PID HAS BEEN APPROVED, PLEASE SNED AID/W A COPY OF THIS DOCUMENT. WHITEHEAD
BT
#7555

NNNN

MAD UNCLASSIFIED STATE 057555

THIS IS THE UNGARBLED TEXT OF STATE 045959.

UNIT: ZAIRE

ACTION	INFO
	DIR
	DDIR
	PDM ✓
	CONT
✓	DEO
	HRD
	ARD
	PHO
	MGT ✓
	D/PER

ACTION DUE: 2/29

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ANNEX K

FISH CULTURE EXPANSION PROJECT

Introduction

One of the primary first phase activities of the SPSP will be the continuation of the successful Fish Culture expansion project (660-080) being implemented by Peace Corps with the Programme de Pisciculture Familiale (PPF). The UMU will assume responsibility for the project for USAID and provide technical assistance, financing, and commodities for the activities. This project will operate and be monitored along the same lines as the other community-based development activities in Shaba and Bandundu being implemented by PVO/NGO groups. Existing Peace Corps fish culture activities in other regions will also be supported.

Background

This subproject is based on the methodology that has been developed and successfully implemented by the Peace Corps in Zaire since 1974. In addition to introducing and expanding modern fish farming techniques to rural farmers, another objective of the original project was to recruit and train Zairian counterparts for each Peace Corps volunteer working in the fish project. For budgetary reasons, this approach has been modified to a mobile extension unit which provides extension support to fish farmer groups once Peace Corps intervention has been withdrawn (usually after a six year presence per post). This model of extension service has proven to be quite sucessful. The fish farmer groups form themselves over time and are allowed to take on as much responsibility as they wish. In many communities they have become important development groups, involved in more than fish culture. In some regions, farmers' groups visit and correspond with other groups in nearby communities to exchange success stories and solve common problems. In some communities, the fish culture program has become the primary extension activity and a focal point for community efforts to improve conditions

Another development of the project has been the establishment of a regional fish research and demonstration center in each region of project activity. These centers perform several functions, such as a test site for the introduction of new technologies, a breeding site for fish fingerlings to be used to stock new ponds, a demonstration area for fish farming techniques and integrated agriculture, and a training center where current farmers can obtain periodic

technical assistance. As farmers have begun to rely on each other and their groups to provide fingerlings, the regional centers have become training and meeting sites as well as fish production centers, which the government can use to generate revenue to maintain the centers.

The 030 project can boast great success in the area of increased small-farmer involvement in raising fish, with over 8000 beneficiaries in five regions of the country. An unforeseen benefit of the project has been the informal creation of fish farmer groups, which have formed to support each others' activities through regular meetings on fish farming problems. The project has correctly identified these groups as village-based agents of change and through PPF and Peace Corps continues to furnish technical support to them on a regular basis.

Objectives

The original objectives of the ten year fish culture program will remain in the new phase of activity. The goal is to increase the availability of animal protein among the rural population through production of pond-raised fish. A secondary goal is the increase in income through sale of fish in the communities and the region. The purpose of the new project is to expand fish culture extension to at least 2000 more farmers over the life of the SPSP project and to increase the number of farmers who are independent of continued extension support as Peace Corps assistance phases out of some posts and regions. The outputs or results will show increased numbers of fish farmers in all regions and expansion of fish culture into Shaba by Peace Corps with limited support from PPF. Training will be offered volunteers and fish extension agents particularly in training methods, training of trainers, materials development and community organization. There will be almost 70 volunteers supported through the program in the first two years of the six year project. This will level out to 60 volunteers for the remainder of the project life. This level of volunteer assistance allows the project to phase out posts with experienced farmers and to begin activities in new posts.

An important benefit of the program is the incidence of candidate farmers or secondary adopters of the fish farming technology. These persons and groups are at least as numerous as the farmers themselves and can be estimated at 3000 or more over the life of the program. They are not directly involved in creating and maintaining model ponds nor do they attain the same levels of fish production, but they do produce fish and generate income from the secondary assistance they receive from neighbors participating in the program or from observation. The

average fish farmer produces 60 kg. of tilapia from ponds every six months. With an average price of 200-250 zaires per kilo, this translates into additional income of 24,000 zaires per year.

It costs the farmer approximately 2,100 zaires for inputs to begin his/her pond. Labor input for pond construction is normally unpaid. In addition there are the nutritional benefits of the increased availablity of protein in the rural areas. Secondary adoptors are also able to increase their income, although in lesser amounts. While fish alone would not be sufficient to maintain an average rural family, it does form an important source of additional income which is used for education and to buy durable goods.

One of the primary benefits of the fish program to the community is how it organizes farmers and rural dwellers including women's groups into development change organizations. The presence of PPF and Peace Corps in the communities on a regular basis serves to validate the action which people are taking on their own behalf. There have been many proven success stories from both individuals and groups. The development of a newsletter in local language serves as an effective means of communication on development topics as well as fish culture.

The project is clearly focused on sustainability, numerous groups are operating effectively without Peace Corps or PPF assistance. This proven model for extension will be continued in the new project and special efforts will be made to record and document successful methods and to transfer the methodology to PPF agents and the communities served.

Implementation

The most significant change in the new project will be in the implementation of the assistance. Peace Corps volunteers will continue to be supported but the resources destined to support PPF will be redirected to the regional coordinations and away from the Kinshasa home office of PPF. Under the SPSP project a small number of positions will be funded at PPF headquarters. The remainder of the staff supported will be at the five regional centers and with the mobile extension teams in each region. Emphasis will be on improving extension efforts, learning from success, reporting results from the farmers, documenting methodologies and training trainers to continue efforts without project assistance.

The project will be the first subproject inplemented under the new design. While the UMU is being selected, the project will operate under the new funding guidelines as

outlined in the financial plan and budgets below. The Technical advisor will keep his office in PPF but will become a project employee for the interim and will no longer be under host government contract. Present methods of accountability with A.I.D. will continue until the UMU becomes operational sometime in the first quarter of 1989. The technical advisor will report directly to the USAID project officer until the UMU is in place. Once the UMU is operational, the technical advisor position will be funded as the Peace Corps Fish Culture and Agriculture liaison officer under the UMU (see Management Analysis Annex H) and will have responsibility for fish culture and agriculture activities to be undertaken with Peace Corps. The UMU will have the added benefit of having fish extension expertise available for any NGO which wishes to start such a project under the umbrella funding.

During the interim period, all procurement needed for the fish extension program will be handled by USAID. The PVO liaison officer will be responsible for seeing that the procurement proceeds in a timely manner. Once the UMU is operational, it will assume that function.

The technical advisor along with the Assistant Peace Corps Director (APCD) for fish will develop a complete implementation plan for the interim period and for activities once the UMU is operational. All Peace Corps field activities will continue on schedule and as planned. The only real change will be in the allocation of resources from the project within the PPF.

The Government of Zaire has signed a proclamation making fish culture expansion project a permanent program of the Ministry of Rural Development. This would allow the program to seek greater support from within GOZ budgets and also to solicit other donor funding for activities beyond the scope of the USAID-funded Peace Corps program.

Suitability of Fish Culture Extension to Project 125

The Fish Culture expansion program is a very appropriate first activity to be funded under the new project, as it meets a large number of project selection criteria. It is community based and uses a proven methodology. A large number of people are benefitting already from the program, and even more will be added in the next phase. Women's groups' involvement will be promoted under the new funding. A substantial amount of information on current communities and beneficiaries exists and can be tabulated to form a baseline for project start-up and continued measurement of benefits. Community support for continuing the activity is strong and is

expected to grow. The linkages between the community, PPF and Peace Corps for the transfer of needed project resources is already established and functioning. Technoserve has done a very competent analysis of financial management of the program for PPF which is currently being implemented. The UMU will not have to do preliminary management and financial assessments since documentation on all these issues is available in evaluation and other reports on the project's now completed first phase.

Evaluation and Monitoring of the Project

Ongoing monitoring of the project will shift to the UMU once it is operational. A great deal of data exist on previous progress in the program which should be used for baseline as this phase begins. Peace Corps volunteers could collect additional information on key indicators as the project progresses (see Guidelines for Impact Studies in Annex F). The technical advisor and Peace Corps APCD/Fish should develop regular reporting schedules with the UMU and determine the timing of an internal evaluation of the project and potential impact studies. With a ten year history, much can be learned about successful community development, particularly in the Bandundu region, from this project.

Financial Plan

A detailed six year budget for PPF support is attached. Of the $2.5 million requested, $1.645 million is in counterpart funds (66%) and $855 thousand in dollars (34%). The dollar denominated portion of the budget is to procure project vehicles, motorcycles, spare parts, equipment, training materials, and short-term technical assistance.

A major change in the funding of the PPF office will be initiated under this new funding. It has been evident that a greater and greater share of PPF resources has been designated for the central administration in Kinshasa. Under the SPSP project, however, only seven key administrative positions in PPF Kinshasa will be funded with project funds, with the GOZ assuming responsibility for funding the other personnel. Financial administration will be decentralized, with each regional office (5 in all) receiving funding directly from and reporting directly to the UMU. Therefore, the PPF field staff will be receiving the bulk of the support during the next six years of this project.

Another important area of PPF logistical support is the procurement and provision of fuel for its vehicles as well as the Peace Corps Volunteers' motorcycles. All fuel and oil needs will be procured with CPF. Another area of CPF use will be to obtain locally available technical assistance in training, management, extension, and finance.

Each PPF regional office and the Kinshasa office will be funded from a separate fish subproject CPF account established at Citibank. Until the UMU is officially established and operating, the technical advisor and the USAID project officer will jointly sign for fund disbursements. Once the UMU is operational, other signing arrangements may be worked out on the advice of the UMU's financial manager. Each PPF office will report its expenditures as well as inventories on a quarterly basis to the UMU. Strict control measures for cash expenditures will be required based on the recommendations of a 1987 financial audit by Coopers and Lybrand. Financial training, to compliment the system developed and installed by Technoserve, will be provided as necessary. Due to the decentralized nature of its organization and the expense involved, PPF will undergo financial audits every two years. However, the UMU will be responsible for performing spot-checks of regional offices' finances on a regular basis.

Table K-1

FISH CULTURE SUBPROJECT
ILLUSTRATIVE BUDGET ($000)

	1989		1990		1991		1992		1993		1994		TOTAL	
	dollar	CPF	dollar	CPF	dollar	CPF	dollar	CPF	dollar	CPF	dollar	CPF	dollar	CPF
1) PPF*		148		155		163		171		180		189	0	1006
2) Vehicles(fuel,etc.)*		68		71		75		79		83		87	0	463
3) Procurement													0	0
Vehicles	150		60				120						330	0
Motorcycles	86				86		75						247	0
Tools/Spare Parts	71				26		59						156	0
Other	20				20								40	0
4) Training														
Management	5	20											5	20
Training of Trainers			10	20					13				23	20
Fishculture	10	20			10			20	14				34	40
Extension	10					20		20	10				20	40
Financial		20											0	20
Training Materials		6		6		6		6		6		6	0	36
TOTAL	352	282	70	252	142	264	254	296	37	269	0	282	855	1645
Total $ and CPF	634		322		406		550		306		282		2500	

* increase 5% p.a.

FISH CULTURE SUBPROJECT ENVIRONMENTAL ANALYSIS

A. Project Description

Over 3,000 people within 5 regions of Zaire have received direct assistance from Peace Corps and the Projet Pisciculture Familiale (PPF)(660-0080) extension service over the past 10 years. Services included site selections, pond construction assistance, and instructions on managing an indigenous fish species (Tilapia Nilotica).

The new Peace Corps Fish Culture Expansion subproject will increase the number of communities within regions already serviced by the extension activities, as well as introduce the activity into one new region. The project will provide support to Peace Corps volunteers and some PPF staff, and training for fish farmers.

B. Purpose of the Project

To provide an inexpensive, regularly available source of animal protein to rural populations, particularly in areas where traditional sources of protein have been significantly depleted or are non-existent.

C. Alternatives to the Project

Although small animals are kept in most communities within the project area, they are not raised (fed and cared for) in order to provide a regular food source. More often they are given as compensation (taxes, legal fees and penalties, customary activities) or eaten on very special occasions. Also there are definite constraints to intensifying their husbandry (lack of medicine, feeds, salt, etc.). The only other alternative would be to intensify hunting and fishing when stocks have already been severely depleted.

D. Affected environment

It is estimated that the total surface area (of ponds) presently exploited by "family" fish culture is about 320 hectares (800 acres). An additional 160 hectares (400 acres) will be added over the next 5 years. Most fish pond operations are single family, and rarely are there more than 2 or 3 of these families in the same valley site. Average pond size is 200 square meters (0.5 acre), and the average fish farmer builds two. Therefore, the area

exploited within the total project area is relatively small. As the predicted environmental modifications are minimal to each site, the overall effects will also be insignificant.

A typical pond site is from one to four kilometers from the owner's home. The site is usually somewhere along a gently sloping part of the valley, just above the valley floor. Sites vary from savannah grasslands to forest. However, most forest sites are in areas where the person has previously cultivated, made gardens, or had pre-existing fish ponds. Therefore, there is minimal land clearing to establish fish ponds. About 70% of the fish ponds are built using clay or clay/sand soil found near the pond site. Thirty percent are dug into the ground. For established ponds, water is provided from a source or small stream further up the valley, which is diverted and brought to the pond by a small canal. The dug ponds may receive water by the same means or from the ground water that seeps in. All pond bottoms are kept deliberately above the level of the valley bottom outside the pond in order to allow for complete drainage at harvest. Much of the land immediately surrounding the ponds is kept in production by addition of gardens, fields, fruit trees, or anti-erosive vegetation.

E. Environmental Consequences

Water is added to the pond only when necessary to fill it or replace water removed through evaporation. The harvest cycle is 6 months long. During that time, the ponds are fertilized with locally available plant material, kitchen scraps, and small quantities of ash and animal manure. The decomposition of this material encourages the production of microorganisms, "plankton," upon which the fish feed. Supplemental feed is added, gathered from whatever crops are grown or agricultural by-products that may be available. No materials are imported for either the construction or the management of the ponds.

Sites are normally chosen away from and below drinking sources and bathing sites. Therefore, there is little chance of "polluted" water being used by the human population. As the water quality of most of the sources used for fish ponds is generally poor, there are few commercially viable fish species habitating these waters. The draining of enriched pond water into the poorer waters of the streams would not adversely affect the stream ecology as the quantity of water displaced and frequency of draining is minimal. In addition, if Tilapia Nilotica

escaped into the stream water from the pond, it would not compete with the better adapted riverine fish as Tilapia, a fish indigenous to the lakes that feed the Zaire river system, requires enriched water in which to live.

The ponds themselves, small in size and for the most part, widely scattered, do not pose a threat to the environment even if poorly maintained or abandoned. Because of the constant buildup of rich, organic materials in the pond bottom, it is only a short time before such a pond becomes covered with lush vegetation. Pesticides will not be used in the project, and endangered species will not be harmed.

Initial Environmental Examination

Project Country: The Republic of Zaire
Project Title: Fish Culture Expansion Subproject, Small Project Support (660-0125)
AID Funding: FYs 1988-94
IEE Prepared by: Don Brown, USAID Environmental Officer

Environmental Action Recommended:

_____ Positive Determination

__X__ Negative Determination

_____ Categorical Exclusion

_____ Deferral

Summary of Findings:

Project activities will have an insignificant impact on the environment. The area exploited for impoundments (fish ponds) will be small and for the most part, widely scattered. Forests will not be degraded; pesticides will not be used; endangered species will not be harmed.

Approved _____
Dennis M. Chandler
Mission Director

Disapproved _____
Dennis M. Chandler
Mission Director

Date 8/23/88

Concurrence: _____ August 12, 1988
Regional Legal Officer Date

ANNEX L

PROCUREMENT PLAN FOR COMMODITIES AND SERVICES

A. Introduction

Procurement needs for the Small Project Support Project can be broken down into three areas: procurement of equipment for the UMU; procurement for the Peace Corps Fish Program; other sub-project procurement needs. This annex will discuss each of these areas, explore the context of procurement in Zaire, and trace the current procurement process in Zaire.

B. Project Procurement Requirements

The UMU will be required to procure all of its office equipment and supplies, vehicles, and furnishings at the earliest possible date. Office furniture, for both the Kinshasa and Lumbumbashi offices, is available locally. Computer equipment(40MB and 20MB Harddisk, two laptop portables, printing equipment, other related hardware and software), if unavailable locally at a reasonable price, should be immediately procured from an overseas source. Vehicles (3 four wheel drive models) should also be purchased from an overseas source. It is suggested that the vehicle model be one that is available and easily serviced in Zaire, such as British Leyland Landrover or Toyota Landcruiser. Since vehicle procurement can take up to six months and a vehicle is crucial to the efficient early implementation of any project, it is strongly recommended that the Mission be given the task of ordering vehicles as soon as the SPSP is obligated. A detailed list of items to be procured for the UMU is attached.

Peace Corps Fish Program commodity requirements include vehicles, motorcycles, helmets, spare parts, fuel, fishnets, other fish-related equipment, and training materials (see attached list). In addition, short-term technical assistance contracts are anticipated in the areas of management training, training of trainers, fishculture, and extension. Commodities, except for fuel, will need to be purchased from overseas sources. Fuel is procured on the local market. Technical assistance contracts will be procured both from local and U.S.-based contractors through the UMU.

A third area of foreseen procurement includes commodities and services requested by subgrantees. At this point it is difficult to list specific commodities and/or services that will be needed by this group. Based on the design team's extensive discussions with numerous Zaire-based PVO/NGO organizations, a great deal of their commodity requirements can be furnished with off-shelf items currently available in Zaire, such as building materials, agricultural tools, seeds,

fertilizers, medical equipment, etc. It should be emphasized that although pharmaceutical products purchased from the local market or from Europe are preferable to those from the U.S. (similar dosages and French language instructions), all pharmaceutical waivers must receive concurrence from AID/Washington, M/SER/OP/COMS, per Handbook 1B, Chapter 4C3. Some short-term technical assistance, also available locally, is also anticipated. To the greatest degree possible, those PVOs/NG s receiving subgrants under the SPSP will be encouraged to handle their own procurement. It will be the responsibility of the UMU to see that procurement done directly by PVOs/NGOs is carried out according to A.I.D. rules and regulations.

C. Procurement Process

Procurement will be a major element of the implementation of the SPSP. The UMU, Peace Corps fish program, and PVO/NGO groups will depend on the procurement expertise of the UMU, the USAID PVO Liaison Officer, and the USAID/Kinshasa commodities management office. It is strongly recommended by the design team that the PVO contracted for the implementation phase of SPSP possess a demonstrated ability in procurement, especially in Africa. Those organizations that have a procurement division in the U.S. should possess a distinct advantage in effective project implementation over those organizations that do not, both in the speed and the cost of the procurement activity.

An alternative to in-house procurement expertise would be to contract the services of a procurement services administrator where necessary. The PSA's fixed fee would be based upon a percentage of the commodity FAS port of embarkation costs and would be negotiated by USAID/Kinshasa or AID/Washington.

High volume commodities will be shipped either CIF Kinshasa for those items destined for Kinshasa or Bandundu region or CIF Lubumbashi for items destined for Shaba region. Shipment of commodities will be by U.S. flag carrier (Code 000) or by a Code 935 flag carrier if a U.S. carrier is unavailable. For low-volume, high value commodities, shipment will be via air freight from FAS port of embarkation to either CIF Kinshasa or Lubumbashi. Types of items to be considered for this category of shipment are computers, medical equipment, and other sensitive and lightweight instruments or commodities.

The UMU will obtain and receive approval from the Department of Finance for all documentation necessary for duty-free importation of commodition. The UMU will obtain the services of a full-time Zairian procurement clerk to assist in commodity procurement.

It is strongly recommended that the UMU contract with an established clearing and forwarding agent in Zaire for shipments to Kinshasa and in South Africa for shipments destined for Lubumbashi. These agents will save valuable time clearing items through customs and arranging inland freight forwarding to its final destination.

Procurement budgets should include the ocean transportation and marine insurance costs to Kinshasa and in the case of shipments to Shaba, inland transpo tation and inland insurance to Lubumbashi. Where obtainable, insurance should be AID Code 000. Code 935 may be used if U.S. insurance cannot be obtained.

D. Development Fund for Africa Procurement Implications

The SPSP is funded through the Development Fund for Africa (DFA), which grants a special waiver to the Foreign Assistance Act of 1961 pertaining to U.S. source rules for goods and services procurement. Specifically, the authorized Geographic Code with respect to source, origin, and nationality for procurement under DFA is up to A.I.D. Geographic Code 935, defined as Special Free World, including the participating country. The purpose of this waiver is to ease existing procurement procedures, which were seen as impeding project implementation in Africa.

The essential elements of DFA procurement rules are as follows:

- it is a revision of DOA 551 and eliminates requirements for source/origin waiver only;
- it is understood that 000 source/origin and thereafter 941 source/origin will be used to the fullest extend possible;
- it waives the limitations imposed on shelf items procurements; and
- it directs field posts to formulate comprehensive procurement plans which assure U.S. purchases whenever practicable, consistent with program objectives.

If the Mission choses to finance a non-U.S., Code 935 procurement, no waiver is needed, although some documentation is required to explain why code 000 is not being used. The UMU will document this order of preference for each procurement, as applicable. A table is attached to the end of this annex which summarizes the DFA procurement of various types of goods and services.

In general, greater flexibility for Mission approval of source/origin waivers is afforded under DFA funding. All other procurement regulations spelled out in A.I.D. Handbooks 1B, 11, and 14 remain unchanged.

COMMODITY PROCUREMENT - UMU

ITEM		$ AMOUNT
2	Personal Computer 40Mbt H Disk, printer	12,000
2	Toshiba Lap top LT 1100 w/printer @ $1,200	3,000
	- related software (Lotus, D-Base, Wordperfect)	1,500
2	IBM Selectric Typewriters @ $500	1,000
1	Sharp Photocopy machine + supplies	3,000
1	Fax machine	2,000
1	Telephone system	5,000
4	Desk Calculators @ $100	400
	Various office furniture	10,000
3	Vehicles + Spare Parts @ $30,000	90,000
	Ship ing and Insurance	20,500
		$148,400

COMMODITY PROCUREMENT - FISH SUBPROJECT

ITEM		$ AMOUNT
11	Toyota Land Cruisers @ $30,000	330,000
100	Motorcycles @ $ 2,500	250,000
	Tools	10,000
	Spare Parts (25% of vehicle/motorcycle cost)	146,000
	Fishculture Supplies	18,000
	Training Materials	18,000
	Communications/Radios	4,000
	Shipping and Insurance	62,000
		$ 835,000

AUTHORIZED PROCUREMENT UNDER THE DEVELOPMENT FUND FOR AFRICA

Goods or Services To Be Procured	Authorized Source (or Origin)	Expected/Preferred Source (if different from Authorized Source)	Documentation Requirements	Comments
Technical Assistance	935	U.S., for long-term technical assistance.	-	-
Imported Shelf Items	935	-	-	No unit price limitations or total cost limitation on Code 935 procurement of non-Code 941 origin.
Procurements under Grants and Cooperative Agreements	935	Order of preference applies as follows: 000, host country, 941, 935--regardless of the amount of the procurement element.	-	-
Construction Services	935	U.S., for construction services in excess of $5,000,000 where adequate competition among qualified U.S. firms exists, or for engineering services.	Exceptions to this policy may be approved in writing by the Mission Director on an ad hoc basis in the interests of effective and expeditious implementation of the DFA activity.	-
Motor Vehicles	935	U.S., if U.S.-manufactured vehicles can be made available in terms of required specifications, spare parts and maintenance capabilities within the country.	Procurement plan for DFA activity should indicate whether US-manufactured vehicles are available to meet the needs of the activity.	No FAA Section 636(i) waiver is required.

AUTHORIZED PROCUREMENT UNDER THE DEVELOPMENT FUND FOR AFRICA

Goods or Services To Be Procured	Authorized Source (or Origin)	Expected/Preferred Source (if different from Authorized Source)	Documentation Requirements	Comments
Participant Training	935	U.S. for virtually all long-term training.	Special DS/IT approval is not required.	The Mission Director is expected to use sparingly the exceptional authority to permit third country training. Handbook 10, paragraph 7E3 applies.
Ocean Shipping (Cargo Preference)	50% gross tonnage of A.I.D.-financed commodities to be shipped on U.S. flag commercial vessels, if available as determined by SER/OP/TRANS.	-	Normal rules apply.	
Air Travel and Transportation	Act not applicable to DFA	U.S. flag carriers.	Exceptions to Fly America rules may be approved in writing by the Mission Director on an ad hoc basis in the interests of effective and expeditious implementation of the DFA activity.	Use authority for exceptions sparingly.

AUTHORIZED PROCUREMENT UNDER THE DEVELOPMENT FUND FOR AFRICA

Goods or Services To Be Procured	Authorized Source (or Origin)	Expected/Preferred Source (if different from Authorized Source)	Documentation Requirements	Comments
Agricultural Commodities	935. However, non-U.S. source agricultural commodities may not be financed if the U.S. domestic price is less than parity, unless the commodity in question can't reasonably be procured in the U.S. to fulfill objectives of the DFA activity.	-	Exceptions to this policy may be approved in writing by the Mission Director on an ad hoc basis in the interests of effective and expeditious implementation of the DFA activity.	-
Pharmaceuticals	United States		Per Handbook 1B, Chapter 4C3.	Policy is dictated by strong public health reasons.
Fertilizer	935	U.S. for large-volume procurements.	Exceptions to this policy may be approved in writing by the Mission Director on an ad hoc basis in the interests of effective and expeditious implementation of the DFA activity.	Restriction of large volume purchases to U.S. sources is intended to achieve legislative intent to maximize U.S. procurement where possible.