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Country Development Strategy Statement

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Zaire

(UPDATE)

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Preface

The present submission updates USAID/Kinshasa's FY 86-90 CDSS in accordance with the Africa Bureau's instructions. Thus, the update consists of a restatement of the approved overall strategy, followed by discussions of particular topics of interest identified in the Africa Bureau's review of that strategy. Those topics, identified in the FY 86-90 CDSS review cable (84 State 325163) are:

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OVERALL STRATEGY SUMMARY

A. Goal

The goal of USAID's program is to improve the living standards of the Zairian population by supporting both rehabilitation of infrastructure and improvements in managerial and technical skills. The major target group is farm families living in specific geographic areas defined under USAID's agricultural and health strategies. The target group is discussed further in section V.B of this Update.

While the goal is sustained development, the strategy encompasses both shorter and longer term time horizons.

B. Short Term Objectives and Strategy

- Stabilization support. A principle objective of the entire U.S. mission in Zaire is to support the on-going economic stabilization effort as a prerequisite to sustained economic growth. The short-term aspect of USAID's strategy to support this effort is to finance commodity imports. This aspect of the strategy will have two objectives: first, support for the balance of payments; and second, generation of counterpart funds to supplement the GOZ's restricted budget for development programs. In both these respects, speed of disbursement is very important to the value of USAID's contribution.

C. Medium and Longer Term Objectives and Strategy

- Stabilization support. Zaire's stabilization program will continue for years to come, with frequent negotiations of new debt-rescheduling agreements and with continuation and extension of policy reforms, all in the context of

budgetary and balance-of-payments stringency. Therefore, USAID's medium and longer term program will also support stabilization by: encouraging further liberalization where necessary, through policy dialogue in conjunction with the entire U.S. mission in Zaire; stimulating private investment and thus increases in the net inflow of long-term private capital; and stimulating growth in Zairian industries that will generate or save foreign exchange.

- Increased output from small farms. Greater output will bring about increased incomes and higher living standards. A program supporting agricultural production, marketing, and processing focused on two regions near Zaire's major cities will seek medium-term increases in food supplies, although some substitution for imported grain is also expected. The medium-term aspect of the program combines rehabilitation of transportation, marketing, and agribusiness infrastructure with the introduction of appropriate agricultural inputs. In the longer-term, the objective of USAID's projects will be improvements in: the agricultural research system, the GOZ's agricultural policy formulation, agricultural extension, rural health, family planning, and nutrition, which will all create a foundation for growth and development. Stimulation of private participation will be a vital aspect of efforts in all these areas, including those traditionally regarded as primarily governmental responsibilities.

- Improved health status. Programs leading to a healthier population will improve worker productivity and general living standards in both the medium and long term. The health program will stress provision of technical assistance, training, commodities, as well as disease control programs, all in support of the nationwide objective of a self-sustaining, community-supported preventive rural health care delivery system.

- Lower population growth. Zaire's present high rate of population growth threatens the goal of higher living standards. Higher rural population density is potentially very damaging to Zaire's soils and forests. Training, technical assistance and contraceptive supplies will be provided to promote voluntary family planning in both rural and urban areas in order to lower the rate of increase in the population in the long term.

D. Implementation

Short-term programs will concentrate primarily on speedy disbursement of foreign exchange and counterpart funds for imports and programs that will support developmental efforts.

Medium and longer term improvements in management and efficiency will be best obtained through increased reliance upon the private sector, private voluntary organizations, and local government, rather than on the central government. This approach is entirely consistent with the policy of the GOZ as stated by President Mobutu in his Inaugural Address of December 1984. The central government will be encouraged to concentrate primarily upon improvement of broad policy, planning, and oversight.

Thus, two key components of the implementing strategy are: 1) concentrating assistance to the central government in training as well as the strengthening of departmental capacities for data collection and analysis, policy formulation, and the monitoring of activities; and 2) relying on voluntary organizations, private businesses and local governments to provide timely and effective delivery of agriculture and health services. Training will be limited to a relatively few sectors, at both the policy level (national institutions) and at the implementation level (local institutions).

Resource requirements for this strategy are dealt with in section IV.A of this Update.

I. Strategy for Supporting Economic Stabilization

As a result of world economic conditions and Zaire's economic stabilization program, including the programs of the IMF and the World Bank, and Zaire's debt-rescheduling agreements with private and official creditors, there are very strict limits on both the size and composition of the GOZ's budget and on the total amount of foreign exchange available for imports. Debt servicing requirements and depressed external terms of trade probably will prolong the time of austerity through the entire CDSS planning period (FYs 1986-1990).

A. Dealing with Import Constraints in the Short Term

Despite the limited total amount of foreign exchange available to importers as a group, the September 1983 reform of the exchange-allocation system allows individual banks and importers to compete for foreign exchange through an open-market mechanism. Thus, the effects of the overall scarcity of foreign exchange are not focused on any single sector of the economy. While this is economically efficient for Zaire, it also implies that importers are satisfied at the current price of foreign exchange. Under this liberal regime, American commodities made available to the private sector through PL 480 or ESF at market prices in local currency, given the market rate of exchange, will not enjoy a large advantage over commercial imports. However, since importers get certain advantages from USAID's programs, existing U.S.-origin imports can be financed and expanded to some extent. These programs will thus free some of Zaire's own foreign exchange earnings for other imports.

B. Dealing with Import Constraints in the Medium Term

Agricultural production and marketing projects, whether funded by DA or ESF, will also emphasize those types of activities with "relatively rapid (i.e., within 2 to 7 years) generation of positive cash flow"[1/] for project beneficiaries who take advantage of the project's outputs to increase their economic activity. Imports of prefabricated bridges, of heavy equipment for road and bridge rehabiliation (not construction from the ground up), and of improved seed for local multiplication are good examples.

Both by stimulating profitable production of import substitutes, such as maize, and by accelerating commodity imports within the projects, these projects support Zaire's stabilization efforts.

C. The GOZ's Budgetary Constraint

Subject to the availability of funds and Congressional authorization, PL 480 Title I imports and Commodity Import Programs will be used to the extent feasible to generate counterpart funds, whose primary purpose will be to support the GOZ's budget. The pattern of budgetary support will be determined according to priorities established to encourage medium and long term development. The GOZ and USAID assign first priority on the use of counterpart funds to support USAID-sponsored projects in Zaire. The second priority use is to support projects of the GOZ or other donors, particularly in agriculture. With the GOZ adhering to strict fiscal limits, these

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1/ 84 State 325163, "FY 85 CDSS Revision," paragraph 5.

counterpart funds will continue to be vital to all of USAID's projects. They form a significant proportion of the GOZ's budgets for food production and marketing and for rural health. Reflecting USAID's portfolio as a whole, about 60 percent of the generated local currency is used to support agriculture, rural development and nutrition activities, 25 percent is for programs in health, and the remaining 15 percent is allocated to miscellaneous self-help activities, program administration and currency use payments.

D. Improving the Capital Account in the Balance of Payments

One of the biggest contributors to Zaire's difficulties with the balance of payments has been the development of a large net outflow of private capital. USAID along with the rest of the U.S. mission in Zaire regard reversal of this situation in the medium to long term as not only highly desirable but to a degree feasible, given the modest improvement in the confidence of the local business community already evident over the last two years. USAID's private enterprise promotional activities will be designed subsequent to the forthcoming Investment Climate Survey.

E. Sustaining and Extending Liberalization of Economic Policy

In addition to the policy dialogue, discussed in another section of this Update, it should be mentioned that both balance-of-payments and budget support tend to create an economic environment more favorable to maintaining and extending liberal economic policies. The less stringent the shortage of foreign exchange and of domestic spending power, the more content economic agents will be and the less pressure there will be for granting privileged exceptions to the discipline of market forces, which can incrementally unravel a liberal policy.

F. Encouraging Continued Rescheduling by Zaire's Creditors

Although debt rescheduling is a subject outside of USAID's program, it is vital to all other aspects of USAID's enterprise. The entire U.S. mission in Zaire urges USG agencies in Washington and those in contact with other creditors to make an increasingly strong case for continuing to grant debt rescheduling concessions to the GOZ.

II. Agricultural Production Strategy

A. Goal and Program

The basic goal of USAID's agricultural production projects is to raise the welfare of the target population by raising agricultural productivity. The bulk of USAID's agricultural assistance will be programmed to production and marketing projects resulting in increased agricultural output in the short to medium term. Furthermore, these projects will be chosen and designed to minimize delays in disbursement of foreign exchange for imported equipment and inputs, and to increase output of crops that will substitute for agricultural imports and thus save foreign exchange.

USAID's support to agricultural research and to agricultural policy analysis and planning is also considered basic and vital for achieving increased productivity. This support is especially important in the context of rapid rural population growth, economic stabilization, and policy reform. Although these activities will absorb less funding than the production projects, their funding will be maintained through the medium and long term at the steady levels necessary for continuity of effort and eventual success.

B. Short to Medium Term Agricultural Production and Marketing Program

1. Geographic Concentration

The basic element of USAID's strategy for the production projects continues to be concentration of resources in limited geographic areas. These areas will be strictly limited in number and size in response to the basic constraints of distance and transportation costs, and in keeping with the limits that have been placed upon USAID's management and financial capacity.

Two areas have been chosen for USAID's agricultural production projects in

this planning period: Shaba region and the Kwilu subregion of Bandundu region. These areas are the primary sources of domestically produced food for the largest two concentrations of urban populations in Zaire. These urban centers are considered by the GOZ to be the keys to national political stability. Since they are also the principal importers of foodgrains, focusing increased local supplies there will save the maximum foreign exchange. Moreover, each production area has primary transportation links to its major market and has shown the capacity to increase marketing in recent years.

USAID's North Shaba Project has contributed to the increase in output of maize that has been observed in Shaba in recent years. USAID will seek to continue to augment agricultural output from small farms and to increase the supplies of agricultural commodities from rural Shaba to Lubumbashi and the mining towns of south Shaba, which constitute Zaire's second largest concentration of urban markets.

Among other options, USAID is studying and planning follow-on activities in the area of the North Shaba Project (PNS). Activity in applied agricultural research and in farming systems research will continue in the area indefinitely, the project-constructed training center will be in operation, and a seed farm may be expanded. Furthermore, a site south of and linked to the area of PNS is an option for further activity, as is the possibility of building a mini-hydroelectric plant to serve agribusiness in the area.

Bandundu's Kwilu subregion was linked to Kinshasa by a paved road in 1979 and since that time has become the capital's leading supplier of agricultural commodities. The improved transportation link also greatly facilitates

project management. USAID will build on this development by supporting technical improvements in production and processing and by further improving transportation links with both regional centers and Kinshasa.

2. Elements within the Production and Marketing Program

Each geographical area's physical, economic, institutional, and cultural characteristics will basically determine the mix of elements that will be supported by USAID's projects. By concentrating geographically and by cooperating with existing private, PVO, and governmental institutions, USAID will be managerially capable of supporting some diversity in the mix of elements in any given region.

a. Transportation

The conditions that dictate geographcial concentration also dominate USAID's strategy concerning the individual elements of this approach. Physical barriers between farmers and consumers, resulting in high transportation costs and sometimes in isolation of productive farm land, are the principal short-term constraints to greater production and marketing of agricultural commodities, higher farm income, and lower product prices for consumers. While the farmgate price of marketed output is now free to respond to movements in the consumer retail price, high transportation costs still result in a wide margin between those two prices. Therefore, the first step in USAID's area-development strategy is to lower marketing costs by improving transportation infrastructure. While secondary and tertiary road transport will be USAID's primary focus, improved secondary river transport will be included where appropriate.

b. Techniques of Production

With productive areas opened up by improvements in transportation, USAID will proceed to support the introduction of better farming techniques. Possible elements of this aspect of the strategy are improved seeds and cuttings, new manufactured inputs like fertilizers and pesticides, better cultural practices, animal traction, and mechanized equipment. Among these possible elements, USAID's strategy primarily emphasizes improved seeds and cuttings as the quickest paying and most readily adopted innovation. Improved varieties already available will be multiplied and distributed using local resources and private enterprise. (For the longer term, critical foundation work in the development and production of breeder stocks for multiplication will be supported by USAID's agriculture research project. This project also involves farming systems research and outreach programs for improving other cultural practices.)

Secondly, USAID's technical development strategy will emphasize extension activities through the private sector and PVOs. An extension strategy that required intensive involvement of governmental agencies would be severely constrained by governmental financial and organizational limitations and by the uneasy relations between farmers and some governmental officials. Thus, USAID's strategy will emphasize (1) supporting private, for-profit enterprise in providing extension advice in connection with the marketing of improved seeds and new inputs, and (2) assistance to PVOs already active in some areas, to upgrade their capacity to do extension work, to multiply seeds, and to link to research programs.

Finally, less emphasis will be given to new manufactured inputs, animal traction, and mechanization than to the first two elements described above.

Large farms in certain areas are already mechanized and use fertilizer and pesticides. Furthermore, the expected growth of the rural population and of farming intensity will make these new inputs increasingly important for small farmers also. However, economic and logistical problems preclude at present an extensive program for the target population of small farmers.

This final element will be explored during the planning period for possibly increased emphasis in the future, based on achievements in transportation, improved seed, and agricultural techniques. Population and cropping pressures will probably make forestry and environmental problems an increasingly important topic also.

In any case, USAID believes that the supply system for manufactured inputs ultimately belongs in the private sector and will naturally develop there as policy and market factors permit. By working to expand commercialization of small-farmer agriculture, USAID's program will increase the market for cash inputs and stimulate development of a private supply system.

c. Backward Linkages from Marketing and Processing Centers

The strategy will also include support to local agricultural processing industries to improve the market for raw agricultural products. USAID is becoming increasingly aware of the drag on production, marketing, and processing caused by weak market towns. When rural roads have been rehabilitated and better seed provided, such bottlenecks as credit, electricity, and water then slow down the whole agriculture development process. This is a subject now being studied in depth. If resources are made available, these constraints may also be tackled in Bandundu and Shaba.

III. Policy Dialogue

A. The Context of the Policy Dialogue

The U.S. economic assistance program is only one among a constellation of sources of external finance for Zaire. Other sources include the multilateral development banks, the IMF, other bilateral donors, and private international lenders. Each and all of these investment partners are potential contributors to the dialogue on economic policy improvements.

In Zaire, as in many developing countries carrying a heavy external debt burden, the IMF has taken the lead on the policy dialogue dealing with stabilization issues. This is proper owing to the substantial resources and non-political nature of the institution. The Fund is best positioned to insist on inconvenient or unpopular policy reforms.

The entire U.S. mission in Zaire supports the IMF-designed structural reforms and has consistently emphasized at all levels of the GOZ that increased U.S. assistance is ultimately dependent upon continued adherence to accords with the IMF. This is a critical element of U.S. policy in Zaire. It has not been necessary for USAID to explicitly condition any measure of program assistance on GOZ compliance with the IMF accords.[1/]

In coordination with the donor community, USAID's role in the policy dialogue has been, and is, largely focused on the GOZ's sectoral policies and programs in agriculture and rural health care delivery.

1/ See Kinshasa 6204 (C), dated 16 April 1985, for more information on this subject.

B. Recent Changes in Macroeconomic Policy

As a result of the policy reforms implemented over the past two years, considerable progress has been made in stabilizing Zaire's economy. Following completion of a shadow program under IMF auspices in 1983, a full IMF standby agreement was carried out in 1984. A one year, follow-on agreement has been negotiated for 1985.

Zaire's 1983/84 performance, which the IMF regards as the most sweeping and successful effort ever undertaken in Africa, has met virtually all the IMF's performance criteria despite relatively unfavorable terms of trade. By the end of this period, the GOZ had implemented a degree of structural reform which went far beyond that involved in previous programs. For example, the GOZ established a competitive interbank foreign exchange market through which the foreign exchange rate is determined. Interest rates and prices (with petroleum products the most prominent of only a few exceptions) have been deregulated in recent years. Price liberalization in the agricultural sector, in line with policy changes recommended by USAID, took place principally in 1982. Most agricultural marketing parastatals were eliminated in Zaire as long ago as 1978. Most interest rates are now at positive, market-determined levels. Although the interest rate for agricultural credit is still controlled, it has recently been raised to 20 percent, which is in line with the recent rate of inflation.

These again were, in general, fundamental changes in the policy of governmental regulation, rather than promises to regulate with a lighter hand. These measures have sharply increased the role of the market in allocating foreign exchange, credit, and goods in the economy.

USAID's advice and examples have been influential in many sectoral reforms

adopted by the GOZ over the past several years, of which the more significant include the following:

-- farmgate price controls for food grains have been lifted;

-- the GOZ's agricultural marketing parastatals have been abolished;

-- regionally imposed restraints on the movement of agricultural commodities across regional boundaries are no longer legal;

-- locally and regionally financed development activities no longer have to be cleared through the central government's budget;

-- the private sector is being encouraged to play a growing role in the provision of agricultural inputs, extension activities and marketing;

-- management of rural health zones has been decentralized; and,

-- user fees for the auto-financing of rural health zones have been implemented.

C. The Policy Agenda

The tone and impact of the policy dialogue for the planning period will be strongly influenced by whether the GOZ will allocate the financial and managerial resources required to sustain the structural reforms already put into effect plus those in process. USAID believes that Zaire will continue to consolidate its successes. The GOZ has repeatedly emphasized its commitment to continued economic reform and stabilization. The GOZ is focusing on the need to attract new foreign investors. Furthermore, the local private business community is exhibiting some confidence and guarded optimism.

1. Continued Liberalization

USAID will encourage continued liberalization along two major lines. First, USAID will encourage and support continuation of the decentralization

of administrative authority begun in 1983. Second, USAID will encourage and support more concrete steps to increase private participation in Zairian development, as envisaged by President Mobutu's inaugural address of December 1984.

a. Decentralization of Authority

USAID sees great potential in two 1983 GOZ policy shifts. One measure devolved certain central government powers to local governmental units. The other recognized and sanctioned the extent of private and voluntary interests in the delivery of economic and social services. USAID will use the policy dialogue to search with the GOZ for means to implement these policy shifts.

Given that local and regional governmental entities are constrained by even more severe shortages of trained manpower and finance than those that confront the central government, USAID will use the policy dialogue to encourage increased participation of the private sector and of PVOs in regional developmental activities, increased allocation of fiscal resources to local levels, and strengthened regional planning capabilities.

-- First, USAID will promote an increased role in policy and programmming decisions for private firms and PVOs active in secondary road maintenance and the provision of educational and health services.

-- Second, USAID will promote user fees to finance publicly provided services which have a direct, identifiable benefit to the recipient. Furthermore, local and regional taxes will be advocated when feasible to finance and sustain developmental initiatives of benefit to the public.

-- Third, USAID will promote regional agricultural planning, principally

through the self-help measures of annual PL 480 Title I agreements. USAID is working with the Department of Agriculture to build up the central government's ability to prepare and subsequently make use of regional agricultural plans and intends to extend this effort to strengthening regional planning authorities, using local currency and coordinating with other donors. The purpose of improving the GOZ's capacity in policy analysis and planning is to permit the GOZ to identify and concentrate upon the activities appropriate to the government, and to coordinate those various activities with each other as well as with private economic developments.

b. Promotion of Private Enterprise

USAID is presently cooperating with AFR/PRE and the Economic/Commercial Section of the Embassy in a thorough study of the climate for private investment in Zaire, from the point of view of both Zairian and foreign investors, large and small. This study will map out both policy positions and concrete institutional and economic steps needed for Zaire to realize increased private industrial and commercial investment. Subsequently, recognizing that modifications to basic policy are preconditions to more concrete steps to promote and attract private investment, USAID and the Embassy will follow up on findings of the investment climate study. Specifically, the U.S. mission will attempt to influence the ongoing revision of the GOZ's Investment Code.

2. Sectoral Policy

a. Agriculture

The ongoing Agricultural Sector Studies Project (660-0070) is designed to strengthen the Department of Agriculture's Service for Studies and Planning, which is the GOZ's primary agency for agricultural planning and policy analysis. Through this project, USAID will have a continuous dialogue with the GOZ on key policies affecting agriculture during their formulation. Furthermore, the recent Presidential Agricultural Task Force delved into a wide range of agricultural policy issues and identified a number of topics of particular interest to USAID, giving recommendations consistent with the directions of USAID's policy dialogue. Chief among those topics are budget allocations to the agriculture and transportation, private-sector involvement in the production and distribution of seed to farmers, organizational issues in applied agricultural research, and the use of local and regional revenues and user fees to pay for new and expanding services. Several of those policy objectives have been coordinated with the World Bank as well as with bilateral donors.

Specific positions advanced in support of USAID's agricultural strategy and program objectives include:

-- Resources allocated to transportation infrastructure should be increased; and specifically the budget of the national Roads Department should be doubled;

-- Agriculture's share of the GOZ's ordinary budget should be increased from the present share of less than 1.0 percent to 3-4 percent, in accordance with priorities being set in the GOZ's 1986-1990 development plan;

-- Private companies and PVOs should be specifically sought out and encouraged to produce and distribute improved seed varieties to farmers;

-- Appropriate steps should be taken to implement a restructuring and reorganization of the agricultural research systems in accord with the recommendations of the International Service for National Agricultural Research;

-- Regional level revenues should be generated and earmarked to finance the maintenance of regional transportation infrastructure; and

-- Planning and coordination between transportation investments and agricultural production investments must be achieved.

Since the Task Force's report will be presented by President Reagan to President Mobutu, it will afford an opportunity for policy dialogue at the highest level. The U.S. mission in Zaire will follow up at lower levels of the GOZ.

b. Health Policy

In health, USAID will continue to encourage user-fee financing and reliance on well established PVOs for efficient and sustained delivery of services. Furthermore, USAID will continue to emphasize the importance of preventive health care, in order to bring about a better balance of budgetary support for preventive health care with budgetary support for curative facilities.

c. Population Policy

In population planning, USAID will attempt to increase public officials' awareness of the impact population growth has on the planning and provision of goods and services (especially food and social services). Policy dialogue in this area must be sensitive to the cultural, religious, and political environments. The topic is best approached in terms of child spacing and improved maternal and child health.

d. Economic Planning

During the planning period of the CDSS, USAID will also explore the needs and opportunities for supporting the GOZ in the area of economic planning, specifically targetting relations between the agricultural and transportation sectors.

D. Implementation of the Policy Dialogue

USAID's policy dialogue will be implemented more in the context of concrete economic assistance than through abstract debate and negotiation. USAID's projects will prepare the GOZ to identify policy problems, to deal with them analytically, and to experiment with application of reforms. Specifically policy-oriented projects will be used to raise the GOZ's (and USAID's) capacity to identify policy questions and to deal with them objectively. Production- and service-oriented projects will frequently be used both to identify sectoral policy problems and to serve as test cases where the GOZ will have the opportunity to experiment with initially limited adoption of reforms. Continuation and expansion of USAID's assistance will be contingent on overall success of both technical and policy factors in achieving the assistance's purposes. In sum, our portfolio of projects, as well as being the basis for our policy dialogue, will be used to demonstrate and encourage necessary actions.

E. Policies as a Constraint to Implementation of USAID's Program

Major policy changes made in the past few years in agriculture and health have allowed USAID's current program to be implemented effectively and in a reasonable time frame. Adherence to a stabilization program and acceptance and implementation of the policy reforms mentioned above continue to give confidence that a significant increase in program levels can be used effectively to create ever more widespread and sustainable benefits for the target population.

IV. Resources and Staffing Levels

A. Proposed Assistance Planning Levels

This strategy can absorb increases in funding levels throughout the planning period. The proposed assistance planning levels are presented in Table I on the following page.

Zaire has the fourth lowest GDP per capita and ranks 28th among 38 countries in the Africa Bureau in U.S. assistance per capita, with $1.75 proposed in the Congressional Presentation for FY 86, compared to the Africa Bureau's average of $3.64. The levels requested for FY 90 if available in FY 86 would still leave Zaire below the Bureau's average. On the other hand, Zaire has the largest population and the fourth largest total GDP in this group of countries. As Zaire's economic stabilization and recovery programs continue through the rest of the decade, the capacity of the economy to absorb material, technical, and managerial resources, and to use them effectively, will expand continuously.

Studies and projections of investment needed to maintain a constant GDP per capita level while meeting short-term stabilization objectives show that a substantial foreign exchange gap will have to be filled for years to come. The magnitude of the gap is well beyond extrapolations of current assistance levels. Additional debt relief and significant growth of both private foreign investment and donor development assistance levels must all occur to support achievement of short-term program objectives.

PL 480 Title I is USAID's single most important resource for filling the foreign exchange gap through quick-disbursing assistance that yields foreign exchange. There has been no Congressional objection to increases in Title I for Zaire. Zaire could absorb $30 million of Title-I imports in FY 86.

TABLE I

PROPOSED PLANNING LEVELS (OBLIGATIONS)

($ millions)

Categories	Fiscal Year				
	1986	1987	1988	1989	1990
DEVELOPMENT ASSISTANCE					
Agriculture	13	17	20	23	26
Planning/Instit. Development	1	2	3	3	3
Applied Research	3	4	2	5	5
Production/Marketing	9	12	14	15	18
Health/Population/Nutrition	7	6	6	6	7
Public Health	5	3	3	3	3
Nutrition	0	1	1	1	2
Family Planning	2	2	2	2	2
Education/Human Resources	0	0	1	1	1
Manpower Development	0	0	1	1	1
TOTAL DA	20	23	27	30	34
P.L. 480					
Title I	30	31	32	33	34
Title II	1	2	3	3	3
TOTAL P.L. 480	31	33	35	36	37
ECONOMIC SUPPORT FUNDS	20	25	30	35	40

ESF resources are the most flexible form of assistance and have been programmed as a first priority to finance the importation of intermediate inputs and capital goods. Assuming that recent exchange, trade, and payments reforms are maintained, this form of tied support could continue to have only limited appeal to commercial importers, particularly if the dollar remains so strong. Moreover, ESF-financed commodity import programs have been strongly resisted by key members of Congress. Thus in FY 86 ESF resources are programmed for the new Shaba food production and marketing project, an activity which will be designed to achieve quick pay-offs. Dependent upon availability of funds, the GOZ's adherence to policy reform, Congressional authorization, and world market conditions, USAID will use ESF for both commodity imports and projects with relatively short-term production payoffs during the CDSS period.

In the functional accounts, agriculture and rural development activities account for the bulk of the request. Allocations within the account are substantially greater for production and marketing support activities, with the rehabilitation of transportation infrastructure as the major component. Resources at this level will mean both a steadily expanding geographic spread and more indepth coverage of present areas. For example, USAID will be able to add 50 rural health zones to the national activity and additional health centers within each zone. The extent of the rural road programs in Shaba and Bandundu and thus of the land brought back into production will increase year by year as determined by resource availability.

B. Staffing

All financial aspects of the country program are proposed to grow during the planning period. At the same time, no direct hire staff increases are

thought possible. Accordingly, USAID has made several adjustments to manage the proposed portfolio.

As shown in Table II below, USAID's direct-hire workforce including development interns (USDHs and IDIs) is expected to remain somewhat below recent levels throughout the planning period. In its August 1983 staffing pattern, USAID had 28 USDHs and IDIs, as compared with 20 planned for the CDSS's planning period. However in fact there were only 24 on board in 1983. Furthermore, the number of personal-service contract professionals (PSCs) on board has risen from 9 to 18 in the interim and is planned to remain at this level. In addition, several professional employees are under contract from the local American Employees' Recreation and Welfare Association.

TABLE II

USAID/KINSHASA'S STAFFING PATTERNS

	August 1983		CDSS Period
Category	Positions	Filled	Sustained Positions
USDH	25	22	20
IDI	3	2	0
PSC	11	9	18
OTHER PROF (Grade 7 and up)	19	17	20
TOTALS	58	50	58

In sum, the professional staffing of the mission has not fallen as the reduction in USDH positions would seem to indicate. Furthermore, several of USAID's Zairian employees have in recent years gained enough experience to

shoulder substantial additional responsibility in project management and program analysis, which USAID regards as a very healthy development.

It should be noted, however, that PSCs available to USAID are often inexperienced and require a training period to be fully effective. This places additional emphasis on filling division chief positions with experienced persons who are sound managers.

In order to improve productivity, three organizational improvements have been made. First, management support offices are being set-up in Bandundu and Shaba regions to improve logistical support and enhance the monitoring of activities. Three PSCs, one in Kikwit and two in Lubumbashi, will staff these offices. The Kikwit office will mostly be concerned with logistical support, while the Lubumbashi office will provide logistical support and frequent on-site monitoring of activities to ensure that responsibilities distributed among PVOs, project technicians and host-country personnel are carried out in accord with applicable A.I.D. guidelines and regulations.

Second, USAID is continuing to automate word and data processing. This has already allowed the staff to handle substantially more documentary and budgetary/accounting work than before. In the future, increased productivity should also be felt in quantitative aspects of project design, analysis, and monitoring.

Third, some restructuring of divisional project responsibilities and streamlining of project support services are now being implemented to better accommodate program expansion. In Kinshasa, divisional management responsibilities have been rearranged. The General Development Office has been dissolved and its portfolio, including the entire Congo program, has been distributed among the various other USAID divisions. Based upon AID/W's

decisions to truly restrict small country programs, USAID plans to reduce Congo backstopping requirements from the present 10 percent of USDH staff time to about 5 percent. A PSC liaison officer will continue in that role, operating out of the American Embassy in Brazzaville.

Expansion of USAID's program has occurred largely through intensification of activity in a constant set of geographical areas and functional specialties, avoiding the need for the most part to add personnel with expertise in new subjects. Partial exceptions are the commodity import program, which has required short-term assistance in supply management, and private-enterprise activities, in which USAID cooperates with the Embassy's capable and energetic Economic/Commercial staff of five professionals. As a result, USAID has been able to manage a program that has more than doubled in dollar value without the need to increase the number of USDH personnel.

V. Other Concerns

A. Donor Coordination

1. Public Investment Plans

The current means for the formal coordination of donor and GOZ developmental activities is the Public Investment Plan of the 1983-1985 Interim Economic Rehabilitation Program. This program is dominated by the objective of stabilization and takes place in the context of the IMF's programs. The GOZ's strategy is to follow the Interim Program with a Five-Year Plan for 1986-90. The Five-Year Plan anticipates somewhat less stringency and faster growth, using the achievements of the stabilization program as a base.

Projects supported by USAID, like all projects with funding assured by

donors, have been included in the GOZ's past plans. However these plans also include projects for which funding was not identified as of the time of the plan's publication. Therefore, inclusion of a project in the plans has not ensured its implementation. Furthermore, not all donor-supported projects are approved far enough in advance to be included in a multi-year plan. As funding becomes available, new projects are added. Thus, the fact that a project is not in the initial plan does not necessarily mean that it will not be included and implemented later.

The GOZ's dependence on donor financing for most projects has meant that its plans could not be independent documents coordinating a complete set of projects. At best, the plans, up to now, represent an incomplete documentation exercise. With the UNDP's assistance, the technical planning process now underway for the drafting of the Five Year Plan suggests that future investments will be better coordinated under a defined strategy. Already, stricter monitoring and control of expenditures and project implementation have been instituted.

Since all of USAID's activities are within the priorities set by President Mobutu's December 1984 inauguration speech, they all will be included in the Five Year Plan. In fact the speech mentioned by name many of USAID's current projects. Given our constant dialogue with the Department of Plan and other key departments, USAID's current and projected program is known to be in keeping with the GOZ's thinking. This dialogue has helped shape the GOZ's planning in key areas of agriculture and health.

2. Donor Program

USAID is an active participant in monthly donor meetings chaired by UNDP or the World Bank to exchange views on issues of mutual interest and to review

proposed projects. In addition to bilateral contacts and these monthly donor meetings, starting in 1984, twice a year formal donor-GOZ meetings have occurred at the Ambassadorial-Ministerial level on mutually selected topics.

Donor activities expected over the planning period will continue to emphasize the rehabiliation of the productive sectors (agriculture, mining, industry), the removal of infrastructural bottlenecks (transport), and improvements in the support sectors (energy, health, water supply and education). Following is a brief review of the major donors' programs.

a. Belgium - Among the donor countries and organizations working in Zaire, the GOB has the largest project portfolio and greatest number of technical experts. Over 100 projects are underway and more than 900 Belgian experts are providing technical assistance.

Over the next five years, the GOB expects aid funding levels to increase at a rate of 5 percent per year with an rising portion of the financing being allocated to agriculture and rural development. Assistance to the education sector will decline, but will still total far more than funding to other sectors.

There are close working relations between USAID and the Belgian aid program in both health and agriculture. However, only in rural health do the two donors' projects directly affect each other.

b. France - French assistance occurs mostly in the form of development loans and technical assistance. Financial and technical assistance is expected to continue in the following sectors: agriculture and rural development; industry and mining; infrastructure, transport and telecommunications; human resources and health. More than 250 French technical assistants are assigned to these sectors.

c. Germany - Until recently, German aid has been focused on infrastructural development, mainly in the transport sector. A reorientation of priorities will direct future aid to increased food crop production, improved planning capabilities at the regional level and upgraded public health care. USAID has its closest relations with the German aid mission, with joint programming and joint evaluations taking place in agriculture and health.

d. Canada - Canadian aid is concentrated in the agricultural subsectors of forestry and food crops. Geographically the program is focused on the Haut-Zaire and Kivu regions, and so outside USAID's principal regions of activity.

e. UNDP - The UNDP's aid strategy is broad based and the program is spread across a number of sectors. Fifty percent of the assistance is given to two categories: public administration and agriculture (including forestry and fishing).

f. IBRD - The main objective of the World Bank's assistance has been the development of institutions. In this frame, technical and financial assistance has been provided to key organizations, e.g.: SOFIDE (credit), ONATRA (river transport), SNCZ (railroads), and Office des Routes (roads).

In the past three years, primary effort has been directed towards assisting in the rehabilitation and development of agriculture and transportation, in part through the design and implementation of appropriate new policies. Future assistance will continue to rehabilitate agriculture, industry, and mining, and to improve utilization of existing capacities, through assistance either to these productive sectors directly or to the key infrastructure sectors, transportation and energy. Early discussions on industrial sector lending have been held. Given the magnitude of the Bank's

program and the complementarity between the IBRD's and USAID's activities, there is close contact with the local office and visiting Bank missions. In particular, policy issues are the subject of much discussion and mutual influence.

g. EEC - Most of the EEC's aid to agriculture has been for the promotion of export and industrial crop production. Financial input to transportation was used to support road construction projects and to finance the study of the Banana deep water part.

h. AFDB - More than half of the AFDB's assistance is programmed for development of infrastructure. These activities support water distribution, telecommunications, and the design of a rural electrification plan.

3. Recent Disbursements

Table III

External Assistance to Zaire 1981-1983

(Disbursements in thousands of U.S. dollars)

COUNTRY OR ORGANIZATION	1981	1982	1983
Belgium	118,527	84,940	86,257
France	24,272	32,306	32,362
Federal Germany	30,952	28,250	20,866
Italy	3,938	4,780	6,200
United Kingdom	1,630	3,133	2,960
United States	21,170	22,987	26,235
Canada	12,500	29,800	21,100
Japan	52,200	21,883	7,584
EEC	28,609	33,769	49,371
IBRD	16,495	38,700	42,850
UNDP	10,281	10,165	5,390
Other U.N.	15,970	14,390	15,505
AFDB	2,600	1,800	NA
Arab Funds	1,800	--	--
Other	2,310	7,110	7,000
TOTAL	354,458	334,034	323,680

SOURCE: UNDP and EEC

B. Target Group

USAID's strategy is designed ultimately to benefit the traditional farm family. In the near term, the stabilization program provides the needed macroeconomic foundation for a broad-based developmental effort. The urban food consumer is the primary purchaser of PL 480 Title I food commodities, but the counterpart funds generated are used primarily to support projects in rural areas. ESF intermediate inputs to transportation and agriculture enhance food crop marketing capabilities, and benefits will accrue to the farmer through this aspect of the stabilization effort.

Institution building and participant training are important to the target group. Organizations must be developed that can provide sustained service delivery systems necessary for development.

Direct and immediate benefits accrue to the target population through other aspects of USAID's program. Improved seed varieties are being multiplied and distributed, extension work with appropriate technologies is being provided, support services are being delivered, rural health services are being expanded and improved, information on voluntary family planning is being extended, and improved nutritional practices are being introduced. These activities are concentrated within Shaba and Bandundu regions. The exceptions are the basic rural health interventions, which are countrywide in scope, and the population activities, which are an integral aspect of the rural health interventions but also aimed to influence the urban population.

As one measure of the number of direct program beneficiaries among the target group, USAID estimates that some four million people, or 12 percent of Zaire's total population, will benefit directly and immediately from the

initiatives begun or planned to begin in Bandundu and Shaba regions.

In addition, private for-profit enterprise and private voluntary organizations are key target groups for participation in and implementation of the strategy, with benefits spreading widely among the owners, employees, suppliers, customers, and clients of these organizations.

C. Nutrition Strategy

In the field of nutrition, the long-term strategy is to identify both constraints to improved nutritional practices by the target group and ways to address such constraints. In the interim, USAID seeks to increase the supply of food available through food production programs and via PL-480 imports.

The key institution through which USAID seeks to improve nutritional practices is the National Nutritional Planning Agency (CEPLANUT), which was established in 1982 with assistance from project 660-0079, Area Nutrition Improvement. To date, USAID and CEPLANUT have concluded that national priorities are to develop a nutrition surveillance system and to put nutrition science into local school curricula. In addition, it is believed that the identification of local constraints and of the means to overcome them must be carried out through regional organizations made up primarily of private and voluntary organizations.

To these ends, a rudimentary national nutrition surveillance system is being designed into the basic rural health system. Local mission hospitals are the major cooperating institutions. With extensive support from USAID, CEPLANUT has helped establish a regional nutrition council in Bandundu, and will attempt to create regional nutrition councils in other regions along the

same line. However, CEPLANUT will not attempt to manage these councils.

USAID and the GOZ believe that a national institution is needed to provide objectives and coherence to Zaire's nutrition program. CEPLANUT will continue to stimulate interest in nutritional status as a concern of public policy.

A mid-term evaluation of project -079 was done in 1984. Its recommendations are now being implemented. Consistent with the one of these recommendations, USAID's support for CEPLANUT will be reviewed during the end-of-project evaluation. Depending on the conclusions of that evaluation, USAID may extend its support to the project in order to ensure that its objectives are met. However, USAID does not plan a follow-on "free-standing" nutrition project.

D. The Role of Training

USAID supports participant training directly and through creation of local training capacity in order to develop competent staff for USAID-assisted projects and to strengthen key development institutions. Project staff training seeks to ensure the effective implementation and sustainability of the project. Training is undertaken in close coordination with the technical assistance provided. In human resources development for key institutions, USAID seeks to provide the type and level of technical and managerial training essential to the creation of a significant body of technically and managerially competent personnel.

USAID also provides training to trainers in seeking to strengthen local capacities for in-country, on-site management training. USAID assistance has established a National Center for Development Manpower Training (CENACOF) and now seeks to expand the capabilities of its staff. The considerable attention

given to in-country training under bilateral projects and under regional funding from the African Manpower Development Program is a distinguishing feature of USAID's country training program. In-country training activities offer substantial advantages over training in the U.S. in terms of coverage, impact, and appropriateness of training.

All three forms of training will continue through the planning period. The following principles will guide the mission's approach: 1) programming will include women as providers of services as well as participants and beneficiaries, and will be sensitive to potential roles and contributions; 2) emphasis will continue to be given to in-country training in accord with cost effectiveness and language and cultural relevancy; and 3) management and organizational skills will be included in technical training programs in recognition of the participant's need for the skills as Zaire's economy develops.

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