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Area Auditor General, Africa
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REPORT ON
AID PROJECT ACTIVITIES
IN BOTSWANA, LESOTHO, AND SWAZILAND

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REPORT ON
AID PROJECT ACTIVITIES
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INTRODUCTION

The Office of Southern Africa Regional Activities Coordination (OSARAC) is responsible for the administration of AID programs in Botswana, Lesotho, Swaziland and Malawi. U.S. policy in Southern Africa is to assist the four countries in developing economically toward self-sustained growth. In the past, some assistance was given to Malawi but is now only active in two current projects. The focus has been on aid to Botswana, Lesotho, and Swaziland (referred to as the BLS countries). Our audit was limited to a review of OSARAC project activities in the BLS countries.

Foreign aid is of major importance to the BLS countries. Between 1971 and 1975, it amounted to over 20% of the gross-domestic-product of Botswana and Lesotho, and to about 10% of the gross-domestic-product of Swaziland. These countries share a common economic dependence on the Republic of South Africa. They all have in common these characteristics:

- The majority of the population is engaged in subsistence agriculture.
- These majorities living in subsistence agriculture are very poor.
- Each country has a high degree of dependence on skilled expatriate (non-African) manpower.

U.S. economic assistance for several years up to FY 1977 has averaged almost \$5 million each annually for Botswana, Lesotho, and Swaziland. This assistance was for projects in rural development, range and livestock, land conservation and water resources, improved crop production, maternal and child health and family planning, higher education, primary curriculum development, and Food for Peace (P.L. 480).

Beginning in FY 1977, there was a dramatic increase in assistance to the BLS countries. Excluding P.L. 480 aid, economic assistance in FY 1977 totalled \$21.1 million, in FY 1978 it is estimated at \$78.1 million; and in FY 1979 it is proposed at \$48.1 million. (Exhibit A provides a breakdown by country.)

A decision has been pending for some time on whether a single Mission should continue to administer the AID programs in the BLS countries or whether there should be three separate missions. Basic personnel needs for independent mission operations in each country were in place or planned. OSARAC direct-hire staffing ceiling in FY 1978 had increased to 31, and in FY 1979 to 36. (The increase of 5 for FY 1979 had not yet been approved by the Ambassador.) We observed a great deal of time being spent on coordination by telephone and correspondence at all three BLS offices because authority was centralized in Mbabane. Subsequent to our review AID/W directed that the devolution would be effected October 1, 1978. We believe this action will significantly benefit the implementation of assistance to the BLS countries if personnel requirements are met.

Botswana

Botswana is a large country about the size of Texas, and has an estimated population of 680,000. The fundamental U.S. interest in Botswana is to increase Botswana's political and economic viability as a multiracial democratic state which will continue to work for peaceful change in Southern Africa. Consistent with this interest, the current focus of AID efforts is to assist Botswana to solve its present economic problems and give support to development objectives which lead to political stability and social justice.

Assistance has been composed of both large capital transfer projects having a high political impact and smaller technical assistance projects which more directly improve the quality of life of the poor majority.

Lesotho

A small country, about the size of Maryland and Delaware, and locked inside the Republic of South Africa, Lesotho has a population of over one million. In the short to medium term no alternative to economic dependence on South Africa has been identified. Lesotho's size and extremely limited resources leave no reasonable prospect for a viable independent economy. Most of the best prospects for increased domestic productivity, employment, and earnings depend on South African tourists and access to the South African market.

Swaziland

Swaziland is a small, landlocked Kingdom east of South Africa, with whom it shares common borders to its north, south, and west. In the east, it abuts Mozambique. The country, though small, does have a viable economy. The development problems stem from a great proportion of the rapidly growing population (about 500,000) having not shared equally in the economic growth.

The OSARAC programs in the BLS countries were reviewed to determine the progress being made in achieving objectives, and to identify problems that require management attention. Our primary emphasis was directed toward ongoing projects. OSARAC management's comments were considered in the preparation of this report.

SUMMARY

- A dramatic program buildup has occurred but overall development strategy has not been completed. Work on this was under way (page 4).
- A decision had not yet been made on whether a single mission should continue to administer the AID programs in the BLS countries or whether there should be three separate missions. Subsequent to our audit AID/Washington directed that the devolution would be effected on October 1, 1978.
- The single most important constraint to development in all three countries is the lack of skilled manpower. The shortage is in both U.S. direct hire technicians (page 5) and in trained and trainable local people (page 7). The lack of local manpower seriously affects each country's ability to fully utilize the assistance provided by the U.S. and other donors. There is a danger that much of the assistance will be wasted. In order to make sure that projects succeed, it may be necessary to provide additional U.S. technicians.
- The U.S. and other donors may be providing more assistance than the BLS countries can effectively utilize. It is being done largely for political reasons. As long as these conditions prevail we must either expect a higher than normal rate of project failure or provide the additional U.S. technicians necessary to ensure success.
- Almost no internal project evaluations have been made since FY 1976. OSARAC has not had a full-time Evaluation Officer (page 6).
- A follow-up system for each BLS country should be used to monitor returned foreign national trainees (page 7).
- The Instructional Materials Resource Center project was at least 9 months behind schedule and the implementation plan needs to be reviewed and revised (page 8).
- The Food and Nutrition Planning project was behind schedule because of the lack of a U.S. Program Advisor and a shortage of local personnel to train. An internal evaluation is needed (page 9).

- An assessment of the performance of Planning Assistance, Inc. is needed (page 10).

- The Rural Health Development project was delayed because of the non-arrival of contract technicians. A reassessment of the project's status and modification of the implementation plan needs to be made (page 11).

- The Crop Production project was about 2 years behind schedule because of the lack of U.S. personnel and of qualified local personnel for training (page 13).

- A determination should be made whether to abandon the present concept of the Botswana Range and Livestock Management Project. The project had not yet started.

- Although the Government of Botswana provided a letter of assurance that satisfied the conditions precedent, they have yet to provide AID with a firm written plan for financing the Botswana/Zambia road-paving costs (page 15).

STATEMENT OF FINDINGS AND RECOMMENDATIONS

OSARAC DEVELOPMENT STRATEGY

OSARAC has not updated the development strategy for each of the three BLS countries since the Development Assistance Plans were submitted in late 1974 and early 1975. Since then Southern Africa has become a political priority and Security Supporting Assistance has been approved for the area. Events moved rapidly in recent years and economic conditions have changed. It is increasingly important for OSARAC to prepare up-to-date program strategies.

The role expressed for U.S. assistance in the 1974/1975 Development Assistance Plans was outdated and needed to be redefined if only because of the dramatic increase in assistance levels. In Botswana, for example, U.S. assistance has increased from \$1.2 million in FY 1976 to an estimated \$17.2 million in FY 1979 and \$26.0 million was proposed for FY 1980. Other donors have also increased their contributions substantially over the same period. An updated strategy must consider the coordination of inputs and the host country's capability to absorb economic assistance. Current AID life-of-project costs total some \$112.0 million. Already, Botswana's FY 1978/1979 development expenditures account for 40% of its total budget of \$187.8 million. One can reasonably conclude that recurrent costs involved in development projects are reaching the point where the Government might require general budgetary support.

The BLS countries share many common characteristics such as critical manpower constraints, lack of adequate transportation systems, and the prevalence of subsistence agriculture. They have similar national development objectives. Yet, a separate assistance strategy is needed for each country because the road to economic growth is different. In recent years only the Government of Botswana, for example, had pursued a strategy of intensive development of the mining sector to fuel its economic growth.

The need for revised development strategy statements for each BLS country is recognized in AID/W and in OSARAC. Congress has requested the Administration to prepare a comprehensive, medium and long term analysis of U.S. development objectives in Southern Africa. An office has been created in AID/W (AFR/SADP) and consulting teams deployed to prepare sector, country and regional analyses in response to Congress.

The OSARAC Acting Regional Development Officer stated that the Southern Africa Development Analysis Paper (SADAP) will be presented to Congress in late 1978. AID/W informed OSARAC that it should await completion of the SADAP before preparing separate Country Development Strategy Statements (CDSS) for the BLS countries as they have cooperated with the SADAP authors (AID/W staff and consultants) in a hope that the SADAP country statements will competently serve as USAID CDSSs. If not, OSARAC is prepared to adapt the SADAP papers to the respective CDSSs.

USAID STAFFING

The shortage of direct hire management and implementation staff was a cause of many of the problems in AID activities. Project documentation was incomplete; AID project evaluations were not made; coordination with the host government suffered; and project after project has been delayed because of staff shortages. It is our opinion that problems are to be expected when attempting an extremely rapid buildup of activities in a very unsophisticated environment. These problems are exacerbated by the lack of U.S. management and implementation staff.

While the individual subsections that follow identify many problems other than the shortage of U.S. staff, many contain a common theme-- projects were delayed because of a lack of U.S. staff.

In circumstances such as described, we would normally recommend that U.S. staff be increased or at least studied. We have not done so in this case because of the politics involved in the rapid buildup of the program and the Embassy's desire to minimize AID's presence. However, since the program increase was based on a large extent on political reasons, we believe that well-managed, successful projects would have more impact than understaffed, delayed ones. To achieve successful, timely projects, additional U.S. personnel will have to be assigned.

PROJECT FILES

Project files at OSARAC were lacking in contractor reports and other documentation.

With one exception, OSARAC's official project files were missing some required documentation. Missing documentation included, but was not limited to, project evaluation summaries, contractor evaluations, contractor progress reports, shipping status reports, and host-country operating executive reports. Some files also lacked basic project documents, such as trip reports and memorandums of conversations with host-country officials. The project files were so short of documentation that it was sometimes difficult to trace project progress.

AID projects take a long time from initial project identification to final completion. It is rare that one employee sees a project from its inception to termination. For this reason, a good record of a project's history is imperative. It should be found in the official project files.

Project officials stated that the lack of documentation came about because of the present concentration on new projects. Designing new projects, preparing the numerous documents needed to obligate funds, and coping with study teams and other visitors left insufficient time to closely monitor ongoing activities.

We are not making a formal recommendation because it seems illogical and even impracticable to bring the files up to date now. Of course, whatever can be done should be done. And greater efforts need to be made to provide required documentation as soon as sufficient personnel are available.

PROJECT EVALUATIONS

OSARAC has not had a full-time evaluation officer and there have been almost no internal project evaluations since FY 1976. In Botswana we found two external evaluations but no in-house Project Evaluation Summaries (PESs). In Lesotho there was one PES for the PL 480, Title II program and two external evaluations. In Swaziland there were no PESs. One external evaluation has been started but at the time of our review, July 1978, it was still in draft form.

The Mission has devoted most of its attention to preparing Project Identification Documents (PID's), preparing and obtaining approvals from AID/Washington for Project Papers (PPs), and writing new Project Agreements (ProAgs) to obligate funds. Given the limited technical staff available, the implementation and evaluation of ongoing and newly started projects has had a lower priority.

Project development cannot be properly measured against targets and key program assumptions will not be tested if project evaluations are not done periodically. This universally recognized management principle is an integral part of AID assistance and is incorporated into every OSARAC project paper and project agreement.

Many large development projects are concentrated in single areas of AID development emphasis. We believe follow-on project design would be enhanced, and implementation delays now being generally experienced diminished, if OSARAC were to comply with project evaluation requirements.

Our review of project implementation confirms the need for evaluations in surfacing problems and outlining appropriate courses of action. Although OSARAC has prepared an evaluation schedule, it has not been implemented.

Recommendation No. 1

OSARAC should report on the steps it is taking to implement its evaluation schedule.

LOCAL PERSONNEL

A lack of trained local personnel in the BLS countries has delayed and hindered projects to the point where one must question whether the BLS countries can support projects as normally expected. There is a serious shortage of local talent to implement activities and provide counterparts and candidates for training.

This problem is recognized by OSARAC. The Acting Regional Development Officer has repeatedly officially stressed that the lack of qualified local personnel is its biggest constraint to development.

In Botswana 80% of the people with post-secondary education were expatriates and about 40% of gross-domestic-product accrued to foreign interests. The most pressing need was for programs to develop skilled manpower.

The situations in Lesotho and Swaziland were similar to Botswana. In Lesotho, South Africans dominate trade, banking, manufacturing, and tourism. In Swaziland, skilled manpower was in short supply. The Government was placing considerable emphasis on improving the quality and quantity of education, as the key to increased Swazi participation in the modern sector.

Virtually all projects in the BLS countries, both AID's and other donors', have requirements for local talent to train and/or to interface with expatriate technicians in implementing projects. In various sections of this report we cite numerous examples describing the difficulties of obtaining and retaining local people.

Recognizing this problem, OSARAC has recently included in its project agreements covenants which provide for manpower training and placing persons receiving long term training in specified positions for which training was provided. The BLS governments have also agreed to provide counterpart personnel as are identified as necessary to the projects.

This specific course of action being taken to deal with the problems of obtaining and retaining counterparts and trainees should assist in future project implementation. In addition, a participant training follow-up system should be instituted.

Recommendation No. 2

OSARAC should establish a participant trainee follow-up system for each BLS country which will monitor returned foreign national trainees. As a minimum, the system should disclose if participants are employed in positions commensurate with their training.

OSARAC PROJECTS

Lesotho Instructional Materials Resource Center - Project 632-061

The Instructional Materials Project was behind schedule because of delays in AID/Washington approval and delayed recruitment of technicians. The project agreement planned to be signed in May 1977 was not signed until September 1977. Implementation schedules were not revised accordingly after the late signing.

The Instructional Materials Resource Center was to be established in the National Teacher Training College in Maseru. The Center was to develop, test, and produce learning materials that reflected the socio/cultural environment of Lesotho. It was also to serve as the focal point for dealing with the basic ideas of curriculum development and translating them into effective teaching/learning materials for primary and junior secondary schools.

The first project agreement was signed on September 30, 1977, and the estimated project life was 18 months. AID funding was estimated to total \$472,000 and the Government of Lesotho was to contribute \$106,000.

The project was at least 9 months behind schedule. Many delays were encountered in obtaining AID/Washington approval of the Project Review Paper, and after that the Project Paper. This resulted in delayed recruitment of the senior advisor, a media specialist, who arrived in Lesotho on March 29, 1978. A second media specialist was scheduled to arrive on July 10, 1978. The project's implementation plan called for the U.S. advisors to arrive in July 1977.

Commodities and equipment were to have been ordered in August 1977 but the order had not been placed as of June 30, 1978. The AID Operations Officer in Maseru was working on a listing of items to be ordered costing about \$40,000.

The Project Agreement provides for 2-year training for six participant-trainees. They were to be selected by the Government of Lesotho in consultation with U.S. technicians and with the approval of OSARAC.

According to the implementation plan, the participant trainees should have been selected by September 1977. As of June 30, 1978, only two participants had been identified by the National Teacher Training College.

Recommendation No. 3

OSARAC should revise the implementation schedule of the Instructional Materials Resource Center project to reflect more realistic dates.

Lesotho Food and Nutrition Planning - Project 632-066

Food and nutrition planning was behind schedule because of the lack of a U.S. Program Advisor and a shortage of local personnel to train.

In June 1976 AID/W approved an Operational Program Grant (AFR-G-1270) to Planning Assistance, Inc. The grant purpose was to enable Planning Assistance, Inc. to help the Government of Lesotho in establishing an institutional mechanism for development planning and policy guidance as they related to food and nutrition in Lesotho.

The project was funded for 1 year beginning October 1976, with a provision that a joint evaluation of progress after 9 months would provide AID with recommendations concerning future funding. The external evaluation was conducted in August 1977 and the project was authorized to continue through FY 1980 with funding totaling over \$400,000.

Counterpart training was likewise behind schedule. The operational program grant states that the grantee (Planning Assistance, Inc.) will assist the Government of Lesotho to train local counterparts to assume positions of grantee personnel. It further states that one local research coordinator and two local research assistants will be recruited by the grantee and the Government of Lesotho to be trained as counterparts. We could neither identify counterparts nor grantee positions to be assumed by local counterparts.

Lesotho's severe human resources constraints notwithstanding, we question whether the contractor's performance has been satisfactory with respect to progress in training Lesotho Nationals. The grant implementation plan states the grantee will assist the Government of Lesotho to "orient and train Lesotho Nationals to the level of self-sufficiency in the techniques of program planning and the management of food and nutrition programs in Lesotho". The external evaluation report noted one of the two major goals was to "orient and train Lesotho Nationals to the level of self-sufficiency" but did not specifically comment on progress or achievement of this goal. We believe OSARAC should evaluate this project and determine if the self-sufficiency objective is moving forward as planned.

Recommendation No. 4

OSARAC should evaluate the Food and Nutrition project, particularly with regard to progress in training Lesotho Nationals to achieve self-sufficiency.

Grantee Performance: Early in 1973, the Planning Assistance, Inc. resident advisor notified the Government of Lesotho of his intention to resign unless the Government established a food and nutrition council with which he could carry out his duties under the project. This action was taken without prior consultation with AID. While it achieved results from the Government, the threatened action eventually resulted in the advisor's dismissal by the grantee, despite the high regard for his work by the AID Operations Officer in Maseru and by the Government of Lesotho. Subsequent actions on the part of Planning Assistance, Inc. officials have included unannounced visits to Lesotho, unkept assurances to maintain a technical advisor there, and misstatements of alleged understandings between the grantee and the government.

Recommendation No, 5

The Assistant Administrator for Private and Development Cooperation (AA/PDC) should review the management of Operational Program Grant AFR-G-1270 by the Office of Private and Voluntary Cooperation (PDC/PVC) and assess the performance of Planning Assistance, Inc. under the grant.

Lesotho Rural Health Development Project - 632-058

This project is behind schedule because of long delays in finalizing contract negotiations for personnel to implement the project. Project success is also threatened by lack of cooperation between the Ministry of Health and the Private Health Association of Lesotho.

On September 30, 1977, the AID Operations Office in Maseru executed a project agreement with the Government of Lesotho to provide \$2.2 million grant funding over 5 years to strengthen the institutional capabilities of the Lesotho Ministry of Health & Social Welfare, and to train rural health personnel. However, the project was structured in such a way that, after the first 2 years of implementation (Phase I), an evaluation was to be made as to whether the project should be continued or terminated at that point. Since several man-years of American technical advisors' time and substantial participant training and commodity imports will have taken place by that time, such midstream termination appears highly unlikely. Moreover, this "go/no-go" project design feature may well deter contractors from responding to the request for proposals recently issued by AID/Washington.

The development of rural health delivery systems and technician training programs has been seriously delayed in Lesotho. An American technical assistance contract organization had yet to be selected and technicians were not expected to arrive until early 1979^{1/}. Changes in high-level Lesotho Ministry of Health personnel further obscure the project's outlook.

Basic to successful implementation was an assumption that there would be adequate cooperation between the Ministry of Health and the Private Health Association of Lesotho. The Private Health Association is primarily a grouping of missionary organizations in whose clinics and hospitals^{2/} a substantial part of medical treatment is delivered to the Basotho^{2/} population. We were advised, however, that these two entities

1/ Based on post audit information that the University of Hawaii has since been selected.

2/ The term used for indigenous people of Lesotho.

have not enjoyed good working relationships due to philosophical differences at the national planning level.

Since preparations for this project began in 1975, the present outlook for timely and successful completion appears uncertain.

Recommendation No. 6

OSARAC should make a reassessment of this project's status and modify the implementation plan accordingly.

Lesotho Agricultural Sector Analysis - Project 632-064

The agricultural sector analysis was behind schedule because the Government of Lesotho had not provided the full staff necessary to the project.

This activity was designed to develop the capacity within the Government of Lesotho to design, implement, and utilize sector analysis in development planning. To carry out the work, AID entered into an agreement with Colorado State University covering a 4-year period beginning September 1, 1976. The project was to be implemented in three phases: Phase I consisted of home campus research and literature reviews; Phase II involved carrying out an agriculture sector review followed by an agriculture sector analysis under Phase III.

The total projected budget was \$1,508,800 of which the AID portion was \$1,409,000 (93.4%). The project was centrally funded except for \$286,100 to be funded by OSARAC of which \$196,100 was for contract services.

Phase I has been completed but the January 1978 scheduled completion date for Phase II was not met. The agriculture sector review under Phase II was rescheduled for completion in June 1978. The delay in completing the review was attributed to the non-availability of Basotho staff. The Government of Lesotho agreed (ProAg 77-L-11) to provide a minimum of six qualified (BA degrees) Basotho staff to work full time as members of the Lesotho agricultural sector analysis team. Also, under the Cooperative Agreement (AID/LA-CA-1), two Basotho trainees were to return to Lesotho with the Colorado State University team and work on the preparation of the Phase II report. These agreements notwithstanding, Phase II work and preparation of the agriculture sector review have been almost a total contractor effort - about 95% according to the USAID project officer. In fact, one of the trainees has been formally assigned to a position in the Government of Lesotho outside of the project. We have already made a recommendation regarding trained local personnel (see page 7).

Swaziland Rural Development - Project 645-024

This attempt to change farming conditions in certain areas of Swaziland did not meet project targets. However, the Mission was planning to fund an additional \$7.5 million to expand the project.

The Swaziland Rural Development Project was an ambitious attempt to change farming conditions in what is known as Swazi Nation areas. (The King has title to the land, about 50% of Swaziland, and assigns rights to it.) Designed and implemented in FY 1971/72, the project included at inception a \$2.2 million heavy equipment loan and a grant of \$1.855 million for technical assistance. The purpose of the project was to use the heavy equipment, plus technical assistance and participants, to terrace land, build irrigation systems, and install drainage systems in five defined areas throughout Swaziland.

Only limited success was achieved in reaching project targets. There was some improvement in farming practices and nine participants were trained and working. But the heavy equipment purchased under the loan was not utilized successfully. It was not operated efficiently and resulting repair and maintenance requirements cause excessive down-time. Of the \$1.8 million 1972 grant, only \$1.25 million had been expended. Nevertheless, present planning calls for additional loan and grant financing of about \$7.5 million to expand the project. Based upon the limited success of the project to date, we questioned the validity of perpetuating the project.

It was pointed out that while the original activity was not the success it might have been, there are compelling reasons for continuing the activity: (1) it is an ongoing activity of the Government; (2) it is multidonor, with other donors urging U.S. participation; and (3) it is an activity that fully meets Congressional requirements that activities must be directed at the poorest of the poor. Detailed plans are being made for use of the new funds, particularly with regard to use and maintenance of equipment. For these reasons, we are making no recommendation concerning the new, revitalized project. But we do urge that great care be used in implementing the activity.

Botswana Crop Production - Project 633-0056

The project was about 2 years behind schedule because of the lack of U.S. project personnel and of qualified local personnel for training.

The project was to support the Government of Botswana's effort to develop and expand programs in crop production, particularly sorghum and other cereals. Primarily institution building in nature, the project was to staff key positions in the new Crop Division in the Ministry of Agriculture; train local people to fill crop-related

posts; support the development of more productive and reliable dry land farming systems; assist in training extension staff in new crop technology; and aid the Botswana Agriculture Marketing Board by financing the construction of 11 grain storage warehouses.

The first project agreement was signed on August 31, 1976, and subsequently revised September 30, 1977. The estimated final contribution date was August 30, 1979. Funding was estimated to total \$1.8 million.

The project was about 2 years behind schedule. The Crops Screening Officer arrived in February 1977; the Chief Crop Improvement Officer arrived in February 1978; the Crop Program Officer had not been selected as of June 30, 1978.

Participant training called for by the project paper was: two 2-year participants to leave in 1976; seven 3-year participants to leave in 1977; two 2-year third-country participants to leave in 1977; two 2-year third-country participants to leave in 1978. We found that only one trainee has been scheduled for training. This was to begin September 1978 for a period of 12 months. We have previously discussed the action being taken to remedy local staffing (page 7).

The implementation schedule needs to be revised. It seems there will have to be an extension of the estimated project implementation period by more than 1 year. This will require a project authorization and request for allotment of funds (PAF) amendment.

Recommendation No. 7

OSARAC should revise the Crop Production project implementation schedule and make the necessary project authorization and request for allotment of funds (PAF) amendment.

Botswana Range and Livestock Management - Project 633-015

This project had not started because of the inability of the Government of Botswana to completely meet the conditions precedent and by AID to find an implementing agent. Originally the project was conceived as a demonstration effort whereby better livestock management and grazing land conservation would be tested on three prototype communal ranch sites. This concept did not materialize for a number of reasons. Principal among them was a lack of contact between project and government officials and small stockholders who apparently did not comprehend the project's objectives. Consequently, the project was drastically revised and a new project agreement signed in September 1977.

AID project funding was increased from about \$1.5 million to about \$3.5 million to pay for technical advisors, participant training, and commodity purchases. According to the government, heavy emphasis would be placed on "careful contact, consultation, group organization and group operation" under the revised project design. The government has also gone on record stating that "developing such group and communal livestock, range, and ranch management operations will probably be slow, difficult and prone to failure."

Almost 1 year has gone by without the conditions precedent for the project being met. OSARAC has expressed its concern at this delay and has stated it desirable to investigate the possibility of abandoning the project concept entirely and use the funds in another direction.

Given the history and complexity of this project and the obvious difficulty being encountered by the Government of Botswana in meeting AID's conditions precedent, we agree with the OSARAC assessment.

Recommendation No. 8

OSARAC should reassess the potential for the Botswana Range and Livestock Project and make a determination whether or not to abandon the present project concept.

Botswana-Zambia Road Paving - Project 690-072

Road engineering and design has been financed by AID but it is not known to AID the status of funding by other donors for road construction.

AID approved on September 12, 1977, a \$1.5 million grant for engineering design and construction supervision of the paving of the recently built (with AID Loan funds) Nata-Kazungula soil aggregate road in Botswana. It was to be paved with a bituminous surface by European Development Fund (EDF). The project grant agreement between AID and the Government of Botswana states AID will assist in financing the cost of engineering design and construction supervision, and the European Community acting through the EDF, will assist in financing the construction of the bituminous surface.

The Government of Botswana engaged (contract of December 15, 1977) Tippetts-Abbott-McCarthy-Stratton for the engineering design and supervision and issued a notice to proceed upon AID's issuance of a letter of commitment. This was done following AID's approval of the contract (December 21, 1977) and the Government of Botswana's meeting the conditions precedent.

The Project Paper called for completion of bid documents by March 1978 and for the construction contractor to be on site by August 1978 for a 24-month construction period. The Project Paper shows January 21, 1978, for the European Community Grant Authorization but we could find

no agreement or commitment in writing by any donor to finance the road construction. Conditions precedent under the Grant require evidence of intention of other donors to assist in financing the road construction and written assurances from the Grantee that it will meet any funding requirements for construction not met by other donors. The Government of Botswana satisfied the conditions precedent by a letter dated December 29, 1977, stating that the financing plan provides for funds from the European Development Fund but further stating that in the event that support is not forthcoming "the Government of Botswana would wish to discuss the situation with the United States Government so that a solution can jointly be agreed."

We were advised that OSARAC was working informally at both Ambassadorial and working levels with GOB to work out the funding situation. When an understanding is reached, a formal request will be made to the GOB to inform AID of sources of funding. Therefore, no recommendation is required.

U.S. ECONOMIC ASSISTANCE (AID)
SOUTHERN AFRICA AND KENYA

(Dollars in thousands; fiscal years)

	<u>Actual</u>		<u>Estimated</u>	<u>Proposed</u>
	<u>* FY 76</u>	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>
Botswana	1,197	10,250	15,784	17,194
Lesotho	1,190	4,217	31,929	8,601
Swaziland	871	2,303	13,164	4,991
S.A. Regional	<u>1,646</u>	<u>4,323</u>	<u>17,262</u>	<u>17,305</u>
	<u>4,904</u>	<u>21,093</u>	<u>78,139</u>	<u>48,091</u>
Kenya	<u>4,967</u>	<u>29,851</u>	<u>15,562</u>	<u>22,917</u>

* Includes Transitional Quarter

Source: Hearings -- Sub-Committee on Appropriations H.R. 1978 and 1979

List of Recommendations

	<u>Page</u>
<u>Recommendation No. 1</u>	7
OSARAC should report on the steps it is taking to implement its evaluation schedule.	
<u>Recommendation No. 2</u>	8
OSARAC should establish a participant trainee follow-up system for each ELS country which will monitor returned foreign national trainees. As a minimum, the system should disclose if participants are employed in positions commensurate with their training.	
<u>Recommendation No. 3</u>	9
OSARAC should revise the implementation schedule of the Instructional Materials Resource Center project to reflect more realistic dates.	
<u>Recommendation No. 4</u>	10
OSARAC should evaluate the Food and Nutrition project, particularly with regard to progress in training Lesotho Nationals to achieve self-sufficiency.	

Recommendation No. 5

11

The Assistant Administrator for Private and Development Cooperation (AA/PDC) should review the management of Operational Program Grant AFR-G-1270 by the Office of Private and Voluntary Cooperation (PDC/PVC) and assess the performance of Planning Assistance, Inc. under the grant.

Recommendation No. 6

12

OSARAC should make a reassessment of this project's status and modify the implementation plan accordingly.

Recommendation No. 7

14

OSARAC should review the Crop Production project implementation schedule and make the necessary project authorization and request for allotment of funds (PAF) amendment.

Recommendation No. 8

15

OSARAC should reassess the potential for the Botswana Range and Livestock Project and make a determination whether or not to abandon the present project concept.

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