

PD-ABN-471

92083

USAID ZAIRE
BROOKE WIND-UP PLAN

January 1992

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SUMMARY

Brooke sanctions went into effect for Zaire on June 1, 1991, when the Government of Zaire (GOZ) fell one year behind on its debts on loans under the Foreign Assistance Appropriations Act (FAA). On that date, the GOZ owed \$14 million in Brooke-sensitive debts. Prospects for lifting of the Brooke sanctions were and continue to be bleak.

No obligations of development assistance funds under the FAA have been made for Zaire since June 1, 1991. Due to reduced counterpart fund (CPF) availability since the suspension of the commodity import program in 1990, USAID Zaire restructured its program to reduce its dependence on CPF and as a result, had already significantly diminished the level of development assistance activity. Brooke sanctions set in motion a new round of cuts. These cuts were designed to wind up the program in an orderly manner without new obligations.

Nearly four months later, in September 1991, a Zairian military mutiny and widespread looting caused the U.S. Embassy to order the departure of non-essential personnel. The ordered departure further accelerated the wind-up of the program because USAID had to make sharp curtailments in project activity. Only three U.S. direct hire staff remained in Kinshasa.

The combination of diminished counterpart funds, Brooke sanctions, and staff reduction dictate a minimal USAID program. In the context of a collapsed economy and a government which has no legitimacy in the eyes of its people, even a minimal USAID program has to be scrutinized carefully. The Mission, in consequence, has decided to accelerate to the maximum the wind-up of the program.

The key features of the wind-up plan are:

- No new DFA or other development assistance obligations are planned. Approximately \$62 million can be deobligated.
- Most long-term project activities in Zaire have ended, except a few life-saving health activities and participant training.
- One U.S. direct hire will remain in Zaire to oversee the close-out of the program, supported by a core FSN staff of nine.
- Decisions with respect to emergency assistance will be taken independently of the Brooke Wind-Up Plan, as permitted by law.

POLITICAL AND ECONOMIC CONTEXT

Introduction

Zaire is rich in the quantity and diversity of its natural resources. It has about 10 percent of the world's tropical rain forest and 50 percent of that which is located in Africa. It also has vast tracts of arable land suitable for cropping and grazing. Its rivers offer an immense potential for hydroelectric power and for transportation. Large deposits of copper, cobalt, tin, and approximately 70 percent of the known world reserves of industrial quality diamonds give it immense potential wealth.

In spite of the potential of being one of Africa's richest countries, Zaire is one of the poorest. Its record of economic growth is dismal. Per capita gross domestic product (GDP) declined by 2 percent per year between 1965 and 1989 to \$240. The vast majority of Zaire's 36 million people now live below the poverty line, in a severe food and health crisis.

Many Zairians, as well as the donor community, hoped that President Mobutu's April 24, 1990 declaration to move toward democratization, constitutional change and open dialogue would become the real foundation for resurrecting Zaire's economy. Many independent political parties have formed and independent newspapers have been established, but those who seek open, transparent, competitive political processes (as in a "sovereign" national conference to set the election agenda) have been frustrated by President Mobutu, by the remnants of the one party state and by selfish, self-proclaimed "democrats" jockeying for power.

Zaire's rapidly deteriorating political and economic situation finally exploded on September 23, 1991 with the army mutiny. Riots and looting spread over the entire country. Yet, President Mobutu has kept his grip on power and has succeeded in dividing the opposition. The gross financial mismanagement and corruption that characterize his 26-year reign continue, while the economy has gone bust.

Political Developments: Historical Perspective and some Recent Events

When Zaire gained independence in 1960, it was technically ill-prepared for self-government. The first seven years following independence were marked by violent political strife, leading to a collapse of institutions, a breakdown of physical and organizational infrastructure and economic disruption.

Since 1965, President Mobutu has been at the apex of Zaire's political system, largely controlling the opportunities

and perquisites of the government apparatus. Although credited for his contribution in ending the turbulence and bloodshed of Zaire's first years of independence, Mobutu's power base has eroded gradually over the past several years.

In early 1990, Mobutu held a series of national consultations, an open dialogue with the Zairian people. During this interaction he was confronted with a degree of public dissatisfaction with the political and economic situation which he had refused to acknowledge previously. On April 24, 1990, under substantial popular public pressure, Mobutu announced a series of reforms that would culminate, he promised, in multi-party democracy. He also indicated that he would remain above the political fray as an "umpire" to watch over the ensuing transition to democracy. However, subsequent actions and events have not produced the promised outcome.

Mobutu's plans to write a new constitution have been overtaken by opposition demands for a National Conference to debate and determine the country's future. The National Conference opened on August 7, after many disputes and delays. It was suspended on August 20, 1991, after being labeled as a "National Confusion". The Conference was mired in a massive power struggle between Mobutu's ruling Popular Revolution Movement (MPR) and the other political parties. At the root of this struggle was the more fundamental issue of whether or not the National Conference would be sovereign.

A major army mutiny started in Kinshasa on September 23, 1991, as a result of the military's dissatisfaction with conditions of service. It led to the breakdown of law and order, looting and loss of life. It spread throughout the country, even to parts of the country where troops had benefitted from a substantial salary increase after the Kinshasa mutiny, but where they hadn't had an opportunity to loot. The soldiers were accompanied by civilians in widespread looting. Homes, shops, and offices were stripped bare. In addition to commercial areas, warehouses (including those of donor agencies) and private residential properties were also pillaged. Several MPR Ministers lost their houses and possessions in the looting and burning. The mutiny sparked the flight of over 20,000 foreigners engaged in business and development activities throughout the country.

Since January 1991, Mobutu has appointed five transitional governments. Prime Minister Lunda Bululu served from January 1st to March 30th; followed by Mulumba Lukoji until July 22nd (who was then reappointed until September 30th after Tshisekedi refused Mobutu's offer); Etienne Tshisekedi from September 30th to October 21st; Mungul Diaka from October 23rd to November 22nd; and lastly, Nguz a Karl-I-Bond.

None of these governments demonstrated the capacity to guide the

restructuring of the political process or manage the nation's economy. In general each has proven to be weaker than its predecessor. It is not much of an exaggeration to say that at present there is effectively no government in Zaire.

Nguz's government is now being closely watched. Having split with the "Holy Union," a broad based alliance of opposition parties, to gain his appointment, he is no longer considered a credible leader of the opposition by many Zairians. Nonetheless, his government has reconvened the National Conference as promised. Nguz expects the National Conference to (a) call for election within the first six months of 1992, (b) draft a new constitution, and (c) take up the delicate issue of Mobutu's plundered private wealth, which is estimated at anywhere from tens of millions to billions of dollars. Nguz, during a highly criticized trip in December 1991, made an urgent appeal to western and multilateral donors for assistance to help relieve some of Zaire's economic suffering. He also proposed that the IMF and IBRD provide technical assistance and oversight to the management of Zaire's Central Bank to garner donor confidence with regard to the use of donor resources.

In the meantime, the government is paralyzed and is not managing the economy. The press is relatively free, although not free from violent reprisals. The Kinshasa office of Elima, a major newspaper which was highly critical of the Mobutu regime, was bombed in October, putting the paper out of business. Fewer newspapers appear on the streets and the quality of journalism remains poor. Also, the close to two hundred opposition parties are evolving into two major factions: the Holy Union, dominated by Etienne Tshisekedi, and a break-away Holy Union, led by Nguz a Karl-I-Bond. The Catholic Archbishop Monsengwo, viewed as a mediator, has been chosen to head the reconvened Conference.

Western donors have been monitoring the situation with increasing alarm and have drawn down their staffs accordingly. Many Zairians, fearful of growing regional tensions in the country, hope for the formation of a government of national consensus led by the opposition to ensure a peaceful transition. But most Zairians are convinced that there is no real prospect for improvement in the political and economic situation of Zaire so long as President Mobutu remains in power since he evidently will not share it. The news of the de facto "suspension" of the USAID program and withdrawal of USAID staff was a welcome signal of diminished U.S. support for Mobutu.

Economic Developments: Historical Perspective and Some Recent Events

Upon the restoration of political order under President Mobutu, in the mid 1960s, the economy grew at an impressive rate following a commodity boom when copper prices were high.

Domestic and foreign private investment soared, and the government embarked on an ambitious public investment programs such as the Inga hydroelectric dam, the Inga-Shaba high voltage power-line, and the Maluku steel complex. Plans were made to double copper production before 1980. However, the overall performance of Zaire's economy has been poor: Zaire's per capita gross domestic product declined by 2.0 percent per year between 1965 and 1989, to \$240. Much of the decline occurred during the 1970s as a result of deterioration in the terms of trade and Zaire's disastrous experience with "Zairianization", the expropriation of foreign-owned assets for the benefit of the state as well as private Zairian interests.

By early 1990, agreements between the GOZ and the World Bank came unglued as the two parties failed to agree on fiscal policy. At issue was World Bank insistence on limiting non-productive expenditures, earmarking expenditures for the social sectors, and increasing the transparency of GOZ budget planning and execution.

The economy has deteriorated rapidly since the GOZ abandoned its last adjustment program. The mines and plantations, the roads and railways, are worn out for lack of maintenance and investment.

The Presidency pillaged the treasury to bankroll a vast network of patronage as Zaire lurched into "democracy." The budget deficit grew to \$600 million in 1990; the deficit for the first 7 months of 1991 was already \$350 million. The GOZ has resorted to massive monetary financing: the broad money supply increased by 187 percent in 1990 and tripled during the first 5 months of 1991. This has fueled hyperinflation, 205 percent in 1990, and close to 10,000 percent in 1991. As Zaire began 1992, the total money supply and final 1991 budget deficit were unknown and unknowable.

External accounts tell a similar story. Failure to maintain and reinvest in Gecamines, the state mining company, has radically reduced its productivity and export revenues.

Gecamines, which normally accounts for half of Zaire's export earnings, has seen its exports fall from \$1.5 billion in 1989 to \$1.3 billion in 1990. Exports from Gecamines are now expected to be nil for months due to damages to the production facility and persistent strike by its employees. Coffee and rubber exporters have suspended shipments for lack of security. MIBA, the diamond parastatal, is the only remaining significant parastatal foreign exchange earner.

This dramatic economic decline has occurred at a time when foreign assistance has dropped off sharply, from \$643 million in 1989 to an estimated \$250 million in 1991. The results of the poor internal and external economic performance include a rapid

decline in the value of the zaire-currency (from 459 zaires to the dollar at the end of 1989 to over 60,000 zaire per dollar at the end of November 1991), sharply reduced foreign exchange availability within the private sector, and mounting arrears on external debt.

Zaire's debt service obligations, including arrears, total \$1.8 billion as of July 30, 1991. By the end of 1990, Zaire owed the United States \$29.8 million in Brooke-sensitive payments and \$25.4 million in scheduled PL 480 debts. Zaire became subject to sanctions under the Brooke Amendment on June 1, 1991. It also has overdue financial obligations to the International Monetary Fund, and has been declared ineligible to use the general resources of the fund since September 1991.

Zaire's economy slipped even deeper into catastrophe when soldiers, angered by monthly salaries equivalent to five U.S. dollars, burst into mutiny and riot on September 23rd, 1991. About two hundred people were killed. Much of Kinshasa and most major regional cities were progressively looted through October 1991. Factories and warehouses have been pillaged. Foreign business people, whose ventures employed a large number of Zairians and ran domestic and foreign trade, missionaries who funneled aid from abroad to the interior, diplomats and development staff and experts, fled under the protection of French and Belgian troops flown in at the height of the violence. The U.S. closed its consulate in Lubumbashi on October 30, 1991, a highly unusual event.

The economic consequences of the downturn triggered by the mutiny are profound. Although we have no empirical data at this time to determine the magnitude, sketchy evidence suggests that all Zairians struggling to earn their living, either in the salaried formal economy or the non-salaried informal economy, are now experiencing a sharp decline in their standard of living. Large numbers of salaried workers lost their jobs and hence their steady income, mainly as a result of the flight of more than 10,000 expatriates representing many employers and the destruction of local business and industry. Moreover, banks and other private businesses which survived the looting are now being pressured to match the salary increases given to government employees. With business activities down sharply, businesses are continuing to lay off employees.

Perhaps 100,000 formerly salaried workers, Zaire's "middle class," are now unemployed, but still have substantial financial responsibilities and extended family obligations. Unlike those non salaried in the informal economy, these wage earners were mainly dependent upon their steady income. Their economic security has been diminished not only from reduced flow of income, but also due to the acceleration of prices of basic necessities triggered by hyperinflation. The inability of this

group's members to sustain their families' food security and other obligations will likely adversely affect stability in Kinshasa and other regional cities in the months to come.

The vast majority of the urban population, particularly in Kinshasa, survives in the informal economy mostly through commerce, including marketing agricultural and manufactured products, as well as the provision of certain services, such as welding, carpentry, and pushing shuttle carts. A large number of those with assets lost their inventories to the looters and both vendors and service providers face much weaker effective demand. Most of these entrepreneurs are poor, living day to day on profits made from the marketing of their products or services. Aside from earning relatively lower income, they are faced with dramatically rising prices of necessities.

Subsequently, their already limited access to basic foods and medicine has been further reduced. Even those entrepreneurs operating in the underground economy, engaged in smuggling of mining and agricultural products, are adversely affected at this time. Many of these individuals suspended their operations due to higher risk security conditions.

The September disturbances in Kinshasa aroused serious concern on the part of Congolese authorities who feared a massive exodus of Zairians toward Brazzaville at a time when the Congo already faced high unemployment. Tensions rose and culminated in the early November expulsion by the GOC of all Zairians whose residential and employment status in the Congo was in any way "irregular." Some 30,000 Zairians were returned from Brazzaville to Kinshasa within a ten day period, thus exacerbating Zaire's already dismal economic conditions.

A dramatically rising inflation rate is hitting the population. The annualized inflation rate for 1991 was around 10,000 percent. At this period, the zaire/U.S dollar exchange rate was about 65,000 zaires/dollar, up from 16,000 per dollar in August 1991 and from 500 at the end of 1989.

The inflation rate accelerated as the GOZ continued printing money to underwrite the deficit. The government seemingly has no other solution in mind but to print more money in order to meet military and civilian payroll roughly estimated to be 2.8 trillion zaires per month, in December. This monthly payroll amount alone is equal to more than three times the total 1991 budget. The annual military and civilian payroll was equal to more than 80 percent of the annual budget even before the recent increase.

Despite wage increases on a record-breaking pace, the government sector employees continue to lose purchasing power. The dollar value of the GOZ-mandated minimum salary of 1.5 million zaires was worth about \$75 by early October. It was worth around \$20 by the end of November 1991.

After the September 23-24 riots, the price of cassava, the staple food for the majority of the Kinshasa population leaped in about one week from 250,000 zaires per 75 kilogram sack to more than one million zaires per sack. As motivated traders funnelled large volumes to the market, prices per sack went down to Zaires 500 to 600 thousand per sack. At the end of November, the price of a 75 kilogram sack of cassava has risen to 1.3 million Zaires. From the end of October to the end of November, average house rents quadrupled, school costs increased tenfold, and bus ticket costs increased by 200 percent. In December, the banking system collapsed with countless loan defaults, no deposits, and no Zaire currency available in the system.

All events on the economic as well as the political fronts indicate that the situation in Zaire continues to deteriorate from one day to the next. The vast majority of the population is living in a chronic financial crisis.

Unfortunately there is little evidence that any political leaders -- those loyal to President Mobutu or strident oppositionists -- are actually seized with the breadth and depth of the worsening economic crisis. While there have been pleas for help from donors to solve Zaire's food crisis, there has been no demonstration of a political will by Zairian leaders to lead the nation to help itself.

STATUS OF USAID PROGRAM IN RECENT PAST

FY 90-94 Strategy

Zaire was sub-Saharan Africa's largest recipient of U.S. economic assistance in FY 89, with \$32 million in DFA and \$32 million in PL 480 Title I, wheat, rice and cotton (see Table I). USAID Zaire's FY 90-93 Action Plan, approved by the Africa Bureau in June 1990, articulated an ongoing program of assistance, predicated on continued adherence to a structural adjustment program. The Action Plan called for active project and non-project assistance in the sectors of health and family planning, agricultural development, transport, and private sector development (see Figure I). Critical to this enhanced program were Commodity Import Programs (CIPs) and PL 480, which yielded \$25 million per year in jointly programmed USAID-GOZ counterpart funds.

Program Restructuring in FY 91

USAID suspended CIPs in 1990 as evidence mounted that Zaire was not pursuing appropriate economic policies. A direct casualty of this response was the counterpart fund upon which USAID projects had become quite dependent for financing local expenditures, including salary supplements for 1694 GOZ employees. The 1990 counterpart fund crisis was exacerbated by accelerating inflation (reducing the purchasing power of counterpart funds between generation and use) and GOZ delays in calling forward PL 480 commodities.

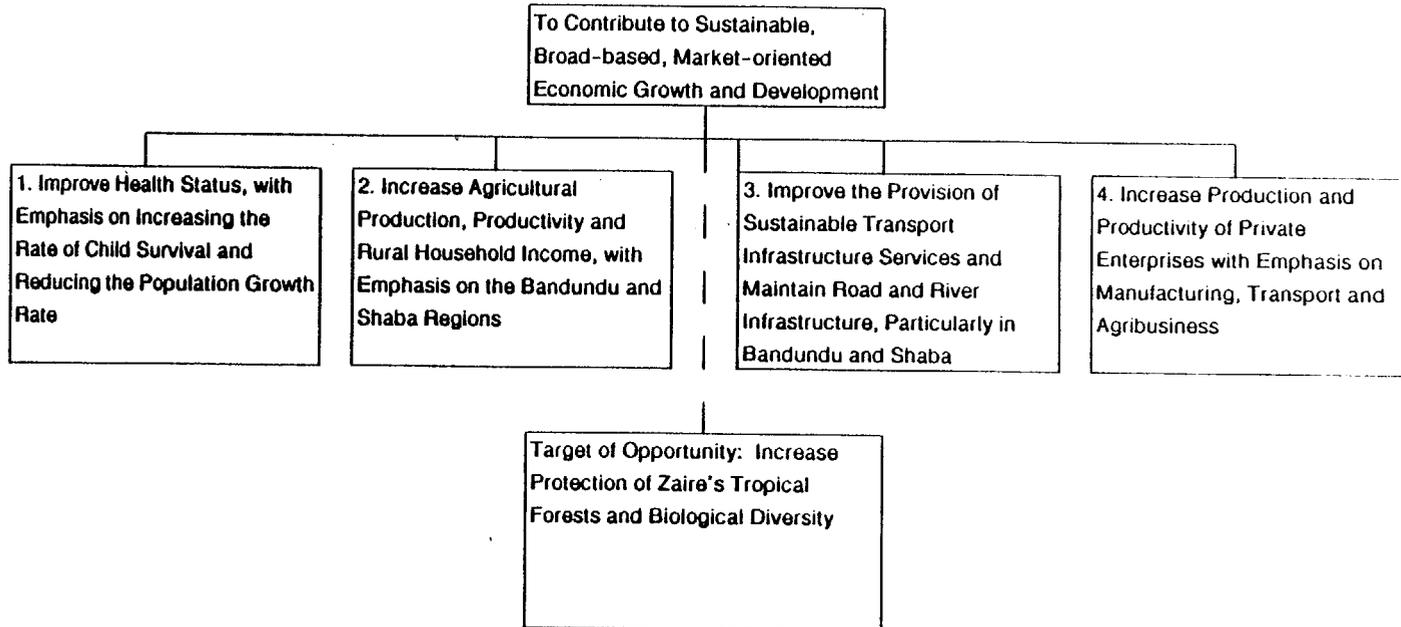
USAID engaged in a comprehensive restructuring, to wean projects from counterpart funds, to improve the productivity of its dollar-based assistance, to seek greater project financing through the GOZ budgets, and to adapt to the changing political and economic environment. This program restructuring resulted in a reduction in Mission and project staff of 26 expatriates and 1,040 host country nationals, as well as the elimination of salary supplements for 1,660 GOZ employees. The Mission made radical changes in agriculture and transport projects in the Bandundu and Shaba regions and overall reduced counterpart fund expenditures by more than \$10 million per annum.

TABLE I

**U.S. GOVERNMENT LOANS AND GRANTS
TO THE GOVERNMENT OF ZAIRE
1986 - 1991**

Assistance	Millions of Dollars					
	1986	1987	1988	1989	1990	1991
Total Economic and Military Assistance	75.8	69.5	62.7	68.0	47.4	49.0
USAID Economic Assistance	63.8	60.9	54.9	59.7	40.4	46.0
Development Grants	50.6	33.9	34.2	35.6	30.7	23.0
Food for Peace Loans	13.0	16.0	20.5	23.5	9.3	16.0
Food for Peace Grants	0.2	11.0	0.2	0.6	0.4	7.0
Peace Corps Economic Assistance	4.0	3.3	3.7	3.3	3.0	3.0
Peace Corps Grants	4.0	3.3	3.7	3.3	3.0	3.0
Military Assistance	8.0	5.3	4.1	5.0	4.0	0.0
MAP Grants	6.7	4.0	3.0	4.0	3.0	0.0
IMET Training	1.3	1.3	1.1	1.0	1.0	0.0

Goal, Strategic Objectives and Target of Opportunity



Brooke Sanctions

On June 1, 1991, sanctions under Section 518 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act (the "Brooke Amendment") went into effect for the aid program in the country. The Brooke Amendment provides that "No part of any appropriation contained in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the United States of principal or interest on any loan made to the such country by the United States pursuant to a program for which funds are appropriated under this Act." As a result, no new obligations have been made for the Zaire program since June 1, 1991.

Zaire's descent into Brooke sanctions is a symptom of the unfolding man-made tragedy in Zaire. As of June 1, the GOZ owed \$14 million in Brooke-sensitive debts. The total Brooke-sensitive debt by December 31, 1991 was \$36 million. It is obviously unlikely that Zaire will repay its debts in order to qualify for new U.S. development assistance. Recognizing that there is no perfect foresight in such matters, it is the Mission's best guess that Zaire will not emerge from Brooke prior to FY 94.

If Zaire is to become eligible for new obligations, the following sequence of events is anticipated: A new, representative, accountable, and financially responsible government will have to replace the current one, Zaire will eventually adopt a shadow economic stabilization program and negotiate a plan to eliminate arrears to the IMF, relying in part on commercial bank bridge loans. Once an IMF program is in place (Zaire is technically ineligible for IMF drawings until it eliminates arrears to the IMF), Zaire will seek rescheduling of government-to-government debt through the Paris Club. Zaire will then seek new assistance from multi- and bilateral donors, paying off residual arrears, if necessary.

It will surely take a year or longer for this process to be played out. Moreover, attracting the level of balance of payments support required to clear Brooke-sensitive arrears may require the negotiation of a new, medium-term economic program with the World Bank, further delaying any new development assistance from the United States. In the end, however, the Mission foresees that arrears will be eliminated and U.S. development assistance to the people of Zaire will one day be resumed.

Emergency Evacuation and Prospects

The military mutiny and widespread looting of September 23 to 24, 1991 had a devastating impact on the USAID program. Staff reductions were ordered by the Embassy for security considerations, property was stolen and damaged, and the breakdown of the economy and infrastructure rendered normal implementation of the development program in Zaire impossible.

Reduction in USAID staffing began immediately, and has continued up until mid-December:

- 7 of 23 U.S. direct hire staff were evacuated immediately but of those six remaining, five were officially on TDY in Brazzaville.
- All but three U.S. personal services contractors, and all but two institutional contractors were evacuated immediately.
- All expatriate staff but one U.S. direct hire left Zaire by December 15.
- All but 8 Zairian national staff were dismissed by early December.

The USAID program didn't escape the looting:

- A warehouse in Kinshasa containing vehicles, computers, and other project commodities was looted. Everything but some condoms was stolen.
- Two A.I.D. contractors lost all their possessions when their homes were looted. Another two A.I.D. contractors lost all their household effects when the shipper's warehouse was looted at the airport.
- The homes of two contractors were looted at the Mvuazi agricultural research station in Bas Zaire.
- A project vehicle on loan to the embassy mobile security team was stolen in front of the embassy and another project vehicle was stolen from the project office (but later recovered).

Under the current conditions in Zaire, it is impossible to run a program that would allow an orderly wind-up of all activities. All development activities have been de facto "suspended." Most of the major program implementation contracts were suspended and personnel contracts terminated by December 31, 1991. PL 480 wheat shipments were allowed to proceed to Zaire as scheduled in October and December. The local currency proceeds from the wheat sales will largely be used to close out program activities.

PROGRAM AND PROJECT ANALYSIS

Development of the Plan

This document represents USAID Zaire's year-long, four-phase effort to scale back mission activities. In December 1990, we began a "restructuring" of the program based on reduced local currency availability due to the GOZ's abandonment of the structural adjustment program and the resulting cut off of the commodity import program. Activities requiring counterpart funds to pay for local costs were cut back dramatically.

The June 1, 1991 cutoff date for Brooke sanctions initiated a new round of reductions in order to design an orderly "wind-up" of the program. This wind-up would reduce the program, require no new obligations (except in extraordinary circumstances and outside of GOZ channels), and yet ensure that no white elephants would be left behind. A draft wind-up plan was prepared, representing a mission-wide collaborative effort for the coming four-year period. It was developed with a commitment to honesty about the program's strengths and weaknesses and about which activities truly have a positive impact on the basic human needs of Zairians.

The wind-up plan provided for a rapid phase-down of all activities but those which clearly have the greatest impact on the basic human needs of the Zairian population. The core activities remaining after phase-down would have become the foundation for a high impact development program with a new government of Zaire in the future.

The plan significantly reduced the level of activities, deobligated funds and shortened PACDs wherever possible, and reduced the required staff resources to a bare minimum by FY 95 so that only a small core of high impact activities would continue. The wind-up of activities would have proceeded in an orderly fashion that would, to the extent possible, have left behind "useful units of assistance."

An even more severe round of cuts took place in early September 1991. By then it was clear that the GOZ was making no progress either in working its way out of Brooke or fulfilling President Mobutu's April 24, 1990 promise to move the country towards democracy.

Finally, the events of September 23-24, 1991, caused the Mission to rework the wind-up plan into a comprehensive "close-out" plan. Without the security needed to implement an orderly wind-up, and with the conviction that no development aid is worthwhile unless a responsible government is in place, the logical conclusion is to close out the program as rapidly as possible.

PROJECT RESOURCES

SECTOR AND PROJECT NAME	PIPELINE 9/30/91 (\$000)	CURRENT PACD	DEOBS (\$000)
HEALTH AND POPULATION	33300		17600
BASIC RUR. HEALTH-HLTH.	7800	9/30/92	2500
BASIC RUR. HEALTH-WATER	1800	9/30/92	1000
CCCD	6700	9/30/93	4800
HIV/AIDS	4800	9/30/93	2300
FAMILY PLANNING	3700	9/30/92	0
SCHOOL OF PUBLIC HEALTH	8500	7/30/94	7000
AGRICULTURE	41000		27300
AG. RESEARCH	10300	9/30/98	5700
CENTRAL SHABA AG.	15400	9/30/93	10500
AG. POLICY	3700	4/14/96	1800
SMALL PROJECT SUPPORT	7600	9/30/94	6500
AREA FOOD AND MKT. DEV.	4000	1/31/95	2800
TRANSPORT	7300		7000
TRANSPORT REFORM	3000	9/30/94	3000
AG. MARKETING DEV.	4300	6/30/93	4000
PRIVATE SECTOR	7800		7500
PRIV. SECTOR SUPPORT	7800	5/24/94	7500
HUMAN RESOURCE DEVELOPMENT	4650		1800
HRDA	2400	9/30/95	1200
AFGRAD II AND III	600	9/30/93	0
ATLAS	1650	9/30/05	600
OTHER	2220		800
P D AND S	1740	9/30/92	500
AFR. DEV. SUPPORT	480	9/30/93	300
TOTALS	96270		62000

Mission Activity Portfolio**PL 480**

Zaire is a low-income, food deficit country with enormous financial requirements for development and basic human needs programs. Its average caloric and protein consumption levels are very low. Malnutrition is widespread, especially among children under five and pregnant women.

USAID PL 480 programs have provided imports to the Zairian private sector for processing and distribution of essential agricultural commodities including wheat, rice, corn and cotton in recent years. The private sector importation of PL 480 agricultural imports also generated local currency for programming into development projects. Based on the Mission's experience, financing bulk wheat imports by private sector millers is the most effective PL 480 program and one which presents no disincentive to domestic agricultural production.

FY 91 Program

The Mission's 1991 Food Needs Assessment forecast a gap of 100,000 metric tons in wheat and 54,000 metric tons in rice. Zaire qualified for an FY 91 Title III program and signed an agreement to import \$7 million in Title III wheat for the fiscal year. (\$16 million had earlier been provided under PL 480 Title I.)

The wheat was delivered in two tranches, one in October and the other in December. This wheat was crucial as it provided a relatively inexpensive source of nutrition for many Zairians, especially after the events of September 23 and 24, from which point food availability and purchasing power decreased rapidly.

FY 92 and Beyond

Given that in Zaire a Title I or Title III program would constitute balance of payments support to a government which is no longer considered legitimate, the Mission recommends no further PL 480 exports to Zaire except as might be justified on emergency or humanitarian grounds.

Project Assistance

USAID Zaire will close out all projects as rapidly as possible, with the exception of funding several health projects that will be implemented by UNICEF. Participant training already in process for the School of Public Health Project, the Agricultural Policy and Planning Project and the Agricultural Research and Outreach II Project will be the only other ongoing project activities.

The Mission turned over official responsibility for the safekeeping of project commodities in the possession of implementing organizations to those organizations by an official letter. An example is attached as Annex 5. Commodities now in the possession of the Mission, mostly safeguarded in a warehouse in Kinshasa, will be turned over to the implementing organizations by an official letter, at the PACD of each project.

Table II above shows project pipelines, current PACDs, and planned deobligations. Table VII under the Financial Management section shows the planned deobligation schedule.

Project summaries outlining the Mission's plan for winding up the program follow.

HEALTH AND POPULATION SECTOR OVERVIEW

The objective in this sector is to provide key humanitarian assistance to maintain a few basic health services which have an immediate impact on the reduction of infant mortality, HIV/AIDS transmission and population growth rates. Imports of drugs, contraceptives and medical supplies have been disrupted by the civil unrest and economic dislocations so that acute shortages have been reported. Emergency importation of essential medicines and contraceptives would help the existing private, voluntary and public health institutions to continue to provide essential health services. Distribution of contraceptives will have continued impact on child survival, HIV transmission and contraceptive prevalence. A limited continuation of health projects would facilitate the implementation of disaster relief efforts and mitigate the worst impact of the present disastrous situation.

With the withdrawal of all USAID American staff, almost all project activity has already ended. Bilateral projects being implemented by GOZ organizations have been rapidly closed out with nearly all activities terminated. Specifically, this has meant terminating 20 months earlier than planned both the AIDS Mass Media component of the HIV/AIDS Prevention In Africa Project, and the GOZ portion of the African Child Survival Initiative - Combatting Childhood Communicable Diseases project. The School of Public Health project has been phased down rapidly with all non-participant training components of the Tulane contract to be terminated by May 15, 1992. Participant training already in progress is proposed to continue through the FY 94 PACD. The Family Planning Services Project activities supporting the GOZ have been terminated nine months in advance of the September 30, 1992 PACD. All centrally-funded population activities have been terminated.

USAID suspended dollar funded activities under the health (SANRU) part of the Basic Rural Health II project with the withdrawal of USAID staff following the disturbances. Although SANRU continues to function, logistical difficulties and security considerations preclude running a large scale operation in Zaire. USAID proposes, however, to utilize this well-managed PVO organization to implement an eventual humanitarian assistance program. SANRU's network of over 65 local private and voluntary organizations and demonstrated logistical capacity would be vital

to reaching the health zones with essential medicines, supplies and educational materials. For this reason, the Mission proposes maintaining activity at minimal levels through its PACD of September 30, 1992.

USAID recommends that the AIDS prevention and social marketing of contraceptives projects implemented through a grant to Population Service International (PSI) be terminated with the exception of the monitoring of one activity. The social marketing of condoms and family planning contraceptives would continue through the private sector under a "self-liquidating scheme" whereby a recently established Zairian NGO will continue to sell existing stocks while financing operations exclusively from local currency revenues received from sales. PSI would continue to monitor implementation until contraceptives were exhausted, currently estimated as September 30, 1992. The continuation of this activity will save lives through averting HIV transmission.

In order to respond to priority health needs in a difficult environment without a USAID presence in-country, USAID proposes that two existing grants to UNICEF for vaccines and water projects continue. In addition, it is proposed that USAID make an additional grant to UNICEF of \$ 4 million for procurement and distribution of essential medicines and contraceptives to reduce the negative consequences of the disruptions in the supply and transport channels. Funds would be drawn from unexpended pipeline in the Basic Health Services (SANRU health) project and the Family Planning Services Project. UNICEF is prepared to play an expanded role in responding to the emergency situation in the health sector, and is capable of managing USAID resources without an in-country AID staff presence.

In summary, USAID anticipates maintaining a minimal level of health and population support through UNICEF, the Church of Christ of Zaire and, to a lesser extent, through Population Services International. These activities would demonstrate to the Zairian people our commitment to humanitarian concerns such as child survival, primary health care, AIDS prevention and family planning.

BASIC RURAL HEALTH II (SANRU) (660-0107)

LIFE OF PROJECT FUNDING: \$16.4 million

DATE OF INITIAL OBLIGATION: August 24, 1985

OBLIGATIONS TO DATE: \$16.4 million

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991: \$7.8 million

PACD: September 30, 1992

MAJOR CONTRACT: Cooperative Agreement with the Church of Christ in Zaire

DISCUSSION: The project purpose is to support primary health care in rural areas. SANRU is the organization managing a decentralized network of health providers operating in about 90 health zones. SANRU-supported health centers provide vaccinations, family planning services, AIDS information and preventive services for school-age children. SANRU also refurbishes hospitals, health centers and administrative centers. An active water program provides both training and physical infrastructure (pumps and adduction systems). Auxiliary activities include health training, research on specific health care problems and instruction in basic management techniques. In addition, medications are provided, establishing a revolving fund which supports self-financing in the zones.

Project funding under the bilateral agreement with the GOZ is channeled through SANRU, an office established by the Church of Christ in Zaire, a Zairian PVO with strong U.S. affiliations. All project activities, including training, supervision and commodities distribution, are carried out through SANRU under the auspices of the Church of Christ in Zaire. The GOZ is not responsible for project implementation or procurement, although in some health zones SANRU does assist government hospitals and institutions. This arrangement continues at the present time. During restructuring, USAID agreed to develop a cooperative agreement directly with the Church of Christ in Zaire, however, due to the disturbances and continuing trouble since September, 1991, USAID will not go forward with the agreement.

Most of the project's activities are on hold due to the state of emergency in Zaire. There are no participants currently enrolled under project sponsorship. Procurement of sixty solar energy systems for the vaccine cold-chain will be canceled. Fifteen units have already been delivered. The balance of this order and other non-delivered commodities will be canceled. SANRU plans to use its remaining counterpart funds to support its streamlined operations -including a smaller staff - and provide minimal level

of support to the health zones.

A proposed \$3.0 million grant from project funds to UNICEF would provide essential drugs and supplies to Zaire as part of a humanitarian relief effort. It is proposed that an additional \$1.0 million be added from Family Planning Services project funds for contraceptives. When USAID counterpart funds to support SANRU's operational costs are exhausted, UNICEF plans to finance SANRU activities in Zaire to continue basic health services with its own program funds. SANRU would then be in a position to work with UNICEF in the distribution of essential medical supplies and contraceptives, as well as monitor relief actions. UNICEF would begin implementation as soon as USAID funding is assured.

The justification for continuing the SANRU project during Brooke is that SANRU-assisted zones provide access to basic health care for over ten million people. If the SANRU project were to be curtailed, there would be significant losses in health care coverage and an increase in infant mortality in rural health zones because government services are weak or non-existent. The useful unit of assistance that SANRU will leave behind is a decentralized system that is capable of delivering basic health care to meet the needs of rural populations and a cadre of trained people who can operate health systems both technically and administratively.

RECOMMENDATION: Grant \$3.0 million of already obligated funds to UNICEF for emergency procurement and distribution.

FUNDING: Deobligate \$2.5 million.

BASIC RURAL HEALTH II PROJECT - WATER COMPONENT (660-0107)

LIFE OF PROJECT FUNDING: \$5.3 million

DATE OF INITIAL OBLIGATION: August 24, 1985

OBLIGATIONS TO DATE: \$5.3 million

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991:
\$1.7 million

PACD: September 30, 1992

DISCUSSION: The project purpose is to: 1) assist the National Rural Water Service (SNHR) in providing technical back-up to the health zones implementing rural water activities and 2) strengthen its capability to continue to provide technical assistance after the project ends.

USAID was assisting five National Rural Water Service field stations located in the greater Shaba area. Personnel at these stations protect springs from contamination, construct gravity-fed water distribution systems and drill wells to provide potable water supplies to rural residents. Station personnel together with health workers also train the users of the water systems to manage their community-based development organizations, improve water-related hygiene practices and maintain the systems.

As part of USAID's program restructuring in 1991, support was reduced from 16 to 5 field stations. Salary supplements paid to over 250 project employees from counterpart funds effectively ended in March 1991. Requirements for local currency derived from the counterpart fund were reduced by providing a grant to UNICEF in the amount of \$300,000. Grant funds are being used to purchase cement and fuel on the local market as well as to provide local technical assistance not available within the National Rural Water Service. Since the disturbances of September 1991, all USAID-funded project equipment has been turned over to SNHR with field activities continuing, according to reports from the SNHR office and UNICEF.

It is proposed to continue operations financed by the UNICEF grant through the September 30, 1992 PACD, in order to assist 90,000 people in the hard hit greater Shaba region to obtain potable water through a program of spring protection, well

drilling and construction of gravity-fed water distribution systems. Each of these water supply systems will be maintained by the users with special assistance from community members trained and equipped by the National Rural Water Service. UNICEF has the staff in place to monitor implementation of this activity.

RECOMMENDATION: Continue UNICEF grant through September 30, 1991 PACD.

FUNDING: Deobligate \$1 million.

How much

**AFRICAN CHILD SURVIVAL INITIATIVE; COMBATTING CHILDHOOD
COMMUNICABLE DISEASES PROJECT (698-0421.60)**

LIFE OF PROJECT FUNDING: \$13,711,000

DATE OF INITIAL OBLIGATION: August 31, 1982

OBLIGATIONS TO DATE: \$13,711,000

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991: \$7,000,000

PACD: September 30, 1993

DISCUSSION: This project is designed to improve child survival by reducing morbidity and mortality from vaccine-preventable diseases, malaria, diarrheal disease and, more recently, HIV/AIDS. The project provides support for child survival interventions in 225 of Zaire's 306 health zones, focusing on vaccinations, diarrheal disease control and malaria control. An estimated 20,000 childhood deaths are averted yearly. A recent UNICEF and USAID-supported national health survey showed that 23 percent of one to two year olds were fully vaccinated.

USAID support has been channelled through the Ministry of Health's national vaccination program which has a central planning and coordinating office with cold stores for vaccines and 30 regional antennas to support and supply the health zones. Due to the country's severe economic difficulties, lack of adequate GOZ budget resources, management problems and shortage of fuel for refrigerators at many regional facilities, a slowdown of project activities and a breakdown of the cold chain system have occurred. The level of vaccinations has declined by one-third. Corrupt management has frustrated the efforts of USAID and UNICEF, the principal donors, to revitalize the program. As a result of restructuring, USAID discontinued counterpart-funded salary supplements.

As a result of GOZ neglect, the country's primary child survival program, which is described as high priority, is a national tragedy. Before the riots, USAID and UNICEF had made a policy decision to bypass GOZ structures where they do not function satisfactorily and work through PVOs and other private sector organizations. Fortunately, there is a strong demand at the local level for these life-saving services. It was hoped that the Basic Rural Health (SANRU) project network would play an important role in restructuring commodity supply to health zones and rehabilitating the cold chain.

In September, 1991 USAID made a grant of \$2,154,000 to UNICEF to procure vaccines and cold chain equipment. The Centers for Disease Control (CDC) were to provide a trainer and short-term technical assistance. Training, equipment, solar refrigerators, vehicle spare parts and educational materials were on order.

USAID believes that the government agencies implementing child survival will continue to be extremely weak throughout the life of project. For this reason, all remaining project activities -- with the exception of the UNICEF grant noted above, should be canceled and unspent funds deobligated.

RECOMMENDATION: Continue the project to PACD to maintain the UNICEF grant for vaccines and cold-chain procurement. Terminate other aspects of the project.

FUNDING: Deobligate \$4.79 million.

H. S. ...

SCHOOL OF PUBLIC HEALTH PROJECT (660-0101)

LIFE OF PROJECT FUNDING: \$14.815 million

DATE OF INITIAL OBLIGATION: August 28, 1984

OBLIGATIONS TO DATE: \$14.815 million

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991:
\$8.5 million

PACD: July 30, 1994

MAJOR CONTRACT: Tulane University

DISCUSSION: The purpose of this project is to develop an independent and fully-accredited School of Public Health (SPH) that provides training and research to support Zaire's public health programs. The SPH in Kinshasa offers an intensive one-year Master of Public Health degree as well as short-term training courses. The project funds doctoral-level participant training for the School's teaching and research faculty. Seven participants are currently enrolled in long-term training programs in the United States.

Research and training conducted by the faculty at the School of Public Health were closely linked to other USAID activities. The recent evaluation of the Basic Rural Health (SANRU) project found that doctors trained at the school were better prepared for their work and more oriented toward public health and operations research than their colleagues who did not have such training.

The recent restructuring of USAID programs in Zaire led to a reduction in the project's scope. Counterpart funds were sharply reduced in 1991. Budgetary pressures led to a reduction of 25 percent of the workforce. Since late 1990, no personnel have received payment from counterpart funds. Despite restrictions in the 1991 authorizing legislation for Zaire leading to the cancellation of twelve AID contracts for research and training, a variety of research activities continue, funded from local currency or from sources other than USAID.

Tulane University, the project's institutional contractor, continues to seek means of assuring institutional sustainability despite recent cutbacks and the generally unfavorable conditions present in Zaire. The civil disturbances have left the SPH

intact, although the scope of its activities has been significantly reduced. Tulane's efforts to obtain private donations to the interlocking U.S. and Zairian private and voluntary foundation are continuing. The foundation would help maintain off-shore relationships after the end of AID support as well as provide financial and technical assistance to the Zaire SPH.

Given the instability of Zaire and unlikelihood of government support to the school, attainment of many project objectives is doubtful. Further, continued collaboration with Tulane (and USAID) on Zaire-based training and research activities is no longer feasible for the indeterminate future.

RECOMMENDATION: Terminate the Tulane contract activities with the exception of ongoing participant training. Seven participants are currently in graduate programs and all will finish by the PACD.

FUNDING: Deobligate \$7.0 million.

FAMILY PLANNING SERVICES PROJECT (660-0094)

LIFE OF PROJECT FUNDING: \$13.8 million

DATE OF INITIAL OBLIGATION: September 30, 1982

OBLIGATIONS TO DATE: \$13.8 million

PACD: September 30, 1992

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991:
\$3.5 million

MAJOR CONTRACT: Population Services International

DISCUSSION: The purpose is to increase contraceptive use in selected urban areas by strengthening and expanding efforts to include family planning in on-going government and private health care programs. The goal is to increase the acceptance of voluntary family planning methods among Zairian families, assisting them to space their children and to have the number of children that they desire.

The project has historically had both private and public components, as well as a host of centrally funded components. The GOZ implementing body has an urban clinic network of some 150 units, offering clinic-based and community-based services and providing family planning training and information, education and communication components to staff and the community. The private sector component was implemented by a U.S. registered PVO, Population Services International, which operated a very successful condom and contraceptive social marketing project. To a lesser extent, the Basic Rural Health Project (SANRU) and the Zairian Association for Family Health, an indigenous family planning PVO, are participating in achieving project goals and objectives.

Some headway has been made in convincing the GOZ that there is an inextricable connection between economic growth and population growth. With USAID assistance, a National Population Policy was approved by the National Population Committee in 1991. From a service delivery perspective, most planning targets were very close to being met. As of March, 1991, 123,000 of the 150,000 planned new acceptors had been reached and 357,000 of the 440,000 couple years of protection had been attained. With contraceptive stocks remaining in country, it is possible that these goals will be achieved prior to the PACD. The contraceptive social marketing project had expanded to 44 cities and nearly 1,500 outlets monthly sales reaching as high as four million condoms in addition to spermicides. Unfortunately, the project's community based distribution component was in a state of disintegration at the point of the September, 1991 evacuation. The project

achieved its training goals in every aspect except in getting family planning integrated into the medical schools. The information, education and communication program never materially produced--one of the most disappointing failures of the project. A midterm evaluation and RIG audit were completed in late 1990. Both were critical of project implementation and led to the dismissal of the host country project Director by the Minister of Health. A new Director was named who was quickly responding to audit and evaluation recommendations and establishing strong communication links with USAID.

Counterpart fund support for project operations ended December 31, 1991. Three buy-ins which were aiding the public sector component have either ended or were terminated after the September evacuation: a population policy component was terminated earlier in 1991 when congressional restrictions prohibited the continuance of a contracting mechanism with the Ministry of Plan; a buy-in with Johns Hopkins Population Communication Services for technical assistance in the area of information, education and communication finished September 30, 1991. Additionally, a two-year buy-in for operations research and management technical assistance (Population Council) ended as scheduled September 30, 1991. A training technical assistance buy-in with INTRAH was terminated in December, 1991. A planned fourth buy-in with Management Sciences for Health to provide management information systems support to the host country family planning agency was canceled.

Substantial contraceptive commodities were left with the project. If these products are successfully distributed by the GOZ family planning program, which is still functioning, LOP service delivery goals will be met. In order to assure continuing supplies of contraceptives to family planning clinics and health zones, USAID proposes to use \$1.0 million of remaining project funds to add to a grant of Basic Health Services (SANRU health) project funds in a grant to UNICEF to procure and distribute essential medicines and contraceptives. This action would avert some of the negative impact in the health sector created by the civil unrest, lack of foreign exchange, and general uncertainty, which have resulted in a disruption of the traditional supply and distribution channels.

RECOMMENDATION: Grant contraceptives valued at \$1.0 million (from already obligated funds) to UNICEF.

FUNDING: Within obligated funds.

*total of 2577 pipe line
for grant 1994
2.5 left.*

CENTRALLY FUNDED FAMILY PLANNING ACTIVITIES**A. The Association for Voluntary Surgical Contraception (AVSC)**

Cancelled

USAID has canceled plans to move forward with this sub-project (\$81,000), which was scheduled to commence July 1, 1991 and end December 31, 1992. It was designed to work with the Church of Christ of Zaire to institutionalize voluntary surgical contraception in four well-established private sector mission hospitals. AVSC may fund this activity with private funds.

B. The Pathfinder Fund

Cancelled

USAID has canceled this activity (approximately \$100,000), which was to have been implemented through the Zairian Association for Family Health, a local family planning PVO. It was to commence late 1991 as part of USAID's plan to move closer to this private sector organization in providing additional resources for family planning technical assistance, medical equipment, minor renovation costs, and communications costs in expanding its activities in Kinshasa and its environs. Pathfinder may choose to fund it privately.

C. Institute for International Studies in Natural Family Planning

15,000
90

A planned continuation of centrally-funded support (approximately \$15,000) to local Catholic Church groups for work in Natural Family Planning has been canceled.

D. International Training for Health

Cancelled

A nationwide family planning training needs assessment will be canceled.

E. John Snow, Inc., Service Expansion and Technical Support Project

This activity, implemented by John Snow, Inc. was to be a \$1.8 million activity operated exclusively with local NGOs. It was approved, and funding obligated, prior to the Brooke Amendment sanctions being applied to Zaire as part of the Mission's strategy to move closer to the private sector. The program's intended components were as follows:

- 1) Funding (\$250,000) to the Christian Medical Institute in the Eastern Kasai Region, a well-established NGO, to continue an impressive family planning services delivery program which has seen contraceptive prevalence increase from 4 percent to 17 percent in the last three years. This component had commenced before the riots and was to continue until September 30, 1993.

2) Funding (\$350,000) to assist the Church of Christ in Zaire to reinforce its Kinshasa and Bas Zaire clinics with family planning services and contraceptives. This activity was to continue until September 30, 1993.

Cancelled

3) Plans had been developed to fund the Zairian Association for Family Health (\$250,000) to implement family planning activities in Kinshasa and its environs.

4) Funding was obligated (\$600,000) for two Management Resident Advisors to 1) provide management technical assistance to the Zairian Association for Family Health, and 2) assist the GOZ family planning institution in managing its counterpart funds and aiding it in fundraising and programming for project implementation of new donor funds.

USAID recommends that SEATS funding plans be canceled.

Terminated

F. Centers for Disease Control and John Snow, Inc. (Technical Assistance for Contraceptives Supply and Logistics)

Occasional technical assistance site visits have been required by these groups to assist the mission in making correct judgements about its contraceptives supply logistics. USAID recommends that these activities be terminated.

Cancelled

G. Johns Hopkins Program for International Education in Reproductive Health

A planned nationwide survey of voluntary surgical contraception sites to have been implemented by Johns Hopkins has been canceled.

HIV/AIDS PREVENTION IN AFRICA PROJECT (698-0474.60)

LIFE OF PROJECT FUNDING: \$5,923,593

DATE OF INITIAL OBLIGATION: August 29, 1988

OBLIGATIONS TO DATE: \$5,923,593

PACD: September 30, 1993

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991:
\$4.2 million

MAJOR CONTRACT: Population Services International

DISCUSSION: The HIV/AIDS Prevention in Africa Project is a regional activity whose goal is to work with the Zairian National AIDS Prevention Program and the World Health Organization's Global Programme on AIDS to help define the magnitude of AIDS, educate the public about AIDS, prevent HIV transmission, and thereby reduce HIV-associated morbidity and mortality. There were three major sub-projects prior to evacuation:

Mass Media Information Campaigns. This activity has been working through public theater and radio, television and print media to dispel myths about HIV/AIDS, and to inform Zairians how AIDS is transmitted and how it can be prevented. Messages were tailored to result in changed behavior, especially among those who practice high-risk behaviors.

Condom Distribution. The Contraceptive Social Marketing Project uses established private sector pharmaceutical networks to distribute condoms throughout Zaire, especially in the urban milieu. In marketing its products in much the same way as cigarettes, coke, soap and beer are marketed in Zaire, it has achieved phenomenal brand-name acceptance and is selling condoms at an unprecedented rate in Africa.

HIV Testing and Counseling Center. This sub-project, in its planning stages at evacuation, was to have been implemented in collaboration with the Centers for Disease Control (CDC) through a PASA with CDC and had both research and public health service components. Implementation plans have been canceled.

These first two sub-projects were being implemented through an operational program grant to Population Services International, an American PVO, and each of them was demonstrating measurable success in fighting the transmission of HIV/AIDS. They are widely viewed as being models of successful AIDS prevention efforts in sub-saharan Africa.

The social marketing project was highly successful in meeting the demand for condoms created by the National AIDS Committee's efforts at increasing awareness about HIV/AIDS. It was distributing in about 1500 outlets and had increased sales from one million in 1988 to an annualized rate of 20 million in 1991.

The mass media program, which was the National AIDS Committee's primary implementing body in the area of HIV/AIDS communication efforts, had led the way in promoting awareness to HIV/AIDS through daily radio and television broadcasts, public theater and print media. Research had shown that there was extremely high knowledge about how HIV is transmitted and prevented and there was documented evidence of self-reported behavior change.

The PSI grant activities have been suspended effective November, 1991. PSI helped to found a local NGO which is implementing a creative "self-liquidating scheme" in which the NGO will continue operations with funds garnered solely from the sale of contraceptive products, the bulk of which are condoms. No dollar funding would be required.

RECOMMENDATION: That the AIDS Mass Media Project be terminated immediately and that the social marketing component continue under the self-liquidating scheme until existing contraceptive stocks are exhausted, estimated to be in late 1992. Using condom stocks in country will permit saving hundreds of lives by averting HIV transmission.

FUNDING: Deobligate \$2.3 million.

CENTRALLY AND REGIONALLY FUNDED HIV/AIDS ACTIVITIES

A. Family Health International (AIDSTECH)

This project provided funds to the PSI Social Marketing Project to implement a condom information and distribution program targeted specifically at high risk groups in urban areas. Its current grant was scheduled to end December 31, 1991. The project also provided periodic technical assistance to USAID's AIDS prevention activities that were essential for monitoring, evaluation and impact measurement. USAID found that this activity had high impact and was helping to stem the transmission of HIV in high-risk individuals.

The project also funded a very small research activity (\$25,000) at the Christian Medical Institute of Western Kasai which was looking into local sexual cultural practices and how they may increase the potential for HIV transmission. The activity was scheduled to be completed in April, 1992.

Technical assistance was being provided to the National AIDS Prevention Program in computer modeling. The goal of this activity was to help Zairian technicians better predict trends in the epidemiology of the epidemic and how different interventions affect the epidemic. Additionally, this technology can be used to aid and educate policy makers.

RECOMMENDATION: USAID recommends that this assistance be terminated.

B. Centers for Disease Control (Technical Advisor for AIDS and Child Survival)

The recruitment of an advisor to assist USAID in implementing social and behavioral research in order to better monitor and evaluate project impact will be canceled. Planned two-year expenditure was to have been \$550,000.

C. Harvard Institute for International Development, Applied Diarrheal Research

This activity would have provided funding for research in diarrheal diseases as they impact on, and related, HIV/AIDS. Plans for this activity will not be pursued.

terminate

AGRICULTURAL SECTOR OVERVIEW

A.I.D.'s strategy for the agricultural sector, as presented in the FY 90-93 Action Plan, recognized that agriculture is key to sustained economic growth in Zaire since it offers considerable growth potential and accounts for more than 30 percent of the nation's GDP and 70 percent of employment.

Field activities of agricultural sector projects were suspended effective November 30, 1991 due to civil unrest in Zaire, with the exception of the completion of construction of a natural resources conservation training center (scheduled to be finished by August 1992) and interventions to protect past agricultural research investments. Agricultural activities during the Brooke wind-up and program close-out will be limited to: protecting past agricultural research investments (safeguarding research data and crop genetic material); completing ongoing long-term participant training in the U.S.; and, finishing construction of a natural resources conservation training center. All other development efforts (e.g., additional planned long-term participant training, agricultural research and outreach, agricultural marketing, agricultural policy, and natural resource management), although crucial for sustainable sectorial growth, will be closed out by March 31, 1992 due to the current unstable political and economic situation in Zaire.

Under the A.I.D. program close-out, support will be provided to the Applied Agricultural Research and Outreach II project technical assistance contractor through April 1992, to consolidate and conduct further analysis of research data obtained during over 15 years of A.I.D. support, as well as take required measures to protect irreplaceable crop germplasm which is the foundation of Zaire's crop production and essential for future research programs. Ongoing long-term participant training in the U.S. (36 participants) will be supported through their completion under the Mission's Applied Agricultural Research and Outreach II, and Agricultural Policy and Planning projects. The ongoing construction of a Natural Resources Conservation Training Center will be completed by August 1992 under the Small Project Support Project.

APPLIED AGRICULTURAL RESEARCH AND OUTREACH II PROJECT (660-0124)

LIFE OF PROJECT FUNDING: \$24.853 Million

DATE OF INITIAL OBLIGATION: July 7, 1990

OBLIGATIONS TO DATE: \$13.0 Million

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991:
\$10.3 Million

PACD: September 30, 1998

COMMITMENTS AS OF SEPTEMBER 30, 1991: \$7,269,175

MAJOR CONTRACTS: South-East Consortium for
International Development
(Obligated Amount \$7.026 Million)

DISCUSSION: The project purpose is to strengthen and improve the capacity of the Ministry of Agriculture and Rural Development and collaborating institutions to develop and transfer agricultural technologies for selected food crops, on a sustainable basis, to farmers. It is a follow-on to the Applied Agricultural Research and Outreach project. This project is the cornerstone of the Mission's efforts to help assure the availability of staple foods to Zaire's rural and urban populations as well as enhance income generating opportunities for agricultural producers.

The project initially included adaptive research and outreach for cassava, grain legumes and maize. However, A.I.D. withdrew support for maize activities in January 1991 due to the occupation of the maize research headquarters by Zairian security forces. Project implementation was also hampered by the inability of the GOZ to pay the national research service's personnel adequately and on a regular basis.

The project was at an early stage of implementation at the time of the evacuation of A.I.D. and contractor personnel in late September 1991. Several key laboratories (soils, plant pathology, entomology) were not yet operational, with the exception of a tissue culture facility for rapid propagation of cassava; outreach teams had just been established in four regions; recently returned Zairian scientists had not yet received sufficient hands-on training to prepare them to assume major responsibilities of the research institution; additional long-term training was yet to be initiated; selection for final release of promising varieties of cassava and grain legumes was pending; natural resource management programs had not yet been initiated (a project amendment was approved in June 1991 to incorporate this activity); and, management systems were still being put into place.

Since the evacuation, steps have been taken by A.I.D. and the contractor to safeguard project commodities during the project suspension. Funding for project activities in Zaire was suspended in late November 1991. Five contractor expatriate personnel were released in December 1991. Five other scientists will work through April 1992 to establish mechanisms to safeguard crop genetic material outside Zaire for future variety selection programs, and further analyze research data, generated during years of A.I.D. support, to insure its utility to researchers and outreach programs. Beyond this date, only long-term participant training will continue. With the preservation of crop genetic material and research data, A.I.D.'s prior investment will be protected.

Due to the current unstable political and economic situation in Zaire, A.I.D. will proceed to close out this project by April 30, 1992, with the exception of ongoing long-term training. Project commodities will be transferred to the GOZ implementing agency.

RECOMMENDATION: Close out project activities by April 30, 1992, except ongoing long-term training.

FUNDING: Deobligate \$5.7 million.

CENTRAL SHABA AGRICULTURAL DEVELOPMENT PROJECT (660-0105)

LIFE OF PROJECT FUNDING: \$33.907 Million

DATE OF INITIAL OBLIGATION: August 26, 1986

OBLIGATIONS TO DATE: \$33.907 Million

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991:
\$15.8 Million

PACD: September 30, 1993

COMMITMENTS AS OF SEPTEMBER 30, 1991: \$26,410,388

MAJOR CONTRACTS: Checchi and Company, Consulting, Inc.
(Obligated Amount \$3,840,433)
Maurice Dellens Zaire (host country
contract with Office des Routes for
\$6,781,823, of which \$5,764,550 is
A.I.D. funding with balance from GOZ)

DISCUSSION: The project purpose is to increase the production of corn in Shaba, relying to the extent practicable on private sector interests mobilized to induce and support small cultivator productivity.

The project has renovated 575 kilometers of roads, extended agricultural services to approximately 15,000 farm households, supported the production and distribution of improved cassava cuttings, maize and grain legumes seed, and constructed eight covered loading docks (16,000 tons total capacity) at strategic railheads for transit storage of food crops.

Despite these accomplishments, transportation constraints resulting from the GOZ's failure to provide adequate funds for both road renovation and railway service remain a major impediment to the achievement of project objectives. Based on an internal assessment of project impact, A.I.D. and the GOZ decided in early FY 91 to concentrate their resources in a smaller geographic area having the highest agricultural potential. Road renovation activities were reoriented from a north-south axis to an east-west axis to respond to better crop marketing opportunities in the dynamic consumer centers of the Kasais. A contract was renegotiated with a private sector contractor for the renovation and maintenance of 647 kilometers of highest priority roads. A.I.D. insisted on a minimum GOZ financial contribution for this contract to proceed, and in a dramatic about-face from its previously demonstrated lack of commitment, the GOZ provided one million dollars in up front payments.

At the time of A.I.D. and contractor personnel evacuation from

Zaire in late September 1991, 127 kilometers of road had been successfully completed and one ferry installed by the private sector contractor; a private company was in its second year of producing maize seed; the project's data collection unit had partially completed household surveys to establish a baseline for measuring project impact; and approximately 15,000 farm households were being provided with extension services.

The most critical uncompleted activity at the time of project suspension was the development of the minimum road network and essential ferries to assure the timely evacuation by road of food crops to urban markets. Not completing these interventions will undermine project impact and sustainability. With no assurance of crop evacuation, farmers will be reluctant to adopt improved production technologies. As a result, substantial investments made to date for both roads and agricultural activities will, to a large extent, be lost.

All project activities were suspended in late November 1991 and Zairian project personnel were released. Five expatriate contractor personnel were released in December 1991. The contractor roads advisor will continue through February 1992 to assist in the close-out of the private sector roads contract. A.I.D. and the contractor have taken steps to secure project commodities.

Due to the current unstable political and economic situation in Zaire, A.I.D. will proceed to close out this project by March 31, 1992. Project commodities will be transferred to the GOZ implementing agencies.

RECOMMENDATION: Close out project activities by March 31, 1992.

FUNDING: Deobligate \$10.5 million. Additional deobligations may be possible once termination costs of host country private sector roads contract are determined.

AGRICULTURAL POLICY AND PLANNING (660-0119)

LIFE OF PROJECT FUNDING: \$14.5 million

DATE OF INITIAL OBLIGATION: May 30, 1986

OBLIGATIONS TO DATE: \$10.9 million

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991:
\$3.7 million

PACD: April 14, 1996

COMMITMENTS AS OF SEPTEMBER 30, 1991: \$8,332,029

MAJOR CONTRACTS: Chemonics International Consulting
Division (Obligated Amount
\$4,747,610)

DISCUSSION: The project purpose is to increase the institutional capacity of the Government of Zaire to develop and implement coordinated agricultural policies and investment plans, thereby, helping to increase agricultural production, productivity and rural incomes.

A.I.D. supported efforts over the past 16 years in agricultural policy, including this project, have greatly increased the GOZ's policy and investment analysis capabilities, particularly in the Ministry of Agriculture and Rural Development's Studies and Planning Service. During this time, over 70 Zairians have been trained at the M.S. or Ph.D. level, many of whom still work with the Studies and Planning Service. Fifteen Zairians are currently enrolled in graduate degree programs in the United States.

A.I.D. assistance has been instrumental in encouraging the GOZ to adopt and continue economic and market liberalization policies for the agricultural sector, and in completing in 1991 an Agricultural Sector Master Plan which identifies major policy and investment orientations during the next ten years. Other major accomplishments of this project include: an assessment of structure and performance of rural financial intermediaries; plan of action for assistance to savings and credit cooperatives; policy studies on market liberalization, Kinshasa food markets, trade and commercial policy, and food security.

Based on a program assessment in FY 91, A.I.D. stopped supporting the Agricultural Statistics Division because of its continued ineffectiveness and ill defined priorities. In addition, an innovative payment-for-outputs mechanism for counterpart fund allocations to the Studies and Planning Service was adopted, replacing the previous system of general institutional support and greatly reducing funding requirements. At the time of the

September 1991 evacuation from Zaire of A.I.D. and contractor personnel, studies by Zairian analysts were underway on agricultural marketing, seed policy and Zaire's comparative advantage for select commodities. Since the evacuation, A.I.D. and the contractor have taken steps to safeguard project commodities. Support for project activities was suspended in late November 1991. The contractor expatriate advisor was released in late November 1991.

Due to the current unstable political and economical situation in Zaire, and the unlikelihood of achieving short-term payoffs if the project were resumed, A.I.D. will proceed to close out the project by March 31, 1992, with the exception of ongoing long-term training.

RECOMMENDATION: Close out project activities by March 31, 1992 except ongoing long-term training.

FUNDING: Deobligate \$1.8 million.

SMALL PROJECT SUPPORT PROJECT (660-0125)

LIFE OF PROJECT FUNDING: \$12.0 million

DATE OF INITIAL OBLIGATION: August 29, 1988

OBLIGATIONS TO DATE: \$10.5 million

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991:
\$8.5 million

PACD: September 30, 1994

MAJOR CONTRACTS: Experiment in International Living
(Obligated Amount \$8,730,219)

DISCUSSION: The project purpose is to increase community-based, small-scale development activities in rural areas which respond to A.I.D. priorities in Zaire and can be sustained by the local population. The project is a PVO umbrella project implemented through a cooperative agreement with the Experiment in International Living, a U.S. non-governmental organization. A.I.D. approves sub-projects and implements them through sub-agreements entered into between the Experiment in International Living and various PVOs, NGOs and the Peace Corps. No project funds are made available to the Government of Zaire.

At the time of evacuation of A.I.D. and contractor personnel in late September 1991, nine sub-projects, with a combined funding of \$3.1 million, were being implemented by local NGOs. Direct beneficiaries of these sub-projects total approximately 360,000 people. Sub-project activities include agricultural extension, fish culture, health services, reforestation and natural resource management, and bridge and culvert construction.

Since the evacuation, A.I.D. and the contractor have taken steps to safeguard project commodities. All project activities except the completion of construction of the Epulu Natural Resources Conservation Training Center were suspended in late November 1991, and Zairian personnel employed by the contractor were released. All three contractor expatriate advisors were released in late December 1991.

Due to the current unstable political and economic situation in Zaire A.I.D. will proceed to close out project activities by March 31, 1992, with the exception of the completion of construction of the Epulu Natural Resources Conservation Training Center scheduled for August 1992.

RECOMMENDATION: Close out most project activities by March 31, 1992. Support completion of construction of the Efulu Natural Resources Conservation Training Center, and close out the project by September 30, 1992.

FUNDING: Deobligate \$6.5 million.

AREA FOOD AND MARKET DEVELOPMENT PROJECT (660-0102)

LIFE OF PROJECT FUNDING: \$15.0 million

DATE OF INITIAL OBLIGATION: March 29, 1985

OBLIGATIONS TO DATE: \$10.3 million

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991:
\$4.6 million

PACD: January 31, 1995

COMMITMENTS AS OF SEPTEMBER 30, 1991: \$7,197,965

MAJOR CONTRACTS: The Pragma Corporation
(Obligated Amount \$3,892,148)
International Center for Research
on Women (Obligated Amount \$321,212)

DISCUSSION: The original project purpose was to increase agricultural production, marketing and processing in the Bandundu region.

During an assessment of program impact in early FY 91, A.I.D. concluded that the project's impact had been marginal due primarily to lack of focus. Major adjustments were consequently made, although a formal project paper amendment is still pending. In April 1991, the Mission terminated assistance for agricultural outreach efforts of NGOs (except for activities under an innovative pilot women in development program), artisanal production of agricultural implements, rural savings and credit cooperatives, and post-harvest processing of food crops. The project was being reoriented to improve food crop marketing efficiency, with emphasis on reducing the marketing margin for cassava produced in central Bandundu for consumption in the capital city of Kinshasa. Planned activities included the construction and improvement of cassava collection and assembly facilities along principal road and river corridors. At the time of the September 1991 evacuation from Zaire of A.I.D. and contractor personnel, one pilot cassava collection and marketing center was operational, data was being collected and analyzed on the impact of this market, and sites for similar facilities were being identified. A.I.D. and the contractor have taken steps to safeguard project commodities following the evacuation. Support for project activities was suspended in late November 1991 and most Zairian project personnel were released. Contractor expatriate personnel were released in December 1991. The few remaining Zairian project personnel will be released in February 1992 as leases are terminated and project assets are consolidated.

Due to the current unstable political and economic situation in Zaire, A.I.D. will proceed to close out this project by March 31, 1992.

RECOMMENDATION: Close out project activities by March 31, 1992.

FUNDING: Deobligate \$2.8 million.

CENTRALLY FUNDED AGRICULTURAL ACTIVITIES

AID Science Project 7.081: Factors to Produce the Rodent
Cricetomys in Captivity

terminated

This AID Science-funded project is implemented by the University of Kinshasa and the University of Wisconsin, Madison. Total funding is \$137,350 over a three-year period (January 7, 1991 to January 6, 1994). The project objective is to determine the feasibility of raising the rodent Cricetomys in captivity, thereby increasing the availability of this traditional source of protein in the diets of segments of Zaire's population. Given the current unstable political and economic situation in Zaire, which precludes required visits by University of Wisconsin personnel, A.I.D. recommends that this activity be terminated.

PRIVATE SECTOR OVERVIEW

USAID Zaire's private sector strategy was developed in 1987-88 as part of the negotiations with the Government of Zaire (GOZ) for a structural adjustment program (SAP) sponsored by the World Bank and the IMF. The SAP provided the economic framework for a thoroughgoing set of reforms within the principal sectors of the Zairian economy. AID chose to focus its resources on the banking and finance sector of the overall program as an area in which it had a comparative advantage. The Private Sector Support Project (PSSP) was designed as a combined CIP, to finance essential import for Zairian private industry, and technical assistance project, to facilitate the implementation of banking and financial reforms. An initial disbursement of CIP funds in the amount of \$7 million was made in late CY 88.

By early CY 90, however, when the progress toward meeting CPs for the second disbursement was being reviewed, the relationship between the GOZ and the IMF/World Bank was beginning to break down. Analysis of GOZ records showed that the reductions in public expenditures were not meeting established targets. Thus, AID faced a dilemma: the technically oriented conditions set forth for the second disbursement - the interest rate, bank reserve requirements and the VAT for loans - had been met, but satisfaction of the CP requiring adherence to the stabilization and SAP targets was in doubt. In response, only a portion of the planned second disbursement was made. The break between the IMF and the GOZ was later formalized and no further disbursements of the CIP have been authorized.

Since early CY 90, the PSSP implementation has provided technical assistance to the management of the Zairian central bank. No other donor has been dealing with the banking and finance sector of the economy. However, without the discipline of the reform package formulated by the IMF and World Bank, the Zairian economy has been in freefall during 1990-1991. The GOZ deficit has grown enormously, hyperinflation has taken hold and foreign exchange inflows to the banking system were almost nil. The management of the Zairian central bank were unable to develop a plan for dealing with the emergency. Production in the private sector industrial enterprises was estimated to have fallen by up to 25 percent, with a similar effect on unemployment. While the PSSP technical advisors were maintaining a dialogue and searching for the ways and means of promoting useful reforms, it had little impact on the policy decisions of the banking and financial sector managers in an atmosphere of political, social and economic crisis. Real reform must await the support and commitment of the political infrastructure of Zaire.

PRIVATE SECTOR SUPPORT PROJECT (660-0120)

LIFE OF PROJECT FUNDING: \$35 million (CIP)
\$5 million (TA)
\$40 million Total

DATE OF INITIAL OBLIGATION: July 12, 1989

OBLIGATIONS TO DATE: \$18 million

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991:
\$7.8 million

PACD: May 24, 1994

DISCUSSION: The purpose of the project is to restructure the Zairian commercial banking sector to support productive investment by medium and smaller size private sector enterprises.

The Private Sector Support Project consists of three major elements: a classic dollar funded Commodity Import Program, a Local Currency Lending Program (LCLP) and technical assistance to the Bank of Zaire (central bank) in the research and installation of central and commercial banking and non banking (e.g., savings and credit unions) financial and banking system reform measures.

The \$35 million grant approved in the Project paper was to be released in five \$7 million tranches over the life of project. The first two tranches of \$14 million were obligated, of which \$9.5 million was disbursed via commercial bank intermediaries to private sector importers of essential commodities. The departure of the World Bank/IMF and failure to negotiate a new structural adjustment agreement triggered a "freeze" on further PSSP obligations and disbursements. The basic macroeconomic environment and outlook forced a major reconsideration of PSSP goals and purposes. The CIP has for all practical purposes been discontinued by USAID.

The technical assistance planned for the project consisted of three major elements, all designed to coincide with a series of World Bank initiatives in the field of banking sector reform. These included development of new financial instruments, central bank regulation of credit cooperatives, and computerization of the central credit registry. However, prior to the initiation of a program of assistance aimed at developing a comprehensive reform agenda for this sector, the GOZ abandoned the IMF World Bank structural adjustment program.

RECOMMENDATION: Close out project activities by March 31, 1992. The Local Currency Lending Program reflows will be recycled back to the mission's counterpart fund for program close out activities.

FUNDING: Deobligate \$7.5 million (\$4.5 million from the CIP and \$3.0 million from the TA).

TRANSPORT SECTOR OVERVIEW

The ability of Zaire to obtain adequate resources to rehabilitate and maintain its nearly 150,000 kilometers of paved and unpaved roads is a key strategic element in the nation's economic development. The largest country in sub-Saharan Africa, Zaire is also one of the least densely populated. Thus, the costs of transporting people and products within its territory is a significant constraint to economic growth. During the past 15 years of involvement in the transport sector, AID has found certain preconditions necessary to sustain progress: a stable resource allocation, increased use and improved supervision of private contractors, and increased planning and management authority for regional governments.

The history of USAID involvement in the transport sector has, until recently, consisted largely of defined road rehabilitation and maintenance projects in support of agricultural marketing and development. In 1989 the project approach began to change to a sectoral approach when the Mission and the World Bank co-funded a technical audit of the roads bureau, Office des Routes (ODR). The audit recommended that ODR reduce its staff by 75 percent, drastically reduce its equipment fleet, and become a contracting agency. ODR responded positively, and has reduced staff to about 75 percent of 1989 levels while turning management of their equipment inventory over to a World Bank funded private sector firm. The equipment is rented to private contracting firms and proceeds are used to finance ODR activities. In an effort to assist ODR in this transition, USAID designed the Transport Reform Project which would provide technical assistance to the President of ODR, the Road Maintenance Department and the Roads Planning Department. The project would also fund, through the centrally funded Decentralization, Finance and Management Project, a team to develop methods of locally funding road maintenance.

At the time of close-out the World Bank was in the process of funding five experts to work as road maintenance advisors in the Zairian regions; and although the USAID and the Bank projects were completely independent, they were both designed collaboratively to mutually support each other. For example, the regional maintenance advisors funded by the Bank would coordinate their work through the USAID funded maintenance advisor in Kinshasa. The Bank plans to continue with its assistance to the Zairian transport sector and the close-out of AID assistance will cause the Bank to alter its project approach, and perhaps reduce the project's effectiveness.

TRANSPORT REFORM PROJECT (660-0126)

LIFE OF PROJECT FUNDING: \$4.8 million

DATE OF INITIAL OBLIGATION: July 30, 1990

OBLIGATIONS TO DATE: \$3.0 million

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991:
\$2.97 million

PACD: September 30, 1994

COMMITMENTS AS OF SEPTEMBER 30, 1991: \$33,700.00

MAJOR CONTRACTS: None

DISCUSSION: The purpose of the project is to improve institutional planning capability, resource allocation decisions, and managerial performance. The project assists the Government of Zaire [GOZ], and more specifically the National Roads Office of the Ministry of Public Works, to support the establishment of a sustainable and effective road maintenance system in Zaire.

In response to a technical audit co-funded by USAID and the World Bank in March 1988 the National Roads Office has undertaken a serious program of internal reform. Its work force has been slashed by nearly three-fourths, with most work now contracted to private firms. Road work is now prioritized, heavy equipment inventory control and maintenance has been contracted to a private firm. The World Bank, which collaborated closely with USAID on the design of the project, has recently praised the National Roads Office on its improved management and the Bank continues to strengthen Zaire's ability to develop and maintain its road infrastructure by supplying technical advisors to assure managerial and operational improvements in the five national regions. Although it appears that the elements for a successful project are in place the project will be terminated.

Current obligations are not adequate to undertake the full program of activities contained in the original project design. Because of the necessity of an emergency close-out and suspension of development assistance activities in Zaire, the Mission plans to cease project activities immediately, terminating this project which to date has only provided two short-term consultancies to the Zairian transport sector.

RECOMMENDATION: Terminate project assistance by December 31, 1991.

FUNDING: Deobligate \$3.0 million.

AGRICULTURAL MARKETING AND DEVELOPMENT III PROJECT (660-0098)

LIFE OF PROJECT FUNDING: \$13.0 million

DATE OF INITIAL OBLIGATION: July 30, 1984

OBLIGATIONS TO DATE: \$11.8 million

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991:
\$4.3 million

PACD: June 30, 1993

COMMITMENTS AS OF SEPTEMBER 30, 1991: \$9,214,400

MAJOR CONTRACTS: Louis Berger International
(Obligated Amount \$4.3 million)

DISCUSSION: The project was designed to improve and expand the access of central Bandundu farmers to commercial markets through improvements in the road and river transport network. The institutional contractor, Louis Berger International, negotiated agreements with local institutions to undertake small, discrete interventions such as bridge and road work. In addition, the project financed the design and construction of low-cost, efficient wooden boats to evacuate agricultural produce and worked with the GOZ river authority to improve the river infrastructure.

During an assessment of program impact in early FY 91, A.I.D. concluded that the project's overall impact had been marginal, with little improvement in river navigability and temporary road improvements. The major accomplishment was the boat activity which demonstrated effective demand for improved boats and potential for the improved models. The Mission questioned the GOZ's commitment to the project, given the poor performance of the river authority and no direct GOZ budgetary support. Consequently, A.I.D. suspended its assistance for transport infrastructure under the project. Most Zairian project personnel were released in early 1991. Expatriate advisor positions dropped from five to two. Subsequent to these actions, the GOZ's road office undertook a more rational program of road maintenance in the project area.

At the time of the evacuation of A.I.D. and contractor personnel in late September 1991, a river inventory was nearly 30 percent completed, and a team to perform a transport and market study had just been mobilized. These two studies were intended to provide baseline data for future A.I.D. or other donor-financed transport and agricultural marketing interventions in Bandundu. Since the

evacuation, A.I.D. and the contractor have taken steps to safeguard project commodities. All project activities were suspended in late November 1991 and Zairian personnel were released. The remaining expatriate advisor was released in December 1991.

Due to the current unstable political and economic situation in Zaire, along with the unlikelihood of achieving significant short-term payoffs if the project were resumed, A.I.D. will proceed to close out this project by March 31, 1992.

RECOMMENDATION: Close out project activities by March 31, 1992.

FUNDING: Deobligate \$4.0 million.

PARTICIPANT TRAINING

The Mission's participant training strategy is to continue financing active long-term degree participants who have arrived in the U.S. and have begun either English language training or coursework toward the degree. In some cases, candidates had been selected for participation in the A.I.D.-sponsored training program but had not yet departed Zaire. These candidates will be advised that their training programs will be canceled. No short-term training is currently underway and all planned short-term training, either in the United States, Zaire or third countries, will be canceled.

USAID Zaire is currently sponsoring 97 long-term participants studying for Masters and PhD degrees under bilateral projects and under regional training projects. A table showing the number of participants by project and their scheduled years of completion is shown below.

<u>Project Name</u>	<u>Number</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>Total</u>
Ag. Policy and Planning	660-0119	7	7	1		15
Ag. Research II	660-0124	18	3			21
School of Public Health	660-0101		7			7
AFGRAD III	698-0455.60	13	7	4	7	31
ATLAS	698-0475.60			2	4	6
HRDA	698-0463.60	11	2	3	1	<u>17</u>
Total						97

In order to minimize the management burden for AID/W and the training contractors following the emergency close-out of the Mission in Zaire, the participants will be advised: (1) that no more extensions of the currently scheduled completion date will be considered, and, thus, they should immediately formulate a plan of study with their academic advisors which will assure completion of their degree programs on or before the scheduled completion date, and, (2) that PhD candidates who have not yet begun their coursework, i.e. that are still working towards the Masters degree, will be limited to the Masters degree and will not be sponsored A.I.D. beyond that level. All participant budgets have been reviewed and adjusted, as necessary, to provide adequate funding to finance expenditures to completion, including an amount for contingency.

**AFRICAN TRAINING FOR LEADERSHIP AND ADVANCED SKILLS (ATLAS)
(698-0475.60)**

DATE OF INITIAL OBLIGATION: July 13, 1990

LIFE OF PROJECT FUNDING: \$1,650,000

OBLIGATIONS TO DATE: \$1,650,000

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991:
\$1,620,000

PACD: MAY 31, 2006

DISCUSSION: The purpose of the project is to strengthen leadership and technical abilities and enhance professional performance of individuals, universities, research centers and other key development institutions. The project, through buy-ins from missions throughout sub-Saharan Africa, will provide post-graduate study for an estimated 1,850 men and women in a full range of academic fields, 30 symposia and seminars, and assistance for African professional organizations. The regional project is managed by the African American Institute (AAI).

In FY 91, 21 Zairian participants were selected to be placed in U.S. universities to study for Master's degrees. As of September 1991, six participants were in the U.S. studying for Master's degrees. In accordance with Mission policy, the remaining 13 participants (two candidates dropped out following selection) awaiting departure from Zaire to the U.S. will be advised that their programs have been canceled and only those active participants will be funded to completion of their scheduled training programs. Of the six active participants, two are scheduled for completion in 1994 and four in 1995.

A recent review of the AFRGRAD III project budget, under which the Mission is currently sponsoring 31 participants, showed that currently obligated funds are insufficient to finance all of the participants to their scheduled completion dates. AAI has recommended, and the Mission concurs, that nine currently active participants (6 PhDs and 3 Masters) be transferred from the AFRGRAD III project to the ATLAS project, thereby reducing total projected expenditures under the AFRGRAD III project. A total of 25 participants will remain in the AFRGRAD III project and it is estimated that the \$1,480,000 budget is adequate to finance their projected expenditures. A schedule of completions is in the Participant Training Overview section. All current AFRGRAD III participants are scheduled for completion by 1995.

RECOMMENDATION: No new ATLAS participants will depart for the U.S. to begin their studies nor will any new ATLAS participants be selected. All 15 active participants, including those transferred from AFGRAD III, will complete their training prior to the scheduled PACD.

FUNDING: Deobligate \$577 thousand.

HUMAN RESOURCES DEVELOPMENT ASSISTANCE (HRDA) (698-0463.60)

DATE OF INITIAL OBLIGATION: August 12, 1988

LIFE OF PROJECT FUNDING: (USAID Zaire) \$5,519,000

OBLIGATIONS TO DATE: \$5,519,000

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991:
\$1,424,900

PACD: September 30, 1995

DISCUSSION: The purpose of the Africa-based regional Human Resources Development Assistance (HRDA) Project is to stimulate, facilitate, and support national and regional training programs that will provide qualified technical, scientific and managerial personnel and policy planners to strengthen African development institutions, enhance the growth of the private sector and increase the participation of women in development. The project finances long-term and short-term training in the United States, Zaire, and third countries. Observational tours and training under Entrepreneurs International are also major activities of the project. The project is managed under contract with Partner's for International Education and Training (PIET).

Seventeen long-term, Zairian participants are currently in the United States. One long-term participant was selected, but never departed Zaire for the U.S. No new long-term participants will be selected for the project nor will any new participants depart for the U.S. Eleven short-term participants were selected and placed but never departed. Sixteen other participants had been selected for Entrepreneurs International short-term training, but never departed. No short-term training is currently underway, and all planned short-term training in the U.S., Zaire or third countries, will be canceled.

RECOMMENDATION: The currently active long-term participants will be funded until the completion of their training programs. No new short-term participants will receive training under this project.

FUNDING: Deobligate \$1.8 million.

**AFRICAN GRADUATE FELLOWSHIP PROGRAM, PHASE III (AFGRAD III)
(698-0455.25 & 698-0455.60)**

DATE OF INITIAL OBLIGATION: August 25, 1987

LIFE OF PROJECT FUNDING: (all of Africa) \$96,000,000
(USAID Zaire) \$1,480,000

OBLIGATIONS TO DATE: \$1,480,000

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991: \$980,000

PACD: September 30, 1994

DISCUSSION: The purpose of the project is to develop qualified women and men to staff key African institutions in the public and private sectors. This project supports long-term training in the U.S. for professional personnel in priority fields from 41 African countries. The project funds long-term, post-graduate training in fields key to the development of Zaire, e.g. economics, banking, and management. Approximately fifty long-term Zairian participants are currently studying in the U.S., of whom 31 are funded from the Mission OYB. The scheduled years of completion for the 31 Mission-sponsored participants are summarized in the PARTICIPANT TRAINING section. All active participants will return by 1993. The Mission policy is to finance all currently active participants until completion. No new Zairian candidates will be selected into the program.

RECOMMENDATION: The training of all participants of the project should be completed before September 30, 1994, the PACD.

FUNDING: Obligated funds should be fully expended when current participants complete their training.

PROJECT DEVELOPMENT AND SUPPORT (660-0510)

LIFE OF PROJECT FUNDING: \$5.3 million (FY 84 - FY 91)

DATE OF INITIAL OBLIGATION: December 31, 1985

OBLIGATIONS TO DATE: \$5.3 million

COMMITMENTS AS OF SEPTEMBER 30, 1991: \$4.2 million

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991:
\$1,700,000

PACD: September 31, 1992

MAJOR CONTRACTS: Cooperative Agreements with Cornell
University and Ohio State University

DISCUSSION: PD&S has been used primarily in Zaire to support project design and program evaluation. Most recently, it has funded research on the impacts of GOZ economic policies on the poor, spatial analysis of USAID program impacts, a Participating Agency Service Agreement (PASA) with USDA for consulting services, and small research and evaluation activities. Some of this research was conducted under cooperative agreements with the Cornell Food and Nutrition Policy Program and with Ohio State University's Department of Geodetic Sciences and Surveying.

Since PD&S is a yearly obligation, the only currently available funds are from the FY 91 obligation. These cannot be used after September 30, 1992. On September 30, 1991, there was a pipeline of approximately \$600,000 in FY 91 funds. With the exception of the USDA PASA and the Cornell cooperative agreement, all activities conducted under obligations in FY 90 or prior years ended by September 30, 1991. Remaining FY 91 funds are earmarked for: a) analyses and potential design of health and family planning activities, democratic initiatives, and food aid programs; and b) program evaluation and research. The Cornell cooperative agreement was terminated early. The Ohio State cooperative agreement was not extended as planned. Impact assessment work has therefore been put to a stop except for analysis and synthesis that can be done in the U.S. Other planned PD&S activities will not be undertaken.

RECOMMENDATION: Pay off all remaining bills and fund warehouse for USAID project commodity safekeeping only.

FUNDING: Deobligate \$500 thousand.

AFRICAN DEVELOPMENT SUPPORT (698-0464.60)

PROJECT FUNDING: (USAID Zaire) \$500,000

DATE OF INITIAL OBLIGATION: February 8, 1991

OBLIGATIONS TO DATE: \$500,000

COMMITMENTS AS OF SEPTEMBER 30, 1991: \$84,000

ESTIMATED PIPELINE AS OF SEPTEMBER 30, 1991: \$330,000

PACD: December 31, 1993

MAJOR CONTRACTS: None currently

DISCUSSION: The purpose of the African Development Support project is to strengthen the transfer and application of information in support of host country development programs and strategies. The Zaire component of this regional effort is focused upon the development and analysis of information to be used in measuring the impact of development programs and thus to assist decision makers in the targeting of resources for maximum impact.

The project funded the Mission's research advisor from February through July 1991. The advisor contributed to improved cooperation between USAID and local institutions, such as the National Statistics Institute, in the analysis of census, health and household budget data. This information facilitated further analysis of aid, policy and environmental impacts on malnutrition and poverty and may influence future allocation of development and relief resources.

Original plans called for a research advisor and an evaluation advisor. Closing down the program will mean forfeiting these positions and the anticipated progress on mission program impact research and analysis, which would have facilitated understanding of past program performance to support collaborative A.I.D. and host country program design in the future.

RECOMMENDATION: None.FUNDING: Deobligate \$300 thousand.

*What is
\$30,000*

Counterpart Fund

USAID Zaire relied heavily on counterpart funds (CPF) in the past to cover the local costs of running its program, but dramatic reductions in CPF availability over the past two years have forced the mission to reduce many of its CPF costs. Closing down the program will require the CPF generated by the final PL 480 Title III imports.

The key remaining CPF sources at present are the remaining payments for the commodity import program, PL 480 Title III imports and the local currency lending program. CPF generations will end in FY 92 if no new PL 480, commodity import, local currency lending, commodity import or other local currency-generating programs are initiated. A memorandum of understanding was signed by the USAID Director and the Director of the Counterpart Funds Secretariat of the Ministry of Plan on December 14, 1991 on uses of the remaining CPF. (See Annex 6) The MOU gives instructions on the deposit and disbursement of funds, accounting and reporting, and the activities approved for CPF support. After the departure of the USAID Director, the counterpart funds bank account will remain under joint Secretariat of Counterpart Funds - USAID management. The USAID Director has designated in writing his delegate for the management of the account. Monthly release plans will be prepared based on the agreed upon uses for CPF. The activities approved in the MOU for CPF support consist of the following:

- USAID Trust Fund
- Currency Use Payments
- Shaba Area Development Office
- Counterpart Funds Secretariat Support
- Basic Rural Health (SANRU) Project

Table III shows CPF sources and uses for FYs 89 through 95.

TABLE III.

CPF SOURCES-USES ANALYSIS CY 1989-1995

(IN \$000 EQUIVALENT)

(2000% annual inflation rate, 25% exchange rate gap)

A. SOURCES OF CPF GENERATIONS	1989(A)	1990(A)	1991(E)	1992(P)	1993(P)	1994(P)	1995(P)
PL 480 Title I	16442	12947	6217	0	0	0	0
PL 480 Title III	0	0	5007	1700	0	0	0
Commodity Import Programs	1786	4628	727	150	0	0	0
Local Currency Lending Program	0	0	441	94	0	0	0
Other	1330	1206	40	20	0	0	0
TOTAL GENERATIONS	19558	18781	12432	1964	0	0	0
(Of which eligible for Trust Fund uses)	3116	5834	1208	264	0	0	0
ADJUSTED TOTAL GENERATIONS	19558	18781	12432	1143	0	0	0
Prior Year Carry Over	3242	1833	157	1368	638	0	0
TOTAL AVAILABILITIES	22800	20614	12589	2511	638	0	0
(Of which eligible for TF - adjusted)	3116	5834	1208	154	0	0	0
B. PROGRAMMED USES	1989(A)	1990(A)	1991(E)	1992(P)	1993(P)	1994(P)	1995(P)
Projects Support	15009	12250	6789	750	578	0	0
Local Currency Lending Program	0	1644	1025	0	0	0	0
USAID OE Trust Funds	1378	2075	2072	500	0	0	0
Project Trust Funds	1392	911	0	0	0	0	0
Ministry of Plan Support	1603	2045	141	60	60	0	0
Other Min. Plan Activities	520	151	0	0	0	0	0
CUP	1065	1381	211	104	0	0	0
TOTAL USES	20967	20457	10238	1414	638	0	0

ADMINISTRATION AND MANAGEMENTOrganization and Staffing

USAID Zaire's executive direction is now located in AID/W. A core staff consisting of the Mission Director, Deputy Director, Supervisory Program Officer, Controller, Financial Management Officer, Contracts Officer, Supervisory Project Development Officer, Engineering Officer and Supervisory Health and Population Officer will serve as the "Mission in Exile" until June 1992. All other USDH staff will move on to new assignments. One USPSC, the Shaba Area Development Officer, will remain on staff until March. All other USPSCs have been terminated.

As of January 17th, only one USDH, the Executive Officer, remains in Zaire to manage the program suspension and to oversee the core Zairian FN staff's implementation of the wide range of actions this requires. It is strongly recommended that the EXO remain at post indefinitely in order to safeguard USAID's assets as well as to provide direction to the remaining Zairian core staff. Keeping one officer at post for the indefinite future will ultimately save A.I.D. millions of dollars and many months when a regular program resumes. At the very least it is essential that the EXO remain at post through June 1992 to complete the program suspension in a prudent and responsible manner.

Tables IV and V show USAID staff in Zaire (June 1991 - June 30 1992) and USAID staff on evacuation status (Sept. 1991 - June 30 1991) by category of employee.

By mid-January 1992 a significant number of close-out actions had been completed in Kinshasa and Lubumbashi. The number of FN employees had been reduced from 76 at the time of the civil disturbances to 18. A further reduction to 9 is anticipated by June 1992. Two-thirds of the support vehicle fleet had been serviced and safeguarded. All USDH and USPSC personal and household effects had been packed and shipped. A significant portion of project property had been moved to safe storage and the process of safeguarding project assets was ongoing. A process was ongoing to remove USAID-owned furniture and equipment from residences for safekeeping. Leases were being terminated and rented properties returned to their owners. It is anticipated this will require a number of additional weeks. Simultaneously, USAID is identifying existing needs in other USAID programs for excess non-expendable OE property and will make arrangements for shipment and transfer of these goods. Prior to any close-out USAID will need to clear out of its current office space, remove all equipment -- including radio and telephone equipment -- and transfer essential equipment to other AID-owned facilities. In the event of a program close-out, steps will need to be taken to sell or otherwise dispose of equipment and materials which are not transferred to other missions. Additionally, in time, at the close or upon the PACD of each project, project commodities will need to be transferred to an

appropriate Zairian entity.

In order to ensure an orderly suspension of activities the Executive Officer will need to resolve with the Embassy's JAO longstanding issues concerning non-expendable property inventories which have been the subject of audit recommendations. Additionally, complete inventories of safeguarded household and office equipment and furniture will need to be completed. Another major task will be to review records to identify those for archival, those for continued maintenance at post and those which should be destroyed.

Fifteen key Zairians staff currently remain in Kinshasa and are helping to implement the program suspension, while three core Zairian staff continue to be employed in Lubumbashi and will safeguard the assets of the Shaba Area Development Office (SHADO). Regular telex communication exists between Kinshasa and Lubumbashi. By June 30, 1992, a total of nine Zairian staff will remain on board. If and when the Executive Officer, is ordered to depart, USAID proposes that this core Zairian staff work under the supervision of the Embassy. However, the Embassy has not agreed to such an eventuality.

For some years the Central Shaba Agricultural Development Project has funded the operation of the A.I.D. Shaba Area Development Office in Lubumbashi which furnishes USAID with the logistics and administrative support necessary for the oversight of A.I.D. activities in Shaba. Until early in FY 91 three USPSCs project officers worked out of SHADO. As a result of program restructuring, the local SHADO staff has been dramatically reduced and only one USPSC, currently on evacuation status, remains, whose services are due to end March 31st. It is considered important to maintain SHADO as a caretaker of major USAID assets in Shaba. until the September 1993 PACD of the Central Shaba Project. This will ensure for A.I.D. a significant logistics and communication link to Shaba where the program has some of its most important assets. On short notice the office, well equipped with all terrain vehicles and computers, can be put on operational status to support humanitarian and relief activities. The cost of maintaining SHADO is estimated at \$5,000 per month. This cost will be transferred from project funding to OE support at the beginning of FY 93.

TABLE IV
USAID STAFF IN ZAIRE

	June 1991	Sept 1991	Oct 1991	Dec 16 1991	Mar 1 1992	June 30 1992
Mission Administrative and Project Management Staff:						
USDH	23	21	6	1	1	1
USPSC (admin)	14	7	1	0	0	0
USPSC (proj)	39	19	2	0	0	0
Institutions	57	37	2	0	0	0
FSNs & FNPSCs	78	76	76	18	18	9
Totals	211	160	87	19	19	10
Zairian Nationals Employed by USAID Projects:						
"Project Staff"	474	271	271	0	0	0
GOZ Employees	1694	134	134	0	0	0
Totals	2168	405	405	0	0	0
GRAND TOTALS	2379	565	492	19	19	10

	June 1991	Sept 1991	Oct 1991	Dec 16 1991	Mar 1 1992	June 30 1992
American and International Staff:						
USDH	23	21	6	1	1	1
USPSCs	53	26	3	0	0	0
Institutions	57	37	2	0	0	0
Totals	133	84	11	1	1	1
Zairian Nationals:						
FSNs & FNPSCs	78	76	76	18	18	9
"Project Staff"	474	271	271	0	0	0
GOZ Employees	1694	134	134	0	0	0
Totals	2246	481	481	18	18	9
GRAND TOTALS	2379	565	492	19	19	10

TABLE V
USAID STAFF ON EVACUATION STATUS

	Sept 1991	Oct 1991	Dec 16 1991	Mar 1 1991	June 30 1992
USDH	0	15	18	10	5
USPSC (admin)	0	6	0	0	0
USPSC (proj)	0	17	1	1	0
Totals	0	38	19	11	5

Property

Residential Property

Prior to the September 1991 evacuation, the mission personnel, including ten project-funded PSCs, were housed as follows:

- leased property - 18
- USAID-owned property - 9
- FBO-owned property - 2

Seventeen leases for residential property were terminated after the evacuation. The only leased residential property remaining is Apartment 5 in the Mobil Building. This apartment is leased by the Embassy and assigned to USAID under the JAO pooled housing. It is in the same building as the USAID office in the Gombe section of Kinshasa.

USAID owns two houses in Kinshasa -- the Mission Director's residence in the Mont Fleury area and a three bedroom house in the Binza area. Due to their locations and per the recommendation of the Regional Security Officer, the houses have been vacant since the evacuation. USAID also owns the Panorama building in Gombe, near the Ambassador's residence. There are 11 three bedroom apartments and one efficiency apartment in the building. Two of the apartments are currently occupied by embassy personnel and will be vacated if needed for return of mission staff. It is anticipated that in the future, mission American staff will be assigned to owned property.

Office Property

The Mission leases office space in the Mobil building in the Gombe section of Kinshasa. The balance of the office space in the building is occupied by the USIS English language school, ZALI, as a tradeoff for space in the Mobil building being used by USAID. As of January 1, 1992, this lease was canceled and the space in the Mobil previously occupied by the USAID health office returned to USIS. This represents a reduction of 25 percent of office space used by USAID.

Financial Management

Accounting Activities

The decision to evacuate USDH and terminate most FSNs required changes to Controller Office operations. The Chief FSN Accountant and the Voucher Examiner are part of the core FSN staff in Zaire and are handling residual in-country financial activities. The automated dollar accounting system (MACS) and the dollar disbursing function were physically transferred to AID/W and are staffed by the "exiled" Controller and B & A Officer.

Residual in-country activities primarily consist of core staff payroll and local currency costs related to custody and protection of USAID property and leaseholds. These costs are currently being met with residual Trust Funds which will be exhausted in a few months after which funding will be shifted to OE dollars. As long as there is a residual USAID staff in Zaire, in-country financial coordination and backstopping will be required. The "exiled" Controllers Office in AID/W became operative in mid-January and is addressing a significant accumulation of transactions. Close-out and termination activities under the wind-up scenario will require a combination of disbursements and deobligations totalling about \$100 million. With some contract assistance, it is expected that the bulk of this work will be completed by the end of June 1992, at which time the USDA staff should be available for reassignment. It is anticipated that the Zaire accounting station will be transferred to either RFMC/Nairobi or WAAC/Abidjan by June or July 1992.

Projected Operating Expenses

FY 92

Original FY 92 operating expenses were projected to total \$3.5 million without FAAS costs. Of the \$3.5 million, \$500,000 was expected from Trust Funds with the balance being provided from OE dollars. The evacuation of personnel and the program suspension have already resulted in a significant reduction in FY 92 requirements of approximately \$1 million. Additional reductions are expected but cannot be quantified pending definitive determinations such as assignments and lease negotiations. Trust Funds already disbursed or on deposit will likely cover the original estimate.

Beyond FY 92

Operating Expense requirements beyond FY 92 will need to be funded entirely with dollars as counterpart generations will not be available for Trust Fund deposits. Assuming that less costly office space arrangements can be made in Kinshasa, the FY 93 requirement will be about \$300,000. This will cover support costs for the USDH, FAAS, FSN payroll, costs related to maintenance and protection of property and leaseholds, travel,

and miscellaneous support costs for residual caretaker operations in both the Kinshasa and Lubumbashi locations.

DEOBLIGATION SCHEDULE

<u>DEOBLIGATION</u> <u>DATE</u>	<u>PROJECT NAME</u>	<u>DEOBS</u> <u>(\$000)</u>
9/30/92	FAMILY PLANNING	0
9/30/92	BASIC RUR. HEALTH-WATER	1000
9/30/92	BASIC RUR. HEALTH-HLTH.	2500
9/30/92	P D AND S	500
	FY 92 TOTAL	4000
9/30/93	CENTRAL SHABA AG.	10500
9/30/93	CCCD	4800
6/30/93	AG. MARKETING DEV.	4000
9/30/93	HIV/AIDS	2300
9/30/93	AFR. DEV. SUPPORT	300
9/30/93	AFGRAD II AND III	0
	FY 93 TOTAL	21900
5/24/94	PRIV. SECTOR SUPPORT	7500
7/30/94	SCHOOL OF PUBLIC HEALTH	7000
9/30/94	SMALL PROJECT SUPPORT	6500
9/30/94	TRANSPORT REFORM	3000
	FY 94 TOTAL	24000
1/31/95	AREA FOOD AND MKT. DEV.	2800
9/30/95	HRDA	1200
	FY 95 TOTAL	4000
4/14/96	AG. POLICY	1800
	FY 96 TOTAL	1800
9/30/98	AG. RESEARCH	5700
	FY 98 TOTAL	5700
9/30/05	ATLAS	600
	FY 05 TOTAL	600
	TOTAL DEOBLIGATIONS	62000

MILESTONES IN ZAIRE PROGRAM WIND-UP

21-Jan-92

TOPIC	1991							1992			
	June	July	August	September	October	November	December	January	February	March	
IMPORTANT EVENTS	Military mutiny, Civil disorder spreads widespread looting. through Zaire.										
PROGRAM											
Documentation	Mission begins Brooke wind-up plan.		Mission completes draft wind-up plan.			Congressional Presentation submission shows no new obligations for Zaire	Mission informs GOZ of defacto "suspension" and takes custody of high value property.	Wind-up plan submitted to AID/W.	Wind-up plan submitted to Congress.		
General	Brooke goes into effect.										
STAFFING											
	16 of 21 USDH and 23 of 267 USPSCs evacuated from post to U.S.			2 of remaining 5 USDH evacuated to Brazzaville.		All but 1 USDH (EXO) & all but one USPSC return to U.S.			Last USPSC terminated. Core FSN staff reduced to 9.		
PROJECTS	In response to Brooke sanctions, Mission begins to plan another major reduction of program.					Most Zaire field project activities suspended.	Most project implementation contracts suspended and TA released.	HRDA, ATLAS management transferred to OIT. GOZ advised of project suspension.			
PL 480					1st shipment of FY91 Title III wheat arrives.		2nd (final) FY91 Title III shipment.				
COUNTERPART FUNDS							MOU signed by AID and GOZ on management and use of remaining CPF.		CPF (1st quarter) to be used only for SANRU, CUP, Trust Fund, Ministry of Plan, Shaba Area Development Office.		
EMERGENCY ASSISTANCE				Disaster Assistance team visits Zaire.	Team's report finalized -- action pending.				OFDA grant to Mennonite Central Committee.	Probable USAID grant to UNICEF.	
							OFDA grant to Mission Aviation Fellowship				

ANNEXES

ACTION COPY

ANNEX I UNCLASSIFIED

INCOMING TELEGRAM

AGENCY FOR INT'L DEV. TELECOMMUNICATIONS CENTER

PAGE 01	KINSHA 08710 071446Z	2224 050352 AID5934	KINSHA 08710 071446Z	2224 050352 AID5934
ACTION AID-00			660-T-048R	12/30/90 3,381
			660-T-060R	12/30/90 16,487
ACTION OFFICE	AFCW-03		660-T-061R	12/30/90 6,371
INFO AMAD-01 /004 AB	07/2057Z		DOD 826D	12/31/90 2,131,535
			DOD 848D	12/31/90 7,982
INFO LOG-00 /001W			DOD 847D	12/31/90 11,736,206
			TOTAL	36,125,347
			WELLS	

R 071447Z JUN 91
FM AMEMBASSY KINSHASA
TO SECSTATE WASHDC 4007

UNCLAS KINSHASA 00710

ADM AID

FOR AFR/CCWA/ZRBC, M. A RIEGELMAN

E.O. 12356: N/A
SUBJECT: BROOKE-ALEXANDER SENSITIVE PAYMENTS

REF: TELECON RIEGELMAN-DEMARCKEN 6/5/91

1. FOLLOWING IS USAID ZAIRE RESPONSE TO BROOKE-ALEXANDER INQUIRY.
2. NO PAYMENTS WERE MADE AS JUNE 6, 1991
3. WE SHOW THE FOLLOWING SCHEDULE OF PAYMENTS ONE-YEAR OVERDUE. THE TOTAL IS DLS 36,125,347 BY THE END OF 1991.

LOAN	DATE DUE	TOTAL
660-HR-017	05/31/90	128,869
660-HR-018	05/31/90	292,074
DOD 907D	05/31/90	1,058,032
DOD 908D	05/31/90	3,141,931
DOD 908E	05/31/90	370,216
660-HR-019	06/30/90	184,432
660-HG-001	07/01/90	243,257
DOD 826D	07/02/90	1,063,060
DOD 847D	07/02/90	5,824,480
DOD 848D	07/02/90	6,589
DOD 908E	07/02/90	1,915,540
660-HR-013	07/31/90	868
DOD 867D	08/15/90	968,304
660-HR-012	08/15/90	54,965
660-H-014	09/30/90	83,861
660-HG-001	10/01/90	247,743
DOD 877D	10/01/90	869,469
660-HR-015	10/31/90	112,661
660-HR-016	10/31/90	7,109
DOD 791D	11/30/90	459,051
660-HR-017	11/30/90	152,006
660-HR-18	11/30/90	114,098
DOD 889D	11/30/90	166,805
DOD 907D	11/30/90	1,124,926
DOD 808D	11/30/90	1,011,793
DOD 808E	11/30/90	46,723
660-HR-006	12/31/90	39,179
660-HR-009	12/31/90	453,454
660-HR-011	12/31/90	4,802
660-H-046R	12/30/90	66,793
660-H-059R	12/30/90	270,205
660-K-033R	12/30/90	6,197
660-K-047R	12/30/90	353,451
660-K-055R	12/30/90	809
660-K-058R	12/30/90	1,379,535

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ANNEX II

TESTIMONY FOR ASSISTANT SECRETARY OF STATE

FOR AFRICAN AFFAIRS, MR. HERMAN J. COHEN,

BEFORE THE SENATE FOREIGN RELATIONS SUBCOMMITTEE ON AFRICA

NOVEMBER 6, 1991

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MR. CHAIRMAN,

THANK YOU FOR INVITING ME HERE TODAY TO SPEAK WITH YOU ABOUT ZAIRE.

THE PRESENT SITUATION

ON SEPTEMBER 23, TROOPS CONSIDERED TO BE AMONG THE MOST RELIABLE IN ZAIRE MUTINIED BECAUSE THEIR PAYCHECKS HAD BECOME WORTHLESS DUE TO HYPERINFLATION. SINCE THEN, LOOTING AND DISORDER HAVE SPREAD THROUGHOUT THE COUNTRY, RAVAGING ZAIRE'S ALREADY CRIPPLED ECONOMY, PROVOKING THE FLIGHT OF MOST EXPATRIATES AND DESTROYING THEIR BUSINESSES, AND RAISING THE SPECTER OF HUNGER IN KINSHASA ITSELF.

AS THE SEPTEMBER 23 MUTINY ILLUSTRATES, THE IMMEDIATE CAUSE OF THE CURRENT UNREST IS ECONOMIC. DECADES OF ECONOMIC INDISCIPLINE HAVE REDUCED THIS POTENTIALLY RICH COUNTRY TO PENURY. AT THE END OF 1990, THE GOVERNMENT OF ZAIRE ABANDONED ALL PRETEXT OF ECONOMIC REFORM. THE WORLD BANK AND MOST OTHER DONORS STOPPED BALANCE-OF-PAYMENTS SUPPORT AND REDUCED THEIR PROGRAMS TO HUMANITARIAN AID ONLY. THE SITUATION WAS FURTHER COMPLICATED BY HUMAN RIGHTS ABUSE. FOLLOWING A MASSACRE OF STUDENTS AT THE LUBUMBASHI UNIVERSITY CAMPUS IN MAY 1990,

BELGIUM TERMINATED ALL AID AND WITHDREW TECHNICIANS. MORE RECENTLY, FRANCE HAS TERMINATED ALL AID. TODAY ECONOMIC DECLINE HAS REACHED THE POINT WHERE PRESIDENT MOBUTU, ONCE AMONG THE STRONGEST RULERS IN AFRICA, CAN NO LONGER PAY OR CONSISTENTLY CONTROL HIS OWN MILITARY. THE SECURITY FORCES WHICH USED TO BE THE GLUE THAT HELD ZAIRE TOGETHER ARE NOW THEMSELVES THE CAUSE OF DEEPENING INSTABILITY.

IN MARCH 1990, SECRETARY BAKER VISITED KINSHASA AND GAVE PRESIDENT MOBUTU SOME FRIENDLY ADVICE ABOUT ECONOMIC REFORM, HUMAN RIGHTS, AND DEMOCRACY. HIS MESSAGE WAS THAT MOBUTU SHOULD HEED THE FORCES OF CHANGE WHICH WERE ALREADY VISIBLY SWEEPING AFRICA, OR RISK BEING SWEEP ASIDE BY THEM. WE WERE SOMEWHAT ENCOURAGED BY MOBUTU'S PLEDGE, A MONTH LATER, TO LEAD ZAIRE INTO A DEMOCRATIC SYSTEM, WITH PRESIDENTIAL AND LEGISLATIVE ELECTIONS.

IN THE MONTHS THAT FOLLOWED THE PRESS WAS LIBERATED, THE ONCE-POWERFUL GOVERNMENT PARTY WEAKENED AND DIVIDED, AND MANY OF THE PRESIDENT'S CLOSEST CONFIDANTS DESERTED HIM. MORE THAN 250 PARTIES CAME INTO EXISTENCE. INCREASINGLY THE MOST IMPORTANT OPPOSITION PARTIES BEGAN TO WORK TOGETHER IN AN ALLIANCE CALLED THE HOLY UNION. THEIR COLLECTIVE INFLUENCE STEADILY CHIPPED AWAY AT THE PRESIDENT'S PRESTIGE AND AUTHORITY.

FOLLOWING A PATTERN FAMILIAR ELSEWHERE IN FRENCH-SPEAKING AFRICA, THE OPPOSITION INSISTED ON A SOVEREIGN NATIONAL CONFERENCE WHICH THEY HOPED WOULD DISCREDIT THE PRESIDENT AND THEN ESTABLISH A TRANSITIONAL GOVERNMENT PENDING A NEW CONSTITUTION AND ELECTIONS. BUT, UTILIZING FUNDS FROM THE NATIONAL TREASURY, THE PRESIDENT WAS ABLE TO PACK THE CONFERENCE WITH HIS OWN ADHERENTS, AND IT LED NOWHERE. AFTER THE DISTURBANCES OF SEPTEMBER 23, PRESIDENT MOBUTU AGREED TO NAME A TRANSITION GOVERNMENT HEADED BY HIS LEADING OPPONENT AND ARCH RIVAL, ETIENNE TSHISEKEDI. BUT MOBUTU AND TSHISEKEDI WERE UNABLE TO WORK TOGETHER, AND ON OCTOBER 30 THE PRESIDENT NAMED A NEW GOVERNMENT HEADED BY MUNGUL DIAKA, A MAN WHO DOES NOT ENJOY THE CONFIDENCE OF THE OPPOSITION COALITION. IN RESPONSE, ON OCTOBER 31, THE OPPOSITION NAMED A PARALLEL "GOVERNMENT" ONCE AGAIN HEADED BY TSHISEKEDI. INCLUDING THE PRESIDENT, ZAIRE NOW HAS THREE "GOVERNMENTS" AND NONE OF THEM IS GOVERNING.

THROUGHOUT THIS FRUITLESS MANEUVERING, LOOTING HAS CONTINUED AND HYPERINFLATION HAS ESCALATED. FOREIGNERS, THEIR SAFETY ASSURED ONLY BY THE TEMPORARY PRESENCE OF FRENCH AND BELGIAN TROOPS, ALL OF WHOM LEFT ZAIRE THIS WEEK, HAVE CONTINUED TO FLEE THE COUNTRY, ABANDONING THEIR HOMES, MISSIONS AND INVESTMENTS TO LOOTERS. THEY INCLUDE VIRTUALLY ALL THE EXPATRIATES WHO OPERATED ZAIRE'S COMMERCE AND

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INDUSTRY. OVER 3000 AMERICANS HAVE LEFT THE COUNTRY, OUR EMBASSY HAS BEEN REDUCED TO A SKELETON STAFF, AND WE HAVE WITHDRAWN ALL OF THE STAFF FROM OUR CONSULATE IN THE MINING CENTER OF LUBUMBASHI.

PAST U.S. POLICY

U.S. POLICY TOWARD ZAIRE HAS BEEN BASED ON BOTH POSITIVE AND NEGATIVE FACTORS. FOR MANY YEARS ZAIRE HAS BEEN A LOYAL ALLY IN INTERNATIONAL FORA. MOST RECENTLY ZAIRE PROVIDED US VALUABLE SUPPORT AS A MEMBER OF THE SECURITY COUNCIL DURING THE GULF CRISIS. ZAIRE SUPPORTED OUR POLICY ON ANGOLA, AND MOBUTU WAS RESPONSIBLE FOR INITIATING THE LONG PROCESS THAT LED TO THE END OF CIVIL WAR IN THAT COUNTRY.

WE RECOGNIZED PRESIDENT MOBUTU AS A LEADER WHO HAD UNITED HIS COUNTRY AFTER THE ETHNIC STRIFE AND CIVIL WAR OF THE 1960'S. WE QUESTIONED WHETHER ANYONE ELSE COULD MAINTAIN NATIONAL UNITY IN ZAIRE.

AT THE SAME TIME WE WERE INCREASINGLY DISTURBED BY ZAIRE'S POOR HUMAN RIGHTS RECORD AND LACK OF MOVEMENT TOWARD DEMOCRACY, AS WELL AS BY THE PRESIDENT'S APPARENT UNWILLINGNESS TO DISTINGUISH BETWEEN STATE FINANCES AND HIS OWN, A FAILING WHICH LIES AT THE HEART OF ZAIRE'S DISMAL ECONOMIC RECORD.

PRESIDENT MOBUTU'S POOR RECORD ON HUMAN RIGHTS AND ECONOMIC DEVELOPMENT LED TO CONGRESSIONAL RESTRICTIONS ON ECONOMIC AID, BARRING ANY TRANSFER OF FUNDS TO THE GOVERNMENT, AND A CUTOFF OF ALL MILITARY ASSISTANCE BEGINNING IN LATE 1990. ZAIRIAN INABILITY TO REPAY DEBT LED TO THE APPLICATION OF BROOKE AMENDMENT SANCTIONS IN JUNE 1991 AND THE TERMINATION OF ALL DEVELOPMENT ASSISTANCE (DFA), LEAVING ONLY PL 480 FOOD AID STILL OPERATIVE.

IN RECENT YEARS AS THE COLD WAR WANED AND PRO-DEMOCRACY SENTIMENT GREW IN AFRICA, WE COUNSELLED MOBUTU TO HEED POPULAR SENTIMENT OR RISK BEING DESTROYED BY IT. AS NOTED ABOVE, THE SECRETARY'S MARCH 1990 VISIT TO KINSHASA WAS A BENCHMARK IN THIS PROCESS, BUT WE REPEATED THE SAME MESSAGE ON MANY SUBSEQUENT OCCASIONS.

IN RECENT MONTHS, SINCE THE EMERGENCE OF A STRONG AND INCREASINGLY UNIFIED OPPOSITION, THERE HAS BEEN AN OBVIOUS AND URGENT NEED FOR A CREDIBLE TRANSITION GOVERNMENT THAT COULD RESTORE ORDER, PREPARE FOR DEMOCRACY AND STOP ZAIRE'S CATASTROPHIC ECONOMIC DECLINE. WE HAVE URGED MOBUTU TO SHARE POWER WITH THE OPPOSITION IN ORDER TO ACHIEVE SUCH A GOVERNMENT. WE HAVE URGED BOTH SIDES TO COMPROMISE IN THE NAME OF NATIONAL SURVIVAL.

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SO FAR, THIS EFFORT HAS FAILED. THE PRESIDENT AND THE OPPOSITION LEADER, MR TSHISEKEDI, HAVE ENGAGED IN PERSONAL CONFLICT AT THE EXPENSE OF COMPROMISE. AS A RESULT, ZAIRE STILL DOES NOT HAVE A FUNCTIONING GOVERNMENT, THERE IS NO CONSISTENT CONTROL OVER THE MILITARY, THE ECONOMIC CATASTROPHE CONTINUES, AND THE THREAT OF NATIONAL DISINTEGRATION LOOMS LARGER EVERY DAY.

WHAT IS NEEDED NOW

WITH EVERY DAY THAT SLIPS BY, HUMAN SUFFERING IN ZAIRE INCREASES AND ALONG WITH IT THE RISK OF ETHNIC CONFLICT AND CIVIL WAR.

ZAIRE NEEDS A FUNCTIONING GOVERNMENT THAT CAN RESTORE ORDER, BEGIN THE LONG PROCESS OF ECONOMIC RECOVERY, AND LAY THE BASIS FOR A DEMOCRATIC SYSTEM.

RECENT EVENTS HAVE PROVED BEYOND ANY DOUBT THAT THE PRESENT REGIME UNDER PRESIDENT MOBUTU HAS LOST THE LEGITIMACY TO GOVERN ZAIRE DURING THE TRANSITION TO DEMOCRACY. THE BEST HOPE FOR ZAIRE NOW IS GENUINE POWER SHARING BETWEEN PRESIDENT MOBUTU AND THE OPPOSITION. IN PARTICULAR, PRESIDENT MOBUTU MUST BREAK WITH THE PAST AND ALLOW A TRANSITIONAL GOVERNMENT TO RUN THE ECONOMIC AND DOMESTIC POLITICAL AFFAIRS OF THE COUNTRY WITHOUT INTERFERENCE, INCLUDING CONTROL OVER FINANCE.

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THE TRANSITIONAL GOVERNMENT MUST COME FROM THE RANKS OF THE OPPOSITION. IT MUST NOT BE TIED TO ANY ONE PERSONALITY OR ETHNIC GROUP. TO BE STABLE, IT MUST IMPLEMENT A DEMOCRATIC PROCESS THAT WILL GIVE ADEQUATE REPRESENTATION TO ALL REGIONS AND ETHNIC GROUPS. IT MUST LEAD DIRECTLY TO FREE AND FAIR NATIONAL ELECTIONS.

SUCH A GOVERNMENT WILL HAVE TO ACT IMMEDIATELY TO PLACE ZAIRE'S FINANCIAL INSTITUTIONS UNDER INDEPENDENT, TRANSPARENT CONTROL ACCEPTABLE TO THE WORLD BANK AND THE INTERNATIONAL MONETARY FUND.

IT WILL HAVE TO AVOID SEEKING VENGEANCE AGAINST PRESIDENT MOBUTU AND MEMBERS OF HIS PARTY, THE MPR. IN THE INTEREST OF NATIONAL UNITY WE BELIEVE IT SHOULD GUARANTEE THE PRESIDENT'S PERSONAL SAFETY AND HIS RIGHT TO PARTICIPATE IN THE DEMOCRATIC PROCESS. IN OTHER WORDS, A COMMITMENT TO THE BASIC HUMAN AND POLITICAL RIGHTS OF ALL ZAIRIANS WILL BE OF THE UTMOST IMPORTANCE.

ACHIEVING SUCH GOALS WILL POSE AN ENORMOUS CHALLENGE TO THE ZAIRIAN PEOPLE. NONE OF US SHOULD OVERESTIMATE OUR ABILITY TO SHAPE EVENTS INSIDE ZAIRE, BUT NEITHER CAN WE IGNORE THE OPPORTUNITY TO HELP. WE AS AMERICANS WILL HAVE LITTLE INFLUENCE UNLESS WE CAN ACT IN CONCERT WITH OUR FRENCH AND

SR

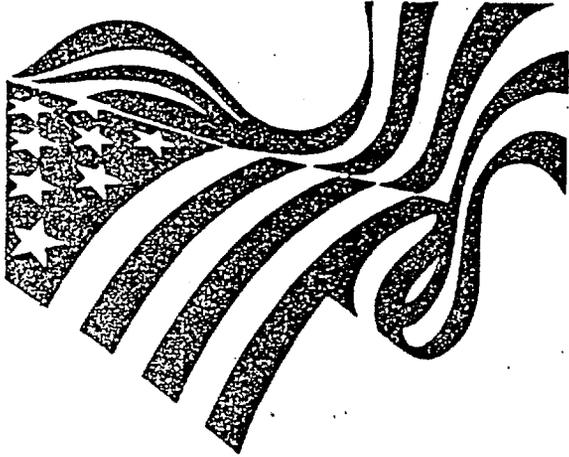
BELGIAN ALLIES AND WITH THE INTERNATIONAL FINANCIAL INSTITUTIONS. BUT IF WE CAN WORK WITH OUR FRIENDS AND WITH THE PEOPLE OF ZAIRE THERE IS A POSSIBILITY THAT THIS HUGE AND POPULOUS COUNTRY CAN OVERCOME WHAT COULD BECOME THE WORST CRISIS IN ITS HISTORY AS AN INDEPENDENT NATION.

THE ALTERNATIVE IS NOT PLEASANT TO CONTEMPLATE--CIVIL WAR, FAMINE AND NATIONAL DISINTEGRATION. THE KIND OF ETHNIC-BASED CIVIL WAR WHICH IS NOW A LIVE POSSIBILITY IN ZAIRE WOULD DESTROY WHAT IS LEFT OF THE COUNTRY'S INFRASTRUCTURE. IT WOULD CREATE WAVES OF REFUGEES THAT WOULD DESTABILIZE ZAIRE'S NEIGHBORS. IT WOULD REQUIRE A MASSIVE HUMANITARIAN RELIEF EFFORT WHICH THE UNITED STATES WOULD INEVITABLY BE ASKED TO HELP FINANCE. ZAIRE'S POLITICAL AND ECONOMIC DEVELOPMENT WOULD BE SET BACK FOR YEARS.

FOR THE MOMENT, THERE IS LITTLE WE CAN DO TO HELP SOLVE ZAIRE'S FUNDAMENTAL PROBLEMS UNTIL A TRANSITIONAL GOVERNMENT COMMITTED TO ACCOUNTABILITY AND DEMOCRACY IS IN PLACE. WE ARE, HOWEVER, INVESTIGATING THE REQUIREMENT FOR EMERGENCY FOOD AND OTHER ASSISTANCE AND WILL, IN CONCERT WITH AID AND OFDA, IMPLEMENT APPROPRIATE RELIEF MEASURES.

THANK YOU.

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COMMUNIQUE DE PRESSE

Kinshasa, le 12 septembre 1991

L'AMBASSADEUR AMERICAIN RENCONTRE LE PREMIER MINISTRE MULUMBA

Le 12 septembre 1991, l'Ambassadeur des Etats-Unis, Mme Melissa Wells a eu un entretien avec le Premier Ministre, M. Mulumba Lukoji, au cours duquel elle lui a fait part des préoccupations de son pays concernant la profonde crise économique que connaît actuellement le Zaïre.

Pour l'Ambassadeur, la crise a pour origine l'incapacité du gouvernement du Zaïre à maintenir, au début de 1990, son programme de stabilisation avec le Fonds Monétaire International. En l'absence d'un cadre économique cohérent, plusieurs bailleurs de fonds, dont les Etats-Unis, se sont trouvés dans l'impossibilité de continuer à fournir une aide économique importante au Zaïre. De plus, le Congrès américain a réagi aux rapports persistants d'abus des droits de l'homme et de corruption gouvernementale en mettant fin à l'assistance militaire des Etats-Unis et en interdisant le transfert au gouvernement du Zaïre de tous fonds d'aide au développement économique.

Depuis lors, la rupture de toute discipline budgétaire et le recours à l'impression des billets de banque pour financer la dette publique en pleine explosion ont alimenté l'hyperinflation et la dévaluation du zaïre-monnaie.

Au dernier des chapitres, le Zaïre a accumulé des arriérés dans le remboursement de sa dette envers les bailleurs de fonds multilatéraux et bilatéraux, y compris les Etats-Unis. En conséquence, la législation américaine régissant l'aide au développement empêche la signature de tout nouvel accord de projet avec le gouvernement du Zaïre. A terme, les projets en cours devront être clôturés à mesure que les fonds préalablement engagés s'épuisent. L'aide alimentaire au titre du don pl 480 n'est pas affectée. Le texte de la lettre adressée au Premier Ministre par l'Ambassadeur au sujet de cette situation est repris à la suite de ce communiqué.

L'Ambassadeur a exprimé l'opinion que, tandis qu'une réforme économique est toujours pénible, chaque jour qui passe sans que le pays ne s'embarque dans un programme de réforme rend le prix à payer par les personnes déshéritées encore plus dur à supporter. Enfin, on ne devrait pas attendre d'un pays donateur comme les Etats-Unis qu'il fournisse de l'aide en l'absence d'un engagement ferme de la part du gouvernement du Zaïre sur la voie d'une gestion et d'une performance économiques saines.

Ci-après le texte de la lettre que l'Ambassadeur a remise au Premier Ministre:

Kinshasa, le 5 septembre 1991

Monsieur le Premier Ministre,

J'ai l'honneur, par la présente, d'attirer votre attention sur le fait que la loi régissant l'aide des Etats-Unis aux nations étrangères interdit tout engagement de fonds d'aide au développement en faveur des pays bénéficiaires ayant accumulé des arriérés de plus d'un an dans le service de la dette contractée envers les Etats-Unis. Par ailleurs, la législation américaine exige en pareilles circonstances que l'USAID clôture progressivement les projets de son programme de développement dans un laps de temps raisonnable. Ces sanctions sont dictées par le "Brooke Amendment", ainsi nommé car ayant été proposé par Edward Brooke, ancien Sénateur républicain du Massachusetts.

A cet égard, et suite aux réunions qui ont eu lieu entre des Ministres de votre gouvernement et l'USAID Zaïre, je suis au regret de devoir confirmer que les paiements dûs aux Etats-Unis par le gouvernement du Zaïre au titre du service de la dette sont arriérés d'un an depuis le 1 juin 1991. Des détails ont été fournis au Ministre du Plan concernant ces montants croissants ainsi que les arriérés de paiement sur les prêts du programme PL 480.

Au cours de l'exercice budgétaire américain 1992, qui débute le 1 octobre 1991, aucuns nouveaux fonds d'aide au développement ne seront accordés pour le Zaïre à moins que les arriérés de paiement ne soient réglés intégralement ou que les paiements ne soient rééchelonnés. L'USAID peut poursuivre l'exécution de certains projets pour lesquels des fonds ont été engagés avant le 1 juin 1991 si toutefois l'appui budgétaire fourni par le gouvernement du Zaïre est suffisant. Aux termes de la législation américaine, la seule aide autorisée pour le Zaïre, outre la poursuite de ces projets, consiste en activités du Corps de la Paix et une quantité limitée de produits agricoles dans le cadre du programme PL 480.

J'aimerais saisir cette occasion pour dire une fois de plus, Monsieur le Premier Ministre, que je ne vois aucune possibilité de reprise d'un programme de développement au Zaïre tant qu'un gouvernement jouissant d'un vaste appui politique n'aura pas établi un programme d'ajustement structurel avec le Fonds Monétaire International et la Banque Mondiale, respectivement. Un tel pro-

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gramme est essentiel pour épargner au peuple zaïrois davantage de misère et de détresse et pour former une base saine en vue de l'installation de normes et de pratiques démocratiques. Ceci pourrait également faciliter l'organisation d'une réunion des crédateurs du Club de Paris au cours de laquelle le rééchelonnement des dettes publiques du Zaïre pourrait être envisagé.

Je vous prie d'agréer, Monsieur le Premier Ministre, l'expression de ma considération la plus haute.

Melissa Wells
Ambassadeur
des Etats-Unis d'Amérique

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UNITED STATES
INFORMATION AGENCY

INF-15
P82

INCOMING
TELEGRAM

PAGE 01

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13/1325Z

SOUND ECONOMIC MANAGEMENT, AND PERFORMANCE, BY THE
GOVERNMENT OF ZAIRE.

0 3 7 1CA654

ACTION OFFICE AF-05

INFO TCOC-01 DSO-02 BG-01 PG-01 R-01 PP-01 PPFA-01 PPFQ-01
DD-01 SVA-01 BVDA-01 BVC-01 BVX-01 B-02 /021 A2 38

FOLLOWING IS TEXT OF AMBASSADOR'S LETTER:

KINSHASA, LE 5 SEPTEMBRE 1991

OO RUEHIA
DE RUEHKI #4177/01 256132Z
ZNR UUUUU ZZH
O 131322Z SEP 91
FM AMEMBASSY KINSHASA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6604
RUEHIA/USIA WASHDC IMMEDIATE 2955
RUTALU/AMCONSUL LUBUMBASHI IMMEDIATE 6595
BT
UNCLAS SECTION 01 OF 02 KINSHASA 14177

MONSIEUR LE PREMIER MINISTRE,

USIA

USIA FOR AF, VOA/BRA, P/PFA
SECSTATE FOR AF/G, AF/P, HA
--DEPT PLS PASS AID/W FOR AFR/GCWA

THE LAW GOVERNING U.S. FOREIGN AID PROHIBITS THE
COMMITMENT OF DEVELOPMENT ASSISTANCE ONCE DEBT SERVICE
PAYMENTS OWED BY A RECIPIENT COUNTRY TO THE UNITED
STATES BECOME ONE YEAR OVERDUE. U.S. LAW ALSO

E.O. 12356: N/A
SUBJECT: PRESS RELEASE

REQUIRES THAT USAID PHASE OUT THE PROJECTS IN THE
DEVELOPMENT PROGRAM WITHIN A REASONABLE PERIOD OF
TIME. THESE SANCTIONS ARE REFERRED TO AS THE "BROOKE
AMENDMENT", NAMED AFTER THE EDWARD BROOKE, FORMER
REPUBLICAN SENATOR OF MASSACHUSETTS WHO PROPOSED IT.

HEREWITH COMPLETE TEXT OF THE PRESS RELEASE PUT OUT BY
MISSION AFTERNOON OF 12 SEPTEMBER:

IN THIS REGARD, AND FURTHER TO MEETINGS BETWEEN
MINISTERS OF YOUR GOVERNMENT AND USAID ZAIRE, I REGRET
TO CONFIRM THAT THE GOVERNMENT OF ZAIRE'S DEBT SERVICE
PAYMENTS TO THE UNITED STATES BECAME ONE YEAR OVERDUE
ON JUNE 1, 1991. DETAILS OF THE MOUNTING DEBT
PAYMENTS AS WELL AS OVERDUE PAYMENTS FOR PL 488 LOANS
HAVE BEEN PROVIDED TO THE MINISTER OF PLAN.

QUOTE:

ON SEPTEMBER 12, 1991 AMBASSADOR WELLS CALLED ON PRIME
MINISTER MULUMBA LUXOJI TO EXPRESS THE UNITED STATES
CONCERN ABOUT ZAIRE'S PROFOUND ECONOMIC CRISIS.

DURING U.S. FISCAL YEAR 1992, WHICH BEGINS OCTOBER 1,
1991, THERE WILL BE NO NEW DEVELOPMENT ASSISTANCE
FUNDS FOR ZAIRE UNLESS THE OVERDUE DEBT SERVICE
PAYMENTS ARE PAID IN FULL OR THE DEBT PAYMENTS ARE
RESCHEDULED. USAID MAY CONTINUE SOME PROJECTS FOR
WHICH MONIES WERE COMMITTED BEFORE JUNE 1, 1991 IF
THERE WILL BE ADEQUATE BUDGETARY SUPPORT FROM THE
BT
#4177

THE AMBASSADOR TRACED THE CRISIS TO THE GOVERNMENT OF
ZAIRE'S FAILURE, EARLY IN 1990, TO MAINTAIN ITS
STABILIZATION PROGRAM WITH THE INTERNATIONAL MONETARY
FUND. LACKING A COHERENT ECONOMIC FRAMEWORK, SEVERAL
DONORS, INCLUDING THE UNITED STATES, COULD NO LONGER
PROVIDE SUBSTANTIAL ECONOMIC ASSISTANCE TO ZAIRE. IN

ADDITION, THE AMERICAN CONGRESS REACTED TO PERSISTENT
REPORTS OF HUMAN RIGHTS ABUSE AND GOVERNMENT
CORRUPTION BY TERMINATING U.S. MILITARY ASSISTANCE AND
FORBIDDING THE TRANSFER OF ANY ECONOMIC DEVELOPMENT
FUNDS TO THE GOVERNMENT OF ZAIRE.

SINCE THEN, THE BREAKDOWN OF ALL BUDGET DISCIPLINE AND
THE RESORT TO THE PRINTING PRESSES TO FINANCE THE
EXPLODING PUBLIC DEBT HAS FUELED HYPER INFLATION AND
THE DEVALUATION OF THE ZAIRE CURRENCY.

IN THE LATEST CHAPTER, ZAIRE HAS FALLEN BEHIND ON ITS
DEBT REPAYMENTS TO MULTILATERAL AND BILATERAL DONORS,
INCLUDING THE UNITED STATES. AS A RESULT, U.S. LAW
GOVERNING DEVELOPMENT AID PRECLUDES THE SIGNING OF ANY
NEW PROJECT AGREEMENTS WITH THE GOVERNMENT OF ZAIRE.
PROJECTS UNDERWAY WILL COME TO AN END AS MONEY WHICH
WAS PREVIOUSLY COMMITTED IS EXHAUSTED. PL 488 GRANT
FOOD AID IS NOT AFFECTED. THE TEXT OF THE
AMBASSADOR'S LETTER TO THE PRIME MINISTER ON THIS
SITUATION APPEARS AT THE END OF THIS PRESS RELEASE.

BEST AVAILABLE COPY

THE AMBASSADOR EXPRESSED THE VIEW THAT WHILE ECONOMIC
REFORM IS ALWAYS PAINFUL, EVERY DAY'S DELAY IN
EMBARCKING UPON REFORM WILL MAKE THE COST TO POOR
PEOPLE EVEN HARDER TO BEAR. FINALLY, A DONOR COUNTRY
LIKE THE UNITED STATES SHOULDN'T BE EXPECTED TO
PROVIDE AID IN THE ABSENCE OF A STRONG COMMITMENT TO

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 UNITED STATES
 INFORMATION AGENCY

INCOMING
 TELEGRAM

PAGE 01

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 13/1326Z

 ACTION OFFICE AF-05
 INFO TCOC-01 DSO-02 BG-01 PG-01 R-01 PP-01 PPFA-01 PPFO-01
 DD-01 BVA-01 BVOA-01 BVC-01 BVX-01 B-02 /021 A2 30

OO RUEHIA
 DE RUEKKI *4177/02 2561323
 ZNR UUUUU ZZH
 O 131322Z SEP 91
 FM AMEMBASSY KINSHASA
 TO RUEHC/SECSTATE WASHDC IMMEDIATE 8605
 RUEHIA/USIA WASHDC IMMEDIATE 2986
 RUTALU/AMCONSUL LUBUMBASHI IMMEDIATE 6596
 BT
 UNCLAS SECTION 02 OF 02 KINSHASA 14177

USIA

USIA FOR AF, VOA/ERA, P/PFA
 SECSTATE FOR AF/C, AF/P, HA
 --DEPT PLS PASS AID/W FOR AFR/CCWA

E.O. 12356: N/A
 SUBJECT: PRESS RELEASE

GOVERNMENT OF ZAIRE. UNDER U.S. LAW, THE ONLY OTHER
 ASSISTANCE PERMITTED FOR ZAIRE IS THE PEACE CORPS AND
 LIMITED AGRICULTURAL COMMODITIES UNDER PL 480.

I WOULD LIKE TO TAKE THIS OPPORTUNITY TO SAY ONCE
 AGAIN, MONSIEUR LE PREMIER MINISTRE, THAT I SEE NO
 POSSIBILITY OF RESUMING A DEVELOPMENT PROGRAM IN ZAIRE
 UNTIL A GOVERNMENT WITH BROAD POLITICAL SUPPORT HAS
 ESTABLISHED A STRUCTURAL ADJUSTMENT PROGRAM WITH THE
 INTERNATIONAL MONETARY FUND AND THE WORLD BANK,
 RESPECTIVELY. SUCH A PROGRAM IS KEY TO SAVING THE

ZAIRIAN PEOPLE FROM MORE MISERY AND HARDSHIP AS WELL
 AS PROVIDING A SOUND BASIS FOR THE INSTALLATION OF
 DEMOCRATIC NORMS AND PRACTICES. IT COULD ALSO
 FACILITATE A MEETING OF THE PARIS CLUB OF CREDITORS TO
 CONSIDER THE RESCHEDULING OF ZAIRE'S PUBLIC DEBTS.

JE VOUS PRIE D'AGREER, MOUNSIEUR LE PREMIER MINISTRE,
 L'EXPRESSION DE MA CONSIDERATION LA PLUS HAUTE.

MELISSA WELLS
 AMBASSADEUR
 DES ETATS-UNIS D'AMERIQUE

END TEXT.

LA SALLE

BT
 *4177

BEST AVAILABLE COPY

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ANNEX IV

December 13, 1991

Mr. Kakese Mulume
Secretary General
Ministry of Plan and Supplies

Mr. Secretary General:

In recent days I have addressed a number of letters to you concerning the withdrawal of USAID staff from Zaire and the consequences for projects in our bilateral portfolio. However, there are a number of factors which impinge upon the performance and sustainability of the projects which our two governments have undertaken together. These factors are the subject of this letter and will likely be taken into account before the USAID program is resumed.

1. You may wonder why I have addressed all of my recent correspondence to you instead of the Minister. The answer is that the high turnover of Ministers in Zaire has become a serious constraint to development. I have chosen to address our correspondence to Secretaries General in the hope that there will be continuity between our present state of affairs and a future bilateral relationship.

2. The lack of a coherent macro-economic policy framework since the Government of Zaire abandoned its program with the International Monetary Fund and World Bank in 1990 renders most, if not all, development efforts futile. This performance failure also ruinously affected Zaire's ability to service its debts, including, no doubt, those due the United States.

3. The Government of Zaire's failure to service its debts on June 1, 1991 triggered an automatic provision of U.S. law which requires USAID to prepare a "Windup" plan for development assistance. Thus, we were in the process of closing the USAID program in an orderly fashion, even before the Zairian security forces mutinied on September 23-24, 1991. The orderly phase out of the USAID program was the subject of Ambassador Wells' letter to Prime Minister Lukoji, copy attached.

4. Personally, I do not foresee the resumption of a normal development program until the Governemnt of Zaire establishes a macro economic policy framework in consultation with the IMF and World Bank and has renogiated its foreign debt obligations with the Paris Club.

5. Even when the Government of Zaire had a medium term program in place with the IMF and World Bank, there were no projects in our bi-lateral portfolio which were sustainable, in the usual meaning of the word, after USAID assistance ended. When I arrived in June, 1990 I found that virtually all projects were excessively dependent upon American, international and Zairian staff who were either directly or indirectly employed and supported by USAID. At that time, there were 23 USAID officers, 53 American personal service contractors, 57 institutional contractors, 78 Zairian citizens employed by USAID, 474 Zairian "project" staff and 1,694 employees of the Government of Zaire who received their salaries or "primes", from resources generated by USAID.

6. Zaire's extreme dependence upon donors to carry out development activities is unhealthy. It is nowhere more clearly manifested than in the very poor performance of the Government in respecting its bilateral commitments. In the years before the Zairian 1991 budget, practically no USAID project was included in the Investment Budget. Beginning in 1991, the then Minister of Plan committed 15.9 billion Zaires (or about \$US 7.5 million in January) to USAID projects in the Investment Budget. At the time, I was somewhat satisfied that this sum was a reasonable start on engaging the Government of Zaire in a serious way. However, I am very disappointed by actual budget execution. To date, and against a revised budget in July of 22 billion Zaires, only 3 billion Zaires (or 14 percent) has actually been released which was worth, at the time, around \$ US 175,000. Just as bad was the timing of disbursements. The fact is that no project could count on the timely release of funds to sustain operations. Such poor performance would spell disaster for a project with time sensitive expenditures, e.g. agriculture research, if the Government of Zaire was solely responsible for implementation. Quite simply, with such poor performance, the Government of Zaire can neither expect to accomplish anything significant nor expect significant donor support.

7. We have been working for a year with the Counterpart Fund Secretariat to restructure and clean up the uses of these valuable resources. I would like to take this opportunity to say that I appreciate very much the excellent collaboration of Dr. Mokuba and his staff, who worked very hard on this effort. We have ended the arcane practice of paying salaries and primes of Government of Zaire employees, as well as installing much tighter programming, budgeting and financial controls for each project. We even negotiated and signed a Memorandum of Understanding on "The Management of Local Currency Resources for Bilateral Projects" on June 26, 1991. The essential feature, and reform, was to integrate program planning and budgeting, from both the Investment Budget and the Counterpart Fund.

8. However, it seems little will be gained from these reforms improvements, and agreements. With no medium term program with the IMF and World Bank, USAID no longer has a justification to provide "balance of payments" support. The newly rewritten American law governing PL 480 Title III, "Food For Development," also requires that recipient governments be committed to a coherent economic policy framework. PL 480 Title I is also no longer accessible given Zaire's arrears under this program.

9. Thus, with the foreseeable end of counterpart fund resources (say by April, 1992) it is time for the Ministry of Plan to incorporate all priority development projects into its Investment Budget and to take full responsibility for them. In this regard, on May 3, 1991 I wrote letters to all the Ministers with whom we have bilateral development projects to provide our best estimates of the local currency resources required to carry them out in Zairian budget year 1992. While our estimates may have been in error, at least they were a start. Unfortunately, not a single Ministry replied. Now, time is of the essence. If the Government is able to incorporate these projects in its 1992 budget, and execute the budget correctly, such performance would create a more favorable impression among donors in general and USAID in particular.

Finally, I would like to inform you that while the American staff of USAID Zaire will depart on December 15, 1991 we will continue as a functioning unit in our headquarters in Washington D.C. Here in Kinshasa, we will retain a small professional staff of experienced Zairian employees headed by Mr. Mangindula Lubaki, who is well known to the Counterpart Fund Secretariat. In addition, our administrative officer, Ms. Linda Gregory, will remain here for a short period of time to finish up various administrative details.

Sincerely,

Charles W. Johnson
Director

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ANNEX V



B.P. 8599 Kinshasa
Tél 21732 Tlx 21604
Fax 21824

Agence des Etats-Unis
pour le Développement International
Agency for International Development
Kinshasa



USAID Zaire
APO New York 09662-0006

December 11, 1991

Mr. Bopenda Bo 'Nkumu Lonyangela
Secretary General
Ministry of Public Health
Kinshasa-Gombe

Mgr. Bokeleale Itofo
President
Church of Christ of Zaire
Kinshasa-Gombe

Dr. Duale Sambe
Director of SANRU Project
Basic Rural Health (Health) 660-0107
Kinshasa-Gombe

Subject: Basic Rural Health
USAID Project No. 660-0107
Withdrawal of USAID Personnel

Dear Sirs:

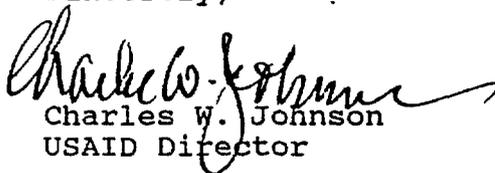
As a result of the insecurity which has prevailed since the mutiny and disorder of September 23-24, 1991, and thereafter, most American USAID officers have been withdrawn from Zaire, and all such personnel will be withdrawn by December 15, 1991. Due to this insecurity USAID has suspended or terminated grants and contracts that it entered into with third parties under this project, in accordance with its rights under those agreements. USAID has committed a total of US \$ 16,400,000 to this project, of which US \$ 8,736,230 remain unexpended at this time. Because of this withdrawal, USAID will be unable to approve new commitments of previously obligated funds.

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USAID Zaire has reviewed the record of all equipment and material provided to your Government under this project. Attachment A is an inventory of non-expendable commodities and equipment. Any items missing from the inventory, including such items stolen by Zairian security forces and others since September 23-24, 1991, must be recovered or replaced by the Government of Zaire. USAID will not replace such items or repair any facilities damaged as the result of the breakdown of public order. Effective this date, USAID transfers all equipment and material listed in Attachment B to the Church of Christ of Zaire for continuing use by the SANRU project under the terms of the Project Grant Agreement. Attachment B is the same as Attachment A, less the material being safeguarded by USAID.

The "Standard Provisions" of the Project Grant Agreement signed by our respective governments on August 24, 1985 require all equipment and commodities procured under the project to be devoted to the project until its completion, and thereafter used only to accomplish the objectives of the project. Your Organization is responsible, therefore, for ensuring that all equipment and commodities remain properly safeguarded and maintained for such purposes and for maintaining a complete and accurate inventory of such items. USAID holds the Church of Christ of Zaire responsible for the full accounting of such commodities and equipment and for any and all losses or damage which may be incurred. The Project Grant Agreement also reserves to A.I.D. audit and inspection rights with respect to such commodities and equipment, and nothing in this letter will be construed as a waiver or modification of such rights.

Sincerely,


Charles W. Johnson
USAID Director



cc: Mr. Kakese Mulume
Secretary General
Ministry of Plan

Mr. Mbonga Magalu
Secretary General
Ministry of Finance

Mr. Botswali Lengomo
Secretary General
Ministry of Budget

Mr. Nguayila Mbela Kalanda
Secretary General
Ministry of International Cooperation

Mr. Mabi Mulumba
President of the "Cours des Comptes"

Ms. Maria Diamanti
Representative of UNICEF

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ANNEX VI

MEMORANDUM OF UNDERSTANDING

MEMORANDUM D'ACCORD

BETWEEN

ENTRE

THE MINISTRY OF PLAN FOR THE

LE MINISTERE DU PLAN

GOVERNMENT OF THE REPUBLIC OF ZAIRE

DU GOUVERNEMENT DE LA REPUBLIQUE DU ZAIRE

AND

ET

THE UNITED STATES AGENCY FOR

L'AGENCE AMERICAINE POUR

INTERNATIONAL DEVELOPMENT FOR

LE DEVELOPPEMENT INTERNATIONAL

THE GOVERNMENT OF THE UNITED

POUR LE GOUVERNEMENT DES ETATS-UNIS

STATES OF AMERICA

D'AMERIQUE

FOR

POUR

THE INTERIM MANAGEMENT OF THE UNITED

LA GESTION INTERIMAIRE DES FONDS

STATES GENERATED COUNTERPART FUNDS

DE CONTREPARTIE D'ORIGINE AMERICAINE

DATE: **DEC 14 1991**

DATE: **DEC 14 1991**

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In this Memorandum of Understanding, the Ministry of Plan of the Government of Zaire is represented by the Director of the Secretariat of Counterpart Funds, and the United States Agency for International Development by the Director of USAID Zaire.

Whereas, the Government of the United States of America has withdrawn all American USAID personnel, effective December 15, 1991, and suspended, de facto, the development projects in Zaire, pending the restoration of conditions necessary for carrying out a development program;

Whereas, the withdrawal of all American USAID officers has rendered inoperable the established procedures for the management of the United States generated counterpart funds;

Whereas, local currency receipts from the already approved programs (Commodity Import Program, PL 480 Title III, and Local Currency Lending Program) will continue to flow into the Counterpart Fund bank account during the suspension period.

Whereas, USAID Zaire will maintain a core staff of Zairian professionals during the period of de facto project suspension;

Now therefore, parties to this Memorandum of Understanding agree to the establishment of the following interim procedures for the management of U.S. generated counterpart fund.

Dans le présent Mémorandum d'Accord, le Ministère du Plan du Gouvernement du Zaire est représenté par le Directeur du Secrétariat des Fonds de Contrepartie, et l'Agence Américaine pour le Développement International par le Directeur de l'USAID Zaire.

Attendu que le Gouvernement des Etats-Unis d'Amérique a retiré tout le personnel américain de l'USAID effectif au 15 décembre 1991, et a, ce faisant, suspendu les projets de développement au Zaire, en attendant le rétablissement des conditions nécessaires à la mise à exécution d'un programme de développement;

Attendu que le retrait de tous les cadres américains de l'USAID a rendu inopérant les procédures établies pour la gestion des fonds de contrepartie d'origine américaine;

Attendu que pendant la période de suspension, les recettes en monnaie nationale provenant des programmes déjà approuvés (Programme d'Importations Commerciales, PL 480 Titre III, et Programme de Prêts en Monnaie Nationale) continueront à être déposés dans le compte en banque des Fonds de Contrepartie;

Attendu que pendant la période de suspension de fait des projets l'USAID Zaire gardera sur place une équipe restreinte de cadres zairois;

En conséquence, les parties à ce Mémorandum d'Accord conviennent de l'établissement des procédures intérimaires ci-après pour la gestion des fonds de contrepartie d'origine américaine.

1. Deposit of Funds:

The Secretariat of Counterpart Funds shall assure that receipts from the previously authorized programs will continue to be deposited into the counterpart funds bank account, until all scheduled payments have been completed. Sources of generations include: the Private Sector Support Project funded Commodity Import Program, the FY 1991 PL 480 Title III Program, and the Local Currency Lending Program under the Private Sector Support Project. Payments shall be collected through the interbank clearing process on the basis of the on-going arrangement with the counterpart funds bank (Citibank Zaire). The counterpart funds bank will provide the Secretariat of Counterpart Funds and USAID Zaire each with copies of the bank statements which record all payments. These statements will be used to monitor whether payments are made according to the appropriate payment schedule.

2. Disbursement of funds:

The counterpart funds bank account will remain under joint Secretariat of Counterpart Funds - USAID management. The USAID Director will designate in writing his delegate for the management of the account. The USAID Director's delegate will authorize jointly with the Director of the Secretariat of Counterpart Funds disbursements from the bank account to support the activities authorized under this Memorandum of Understanding, or amendments to this Memorandum.

The Secretariat of Counterpart Funds and USAID Zaire will develop monthly release plans for the transfer of funds from the counterpart funds bank account to the commercial bank accounts of the recipient activities.

1. Dépôts des Fonds:

Le Secrétariat des Fonds de Contrepartie devra assurer que les recettes provenant des programmes approuvés antérieurement continueront à être versées dans le compte en banque, jusqu'à ce que tous les paiements attendus soient effectués. Les sources de recettes comprennent: le Programme d'Importations Commerciales financé par le Projet d'Appui au Secteur Privé, le Programme PL 480 Titre III de 1991, et le Programme de Prêts en Monnaie Nationale du Projet d'Appui au Secteur Privé. Les paiements devront continuer à être recouverts à travers le mécanisme de compensation interbancaire conformément aux arrangements en cours avec la banque des fonds de contrepartie (Citibank Zaire). La banque des fonds de contrepartie mettra à la disposition du Secrétariat des Fonds de Contrepartie et de l'USAID les copies des extraits bancaires indiquant les versements. Ces extraits bancaires seront utilisés pour vérifier que les paiements sont effectués en conformité avec le calendrier de paiements applicable.

2. Décaissement des Fonds:

Le compte en banque des Fonds de Contrepartie restera sous la gestion conjointe du Secrétariat des Fonds de Contrepartie et de l'USAID. Le Directeur de l'USAID désignera par écrit son délégué pour la gestion du compte. Le délégué du Directeur de l'USAID autorisera conjointement avec le Directeur du Secrétariat des Fonds de Contrepartie les décaissements des fonds à partir du compte en banque pour financer les activités approuvées aux termes de ce Mémoire d'Accord, ou des amendements à celui-ci.

Le Secrétariat des Fonds de Contrepartie et l'USAID Zaire prépareront des plans de décaissement mensuels autorisant le transfert des fonds à partir du compte en banque des fonds de contrepartie aux comptes en banque des activités bénéficiaires.

3. Accounting and Reporting:

The Secretariat of Counterpart Funds shall comply with the bookkeeping and reporting requirements stipulated in the agreements governing the programs under which counterpart funds are generated. More specifically, the Secretariat shall prepare and submit monthly reports indicating: local currency generations by sources, status of payments and measures taken to recover unpaid amounts, disbursements by recipients, and end of month bank balances.

4. Activities approved for Counterpart Funds Support:

The following activities are authorized for counterpart funds funding during the suspension period. While the allocations are expressed in U.S. dollars, disbursements will be made in Zaires according to the counterpart funds bank exchange rate of the date of monthly release plans.

Activity	Allocations for 1st Quarter 1992 (in U.S. Dollars)
USAID Trust Fund	25,000.00
C.U.P	103,702.00
SHADO	6,555.00
SFC	13,000.00
SANRU	90,000.00

These initial allocations will cover the period of January through March 1992. Subsequent allocations are subject to availability of counterpart funds and the justified need to continue support to discrete activities. These additional allocations will be discussed and agreed upon in writing between the Secretariat of Counterpart Funds and USAID Zaire prior to the disbursement of funds. Financial support from the Counterpart Funds may also be provided to activities other than those listed above if both parties such agree in writing.

3. Comptabilité et Rapport:

Le Secrétariat des Fonds de Contrepartie devra se conformer aux exigences relatives à la tenue de la comptabilité et soumission des rapports stipulées dans les accords sur les programmes qui génèrent les fonds de contrepartie. Plus spécifiquement, le Secrétariat des Fonds de Contrepartie préparera et soumettra des rapports mensuels indiquant: les versements des fonds par sources, la situation des paiements et les mesures prises pour recouvrer les montants non versés, les décaissements ventillés par bénéficiaires, et le solde à la fin du mois.

4. Activités admises pour le financement des Fonds de Contrepartie:

Les activités ci-après bénéficieront du financement des fonds de contrepartie pendant la période de suspension. Alors que les allocations sont exprimées en dollars américains, les décaissements seront faits en zaires sur base du cours de change publié par la banque de fonds de contrepartie le jour de l'établissement du plan de décaissement.

Activités	Allocations pour le 1er trimestre de 1992 (en dollars américains)
USAID Trust Fund	25.000,00
C.U.P.	103.702,00
SHADO	6.555,00
SFC	13.000,00
SANRU	90.000,00

Ces allocations initiales couvriront la période allant de janvier à mars 1992. Les allocations suivantes dépendront de la disponibilité des fonds de contrepartie et de la nécessité de continuer à appuyer les activités. Ces allocations supplémentaires seront examinées et approuvées par le Secrétariat des Fonds de Contrepartie et l'USAID Zaire avant le décaissement des fonds. L'appui financier des fonds de contrepartie pourra également être apporté aux activités autres que celles citées ci-dessus, si les deux parties en conviennent par écrit.

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5. Expiration:

This Memorandum of Understanding shall terminate at the time of exhaustion of all counterpart funds or the resumption of the USAID development program in Zaire, whichever is earliest, or as the parties may otherwise agree in writing.

For the United States Agency for
International Development

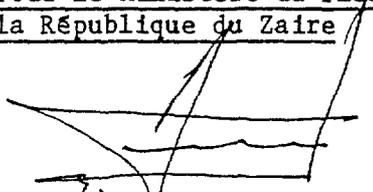


Charles W. Johnson
Director, USAID Zaire

5. Expiration:

Ce Mémorandum d'Accord expirera au moment de l'épuisement des fonds de contrepartie ou de la reprise du programme de développement de l'USAID au Zaire au premier échu de ces termes, à moins que les parties n'en conviennent autrement par écrit.

Pour le Ministère du Plan du Gouvernement de
la République du Zaire



Mokuba Mpahebui
Directeur
Secrétariat des Fonds de Contrepartie

AGENCY FOR INT'L DEV.
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ACTION OFFICE OFDA-02
INFO AFEA-04 AFCV-03 AFDP-06 AFTR-06 PPDC-01 KINS-01 SAST-01
PPPB-02 GC-01 GCAF-02 PPEA-01 GCCM-01 FVA-01 FVPP-01
PVC-02 ES-01 STHE-04 SEOP-01 SEOS-02 FMAD-02 FFP-09
SERP-01 RELO-01 AAAF-03 /059 A4 KL 30/1609Z

UNITED NATIONS' POINT OF VIEW IS THAT THEY HAVE NO MANDATE TO COORDINATE THE INTERNATIONAL DONOR COMMUNITY IN THE CASE OF A CIVIL STRIFE DISASTER. MSF/B CONTINUES TO WORK, WITH EEC FUNDING, ON THE PROVISION OF ESSENTIAL MEDICINES TO HEALTH CLINICS AND IN SUPPLEMENTARY FEEDING FOR CHILDREN UNDER 5 AND PREGNANT AND LACTATING MOTHERS. ICRC CONTINUES TO LOOK AFTER PROTECTION ISSUES AND THE CARE OF VICTIMS OF THE SEPTEMBER RIOTS.

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SS-00 TRSE-00 /015W

3. SUPPLIES OF MEDICINES AND FOOD IN KINSHASA ARE ADEQUATE FOR THE SHORT TERM. HOWEVER, SURVEYS INDICATE THAT THERE COULD BE SERIOUS SHORTAGES OF BOTH FOOD AND MEDICINES IN KINSHASA BY MID-DECEMBER, 1991, CONTINUING INTO MARCH 1992. HYPERINFLATION, DEVALUATION OF THE ZAIRE, AND MASSIVE UNEMPLOYMENT IS CRUSHING PURCHASING POWER. WATER AND POWER SUPPLIES TO THE CITY HAVE BEEN NORMAL THROUGHOUT THE EVENTS. WHILE SUPPLY IS CERTAINLY VULNERABLE TO ANY INTENTIONAL SABOTAGE, THERE ARE NO INDICATIONS THAT THE SYSTEM IS IN JEOPARDY AT THIS TIME.

P 300829Z OCT 91
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TO SECSTATE WASHDC PRIORITY 9817
AMEMBASSY KINSHASA PRIORITY
AMEMBASSY ABIDJAN
INFO AMEMBASSY ADDIS ABABA

4. THE ZAIRE ASSESSMENT TEAM (COMPOSED OF USAID ZAIRE STAFF IN BRAZZAVILLE AND OFDA PERSONNEL) WORKED TOGETHER FOR TWO WEEKS TO CONSOLIDATE ALL INFORMATION AVAILABLE ON THE PRESENT SITUATION AND TO DEVELOP A MENU OF OPTIONS FOR USG HUMANITARIAN ASSISTANCE TO ZAIRE. LACK OF COMMUNICATIONS WITH THE INTERIOR RESTRICTED THE TEAM TO AN ASSESSMENT OF THE SITUATION

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AID FOR OFDA, AFR/CCWA, FHA/FFP
STATE FOR STATE AF/C AND RP
ABIDJAN FOR RFFPO
ADDIS FOR OFDA REGIONAL OFFICE

IN KINSHASA. IT IS BELIEVED, HOWEVER, THAT THE FOOD AND MEDICAL SITUATION COULD BE QUITE SERIOUS IN KISANGANI, KOLWEZI, AND LUBUMBASHI IN PARTICULAR. TEAM HAS INITIATED A SERIES OF SURVEYS USING USAID AG AND

E.O. 12356: N/A
TAGS: EAID, PREF, CF, CG
SUBJECT: ZAIRE - ZAIRE DISASTER ASSESSMENT TEAM REPORT

REF: (A) KINSHASA 015585 (B) KINSHASA 15430
- (C) KINSHASA 14960 (D) KINSHASA 14948
- (E) LUBUMBASHI 01789 (F) KINSHASA 15701

SUMMARY.

1. ZAIRE IS IN A FOOD AND HEALTH CRISIS NOW WHICH WILL WORSEN IN THE NEAR FUTURE. THE EVENTS OF SEPTEMBER 23/24, 1991 DURING WHICH MASSIVE LOOTING AND DESTRUCTION OF COMMERCIAL AND MANUFACTURING ESTABLISHMENTS OCCURRED THROUGHOUT KINSHASA, HAVE ACCELERATED THE DECLINE IN LIVING STANDARDS CAUSED BY GROSS GOVERNMENT MISMANAGEMENT OF THE ZAIRIAN ECONOMY OVER 25 YEARS. THE MOST AFFECTED PEOPLE ARE: (A) THE SALARIED WORKERS WHO LOST THEIR JOBS AS A RESULT OF THE FLIGHT OF EXPATRIATE EMPLOYERS AND DESTRUCTION OF INDUSTRY, (B) SMALL BUSINESSMEN WHOSE INVENTORIES WERE LOOTED, (C) THE POOR PEOPLE WHOSE ALREADY LIMITED ACCESS TO BASIC FOODS AND MEDICINES HAS BEEN FURTHER REDUCED BY RISING PRICES, (D) RURAL POPULATIONS WHO ARE AT THE END OF THE DISTRIBUTION SYSTEM AND WILL BE AFFECTED BY PRODUCT SHORTAGES AND RISING PRICES.

2. IN THE IMMEDIATE AFTERMATH OF THE RIOTS, THE INTERNATIONAL COMMITTEE OF THE RED CROSS (ICRC) AND MEDECINS SANS FRONTIERES BELGIUM (MSF/B) INTERVENED WITH SURGICAL TEAMS AND EMERGENCY MEDICAL SUPPORT. SINCE THAT TIME, THERE HAS BEEN ONLY A LIMITED DONOR RESPONSE TO ASSIST THOSE AFFECTED BY THE EVENTS. EVEN BEFORE SEPTEMBER 23/24, DONORS SAW ZAIRE AS A DISASTER, SELF-INFLICTED BY YEARS OF MOBUTU MISRULE. THE RIOTS WORSENERED AN ALREADY UNTENABLE SITUATION. AS A RESULT, THERE IS LITTLE INTEREST IN THE DONOR COMMUNITY IN

EMERGENCY AID THAT DOES NOT RECKON WITH BROADER SYSTEMIC PROBLEMS. DONOR MEETINGS ARE IRREGULAR. THE



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BRAZZA 03679 02 OF 12 300831Z 4878 016791 AID3338 7. FOR FOOD THE TEAM PROPOSES 4 OPTIONS:

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HEALTH PROJECTS AS WELL AS PEACE CORPS REGIONAL OFFICES TO GATHER INFORMATION FROM THE INTERIOR.

5. THE TEAM CONCLUDES THAT AT THE PRESENT THERE IS ONLY A LIMITED ROLE FOR OFDA FUNDING IN THE STRICT SENSE OF SHORT TERM EMERGENCY ASSISTANCE AND SAVING LIVES BUT HAS IDENTIFIED A NUMBER OF ACTIONS THAT MUST BE IMPLEMENTED DURING THE CRITICAL PERIOD OF SHORTAGES WHICH WILL OCCUR BETWEEN MID-DECEMBER, 1991 AND END-MARCH, 1992. TEAM BELIEVES THAT A FEW USAID PROJECTS CAN BE MODIFIED QUICKLY TO MEET SOME OF THE URGENT NEEDS THAT WILL ARISE DURING THAT TIME, TAKING INTO CONSIDERATION USAID ZAIRE'S UNIQUE ADVANTAGES IN

THE FIELDS OF HEALTH AND AGRICULTURAL MARKETING. ANY AND ALL OF THESE OPTIONS ARE PREDICATED ON THE REESTABLISHMENT OF SECURITY IN KINSHASA, AS WELL AS FREE ACCESS INTO THE CITY FROM RURAL AGRICULTURAL PRODUCTION AREAS. ADDITIONALLY, ACTIVITIES PROPOSED IN THE CONTEXT OF MISSION PROJECTS WILL REQUIRE THE CONTINUATION OF THESE PROJECTS AND RETENTION OF ESSENTIAL CORE PROJECT STAFF THROUGH THE PERIOD OF THE RELIEF PROGRAM. DETAILED STAFF REQUIREMENTS OF EACH PROPOSAL WILL FOLLOW SEPTEL.

6. FOR HEALTH CARE, THE TEAM PROPOSES 3 OPTIONS:

A. PROVISION OF ESSENTIAL DRUGS TO RURAL HEALTH CLINICS THROUGH THE RURAL HEALTH SERVICES (SAHRU) PROJECT, WHICH SUPPORTS 80 OF ZAIRE'S 306 HEALTH ZONES WITH EQUIPMENT, SUPPLIES, DRUGS, AND SUBSIDIES FOR SUPERVISION AND TRAINING. FUNDING (UP TO USD 1.6 MILLION) WOULD COME FROM UN earmarked FUNDS ALREADY OBLIGATED UNDER THE PROJECT IN THE FORM OF A GRANT TO UNICEF.

B. PROVISION OF A TWO MONTH SUPPLY OF A FEW ESSENTIAL DRUGS THROUGH POPULATION SERVICES INTERNATIONAL (PSI) FOR MARKETING IN KINSHASA TO THE COMMERCIAL PHARMACEUTICAL SECTOR. OFDA FUNDING (APPROX. USD 500,000) WOULD BE REQUIRED.

C. PROVISION OF GRANT (USD 70,000) FROM OFDA TO MISSION AVIATION FELLOWSHIP (MAF) TO PROVIDE ESSENTIAL AIR TRANSPORT OF RELIEF PERSONNEL, DRUGS, AND OTHER

RELIEF SUPPLIES TO THE INTERIOR.

A. CONTINUATION OF TITLE III WHEAT IMPORT PROGRAM INTO 1992.

B. SUPPORT FOR MARKETING OF CASSAVA FROM BANDUNDU TO KINSHASA THROUGH THE PRAGMA IMPLEMENTED BANDUNDU AREA FOOD AND AGRICULTURAL MARKETING PROJECT USING PROJECT FUNDS (USD 185,000).

C. PROVISION OF USAID ZAIRE COUNTERPART FUNDS (1.5 BILLION ZAIRES) TO CENTRE DE DEVELOPEMENT INTEGRAL (CDI) FOR THE PURCHASE AND TRANSPORT OF 2,000 MT MAIZE AND 1,000 MT RICE FROM EQUATEUR TO KINSHASA FOR SUBSIDIZED SALES THROUGH THE PARISH NETWORK.

D. PROVISION OF TITLE II COMMODITIES (MINIMUM OF 2,000 MT MAIZE, 300 MT BEANS AND 300 MT CSE) TO CDI IN EARLY DECEMBER FOR DISTRIBUTION THROUGH THE CHURCH NETWORKS AT SOCIAL PRICES AND FOR MSF SUPPLEMENTARY FEEDING PROGRAMS THROUGH THE SANTE POUR TOUS KINSHASA (SPTK) INFRASTRUCTURE. THIS ACTIVITY WOULD REQUIRE AN AID/FNA/FFP GRANT TO CDI (OR ALTERNATIVE ACCEPTABLE GRANTEE) AND AN OFDA SUPPORT GRANT TO MSF/B.

----- THE SETTING -----

8. FOCUS OF THE ASSESSMENT WAS ON THE CITY OF KINSHASA WHERE INFORMATION IS AVAILABLE AND WHERE THERE IS A GREATER FACILITY TO WORK UNDER PRESENT SECURITY CONDITIONS. THERE IS CONCERN THAT THERE MAY BE

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SUBSTANTIAL NEEDS IN LUBUMBASHI, KISANGANI, AND KOLWEZI, BUT LACK OF ACCESS AND COMMUNICATIONS MAKES IT IMPOSSIBLE TO MAKE ACCURATE ASSESSMENTS OR TO PLAN ANY INTERVENTIONS AT THIS TIME.

9. A NEW GOVERNMENT WAS ANNOUNCED IN MID-OCTOBER BUT ON OCTOBER 20, THE GOVERNMENT OF TSHISEKEDI WAS DECLARED NULL AND VOID. THERE WILL BE LOTS OF POLITICAL TURMOIL, AND POSSIBLY RENEWED VIOLENCE FOR THE FORESEEABLE FUTURE.

10. EVEN BEFORE THE EVENTS OF LATE SEPTEMBER, ZAIRE'S ECONOMY WAS DISASTROUS AND IT WAS DOUBTFUL WHETHER ANY

NEW GOVERNMENT COULD TAKE THE BOLD DECISIONS NECESSARY TO BRING RUNAWAY INFLATION UNDER CONTROL. NOW, HOWEVER, ANY NEW GOVERNMENT WILL PRESIDE OVER AN ECONOMY THAT IS IN AN EVEN MORE CATASTROPHIC STATE DUE TO THE EVENTS OF SEPTEMBER 23/24. MOST AFFECTED ARE FACTORY WORKERS AND OTHER SALARIED WORKERS WHO LOST THEIR JOBS, RETAILERS, AND SOME WHOLESALERS. FURTHERMORE, AVAILABILITY OF BASIC COMMODITIES FROM THE RURAL AREAS INTO KINSHASA OVER THE NEXT MONTHS IS HIGHLY QUESTIONABLE DUE TO THE DISRUPTION OF THE MARKETING DISTRIBUTION SYSTEM AND TRANSPORTER CONCERNS OVER SECURITY. A POLITICALLY VOLATILE SITUATION WAS CREATED BY HOBUTU'S PROMISE TO RAISE THE MILITARY'S SALARIES ON OCTOBER 20. TO MEET THIS PROMISE NEWLY PRINTED MONEY WAS FLOWN INTO KINSHASA. AS THESE FUNDS ARE RELEASED IN THE ECONOMY HYPERINFLATION WILL ACCELERATE FROM A SEPTEMBER RATE THAT WAS ALREADY 91 PERCENT MONTHLY OR SEVERAL THOUSAND PERCENT ANNUALIZED. WHEN THE MILITARY DID NOT RECEIVE ITS PAY RISE IN LUBUMBASHI, VIOLENCE AND LOOTING ENSUED.

11. AT THE SAME TIME THAT ZAIRE'S ECONOMY COLLAPSES, USAID IS RESTRICTED FROM PROVIDING NEW DEVELOPMENT ASSISTANCE BY BROOKE SANCTIONS, AND IS THINLY STAFFED DUE TO THE RECENT EVACUATION OF ALL BUT 4 USAID STAFF. USAID HAS SEVERAL ONGOING PROJECTS IN THE FIELD OF HEALTH AND AGRICULTURE WHICH CAN BE USED TO CHANNEL RELIEF ASSISTANCE TO VARIOUS SECTORS OF THE SOCIETY. UNDER CURRENT STAFFING RESTRICTIONS, USAID'S ABILITY TO IMPLEMENT, MANAGE, AND MONITOR DEVELOPMENT PROGRAMS, LET ALONE A DISASTER RESPONSE PROGRAM, IS VIRTUALLY NIL.

12. SITUATION IN KINSHASA

A. RESIDENTS OF KINSHASA DEPEND ON PRIVATE RETAILERS OF PHARMACEUTICALS FOR MEDICINE SUPPLIES. THE MEDICAL SUPPLY IN THE CITY IS ALWAYS PRECARIOUS BUT WILL BECOME MORE SO AFTER THE DESTRUCTION OF SOME RETAIL AND WHOLESALE OUTLETS DURING THE RIOTS. RECENT SURVEYS CONDUCTED BY USAID'S SANRU AND PSI SOCIAL MARKETING PROJECTS SHOW THAT IN KINSHASA, OUT OF 69 WHOLESALERS 26 WERE DESTROYED, 7 PILLAGED AND 36 REMAIN OPERATIVE. WHAT IS MORE SIGNIFICANT IS THAT THE MEDIUM-SIZED WHOLESALERS UPON WHICH THE MAJORITY OF PHARMACIES RELY, IN THE MOST POPULATED AREAS, WERE 65 PERCENT DESTROYED. HOWEVER, OF 11 PRINCIPAL IMPORTERS AND MANUFACTURERS, 6 ARE FULLY OPERATIONAL AND AT LEAST 2 OTHERS WILL REOPEN FOR BUSINESS IF THE SITUATION STABILIZES. WHILE PRESENT STOCKS MAY BE SUFFICIENT FOR ONE TO TWO MONTHS OF NORMAL OPERATIONS, REPLENISHMENT OF DRUGS REMAINS DOUBTFUL AT THIS STAGE DUE TO THE SECURITY CONCERNS OF IMPORTERS AND LACK OF HARD CURRENCY TO PURCHASE AND IMPORT MATERIALS AND MEDICATIONS. THE DEPARTURE OF EXPATRIATES WHO OWNED BUSINESSES, LINKED WITH AN IMMEDIATE LACK OF RAW MATERIALS, AND THE DESTRUCTION OF THE MAJORITY OF LOCAL PACKAGING AND PRINTED MATERIAL SUPPLIERS, ARE SOME OF THE PROBLEMS FACING INDUSTRY. OTHER FACTORS ARE THE

PARTIAL DESTRUCTION OF MACHINERY AND LACK OF SPARE PARTS AND TECHNICAL EXPERTISE. USAID SURVEYS OF PRICES OF ESSENTIAL DRUGS SHOW THAT PRICES HAVE ALREADY RISEN BY 30 PERCENT SINCE SEPTEMBER 23-24.

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SECTOR ANALYSIS - HEALTH AND MEDICINE

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MONITORING PROGRAM WHICH TRACKS AN AVERAGE OF 1,000 REGISTERED CHILDREN. THE SPTK PROGRAM IS ABLE TO MONITOR MALNUTRITION WITHIN THE VARIOUS COMMUNITIES OF KINSHASA.

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B. THERE ARE OTHER SOURCES OF PHARMACEUTICALS, ON A SMALLER SCALE, MAINLY THROUGH THE CHURCH AND NGO HEALTH CENTERS, LOCAL HOSPITALS AND MAJOR HOSPITALS. ALL CENTERS PROVIDE DAILY MEDICAL CONSULTATIONS WHERE MEDICATION IS PRESCRIBED AND OFFERED ON A LIMITED BASIS. HOWEVER, DUE TO THE ACUTE SHORTAGE OF SUBSIDIZED MEDICINES, MOST PATIENTS RECEIVE A PRESCRIPTION FROM THE HEALTH CENTERS AND PURCHASE THE MEDICATION AT FULL PRICE FROM THE PRIVATE PHARMACEUTICAL SECTOR, IF THEY CAN.

13. HEALTH CARE STRUCTURES

A. THE CATHOLIC CHURCH IS THE LARGEST OF THE CHURCH ORGANIZATIONS WITH 47 DIOCESES THROUGHOUT THE COUNTRY AND 10 TO 15 PARISHES PER DIOCESE. KINSHASA HAS ONE ARCHDIOCESE WHICH INCLUDES 15 PARISHES AND ONE HOSPITAL (ST. JOSEPH'S). THROUGH ITS NETWORK OF PARISHES AND HEALTH CENTERS, THE ARCHDIOCESE HAS A SIGNIFICANT ABILITY TO REACH LARGE POPULATIONS IN KINSHASA, AND THROUGHOUT ZAIRE. THEY RECEIVE FOOD AND MEDICINES FOR SUBSIDIZED SALES LARGELY FROM THE EEC THROUGH VARIOUS CARITAS BRANCHES IN EUROPE.

B. THE KIMBANGUIST CHURCH HAS APPROXIMATELY 24 RELIGIOUS CENTERS IN KINSHASA, AS WELL AS 8 HEALTH CENTERS.

C. THE SALVATION ARMY SUPPORTS A NUMBER OF HEALTH CENTERS IN KINSHASA FOCUSING ON EPI, PRIMARY HEALTH CARE, AND NUTRITION EDUCATION.

D. THE EGLISE DU CHRIST AU ZAIRE, A FEDERATION OF PROTESTANT CHURCHES, HAS 62 RELIGIOUS COMMUNITIES COVERING NEARLY EACH OF THE 24 ZONES IN KINSHASA. MEMBER CHURCHES RUN 20 HEALTH CENTERS IN KINSHASA AS WELL AS 75 HOSPITALS AND 1,000 HEALTH CENTERS IN THE INTERIOR, MANY ASSISTED BY USAID'S SANRU PROJECT.

E. THESE CHURCH-RUN HEALTH CENTERS, COMBINING THE ARCHDIOCESE OF KINSHASA, THE ECZ, THE KIMBANGUISTS, THE PRESBYTERIANS AND THE SALVATION ARMY, FORM THE CORE OF SANTE POUR TOUS KINSHASA (SPTK), AN UMBRELLA

ORGANIZATION THAT OVERSEES THE HEALTH ACTIVITIES OF THE CITY. IN TOTAL THERE ARE 69 HEALTH CENTERS AND 22 NUTRITIONAL CENTERS. EACH CENTER HAS A MONTHLY GROWTH

F. THERE ARE ALSO PUBLIC AND PRIVATE HOSPITAL FACILITIES IN KINSHASA. THE MOST WELL EQUIPPED ARE ASSOCIATED WITH THE CHURCH AND NGO INFRASTRUCTURE - THERE ARE ELEVEN HOSPITALS, INCLUDING 5 MATERNITIES. THERE ARE ALSO 4 PRIVATE MEDICAL AND HOSPITAL CENTERS, ALL LOCATED IN THE GOMBE AREA. THESE SERVICE THE MIDDLE TO UPPER CLASSES AS WELL AS THE EMPLOYEES OF MAJOR INDUSTRIES. OF THE SIX PUBLIC HOSPITALS, ONLY ONE, KINTAMBO, IS CONSIDERED OPERATIVE AND ADEQUATE. KINSHASA PUBLIC HOSPITALS ARE NOTORIOUS FOR LACK OF FACILITIES, MEDICATION, AND EVEN BASIC CARE SUCH AS REGISTRATION OF PATIENTS. AT MAMA YEMO, THE LARGEST HOSPITAL IN THE COUNTRY WITH 2000 BEDS, A PATIENT MUST PAY A BRIBE JUST TO BE ADMITTED. AS A CONCRETE EXAMPLE, TWO WEEKS AFTER THE RIOTS, 15 VICTIMS, UNABLE TO PAY THE REQUISITE BRIBE, WERE STILL NOT RECEIVING MEDICAL ATTENTION. SEVERAL HAD FRACTURED LIMBS. THE ICRC TOOK MATTERS INTO ITS OWN HANDS AND PHYSICALLY REMOVED THE PATIENTS FROM THE HOSPITAL, TOOK THEM TO A PRIVATE FACILITY AND PAID THEIR DOCTOR BILLS. UNFORTUNATELY, BECAUSE OF THE DELAYED TREATMENT, MOST OF THE PATIENTS HAD TO HAVE AMPUTATIONS. DESPITE THESE GRIM STORIES, THE ROLE OF THE PUBLIC HOSPITAL WILL

BECOME INCREASINGLY IMPORTANT DURING A TIME WHEN MORE AND MORE PEOPLE WILL BE UNABLE TO AFFORD PRIVATE TREATMENT.

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ACTION OFFICE OFDA-02
 INFO AFEA-04 AFCW-03 AFDP-06 AFTR-06 PPOC-01 KINS-01 SAST-01
 PPPB-02 GC-01 GCAF-02 PPEA-01 GCCM-01 FVA-01 FVPP-01
 PVC-02 ES-01 STHE-04 SEOP-01 SEOS-02 FMAD-02 FFP-09
 SERP-01 RELO-01 AAAF-03 /059 A4 KL 30/1614Z

INFO LOG-00 AF-00 CIAE-00 DODE-00 EB-00 FDRE-01 RP-10
 SS-00 TRSE-00 /015W

-----A65449 300843Z /25

P 300829Z OCT 91
 FM AMEMB435Y BRAZZAVILLE
 TO SECSTATE WASHDC PRIORITY 9821
 AMEMB435Y KINSHASA PRIORITY
 AMEMB435Y AIDJAN
 INFO AMEMB435Y ADDIS ABABA

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14. HEALTH IN THE RURAL AREAS

A. THE ECONOMIC DISLOCATION CAUSED BY DAMAGE TO SOME MAJOR WHOLESALERS AND IMPORTERS OF PHARMACEUTICALS IN KINSHASA CAN BE EXPECTED TO HAVE A MAJOR IMPACT ON RURAL HEALTH SERVICES OVER THE COMING MONTHS. EXPATRIATES WHO STAFFED MUCH OF THE DRUG IMPORTATION AND MANAGEMENT INFRASTRUCTURE DEPARTED. FREIGHT FORWARDING AND TRANSPORT WILL BE SLOWED SINCE MANY AIRLINE AND FORWARDING COMPANIES SUFFERED EXTENSIVE DAMAGE. MANY WHOLESALERS ARE NO LONGER PROVIDING SHORT-TERM CREDIT TO PHARMACIES OR HOSPITALS WHICH WILL IMPACT SEVERELY ON THE RURAL AREAS WHERE LINES OF

CREDIT ARE CRITICAL TO BUSINESS SURVIVAL.

B. THE USAID SANRU PROJECT WAS ABLE TO SURVEY 4 KEY HOSPITALS AND/OR PHARMACEUTICAL DEPOTS IN VARIOUS PARTS OF THE COUNTRY: BAS ZAIRE, BANDUNDU, HAUT ZAIRE AND EQUATEUR. IT APPEARS THERE ARE SUFFICIENT DRUGS IN THE RURAL AREAS FOR APPROXIMATELY 4 - 6 WEEKS. BEYOND THAT, SUPPLY IS QUESTIONABLE, WITH THE CONSEQUENCE THAT THERE WILL BE A FURTHER SERIOUS DETERIORATION IN HEALTH SERVICES AND INCREASE IN MORTALITY. VACCINES FOR CHILD SURVIVAL PROGRAMS AND THE COLD CHAIN INFRASTRUCTURE ARE ALREADY IN SHORT SUPPLY.

 EMERGENCY MEDICAL RESPONSE TO DATE

15. IN THE IMMEDIATE AFTERMATH OF THE EVENTS OF SEPTEMBER 23/24, VARIOUS ACTIONS WERE INITIATED BY THE ICRC AND NGOS:

A. THE ICRC AND THE ZAIRE RED CROSS TOOK RESPONSIBILITY FOR EVACUATING THE INJURED TO HOSPITALS, BURYING THE DEAD, AND PROVIDING PROTECTION. IN THE ABSENCE OF ANY INITIATIVE BY THE UNITED NATIONS, THE ICRC ALSO TOOK THE LEAD IN DONOR COORDINATION AFTER THE RIOTS. (SINCE THAT TIME, THE FRENCH EMBASSY HAS ASSUMED AN INFORMAL LEADERSHIP ROLE). ICRC IS NOW BUILDING UP CONTINGENCY STOCKS OF FOOD AND MEDICINES IN THE EVENT OF FURTHER CIVIL STRIFE - THEY HAVE PURCHASED 30 MT OF FOOD ON THE LOCAL MARKET AND HAVE ORDERED

EMERGENCY SURGICAL SUPPLIES FROM GENEVA. THE EMERGENCY SUPPLIES WILL BE HELD IN ICRC WAREHOUSES UNTIL NEEDED

AND THEN WILL BE DISTRIBUTED TO THE INSTITUTIONS RECEIVING THE MOST PATIENTS, PROBABLY THE PUBLIC HOSPITALS. THEY ARE SENDING A MEDICAL TEAM FROM ZAMBIA TO LUBUMBASHI TO RESPOND TO EMERGENCY NEEDS ARISING FROM DISORDER THERE IN RECENT DAYS. FINALLY, THEY ARE WORKING ON INCREASING CONTACTS WITH THE LOCAL CHAPTERS OF THE ZAIRIAN RED CROSS IN ORDER TO BE ABLE TO RESPOND TO EMERGENCIES IN THE INTERIOR AS THEY OCCUR.

B. MSF/B FIELDIED A SURGICAL TEAM ALONG WITH 20 MT OF MEDICINES, MEDICAL SUPPLIES AND SUPPLEMENTARY FOODS (MILK AND BISCUITS). THE MEDICINES AND FOODS WERE DISTRIBUTED THROUGH THE SPTK NETWORK AROUND THE CITY AND A SMALL AMOUNT TO THE PUBLIC HOSPITALS. (NOTE: DISTRIBUTION OF MEDICINES TO THE PUBLIC HOSPITALS WAS WITHDRAWN WHEN MSF/B REALIZED HOW POORLY THEY WERE MANAGED.) WITH EEC FUNDING MSF/B WILL BE PURCHASING ADDITIONAL SUPPLIES OF FOOD AND MEDICINES FOR THE SPTK HEALTH CENTER NETWORK FOR A PERIOD OF 4 - 5 MONTHS. WITH CANADIAN FUNDING THEY WILL ALSO PURCHASE TUBERCULOSIS MEDICINES FOR SPTK. TO RESPOND TO THE CHOLERA OUTBREAK IN SHABA, MSF/B HAS PROVIDED TWO CHOLERA KITS.

C. IN ADDITION, IN ORDER TO ADDRESS THE NEED FOR MEDICINES IN THE PUBLIC HOSPITALS, MSF/B IS PROPOSING TO SET UP SPTK MANAGED PHARMACIES NEXT TO STATE HOSPITALS TO ENSURE ACCURATE ACCOUNTING AND IMPROVED MANAGEMENT OF DRUG SUPPLIES. ALREADY AGREEMENT HAS

BEEN REACHED WITH THE KINTAMBO HOSPITAL TO TURN OVER MANAGEMENT OF THE PHARMACY TO SPTK. MSF/B IS SEEKING DONOR SUPPORT FOR A ONE TIME PURCHASE OF ESSENTIAL DRUGS FOR THE HOSPITALS. MSF/B TELLS US THAT THEY

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THE CHURCHES AND THROUGH THE PRIVATE SECTOR. SEE ALSO
SEPTEL ON STAFF REQUIREMENTS.

ACTION OFFICE QFDA-02
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PPPB-02 GC-01 GCAF-02 PPEA-01 GCCM-01 FVA-01 FVPP-01
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PROVISION OF ESSENTIAL DRUGS THROUGH PSI SOCIAL
MARKETING NETWORK

INFO LOG-00 AF-00 CIAE-00 DODE-00 EB-00 FDRE-01 RP-10
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17. THERE IS AN URGENT NEED TO ENSURE A SUPPLY OF
ESSENTIAL DRUGS DIRECTLY TO PRIVATE PHARMACEUTICAL AND
MEDICAL CENTER SECTOR, CONSIDERING THE DAMAGE TO THE
LOCAL WHOLESALER INFRASTRUCTURE AS WELL AS THE SHORT TO
MEDIUM TERM UNAVAILABILITY OF THESE DRUGS TO THE
GENERAL POPULATION. THIS PROPOSAL IS TO PURCHASE A TWO
MONTHS SUPPLY OF THREE ESSENTIAL DRUGS: CHLOROQUINE
(ANTI-MALARIAL), PARACETAMOL (ANTI-FEVER), AND ORAL
REHYDRATION SALTS (ANTI-DIARRHEA). IN CONSULTATION
WITH UNICEF, FOUR OTHER DRUGS WERE IDENTIFIED FOR
POSSIBLE INCLUSION IN SUCH A PROGRAM: MEBENDAZOLE FOR
WORMS, IODIZED ALCOHOL, BACTRIN, AND ASPIRIN. WHILE
CURRENT PRICES ARE NOT AVAILABLE, ESTIMATED MONTHLY
COSTS COULD BE ABOUT USD 125,000, INCLUDING SEA
TRANSPORT. IF THE DRUGS ARE FLOWN IN, COSTS WOULD BE
MORE SUBSTANTIAL. THE FOLLOWING CHART PROVIDES
SUGGESTED DOSAGES, MONTHLY QUANTITIES REQUIRED (IN
CAPSULES), AND SUGGESTED RETAIL PRICE BASED ON AVERAGE
MARKET PRICES IN ZAIRE.

-----A6544A 300843Z /25

P 300829Z OCT 91
FM AMEMBASSY BRAZZAVILLE
TO SECSTATE WASHDC PRIORITY 9822
AMEMBASSY KINSHASA PRIORITY
AMEMBASSY ABIDJAN
INFO AMEMBASSY ADDIS ABABA

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EXPECT A FLIGHT OF MEDICINES FROM THEIR OWN
HEADQUARTERS SOMETIME THIS WEEK WHICH WILL KEEP THEM
GOING FOR A WHILE UNTIL OTHER DONOR FUNDING IS
PLEGGED. TEAM LEARNED THAT THE JAPANESE GOVERNMENT MAY
BE INTERESTED IN ASSISTING, BUT FOR THE TIME BEING THEY
HAVE PUT ALL ACTIVITIES ON HOLD AND EVACUATED MOST
STAFF FROM KINSHASA.

D. MEMISA, A DUTCH NGO HAS A PLANELOAD OF MEDICINES ON
STANDBY WAITING FOR THE KINSHASA AIRPORT TO OPEN FOR
INTERNATIONAL FLIGHTS. IN THIS REGARD, A SENIOR FRENCH
EMBASSY OFFICIAL ANNOUNCED THAT THE FRENCH EMBASSY
WOULD HANDLE ANY INCOMING RELIEF FLIGHTS, IF THE CARGO

CATEGORY/DRUG	DOSE	QUANTITY	PRICE
ANTIMALARIAL/	100MG	2,250,000CPS	7,000Z/20CPS
CHLOROQUINE			
ANTIFEVER/	500MG	5,250,000CPS	10,000Z/10CPS

COULD BE INITIALLY CONSIGNED TO THE EMBASSY. HE SAID
THE FRENCH EMBASSY, THROUGH ITS TROOP PRESENCE AT THE
AIRPORT, WOULD THEN BE ABLE TO GUARANTEE AIRCRAFT
CLEARANCE PERMISSION, LANDING RIGHTS, AIRPORT SECURITY,
AND TRANSPORT OF THE CARGOES FROM AIRPORT TO
WAREHOUSE. HE OFFERED THIS SERVICE TO ALL RELIEF
AGENCIES FOR AS LONG AS THE FRENCH TROOPS REMAIN IN
ZAIRE (EXPECTED TO BE END OCTOBER). MEMISA WILL MOVE
IMMEDIATELY TO CONSIGN THEIR CARGO TO THE FRENCH
EMBASSY AND SCHEDULE THE FLIGHT FOR THIS WEEK. IT IS
BELIEVED THE MEDICINES WILL BE DISTRIBUTED THROUGH THE
SPTK NETWORK AS WELL.

E. UNICEF HAS SHIPPED 20 BASIC DRUG KITS, 10 NUMBER
ONE KITS AND 10 NUMBER THREE KITS TO BRAZZAVILLE FOR
BOTH KINSHASA AND THE INTERIOR. MSF/B WILL HELP
DISTRIBUTE THEM. BEFORE THE RIOTS, USAID MADE A GRANT
TO UNICEF FOR USD 2,154,000 FOR PURCHASE OF VACCINES
FOR RURAL AREAS. SOME OF THE VACCINES WILL BE
DISTRIBUTED THROUGH THE SANRU PROJECT NETWORK, WITH
MISSION AVIATION FELLOWSHIP PROVIDING TRANSPORT WHERE
FEASIBLE.

USG OPTIONS

16. THE FOLLOWING THREE PROPOSED INTERVENTIONS
RESPOND TO WHAT THE ASSESSMENT TEAM BELIEVES TO BE THE
MOST URGENT OUTSTANDING NEEDS IN THE FIELD OF HEALTH
AND MEDICINES. THE INTERVENTIONS SELECTED TAKE INTO

CONSIDERATION USAID ZAIRE EXISTING PROJECTS AS WELL AS
THE AVAILABILITY OF DISTRIBUTION NETWORKS BOTH THROUGH

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BRAZZA 03679 07 OF 12 300837Z 4975 016797 AID3350 OF ESSENTIAL MEDICINES FOR RURAL CLINICS AND HEALTH CENTERS

ACTION OFFICE OFDA-02 INFO AFEA-04 AFCW-03 AFDP-06 AFTR-06 PPDC-01 KINS-01 SAST-01 PPPB-02 GC-01 GCAF-02 PPEA-01 GCCM-01 FVA-01 FVPP-01 PVC-02 ES-01 STHE-04 SEOP-01 SEOS-02 FMAD-02 FFP-09 SERP-01 RELO-01 AAF-03 /059 A4 KL 30/1615Z

INFO LOG-00 AF-00 CIAE-00 DODE-00 EB-00 FDRE-01 RP-10 SS-00 TRSE-00 /015W

-----A6544D 300843Z /25

P 300829Z OCT 91 FM AMEMBASSY BRAZZAVILLE TO SECSTATE WASHDC PRIORITY 9823 AMEMBASSY KINSHASA PRIORITY AMEMBASSY ABIDJAN INFO AMEMBASSY ADDIS ABABA

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PARACETAMOL ANTI-DIARRHEA/ SACHET 375,000PCS 2,500Z/SACHET ORS

18. THE PROPOSED QUANTITIES ARE INTENTIONALLY MINIMAL AND FAR BELOW THE ACTUAL NEEDS OF THE POPULATION IN ORDER NOT TO IMPACT ON THE PRIVATE PHARMACEUTICAL INDUSTRY. THE SUPPLIES WILL, HOWEVER, FILL THE GAP DURING THE COMING TWO TO THREE MONTH PERIOD WHEN THE MAJORITY OF WHOLESALERS WILL NOT BE IMPORTING DUE TO POLITICAL AND SECURITY UNCERTAINTIES.

19. THE SOCIAL MARKETING PROJECT CAN INTEGRATE THESE

PRODUCTS INTO THE ALREADY EXISTING DISTRIBUTION SYSTEM TO MARKET TO OVER 1,000 PHARMACIES AND 400 PRIVATE MEDICAL CENTERS WHICH SERVE THE MAJORITY OF THE KINSHASA POPULATION. THE SALE PRICE IS BASED ON A LOW AVERAGE OF PRESENT MARKET PRICES WITH A MIND TO AFFORDABILITY. RETAILERS HAVE AGREED NOT TO EXCEED A 30 PERCENT PROFIT MARGIN, CONTROLLED BY SOCIAL MARKETING SALES AGENTS DURING THE NORMAL WEEKLY CLIENT VISITS AS WELL AS SPOT STORE CHECKS BY PROJECT PERSONNEL ("MYSTERY BUYERS") TO ENSURE THAT THE RETAILERS ARE ADHERING TO THE SET PRICES.

20. LOCAL CURRENCY GENERATED FROM THE SALE OF THESE ESSENTIAL DRUGS TO RETAILERS COULD BE CHANNELLED INTO OTHER EMERGENCY PROJECTS, SUCH AS LOCAL COSTS FOR THE MSF/B SUPPLEMENTARY FEEDING PROGRAM.

21. ADDITIONAL DETAILS FOR THIS ACTIVITY HAVE BEEN WORKED OUT IN A CONCEPT PAPER DRAFTED BY PSI CONTRACTOR JAY DROSIN IN BRAZZAVILLE. TEAM HAS INVESTIGATED WHETHER PSI SOCIAL MARKETING PROJECT FUNDS COULD BE USED FOR THIS ACTIVITY AND DETERMINED THAT IT WOULD NOT BE POSSIBLE BECAUSE OF THE SCOPE OF THE PROJECT. THEREFORE, OFDA FUNDING WOULD BE REQUIRED. ESTIMATED COST OF THIS ACTIVITY IS USD 500,000, INCLUDING PROJECTED COST OF AIR FREIGHT OF MEDICINES IF NEEDED. USAID REQUESTS OFDA/W REVIEW AND REACTION TO THE OVERALL CONCEPT BEFORE PROCEEDING FURTHER. IMPLEMENTATION OF THIS ACTIVITY IS PREDICATED ON THE CONTINUATION OF THE SOCIAL MARKETING PROJECT AND PRESENCE OF PROJECT DIRECTOR IN KINSHASA.

22. ASSESSMENT TEAM ALSO BELIEVES THAT THE SITUATION IN RURAL AREAS CALLS FOR AN URGENT RESPONSE USING RESOURCES IN THE USAID ZAIRE SANRU PROJECT. THE SANRU PROJECT SUPPORTS 80 OF ZAIRE'S 306 HEALTH ZONES WITH EQUIPMENT, SUPPLIES, DRUGS, SUBSIDIES FOR SUPERVISION, AND REHABILITATION, TRAINING, ETC. THE PROJECT HAS AN UNEARMARKED BALANCE OF ABOUT USD 3.8 MILLION OF WHICH USD 1.2 MILLION HAS BEEN ALLOCATED FOR HOSPITAL EQUIPMENT. THE TEAM RECOMMENDS THAT UP TO USD 1.6 MILLION OF THE REMAINING UNEARMARKED FUNDS BE USED FOR A ONE TIME PURCHASE OF ESSENTIAL DRUGS. THE QUANTITY PURCHASED WITH THESE FUNDS WOULD SUPPLEMENT OTHER SOURCES OF DRUGS TO ENSURE MINIMUM REQUIREMENTS OF SANRU-ASSISTED HEALTH ZONES UNTIL MID-1992, THE MINIMUM PERIOD DURING WHICH TEAM ESTIMATES THE WHOLESALE MARKET IN KINSHASA WILL BE DISRUPTED AND UNABLE TO PROVIDE DRUGS TO RURAL AREAS. AN ALTERNATIVE TO USAID DIRECT PROCUREMENT OF DRUGS IS A GRANT TO UNICEF FOR THEIR EXPEDITIOUS PURCHASE THROUGH UNIPAC FOR DISTRIBUTION BY SANRU. UNICEF'S INTEREST IN SUCH AN OPTION IS UNKNOWN AS THE ZAIRE COUNTRY REPRESENTATIVE IS IN EUROPE UNDERGOING MEDICAL TREATMENT. AID/W COULD ASSIST BY CONTACTING UNICEF/NY WITH THIS IDEA. IMPLEMENTATION OF THIS ACTIVITY IS DEPENDENT ON THE CONTINUATION OF THE SANRU PROJECT.

----- GRANT FROM OFDA TO MISSION AVIATION FELLOWSHIP (MAF) TO

----- ALLOCATION OF FUNDS IN SANRU PROJECT FOR THE PURCHASE

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PPPB-02 GC-01 GCAF-02 PPEA-01 GCCM-01 FVA-01 FVPP-01
PVC-02 ES-01 STHE-04 SEDP-01 SEOS-02 FMAD-02 FFP-09
SERP-01 RELO-01 AAAF-03 /059 A4 KL 30/1616Z

RICE AND MAIZE TO KINSHASA OVER THE NEXT MONTHS IS HEAVILY DEPENDENT ON AVAILABILITY OF CASH IN RURAL PRODUCTION AREAS FOR BUYERS AND TRANSPORT TO THE CAPITAL.

INFO LOG-00 AF-00 CIAE-00 DODE-00 EB-00 FDRE-01 RP-10
SS-00 TRSE-00 /015W

C. USAID TITLE III SHIPMENTS ARE EXPECTED TO MEET NORMAL DEMAND FOR WHEAT AND WHEAT PRODUCTS IN ZAIRE (ESTIMATED AT 20,000 MT PER MONTH) UNTIL MID-JANUARY, 1992. IT IS POSSIBLE THERE COULD BE A RISE IN DEMAND FOR WHEAT, PARTICULARLY IN KINSHASA, IN RESPONSE TO ANY SHARP PRICE INCREASES OF OTHER BASIC FOODS (RICE, CASSAVA, MAIZE). OF GREATER CONCERN IS THE EMPTY PIPELINE FOR WHEAT AFTER MID-JANUARY.

-----A6544F 300643Z /25

P 300629Z OCT 91
FM AMEMBASSY BRAZZAVILLE
TO SECSTATE WASHDC PRIORITY 9824
AMEMBASSY KINSHASA PRIORITY
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INFO AMEMBASSY ADDIS ABABA

SUPPLEMENTARY FEEDING AND SUBSIDIZED SALES

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SUPPORT TRANSPORT OF RELIEF SUPPLIES AND PERSONNEL TO RURAL AREAS

25. IT IS ESTIMATED THAT, IN NORMAL TIMES, 25 PERCENT OF THE POPULATION OF CHILDREN 2-5 YEARS OF AGE IN KINSHASA ARE MALNOURISHED (BASED ON GROWTH MONITORING CHARTS WHICH MEASURE HEIGHT FOR AGE). MSF/B PLANS TO CONDUCT A NUTRITIONAL SURVEY (WEIGHT FOR HEIGHT) IN KINSHASA TO ESTABLISH ACCURATE BASELINE DATA ON THE NUTRITIONAL SITUATION. THE RESULTS WILL BE AVAILABLE IN A MONTH AND WILL BE USEFUL FOR MONITORING CHANGES IN NUTRITIONAL STATUS OVER THE NEXT MONTHS AND FOR TARGETTING AREAS WHERE NEEDS ARE MOST CRITICAL.

23. THE ASSESSMENT TEAM PROPOSES A USD 70,000 GRANT FROM OFDA TO US REGISTERED PVO, MISSION AVIATION FELLOWSHIP (MAFI) TO REHABILITATE THEIR AIRCRAFT TO PROVIDE AIR TRANSPORT OF PERSONNEL, MEDICINES AND OTHER RELIEF SUPPLIES. MAF ESTIMATES LOSSES OF USD 500,000 OR MORE IN STOLEN RADIOS, DAMAGED PLANES, DESTRUCTION AND THEFT OF OFFICE EQUIPMENT, TOOLS, ETC. DURING THE EVENTS OF SEPTEMBER 23-24. MAF HAS LIGHT AIRCRAFT IN BRAZZAVILLE, BANGUI, NYANKUNDE IN HAUT ZAIRE, AND

26. THE NETWORK OF SPTK HEALTH CENTERS AND NUTRITIONAL CENTERS IS IMPORTANT FOR THE MONITORING OF THE OVERALL NUTRITIONAL SITUATION AMONGST VULNERABLE GROUPS IN KINSHASA. MSF IS SUPPORTING THIS WORK WITH EEC FUNDING

EITHER IN BUKAVU OR NEIGHBORING RWANDA. MAF PLAYS AN IMPORTANT ROLE IN MOVING HIGH VALUE SUPPLIES, SUCH AS VACCINES, TO RURAL AREAS AND IS READY TO ASSIST IN MOVING EMERGENCY SUPPLIES AS SOON AS THEY CAN REPAIR SOME OF THEIR LOSSES. THEIR FLEET IS IDEALLY SUITED FOR DELIVERING UP TO ONE TON OF VACCINES (OR OTHER SUPPLIES) AT A TIME TO RURAL HEALTH ZONES.

SECTOR ANALYSIS - FOOD AND NUTRITION

24. FOOD SITUATION IN KINSHASA

A. LAST WEEK THE FOOD SITUATION IN KINSHASA WAS STABLE. THE PRICE OF CASSAVA, THE STAPLE FOR THE MAJORITY OF THE KINSHASA POPULATION, HAD FALLEN BACK TO NEAR PRE-RIOT LEVELS AFTER SOARING TO UNPRECEDENTED LEVELS IN THE IMMEDIATE AFTERMATH OF THE RIOTS. MORE RECENT DATA THIS WEEK INDICATES PRICES ARE ON THE RISE AGAIN AND THERE ARE REDUCED TRUCK MOVEMENTS INTO THE CITY. THIS COULD BE AN INDICATION OF THE START OF THE PLANTING SEASON WHEN THERE IS A SEASONAL DECLINE OF SHIPMENTS OF CASSAVA TO KINSHASA AS RURAL FARMERS HOLD ONTO RESERVES OF CASSAVA FOR THEIR OWN CONSUMPTION. ALTERNATIVELY, IT COULD REFLECT THE LONGER DRYING TIME FOR CASSAVA DUE TO WET CONDITIONS, OR IT COULD BE A REACTION TO SECURITY CONDITIONS AND MAY BE ONLY A TEMPORARY PHENOMENON.

B. DURING THE GROWING SEASON, THE DEMAND FOR RICE AND

MAIZE WILL INCREASE, ALTHOUGH DEMAND FOR ANY OF THE STAPLES WILL BE BASED ON PRICE. THE SUPPLY OF LOCAL

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BRAZZA 03679 09 OF 12 300839Z 4977 016799 AID3352 SHIPMENT WILL MEET NORMAL DEMAND (20,000 MT PER MONTH) THROUGH EARLY JANUARY, 1992.

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INFO LOG-00 AF-00 CIAE-00 DODE-00 EB-00 FDRE-01 RP-10 SS-00 TRSE-00 /015W

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P 300829Z OCT 91 FM AMEMBASSY BRAZZAVILLE TO SECSTATE WASHDC PRIORITY 9825 AMEMBASSY KINSHASA PRIORITY AMEMBASSY ABIDJAN INFO AMEMBASSY ADDIS ABABA

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BY PROVIDING 425 MT OF MAIZE, 107.5 MT OF SOYA AND 15,000 LITERS OF VEGETABLE OIL FOR ON-SITE AND TAKE HOME SUBSIDIZED SUPPLEMENTARY FEEDING FOR TWO MONTHS, UNTIL DECEMBER 15, 1991. UNDER THIS PROGRAM, MALNOURISHED CHILDREN RECEIVE DAILY ON-SITE SUPPLEMENTARY FEEDING AND AT MONTHLY GROWTH MONITORING SESSIONS OF CHILDREN UNDER 5, MOTHERS MAY PURCHASE 5 KG OF MAIZE FOR 5,000 ZAIRES (USD 1 22,000 ZAIRES), A HIGHLY SUBSIDIZED PRICE DESIGNED MORE AS A TOKEN DONATION TO SUPPORT THE HEALTH CENTERS.

27. CDI MAINTAINS AN ONGOING PROGRAM THAT PROVIDES

CORN MEAL TO THE GENERAL PUBLIC THROUGH SALES AT A FIXED PRICE AND THROUGH CHURCH PARISHES AT SUBSIDIZED PRICES TO REACH THE LOWEST SOCIO ECONOMIC LEVELS OF THE POPULATION. THE MONTHLY MILLING CAPACITY IS 1,000 MT.

----- OPTIONS FOR USG -----

28. THESE PROPOSALS DRAW ON USAID ZAIRE'S EXPERTISE AND KNOWLEDGE IN AGRICULTURAL MARKETING AS WELL AS EXPERIENCE IN USING EXISTING CHURCH NETWORKS AND SANTE FOUR TOUS HEALTH STRUCTURES FOR PROVISION OF SUPPLEMENTARY FOODS AND FOR SUBSIDIZED SALES OF BASIC FOOD COMMODITIES. SOME OF THE ACTIVITIES WOULD REQUIRE THE TDY SERVICES OF THE REGIONAL FFPO AS THERE IS LIMITED EXPERTISE AT USAID ZAIRE IN DESIGNING TITLE II PROGRAMS. SEE ALSO SEPTTEL ON STAFF REQUIREMENTS.

----- CONTINUATION OF TITLE III WHEAT SHIPMENTS TO ZAIRE BEYOND JAN, 1992. -----

29. BREAD IS AN IMPORTANT STAPLE IN THE URBAN AREAS OF ZAIRE. WHEN PRICES OF CASSAVA, RICE AND MAIZE RISE DUE TO LACK OF SUPPLY FROM THE RURAL AREAS, THE HALF BAGUETTE, BECOMES THE PRINCIPAL FOOD FOR MANY RESIDENTS OF KINSHASA. USAID TITLE III WHEAT SHIPMENTS TO ZAIRE HAVE ENSURED THAT BREAD IS AVAILABLE IN KINSHASA. PRESENTLY APPROVED TITLE III SHIPMENTS ARE CURRENTLY

ARRIVING AT PORT. THESE PLUS ANTICIPATED IMPORTS UNDER THE EXPORT ENHANCEMENT PROGRAM AND A POSSIBLE EEC

30. GIVEN THE ALMOST CERTAIN UNAVAILABILITY OF FOREIGN EXCHANGE FOR COMMERCIAL IMPORTS, ASSESSMENT TEAM STRONGLY RECOMMENDS THAT ADDITIONAL WHEAT BE PROVIDED TO MIDEMA AND POSSIBLY MINOKIN, DURING THE UPCOMING PERIOD OF SHORTAGE, JANUARY - MARCH, 1992 AT THE RATE OF 15,000 MT PER MONTH. TEAM RECOMMENDS A TITLE III PROGRAM FOR THE FLEXIBILITY IT ALLOWS IN PROGRAMMING COUNTERPART FUNDS (REF F).

----- LOAN OF USAID ZAIRE COUNTERPART FUNDS TO CDI FOR IMMEDIATE PURCHASE OF MAIZE IN EQUATEUR FOR SUBSIDIZED SALES IN KINSHASA THROUGH EXISTING CHURCH NETWORK -----

31. UNDER THE RECENTLY COMPLETED TITLE II ORGANIZATION FOR REHABILITATION THROUGH TRAINING (ORT) PROJECT, FUNDING FROM MONETIZED TITLE II COMMODITIES WAS PROVIDED TO CENTRE DE DEVELOPPEMENT INTEGRAL (CDI), AN NGO AGRICULTURAL EXTENSION AND TRADING AGENCY, TO PURCHASE CORN AND RICE LATE IN THE YEAR FOR SALE IN KINSHASA IN THE HUNGRY SEASON (JAN - MARCH). (NOTE: USD 25,000 AMBASSADORS AUTHORITY FOR THE ZAIRE EMERGENCY WAS PROVIDED TO CDI TO PAY FOR TRANSPORT COSTS OF EMERGENCY FOOD DISTRIBUTION IMMEDIATELY AFTER DISASTER DECLARATION. END NOTE.). THE CDI DIRECTOR HAS

REQUESTED A LOCAL CURRENCY LOAN FROM THE USAID LOCAL CURRENCY LOAN PROGRAM TO PERMIT CDI TO BUY AND TRANSPORT 1,000 MT OF RICE AND 2,000 MT OF CASSAVA TO KINSHASA IN THE NEXT FEW WEEKS. SUCH A LOAN WOULD HELP INCREASE THE SUPPLIES AND REDUCE PRICES OF NUTRITIOUS

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FOODS DURING THE ANTICIPATED PERIOD OF SCARCITY EARLY IN 1992. USAID IS SUPPORTIVE OF THIS PROPOSAL GIVEN CDI'S TRACK RECORD IN THIS TYPE OF OPERATION, AND HAS ALREADY COMPLETED ARRANGEMENTS FOR THE LOAN. (ESTIMATED AT 1.5 BILLION ZAIRES, ABOUT USD 70,000).

KIKWIT FOOD ASSEMBLY PROGRAM (PRAGMA - AREA FOOD AND AGRICULTURAL MARKETING PROJECT

32. CASSAVA IS THE BASIC STAPLE FOR THE MAJORITY OF KINSHASA RESIDENTS. IT IS ESTIMATED THAT DAILY SUPPLY

OF CASSAVA TO KINSHASA IS 1,000 MT OR 7 KG PER PERSON PER MONTH. (NOTE: THIS DOES NOT MEAN THAT DEMAND IS 1,000 MT DAILY. DEMAND MAY BE HIGHER BUT PROCESSING, ASSEMBLY, AND TRANSPORT, AS WELL AS WHOLESALER MANIPULATION OF SUPPLY TO CONTROL PRICE, LIMIT OVERALL SUPPLIES.) THE MAJOR CASSAVA PRODUCING AREAS FOR KINSHASA ARE BANDUNDU AND BAS ZAIRE.

33. ADEQUATE FLOWS OF CASSAVA TO KINSHASA MARKETS ARE DEPENDENT ON SECURITY ALONG THE MAJOR TRANSPORT AXIS (PAVED ROAD AND RIVER). TRUCK AND BOAT COUNTS LAST WEEK INDICATED FLOWS OF CASSAVA INTO KINSHASA AT THE MOMENT WERE ADEQUATE. SURVEYS THIS WEEK SHOW A 30 PERCENT DECLINE IN TRUCKS MOVING INTO THE CITY. SHOULD SECURITY DETERIORATE FURTHER, MOVEMENTS COULD CEASE ENTIRELY AND PLACE THE MASS OF KINSHASA RESIDENTS IN A SERIOUS FOOD DEFICIT SITUATION. WE GUESS THAT THERE IS AT MOST A 10 DAY SUPPLY OF CASSAVA IN KINSHASA AT ANY ONE TIME DUE TO LIMITED ABILITY OF FAMILIES TO BUY AND STORE LARGE QUANTITIES OF CASSAVA.

34. THIS PROPOSAL IS TO ENSURE THAT BANDUNDU BASED FOOD MARKETERS, BOTH PRIVATE AND NGO, WILL HAVE ACCESS TO A SUFFICIENT RESOURCES TO ENABLE THEM TO MOVE CASSAVA FROM THE SURPLUS PRODUCING AREA INTO KINSHASA, AT THE SAME TIME STIMULATING THE RURAL PRODUCER AND MARKETERS.

35. THROUGH THE AREA FOOD AND MARKETING PROJECT, THE PROGRAM WOULD SUPPORT A PRIVATE SECTOR FOOD BUYING EFFORT IN KIKWIT FOR BOTH KWILU RIVER AND ROAD

MARKETING CHANNELS BY ENSURING A RESERVE OF ESSENTIAL RESOURCES (CASH, SACKS AND FUEL) TO EXISTING MARKETERS

TO FACILITATE THE ASSEMBLY AND TRANSPORT OF CASSAVA AND OTHER FOOD STAPLES TO KINSHASA AS QUICKLY AND EFFICIENTLY AS POSSIBLE. THE RESOURCE POOL IS ESSENTIAL IF TARGETED FOOD VOLUMES ARE TO BE MARKETED IN KINSHASA WITHIN THE HARDSHIP PERIOD OF DECEMBER THROUGH MARCH.

36. A SIX MONTH MARKETING PROGRAM COULD PROVIDE KINSHASA WITH 105,000 SACKS (7,875 TONS) OF CASSAVA DELIVERED BY ROAD AND 28,125 SACKS (2,109 TONS) BY BOAT. FURTHERMORE THE PROGRAM WILL STIMULATE THE AREA FOOD MARKETING PROJECT AREAS (PRODUCERS AND SMALL SCALE TRADERS) WITH A MILLION DOLLARS IN ZAIRES LEVERAGED BY THE CASH RESERVE PROGRAM.

37. PRAGMA CONTRACTOR TOM FATTORI HAS DEVELOPED THE OPERATIONAL DETAILS OF THE PROJECT. IMPLEMENTATION OF THIS ACTIVITY, ESTIMATED TO COST USD 185,000, IS DEPENDENT ON A CONTINUATION OF THE AREA AGRICULTURE AND MARKETING PROJECT.

FOOD SECURITY MONITORING ACTIVITIES

38. IT IS RECOMMENDED THAT THE CURRENT USAID FOOD MONITORING ACTIVITY BE CONTINUED, EXPANDED, AND CENTRALIZED UNDER THE AREA FOOD AND MARKETING PROJECT. IMPORTANT ECONOMIC INDICATORS GATHERED UNDER THIS

ACTIVITY WILL ENABLE REAL TIME POLICY DECISION MAKING THAT COULD FORTTELL A FOOD DISASTER. GIVEN THE EXPECTED ECONOMIC HARDSHIPS THAT WILL ARISE IN THE NEXT FEW WEEKS THE NEED FOR SOUND MONITORING SYSTEM IS

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IMPERATIVE IF FOOD FLOWS, COMMODITY PRICE TRENDS, AND MARKETING MARGINS ARE TO BE EVALUATED. FURTHERMORE, THE MONITORING ACTIVITY PROVIDES DECISION MAKERS WITH INSIGHT INTO VARIOUS SOCIOECONOMIC PROBLEMS (I.E. CHANGES IN THE MARKETING CHANNELS, FOOD QUALITY, FINANCING ARRANGEMENTS) THAT HAVE ARISEN BECAUSE OF THE CIVIL TURMOIL AND THUS THE ABILITY TO RESPOND WITH

TIMELY AND APPROPRIATE PROGRAMS. CONTINUATION OF THE SURVEYS IS DEPENDENT ON THE CONTINUATION OF THE AREA AGRICULTURE AND MARKETING PROJECT AND THE PRESENCE OF PRAGMA CONTRACTOR TOM FATTORI IN BRAZZAVILLE, AND

PARTTIME IN KINSHASA.

39. THE EVACUATION OF MOST OFFICIAL AMERICANS FROM ZAIRE HAS PUT CONSIDERABLE STRAIN ON THE ABILITY OF THE USAID MISSION TO MONITOR AND REPORT ON THE CHANGING ECONOMIC SITUATION. DESPITE THE SEVERE PERSONNEL CONSTRAINTS, USAID HAS INITIATED A FOOD TRANSPORT AND PRICE SURVEY USING FSM STAFF TO ENABLE USAID TO PREDICT AND MONITOR CHANGES IN THE AVAILABILITY AND PRICES OF BASIC FOOD PRODUCTS, MANUFACTURED GOODS, AND MEDICINES. TO MONITOR MARKET PRICES, USAID STAFF VENTURE INTO THE MARKETS THREE TIMES PER WEEK TO CHECK THE PRICES OF 15 BASIC FOOD GOODS, 10 BASIC MANUFACTURED OR IMPORTED GOODS, AND 5 BASIC MEDICINES. EXAMPLES OF ITEMS TO BE MONITORED ARE: BASIC FOODS - RICE, BEANS, FISH; MANUFACTURED GOODS - CANNED SARDINES, PETROL, CIGARETTES, MATCHES; MEDICINES - ASPIRIN, QUININE, TETRACYCLINE. THE TRANSPORT SURVEY ALSO BEING CONDUCTED BY USAID LOCAL STAFF WILL PROVIDE AN ESTIMATE OF THE NUMBER OF TRUCKS AND BOATS, AND THEIR CARGOES, ENTERING THE CITY OF KINSHASA ON A WEEKLY BASIS (DATA IS COLLECTED THREE DAYS PER WEEK). THIS INFORMATION TRACKED OVER TIME WILL ENABLE LIMITED TREND ANALYSIS FOR THE MOVEMENT OF FOOD PRODUCT INTO THE CITY ALLOWING EARLY DETECTION OF CHANGES IN VOLUME FLOWS AND PRICES. DETAILS OF THIS STUDY WILL BE SYNTHESIZED IN A WEEKLY MARKETING CABLE (PER REFS B AND C).

40. TO FURTHER EXPAND THIS NETWORK OF SURVEYS, THE PEACE CORPS HAS OFFERED THE SERVICES OF ITS ZAIRIAN

REGIONAL STAFF WHO STILL REMAIN IN SIX AREAS OF THE COUNTRY: BAS ZAIRE (MATADI), BANDUNDU (KIKWIT), KASAIS

(KANANGA AND MBUJI MAY), KIVU (GUKAVU AND GOMA), SHABA (LUBUMBASHI). THEY WILL BE PROVIDED WITH THE SAME LIST OF PRODUCTS TO BE MONITORED AND WILL RADIO THE INFORMATION TO PEACE CORPS HEADQUARTERS IN BRAZZAVILLE THREE TIMES A WEEK. IN ADDITION, THEY WILL BE ASKED, THROUGH A SERIES OF BASIC QUESTIONS, TO MONITOR HEALTH TRENDS IN THEIR VARIOUS AREAS OVER THE COMING MONTHS. THIS PARTICIPATION BY THE PEACE CORPS WILL PROVIDE AN INVALUABLE LINK TO USAID'S ANALYSIS OF TRENDS IN KINSHASA, AND WILL SERVE AS AN EARLY WARNING SYSTEM FOR ANY MEDICAL OR FOOD CRISES IN RURAL MARKET TOWNS THAT SUPPLY THE HINTERLAND.

TITLE II EMERGENCY FOOD FOR SUPPLEMENTARY FEEDING AND SUBSIDIZED SALES THROUGH CENTRE DE DEVELOPPEMENT INTEGRAL (CCI) AND MEDECINS SANS FRONTIERES/SANTE POUR TOUS KINSHASA

41. THE ASSESSMENT TEAM BELIEVES THAT THERE WILL BE A CONTINUED NEED FOR SUPPLEMENTARY FEEDING IN KINSHASA AT LEAST UNTIL MARCH, 1992. SO FAR, NO DONOR HAS PLEDGED SUPPORT FOR THE MCF SUPPLEMENTARY FEEDING PROGRAM BEYOND DECEMBER 15 AND THROUGH THE CRITICAL PERIOD OF FOOD SHORTAGES FROM DECEMBER - END MARCH. IT IS DURING THIS PERIOD EVEN IN NORMAL YEARS THAT THE FLOW OF AGRICULTURAL PRODUCTS INTO KINSHASA IS REDUCED AND PRICES OF BASIC COMMODITIES SOAR. THIS YEAR, THE

HUNGRY PERIOD WILL BE MORE ACUTE DUE TO LOSS OF INCOME OF TENS OF THOUSANDS OF WORKERS IN KINSHASA AND HIGHER THAN NORMAL PRICES DUE TO HYPERINFLATION. THIS SITUATION IS EXPECTED TO IMPACT MOST SEVERELY ON

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47. ASSESSMENT TEAM ATTACHES HIGH PRIORITY TO ADDRESSING SUPPLEMENTARY FEEDING NEEDS IN KINSHASA DURING THE PERIOD DECEMBER - MARCH AND URGES AID/W TO MOVE QUICKLY TO COMMENT ON THE CONCEPT AND RECOMMEND TDY OF RFFPO TO ASSIST USAID ZAIRE.

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48. TEAM IS CONCERNED BY THE UN'S DISAVOWEL OF ANY COORDINATING RESPONSIBILITY IN THE EMERGENCY WHICH IS CLEARLY EVOLVING HERE. WE THINK IT WOULD BE USEFUL FOR AID/W TO MAKE INQUIRIES AT UN/NY TO FIND OUT WHAT, IF ANY, POLICY THEY ARE DEVELOPING TOWARDS FUTURE UN LEADERSHIP IN A ZAIRE EMERGENCY.

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49. KINSHASA MINIMIZE CONSIDERED. PHILLIPS

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CHILDREN, AND OTHER VULNERABLE GROUPS.

42. THE TEAM PROPOSES A TITLE II EMERGENCY PROGRAM TO PROVIDE A MINIMUM OF 2,000 MT MAIZE, 300 MT OF BEANS AND 300 MT OF CSB TO CDI AND MSF/B FOR SUBSIDIZED SALES AND SUPPLEMENTARY FEEDING THROUGH CHURCH RELATED HEALTH AND NUTRITION CENTERS. TEAM ALSO PROPOSES A COMPLEMENTARY GRANT FROM OFDA TO MSF/B TO SUPPORT THEIR MANAGEMENT AND MONITORING OF THE SUPPLEMENTARY FEEDING PROGRAM.

43. THE CURRENT MSF SUPPLEMENTARY FEEDING PROGRAM, FINANCED BY THE EEC, REQUIRES A MINIMUM OF 220 MT OF

CEREALS AND COMPLEMENTARY FOODS (SOYA AND OIL) PER MONTH TO SERVE APPROXIMATELY 50,000 BENEFICIARIES THROUGH THE SPTK NETWORK. MSF OFFICIALS ANTICIPATE THAT REGISTRATION OF CHILDREN AND OTHER ELIGIBLE GROUPS (PREGNANT AND LACTATING MOTHERS) AT THE CENTERS WILL RISE AS NUTRITIONAL STANDARDS FALL DURING THE COMING MONTHS. ACCORDINGLY, WE ESTIMATE THAT THE PROGRAM WILL REQUIRE A MINIMUM 300 MT OF MAIZE AND 100 MT EACH OF BEANS AND CSB, AND 50,000 LITERS OF OIL PER MONTH FOR THREE MONTHS. NOTE: OIL CAN BE PURCHASED LOCALLY. WE STILL NEED TO EXPLORE HOW BEST TO MAKE LOCAL CURRENCY AVAILABLE FOR THAT PORTION OF THE ACTIVITY. END NOTE. THE MSF PROGRAM WOULD PROVIDE FOOD AT "SOCIAL" PRICES FOR THOSE ABLE TO PAY AND FREE TO THE INDIGENT AND MALNOURISHED.

44. IN ADDITION TO THE SUPPLEMENTARY FEEDING PROGRAM, TEAM PROPOSES THAT A MINIMUM OF 1,000 MT TITLE II CORN FOR DISTRIBUTION BY CDI THROUGH CATHOLIC PARISHES AT PRICES SLIGHTLY BELOW MARKET PRICES.

45. DURING A MEETING WITH MSF/B, CDI, AND SANTE POUR TOUS REPRESENTATIVES TO DISCUSS THE OUTLINES OF THIS PROGRAM, IT WAS CLEAR THAT THE NGOs ARE WILLING AND ABLE TO EXPAND THE PROGRAMS TO RESPOND TO INCREASED NUTRITIONAL NEEDS.

46. USAID REQUIRES THE SERVICES OF THE RFFPO TO DEVELOP THIS PROGRAM IN MORE DETAIL (AVAILABILITY OF COMMODITIES, RATIONS, GRANTEE DESIGNATION, HANDLING OF FUNDS, SHIPPING SCHEDULE, MONITORING AND REPORTING

REQUIREMENTS, ETC.).

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