96th Congress
2d Session

COMMITTEE PRINT

U.S. ECONOMIC ASSISTANCE TO ZAIRE, KENYA, AND ZIMBABWE

FOREIGN ASSISTANCE PROGRAMS IN THE SOUTH PACIFIC: THE U.S. ROLE

REPORTS

OF

STAFF STUDY MISSIONS

TO THE

COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

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FOREWORD

House of Representatives,
Committee on Foreign Affairs,
Washington, D.C.

This document contains two reports submitted to the Committee on Foreign Affairs by staff study missions. One report is on U.S. economic assistance to Zaire, Kenya, and Zimbabwe; the other, on foreign assistance programs in the South Pacific.

The findings in these reports are those of the staff study missions and do not necessarily reflect the views of the Committee on Foreign Affairs or any of its members.

Clement J. Zablocki, *Chairman.*

LETTER OF TRANSMITTAL

Hon. Clement J. Zablocki,
Chairman, Committee on Foreign Affairs, U.S. House of Representatives, Washington, D.C.

Dear Mr. Chairman: The reports transmitted to you herewith are pursuant to two staff study missions carried out as part of the responsibilities of the Committee on Foreign Affairs for oversight over U.S. policies and activities within the committee's jurisdiction. One report, on U.S. economic assistance to Zaire, Kenya, and Zimbabwe, is submitted by Lewis Gulick, senior staff consultant; Gerald E. Pitchford, staff consultant; and Stephen D. Nelson, minority staff consultant, members of a staff mission which went to those countries in October 1980. The second report, on U.S. foreign assistance programs in the South Pacific, is submitted by Robert K. Boyer, senior staff consultant, and Margaret Goodman and F. Marian Chambers, staff consultants, members of a staff mission which went to the South Pacific in November–December 1979 to examine U.S. AID and Peace Corps programs in Fiji, Western Samoa, Tonga, Solomon Islands, Papua New Guinea, and the Philippines.

The two reports have been included in a single volume for the convenience of the committee and others interested.

Lewis Gulick.
Gerald E. Pitchford.
Stephen D. Nelson.

Robert K. Boyer.
Margaret Goodman.
F. Marian Chambers.

CONTENTS

U.S. ECONOMIC ASSISTANCE TO ZAIRE, KENYA, AND ZIMBABWE

INTRODUCTION

During October 1980, a staff mission consisting of Lewis Gulick, senior staff consultant, Gerald E. Pitchford, staff consultant, and Stephen D. Nelson, minority staff consultant, went to Africa to examine U.S. economic assistance programs in several countries. The mission was in Zaire, October 11–18, and in Kenya, October 18–25. Messrs. Pitchford and Nelson were in Zimbabwe, October 25–29. Mr. Gulick meanwhile had proceeded to Somalia to examine the refugee situation in that country. His report on Somali refugees has been published in a separate volume dealing with refugee matters.

In Zaire, Kenya, and Zimbabwe, the staff mission studied U.S. assistance programs ranging from bilateral development and Economic Support Fund aid to Peace Corps programs and food assistance under Public Law 480, the food-for-peace program. The mission spent part of its time in each country in the capital, and in part in the countryside visiting projects. It met with U.S. officials, host Government officials, international civil servants, and specialists and citizens in various walks of life.

The staff mission received the utmost in cooperation and hospitality from those it met in each country. It herewith expresses its deep appreciation. However, any of the contents of this report are the responsibility of the authors alone.

63-052 O - 81 - 2


Central African Republic
Sudan
Cameroon
Gabon
Congo
Uganda
Rwanda
Burundi
Tanzania
Zambia
Angola
(Portugal)
Atlantic
Ocean
Haut-Zaïre
Équateur
Kivu
Bandundu
Kasai-Oriental
Kasai-
Occidental
Bas-Zaïre
Shaba
Lac
Mai-Ndombe
Lake
Tanganyika
Lake
Bangweulu
Bangui
Zongo
Bondo
Lisala
Aketi
Titule
Mungbere
Ouesso
Mbandaka
Kisangani
Ubundi
Mambasa
Bunia
Kasese
Kigali
Goma
Bukavu
Bujumbura
Kigoma
Port de Kindu
Bandundu
Brazzaville
Kinshasa
Ilebo
Kikwit
Kananga
Mbuji-Mayi
Tshikapa
Kabalo
Kamina
Dilolo
Kolwezi
Likasi
Lubumbashi
Ndola
Mpulungu
Luso
Carmona
Matadi
Boma
Moanda
Tshela
Ubangi
Congo
Kasai
Sankuru
Kwango
Sangha
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Kadei
Dja
Ogooué
Bomu
Uele
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Rio Cassai
Zambezi
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Zaire
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BOUNDARY REPRESENTATION IS
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ZAIRE

Summary of Findings and Recommendations

—*Zaire is a large, centrally located African country with a wealth of natural resources and a poor economy which has deteriorated largely from political causes. The Zairian Government has taken steps in recent years to reverse the deterioration (pp. 4–5).*

—*Political stability and economic improvement in Zaire is in the United States interest. U.S. bilateral economic aid, currently running at about $26.5 million, is targeted most heavily on agricultural and rural development and health and nutrition (pp. 5–7).*

—*Because of the intrinsic difficulties of distributing Public Law 480 title I rice in Zaire at below market prices, another commodity, probably wheat, should be distributed instead under title I. Zaire can import the rice commercially (pp. 8–12).*

—*While there are frictions with Zaire officials over U.S. involvement in counterpart fund use there, AID should continue to play an active role in programing and use of the funds. There should be clear accountability on fund use, and avoidance of appearance of political favoritism in loans to individuals. AID probably should act more quickly on Zairian initiated requests for nonpolitical, developmental uses of counterpart funds (pp. 13–15).*

—*It is questionable whether proceeds from U.S. aid should be used to pay for the host country contributions to development projects required by the Foreign Assistance Act. AID should promptly review and report to the Foreign Affairs Committee on the extent to which this practice exists in aid-receiving countries and the justification thereof (p. 15).*

—*Peace Corps volunteers and staff are serving with great dedication notwithstanding numerous difficulties. Peace Corps should reexamine its rule limiting staff service to 5 years to see whether it should be modified or abolished (pp. 15–18).*

—*AID/Peace Corps cooperation is good but faces limitations. A major problem is matching the timing of volunteers' service to the time when the volunteers are needed for particular AID-sponsored projects (p. 18).*

—*The North Shaba maize production project, the largest AID project in Zaire, has succeeded in raising agricultural production but faces problems. It may be better to start off such rural development efforts on a smaller scale (pp. 18–20).*

—*U.S. Government agencies have difficulty in recruiting Americans for service in Zaire. A shortage of qualified AID personnel in Zaire impairs implementation of the programs there. The number of U.S. aid projects should be trimmed to allow more effective implementation. AID should put priority on assigning qualified personnel in Zaire (pp. 20–21).*

Background

Zaire is the largest country in sub-Saharan Africa after the Sudan. It holds a central position in Africa, extending more than 1,500 miles east to west and north to south with common borders with nine other countries. Most of Zaire's 906,000 square miles encompass potentially productive farmland and extensive forests. Rainfall is abundant. A great river system provides transportation arteries and potential for enough hydroelectric power to supply half the needs of all Africa. Under Zaire's earth surface lie some of the world's richest mineral resources, including large deposits of copper, cobalt, zinc, industrial and gem diamonds, manganese, tin, columbium, tantalum, and gold.

Notwithstanding its wealth of natural resources, Zaire remains one of the world's poorest countries in GNP per capita ($130 in 1977). Its economy has been going downhill in recent years. Achieving a zero real growth rate at the present time for Zaire would be an improvement.

Zaire's population of 28 million—increasing by some 2.7–3.0 percent a year—is about three-quarters rural and largely illiterate. Agriculture, which before Zaire's independence in 1960 provided sizable exports of cash crops and self-sufficiency in basic foodstuffs such as rice, has stagnated while the population increased. Most farming dwindled to the subsistence level. Zaire must now import large quantities of basic foods. Malnutrition is widespread.

In the rapidly growing cities, much of the work force is unemployed or underemployed. The transportation system has been deteriorating from lack of maintenance. The road network of 145,000 kilometers, which feeds into the 15,000 kilometers of navigable waterways, is in poor condition and only 2,000 kilometers is hardtop. Poor operating performance of ferries imposes delays on many road shipments.

Inflation in Zaire has exceeded 100 percent in recent years, although it dropped to about 50 percent in 1980. The Government is operating in the red domestically. Its foreign exchange position has steadily worsened in recent years. Its foreign debt burden has climbed to more than 100 percent of the country's annual domestic production. Servicing the debt uses up more than a quarter of all its export earnings.

Zaire's economic difficulties have come from political and economic causes. Zaire was relatively prosperous prior to gaining its independence from Belgium in 1960. During its early years Zaire suffered from ethnic and regional strife. Following the rise to power of Gen. Joseph Mobutu in 1965, a period of stability was accompanied by substantial eonomic growth. Zaire's GNP climbed by some 7 percent a year in 1968–74. However, in 1973 Mobutu launched "Zairianization," signaling a policy shift from reliance on Western institutions to reliance on traditional Zairian institutions and customs. Various foreign interests were expropriated and turned over to Zairians, and the following year some of the larger agricultural and industrial holdings were nationalized.

Zairianization and nationalization hampered the country's economic growth. Additionally, after 1973, the price of copper, Zaire's principal export, fell sharply; and the price of petroleum, a major import, went up. Zaire began to have severe foreign exchange shortages, large budget deficits, and rapid inflation. In 1977 and again in 1978 exiled political factions based in Angola invaded Shaba, the country's principal mining region, disrupting production. In 1977–78 portions of Zaire were afflicted by severe drought which further damaged agricultural output and brought hunger to millions of Zairians.

Faced with a deteriorating economy, the Zairian Government has taken a series of steps to reverse the deterioration in recent years. In addition to several debt reschedulings in the past few years, Zaire undertook, under a 1979 IMF standby agreement, to carry out a number of major reforms including a decrease in the Government budget deficit requiring bank financing, a continuation of a flexible exchange rate policy, a decrease in credit expansion, an income policy implying a decrease in real wages in both the public and private sectors, improved foreign exchange management, an orderly process of decreasing the arrears of external payments, and a limitation on new foreign borrowings by the Government. The Government's plan to bring about economic stabilization and recovery over a short period—known as the Mobutu plan—sets forth a series of proposed structural and institutional reforms and calls for priority development of agriculture and other sectors including transportation, energy, health, and education.

At the time of the staff mission's visit to Zaire, United States officials there had a favorable report on recent economic actions by the Zairian Government. The officials stated that Zaire had been complying with the 1979 IMF standby conditions, including rigorous budget deficit and credit ceilings. Zaire also had adhered to 1980 repayment terms of its private and public debt rescheduling, paying over $300 million as of September 30 (three times the total for all of 1979). Additionally, they said, the Kinshasa Government has shown marked improvement in attitude, organization and effort in development programs in health, nutrition, and agriculture sectors.

U.S. Interests in Zaire

Zaire is important to the United States because of its size, its central location in Africa, and its economic resources. Friendly U.S. relations with Zaire are helpful to the United States on the international scene and in relationships with other countries in Africa. Economically, Zaire is the world's largest producer of industrial diamonds and cobalt and the seventh largest producer of copper. About two-thirds of the cobalt used in the United States comes from Zaire. U.S. private investments in Zaire total about $250 million. Two-way United States-Zaire trade in 1979 was $402 million.

In Washington's view, instability and turbulence within Zaire would be damaging to U.S. interests, particularly if the potential result were to be ascendancy in Zaire of a regime hostile to the United States. Although the present Government headed by Mobutu has faults in American eyes, including corruption and mismanagement, U.S. officials know of no leader other than Mobutu who would be able to hold Zaire's regions together.

U.S. Economic Aid to Zaire

U.S. aid to Zaire since that country's independence 20 years ago has totaled about $800 million, about one-fifth in military assistance and the balance in economic aid. During the 1960's, the principal purpose of U.S. aid was to promote political and economic stability. Economic assistance was provided through cash grants and loans for commodity imports and through a variety of small development projects. Toward the end of the decade, when Zaire's foreign exchange earnings climbed with the rise in world copper prices and as its domestic food production began to regain preindependence levels, the U.S. economic assistance was targeted more on building institutions and infrastructure such as in the transportation sector. The United States reduced its aid flow to Zaire during the days of high copper prices and large foreign investments in Zaire during the early 1870's, but the picture changed radically beginning in 1974 with the fall in copper prices and poor fiscal management in Zaire. U.S. economic aid swung back into balance-of-payments support programs, financing the importation of spare parts and equipment, and Public Law 480 loans.

The current U.S. economic aid program at the time of the staff visit in October 1980 consisted of a mixture of bilateral economic development assistance targeted most heavily at agricultural development, Public Law 480 food-for-peace shipments, and Peace Corps. U.S. aid programs for fiscal year 1980 totaled about $28 million, including $6.9 million in development assistance provided bilaterally through AID, $15.7 million in Public Law 480 title I, and $3.9 million in title II, and $1.7 million for the Peace Corps volunteer program. The projected amounts for fiscal year 1981 were about $25 million for economic assistance, including $12.2 million for development assistance; $10 million in Public Law 480; and $2.5 million for the Peace Corps. (The U.S. military assistance program for the 2 years was listed at $8.9 million in fiscal 1980 and $6.0 million in fiscal 1981, largely for military sales credits.) Total international development assistance to Zaire from all donors was estimated at around $280 million for 1980.

Bilateral AID programs ongoing in Zaire in 1980 focused particularly on agriculture and rural development and on improvement in health and nutrition. Agricultural projects included:

—A $5 million agricultural marketing development loan for financing goods and services to alleviate agricultural marketing constraints such as poor roads and bridges, buying and storage facilities, and production and input delivery systems.

—$3.5 million to improve the Zairian Department of Agriculture's capacity for planning, data gathering, and analysis so as to provide better income advice to farmers.

—$3.8 million to help the Agriculture Department increase the capabilities of its research arm, the National Institute of Agricultural Research (INERA).

—$4.5 million to develop the capacity of Zaire's national cassava program (PRONAM) to conduct research on cassava and make new cassava technology available to small farmers.

—$1 million for an agricultural sector study getting at Zairian food production evacuation problems.

The largest U.S. aid project in Zaire is a $13 million integrated rural development project in the north Shaba region, discussed more fully below.

In the health sector, the major U.S.-aided undertaking on the drawing board is a $4 million project including an outreach of 50 health centers throughout Zaire through the missionary network and the Zairian Health Ministry. An earlier $3 million project to develop a health system for all of Zaire failed to get underway as designed and has been terminated except for secondary portions.

The new program is to include community services providing education on such subjects as nutrition, child health, and family planning. The U.S. aid portfolio does not include a separate family planning project, but does include such assistance integrated with health assistance, a method which U.S. officials believe to be more cost effective as well as politically low key.

Nutrition Planning Center

The mission visited an AID-assisted nutrition planning center in Kinshasa. The director of the center is a Zairian specialist in nutrition and public health. A Tulane University team provided technical assistance.

A major element of the program was gathering information on nutritional status of the population in pilot areas. Nutrition surveillance and monitoring was being carried out through community nutrition workers.

Studies confirmed widespread malnutrition among children in Kinshasa. The mission was told that about 30 percent of the children under age 5 in the capital area now suffer from malnutrition. However, this is an improvement from 38.5 percent in 1978, when there was drought in Bas Zaire and the price of cassava—the main staple for the poor—was high.

A second major element in the program was conveying information to mothers on evidence of child malnutrition so they would know when their children are malnourished and how to provide proper nourishment for them. Educational broadcasts on nutrition were prepared for radio and telecast time provided free over government stations. Community workers visited homes and referred acutely ill and malnourished children for immediate care.

The program included training for students from the national medical school and for sending a few students abroad for limited periods of further training. At the time of the mission's visit, the Tulane team was preparing to leave at the end of its contract and it appeared that some time would elapse before a followup AID contract would be signed for the program. The departing U.S. technicians expressed doubt about the likelihood of the continuity of the program during the period when no foreign specialists would be on hand to assure its implementation. AID officials stated that the Tulane contract was being extended to provide short-term consultation in the interim period until the next contract takes effect.

Public Law 480

A major component of U.S. aid to Zaire is food shipments provided under Public Law 83–480, the Agricultural Trade Development and Assistance Act of 1954, also known as Public Law 480, the food-for-peace program. Zaire, formerly a food self-sufficient country, now must import food because Zaire's agriculture no longer produces enough food for its fast-growing population. Public Law 480 saves Zaire's current foreign exchange to the extent that Zaire would otherwise be using hard currency to pay for those food imports. It increases the amount of food available for the population generally or for the target groups where it is distributed. By increasing the supply, it also tends to reduce the free market price for such foods produced locally. Local currency proceeds from Public Law 480 sales in-country are used for a wide variety of purposes. From the standpoint of U.S. exporters, Public Law 480 aid can increase market potential for future commercial sales by developing or strengthening public tastes for U.S. products provided under Public Law 480.

Because of its quick financial shot-in-the-arm—foreign exchange saving—and political high-visibility effect, as distinguished from the more long-maturing, AID self-help projects aimed at sustained improvements in life for the poor, Public Law 480 tends to be a favorite aid form for political leaders of aid-receiving countries and for U.S. Ambassadors who see it as a flexible instrument of foreign policy. Public Law 480 often is used by American policymakers as a political reward or as a lever for inducing policy changes by the aid-receiving government.

Public Law 480 aid to Zaire has totaled about $237 million since 1960. Over the past few years the dollar value of Public Law 480 for Zaire has been $18.8 million in fiscal 1977, $18.0 million in 1978, $21.2 million in 1979, and $16.6 million in 1980.

TITLE I

Under title I of Public Law 480, the United States loans money to the aid-receiving country at low-interest, long-term repayment rates. The receiving country uses the funds to purchase U.S. agricultural products through the Commodity Credit Corporation. Physically, the title I-financed commodities normally are indistinguishable from commercially purchased imports of those commodities from the United States except in the method of financing.

After a period of small or no title I Public Law 480 shipments to Zaire, title I shipments were resumed in fiscal year 1976, including 27,000 tons of rice valued at $8 million and 3,484 tons of cotton valued at $5 million. In fiscal 1977, title I shipments consisted of 19,000 tons of rice worth $4.9 million, 3,000 tons of tobacco worth $13.3 million, and 5,000 tons of corn valued at $600,000.

Problems developed with the 1976 and 1977 programs which caused the U.S. officials in Zaire to engage in extensive planning and monitoring of the Public Law 480 program in fiscal 1978 programs. Corn shipments were discontinued for fiscal 1978 after reports that 1977 corn had been diverted to breweries and to animal feed in Zaire.

The 1978 Public Law 480 program was to consist of 45,000 tons of wheat worth $6.4 million, 15,700 tons of rice at $4.6 million, 2,200 tons of cotton at $3 million, and 1,000 tons of tobacco at $4 million. Arrangements were made for distribution of the rice by authorized distributors under tightened conditions designed to reduce corruption including direct rice distribution to consumers in 5-kilogram bags, setting of official rice prices and publication of these prices in place where the rice was to be sold. The U.S. mission retained the function of reviewing, from lists supplied by the Zairian Government, which importers/distributors would be approved for handling the title I rice. Extensive efforts also were made for U.S. monitoring of the distribution of the rice.

Similar arrangements were not needed for the other 1978 title I commodities because the wheat—which went to a flour mill—cotton, and tobacco, unlike rice, all are processed into other products before consumption and are handled by a relatively well controlled, small number of importers/distributors.

The deep involvement of U.S. officials in the planning for and monitoring of rice distribution in Zaire is unique to that country. In no other country do U.S. officials attempt such detail on a title I program. Normally, the U.S. Department of Agriculture assures that the title I commodity is loaded on ships for export from the United States and receives information upon the receipt of the commodities by the receiving country. However, since title I is primarily a financing mechanism, the commodities normally are treated physically as if they were commercial sales and are introduced into normal distribution channels in the receiving country. Unlike Public Law 480 title II humanitarian donations, for example, title I commodities are not distributed in bags stamped with the handclasp emblem of U.S. AID. Title I is regarded primarily as a financing mechanism, a method of payment, to the original supplier. Title I does, however, include self-help provisions which the receiving country is supposed to execute as part of the financing agreement, and some attention is paid to the use of funds which the receiving government acquires from the local sale of the commodities.

U.S. officials in Kinshasa indicated that distribution of rice under the 1978 plan was improved over the previous years. However, there were again serious problems in controlling and monitoring the program, and the ability of the U.S. mission to check on rice sales throughout Zaire obviously was limited. In March 1979 the House Foreign Affairs Subcommittee on Africa heard testimony alleging, among other things, that politically connected businessmen were profiteering on title I rice with resales at markups as high as 400 percent, and that some of the rice was being diverted to neighboring Congo-Brazzaville for sale at high prices. The subcommittee chairman, Representative Stephen J. Solarz, proposed during markup of fiscal 1980 legislation that $5.8 million worth of rice proposed by the executive branch for title I in Zaire that year be furnished instead under title II, the grant program under which most of the food is distributed by humanitarian voluntary agencies. The committee did not adopt the proposal but stated its intention to closely watch AID's new title I efforts to assure honest and fair administration of the title I program in Zaire. The committee reserved the possibility of recommending against further title I rice for Zaire in the future if the anticorruption measures were not successful. In June Representative Solarz asked the General Accounting Office to review various aspects of the Public Law 480 program in Zaire.

The GAO report issued in February 1980 estimated that about 13 percent—over 2,000 tons—of the 15,700 tons of fiscal 1978 rice was unaccounted for by the time it reached importers/distributors. While thousands of persons benefited from sale of the rice at official prices, the report said there were reported instances of the rice being sold at

63-052 O - 81 - 3

much higher prices, being improperly sold to Government officials, and being diverted to the black market.

The fiscal 1979 Public Law 480 title I program included 24,550 tons of wheat worth $4.7 million; 20,000 tons of rice at $7.4 million; 2,200 bales of cotton at $3.5 million; and 1,000 tons of tobacco at $4 million. The 1979 rice distribution plan, as issued by the responsible Zairian Government agency, the Department of National Economy, required more systematic reporting by and clearer contractual arrangements with importers/distributors than the 1978 plan.

The U.S. monitoring effort included hiring food monitors in a succession of 2-month contracts, after the U.S. Department of Agriculture had declined to supply an auditor—USDA did not want to set a precedent for in-country auditing of title I shipments—and the Zairian Government had refused to agree to an outside auditor for the program. Various members of the official U.S. establishment in Zaire joined in supervising and monitoring of the rice distribution, including personnel from the Embassy's economic section, the agricultural attaché, the AID mission, and the U.S. consulate in Lubumbashi.

The staff mission went to Matadi, the port of entry for title I shipments, for the arrival of the first title I rice under the fiscal 1980 program. The mission observed unloading and monitoring at dockside and received from food-for-peace officials a report on distribution of the fiscal 1979 title I rice.

The officials reported that the 1979 rice distribution had gone much more smoothly than the previous year. In-transit losses from Matadi to Shaba in eastern Zaire were said to have been reduced from 11 percent in 1978 to 8.7 percent in 1979. Losses for Kinshasa distributors were listed at 2.7 percent in 1978 and down to 1 percent in 1979, a lower loss rate than normal in many other countries. The number of local newspaper reports of sales irregularities in Bas Zaire, a region of relatively high diversion in 1978, fell from eight in 1978 to one in 1979. In one case in which distributors sold rice—6,000 sacks—illegally, offenders were jailed and fined. On the other hand there were still substantial defects in the distribution system including continuing failure by regional authorities in Zaire to report on title I rice distribution in accord with Public Law 480 guidelines.

The report attributed the improvement primarily to AID's assignment of a full-time food-for-peace officer and three full-time monitors to advise and assist the Zairian Ministry responsible for the rice distribution, virtually on a daily basis. Previously the AID mission did not have a food-for-peace officer on its staff. It said that at AID's insistence, the Zairian Ministry had fielded 30 or more monitors countrywide to control sales; different Zairian bureaus were now working in closer cooperation in connection with rice distribution issues, and armed guards had been placed on trains carrying the rice from Matadi to Kinshasa.

The fiscal 1980 Public Law 480 title I program includes 12,392 tons of rice valued at $4.8 million; 40,200 tons of wheat and wheat flour valued at $7,280,028; and 5,600 bales of cotton worth $2.5 million.

Inasmuch as the first shipment of fiscal 1980 rice was just in the process of being offloaded at dockside at the time of the staff mission's visit, the mission did not have an opportunity to examine any distribution of this rice inland. The mission did observe the first stage of the movement of bags of rice from ship's hold to warehouse in Matadi. The storage facility appeared to be adequate, samples from the bags were in good condition, and monitors from three organizations were on hand to count the sacks.

The staff mission does not take issue with assertions by U.S. officials in Kinshasa that Public Law 480 1979 rice distribution was an improvement over the previous year, that the rice distribution mechanisms have been strengthened, and that the fiscal 1980 distribution should be an improvement over 1979. However, the mission believes that after the presently planned title I distribution, title I rice should be discontinued in Zaire and another food commodity, probably wheat, should be supplied instead. A major reason for this recommendation is the intrinsic difficulty of policing commodities which are publicly distributed at official prices well below the free or black market price. Rice has been in high demand in Kinshasa, particularly American rice, at prices above the Government-set level. The effort by U.S. officials to plan, implement, and monitor Public Law 480 rice is excessive for the program involved and would be unnecessary for a different food commodity such as wheat. The GAO stated that the U.S. mission reported 73 staff months were devoted to Public Law 480 programs and counterpart funds between August 1978 and October 1978, roughly equal to one-third of the AID staff time. Whatever the monitoring effort, title I rice sales will still be subject to some losses and abuses.

A further reason for switching from rice to another commodity in title I is that rice is not a staple for the poorer elements of Zaire's population, who are in the greatest need of food at reasonable prices. The food staples for the poor in Zaire are manioc and corn. Rice is a relative luxury; and American rice is priced 25 percent above the official price of local rice, so as not to be a disincentive to local producers.

An argument against shifting from rice to wheat, made to the staff mission by some Zairian and American officials, is that Zaire does not produce wheat and does not want to become dependent on imported food; and that increasing title I wheat would increase the Zairian taste for and thus dependence on this imported product, whereas in rice Zaire can become self-sufficient. The counterargument is that Zaire is going to import wheat anyway. U.S. Department of Agriculture officials stated that Zaire's usual marketing requirement (UMR), or amount that Zaire is expected to purchase commercially on the international market, is around 100,000 tons for wheat in 1981, and for rice around 7,000 tons. Switching a certain amount of title I financing of the grain imports from rice to wheat would not be expected to make much difference in Zaire's overall grain import level; and what Zaire saves financially from increased Public Law 480 financing of wheat can be applied by Zaire to commercial purchases of rice.

Another option that has been suggested is shifting the rice program from title I to title II grants, with distribution to be carried out by private voluntary organizations. Rice is not normally distributed under title II programs in Africa. The staff mission was told by Government officials and personnel from local relief agencies that such distribution to the general public on a nationwide scale would be very difficult for voluntary organizations to carry out. There is a proposal for a substantially increased title II distribution (see below) which involves processed high nutrient products for special feeding programs. The proceeds from title I sales, which would be sharply diminished if rice were changed to title II, are needed to provide local currency support for the title II program and for other local currency expenditures related to U.S. aid. Were title I rice changed to wheat under title I, the commodity would still be sold through commercial channels and local currency proceeds would continue to be generated.

TITLE II

Under title II of Public Law 480, food is usually provided on a grant, or donation, basis for disaster relief and for special feeding programs such as for maternal/child health, school lunches, and food for work. Other than gifts through the World Food Program, an international organization, title II commodities are normally distributed by private, voluntary humanitarian organizations such as CARE, Catholic Relief Service, and Church World Service.

A relatively large-scale title II program was undertaken in Zaire following severe drought in 1977–78 in Bas Zaire, a region in western Zaire which is a principal food supplier for Kinshasa. AID officials stated that private voluntary organizations were contacted about providing a sizable relief program in the drought areas and that CRS was the only organization willing to undertake a program of the size requested. CRS was granted about $1 million to distribute 15,000 tons of food (primarily nonfat dry milk, soy-fortified bulgur, and vegetable oil), seeds and medicines to the Bas Zaire zones of Tshela and Lukula over the period June 1, 1979, to April 30, 1980.

Losses from the title II distribution were said to be far less than from the title I distribution through commercial channels, because the title II was for special feedings and was handled through Catholic, Protestant, and Kimbanguist missionary hospitals and distribution centers that channeled food to their respective villages. The value of the title II commodities for the program was $4 million, in addition to which $3.3 million in title II foods was provided for refugee relief administered by the U.N. High Commissioner for Refugees.

The staff mission was informed in Kinshasa that CRS was willing to undertake a large, long-term program for distributing high-nutrient food to needy groups throughout Zaire. Under the proposal, CRS would be the umbrella organization under which some 15,840 tons of title II bulgur wheat ($7 million) would be provided in fiscal year 1981 through the three principal religious networks in the country—Catholic, Protestant, and Kimbanguist—to go into several feeding programs. A CRS official said the intent would be to provide the bulgur for maternal/child health feeding. He estimated that if the bulgur all went to MCH clinics, some 250,000 children would benefit. He preferred bulgur to rice as being more nutritious and less expensive (bulgur being available at the time at $279 a ton compared with $419 a ton for rice). He also stated that continuation of title I sales was necessary in order to provide local currency required for expenses of the title II food distribution. He said $5 million in local funds would be needed for this purpose in fiscal 1981. He believed also that because of the time needed to wipe out malnourishment among target groups, a program of the nature being proposed would need assurance of continuation for 3 to 5 years to be effective. The staff mission was favorably impressed by the proposal for such a title II program and hopes that a project along these lines would be approved by AID.

COUNTERPART FUNDS

Connected with Public Law 480 title I sales in Zaire are local currency proceeds known as counterpart funds. Under normal title I procedure, the U.S. Government loans funds to the receiving government for the purchase of U.S. agricultural commodities; the host government buys the goods through its Washington Embassy or its U.S. purchasing agent; the commodities enter the normal distribution channels upon arrival in the receiving country; the local recipients of the commodities pay for the commodities in local currency; the payments go to the government. The local currency proceeds from title I are owned by the recipient government. That government's debt to the U.S. Government remains payable to the U.S. Government in dollars, and is not affected by what happens with local currency proceeds. However, because the Public Law 480 loan terms usually are so soft—most are repayable up to 40 years at 2 to 3 percent interest—and offer in effect a quick cash transfusion, recipient governments prefer Public Law 480 loans over most other loans. The desirability of the loans enhances the ability of the U.S. Government to lay down terms for use of the commodities and/or the local currencies notwithstanding the fact that the commodities and the proceeds are owned by the recipient government. The U.S. Public Law 480 legislation (sec. 106(b)) stipulates that title I agreements shall include provisions to assure that the proceeds are used with emphasis on directly improving the lives of the poorest people in the recipient country and their capacity to participate in economic development. In another title I provision (sec. 109), the President is directed, before entering into a sales agreement, to take into account the extent to which the aid-receiving country is undertaking self-help measures in the agricultural field.

In Zaire, counterpart funds have been derived in the past both from Public Law 480 title I sales and from the former commodity import program (CIP), under which U.S. loans financed imports of certain U.S. goods which were sold for local currencies within Zaire. Counterpart funds first became available with initial U.S. assistance to Zaire in 1961 after independence. The funds were mixed with U.N. funds to provide general support for Zairian Government activities. A counterpart fund secretariat was set up within the Zairian Government in 1965 to provide fiscal accountability after the U.N. withdrew from this task. The generation of counterpart funds ended in 1973 and the counterpart fund secretariat was subsequently disbanded.

In 1976, with the reintroduction of Public Law 480 for Zaire, an arrangement was again set up under which counterpart funds were to be controlled and used for purposes jointly approved by AID and the Zairian Government. A United States-Zairian memorandum of understanding revived the counterpart secretariat. Rather elaborate rules were established for the handling and accountability of funds.

In practice, however, the operation of counterpart fund deposits, outlays, and accountability fell considerably short of the fiscally sound scenario envisioned in the written agreements. An investigation by the AID Auditor General in 1979 identified a number of irregularities including (1) failure of the Zairian Government to deposit some $4.7 million in counterpart funds due; and (2) release to seven Zairian Government officials of $1.3 million in counterpart funds without approval of AID. GAO's report indicated the issues were being dealt with by (1) continuing efforts by the Zairian Government to collect overdue payments from the importers/distributors who received Public Law 480 title I commodities, and (2) attribution by the Zairian Government of $1.3 million to several projects in its investment budget, in lieu of that amount having been released from the counterpart fund without AID's approval.

The staff mission heard from Zairian officials at some length about difficulties they perceived with the counterpart fund arrangement. One point the Zairians stressed was that the counterpart funds are entirely owned by the Zairian Government (whose only Public Law 480 IOU to the U.S. Government is repayment on the title I dollar loans), and that as a sovereign government, Zaire should not be subjected to such extensive intervention by a foreign country in its domestic spending as is the case with the AID controls on counterpart funds there. They stated that other foreign donors generating counterpart funds—they specifically named Belgium and West Germany—do not impose comparable restrictions. The officials also stated that discussion with AID, meeting various requirements, waiting for U.S. approval, and other procedures imposed excessive delays in use of counterpart funds. The officials pointed out that the delays were particularly costly because the high inflation rate in Zaire rapidly depletes the purchasing power of fixed amounts of local currency. A further point was that, in their view, counterpart funds could appropriately be used for loans to individuals in or out of government for activities promoting the government's economic development objectives. They noted that Zaire does not have institutions throughout the country capable of promoting rural and social development. They cited as an example one of the seven who received counterpart funds without AID approval. They described him as a legislator/businessman who provided essential services and materials for farmers in his area, enabling the farmers to increase agricultural productivity.

AID officials said there were several reasons for exercising caution in approving counterpart fund uses. One was that the relevant Zairian Government agency, the Department of Plan, had been unable to account for certain of the counterpart funds released for three previous projects—for cholera, flood control, and food marketing loan programs. Reports from Plan on the funds use were still being awaited. On counterpart fund loans to individuals, the AID officials said caution was in order because many of the releases in the past were to Zairian political officials and other notables, that Plan was not staffed to handle loan requests and repayments, and that past loans had been made on terms far easier than the prevailing market, in violation of the Public Law 480 title I agreements. Two consultants had been engaged to work out a mechanism for extending loans to individuals under proper criteria.

Both United States and Zairian officials portrayed their relationship as very cooperative on counterpart funds, notwithstanding areas of disagreement. The staff mission believes AID should continue to play an active role in programing and use of Zairian counterpart funds, that there should be clear accountability for the local currency proceeds, and that any appearance of political favoritism in loans to individuals should be avoided. It would seem desirable, at the same time, for AID to act more quickly on Zairian-initiated requests for nonpolitical, economic development uses of funds from the counterpart account.

COST SHARING

The Foreign Assistance Act requires that a country receiving U.S. development assistance under the act must "provide at least 25 per centum of the costs of the entire program, project, or activity with respect to which such assistance is to be furnished * * *" [1] The purpose of this provision is to insure that AID projects are not entirely U.S. undertakings, but rather are participated in financially as well as otherwise by the receiving country. Host country involvement and self-help in economic development projects is a fundamental principle of U.S. assistance.

In Zaire, counterpart funds are used in various instances to pay for the Zairian Government's share of U.S.-aided projects. The explanation given to the staff mission was that the Zairian Government was so short of money that, for the projects to be undertaken, it was necessary to use counterpart funds. It was noted this practice is also followed in some other countries where there are U.S. aid programs.

The staff mission questions whether the use of proceeds from U.S. aid should be used to pay for the host country's share of an AID project or program. The funds are generated through U.S. aid in the first instance. It would therefore appear that the U.S. Government is, in effect, providing the financial input in behalf of both the United States and the foreign partner when the partner's share is paid from counterpart funds. The staff mission recommends that AID promptly review, and report to the Foreign Affairs Committee, the extent to which local currency proceeds from U.S. aid are used around the world for host country contributions required by section 110 of the Foreign Assistance Act, and the justifications for such uses.

PEACE CORPS

The Peace Corps program in Zaire is one of the largest in any country, being exceeded only by the programs in the Philippines and Kenya. The staff mission was told that currently there were 226 volunteers in Zaire. The number was scheduled to increase to 250 in fiscal year 1981 provided sufficient funding was available. The fields in which the volunteers were serving included health/nutrition (35) volunteers, agriculture/rural development (64), and teaching (127, including 71 teaching English and 45 mathematics or science).

The staff mission had the opportunity to visit in the field in various parts of Zaire with a number of volunteers working in fisheries, health,

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[1] Sec. 110(a) of the Foreign Assistance Act states: "No assistance shall be furnished by the United States Government to a country under sections 103 through 106 of this Act until the country provides assurances to the President, and the President is satisfied, that such country provide at least 25 per centum of the costs of the entire program, project, or activity with respect to which such assistance is to be furnished, except that such costs borne by such country may be provided on an in-kind basis."

education, and potable village water projects. While a number of problems were identified in general, most of the volunteers interviewed believed reasonable progress was being made in meeting the goals of their individual assignments.

The fisheries program appears to be one which shows promise as a means of introducing needed protein into the diets of the rural poor and of providing them with additional income. The Zairians have some experience with river fishing, but there has been little use of small farm fish raising, at least since independence from Belgium was achieved in 1960. Fisheries volunteers talk with interested farmers and help them select two or three suitable sites for small fish ponds. The ponds are hand dug, the major part of the farmers' effort in raising fish. When the pond is filled, the volunteer assists the farmer in acquiring local fingerlings, explains feeding procedures, and identifies locally available materials for feeding, usually waste materials. Volunteers periodically monitor a farmer's progress, and after 6 months, demonstrate how to drain and harvest the pond. Each pond can be harvested twice annually, and maintenance and feeding are not too time-consuming. Ideally, much of the catch will go into the farm families' own diet, with the remainder being sold or bartered.

Volunteers also help train Zairians who are to work as Zairian Government fish culture extension agents. Knowledge of fish farming is extended to more farmers who learned from the volunteers, and to a still rather limited extent, the Zairian Government's incipient extension service. The family fish culture project, with AID assistance, is also creating a training center for the preparation of these agents. The center receives technical assistance from an AID financial expert adviser as well as Peace Corps volunteers. Some farmers have been successful enough to expand their number of ponds, and have earned enough additional income to acquire one or two cattle, a good advertisement to interest other farmers in fish farming as a supplement to agricultural activities. One of the most troublesome problems for participating farmers is theft. A thief, too often a jealous neighbor or even a relative, will nocturnally drain and harvest the farmer's pond. Some farmers have resorted to posting a family member on watch over the ponds, or have gone to the trouble to enlarge the individual ponds sufficiently to make it difficult to drain them in 1 night.

Health volunteers are involved in a variety of community level health programs. Many do village level health work in conjunction with the outreach efforts of rural dispensaries. A number are involved in static and mobile vaccination programs, giving vaccination for measles, diphtheria, tetanus, and pertusis, as well as dispensing medication providing health and hygiene information.

A Peace Corps training center is located in Bukavu, on the eastern border of Zaire. Part of a former Belgian school has been made available by the Zairian Government for the training center's use since 1972, including two dormitories, classrooms, a demonstration farm plot, kitchen/dining room facilities, offices, and some recreational facilities. Training is conducted by a contractor. In fiscal 1980 some 145 trainees were processed, mostly for programs in Zaire, but a few were for programs in Gabon. In 1981, the Bukavu training center will also start training of volunteers assigned to Cameroon and the Ivory Coast, as well. The contractor employes 3 American staff, 30 part-time

Zairian teachers, a language coordinator, a technical assistance director, a kitchen director, and about 70 service staff. All of the trainees receive fairly in-depth language and cross-cultural training. Public health and education volunteers also receive technical training. Agriculture volunteers complete technical training which was begun before they left the United States. The center was between training cycles during the staff mission's visit. However, the preponderant majority of volunteers and other observers questioned had favorable opinions on the training provided at the center.

The staff mission was impressed by the dedication of volunteers and staff which it met and by the difficulties of service in Zaire. Living conditions were rudimentary in the countryside. Because of Zaire's poor transportation and communications, volunteers outside of a few population centers were relatively isolated. Peace Corps staff spent a substantial portion of their time traveling to maintain periodic contact with and necessary support for volunteers. Prices of what many Americans consider to be necessities, such as meat, were very high by U.S. standards and rising with inflation. Most U.S. officials in Kinshasa found the American commissary there a necessity because of high costs of items in the local market, particularly with an unrealistic official exchange rate applied against the dollar.

The rate of dropouts in training of Peace Corps volunteers for Zaire is a relatively high 24 percent. However, the number who volunteer to stay beyond the regular 2-year term was also listed at around 24 percent, which is one of the highest extension rates in Africa.

The Peace Corps director in Kinshasa told the staff mission that the average stay of an American Peace Corps staff person in Zaire is a little more than 3 years. Peace Corps policy is to contract staff for one term of 2½ years with the possibility for a second 2½-year term. The director noted that most U.S. staff are not at station long enough to see a single group of volunteers all the way through their cycle from program initiation to departure. He noted also that many staff persons are relatively young and inexperienced upon arrival, that they must get to know many local people in carrying out their duties, that the pace of accomplishment in Zaire as in other developing countries is slow, and that it takes a newcomer months to learn how to perform the job in a practical way. The 5-year rule does not apply to staff who are citizens of the host country which is helpful from a continuity standpoint.

The Peace Corps imposes the 5-year rule as a means of maintaining a fresh and enthusiastic staff in keeping with the spirit of volunteerism, as against loss of idealism and vigor perceived for persons serving beyond 5 years. The staff mission questions whether the 5-year limit is realistic in these times when the Peace Corps is trending toward more emphasis on developmental assistance. Economic development is a more complicated task than serving just as a "goodwill ambassador." The host countries likewise are more interested in getting expertise than zeal. In Zaire, Peace Corps officials acknowledged that because of the lack of institutional memory stemming from continual personnel turnover, there was a tendency there for newcomer staff to reinvent the wheel with proposals which had been tried and found wanting in the past.

The staff mission has encountered similar observations elsewhere. It tends to agree with the suggestion of the Peace Corps director in

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Kinshasa that the 5-year rule is excessively limiting. The staff mission therefore recommends that the Peace Corps reexamine the 5-year rule in light of today's circumstances to see whether it should be modified or abolished.[2]

AID/Peace Corps

The staff mission discussed AID/Peace Corps relationships with officials of each agency in Kinshasa. The mission also visited some AID-supported projects where Peace Corps volunteers worked. While some difficulties were noted, the mission was impressed by the favorable views expressed by officials of the two agencies on AID/Peace Corps cooperation and by the projects visited.

One of the problems reported by Peace Corps volunteers was slowness by AID in providing materials needed by the volunteers for their work on AID projects. Another involved donated excess property supplied by AID, in which volunteers working on health projects indicated their projects had received medicines which were past their effective expiration date, equipment lacking essential parts, and inappropriate supplies. One volunteer received surplus sterilizing units (apparently U.S. Government excess property) without the covers needed to operate them properly. In one instance, vitamins provided were inappropriate to the nutrition level and makeup of the local Zairian diet. In another instance, a health volunteer reported receiving a large shipment of donated suppositories for treatment of hemorrhoids, an affliction which is relatively rare to the indigenous inhabitants of Zaire. A major problem noted in Zaire and elsewhere is the difficulty AID and Peace Corps programers face in matching the timing of volunteers' service to the time when the volunteers are needed for particular AID-supported projects, because of the relative inflexibility of the Peace Corps 2-year recruitment cycle and the long and often uncertain leadtime in getting an AID project onstream.

Valuable contributions can be made by Peace Corps volunteers on AID programs which need onsite help from persons with a relatively modest amount of training, persons who can impart their skills to local workers so that the latter will be able to carry on on their own. It is unnecessary to use a high-priced AID specialist (average cost, $100,000 a year) for an extension agency assignment if a volunteer (costing the U.S. taxpayer around $20,000 a year) is available. From the Peace Corps standpoint, such work for Peace Corps volunteers fits with the corps' growing emphasis on promoting economic development in poor countries and with the receiving countries' increasing interest in technical training rather than generalists.

North Shaba Maize Production Project

The largest AID project in Zaire is a large-scale integrated rural development undertaking in an undeveloped area around Kongolo in North Shaba, a region in eastern Zaire. About 18,000 farmers—total population 150,000—live in the project area which straddles the Zaire River. The farmers grow maize (corn), cotton, manioc, rice, and other products in the rainfed savanna and forestland. Maize is the principal cash crop. The project includes agricultural research and extension, development of farmer groups, marketing and credit, local

[2] See also Kenya, p. 40 below.

production of handtools for farmers, and roadbuilding. An associated project involved health centers in the area to which Peace Corps workers were assigned; the specific objective of the project is to "increase the net income of small farmers in the project area by 75 percent by the end of the project (1983) as a result of raising corn production from 27,000 metric tons (1978) to 49,000 metric tons; and to develop a rural development process in the form of a model that is replicable in other parts of Zaire."

At the time of the staff mission's arrival at the project site, AID had recently added $3.6 million for the project and extended its originally planned 6-year life for another year. Thus the project, which was authorized in fiscal year 1976, is now scheduled to continue to fiscal 1983, at a total cost of $23 million of which $13.4 million is to be provided by the United States and $9.6 million by the Zaire Government.

The Governor of Shaba impressed the staff mission with his enthusiastic support for the project. The Minister of Agriculture spoke of it as a model for what he hoped would be done elsewhere in Zaire. The AID director saw vectors of progress converging to make the project a success. The staff mission came away with impressions of both pluses and minuses as noted in the following discussion:

The project design includes getting the farmers to use a new variety of maize seed, improved practices such as better timing of seeding, better seed spacing, weeding, and use of fertilizer. The production of maize reached 29,000 tons by 1979 without the fertilizer component, but it was becoming questionable as to whether pending studies would show that fertilizer would be a cost effective addition. The transportation expense in bringing fertilizer to the relatively remote area would be very high. Fertilizer would not be a viable solution if the farmers could not pay for it after AID support ends. Without the fertilizer, projected maize output in the project area would increase to perhaps 35,000 tons, but not the 49,000-ton target envisioned in the design with fertilizer.

One reason for delay and uncertainty about the agricultural increase potential was that the Zairian agronomic technicians on the project planted demonstration plots showing the benefits of fertilizer, but they promoted a package of recommended practices to the farmers which did not include fertilizer. Another reason was that the U.S. contract team implementing the project did not have adequate agronomist expertise, and great difficulty was experienced in obtaining a qualified agronomist. As one of the project papers notes, "Perhaps the most important requirement for this project is a qualified agronomist * * * Particularly scarce are well-trained U.S. agronomists with field experience and language capability in French and Swahili." Typically for U.S.-aided operations in Zaire there also were problems in obtaining and/or keeping other qualified U.S. personnel.

A visibly successful component of the project was a combination machine blacksmith/foundry shop run by a former Peace Corps volunteer who was brought on as a member of the contract team. The shop has produced some 18,000 handtools and small machines appropriate for farming in the area. Village blacksmiths have been trained. Sales revenues are beginning to show a profit.

A major task within the project is roadbuilding to allow farmers' produce to be transported to market. As of the time of the staff mission's visit, some 300 kilometers of the roads had been completed out of the 724 kilometers planned. A key question for the mission was how the roads would be maintained after AID support ceased; for, without roads, the agricultural output for the area could shrivel once again to local subsistence levels for lack of ability to export. The mission was told that the annual recurring cost for maintaining the roads would be about $350,000 and that it was almost certain that the Zairian Government funding for this purpose would fall short. Project officials said efforts were underway to assure maintenance through such means as a system of village supervisors being responsible for their road segments, or of imposing fees for maintenance on merchants who use the roads to take out farm produce.

In sum, North Shaba maize production project contains a mixture of successes and nonsuccesses at this point. Its delays and cost overruns can be seen as typical of many projects, including some within sight of the U.S. Capitol. It may never achieve its goal of raising local maize output 49,000 tons a year. It has succeeded in raising agricultural production already, which should be a permanent gain if the roads are kept up. Appropriate agricultural tools will be more available for the farmers than before.

The leader of the U.S. contract team was asked if the project could be replicated elsewhere in Zaire. He stated that while he was optimistic that the project would be worthwhile, he did not think it could be replicated "at the present time." He said the financial and logistic problems would be overwhelming. He noted that the Kongolo site was fortunate in having two railheads along with available agricultural land, a combination he doubted could be found elsewhere in Zaire. The project can serve as a model of both what should and what should not be attempted elsewhere. It suggests to the staff mission that in most cases it would be wiser to start off such rural development efforts on a smaller scale, with a view to building on what proves successful, rather than initiating another project on such a grand scale.

Personnel

A frequently noted problem in relation to U.S. Government programs in Zaire has been a shortage of U.S. personnel on the scene in relation to the needs for implementation of programs. The study mission had been apprised of this difficulty in advance by Washington officials. It found evidence of the problem both in Kinshasa and elsewhere in Zaire. The shortages were particularly noticeable in AID positions. For example, the country development strategy statement (CDSS) for Zaire for fiscal 1982 notes that the U.S. Aid mission in Zaire has a vacancy rate of 40 percent. It states that half of all nominees for appointment to AID positions in Zaire decline the assignment.

In Kinshasa. the staff mission was told by the AID director of difficulties in moving forward in agricultural projects, the main focus of U.S. aid in Zaire, because he was missing three agricultural officers. The agricultural marketing development loan program was lagging because of a lack of personnel to solve certain problems in the design of the program. The project in the field of cassava research development was hampered by a lack of French-speaking U.S. specialists. Similar difficulties appeared to apply to a number of contractors on AID projects. The mission was advised that the private contractor for the INERA project had not been able yet to acquire the necessary personnel. The north Shaba integrated rural development project had problems acquiring or keeping certain specialists. A search was on for new contract personnel in connection with the project to develop a national health system. The nutrition-planning center (see p. 7 above) was facing an uncertain period ahead because of the potential hiatus in available U.S. contract personnel.

A basic reason for the difficulty in recruiting U.S. personnel for service in Zaire appears to be a negative perception of living and working conditions in Zaire, a large, backward country with few Western amenities, but excessive living costs, an unpleasantly hot climate, a record of sometimes violent political instability, and a remoteness from more "civilized" areas.

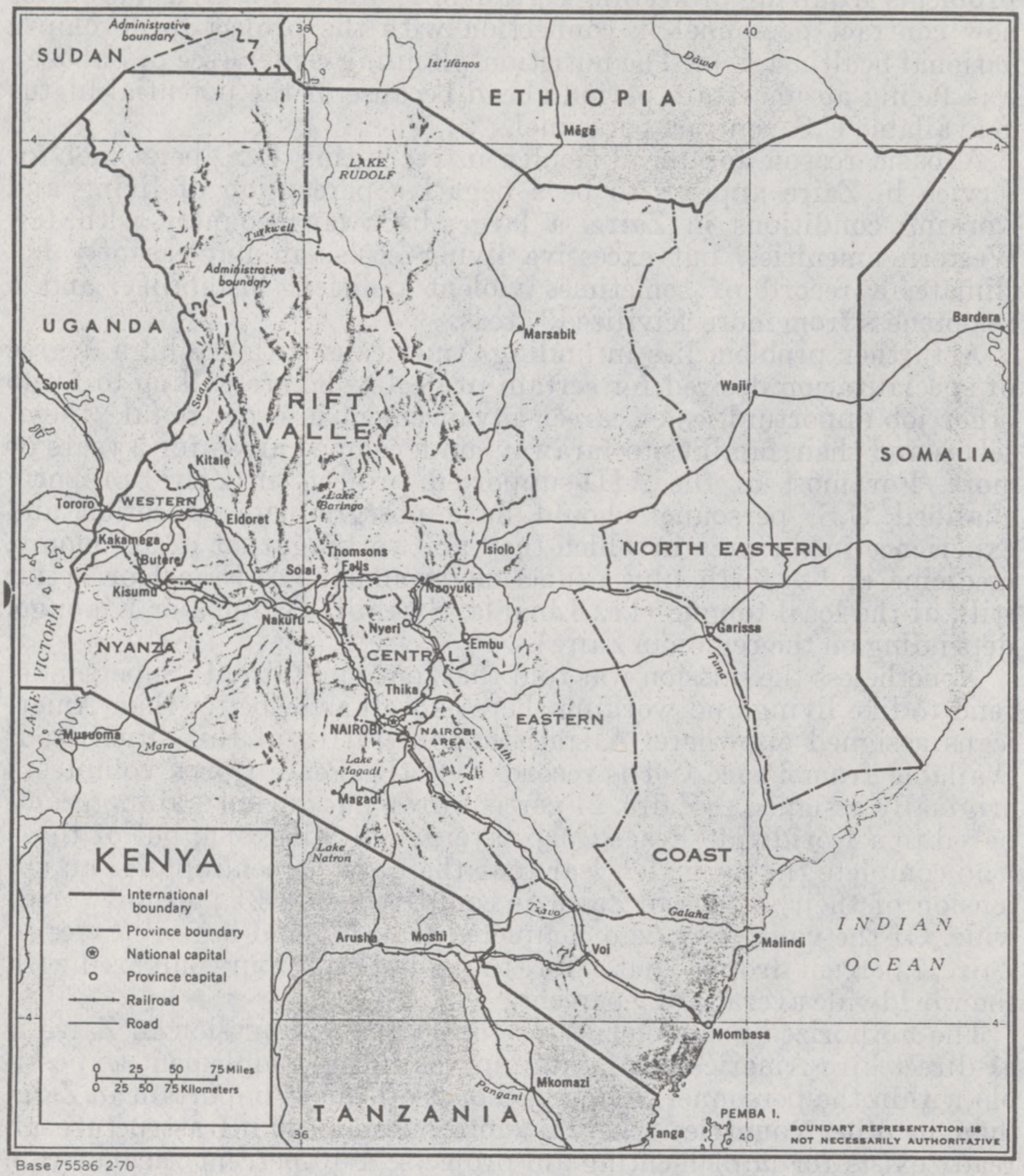
A further problem lies in finding Americans with the high degree of specialization desired for certain projects who are willing to forgo other job opportunities or career advancement in order to take themselves and their families to faraway, undeveloped areas for 2 years or more. For most of the AID-supported projects in Zaire, properly qualified U.S. personnel should have postgraduate education and experience in the area in which they are working, that is, agronomy, medicine, and so forth, plus a functional command of French or, better still, of the local tongue (i.e., Lingala, Swahili, Tshiluba or Kikongo, depending on the region in Zaire).

Nonetheless the mission was told that, once in Zaire, U.S. personnel tend to like living and working there as well as or better than Americans assigned elsewhere. A statistic illustrative of this situation is available from Peace Corps records: Of the Peace Corps volunteers originally assigned to Zaire, 24 percent drop out during training, compared to a worldwide Peace Corps average of 9 percent; but of those who complete the normal 2-year tour there, 24 percent opt for an extension of their service in Zaire as compared with 21 percent worldwide. Of the volunteers who completed training and began service in Zaire, 7 percent dropped out before the end of their tour compared with the worldwide average of 9 percent.

The authorized complement for the U.S. AID mission in Zaire is 31 direct hire Americans. Maintaining as full a complement as possible within the personnel ceiling authorized is more important in Zaire than in other countries where a more substantial infrastructure already exists for implementing aid projects. A 40-percent vacancy rate is unacceptable considering the difficulties involved in and the need for close supervision of U.S. aid programs in Zaire.

Obviously, a lack of qualified U.S. aid personnel in Zaire commensurate with the needs of aid projects there impairs implementation of the projects. The staff mission therefore recommends that the number of U.S. aid projects in Zaire be trimmed to allow more effective implementation by the AID mission. The AID Kinshasa portfolio could be streamlined by attrition of programs now in the windup phase and delay in introducing new projects, as is being done by the AID mission in Kenya.

At the same time, the staff mission recommends that AID put priority on assigning qualified personnel to Zaire. While the staff mission has been told in Washington of AID's inability to "order" its officers to serve in any particular post abroad against their wishes, it is also aware that AID/Washington has various means of inducing more "volunteers" for tours in Zaire, including relating such service to career advancement prospects.



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KENYA

Summary of Findings and Recommendations

—*Kenya's principal development problems appear to be lagging agricultural production, and a rapid population growth rate which is one of the world's highest (pp. 24–26).*

—*U.S. bilateral development assistance for Kenya is directed mainly to agriculture and rural development. AID is also funding projects in population planning, health, and energy (pp. 26–32).*

—*Kenya receives economic support fund (ESF) assistance because of special U.S. political and military interests there. The $14.5 million in ESF for Kenya in fiscal 1980 is being used to finance fertilizer imports. The fertilizer import program probably would not be justifiable under the "New Directions" mandate to focus U.S. assistance on benefiting the poor majority. However, ESF is not as closely governed by "New Directions" as is bilateral development assistance (pp. 33–34).*

—*The United States has a substantial housing investment guarantee program in Kenya. The Umoja estate project in Nairobi has been marred by scandal charges involving non-AID components of the project. AID also is assisting in a low-income housing program for secondary towns outside of Nairobi (pp. 34–35).*

—*AID personnel in Kenya appear to be competent professionally. The AID mission makes good use of its authority to approve grant projects up to $500,000 without time-consuming clearance from Washington. Some other funding sources have proved to be less useful (pp. 35–36).*

—*Kenya needs food aid because agricultural production has fallen behind population growth. The United States provides substantial Public Law 480 aid, which includes self-help efforts under title I and nutrition and food-for-work programs under title II (pp. 36–38).*

—*Kenya has one of the world's largest Peace Corps programs. The Peace Corps in Kenya is regarded favorably by Kenyan officials, who have asked for more volunteers. However, continuing problems such as inadequate provision for volunteers in the field and shortages in support staff are constraints against increasing the size of the program. In regard to Peace Corps staffing, it is recommended that the Peace Corps reexamine its rule limiting service to 5 years because of advantages which could be gained from greater length of service (pp. 38–41).*

—*Peace Corps and AID have a good relationship in Kenya. A major problem in matching AID projects and Peace Corps manpower lies with the bureaucratic cumbersomeness of both agencies (p. 41).*

Background

The staff mission visited Kenya October 18–October 25, 1980. During that period, it met with various officials of the Agency for International Development (AID), the Peace Corps, the Area Auditor General's Office (AAG), the Regional Economic Development Services Office for East Africa (REDSO/EA), the U.S. Embassy, and the Government of Kenya (GOK), as well as Peace Corps volunteers and representatives of some private voluntary organizations (PVO's).

Kenya is an East African country with an area of approximately 225,000 square miles, about the size of Montana and South Dakota combined. It is bordered on the north by the Sudan and Ethiopia, on the east by Somalia and the Indian Ocean, on the south by Tanzania, and on the west by Uganda. Kenya generally is considered a stable and moderate country in its domestic and international relations. Its neighbors, however, are viewed by many as actual or potential sources of instability and conflict. This is particularly the case with respect to the conditions in neighboring Ethiopia, Somalia, and Uganda. Consequently, in the last several years, Kenya has felt it necessary to noticeably increase military expenditures as a percentage of GNP.

Kenya has a population of approximately 15.4 million people. The annual population growth rate of about 4 percent is one of the highest in the world. Fertility averages 8.1 births per woman. The so-called dependency ratio of the population is significant with respect to prospects for maintainable long-term economic development in that more than 45 percent of the population is under the age of 15. Average life expectancy is around 50 years. Annual per capita income is estimated at $330 (1978).

Development Overview

Kenya's principal development problems appear to be (1) lagging agricultural production and (2) the rapid rate of population growth.

In the first decade after independence was achieved in late 1963, the growth rate of the agriculture sector was a brisk 4.6 percent. Since 1972 that growth rate has declined markedly. Once a basically food self-sufficient country, in recent years Kenya has experienced serious food deficit problems. Per capita food production has increased at a very slow rate, and frequently has declined in the past few years. Some 80 percent of the land in Kenya is arid or semiarid, and it's already marginal productive potential for agriculture is being stretched even thinner by Kenya's rapidly expanding population. This has serious implications for the problems of urban migration, and unemployment, as 79 percent of Kenya's work force is engaged in agriculture. Agricultural production is further hampered by periodic drought. In fact, there was considerable anxiety among farmers at the time of the mission's visit because the shorter of Kenya's two annual rainy seasons was overdue.

There was widespread opinion among persons familiar with Kenya's developmental problems that the Kenyan Government's agricultural policies and activities constituted significant obstacles to the Government's priority effort to increase agricultural production and related rural employment opportunities. They stated that while prices to agricultural producers have, on occasion in the past been raised, the Government's current pricing policies still provide little incentive to farmers for increased food production, or in some cases, favor cash export crops over food crops. As recently as 1979, the Government lowered producer prices for maize and wheat, but earlier this year farm-gate prices were raised, and a new farm credit program was instituted. They suggested also that the Government, as a part of its land distribution policies for the larger formerly expatriate-owned wheat farms, should encourage a shift to maize production, which would appear to be more efficient than continuing wheat production on smaller individual land parcels. However, as such lands are broken down to smaller holdings for distribution, the shift to maize production may tend to occur naturally with cultivation by small farmers who generally have less experience with wheat production.

The Kenyan agencies responsible for crop production assessments and agricultural policy development and implementation have not been as effective in carrying out those responsibilities as might be hoped. For example, there was a Government decision, due at least in part to their erroneous crop projections, to export a significant part of maize reserves at a time when such action exacerbated an already existing food deficit. However, in fairness, Kenyan officials seem to be both cognizant of the problem and actively concerned about improving the planning and implementation skills of their personnel infrastructure.

The shortage of adequately trained Kenyan personnel to carry out development programs is not confined to the agriculture sector. It affects other agencies, and, in fact, is a problem facing most developing countries, to one degree or another. With AID support, the Kenyan Government is trying to further decentralize rural planning generally, and to help the Agriculture Ministry.

The high population growth rate in Kenya is a product of improved health conditions reflected in declines in infant mortality and apparent increases in fertility. This rapid and increasing rate of population growth has sobering implications for Kenya's future development outlook. It exerts serious pressures on Kenya's resource base, food production efforts, social service, particularly in urban areas, and efforts to increase employment opportunities. In 1967, Kenya was the first sub-Saharan African country to adopt officially a national voluntary family planning program. The Ministry of Health took charge of the program which was integrated with the maternal and child health program. The object was to make family planning information and services available on request in Kenyan hospitals and health centers and to provide periodic mobile family planning services to clinics located outside of the service areas of existing permanent delivery points. Medical personnel received training and community nurses were recruited and trained in family planning techniques and education with emphasis on child spacing. Management support personnel were put in place. Goals in relation to establishing the necessary personnel infrastructure have been more or less achieved.

Unfortunately, the relatively low number of women accepting family planning services and the apparently high dropout rate among those acceptors have caused the program to fall well short of its demographic goals. As of 1978, it was estimated that only 4 percent of married women in Kenya of childbearing age, that is between the

63-052 O - 81 - 5

ages of 14 and 44, inclusive, were using some method of contraception. Understanding and concern of the growing negative effects of such population growth trends on Kenya's development efforts across the board has reached the highest levels of the Government. President Moi has personally supported the need for an effective family planning program. Similarly, in October of 1980, several influential Members of Kenya's Parliament spoke forcefully and bluntly on the floor of that body on the clear need for greater family planning efforts. Those statements were highly publicized in the local press, and editorial comments were generally favorable. Coincidentally, in some rural areas, observers associated with community health and maternal and child health programs have commented on an apparent increase, within the last year or so, in grassroots interest in child spacing and contraception. However, these recent favorable signs have not yet been translated into an effective, maintainable program for providing voluntary family planning services to significant numbers of Kenyan families.

U.S. Economic Assistance

From Kenya's independence in 1963 through the end of fiscal year 1979, the United States has provided Kenya with a total of approximately $230 million in various forms of economic assistance to Kenya. During fiscal year 1980, the AID administered bilateral economic development assistance program to Kenya totaled $32,075,000 including the following components: $17,575,000 from the functional development assistance accounts; $14,500,000 from the economic support fund account—the latter was in the form of a commodity import program for fertilizer; and $3,744,000 in AID centrally funded project activities. The $17,575,000 in funds from the functional development assistance accounts noted above included $1,325,000 in operational program grants (OPG's) to private voluntary organizations. Public Law 480 food assistance in fiscal 1980 came to $21.1 million. The Peace Corps program for Kenya totaled about $3.8 million. The total U.S. economic assistance of $57 million accounted for about one-seventh of all external assistance to Kenya in fiscal 1980. Approximately 70 percent of total U.S. development assistance to Kenya has been for agriculture and rural development. The major emphasis of project efforts in this sector is on the following subjects: training and technical assistance to help the Government improve the capacity and effectiveness of its personnel infrastructure in those ministries dealing with rural planning; credit and extension services, and adaptive research; and rural access roads. A brief mention of some particular projects in this sector is illustrative.

The largest agriculture and rural development sector project is the multifaceted agriculture systems support project. The estimated total life of project cost is $49,800,000. About $34 million of that amount is for the expansion of Egerton Agricultural College to permit an increase in enrollment from the present level of about 850 to about double that number. Egerton College is the only agricultural college in Kenya offering a 3-year degree program in 10 agricultural disciplines. The college is an important institution for meeting Kenya's needs for trained technical manpower.

The staff mission met with the Egerton College leadership and inspected some of the facilities. The mission was informed that for students unable to afford tuition, the Kenya Government pays for their training at the 3-year institution. The students are then obliged to work for the Government for 3 years. Students are picked through selection boards. The college is able to accept only about the top one-fifteenth of the applicants. AID project funding is being used for construction—primarily of dormitory facilities—equipment, and staff training.

Inasmuch as women do most of the farming in Kenya, increased attention is being given to imparting agricultural technical skills and extension skills to women. At present about one-fifth of the Egerton College student body is female. The AID funding contract calls for a ratio of one-third women in the expanded student body, so more than 500 women are expected to be enrolled when the enlargement is completed.

AID, in cooperation with the Kenyan Government and the World Bank, is reviewing an AID-funded design and feasibility study for the second component of the agriculture systems support project, the establishment of a fourth agricultural institute to increase the Government's capability to train an additional 400 certificate level—2-year—agricultural extension workers to expand agricultural extension services for small farmers. On the basis of the now completed feasibility study, AID is considering providing $8 to $10 million, along with a World Bank contribution of $16 million, for establishing this new facility to be called the Coast Agricultural Institute. At some future point the Government would hope to phase the enrollment capacity of the new institute up to 600 students. However, at this point, World Bank officials reportedly are not prepared to provide funding for facilities for more than 400 students.

The third component of the agriculture systems support project is a grant to the Ministry of Agriculture training fund for providing essential, specialized in-service training for staff of the Ministry of Agriculture and the Ministry of Livestock Development. The grant funds both regular academic training and short courses abroad for those ministries' staffs, as well as covering the cost of bringing instructors to Kenya. The latter approach is currently being emphasized. Some delays have occurred in placing the Kenyan students in appropriate universities. Placement is handled under a contract between the Ministry of Agriculture and the U.S. Department of Agriculture.

The fourth element of this comprehensive project is the range research subproject, which is intended to provide for a major expansion of research activity at the Kiboko Range Research Station and related facilities. The life-of-project funding is estimated to be $5,100,000 in the form of a grant or grants. These funds will cover the provision of technical assistance for developing an applied research program and training a cadre of range scientists to increase forage and develop better range management techniques for local pastoralism. Regrettably, this component of the overall project is more than a year behind schedule, due primarily to lagging construction of onsite housing for the personnel, and Kenya's difficulty in providing suitably qualified counterpart staff to work with the U.S. technicians.

The fifth subproject consists of a grant to Kenya's main agricultural credit institution, the Agriculture Finance Corporation, AFC. Life-of-project cost is estimated at $2,700,000. The grant is to finance technical assistance and staff training for the AFC to improve its expertise at loan management and evaluation, including evaluating applicants' managerial abilities, and agricultural potential of land, as well as collateral value, with the goal of expanding lending to "small holders." Small holders were roughly defined as those with less than 20 hectares (about 49 acres) of land, but not including marginal or subsistence farmers. AFC loan managers are now undergoing training. The General Manager of the AFC is also visiting some other credit institutions in Third World countries to determine if some AFC staff might be placed in training positions in any of those institutions. This component of the agriculture systems support project is on schedule.

The sixth subproject was a study of on-farm crop storage practices. This study has been completed at a cost of $250,000. The Kenyan Government and HIO have to finance the on-farm grain storage project to implement the study's recommendations.

The seventh and final element of this comprehensive project is a grant for the cooperative systems support subproject. Estimated life-of-project funding totals $5,100,000. The subproject goal is to help strengthen the Ministry of Cooperative Development, which provides production and marketing credit, agricultural inputs, and marketing services to small farmers. Grant funds will be used to finance the costs of manpower and education surveys of the cooperative sector, technical assistance, participant training in improved agricultural extension technologies, in-service training, and a study of a proposal to expand the Cooperative College. This subproject was just beginning to get underway with a manpower training contract which was negotiated a few months previously between the Ministry of Cooperative Development and the contractor, Agricultural Cooperative Development International.

Two important AID funded projects in the agriculture sector are focused specifically on the problem of expanding food production in the extensive arid and semiarid regions which make up the vast majority of Kenya's agricultural land. The first of these is the dryland cropping systems research project, with a grant totaling $6,000,000 over the life of the project. It is part of a joint effort among the Kenyan Government, AID, and the United Nations Development Program/Food and Agriculture Organization, UNDP/FAO, the purpose of which is to develop an indigenous institutional capacity for basic and applied research. AID funded scientists are working with Kenyan counterparts on research in agrometeorology, agronomy, plant breeding—maize—soil physics, plant pathology, and agricultural economics. UNDP/FAO technical assistance personnel will focus their efforts on field trials and preextension testing. This project has experienced some delays due to difficulties in obtaining AID funded scientists. Also, the Kenyan Government has not yet provided adequate job security to induce a sufficient number of trained personnel to remain in the Government research service.

The second of these two projects is the arid and semiarid lands development project, which has an estimated AID life-of-project funding level of $13 million. The project provides planning assistance to the Ministry of Agriculture and the Ministry of Economic Planning and Development to help them successfully plan the development of these important but ecologically fragile areas. The project includes assistance for collecting and analyzing necessary data, and it will also fund technical assistance for a pilot soil and water conservation effort in a test area covering about 333,200 hectares (approximately 823,000 acres or 1,286 square miles). The soil and water conservation element of this project includes 6 months of on-the-job training for about 160 soil conservation officers. Aerial photography in support of the data collection and analysis component of this project is underway. However, because of administrative delays, apparently with both AID/Washington and the Kenyan Government, most elements of the project are approximately 1 year behind schedule.

An important area of AID funding effort in the agriculture and rural development sector is AID's participation with other donors in the Government of Kenya's rural access road program. AID has two related road projects. The first provides for the construction, or upgrading, and graveling of 1,000 kilometers of all-weather farm-to-market access roads in six districts in the Western and Nyanza Provinces. These are basic access roads averaging less than 40 motor vehicles per day usage. Actual construction began in 1978 with funds disbursed to Kenya on a fixed amount reimbursement (FAR) basis per kilometer of work completed (AID's cost is $4,700 per kilometer). This method permits AID/Kenya to withhold reimbursements, if necessary, until they are satisfied that the road work meets required standards. Construction is essentially by labor-intensive means, and maintenance is primarily provided by local citizens living near or along these rural roads on an individual "contract" basis to whom hand tools are provided.

The project officer was optimistic that the maintenance system would prove self-sustaining for the indefinite future. The staff mission emphasizes the fundamental importance of continuing road maintenance and urges close attention to insure the long-term success of the maintenance system.

The project, consisting of both loan and grant funds totaling about $14.7 million, is expected to be completed in June 1983. The completion date has been extended about 1 year to permit more time after construction for indirect compaction before the graveling is done. This AID project is part of the Kenya Government's comprehensive countrywide access road program to which Denmark, Norway, Switzerland, the Netherlands, the United Kingdom, the World Bank, the UNDP, and the ILO are also contributing assistance.

A closely related AID bilateral project is providing a total of $9.1 million (part grant and part loan) for upgrading and graveling approximately 1,300 kilometers of secondary and minor classified roads covering all districts in the Western and Nyanza Provinces. Originally the goal of this project was set at 3,300 kilometers, a target which proved overly optimistic in the face of practical problems encountered in the construction process. It now appears that the project will be able to complete no more than 1,300 kilometers. The project finances one equipment-intensive construction unit to work in each of the two provinces covered. The target roads are being upgraded to all-weather status with the installation of culverts and small bridges and by graveling. A mixed machine and labor system for road maintenance is being tried out for these roads. Efforts by AID/Kenya and the Ministry of Transport and Communications to increase the efficiency of these construction units has reportedly resulted in an increase in the units' construction rate from 7 kilometers per unit-month to 20 kilometers.

A draft evaluation of these related access road projects had just been completed when the staff mission was visiting Kenya. A review meeting on the rural roads program, with representatives of the Kenya Government, AID, and the other donors in attendance, was held in late October in Nairobi. These two projects were essentially on schedule, and donor coordination appeared to be adequate. As of June 30, 1980, the two projects had constructed—that is, camber information was completed—380 kilometers of rural roads and about 150 kilometers of rural roads had been upgraded and graveled.

One AID-supported project in the agriculture and rural development sector has been a significant disappointment. It is the national range and ranch development project and a related livestock development loan. The project is behind schedule, and its central goal, to increase sales of animals raised, has not been met and is not likely to be met. The project is the AID component of a multidonor supported Kenyan Government livestock development program to increase livestock production in Kenya's range and ranching areas, especially for the nomadic pastoralists. The project provides training and technical and capital assistance for creating grazing blocks in the Northeastern Province, among the Masai group ranches in the Rift Valley Province, and for company and cooperative ranches in the Coast Province. The project has organized nine grazing blocks of about 1 million acres each, which have been provided roads, water, and a grazing management system. About 40 ranches have received operating and development loans, 35 project participants have been given long-term training in range management and resource engineering, and 11 others are currently involved in U.S. participant training programs.

The critical problem accounting for the failure of this project was the lack of an adequate cultural, sociological, and ecological study before the project was begun. Specifically, Somali and Masai pastoralists were incorrectly assumed to be essential "meat producers." Instead those cultures attach prestige to owning increasing numbers of cattle per se, and they rarely sell their cattle except in times of economic necessity or when obvious drought conditions make increased off-take mandatory. Second, the Ministry of Water Development apparently misassigned U.S.-provided technicians, and equipment and used materials inefficiently. Under these circumstances, AID technicians have concluded that the project is in fact causing environmental degradation. In light of these factors, no further funding is contemplated for this project. The small amount of grant funds as yet unexpended will be used to train Kenyans in the maintenance of project equipment and infrastructure, to do a concluding study on the project's final impact, and to determine how AID might effectively assist programs in the important area of livestock development in the future.

AID/Kenya is also funding projects in population planning, health, and energy. In fiscal year 1980 AID is completing a $2,327,000 component of a multidonor project to help the Ministry of Health (MOH) to improve its integrated maternal and child health (MCH)/family planning program. AID inputs included salary support for MOH staff, clinical and audio-visual equipment, and participant training. Some delays were experienced in equipment deliveries. Also, the Keynan Government has not yet filed the necessary documentation with AID/Kenya for reimbursement for past staff salary payments in an amount estimated to be about $500,000. Other donors include IBRD/IDA, the U.N. Fund for Population Activities, Sweden, Denmark, and West Germany. AID is also funding a project to help create a Population Studies and Research Institute at the University of Nairobi to conduct population research and training programs. The estimated life-of-project cost is $2,693,000, which represents an increase of $738,000 in reprogramed funds over the original program level.

In the latter months of 1980, AID began an interesting and potentially significant energy project. Its overall goal is to help the Kenyan Government develop an appropriate energy policy emphasizing nonconventional and renewable energy sources. The project consists of four components: Initial planning and surveys; institutional development; applied research, feasibility studies, and demonstration projects; and monitoring and evaluation activities. AID is concentrating its efforts on forestry/charcoal energy and a windmill demonstration program. Other donors involved, including Sweden, the World Bank, West Germany, Canada, Belgium, and Japan. are concentrating on solar and geothermal demonstration projects. This project is happily ahead of schedule. The Kenya Government created a new Ministry of Energy about a year ago and has estimated Kenya's energy needs. A five-member team of technicians will be involved in the implementation of the U.S. aspects of this program. Advertising has by now been undertaken for applicants for the team, to include an energy economist, and experts on fuelwood, charcoal production, windmills, and solar energy. A main thrust of the project will be the testing of different varieties of fast-growing trees which might provide a renewable energy resource in the drier areas of Kenya. The potential significance of this project arises from Kenya's growing energy needs and the skyrocketing and debilitating cost of oil imports.

Except for a $2,453,000 health planning project, most of AID's efforts in the health sector in Kenya are being carried out through operational program grants to U.S. private voluntary organizations. This health planning project is designed to increase the Ministry of Health's ability to plan, implement, and evaluate programs and policies to expand rural health delivery to the poor majority. This represents a shift away from the MOH's emphasis in the past on urban curative medicine toward more emphasis on rural preventive health services. The participant training component is underway, but the technical assistance component started about 3 months behind schedule.

Several smaller projects, particularly in the areas of health and small enterprise development, are being implemented by PVO's which are being funded through operational program grants from AID. A two-phase rural blindness prevention project being carried out by the International Eye Foundation is one of these. In addition to instruments and educational materials, this project provides training by two ophthalmologists for ophthalmic clinical officers, primarily operating in mobile rural blindness prevention units, who perform educational, preventive, and curative activities, including certain basic eye surgery techniques. In addition to these components, phase II of the project provides training for MOH rural health workers to enable them to identify, refer, treat, and prevent eye diseases and injuries. Project staff estimate approximately 27 clinical eye officers are serving in rural

Kenya, and they treat some 100,000 patients per year. About half of these clinical officers are being supported by this project.

The staff mission visited a provincial medical facility to observe an eye operation performed by a clinical ophthalmic officer trained and supported through this project. The operation itself and the competence, dedication, and resourcefulness of the Kenyan participants and the U.S. medical adviser were impressive. The project is also proceeding on schedule. Total life-of-project funding will be about $3.1 million.

Other OPG's are financing on-the-job management training and business advice to small businesses (under $5,000 total assets and not more than seven or eight employees) in small rural towns, and to medium and large savings and credit societies (for example, railway workers society) and cooperatives (for example, several small ranchers, livestock cooperatives, and housing cooperatives).

The foregoing is by no means an exhaustive treatment of AID's development assistance projects in Kenya. Rather, it is illustrative of the program's emphasis and progress. A complete list of AID's active projects follows:

USAID/KENYA ACTIVE PROJECTS

[As of June 30, 1980, dollar amounts in thousands]

Project No. and title	Fiscal year of initial obligation	Planned completion date	Projected life of project funding	Obligated to date	Unobligated balance of life of project funding	Expended to date	Unexpended pipeline
615-0148 Agriculture credit	1971	1980	[1] $2,200	$2,200	----------	$2,170	$30
615-0157 National range and ranch development.	1973	1982	[1] 6,170	6,170	----------	4,439	1,731
615-0160 Livestock development loan	1974	1980	[2] 12,850	12,850	----------	9,785	3,065
615-0161 Family planning	1975	1980	[1] 2,303	2,303	----------	2,021	282
615-0162 Rural planning	1976	1980	[1] 2,648	2,648	----------	2,481	167
615-0165 Population studies and research center.	1976	1982	[1] 2,639	1,909	$730	995	914
615-0168 Rural roads systems	1977	1984	14,748	14,748	----------	2,983	11,765
			[2] (13,000)	(13,000)	----------	(2,434)	(10,566)
			[1] (1,748)	(1,748)	----------	(549)	(1,199)
615-0169 Agriculture systems support project.	1978	1985	49,800	34,173	15,627	4,228	29,945
			[2] (23,600)	(23,600)	(--------)	(906)	(22,694)
			[1] (26,200)	(10,573)	(15,627)	(3,322)	(7,251)
615-0170 Roads graveling	1977	1985	9,100	9,100	----------	3,841	5,258
			[2] (7,700)	(7,700)	----------	(3,383)	(4,317)
			[1] (1,400)	(1,400)	----------	(459)	(941)
615-0171 Agricultural sector loan I	1975	1980	[2] 13,500	13,500	----------	12,433	1,067
615-0172 Arid semiarid lands development.	1979	1984	[1] 13,000	6,178	6,822	173	6,005
615-0174 PfP rural enterprise development (OPG).	1977	1981	[1] 360	360	----------	360	----------
615-0179 Kibwezi primary health care (OPG).	1979	1982	[1] 818	818	----------	220	598
615-0180 Drylands cropping systems research.	1979	1984	[1] 6,000	3,000	3,000	309	2,691
615-0184 Increased income employment and production (OPG).	1978	1981	[1] 500	500	----------	345	155
615-0185 Kitui primary health care (OPG).	1979	1982	[1] 413	413	----------	140	273
615-0187 Health planning and information.	1979	1984	[1] 2,450	1,500	950	171	779
615-0202 Saving and credit management development (OPG).	1980	1982	[1] 425	425	----------	----------	425
615-0203 Rural blindness prevention II (OPG).	1980	1981	[1] 1,870	900	970	----------	900
615-0189 Rural planning—II	1980	1984	[1] 3,575	2,800	775	----------	2,800
615-0205 Renewable energy development.	1980	1985	[1] 4,800	3,482	1,318	----------	3,482

[1] Grant.
[2] Fund.

Economic Support Funds (ESF)

In fiscal year 1980 the United States has provided $14.5 million in economic support funds to Kenya. This assistance reflects U.S. interests in Kenya, a longtime friend, which is permitting the United States to use strategically significant air and naval facilities along the sealanes passing through the Mozambique Channel. Kenya has a comparatively open society and is basically favorably disposed toward the Western free enterprise economic system. Kenya has experienced serious economic and balance-of-payments problems in recent years, particularly following the significant foreign exchange drain occasioned by oil price increases which began in 1973 and was exacerbated by the erratic market for Kenya's primary export commodity, coffee. Recently, as noted previously, Kenya has had to import maize also. Kenya has also suffered from an economic policy which in the past has overly emphasized import substitution and protectionism.

With economic support from the United States and other donors, including the World Bank ($85 million), the European Economic Community (EEC) ($15 million), the United Kingdom ($67 million), the Netherlands ($19 million), and the International Monetary Fund (IMF) ($157 million), Kenya has been taking some austerity steps to cure its economic ills. Kenya met the IMF's required conditions last year regarding reductions in credit levels and the budget deficit. The ESF assistance and the budget support from other donors is designed to support Kenya's efforts to make tough economic reforms, and to support and encourage the Kenyan Government to shift its macroeconomic policy away from the creation and protection of economically inefficient import substitution industries in favor of export industries to earn vital foreign exchange.

The decision to use the $14.5 million in ESF to finance a fertilizer import program was based on the growing level of fertilizer use in Kenya (commercial imports of about 162,000 metric tons in 1979, an estimated 200,000 metric tons in 1980), Kenya's priority on efforts to increase food production, and the foreign exchange drain attributable to Kenya's annual fertilizer imports (about $37 million in 1979). In addition to fertilizer, consideration was given to further imports of food or, more likely, of fuel. However, AID officials decided that fertilizer imports would contribute more directly to economic development than importing an equivalent amount of food. Kenyan per hectare productivity is relatively low compared to many other African countries, and therefore, it was presumed that fertilizer use would result in significantly increased food production.

The idea of fuel imports was reportedly abandoned, at least in part, because such an import program was deemed less consistent with the emphasis of the "new directions" mandate on helping the poorest of the poor. While it is not practical to monitor the end use of the fertilizer to assure that it is used for food crops rather than other crops, it is presumed that most will be used on food crops. Also, high analysis fertilizer was specifically selected on the basis of its technical suitability for maize, barley, and similar food crops. A fertilizer import program was considered timely because fertilizer programs of other donors had ended, leaving Kenya to rely on commercial imports.

While reliable official data was not available AID/Kenya officials contended that the fertilizer import program did have some "New Directions" impact. They estimated that at least 25 percent of the fertilizer provided would be used by smaller farmers (holdings of 20 hectares or less). The fertilizer is to be distributed through the Kenya Farmers Association, which will give more contact with small farmers than distribution through regular commercial channels. The shipment, phosphatic and nitrogenous fertilizers in which the United States is a competitive exporter, will arrive in January 1981. It should all be sold within a few months.

The staff mission doubts that a program in which 75 percent of the benefit is going to other than small farmers is justifiable under "New Directions" which is supposed to focus on the poor majority. Basically, the ESF aid for Kenya is a commodity import program which helps Kenya's foreign exchange. However, under ESF, the purpose of aid is to support special U.S. interests and the "New Directions" mandate, while still to be followed to the extent possible, does not apply as stringently as it does to normal AID bilateral assistance. The staff mission therefore does not challenge use of ESF funds for fertilizer for Kenya.

Fertilizer aid for Kenya has encountered problems before. Difficulties with an earlier fertilizer import program ranged from inadequate monitoring to maldistribution. When questoned about the prospects for similar difficulties with the new program, AID officials noted some important differences which they said should operate to control abuses previously encountered. During the earlier program, fertilizer was distributed through commercial channels, and other donors were importing fertilizer into the system at the same time. The current program includes restrictions on types and lots of fertilizer, and only a single distributor, the Kenya Farmers Association, will be utilized.

Housing Investment Guaranty (HIG) Projects

The United States has provided some $10 million in housing investment guaranties for the construction of some 2,924 expandable core housing units for phase I of the Umoja Estate project in Nairobi. The local borrower involved was the city council of Nairobi. In addition to these lower income housing units covered by the HIG program, the Umoja project includes schools, a market, a health clinic, and 170 market rate housing units financed by the city council itself. Unfortunately, Umoja has stirred up some controversy because of allegations of bribery of the project director in charge of these non-AID funded aspects of the overall project. Publicity surrounding the scandal regrettably did not always clearly distinguish between the AID supported components of the Umoja project and the council-funded components involved in the charges of impropriety. At the time of the staff mission's visit, the trial of the project director for the council-funded part of the project was about to commence.

In September of 1979, a further $25 million in guaranties was approved for phase II of the Umoja Estates project, to complete it ($17 million of the total was actually authorized in fiscal 1979, and the remaining $8 million is programed for the current fiscal year, fiscal 1981). Phase II will provide a total of 3,400 shelter units (including serviced sites, care housing, and rental units), 7 primary schools, 15 nursery schools, 2 health centers, other community facilities and industrial sites for small-scale light industry to provide nearby employment opportunities. A resident technical adviser is being provided to assist the city council in dealing with certain management problems identified during phase I of the project, including noncollection of rents and inadequate maintenance of public areas in the project. Because of the problems associated with phase I, referred to previously, which occurred in the spring of 1980, actual implementation of phase II was deferred until fiscal 1981.

AID has also provided a $5 million guaranty to the National Housing Corporation (NHC) for construction of shelter units for families below the median income on 13 sites in 12 of Kenya's main secondary towns. Unanticipated implementation difficulties have resulted in scaling down the project, scheduled for completion during this fiscal year, to a total of 1,000 housing units at 12 sites in 11 secondary towns. Principal implementation problems involved poor coordination between the NHC and authorities in the various localities, insufficient allowance for cost inflation, and shortage of adequate administrative expertise at the local level. A follow-on $16 million HIG project for housing in other primary and secondary towns began development in fiscal 1980. It will provide sites, services, and upgrading of slums for 11 towns with populations of 5,000–10,000 people.

Two audits on housing investment guaranty projects in Kenya were recently completed by the AID Area Auditor General's Office coincidentally located in Nairobi. The audits essentially concluded that these HIG programs in Kenya did not pay sufficient regard to the details of implementation. The staff mission was informed by AID officials that steps were being taken to address issues raised by these audit reports.

AID Program Strategy and Operations

The AID mission in Kenya has some 38 direct hire personnel, counting both United States and local hire. The staff mission was impressed with the competence of AID personnel whom it met. AID/Kenya's aid strategy has four main objectives: (1) increasing income, employment, and small holder production in Kenya, using labor intensive methods with emphasis on equitable distribution of benefits; (2) reducing the population growth rate; (3) formulating and implementing a rational, environmentally sound policy; and (4) helping the Kenya Government to identify and implement low-cost, sustainable approaches to providing basic human services. In a time of budget constraints on the U.S. foreign assistance program, and even tighter constraints on the investment and recurrent costs financing components of Kenya's development budget, AID/Kenya's strategy is concentrating on funding existing projects to completion as soon as reasonably possible rather than dragging out incremental funding of ongoing projects and emphasizing new project starts. Of course, planning and preparation for new projects is continuing. This basic strategy seems to be generally consistent with the development strategy and priorities of the Kenya Government as well.

AID/Kenya has made use of the 2-year old authority given to mission directors to approve small bilateral projects and operational program grants up to $500,000, and simply notify AID/Washington of the allocation, without going through the time-consuming full formal paperwork sequence usually required for most regular AID projects. AID/Kenya has used this authority on several small projects with apparently good results so far. Mission staff commented favorably on this procedure and the related authority for mission directors to approve projects funding themselves for projects ranging in size from $500,000 to $5 million once AID/Washington has approved the project identification document (PID). They expressed the view that these relatively recent grants of authority to the field have generally served their intended purpose, to give AID greater flexibility and responsiveness to the development needs in aid recipient countries.

On the other hand the procedures for obtaining funds from AID/Washington under the improved rural technologies (IRT) program for small intermediate technology projects (under $50,000) were considered far too cumbersome, restrictive, and slow. After several lengthy and frustrating experiences with AID/Washington over IRT proposals, the mission had virtually abandoned the IRT avenue as being more trouble than it was worth in view of the staff time and paperwork involved.

In a similar vein, the mission was skeptical of the usefulness and/or appropriateness of some AID/Washington's centrally funded projects. In a few cases such projects were funded by AID/Washington over the objection of the mission, although such projects do add to the management and monitoring burdens of the mission staff. The mission also expressed concern based on their perception that some U.S. contractors/institutions engage excessively in a practice of searching for projects in Kenya which they can convince AID/Washington to fund.

Public Law 480

The fiscal 1980 Public Law 480 food assistance program totaled $21,100,000. Of that amount, $16,900,000 represents concessional sales under title I of Public Law 480 and $4,200,000 in grant humanitarian food assistance under title II. The title I program provides 60,800 metric tons of wheat, 20,500 megatons of yellow maize, and 10,000 metric tons of rice to meet Kenya's food deficit, which was made worse by sporadic drought and poor planning reaching up to senior levels.

It appears likely that Kenya will continue to require periodic food assistance over the near future as production of both maize and wheat has declined in the past few years while Kenya's population has been growing at a rapid rate. (For fiscal 1981 $13.8 million in title I aid is programed to provide an estimated 41,000 metric tons of wheat and 12,000 metric tons of vegetable oil.) Kenya has a Food Forecasting Committee headed by the director of the Office of Statistics which is responsible for periodically assessing, during the growing season, the size of the harvests. An interministerial Food Import Committee, chaired by the permanent secretary in the Office of the President, has regular meetings to consider food needs and availability and to recommend food import levels. The Kenya Government still has serious problems in coordinating the various aspects of a comprehensive national food policy, including the collection and analysis of food production data, effective management of food pricing policies, and the management of a reliable food distribution system.

During the staff mission's visit to Kenya a major draft food policy paper was about to be presented to the cabinet for consideration. After discussions with U.S. officials, the Government has also agreed to broaden the mandate of the Food Import Committee to improve coordination on data collection and analysis of food crop production and marketing and consideration of production problems and constraints and other food policy issues. Currency generated from the local sale of title I commodities will be used to support reforms in food policy coordination as well as financing food production programs.

The title II Public Law 480 program in Kenya is handled through a single sponsoring agency, Catholic Relief Services (CRS). Under a country agreement between the Kenya Government and CRS, the Kenya Government permits the duty-free entry of title II commodities, project equipment, and household effects of CRS expatriate staff, as well as granting CRS a sales tax remission. The Government also provides transport and other logistical support for title II activities.

With the title II commodities, CRS operates maternal and child health (MCH), preschool feedings, and food for work (FFW) programs. Approximately 119 MCH sites are in operation which served about 105,000 recipients during fiscal year 1980. During the same period the preschool feeding and FFW programs served approximately 23,000 and 10,000 recipients, respectively. These programs accounted for a total title II food distribution of roughly 9,000 tons during fiscal 1980. Nonfat dry milk (NFDM), bulgur wheat, rice (to FFW workers only) and occasionally fortified blended foods have been distributed through the title II program. However, CRS representatives indicated to the staff mission that the blended foods seemed to be excessively susceptible to infestation problems.

CRS staff noted that food shortages in many areas of Kenya continue to be serious, and in some areas starvation has occurred. The worst food shortage problems have reportedly arisen in the Machacos and Kitui districts. CRS personnel predicted another bad harvest this year. They tentatively expect to distribute about 10,000 megatons of fiscal year 1980 food through the regular title II programs, and perhaps as much as an additional 7,400 megatons for emergency feeding programs.

In addition to food distribution, MCH centers give instruction in nutrition, health, gardening, and homemaking. The staff mission visited an MCH site at which classes were underway. Recipient mothers visit the MCH center at least monthly to receive commodities and have their babies' weight checked. If the check-up shows a weight loss has occurred, the mother is counseled and then brings the child in for weekly monitoring until the situation is corrected.

The FFW program has been in operation slightly less than 2 years. Pilot FFW projects have included small rural gravel roads, local water, reforestation, and land reclamation. Experience so far with the FFW program seems to indicate that it is a potentially useful vehicle to induce participants to try new crops and improved farming techniques. An expansion of FFW operations is expected in the future.

The United States is the primary food donor to the CRS programs in Kenya. Some assistance is provided by the European Economic Community. CRS staff in Kenya consists of 5 Americans (including 2 Peace Corps volunteers) and 32 Kenyan personnel.

Peace Corps

There are approximately 250 Peace Corps volunteers currently serving in Kenya, making the program there the second largest in the world (the Philippines has about 400). Peace Corps volunteers are serving in the areas of fish culture extension, agriculture extension, rural health, music and secondary education, village water systems, village polytechnics, rural women's extension, special education for the handicapped, and cooperatives. An example of volunteer activities in the field would be fish culture volunteers, who assist rural farmers to build small fish ponds and teach them techniques for raising and harvesting fish to provide a much needed increase in the protein content of the family diet. Village polytechnics volunteers, by way of a further example, teach such things as plumbing, carpentry, home economics, and beekeeping at community polytechnic schools.

Generally, the Peace Corps in Kenya conducts two in-country training cycles each year. However, due to budget limitations, the winter volunteer request cycle for fiscal 1981 programs has been canceled.

During fiscal 1981, Peace Corps volunteers are scheduled to begin work in projects in a new area of development, rural house construction. Under this program, volunteers will be teaching improved village level construction technologies to students at crafts training centers. In addition, Peace Corps volunteers will start to assist local officials in secondary towns in rural areas in planning and administering new low-cost housing activities.

At the time of the staff mission's visit there were 237 volunteers in the field plus 55 trainees. In basic human need categories, 15 volunteers were assigned to health work, 10 to nutrition, 44 to food, 13 to water, 15 to economic development and income production, and by far the largest number, 138, to teaching.

The staff mission questioned why such a large number of volunteers was assigned to education, and why all the volunteers currently in training in Kenya as math and science teachers were being trained to teach English as a third subject. One of the criticisms which has been raised about Peace Corps assignments in the past is that too many volunteers have been assigned to education, particularly English teaching. Utilizing volunteers in teaching assignments is seen as an easy way to place large numbers of volunteers who lack technical skills, but without making much impact in the host country; whereas what developing countries need most from the Peace Corps is shirt-sleeve technicians to aid in economic development.[1]

The mission was told by the Peace Corps Director in Nairobi that the Kenya Government places major priority on education, that Kenya needs to train its own technicians for economic development, and that virtually all technical training institutes in Kenya require a secondary

[1] See "The Peace Corps in West Africa, 1975," report of a staff survey team to the Committee on International Relations, Feb. 23, 1976, p. 20f, and "Keeping Kennedy's Promise," by Kevin Lowther and C. Payne Lucas, Westview Press, Boulder, Colo., 1978, p. 81f, for further discussion of this issue.

education for admission; that English, one of Kenya's two national languages, is used for technical and other important written material; and that poor English is the most common cause of student failure at primary and secondary levels.

Considerable weight must be given to the perceived need of the host government. The Kenyan Government has made clear its desire for a substantial number of Peace Corps teaching volunteers. President Moi, during a recent Washington visit, personally called on the Peace Corps Director with a request for more mathematics and science teachers. Foreign Minister Ouko also requested more teachers. The staff mission received a similar view from Kenyan officials in Nairobi. It was impressed also by the willingness of the Kenyan Government to pay for every Peace Corps teacher assigned to a Government school and to provide housing for the volunteers at Government expense.

The staff mission had the opportunity to meet with a number of volunteers in rural areas of Kenya. It was favorably impressed with their dedication and enthusiasm, notwithstanding difficult living conditions and problems in carrying out their job assignments. A visit to a rural community health and water project receiving volunteer assistance showed a high degree of community acceptance of the volunteers and apparent motivation by the villagers to work with the volunteers on water and health projects as a matter of priority.

One of the continuing problems with Peace Corps assignments has been to assure that conditions for job performance actually exist when the volunteer arrives. Kenyan ministries have been known to make requests for volunteers based on what officials in Nairobi perceive to be their needs in gross numbers but without having checked in the field on just where the volunteers are needed and what accommodations are available for them. The result is some volunteers have had to be transferred soon after arrival. Volunteers frequently find that Kenyan ministries are providing inadequate supervision, materials and funds for the work the volunteers are supposed to carry out. For example, teachers must often teach with no reference books for themselves and sometimes with no textbooks for the students. In some instances, the staff mission was told, the volunteers were performing different work for a ministry than originally intended, and that they were getting little assistance from their Kenyan counterparts.

Problems of this nature appear to be characteristic of Kenyan Government operations in relation to its own workers, not just Peace Corps Volunteers. The Peace Corps/Nairobi has been well aware of the difficulties and has instituted tightened procedures for identifying the work to be done and assuring housing, et cetera, before the volunteers are placed. Should Washington Peace Corps planners seek to increase the number of volunteers in Kenya, they must keep in mind the constraints on proper placement of volunteers there and the amount of additional staff work needed to assure such placement and support of volunteers in the field.

A continuing management problem from Peace Corps/Nairobi's standpoint is failure to have a full complement of staff available for the large program in that country. Nineteen positions are authorized including six American professionals, but for the past 2 years the program has been short two professionals. Similar staff deficits in relation to workload and consequent deterioration of Peace Corps operations, was found in a committee study of Peace Corps operations in West Africa. (See "The Peace Corps in West Africa, 1975," cited above, pp. 11–12.) The Director in Nairobi stated that an increase in the number of volunteers without a commensurate increase in staff would be "an irresponsible act." [2]

The staff mission is of the opinion that longer terms of service for Peace Corps staff than presently possible under the present 5-year rule—limiting service to two 2½-year tours—could increase staff productivity in Kenya and elsewhere. A significant amount of time of American personnel assigned abroad is taken up with the process of settling in and getting to know the ropes of the new position in a foreign setting, while further time is consumed at the end of an assignment with the physical details of pulling up stakes and training one's successor. Peace Corps Directors are away from headquarters for substantial periods each year for such reasons as recruiting and consultations in the United States, for field visits, and personal leave. Other staff members also are away for substantial periods. Longer terms of service than the present 30 months could be a means of achieving greater stability and continuity for the central direction and support provided by Peace Corps headquarters in a country.

The 5-year rule may also inhibit the institution of a Peace Corps personnel "system" for career advancement because the time limit reduces opportunities to promote from within the agency's ranks. Most senior officials come from outside the Peace Corps system. The staff mission also noted some pay and classification peculiarities, although it was unclear as to what extent these were due to the impact of the 5-year rule. At Nairobi, the Peace Corps Director was a grade lower than the person who was Deputy Director at the time the Director arrived. The medical officer outranked the Director as did a number of directors elsewhere who were responsible for programs much smaller than that in Kenya. For these and other reasons including those stated on pp. 17–18 (Zaire Peace Corps) above, the mission reaffirms its recommendation that the Peace Corps reexamine the 5-year rule to see whether it should be modified or abolished.[3]

The Director in Nairobi did not agree with the suggestion that the Peace Corps 5-year rule should be changed. She stated:

> While some of the agency's instability can be attributed to this rule, I believe its management problems are more connected with lack of professionalism or competence on the part of those who occupy the positions for 5 years rather than on the period of employment itself.

The Peace Corps in Kenya generally appeared to be favorably regarded by Kenya officials. As mentioned above, President Moi called

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[2] The Peace Corps Director in Washington, Richard F. Celeste, stated that he shared the concern about "the fact that we have been unable to fill all of the authorized American staff positions in Kenya." He said the Peace Corps had made great strides in recent years in improving its processes for timely recruitment for overseas positions. However, he said, the Peace Corps efforts "have been compromised by the uncertainty of Peace Corps appropriations and the imposition of an executive branch hiring freeze which has not, in my view, adequately provided for the unique situation in Peace Corps brought about by the 5-year rule."

[3] The Peace Corps Director in Washington indicated that in his view, the problems cited above could be addressed without changing the 5-year rule. He said some alleviation of the continuity problem had been achieved by extending the tours of American staff for up to 30 months in the same country, in cases in which the employees did not wish to move to other countries, and that adequate stability in country programs is achieved in most cases by the presence of foreign national employees, who are not subject to the 5-year rule. The problems concerning career development and classification and pay for Peace Corps employees can be dealt with under existing authorities, he said.

on the Peace Corps Director while in Washington to request more volunteers. The American Ambassador in Nairobi was enthusiastic about the Peace Corps. He particularly praised Peace Corps/AID cooperative projects in forestry.

The staff mission found a good relationship between Peace Corps and AID in Kenya although the number of AID projects in which volunteers participate is limited. Greater Peace Corps/AID cooperation—AID being the principal funding agency while volunteers provide onsite technical assistance—appears likely with future AID programs. Peace Corps volunteers may be used increasingly in AID-financed water development and livestock projects.

A major problem in matching AID projects and Peace Corps manpower lies with the bureaucratic cumbersomeness of both agencies. As previously reported in Zaire, some volunteers were experiencing extended delays in getting promised support items on some AID projects such as motor bikes. A "Women in Development" (WID) program finally received an AID grant 20 months after the application for funding. By that time the volunteers to implement it were near the end of their tour in Kenya. The staff mission was told that it takes approximately 3 years from the conception of a joint AID/Peace Corps project to the time when a volunteer appears on the scene. During this time the Peace Corps Director, under the normal 2½-year rotation schedule, will have been replaced at least once, as will most other relevant Peace Corps staff.

REDSO/EA

While in Nairobi, the staff took the opportunity to meet with personnel assigned to the Regional Economic Development Services Office/East Africa (REDSO/EA) which is located there. That regional office provides expert technical support to AID missions, on a request basis, to 19 countries in east and southern Africa.

REDSO has been delegated authority by AID/Washington to sign project agreements with countries in which AID maintains no regular personnel. From time to time REDSO monitors programs for those countries, as well. REDSO also has been delegated concurrence authority on approval of projects and implementing authority for such projects in countries in the region covered in which AID's presence is at less than full mission status.

REDSO in Nairobi is responsible and reports directly to the Assistant Administrator of AID for Africa. The AID mission in Kenya does provide certain administrative support to REDSO/EA on a shared cost basis.

In any event, REDSO's continued operations as such may be somewhat in doubt as the Office of Management and Budget has proposed doing away with REDSO as a separate entity and distributing its staff among AID missions in the area.

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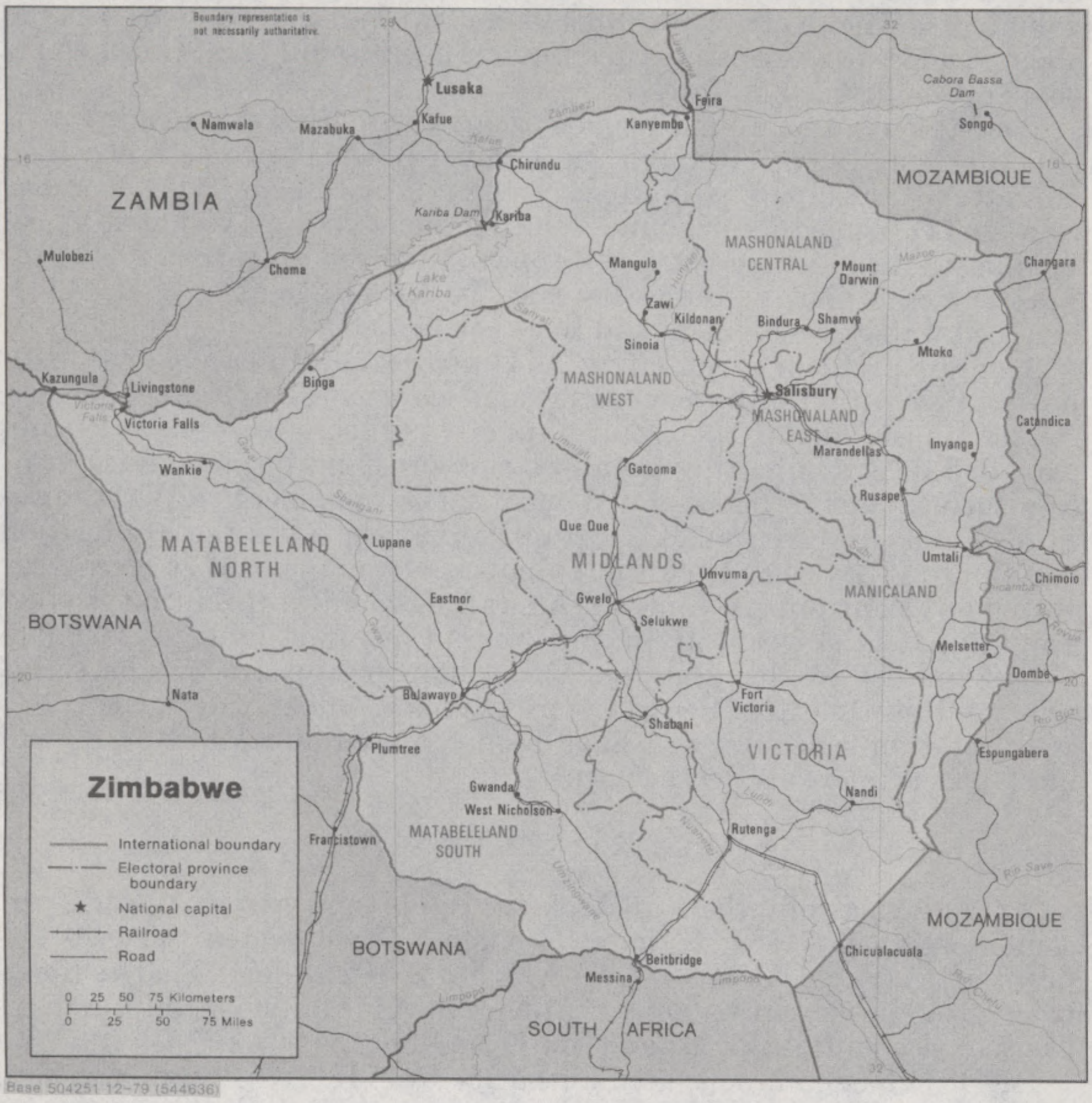

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ZIMBABWE

Summary of Findings and Recommendations

—*Zimbabwe currently is beset by social and economic difficulties stemming from the two-strata society based on racial lines which the country inherited from its colonial past (pp. 44–45).*

—*The great disparity between whites and affluent Africans and the poor majority can be seen in the economy of the tribal trust lands, where live the largest group of Zimbabwe's poor (pp. 45–48).*

—*The war caused serious deterioration of physical infrastructure, a suspension of normal governmental administrative and social activities, a closing of many rural schools, a breakdown in animal disease control measures, and other economic disruptions. Against this background Zimbabwe at independence is faced with extremely difficult development problems (pp. 48–49).*

—*Zimbabwe is important to the United States as a possible source of strategic raw materials and as a stabilizing force in the southern Africa region (pp. 51–52).*

—*Zimbabwe needs external assistance for refugee resettlement and rehabilitation, for short-term reconstruction in the health, education, agriculture, livestock, transport, and communications areas, and for long-term requirements of rural development. The year 1981 will be critical for the Zimbabwe Government in meeting the expectations of its population (pp. 52–53).*

—*U.S. assistance to the new Government after independence was immediate and substantial. The largest amounts have been for a $20 million reconstruction program grant and a $50 million housing guaranty loan (pp. 54–56).*

—*Continued U.S. support will be critical to the Zimbabwe Government's efforts. A withholding of U.S. aid to Zimbabwe would probably cause most other Western donors to act similarly. However, Zimbabwe is unlikely to receive large amounts of external assistance until it reduces the excessive number of armed personnel who are presently stationed in camps in the country (pp. 56–57).*

—*U.S. assistance currently is being extended in the proper manner. It is concentrated in rural areas, within the "New Directions" mandate. However, long-term "New Directions" projects which require extensive project design and planning and acquiring expatriate technical staff are inappropriate for Zimbabwe at this time. The United States must develop a means for demonstrating its long-term commitment to the Zimbabwe Government and its current policies (p. 57).*

Background

Zimbabwe, a landlocked area, is located in south-central Africa. It shares borders with Zambia, Botswana, South Africa, and Mozambique. With an area of 150,820 square miles, Zimbabwe is slightly larger than the State of Montana.

Zimbabwe's last population census was taken in 1969. Based on this data, the country's population was estimated at 6.9 million in 1978. Based on current growth rates, the population of Zimbabwe is expected to reach 15 million by the year 2000. The components of the population are:

	Total population	Percent of total	Growth rate	Average family size	Percent urban
Africans	6,600,000	95.6	3.6	5.5	17
Europeans	[1] 254,000	3.6	1	3.3	85
Asians and coloureds	34,100	.8	1.64	4.6	90

[1] Emigration has reduced the number of Europeans to an estimated 225,000.

Source: Annex A: U.S. Agency for International Development/March 1979 Report to the Congress on Development Needs and Opportunities for Cooperation in Southern Africa.

Shona-speaking people comprise about 77 percent of the African population followed by Ndebele, 17 percent, and other groups 6 percent. The principal political groups in Zimbabwe and the number of seats in the 100-Member Parliament are: The Zimbabwe African National Union (ZANU) headed by the Prime Minister Robert Mugabe, leader of the Shona-speaking people, 57 seats; the Zimbabwe African People's Union (ZAPU) headed by Joshua Nkomo, leader of the Ndebele people, 20 seats; the Rhodesian Front Party (RFP) headed by former Prime Minister Ian Smith, 20 seats; and the United African National Council (UANC) headed by former Prime Minister Bishop Abel Muzorewa, 3 seats.

Zimbabwe, the former British colony of Rhodesia, became an independent nation in April 1980, ending 90 years of white rule. Rhodesia became a colony in 1890 and remained such until 1965 when the Salisbury government, in an attempt to preserve white minority rule, made its Unilateral Declaration of Independence (UDI) from Britain. This UDI started a crisis that led to a 7-year war. The contending forces were the so-called "patriotic front," made up of the ZAPU and ZANU forces, which were opposed by the forces of the former Rhodesian Government. The conflict came to an end in December 1979 when the opposing forces agreed that Rhodesia would return as a colony to British control, elections would be held under British supervision, and Zimbabwe would be established as an independent country. The elections were held in 1980.

Zimbabwe currently is beset by difficulties stemming from its socioeconomic structure inherited from its colonial past prior to its independence in 1980. The evolution of this structure began with the settlement of the Europeans at the turn of the century, and the adoption of a two-strata society drawn along racial lines between black and white. This division limited the access of the great majority of blacks to socioeconomic services, and to positions of responsibility and authority in the modern public and private sectors. The result today is a great disparity in the levels of income and standards of living between the two races.

A perspective of the existing social structure may be gained by examining the organization of the country's labor force and the differing cultural value systems. At the top of the work force "pyramid," the whites direct, control, and dominate the modern sector economic activity in their positions as professionals, business owners, managers, urban employees, and commercial farmers. Comprising a thin middle level of the pyramid is the small minority of Asians and Coloureds. The Asians hold important positions as middlemen in commerce, particularly in the retail trade of the African townships. The Coloureds mainly work in urban-based manufacturing, trade, and service occupations.

At the bottom portion of the pyramid is the African work force. African workers are engaged in low-skilled, low-wage labor in support of the economic activities managed and controlled by those above them. In the modern sector, commercial agriculture and domestic services industries are the principal employers of Africans, followed by manufacturing, construction, and mining. Official estimates indicate that about 35 percent of the African work force is employed in the modern sector, and another 3 percent find work in the quasi-commercial African purchase lands. The majority, however, continue to derive a livelihood from the subsistence sector.

With the exception of commercial agriculture, the degree of urbanization also indirectly reflects the extent to which the various racial groups participate in and benefit from the modern economy. Levels of urbanization are 17 percent, 90 percent, and 85 percent for the Africans, Asians/Coloureds, and Europeans, respectively. With respect to the modern agriculture sector, Europeans comprise less than 1 percent of the nation's farmers, but own 47 percent of the rural land and accounted for 92 percent of total marketed agricultural output in 1976.

The pyramid described is, however, not totally rigid. In recent years, the gradual emergence of a small African elite class has slowly begun to gain access to the non-African upper echelons of society and assume white-collar jobs in transport, communication, banking, insurance, education, and health. Similarly, in the commercial agriculture sector, African farmers now own and farm tracts of land employing modern farming technology.

This trend of limited upward mobility for blacks has been accelerated by the net emigration of whites. Facing increasing shortages of European workers, modern sector industries have had little alternative but to turn to African labor. But the opportunities for pyramid climbing in business and government were limited and highly protected by the whites. In the agricultural sector, barriers also exist for the few Africans wealthy enough to establish commercial farming operations. Many of those not finding opportunities to satisfy their aspirations have sought employment in neighboring countries.

Tribal Trust Lands (TTL's)

The largest group of Zimbabwe's poor are the 4.4 million Africans—64 percent of the total population—living in the 165 Tribal Trust Lands (TTL's). The TTL's contain 41.8 percent of total land within Zimbabwe (by contrast, white-owned commercial farmland totals 38.9

percent of total land). Employing mainly traditional technology and labor intensive methods, these people are principally engaged in subsistence crop production and livestock rearing. Major food crops grown are maize, wheat, and sorghum. The principal cash crops are cotton, groundnuts, and tobacco. Cattle play an important role in the life of these traditional farmers providing draft, manure, and food as well as serving as a store of value. To support these activities, the traditional farmer depends on the land as his/her most valuable resource.

In 1977, about 10 percent of the TTL's was cultivated, 12 percent was unsuitable for agriculture, and 78 percent was devoted to communal grazing.

Reflecting the country's migratory labor system, 62 percent of the TTL's population is comprised of women. These women play a significant role in traditional agriculture as evidenced by the fact that over one-third of the TTL's 675,000 households are headed by women, either alone or with their husbands away most of the time. Thus, women are to a great extent the managers and overseers of traditional agricultural activities in the TTL's.

TTL Economic and Social Data

Income.—In 1975, it was estimated that the average per capita income in the TTL's could be as low as $40. Of this amount, part was cash income earned in the wage sector. It is estimated that 65 to 70 percent of all African households must depend on wage labor earnings to generate the income necessary for subsistence. These average annual TTL incomes compare with modern sector wage earnings of $675 for Africans and $7,300 for Europeans in 1975.

Land.—The most critical problem in the TTL's today is the lack of available land. Because of unequal land distribution between Africans and Europeans and the high African population growth rate, the land reserved for Africans has been subdivided so that most plots are now considered less than the minimum required to support a family. Moreover, in some areas, more than 40 percent of the men between 16 and 20 are landless.

The inequitable distribution of land within the TTL's is another dimension of the land problem. It is estimated that 6 acres of the better quality arable land is required to grow enough food to support a family, while 15 acres is required on the poorer soils. While the majority of cultivators have less than these minimum size plots, a few farmers have larger acreages. For example, in some TTL's it is not uncommon to find a twentyfold difference in plot sizes cultivated. Inequities also exist with respect to the ownership of cattle. Only about 50 percent of the farm families in the TTL's own at least one head of cattle. Thus, one finds both "rich" and poor peasants within the TTL's.

To illustrate the dimension of the land problem, it is estimated that the TTL's can ecologically support about 275,000 cultivators. However, in 1977, 675,000 farmers were living in the TTL's or 2½ times the number the land can safely carry. As the number of excess cultivators has grown, more and more grazing land has been converted to marginal arable land. By 1977, it was estimated that 17 times as much land was being cultivated as is ecologically desirable.

Food.—The land deterioration caused by the overpopulation of people and livestock has had a direct negative impact on agricultural productivity and food crop production. In the mid-1960's, modern sector agriculture supplied an estimated 30 percent of the TTL's food requirement. By the mid-1970's, this proportion had risen to 70 percent; 332 pounds of maize per person, the main food staple, were produced in the TTL's in 1962. By 1977, production had fallen to only 231 pounds per person, 40 percent less than the required minimum. As regards meat production, cattle sales failed to increase above the low 3 percent annual takeoff rate experienced over the same 1962–77 period. The growing intensity of the war led to a more restricted availability of food in the TTL's and malnutrition became a much more acute problem. There are, however, some encouraging signs. The most recent data on maize production indicates that the 1980 harvest will be greater than previous estimates. Expected increases in 1981 while benefiting from cessation of hostilities, will probably be due more to increases in the Government production price for maize.

Agriculture.—Traditional farmers face discrimination in agricultural services, most notably in pricing and marketing policies, marketing facilities, agricultural research and extension, and the availability of credit and farm inputs. All of these services will have to be strengthened and reoriented toward traditional agriculture if the majority of the country's poor are to be lifted out of poverty.

Transport.—The country's transport system is generally well-developed but has been constructed mainly to serve the needs of the modern sectors. For example, in white farming areas, 26 percent of the land is within 10 miles of a railway station. However, only 5 percent of the TTL lands are within 10 miles and 40 percent are more than 50 miles away from a railway link.

The road system in the TTL's is still substantially underdeveloped. Secondary roads are all gravel, in need of maintenance, and are often impassable when it rains.

Energy.—The 1969 census revealed that most white farms were on the national power grid. However, 95 percent of all African households had no electricity supply.

Water.—In 1970, the Secretary of Health commented that "the vast majority of the African population in Tribal Trust Lands obtain their water supplies from completely unprotected surface sources and shallow wells." In 1966, 66 percent of the country's dams holding less than 50 million gallons were located in European areas. A similar distribution pattern existed for boreholes.

Health services.—Health standards and access to services for the white urban population are good. However, this is not true for the rural African in the TTL's. The lack of services can be best illustrated in terms of access to the country's hospitals and physicians. Of 322,000 cases of inpatient hospital care recorded nationwide in 1973, only 75,000, or 23 percent, were treated in rural hospitals. With respect to doctors, the TTL's are considerably understaffed. In some regions, there was only one doctor for approximately 100,000 inhabitants in 1973. The ratio for the country as a whole was one doctor per 7,000 inhabitants. The deteriorating security situation in the TTL's also impacted significantly on the availability of health and other services.

Education.—Prior to independence, Africans in the TTL's (and other areas) had less than half of their children in schools, and less than 10 percent of these children completed their secondary school education. Africans pay a relatively higher cost for what public schooling they do get, and public expenditures have been much lower per student—$40 per African compared to $465 per non-African student in 1976.

Zimbabwe Economy

Compared to most African economies, the Zimbabwean economy is highly industrialized and diversified. Principal components of gross domestic product by sector of origin for 1974 was: Agriculture—16.9 percent; manufacturing—24.5 percent; mining—7 percent; distribution—14 percent; and construction—6.3 percent. The economy is, however, a grossly imbalanced one as evidenced by the large gap in living standards between Africans and Europeans.

The gross domestic product (GDP) of Zimbabwe, in current prices, amounted to $4.1 billion in 1979, or $575 per capita on the basis of the projected population of 7.2 million. During the 1970's, the origin of GDP, in current values, showed significant structural changes. The share of agriculture fell from 18 percent in 1974 to 12 percent in 1979. There was a slow but steady increase in the share of manufactures. Public administration and defense showed a sharp increase from 6 percent in 1974 to 11 percent in 1979.

Exports in current terms have shown an average annual rate of growth of 11.4 percent during the period 1970–79. The current value of imports of goods grew somewhat more slowly at 9.9 percent per annum on the average. Foreign exchange reserves are estimated at about the equivalent of 3 month's imports of goods and services—around $315 million. This, however, takes no account of the arrears arising from withholding debt service payments to certain countries and blocking remittances which, together, could easily amount to $200 million.

Immediately following the Unilateral Declaration of Independence in 1965 by Rhodesia—and the ensuing imposition of international sanctions—the volume of both exports and imports fell. However, by 1974, import and export volumes had both increased to above their 1965 levels. In 1979, the volume of exports was slightly higher than it was in 1965. The real level of imports, which had been broadly maintained until 1975, declined rapidly thereafter as the terms of trade turned sharply against Zimbabwe. In 1979, the volume of imports was only about 60 percent of the volume in 1965. The estimates for 1979 show a relative decline in the share of agricultural exports, probably reflecting the droughts in 1978 and 1979.

An important factor in establishing the future foreign exchange position of Zimbabwe will be to determine the extent to which export prices were lower and import prices higher as a result of the methods used to evade sanctions. Although it is difficult to arrive at any firm estimate of the effects of sanctions on the terms of trade in the period up to 1979, comparisons of import and export prices with international price data suggest that sanctions did not have a particularly severe effect on either the prices received for exports or the prices paid for imports. At the most, experts believe that the post-sanctions gain in export prices is unlikely to exceed 5 percent and, on average, import prices are unlikely to be lower by as much as 5 percent. Although these are only approximate figures, they suggest that the terms of trade of Zimbabwe will not be significantly improved as a result of the lifting of international sanctions.

The recent declines in the gross domestic product appear to be related directly to the decline in the real value of imports and to changes in the composition of imports due to higher oil prices and the requirements of the war. As a result, there has been a shortage of imported intermediate inputs needed by the processing industries, which has shown up as an underutilization of capacity. Indeed, in 1979 the volume of imported intermediate goods other than petroleum was probably only one-half the 1964 level. Broadly speaking, petroleum products now amount to nearly 30 percent of imports.

Total public debt as of June 30, 1979, was just under $2 billion—or about 50 percent of 1 year's GDP. Published data indicate that only about $160 million of this debt is externally owned. However, there is a variance between foreign borrowing indicated in the balance of payments and fiscal accounts and the published figure for external indebtedness. Furthermore, the Government has accumulated international payments arrears as a result of blocked remittances and the delay of servicing of certain externally-owed debt. In total, foreign public indebtedness may be as much as $530 million. If one adds to this public guaranteed externally-owed debt of around $30 million, the estimated total public and publicly-guaranteed debt would be about $560 million.

The Impact of the War and Sanctions

In the period from 1965 to 1975, the economy of Zimbabwe continued to grow and develop in spite of UDI and the application of sanctions. The Government devoted almost all of the available resources to the modern commercial sector. However, international isolation did affect the long-term growth potential of the economy. The reduction in foreign private investment, the loss of access to external financing for the Government investment program, and the effects of sanctions resulted in a severe shortage of foreign exchange. Much of the available investment capital was used for import substitution manufacturing. Tobacco production declined as commercial agriculture shifted to other products. For example, by 1974, the country was virtually self-sufficient in wheat although at very high costs. Between 1965 and 1974, cattle and milk production doubled, maize output increased sixfold, groundnuts fourfold, tea threefold and sugar production doubled. The output of soya beans and cotton increased substantially.

Following 1975, however, the economy went into recession and began to feel the full effects of border closures and the escalating war. The subsidies to commercial agriculture increased. The railroad system began to show greater operating losses. The border closure by Mozambique forced imports and exports to use the longer and more costly southern routes. Because of the shortage of foreign exchange, expenditures on imported equipment were seriously curtailed and more effect had to be devoted to maintaining and repairing wornout and obsolete equipment. As a result, even though most of the available investment was directed toward maintaining the modern commercial sector Zimbabwe inherited at independence, a physical infrastructure with huge backlogs of repair and maintenance and a stock of overaged and worn-out plants and equipment. This is true of both the private and public sectors, particularly transport, communications, manufacturing, and civil engineering. It is clear that significant investments will be needed in basic public infrastructure if the economy of Zimbabwe is to develop.

The effects of the war on the rural population have been devastating. More than 1,000 primary schools were closed in the rural areas as a result of the security situation and many classes were boycotted. The Economic Review of Zimbabwe, 1979, stated that "there now exists almost a complete generation of adults who were children of 6 to 12 years at the time the war commenced who have been deprived of primary or secondary education."

The war also led to the suspension of normal administrative structures, such as district council and community boards, in the rural areas. In 1976, the Government initiated a program of "protected villages" and by 1979, nearly 600,000 people had been moved from their normal homes into these centers. This program reduced production in the former tribal trust lands and disrupted agricultural extension services, public works, and other social services. Education and health services were seriously restricted and to compound the difficulties faced by the rural population, drought in the 1978–79 and 1979–80 seasons affected cereal production.

Particularly serious was the breakdown in animal disease control measures. As the war intensified in the border regions, serious outbreaks of tick-borne diseases and foot-and-mouth disease occurred. Control measures for the tsetse fly deteriorated. It is estimated that over 1 million cattle died in the former tribal trust lands, representing approximately 30 percent of the cattle population in these areas. The impact of these losses extended to other rural agricultural activities, since cattle are the main sources of draft power and constitute an important reserve of wealth used to augment the income of the rural community in times of hardship. Attacks by tsetse fly and foot-and-mouth disease caused high morbidity among the cattle, seriously reducing their productivity. The affected cattle could neither be used for plowing nor offered for sale. The severe long-term effects on rural productivity caused by the breakdown of animal disease control measures will take some time to overcome. There is also a grave danger of the diseases spreading to disease-free zones, and to the neighboring states of Zambia, Botswana, and Mozambique, unless steps are taken to control them.

The purchases by the Cold Storage Commission of cattle from the former tribal trust lands indicate the effects of the war. In 1975–76, 49,168 heads of cattle were purchased by the Cold Storage Commission. In 1976–77, this number has fallen to 29,888. The number declined again in 1977–78 to 20,860, and in 1978–79, only 12,217 head were purchased—about one-quarter of the figures reached 4 years earlier.

Against this background, Zimbabwe, at independence, is faced with extremely difficult development problems. The long period of neglect of the rural areas, which is a legacy of history and policy, would suggest priority for integrated programs of rural development. The problems of the rural areas were compounded by the destructive effects of the war and the diversion of resources to defense and internal security. At the same time, investment in the modern commercial sector has lagged far behind replacement needs and large-scale investments in this sector looking toward the long-run development of the economy have been neglected. These kinds of investments tend to have a long gestation period and unless some effort is directed toward insuring growth and reliability of the basic economic infrastructure in the modern commercial sector, the country could face serious bottlenecks in the next 3 to 4 years, and efforts at rural development will be frustrated.

Even the modern commercial sector in Zimbabwe has pronounced elements of dualism. A rough estimate suggests that non-African incomes in this sector are 10 times average African incomes. In addition, there has been a sharp increase in unemployment in the urban centers and a serious backlog in housing and other social services. With the ending of restrictions on families and dependents joining wage earners in the commercial sector, there is likely to be a major increase in the demands for housing, education, health, and other facilities in the urban centers. As the urban poor face poverty levels comparable to the rural poor in the former tribal trust lands, there will be a need to allocate a significant amount of resources to deal with these urban problems.

U.S. Interests in Zimbabwe

The 1980 elections in Zimbabwe which brought majority rule to that country represented a major gain for democracy in Africa. The United States along with other Western nations had long been active in efforts toward attaining a peaceful settlement of a conflict which involved not only contending forces within Zimbabwe but affected, also, the surrounding countries of South Africa, Mozambique, Zambia, and Botswana.

The present Government of Zimbabwe has, generally, pursued a policy of moderation in domestic and foreign policy. The Government of Zimbabwe has stated its intent to establish a working multiracial system based on socialist principles but recognizing private property and private enterprise. The courts, the police, government departments and the civil service are functioning as before. The staff mission is, however, concerned over the recent Government of Zimbabwe purchase of the country's only major newspaper chain. The purchase from a South African press group is intended to end the group's financial control and presumably, influence over Zimbabwe's major papers and was not unexpected given the Government of Zimbabwe's policy of severing ties other than economic relations with South Africa. While the desire to eliminate South Africa's involvement in the news media is understandable, this action, the first against private enterprise, raises questions of further state takeovers of private enterprises and the extent to which there will be a free press in Zimbabwe. Radio and television services were under state control during the Smith regime and have remained under government control.

In foreign affairs the Government of Zimbabwe has expressed its intent to follow a nonalined policy while looking to the West for assistance in rebuilding its economy. Further, while expressing its opposition to the apartheid policies of the Government of South Africa, the Government of Zimbabwe has stated its intent not to interfere in the affairs of that or any other country.

The ability of the Government of Zimbabwe to pursue its policies of moderation in domestic and foreign policy will probably depend to a great extent on the willingness of the West to provide economic support. U.S. interests would certainly seem to be in assisting a Western-oriented nonalined nation recognized as the second most advanced and industrialized in Africa rather than seeing that nation become an arena for East-West confrontation.

Zimbabwe is important to the United States as a possible source of strategic raw materials and as a stabilizing force in the southern Africa region. Before the imposition of economic sanctions, Zimbabwe was the principal supplier of chrome to the United States. On a much broader scale, however, Zimbabwe is important as a stabilizing influence in the region. The current attempt, if successful, to create a society that meets the needs of the black majority while protecting the interests and rights of the white minority could have an important impact on negotiations toward independence for Namibia and a peaceful resolution to racial problems facing South Africa.

Should the Government of Zimbabwe fail in its efforts to meet the needs of its people under a democratic political system and a mixed economy, it would seem certain that such a course will be resisted in South Africa and possibly Namibia. Further, such failure would almost surely result in outside forces attempting to expand their influence through peaceful or other means within Zimbabwe.

Assistance Needs

At the time of the termination of hostilities and establishment of majority rule the assistance most appropriate for Zimbabwe was determined by the need to resettle some 1.2 million persons who had been displaced by the war and the need to bring increased economic benefits to the black community. These activities were to be carried on while maintaining an economic program designed to insure continued development of the highly industrialized and diversified economy.

The Government of Zimbabwe sought assistance for:

(a) The resettlement and rehabilitation of returning refugees and displaced persons.

(b) Short-term requirements for reconstruction of health and education facilities, agricultural and livestock sectors, transport and communications.

(c) Long-term requirements to meet the needs of the rural sector. The Government of Zimbabwe estimated that approximately 1.2 million Zimbabweans had left the country or had otherwise been displaced as a result of the war.

Working with the United Nations High Commissioner for Refugees, the Government developed a program to provide food assistance, repair health facilities, and provide medical equipment and supplies, repair schools and provide educational materials, repair water supply facilities, roads, and bridges in the areas in which resettlement would take place. In conjunction with these immediate needs the Government of Zimbabwe also sought assistance for what could be termed short-term reconstruction requirements. These efforts would be devoted to repairing damage caused to facilities during the war such as cattle-dipping tanks and ugrading facilities, railroads, et cetera, which have deteriorated due to neglect occasioned by the war.

The principal thrust of these two programs appears to be the quick resettlement of the many displaced persons and helping the economy to develop at a pace which will enable the Government of Zimbabwe to bring to the black community more immediate economic benefits including the means of providing for their own subsistence needs. The fate of the present Government could well turn on how quickly the Government can enhance the economic well-being of the black community.

From its conversations with Zimbabweans in and out of government and with Western observers, the staff mission believes 1981 will be a critical year for Zimbabwe. Black expectations are high. The new Government will be judged by its progress in meeting them.

Because of the threat of continuing violence, the most overriding issue facing the Government is the disposition of some 65,000 soldiers from the three armies who fought in the war. The Government would like to maintain an army of 10,000. However, during the February 1980 election all soldiers were told they could stay in the army if they desired. Due to relatively high pay, most have elected to remain in the army. The Government is making some progress toward integrating the forces into a national army but has had little success in persuading personnel to leave the military and return to civilian life. Obviously, the Government will have to develop a plan to offset the attractiveness of remaining in uniform or begin discharging those not needed for legitimate defense needs. The current large military establishment is a drain on budget resources and poses a continuing threat to stability in the country. Recent clashes between the former guerrilla armies only serve to highlight the need for the Government to address this problem. The recent movement of the armies from the countryside into camps close to the metropolitan areas was made in an attempt to exercise greater control over the forces.

Of equal importance to the Government but of somewhat lesser priority because of the lack of possible physical violence is the need for providing land to the large black population in the rural areas, particularly those in the TTL's.

The Government faces a serious problem in mounting a land reform program to meet expectations of the black population. Estimates are that several million acres will be needed to implement a program. The Government does not presently have the financial resources to purchase the necessary land. Donors, including the United States, have resisted providing direct assistance to be used for land purchases and distribution. The Government is acquiring land under donor supported projects which emphasize the construction of roads, schools, health facilities, cattle dip tanks, et cetera in rural areas and the extension of social services in those areas. AID believes that the Government presently has access to sufficient land to begin a distribution program. A lack of resources, such as land surveyors, necessary for a distribution program prevents the Government from implementing a large-scale program at this time.

Current U.S. Assistance

U.S. assistance to the new Government after independence was immediate and substantial and designed to meet those needs determined by the Government as requiring immediate attention. During fiscal year 1980 $54.8 million was programed for:

Zimbabwe repatriation program ($3 million).—This program was obligated through a cash grant to the U.N. High Commissioner for Refugees (UNHCR) for the UNHCR Zimbabwe repatriation program. The U.S. contribution was part of a multidonor supported UNHCR program totaling approximately $20 million designed to repatriate and resettle Zimbabweans temporarily residing in Botswana, Zambia, and Mozambique. Zimbabwean refugees were taken back to processing camps in Zimbabwe. Funds under the program have been expanded for transporting Zimbabweans back to the country (via air, train, bus), running the processing centers, internal transportation to home areas and for feeding the refugees. The repatriation has been completed and the internal resettlement is expected to be completed by April 1981.

Public Law 480 title II, WFP/Zimbabwe—refugee resettlement ($3.6 million).—Zimbabwe's harvests in 1980 have been inadequate to meet food needs, particularly in view of the influx of refugees. This is because of drought (for the second consecutive year) and the disruption to plantings caused by the warfare during the planting season in 1979. As a result, Zimbabwe has become an importer of food for the first time in 10 years. The U.S. contribution of 15,000 metric tons of yellow maize (valued at $1.8 million plus $1.8 million transport) will be used by the WFP to support a refugee feeding program for refugees who are awaiting resettlement in Zimbabwe. As of the beginning of September, the Zimbabwe's Ministry of Social Services was providing daily rations for 100,000 refugees, with assistance from the world food program.

Rural health services ($2 million).—This project provides $2 million of the $2.6 million estimated by the Zimbabwe Government as the amount necessary to rehabilitate and reopen 159 of the 277 council rural health clinics closed because of the war. The Government will provide the remainder of the financing. The U.S. financing is being used to meet all foreign exchange costs of the project ($175,000) and most of the local currency costs of construction materials, drugs, medical supplies and refurnishings for the clinics. The Government's contribution will provide supervision and transport of commodities as well as covering contingencies and inflation. The Ministry of Health is responsible for project implementation.

Reconstruction program grant ($20 million).—This is a program cash grant of budget support to the Government to help Zimbabwe meet its critical shortage of foreign exchange. The program grant was obligated in two tranches, one for $13 million in July and an additional $7 million on September 15, 1980. As a condition of the cash grant, Zimbabwe will post an equivalent amount of local currency to be used in support of the Government of Zimbabwe's reconstruction/rehabilitation program.

The local currencies provided as a result of the $13 million cash grant were divided as follows: The Office of Development Agriculture (Devag) received $5.5 million to provide partial funding for its distribution of 225,000 summer crop packs for growing maize, sorghum, and millet, 70,000 winter vegetable packs for growing vegetables for consumption until next year's harvest and short-term field training courses with followup by Devag extension staff so the refugees and resettled people will learn to use the crop packs effectively. The Division of District Administration received the remaining local currency of $7.5 million to provide for partial funding for general reconstruction/resettlement activities such as rehabilitating/reconstructing schools, cattle dip tanks, roads, bridges, and boreholes/water supply.

The local currency posted as a condition of the September 15, 1980, tranche will be divided approximately equally among a number of Zimbabwe agencies carrying out activities under the reconstruction/rehabilitation program:

—Purchase of locally produced farm trailers, cement mixers, rollers, and compressors for use in the reconstruction program and for road repair;

—Reconstruction of mission-run schools and rural health clinics;

—Reconstruction of staff housing at schools, rural health clinics, and other extension activities;

—Support for refugee resettlement and feeding programs.

The US$13 million was disbursed to the Zimbabwe Government within 3 days of obligation and the additional $7 million will probably be disbursed as fast as implementation can proceed. The Zimbabwe Government has disbursed the foreign exchange to its agencies within 90 days of obligation; the local currency financed activities are proceeding quickly as the Government is trying to finance and implement its 3-year reconstruction/rehabilitation program in 2 years.

Zimbabwe housing guaranty loan.—This activity was authorized in late fiscal 1980 in the amount of $50 million. One-half of that amount ($25 million) was obligated in fiscal 1980 and one-half will be obligated in fiscal 1981. The proposed loan (10-year grace, 20-year payback at commercial rates for 30-year notes) will permit the Government of Zimbabwe to provide 8,000 new low income family units plus community facilities in Salisbury and 6,000 units in selected secondary cities. A separate but linked component of the loan will be a proposed fiscal 1981 technical assistance project to assist Zimbabwe's Ministry of Local Government and Housing, and other organizations, strengthen institutions and their capability to plan, develop, implement, and evaluate large-scale, comprehensive low-cost shelter.

Other activities ($1.2 million).—$1.2 million was provided for assistance to trade unions engaged in refugee resettlement, upgrading Zimbabwe's science and technology capability, family planning, and a series of small self-help grants to a variety of local organizations throughout Zimbabwe.

The U.S. Export-Import Bank has approved a $33 million dollar credit to a Zimbabwean firm for the purchase of coal mining equipment. This is the first Eximbank credit to support U.S. exports to Zimbabwe.

The United States in its initial response to the Government of Zimbabwe's request for assistance sought to meet the priority needs of the country and have a rapid disbursement of funds. The U.S. AID mission appears to have met its initial objectives. The funds for the most part have been directed toward the rural areas. The housing guaranty program will be used to construct housing facilities on the outskirts of Salisbury and other metropolitan areas. During its visit the staff mission observed a distribution of the vegetable packs described above and visited a clinic which had been restored and stocked with supplies from funds provided by the United States. These activities took place in one of the TTL's. The mission also visited housing projects outside Salisbury.

Future U.S. Assistance

The United States during fiscal year 1981 will provide additional assistance for rehabilitation and restoration work in the rural area. At the time of the staff mission's visit to Zimbabwe the administration was considering a $25–$30 million program using the Economic Support Fund for these activities. The remaining $25 million under the above described housing guaranty program will also be obligated.

Statements by representatives of various Western governments participating in the efforts to end the conflict in Zimbabwe raised expectations among the leaders of the contending forces that large amounts of external aid would be provided should the conflict be brought to a negotiated settlement. A negotiated settlement was achieved but assistance has not been forthcoming on the scale anticipated by local leaders. The United Kingdom and the United States have provided most of the assistance given to date but the Government of Zimbabwe is clearly expecting more.

From the staff mission's observations it would appear that the Government of Zimbabwe has the capability of absorbing, effectively, large amounts of external aid. The civil servants encountered during its visit appeared to be very able and highly motivated, especially considering the significant change the country went through with the shift to a black government. The attitude seemed to be "we know what needs to be done and how to do it—all we need are the resources" that is, external assistance.

One of the more difficult tasks facing the Government of Zimbabwe is how to retain the expertise in a civil service made up primarily of whites while bringing about an "Africanization" of the service. The staff mission received varied comments on the extent to which the exodus of whites would continue (currently some 1,000 a month). Some sources felt it had almost run its course; others believed that the end of the current school term (December 1980) would see an upward trend. Most of the remaining whites have adopted a wait-and-see attitude. There is no doubt, however, that a loss of the expertise contained in the white community could destroy whatever opportunity now exists for the early development of Zimbabwe's potential. Just as certain is the need for Western assistance to demonstrate to Zimbabwe a Western commitment to and support for the present policies of the Government.

The study mission believes continued U.S. support will be critical to the efforts of the Government of Zimbabwe. The United States was long active in efforts that brought the present government into power. Should the United States refrain from helping to support the present government it is unlikely that other Western donors, the United Kingdom excepted, would render substantial support. In this regard, the staff mission believes that commitments or large amounts of outside assistance and private capital will not be forthcoming until the Government of Zimbabwe takes steps to reduce the number of armed military personnel within the country. Although stationed within camps these forces represent a potential destabilizing element within the country.

The staff mission supports the manner in which current U.S. assistance is being used. With the exception of the housing guaranty program, U.S. efforts are concentrated in the rural areas and thus meet congressional mandates that U.S. assistance be targeted on the poor. Given current conditions and demands on the Government of Zimbabwe, the staff mission feels, generally, that long-term "new directions" projects which require extensive project design and planning and acquiring expatriate technical staff are inappropriate for Zimbabwe at this time. The mission's discussions did, however, identify the need for assistance which will enable Zimbabwe to develop programs aimed at providing sufficient numbers of Zimbabweans appropriately trained to plan and implement programs designed to meet development needs within Zimbabwe. The AID mission will have a complement of seven persons, one of whom will be a manpower specialist, to implement U.S. activities.

The staff mission believes that the United States must develop a means for demonstrating its long-term commitment to the Government of Zimbabwe and its current policies. A viable, productive multiracial society retaining the free enterprise system would have a lasting impact on the countries of the region by demonstrating that such a system is best able to meet the needs and aspirations of its people. This in itself would be a marked contrast to the countries surrounding Zimbabwe which have followed policies of greater government direction of economic activities.

Estimated boundaries by courtesy of ORSTOM, Noumea
Estimation des limites due à l'aimable concours de l'ORSTOM, Nouméa

FOREIGN ASSISTANCE PROGRAMS IN THE SOUTH PACIFIC: THE U.S. ROLE

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The U.S. Regional Program

(a) Given the overall level of multilateral and bilateral assistance available to the South Pacific region, the U.S. program of modest assistance ($4.1 million in fiscal year 1980) implemented by private voluntary organizations (PVO's), regional institutions, and the Peace Corps is the proper approach at this time. Utilizing this approach, there is room for a modest expansion of the program over the next 5 years.

(b) Congressional delays in appropriations have created numerous difficulties for the entire U.S. aid effort in the region.

(c) The U.S. AID South Pacific Regional Development Office (SPRDO) should be given greater flexibility in programing authority.

(d) At the present the SPRDO professional staff of two located in Fiji is adequate. However, as the AID-financed programs increase, greater oversight capability will become necessary thus requiring at least one addition to the SPRDO contingent (preferably in Papua New Guinea).

(e) The future of the existing public service communications satellite (ATS–1) serving the entire South Pacific region is uncertain. The United States and other donor nations should now begin to explore possibilities of a replacement or alternative for this vital communications link.

(f) To date, the U.S. AID regional program has not received any significant evaluation either from AID or from independent sources. It is recommended that AID perform a formal evaluation of the program. Such a review should include recommendations for improvements in the current system of evaluation of PVO projects.

(g) The trend toward a modest expansion of the U.S. AID-financed accelerated impact program (AIP) for small-scale development projects at the local level should be encouraged and adequately funded.

(h) AID should consider a regional AID mission for other countries which receive limited amounts of U.S. assistance largely through PVO's.

(i) Given its nearly 20-year history, the Peace Corps at this time can and should be placing greater emphasis on increasing its effectiveness as a development organization.

(j) Peace Corps country codirectors (husband-wife teams) share one salary. While the codirector system is working well in the countries visited, the individuals involved are not adequately paid for the time spent on the job. Therefore it is recommended that consideration be given to paying each team 1½ full-time salary.

(k) One of the Peace Corps most serious problems encountered by the study mission is prompt filling of staff vacancies in the field. In order to avoid long-term staff vacancies in the field, the Peace Corps staff recruitment process should be expedited.

(l) The South Pacific should be treated as a more coherent sub-region within the Peace Corps organization with respect to training, intercountry coordinations and sharing of specialized staff.

INTRODUCTION

The popular image of the South Pacific islands as a paradise of palm trees, blue water, and friendly nationals is to some degree accurate.[1] Compared to most Third World nations, the Pacific islands have bountiful subsistence economies and high literacy rates, suffer only a limited incidence of disease and malnutrition, and possess generally stable and democratic political systems (for example, Fiji was one of the three countries given a clean human rights record by Amnesty International).

However, the island states of the Pacific region also share many of the problems experienced by other less developed countries: a lack of basic infrastructure, high rates of unemployment and underemployment, heavy reliance on imports, the absence of a significant private business sector, dependence on foreign aid and expatriate expertise, and alarmingly high population growth rates.

In addition, the Pacific island nations share among themselves a common set of problems which are unique to the region. Only half of the 20 political entities in the area are fully self-governing or independent, and most of those have gained that status only within the last decade. These entities are comprised of 10,000 islands scattered over 30 million square kilometers. Less than 2 percent of this area is land (550,000 square kilometers, of which Papua New Guinea accounts for 475,000). The total population of the region is 4.8 million, 3 million of whom reside in Papua New Guinea; the remainder are divided among the other 19 entities, ranging from a low of 100 people on Pitcairn Island to a high of 600,000 in Fiji. Fifty percent of the total South Pacific population is under 15.

These factors have created serious problems for economic and social development in the region. Transportation and communication systems, when available, are extremely expensive, and potable water is scarce on many of the coral islands. Resources are generally limited to copra and fishing, and protection of marine resources—particularly fish—is both costly and difficult.

In 1977, AID initiated a modest regional development program for the South Pacific. An AID development office was established in Suva, Fiji to administer assistance programs in seven countries (Fiji, Western Samoa, Tonga, Tuvalu, Kiribati, Solomon Islands, and Papua New Guinea), on a regional, rather than a bilateral basis.

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[1] A generally accepted definition of the South Pacific is that area covered by the South Pacific Commission, a regional body composed of the 20 countries and territories of the area (see map on p. 58). For introductory purposes, it is useful to consider the region as a whole. However, the purpose of the study mission was to examine direct and indirect U.S. aid to the independent countries of the region (here defined as Cook Islands, Fiji, Kiribati, Nauru, Papua New Guinea, Solomon Islands, Tonga, Tuvalu, and Western Samoa). Except for points of general interest, the report is confined to this group of countries. It should be noted that Papua New Guinea is a special case, containing 90 percent of the entire region's land, 65 percent of its population, and a greater variety in topography and ethnic groups than the other island nations.

Development assistance is provided only through regional institutions, private voluntary organizations (PVOs), and the Peace Corps.

There is a strong justification for a modest U.S. assistance program of this type. The South Pacific region covers an area of 30 million square kilometers, which contains some of the last remaining unexploited fishing grounds in the world. With the advent of 200 mile exclusive economic zones much of this area will fall under the jurisdiction of the island nations. In addition, advances in marine technology are leading to exploration of off-shore mineral resources such as manganese nodules, which may have great future significance.

Furthermore, while U.S. military goals of denial and access are currently satisfied, decolonization has reduced the direct influence (though not the burden) of the former colonial powers on whom the United States depends for the protection of its interests. The fact that the United States has the strongest military force in the area, and a permanent military stake in the northern perimeter of the region (Guam and the Trust Territory), has implications for the South Pacific nations, whose defense capabilities are notable mainly for their absence (only Fiji, Tonga, and Papua New Guinea maintain a small military capacity). Although external threats have been few, increased interest in marine resources and a Sino-Soviet rivalry in the region may portend changes in the future.

Finally, the Pacific island nations have political significance in that most are members of the United Nations and are generally supportive of U.S. policies. In a world which appears increasingly hostile toward Americans, there remains a reservoir of good will for the United States in the South Pacific, stemming mainly from World War II. These attitudes should not be allowed to erode through complacency or carelessness.

However, there is at present no need for the United States to become a major donor to the region. First, significant amounts of external assistance are available to the South Pacific nations from former colonial administrators—Great Britain, Australia, and New Zealand—and more recently from the European Economic Community, the United Nations, and the Asian Development Bank. (See table below.)

INTERREGIONAL FLOWS OF OFFICIAL FUNDS, 1977

[In thousands of U.S. dollars]

Recipient	Donor								
	Australia	Canada	France	New Zealand	United Kingdom	United States of America	Asian Development Bank	European Economic Community	UNDP
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
American Samoa						40,516			
Cook Islands	299	1		5,351					77
Fiji	6,199	22		3,246	7,536	116		1,550	664
French Polynesia			139,182						
Gilbert Islands	1,479			149	3,708			NA	86
Guam						7,967			
Nauru	1								
New Caledonia			70,440						
New Hebrides	814		17,989	211	7,608			338	73
Niue	1			2,456					91
Norfolk Island	126								
Papua New Guinea	219,441	1,327		2,193	1,183	971	15,391	NA	NA
Solomon Islands	1,710	4		285	11,850		4,896	NA	243
Tokelau				658					15
Tonga	2,103	26		2,018	434		322	969	246
Trust Territory of the Pacific Islands	23					72,534			116
Tuvalu	359	2		53	1,931			66	21
Wallis and Futuna			4,830						
Western Samoa	3,801	28		2,895	57		4,565	1,448	742
Unallocated	1,342	379	309	2,544	340	389			
Total	237,698	1,789	232,750	22,059	34,647	122,493	25,174	NA	2,374

Sources:

(1) Statistical Summary of Australian Overseas Development Assistance to Developing Countries, ODA Bureau 1977–78; Norfolk Island, Annual Report 1977.

(2) Canadian Government figures, 1977–78; includes government contributions through agencies.

(3) Institut d'Emission d'Outre-Mer [reports on] Iles Wallis et Futuna, Nouvelles-Hebrides, Nouvelle-Caledonie, Polynesie francaise, 1977; SPC Annual Report 1977.

(4) New Zealand Government figures, 1977–78.

(5) United Kingdom Government figures, 1977–78.

(6) U.S. Government figures, 1977. Includes Government contributions through non-Government voluntary and regional agencies. Also American Samoa Annual Report, 1977; Statistical Abstract, Guam, 1977; Report on Trust Territory of the Pacific Islands, 1977.

(7) Asian Development Bank figures. Covers only capital loans issued during 1977; excludes technical assistance.

(8) European Economic Commission for the Pacific. Figures include project aid and Stabex transfers actually disbursed in 1977.

(9) Assistance disbursed under United Nations Development Programme; UNDP figures, 1977.

Second, U.S. interests in the South Pacific region are limited. Likewise, the current economic significance of the islands to the United States is minor for either investment or trade. Strategic considerations consist of denial of the region to hostile military powers and access for the United States, goals which have already been met and are at present untreated. There have been overtures from the Soviet Union and the People's Republic of China, but these are not regarded as serious encroachments.

Finally, a regional approach is sensible given the problems common to the nations of the area, and the prohibitive expense of establishing AID missions in each country to oversee very small amounts of assistance. (From fiscal year 1977 to fiscal year 1979, U.S. aid to the South Pacific region totaled $4.5 million.)

AID's strategy has therefore been to create a highly visible role for the United States as a minor donor. This is accomplished by carefully selected PVO projects which tend to be of a "pilot" or experimental nature with potentially valuable demonstration effects; through contributions to regional institutions' programs which have high impact and broad utilization; and through judicious use of the Peace Corps to implement an accelerated impact program (discussed below). This approach allows U.S. AID to fill in development "gaps" which are not addressed by other external assistance programs. By concentrating on these gaps and following a "New Directions" grassroots approach which is notably absent in the other foreign assistance schemes, AID has avoided any problems with donor duplication.

The Peace Corps is a very important aspect of U.S. assistance to the region. With the exception of Fiji and Papua New Guinea, where the United States maintains small embassies, the Peace Corps program constitutes the only official American presence in the area. Close cooperation with AID has contributed to the implementation of both programs. The most noteworthy example is the AIP, in which AID funds small (up to $10,000), short-term self-help projects of local communities. Volunteers are generally responsible for submitting the community proposal to AID, participating in its implementation, and accounting for the disbursement of funds. Although the program is small ($150,000 in fiscal year 1979, the first year of operation), it has generated enthusiasm and interest from all parties involved.

While the modest development assistance programs in the South Pacific directly financed by the United States are, for the most part, concentrated on the grassroots level, the bulk of the development assistance programs involving infrastructure, industrial development, institution building, and technical assistance is financed bilaterally by Great Britain, Australia, and New Zealand and multilaterally through the United Nations, the European Economic Community, and the Asian Development Bank.

The principal United Nations development activity in the region is conducted under the aegis of the United Nations Development Program (UNDP), which was the primary focus of the study mission's survey of multilateral activity in the countries visited. For the UNDP programing cycle of 1977–81. UNDP has allocated $12 million for regional projects and some $36 million for projects at the country level. The major emphasis of UNDP-funded projects is placed on the agriculture, forestry, and fishing sectors. Other sectors benefiting from UNDP-funded projects include education, economic and social planning, health, industry, labor management and employment, social security, and transport and communications.

The following report includes a review of those development assistance programs and activities directly funded by the United States, and the study mission's conclusions and recommendations with respect to such programs.

The report also serves as a comparison to the United States' domestic aid program to the Trust Territory of the Pacific Islands (TTPI).[2] The study mission notes that although the TTPI and the other South Pacific islands share many of the same problems related to development efforts, even the least developed Pacific islands visited show greater economic progress and vitality than the Micronesian Trust Territory, while receiving considerably lower levels of economic assist-

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[2] See report of previous staff study mission, "Micronesian Political Status Negotiations." August 1979, House Foreign Affairs Committee Print.

ance per capita than does the TTPI. The study mission further notes that similar large infusions of aid by other donors to their former Pacific dependencies have created many problems comparable to those brought on by U.S. assistance to the TTPI, and considers this a strong argument in favor of the "New Directions," grassroots approach to which U.S. foreign assistance is committed.[3]

[3] "New Directions" is a term applied generally to the legislative mandate that AID received in 1973 to give priority to undertakings which directly improve the lives of the poorest people in developing countries and their capacity to participate in the development of their countries.

U.S. AID PROGRAM

The study mission provided an opportunity to examine specific AID projects, and to address more general questions about the style of U.S. aid in the South Pacific. How effective are PVO's in development work in the South Pacific? Do they constitute a "third avenue of development" different from bilateral and multilateral programs, and if so what are their strengths and weaknesses? Can a staff of two professional AID people successfully administer and oversee a regional aid program involving seven countries spread over 3,600 miles? Can such a regional, PVO-centered approach serve as a model for AID programs elsewhere?

U.S. AID TO THE SOUTH PACIFIC REGION

	1977	1978	1979	1980 (estimate)
Operational program grants:				
Papua New Guinea:				
Foundation for the Peoples of the South Pacific (FSP)	$548,240		$60,000	
International human assistance program (IHAP)—Women in Development			234,635	
IHAP—Village development			140,000	$355,527
Summer Institute of Linguistics	568,000		56,760	
Fiji: YMCA	33,184			
Tonga: FSP		$325,000	291,500	208,500
Western Samoa:				
FSP		325,000	100,000	400,000
YMCA			100,000	312,554
Solomon Islands: FSP			228,000	244,402
Tuvalu:				
Save the Children Federation			165,000	300,000
New OPG's				743,000
Other:				
University of the South Pacific—satellite communications project		475,000	230,000	
South Pacific Commission—Skipjack tuna survey			450,000	150,000
University of Hawaii—Alafua College of Agriculture facilities survey	47,000			
Cornell University—Seismic networks project (Fiji)	100,000			
Alafua College of Agriculture				1,000,000
Accelerated impact program			150,000	225,000
Rural water project				200,000
Total	1,296,424	1,125,000	2,205,319	4,138,983

PRIVATE VOLUNTARY ORGANIZATIONS (PVO's)

Since 1977, AID has provided funds for 10 PVO programs in the South Pacific, with a total of some 20 subprojects. The funding mechanism for these programs is the Operational Program Grant (OPG).[1] OPG's enable PVO's to carry out specific projects in individual countries, typically for a 2- or 3-year program which is initiated and developed by the PVO (instead of AID) and is fully compatible with AID's legislative mandate. Normally, 25 percent of the cost of the program must come from non-AID sources. Programing and monitor-

[1] Centrally funded grants to PVO's may also provide indirect support to PVO's operating in the South Pacific.

ing of OPG's in the South Pacific are carried out mainly in the field through delegation of authority to AID/SPRDO.

AID's relationship with the various PVO's operating in the South Pacific varies considerably. AID's financial input to PVO programs ranges from a low of 28 percent (Fiji-YMCA) to a high of 71 percent of total PVO program costs (Papua New Guinea-international human assistance programs). Some OPG's are long standing and carried out by PVO's who have been working in-country for decades, while others have been funded only in the last 6 months to PVO's who have never worked in the area before. Finally, there are two distinct types of PVO's—those who operate as "brokers", only funding subprojects, and those who implement projects through their own organizational workers.

The record of AID-funded PVO programs operating in the South Pacific is a mixture of successes, failures, and uncertain efforts. Having reviewed 9 of the 10 OPG's, the study mission found a number of factors that contributed to the success or failure of PVO projects. While the following list of factors cannot be considered definitive, it does provide a rough guideline for assessing future PVO performance.

SUCCESSFUL PVO PROJECTS

One element which contributes to a successful PVO project is a true "grassroots" approach using an extensive local network. The YMCA rural development program in Fiji, to which AID is a minor donor, has followed this approach by establishing a network of 20 rural development workers who each divide their time between 5 or 6 villages. The rural workers are selected by the communities where they will be working and confirmed by the YMCA Rural Work Committee in Suva after a 3-month trial period. Salaries are commensurate with the villagers' incomes. One-week training programs are held every 3 months in Suva for all rural workers to expand and upgrade their skills, discuss problems and improve project planning. A minimum local contribution from participating villages is assured by requiring club dues of $2 per household per year.

The objectives of the rural work program are to develop commercial agricultural projects, community facilities, social and cultural programs and leadership potential in order to encourage more productive use of the land and to enhance the quality of life in rural areas. The value of the rural worker network in implementing these objectives was apparent in a field trip by the study mission to Ovalau, a small island to the east of Suva. The local rural worker was well-known among the villages visited along the eastern shore of the island, and his advice and views were respected among the village people. In the village of Lovoni, a YMCA club of 20 members discussed the progress of their club's kava-growing project with the worker.[2] The members devote each Wednesday to work on their one-half acre kava patch. When the kava is harvested, the proceeds will be used to build a community center for the village where meetings, training, and women's programs can be conducted. During the meeting, the worker discussed proper budgeting procedures, and explained how to

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[2] Kava is a root crop grown throughout the Pacific. It is processed to make a soporific drink which is used for various rituals and festivals.

apply for funds to purchase a chain saw which the members need. (If YMCA considers the need valid, it may provide a small subsidy to augment members' contributions for the chain saw.)

Another village project visited was a large plot of land where a variety of root crops are being grown to test the possibility of crop diversification, including new crops which have not traditionally been grown in Fiji (such as cocoa). Of the original 24 members in the club, only 8 are now working on the plot, a fact which they attributed to the hard work involved. However, the remaining 8 are diligent and enthusiastic, and felt that the YMCA program was more useful than the government rural development program. The government program, they stated, consisted of well-paid extension agents making periodic visits to advise them on what crops to grow and how best to grow them—but made no suggestions on how to transport their produce to the market.

The YMCA program in Fiji has grown from serving 100 beneficiaries in 1971 to over 10,000, which represents about 6 percent of the entire country's population. Instead of continued expansion, however, they plan to spend the next few years consolidating their gains and improving their program.

Another characteristic of a successful PVO project is one which addresses itself to a specific need. While this may seem self-evident, too often programs are directed toward many different problems simultaneously under the vague rubric of "integrated rural development," without seeking to understand the root causes of development problems. The Hohola Youth Development Association (HYDA) in Papua New Guinea, funded in part by a U.S. AID grant to the Foundation of the Peoples of the South Pacific (FSP), is a local initiative which seeks to provide a solution to a very real problem in Papua New Guinea: the lack of educational facilities for school children.

Only about 10 percent of the graduates of primary schools in the country are able to obtain a place in the few secondary schools available. The rest complete their formal education by the age of 12 or 13. While some may gain entrance at a vocational training school, these schools do not accept students under the age of 15. As a result, tens of thousands of teenagers have only limited education and skills and no opportunity to advance themselves. In the villages, the youth are absorbed into the community, but in the capital city of Port Moresby many turn to the streets.

The HYDA, controlled by a local Board and administered by a group of Catholic Sisters, provides an opportunity for these youth to learn to become productive members of their communities. It does not function as a private secondary school, since there are insufficient jobs for current secondary school graduates. Rather, it provides training in vocational skills, handicrafts, and other cultural activities for 180 youth between the ages of 11 and 15. An academic program limited to continuation of primary school work provides the possibility for serious students of competing in entrance examinations for secondary school. Each student is required to pay a fee of about $60 per year to help defray expenses, although allowances are made for those without sufficient funds. Students of all religious backgrounds are accepted.

With the exception of the limited educational curriculum, all subjects taught are practical and vocational. Girls are taught cooking, sewing, gardening, and handicrafts while boys are trained in carpentry, carving, and silk screen printing. Many of the articles made by the students are sold at the local market, with the proceeds contributed toward the operating costs of the center. Over 300 students have graduated from HYDA since the center opened in 1973. Some have passed on to vocational schools, others have found employment, and most have become productive members of the community, according to the center's director who maintains informal contacts with the graduates.

PVO projects which emphasize local initiative are also likely to be successful. The most outstanding project visited was the Tongan village women's development program, supported by FSP through a U.S. aid grant. Organized by the Tongan Catholic Sisters, the project is directed at upgrading village health, improving kitchens, sanitation facilities and gardens, and assisting in craft production through formation of village women's clubs. Any group of village women who wish to do so may form a club, usually ranging from 6 to 20 members. Each group establishes its own goals, elects officers, and submits monthly reports on its activities. Some 20 full and part-time staff (composed of both Catholic Sisters and village women) visit each club monthly, and hold a formal inspection of the group annually. Since the inception of the program in October 1978, more than 100 clubs have been formed throughout the Kingdom of Tonga.

The core of the program is the small grant fund, which provides each club with a grant of $10 to $20 as "seed" money for village improvements. A club may invest this money for any project mutually agreed on among its members, with the proceeds also divided according to their own rules. The methods of income-generation and goals vary widely, but this flexibility allows each group to determine its own needs and how they may best be fulfilled.

One popular method of investing the money is buying flour and sugar, from which puddings are made by club members and sold for a profit to villagers on their way to work in the morning. Other groups buy bark with which they make tapa cloth, a local handicraft, which may be sold privately or through the Catholic women's cooperative handicraft store. Probably the most lucrative investment is the organization of "kava club nights," where the women buy kava, hire a band and invite the village to the party. (This method is particularly profitable since a person's prestige is measured by the size of his contribution to the traditional Tongan dancers.) One club, through their original investment of $20 in a kava night, eventually raised $2,000 with which they electrified their own homes. Another club, through weekly kava parties, raised $900 from their $20 grant, which they used to obtain a loan to build water catchment tanks for their homes. Many clubs use their profits to buy water seal toilets, or to purchase needed household items such as cooking pots and tableware. One especially well-organized group visited by the study mission on an inspection tour had concentrated on purchasing a different set of household items each month for its members (blankets in January, glasses in February, et cetera). Finally, some groups choose to open a bank account with their money and add to it funds raised from other sources (one club caught and sold jellyfish, and contributed the proceeds to their account).

While the program functions as a basic lesson in capitalism, it also teaches women how to handle financial transactions, speak effectively in front of groups, improve their living conditions, and develop a sense of self-reliance. It also serves as a small but noteworthy contribution to the Tongan economy; the income generated from the total grants of $1,300 in the first year was $7,300, or a return on investment of 571 percent.

Yet another indication of an effective PVO program is the extent to which it monitors, and if necessary, devotes part of its resources to followup activities. An initially successful program may flounder if adequate support and encouragement are not subsequently provided. The Summer Institute of Linguistics (SIL) in Papua New Guinea has established a leadership course in literacy/appropriate technology training whose success is due in large measure to its ability to constantly monitor and provide support to its graduates.

Students are chosen by leaders in their villages to attend the 6-week course at Ukarumpa, the base camp for SIL. The first 2 weeks are devoted to literacy training (a major need in a country with some 750 languages, many of which are only oral), while the remaining weeks are devoted to appropriate technology. Compulsory subjects include nutrition and health, carpentry, tool care, agriculture and animal husbandry, the metric system, and simple economics. A wide range of elective subjects varies from course to course according to need and interest, but may include sewing and machine maintenance, village ovens, fish culture, cement work, soldering and village water supply systems.

The purpose of the course is to demonstrate simple technology techniques which villagers can use to improve their lives. These include constructing a bellows from used tires and wood, making an oven from an oil barrel, printing literacy materials from a simple silkscreen block, etc. Compost making—a concept alien to the people's culture—is taught as an effective means to improve gardening. Instruction in the proper care and raising of ducks, chickens, cows, and pigs demonstrates their potential profitability.

The students return to their villages to communicate their knowledge to their own people, through literary work and projects of their own choice. About 340 students representing more than 30 ethnic groups have participated in the course. Regular reports are received on about 90 percent of the students, indicating that 60–70 percent of them are engaged in village projects as a result of the course. Reports on some 80 students trained during 1978–79 show that 48 have started 70 classes and taught 921 people in vernacular literacy in their villages.

SIL, as a result of its religious work in Bible translation, has over 400 translators working in more than 140 languages in villages throughout Papua New Guinea. Thus SIL translators can act as supervisors for students who have returned to their villages. Most provide regular in-service training, usually once a month, to encourage the students and upgrade their skills. The Director of the Training Center and other SIL personnel also make periodic visits to the students, to evaluate their progress and provide assistance where needed. These followup activities have contributed substantially to the effectiveness of the program.

The above projects share a common characteristic: All require a contribution and active participation on the part of the beneficiaries, in both time and money. Participants who are not able to meet these requirements are either weeded out or excluded from the project. Finally there is followthrough to insure that the benefits from the project will continue to be applied.

UNSUCCESSFUL PVO PROJECTS

There may be many reasons for the failure of a project, whether temporary or complete. Perhaps the most obvious one is the failure to identify a reliable local manager for a project. This is particularly crucial for PVO's who act as "brokers," providing funds for indigenous groups.

Two projects in the South Pacific have failed as a result of embezzlement or improper use of funds. In one case, over $10,000 provided by FSP to the Kuman Yangpela Didiman women's center in Papua New Guinea was commingled with other funds and apparently used to purchase a motor vehicle for personal use, and other items not related to the grant. FSP participation in another project, the Alafamua School for the Blind, in Western Samoa, was suspended due to the school directors' failure to furnish proper financial statements. It should be noted that FSP itself discovered these discrepancies, and has taken appropriate steps. It is also noteworthy that the individuals involved in the misuse of funds all had strong political ties in their countries.

This points out a second reason for failure, which is involvement in projects in which the host country government's development philosophy is incompatible with PVO goals, or lacks commitment to such goals. FSP funding for a handicraft project in Western Samoa has been transferred to another project, due to an apparent lack of interest of the government to enforce quality control in its own handicraft store. Another case in point is the FSP participation in the Mobile Agriculture Store, also in Samoa. While the purpose of the project is admirable—to provide seed, tools and other agriculture necessities to rural farmers through "store trucks"—the implementation procedures are questionable. The store is an independent nonprofit organization whose board of directors is appointed by the Prime Minister, and is chaired by the Minister of Agriculture. The trucks provided by U.S. AID/FSP will be used to transport goods—heavily subsidized by other foreign donors—for sale to rural farmers. A lack of local competition does not serve as an incentive to financial integrity.[3]

Finally, it seems doubtful that a project which was proposed 1½ years ago, requires no local contribution and seems to have no clearly defined goals, will be successful. One component of the FSP program in Solomon Islands is a joint project with the women's interest section of the government to increase women's income by providing sewing machines to women's clubs throughout the islands. The 200 treadle sewing machines are to be provided free to any club which requests them. There appears to be no plan for proper maintenance of the machines, nor for any organized marketing of the garments the women

[3] It should be noted that many organizations have experienced difficulties in development work in Western Samoa. Samoa is the only country in the world from which UNDP has been expelled.

will produce with the machines (materials will be provided through a revolving loan fund). Neither does there seem to be any plan for evaluation of this project.

EXPERIMENTAL/DEMONSTRATION PVO PROJECTS

Some of the PVO projects visited by the study mission do not fit into either a successful or unsuccessful category, but still seem to have potential future value.

One of these is the FSP Fualu Agricultural Training Center in Tonga. The purpose of the pilot project is to develop the center as a model farm which will be self-supporting in 3 years, while training 20 Tongans to develop their own farms. Nine Tongan trainees have been graduated, and each received a grant of a horse, cart, and harness; three are now engaged in farming. In its second year the project was expanded to include construction of a blacksmith's shop to train 13 farm students in implement production and repair, woodworking methods and care of horses, shoeing and harness repair. Two apprentice blacksmiths will also be trained to take over the shop within 2 years.

No evaluation has been provided for in this project, and it does not seem to have a clear sense of direction. Yet the numerous appropriate technology projects being developed by the manager may prove to be significant. A water catchment tank is being constructed for the farm at less than one-eighth the local commercial cost. The manager has also designed a windmill which provides electricity and water for the shop, and a banana cutter which can be made locally for one-tenth the cost of imported cutters. Tongan farmers may or may not adapt these innovations for their own use; however, the project may be considered a worthwhile investment in experimentation.

FSP is also supporting fisheries development projects in Tonga and Solomon Islands which may have limited financial success but have clear experimental value. While the projects differ slightly, both are being carried out in collaboration with government programs, with the help of Peace Corps volunteers, and both seek to provide a solution to a serious problem in the South Pacific: the lack of transportation to bring fish to market. Fresh fish are difficult to buy in most Pacific capital cities and expensive when available, due to the absence of refrigeration facilities for fishermen, and of transportation and marketing systems. Both projects will address these problems by providing icemaking machines, storage facilities, and boats to transport fish from outer island collection points, where some fish will be sold to markets on the main islands.

Neither project appears to have addressed a number of important practical questions, such as eventual ownership of the boats, plans for sufficient maintenance training and responsibility for operating costs, potential users of the project and their relation to the marketing system, operating schedules, etc. (In the case of Tonga, this may be partially attributed to government personnel changes and bureaucratic difficulties.) However, both projects have a potential for significant impact on the lives of fishermen in Tonga and Solomon Islands, as well as on the countries' economies, by demonstrating the possibility for expanded markets and larger profits without substantial capital investment on the part of poor fishermen.

Other AID-Funded Projects

UNIVERSITY OF THE SOUTH PACIFIC—SATELLITE COMMUNICATIONS PROJECTS (USPNET)

For the past 8 years, the University of the South Pacific in Fiji has been involved in a series of experimental communications projects using the ATS–1 satellite launched by NASA, to determine the educational, social, and medical benefits which can be derived from satellite technology. USP operates a two-way radio facility linking 10 locations within the University region through a network of satellite terminals known as USPNET. Through a daily 4-hour program of broadcasting, USP serves the administrative needs of the college, provides tutorials between students and USP faculty, disseminates development-related information to key development personnel in member countries, services the needs of outreach personnel such as extension workers and health paraprofessionals, and conducts community programs. AID has provided $700,000 in funds to upgrade and expand the system, allowing for a range of other educational facilities including various methods of video transfer.

The USPNET is a vital part of USP extension programs, connecting the widely scattered University Centers of the region. Students who are unable to enroll at the USP in Fiji are tutored by satellite, an approach which appears to have been an unqualified success. The system also permits medical and agricultural personnel in the islands to consult experts in Suva on immediate problems. Administratively, USP has been able to "hire by satellite" and coordinate examinations through the network. Community programs range from girl guides in different countries singing songs to each other, to women's leaders from the region gathering via "satellite" to identify successful village self-help projects being carried out by women's organizations in the area.

With the recent demise of the ATS–6 satellite, ATS–1 now constitutes the only public service satellite operating in the Pacific region. However, ATS–1 was launched in 1966 with a 1-year design lifetime. While it is continuing to perform according to design specifications and may do so for the foreseeable future, there is also the possibility that it could fail at any time, eliminating not only the USPNET but also another experimental network (PEACESAT) which shares the ATS–1 as well. The only current alternative system is commercial service through INTELSAT. This approach would make some sense in view of the fact that only 20 percent of INTELSAT's capabilities are currently being utilized. However, only six South Pacific nations have the ground stations necessary for INTELSAT service (which the study mission was informed cost several million dollars each). Apart from the cost factor, it is unclear that INTELSAT could provide the service that USPNET needs. Thus the future of USPNET is uncertain at this time.

Conclusions and Recommendations

(1) PVO's in the South Pacific vary in the effectiveness of their programs, but do constitute a real "third avenue of development" in the region. Compared to most other bilateral and multilateral development programs in the Pacific, PVO's have been more successful in

bringing development benefits to village people. By utilizing PVO's to carry out the U.S. assistance efforts, U.S. AID has avoided the need for expensive personnel and support systems.

The study mission therefore finds that the U.S. regional program of assistance implemented by PVO's and through regional institutions, is the proper approach at this time. Utilizing this approach, there is room for a modest expansion of the program over the next 5 years.

(2) The strength of the PVO's lies in their ability to work on a grassroots level, emphasizing local initiative. However, they are generally weak on clearly identifying the goals of their projects, and on evaluating the impact of their efforts. While PVO's are honest about their mistakes and failures, very few make any attempt to evaluate their projects systematically.

To date, the U.S. AID regional program has not received any significant evaluation either from AID or from independent sources. It is recommended that AID perform a formal evaluation of the program before the fiscal year 1982 budget request. Such a review should include recommendations for improvements in the current system of evaluation of PVO projects.

(3) The U.S. AID/SPRDO has performed admirably in the difficult task of establishing and administering a regional program which covers seven countries scattered across the South Pacific. The SPRDO staff of three direct-hire and one local-hire located in Fiji is adequate to oversee the current program. However, with the addition of two new countries receiving OPG's in fiscal year 1980 (Cook Islands and the Vanuatu) and an increase in AID funds over the next few years, greater oversight capability will become necessary. Given the difficulty and time involved in air travel in the Pacific, it is unreasonable to expect that only two professional AID staff will be able to meet these increased responsibilities.

It is therefore recommended that one additional professional staff position be allotted to the SPRDO contingent within the next 2 years, preferably in Papua New Guinea to oversee that country's programs and those in Solomon Islands.

(4) The ATS–1 satellite is the only public service satellite in the Pacific region, and provides a vital communications link for the area. While ATS–1 has operated successfully for 12 years beyond its expected life-time, it is uncertain how much longer it may continue to do so.

The United States, in conjunction with other donor nations, should now begin to explore the possibilities for a replacement satellite or conversion to existing commercial systems for the users of ATS–1. Any replacement satellite should be targeted to include Micronesia as well as the South Pacific.

(5) The U.S. AID/SPRDO is a testament to the possibility of creative management in providing development assistance funds. There is no apparent reason why such a regional approach could not be implemented elsewhere, given careful planning.

The study mission suggests that AID consider regional AID missions for countries which receive limited amounts of U.S. assistance largely through PVO's.

PEACE CORPS

The study mission's purpose in reviewing Peace Corps programs was twofold: To look at Peace Corps activities in the South Pacific as one aspect of U.S. assistance to that region, and second, to examine selected Peace Corps country programs as case studies of the ways in which the organization is carrying out its mission. The study mission reviewed Peace Corps programs in Fiji, Western Samoa, Tonga, the Solomon Islands, and the Philippines, and discussed the potential for Peace Corps programing in Papua New Guinea with representatives of other volunteer organizations active there.[1]

Although the central focus of the Peace Corps has remained constant throughout the organization's nearly 20-year existence—furthering person-to-person relationships among U.S. volunteers and people in developing countries to increase mutual understanding and provide trained assistance to those countries—the approach the Peace Corps has taken to meet these goals has evolved through the years. The Peace Corps Act was amended in 1978 to emphasize its role in helping the poorest people to provide for their basic human needs and to give particular attention to activities which will improve the status of women. In reviewing and reorienting its programs in terms of these objectives, the Peace Corps is placing greater emphasis on recruitment of technically trained volunteers and on skills training to enable volunteers with general backgrounds to work in more specialized activities. An example of skills training which has proved successful in several countries is training in fisheries development given to volunteers with more general science backgrounds. In the view of the study mission the initiatives the Peace Corps has taken are realistic responses to its expanded mandate. The somewhat critical tone of this report reflects generally a concern that given its experience and potential, the Peace Corps can and should be doing more to become an increasingly effective development organization.

Each of the countries visited is in the process of reorienting its programs to better reflect a basic human needs concern, and in each country a new director had taken over the program approximately 1 year to 18 months previously. The study mission encountered an extensive range of comments favorable to the new directors, a fact which reflects positively on the current Peace Corps staff selection process. Supportive comments on the new program directions were also generally noted, tempered by concern from host governments that the Peace Corps might not continue to make available volunteers to work in education and government bureaucratic functions.

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[1] General references to the Peace Corps throughout this report are to all of the country programs visited; references to the South Pacific exclude the Philippines.

The Peace Corps and Development

A review of the kinds of activities in which the Peace Corps has become involved in the South Pacific and the Philippines indicates a deep involvement with development objectives, particularly with small grassroots programs aimed at increasing participants' control over their own lives. The involvement has been strengthened in recent years as the Agency has sought to fulfill the basic human needs mandate mentioned above. Through closer association with the Agency for International Development and other development assistance organizations, Peace Corps volunteers (PCV's) have gained access to resources to complement their effectiveness, and the aid organizations have increased their impact at the local level through association with Peace Corps. The basic contention of this report is that the Peace Corps needs to accept and support more actively its role as a development institution, recognizing the unique contribution it can offer to development programs.

Acceptance of its development role is a vital first step for the Peace Corps. It is and will remain above all an organization of volunteers, and as such will continue to be distinct from other elements of the U.S. assistance program. In whatever kind of activity volunteers are engaged, they serve as special representatives of American values. Further, as they are exposed in depth to other cultures by participation in their day-to-day routines, Peace Corps volunteers, both personally and in terms of what they bring back to the United States, almost inevitably gain more than they give. As long as volunteers remain the heart of the Peace Corps, its person-to-person orientation will remain basic. On top of this rich foundation, now amply demonstrated in the 20-year history of volunteers and their experiences, an objective of equal importance should be defined as maximizing the contribution of Peace Corps volunteers and programs to development goals of the countries in which they are working.

Quality Versus Quantity

The numbers game—the temptation to judge the success of its programs in relation to the number of volunteers it is fielding at any one time—has plagued the Peace Corps since its inception. This game is dangerous because numbers alone do not signify quality. Many factors must be considered to determine the number of volunteers who can be responsibly placed in any country at one time. The most obvious criterion is the number of program opportunities available which meet the mutual objectives of the country and the Peace Corps. A second limiting consideration is the impact which a given number of volunteers will have on the local society and on each other. Particularly in urban areas, volunteers frequently tend to congregate together and take less advantage of opportunities to become integrated into the local community. A third consideration in determining appropriate numbers of volunteers for a country program is the question of resource availability, as staff and other support are a crucial factor determining the size and quality of volunteers' programs.

Peace Corps staffing procedures—determination of staffing needs, ability to fill vacancies promptly, and kinds of people it is recruiting are key to the organization's ability to field and support volunteers adequately. Development of new programing areas, as has been underway in the South Pacific countries recently, requires substantial inputs of staff time. Defining suitable volunteer activities, coordinating new programs with appropriate government ministries, developing training programs, overseeing volunteers, and evaluating their success in new areas, requires far more staff input than does maintaining volunteers in ongoing programs, such as teaching, in which the Peace Corps has already acquired considerable experience.

The principal staffing problem experienced by the Peace Corps programs visited was the inability of the Agency to fill staff vacancies promptly. In each country visited there were instances of vacancies existing from 6 months to over 1 year, in two cases leaving a U.S. core staff of only the director. (Obviously, things have been worse—the study mission did not encounter any instances of vacancies in country director slots, or of acting country directors appointed only temporarily.) While unavoidable delays in filling vacancies may occur at times, caused by unexpected resignations, illness, or injury, the number of vacancies suggests that other factors, such as using unfilled vacancies as a means of relieving budget pressures, may be at work as well. It is strongly recommended that the Peace Corps review its pattern of staffing vacancies to alleviate this problem in the future.

In addition to a general lack of staff, the study mission noted a lack of development expertise among the Peace Corps staff. In spite of the Peace Corps 5-year limitation on Peace Corps staff (who can be rehired after a period of time equal to his or her previous service), a certain ingrown quality of shared backgrounds and experience exists among Peace Corps staff, many of whom are former volunteers or have returned to another staff position after the required interval. The 5-year rule, however, gives the Agency the opportunity to recruit new staff and to develop greater experience in various aspects of economic and social development. If the Peace Corps is to take seriously its role as a development institution, it should more actively recruit development expertise.

Given this variety of concerns, the study mission believes that the number of volunteers serving in the South Pacific and the Philippines should definitely not increase over the next 1–2 years; in most instances programs could be strengthened by reductions in volunteer numbers. (The exception to this recommendation is the new Peace Corps program in Papua New Guinea, where agreement has been reached to begin a Peace Corps program of 10–15 volunteers in 1980. In this case, the study mission supports the Peace Corps entry but believes attempts to expand the initial program rapidly would be unwise.) In those countries where a heavy concentration of volunteers exists in and around the capital city, as is the case in Tonga and Western Samoa, efforts to develop programs for volunteers outside of the capital areas should continue. If host governments are not amenable to accepting alternative programs, the Peace Corps should be willing to eliminate some positions, beginning with those in urban areas, those whose basic human needs focus is limited, and those where Peace Corps assistance to develop local capabilities is minimal.

In Fiji, a Peace Corps contingent of 170 in a country with a total population of about 550,000 gives that country a high volunteer-to-population ratio. There appears to be little reason to expand the number of placements; again, efforts to reduce the number of volunteers particularly around the capital and other urban areas is also recommended.

In the Philippines where there are over 70,000 Americans living in a country with a total population of roughly 45 million, a few volunteers more or less has little impact on the larger picture. In this country and in Fiji, however, the relatively large Peace Corps presence does demand a substantial staff structure to support the volunteer program adequately. Given present staff levels, any pressures to increase the number of volunteers from either host governments or from within the Peace Corps establishment should be resisted.

The staff mission is pleased to report that it did not detect any overt pressures on the Peace Corps to maintain a certain number of volunteers in any country merely as an indication of U.S. political interest, although given the Peace Corps role as the only official U.S. presence in some of the South Pacific nations, such pressure might be expected. It is hoped that this satisfactory condition will remain.

The Accelerated Impact Program (AIP)

As part of the AID South Pacific assistance program, the Peace Corps implements for AID the accelerated impact program, to fund small self-help projects in communities. In fiscal year 1979, the program's first year, the following projects, totaling $150,000, were funded:

Accelerated impact program grants as of Sept. 30, 1979

Nagonenicolo Corral, Fiji	$3,412.58
Gela Island water system, Solomon Islands	2,315.00
Vava'u Federation warehouse, Tonga	5,200.00
Vava'u vanilla curing shed, Tonga	2,300.00
Holopeka water scheme, Tonga	6,947.61
Fotua water scheme, Tonga	8,883.83
Koulo water scheme, Tonga	9,487.47
South Malaita Village water system, Solomon Islands	9,406.63
Nuilakita copra shed, Tuvalu	8,888.89
St. Joseph's agricultural demonstration project, Western Samoa	2,200.00
Salani water project, Western Samoa	4,000.00
Falealupo preschool project, Western Samoa	521.00
Savaii Fish Aggregation Buoy Department, Western Samoa	10,000.00
Vaipouli College Savaii (vegetable garden), Western Samoa	965.00
Uesiliana Junior High School (poultry demo), Western Samoa	411.00
Natalau Village water system, Fiji	5,585.00
Kolovai Community Center, Tonga	10,000.00
Southern Lau Islands garden rehabilitation, Fiji	6,635.85
Northern Lau Islands garden rehabilitation, Fiji	6,491.94
Lamawai/Kabuna water scheme, Fiji	675.00
Dama Village poultry scheme, Fiji	1,265.00
Waivunia Village Hall, Fiji	5,784.20
Cawaci Apiary, Fiji	8,840.00
Vatuwaqa Self-Support Center, Fiji	9,560.00
Logging training for Fiji landowners, Fiji	9,874.00
Bua Central Jr., secondary bio-gas digester demonstration, Fiji	2,724.00
Viwa Village masi project, Fiji	7,626.00
Total	150,000.00

The response to the AIP program among all participants—Peace Corps volunteers and staff, and host country officials and recipient local communities, was enthusiastic. Based in part on positive reports from the South Pacific and from Thailand and some African countries where Peace Corps volunteers also administer small self-help funds, U.S. AID and the Peace Corps in the Philippines plan to cooperate on a similar AIP program of $50,000 for fiscal year 1980.

The AID South Pacific Regional Development Office and the various Peace Corps country programs are to be congratulated for their success to date in keeping the requirements for these small subgrants of up to $10,000 simple and straightforward. Because Peace Corps volunteers' terms are generally only 2 years and volunteers are unlikely to submit AIP proposals until they are well into their terms, prompt handling of individual AIP proposals is essential if the volunteer submitting the request is to be able to follow through on its implementation. To date, this has been achieved in most cases, with turn-around time from review of proposal to awarding of grant checks averaging under 2 months.

Along with the many strengths of the AIP program, potential abuses of the program also exist. A tendancy to look on PCV's and other outsiders as bearers of gifts is prevalent in the South Pacific, and it is understandably gratifying for a volunteer to be able to fulfill these expectations by facilitating an AIP project in his/her community. It was encouraging, therefore, to hear a volunteer couple in the Solomon Islands refer to the AIP program as a channel of last resort, indicating that they perceived their primary responsibility as helping their community to locate and utilize government services and other resources directly available to them. This attitude should be fostered.

The staff mission believes that there is ample scope in the region to increase the AID AIP grant, as at present many qualified applications are being turned down for lack of funds. The mission does recommend that PCVs be given more extensive background on the AIP program as part of their training, and that smaller subprojects be encouraged. A careful review and evaluation of projects completed to date should be undertaken soon to highlight successful projects and failures and to provide useful guidelines on the allocation of the limited resources.

The South Pacific as a Region

Unlike the AID and UNDP systems, the Peace Corps has developed individual country programs in many of the South Pacific island nations. Given the need for the Peace Corps to be able to respond to specific country needs and priorities, there is no reason for the Peace Corps to abandon its country orientation.

Individual country programs within the region, however, could be strengthened by more emphasis on the South Pacific as a subregion in the support of these countries from Peace Corps/Washington. The organization of training programs, for example, seemingly could benefit from this perspective. Although language requirements are by nature country-specific, in other areas such as agriculture, appropriate technology, and health care, situations and needs among the various countries are similar, and specialized training materials and trainers could be utilized more efficiently to serve the volunteer populations of several countries. Coordinating the timing of training programs among the countries in order to share trainers is an added complication, but one which does not appear to be insurmountable, in view of the added support which could be gained from a more systematic approach to training.

Programing: Basic Human Needs, Education, Women in Development

Attempts to define basic human needs (BHN) programs within the Peace Corps context have been a source of continual tension for the organization over the past several years. A central issue in that controversy is the extent to which Peace Corps teachers are acceptable in basic human needs terms. The Peace Corps reputation was built mainly by volunteer teachers around the world. More than half of all volunteers since the Peace Corps' inception have served as teachers, many host countries look to the Peace Corps to supplement their teaching staffs, and teaching is regarded as one of the easiest areas to program young volunteers with general education. How quickly and to what degree country programs should push to program volunteers in nonteaching slots has not been easy to define either in general or country-specific terms.

In the South Pacific countries visited, Peace Corps programing has historically been dominated by education. Because the school systems are already oriented on a British (Australian-New Zealand) model, a major Peace Corps role has not been to furnish English instructors, that category of teacher which has provoked the greatest controversy as to its basic human needs orientation. However, the Peace Corps has provided large numbers of teachers, initially in primary schools, and now in math and science programs in secondary schools and in teacher training programs, throughout the South Pacific. In part because of growing availability of local teachers and also as part of a conscious effort on the part of Peace Corps to diversify, a smaller proportion of volunteers in most countries are now working as teachers.

The shift away from an education-dominated program in the South Pacific appears to have been handled pragmatically. Recognizing both the value placed on education in these countries and the advantage Peace Corps enjoys in its ability to place relatively well-qualified volunteers as teachers, debate on the issue of whether education meets basic human needs definitions has been muted. With the exception of Western Samoa, where the Government has shown greater reluctance to reduce the number of Peace Corps teachers, mutual agreements between host governments and the Peace Corps have been worked out regarding the pace of transition and on contributions PCV's can make in education-related fields such as teacher training, curriculum development, vocational and adult education.

While a great deal of attention within Peace Corps has focused on its role in education, less attention has been given to what constitutes basic human needs programing in other areas. The study mission found a tendency to label programs as basic human needs oriented for the sake of the label, without giving sufficient attention to the content of the programs. For example, although health is clearly within the basic human needs category, volunteers working in major hospital centers should not necessarily come within this definition. The study mission believes that more guidance from Peace Corps/Washington would be useful to assist country directors in assessing appropriate basic human needs requests for volunteers.

The subject of basic human needs responsiveness is qualitatively different in the South Pacific countries the study mission visited, where nutrition, health and other quality of life indicators are relatively high, than in countries like the Philippines where absolute poverty is much more pervasive. The challenge facing Peace Corps volunteers in South Pacific countries as opposed to those dealing with situations of basic poverty is perhaps in some ways more complex and certainly equally frustrating. The pace of economic and cultural change is rapid, presenting countries and people with the need to make many adjustments. Peace Corps volunteers have to serve as links between traditional and modern societies, in the process helping people to sort out the most valuable aspects of both. The study mission believes the role Peace Corps volunteers can play to facilitate these transitions is as valid as is the need to help other countries and people deal with more basic questions of physical need.

The women-in-development (WID) mandate now in the Peace Corps Act shares both the potential and the problems of the basic human needs mandate. Peace Corps volunteers frequently have a unique vantage from which to work with poor women, to assure that their needs and priorities are recognized and served by development programs. Various volunteer activities in several countries, particularly those which involved couples working in loosely defined community development projects, showed creative sensitivity to the needs of women. In spite of these programs and other indications of a considerably more responsive attitude on Peace Corps to its WID mandate than is found in other development organizations, the agency has not made a concerted effort to help its country directors design and support volunteer activities to further the role of women in development. In addition to provision of resource materials, an already ongoing effort, more expertise among field staff is needed to meet the Peace Corps full potential in carrying out its WID mandate.

Evaluation

During the course of the study mission, two groups of Peace Corps evaluators were encountered, one group reviewing training programs in several countries and another examining PCV's work in nutrition programs in the Philippines. These two kinds of evaluations, region and country-based, are useful tools for determining program effectiveness, and are an important part of good program management. Given the relatively low budget of Peace Corps operations, an extensive evaluation system seems neither practical nor cost-efficient. Better project design, with greater attention to specifying objectives and establishment of benchmarks would facilitate an informal system of evaluation which, while perhaps lacking in scientific precision, could yield substantial information.

In the Philippines and Solomon Islands, individual volunteers were encouraged and assisted in setting priorities and analyzing their accomplishments and failures. This kind of evaluation appeared to be particularly useful because of the structure it provided for volunteer activities. Many volunteer projects related to rural development are relatively unstructured, relying on the initiative of the volunteer to determine where and how he or she can function most usefully; the quality of individual projects are then closely related to the capabilities of individual volunteers. Helping volunteers to establish objectives and to evaluate their progress in reaching them is a useful organizational tool in such settings. As most volunteer programs could benefit from this approach, support from Peace Corps/Washington to build these concepts into training curricula appears warranted.

Other Concerns and Recommendations

COMPENSATION FOR FOREIGN SERVICE NATIONALS

Determination of adequate compensation levels for Foreign Service nationals employed by the U.S. Government is a troublesome subject in most U.S. missions abroad. Special problems are raised for the Peace Corps because it relies on FSN's extensively, frequently in policy positions at levels equal to or overseeing U.S. employees. FSN compensation, determined on a country-by-country basis, is far lower than U.S. salaries, and does not take into consideration the kinds of responsibilities Peace Corps assigns to its staff in comparison to the kinds of responsibilities required of FSN's working for other agencies of the U.S. Government. The study mission urges full cooperation among executive branch actors involved with the Peace Corps sponsored effort now underway to review and rationalize its FSN compensation system.

FISCAL MANAGEMENT SYSTEMS

The fiscal management system provided by the State Department for the Peace Corps offices overseas appears to be inefficient and unsuited to the special conditions in the South Pacific. The system presently requires Peace Corps offices to submit vouchers and payroll requests to the budget and finance office of the U.S. Embassy in Fiji, which certifies the requests and passes them on to the U.S. regional disbursing office (FADPAC) in Bangkok, which then returns checks through the Embassy in Suva to the appropriate Peace Corps offices. This procedure requires extensive reliance on the international mail (in this part of the world generally routed through Australia, causing a 2- to 4-week lapse between Fiji and Bangkok) rather than on telephone and telex communication. In addition, the system mandates multiple handling of individual items, a time-consuming, expensive process, particularly in instances where the dollar value is low. The total cost of handling a $15 plumbing bill, for example, may well exceed $15. Reliance on international mail frequently results in delays in receipt of needed funds. Volunteer allowances have not always been received at the regular time. Peace Corps offices also reported difficulty in paying bills on a timely basis, placing them in embarrassing situations with creditors, and in at least one instance resulting in having telephone service disconnected.

Reliance on telex systems rather than the mail would speed up the process considerably. The system of doublechecking and certification between the Embassy and Peace Corps offices needs to be examined with a view to simplifying procedures in the interests of speed and economy.

PEACE CORPS TERMS OF SERVICE

Since the inception of the Peace Corps in 1961, the standard volunteer term, with only a few isolated exceptions, has been 2 years. Volunteers may extend their service beyond the 2-year commitment if they choose, at the approval of their country director. A certain number of volunteers take advantage of the opportunity to stay on, and several of the extendees noted that they had mentally made commitments of longer than 2 years in order to take better advantage of the language and skills they were acquiring. Directors also recognize that some projects are much more effective if volunteers stay long enough to carry through on activities they initiate; they cannot plan in advance, however, that volunteers in those activities will want to extend.

The 2-year term for PCV's is not sacrosanct. The study mission recommends that some programs be designed for 30 or 36 month terms and that the feasibility of recruiting volunteers willing to make a longer commitment be explored.

CODIRECTORSHIPS

The Peace Corps in 1978 instituted the concept of codirectorships, to enable husband and wife teams to divide the functions of the country director between them, each presumably contributing a 20 hour week. The study mission visited two countries, Solomon Islands and the Philippines, which have codirector teams which appear to be working out very well. The Peace Corps is to be commended for its creative contribution to alleviating the "spouse" employment problem, and for stretching its limited resources by effectively getting "two for the price of one."

Although the concept of two people sharing one job slot is clear, in reality the demands on a Peace Corps director's time (particularly when one or more other slots in a post may be vacant) are so great that when two people share the position, two fulltime jobs are done. The compensation, one salary shared between the partners, does not seem entirely fair. The study mission suggests that consideration be given to an increase in compensation, perhaps to an amount equal to one and a half salaries. Some differentiation between codirectorships and regular directorships, such as assigning codirectors in countries with a volunteer program over a certain size, could be established to create a more equitable system.

SUMMARY

The prescriptive tone of the discussion on the Peace Corps should not be read as a negative judgment of the organization and the kinds of activities volunteers are undertaking. It is rather that the solid basis from which the Peace Corps operates offers a potential for increased effectiveness through a combination of small increases in resources and more efficient use of currently available inputs. Peace Corps volunteers have the opportunity to make a significant contribution to development efforts. The Peace Corps must be flexible and creative in helping volunteers to meet this challenge.

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