

**AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT**



# **ANNUAL BUDGET SUBMISSION**

**FY 83**

**SUDAN**

BEST AVAILABLE

**JUNE 1981**

**UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
WASHINGTON, D.C. 20523**

USAID/SUDAN  
FY 1983 ANNUAL BUDGET SUBMISSION

TABLE OF CONTENTS

	<u>Page</u>
1. Table I - Long Range Plan and Narrative	1
2. Table III - Project Obligations By Appropriation Account: FY 1981 - 1983	3
3. Table IV - Project Budget Data	4
4. New Project Narratives	
(i) So. Region Ag. Development, 650-0046	6
(ii) Ag. Production/Marketing, 650-0054	7
(iii) Commodity Import Program IV, 650-K-604	8
5. Table V - Proposed Program Ranking	9
6. Proposed Program Ranking Narrative	11
7. Workforce and Operating Expenses	
A. Table VIII - Operating Expense Summary	13
B. Table IX - Overseas Workforce Requirements Schedule	15
C. Mechanized Accounting Machine	18
8. P.L. 480	
A. PL 480 Title I/III Narrative	19
B. Table XI - PL 480 Title I/III Requirements	21
C. Table XII - PL 480 Title I/III Supply and Distribution.	22
D. Table XIII - PL 480 Title II Statistical Tables, FYs 1983-84 - 85	23
E. PL 480 Title II Narrative	26

FY 1983 ANNUAL BUDGET SUBMISSION

TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$ Thousands)

Country/Office 650-Sudan

DEVELOPMENT ASSISTANCE	FY 1981 EST	FY 1982 EST	FY 1983 REQUEST			PLANNING PERIOD				
			MIN	CURR	AAPL	1984	1985	1986	1987	
Agriculture, Rural Dev. & Nutrition										
Grants	18,106	22,000	18,612	-0-	23,612	27,500	30,000	34,500	38,000	
Loans	-	-	-	-	-	-	-	-	-	
Population										
Grants	1,881	-0-	-0-	-0-	-0-	1,000	1,250	1,250	1,500	
Loans	-	-	-	-	-	-	-	-	-	
Health										
Grants	3,500	3,000	3,800	-0-	3,800	2,800	3,250	3,250	3,500	
Loans	-	-	-	-	-	-	-	-	-	
Education										
Grants	-0-	-0-	-0-	-0-	-0-	1,000	2,000	2,500	3,000	
Loans	-	-	-	-	-	-	-	-	-	
Selected Dev. Activities										
Grants	-0-	2,000	2,588	-0-	2,588	2,700	3,500	3,500	4,000	
Loans	-	-	-	-	-	-	-	-	-	
<b>SUBTOTAL FUNCTIONAL ACCOUNTS</b>										
Grants	23,487	27,000	25,000	-0-	30,000	35,000	40,000	45,000	50,000	
Loans	-	-	-	-	-	-	-	-	-	
<u>Economic Support Fund</u>										
Grants	50,000	50,000	50,000	-0-	55,000	60,000	60,000	60,000	60,000	
Loans	-	-	-	-	-	-	-	-	-	
<b>TOTAL DA AND ESF (non-add)</b>	<b>73,487</b>	<b>77,000</b>	<b>75,000</b>	<b>-0-</b>	<b>85,000</b>	<b>95,000</b>	<b>100,000</b>	<b>105,000</b>	<b>110,000</b>	
<b>PL 480 (non-add)</b>										
Title I (of which Title III)	25,000 (20,000)	30,000 (20,000)	30,000 (20,000)	-	30,000 (20,000)	35,000 (20,000)	40,000 (20,000)	40,000 (20,000)	40,000 (20,000)	
Title II	7,033	3,251	3,251	-	4,000	4,600	5,000	5,000	5,000	
<b>TOTAL PERSONNEL</b>										
USDH	16	26	26	-	26	26	26	26	26	
FNDH	19.9	32	32	-	32	32	32	32	32	
USDH/PT	2	2	2	-	2	2	2	2	2	
FNDH/PT	1	1	1	-	1	1	1	1	1	

TABLE I - NARRATIVE

The main thrusts of the U.S. assistance strategy in the Sudan, as set forth in the FY 1983 CDSS, involve (1) financing commodity imports and budgetary support to help the Sudan survive its current financial crisis; and (2) providing development assistance to help bring about the structural adjustments and increased production in the agricultural sector that are essential to restoring viability to the economy and to creating a basis for sustained growth. To enhance and broaden the impact of the U.S. assistance program, support is also being given to GOS efforts aimed at expanding the private sector's role in agricultural and industrial development; improving the government's policy-making and administrative capabilities; and strengthening the capacity of local communities to provide their constituencies with family planning, health, education, water supply, and renewable energy services.

For A.I.D. this strategy implies a continued high ratio of program to project assistance for the program planning period FY 1983 - 1987; the allocation of a large proportion of development assistance to agricultural and rural development activities; and continued modest levels of support for community-based population, health, education and renewable energy activities. Table I reflects the relative emphasis given these areas of concern.

As indicated at the bottom of Table I, the number of direct hire personnel needed to implement the A.I.D. assistance program includes 26 U.S., 32 foreign nationals and 3 part-time employees. These figures represent modest increases over current and AAPL levels. The rationale for these higher personnel levels is presented in the narrative accompanying Table V.

Inasmuch as the bulk of A.I.D. assistance for the past two years has been quick-disbursing and the build-up of development assistance activities over the past 3-4 years has been gradual, the Mission is not presently experiencing serious pipeline problems. Contracting problems have delayed the Rural Development Planning project (650-0012), but these are expected to be resolved shortly and implementation of the project is expected to begin in the last quarter of FY 1981. Fully funding the \$25.0 million Southern Rural Infrastructure II Project, (650-0043) in FY 1982, as had been suggested by AID/W, would have caused a mortgaging problem, in that it would have precluded the start-up of the Renewable Energy Project (650-0041) and incremental funding of the Agricultural Planning and Statistics Project (650-0030) in FY 1982. This was forestalled by shifting a discrete \$5.0 million increment of the SRIP II (maintenance and spare parts) to FY 1983.

TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT  
 FY 1981 to FY 1983  
 (\$ thousands)

Country/Office 650-Sudan

APPROPRIATION ACCOUNT	FY 1981	FY 1982	FISCAL YEAR 1983		
			MINIMUM	CURRENT	AAPL
<u>Agriculture, Rural Dev. &amp; Nutrition</u>					
650-0018 Blue Nile Ag. Dev.	2,993	-	2,505	-	2,505
650-0020 Agricultural Research	10,568	-	2,840	-	2,840
650-0021 So. Manpower Dev.	2,940	-	-	-	-
650-0025 Abyei, IRD	105	-	-	-	-
650-0043 So. Rural Infrastr. II	-	20,000	5,000	-	5,000
650-0046 So. Agr. Dev.	-	-	4,367	-	6,867
650-0047 Ag. Planning/Stats.	1,500	2,000	1,400	-	1,400
650-0054 Agr. Production/Marketing	-	-	2,500	-	5,000
Sub-Total	18,106	22,000	18,612	-	23,612
<u>Population</u>					
650-0030 Rural Health Support	1,881	-	-	-	-
<u>Health</u>					
650-0011 No. Primary Health Care	-	300	-	-	-
650-0019 So. Primary Health Care	500	-	-	-	-
650-0030 Rural Health Support	3,000	2,700	3,800	-	3,800
<u>Selected Development Activities</u>					
650-0041 Renewable Energy	-	2,000	2,588	-	2,588
TOTAL ALL DA APPROPRIATION ACTS.	23,487	27,000	25,000	-	30,000
<u>Economic Support Fund (G)</u>	50,000	50,000	50,000	-	55,000
TOTAL DA AND ESF	73,487	77,000	75,000	-	85,000

FY 1983 ANNUAL BUDGET SUBMISSION

TABLE IV PROJECT BUDGET DATA

		Country/Office 650-Sudan															
PROJECT NUMBER	PROJECT TITLE	OBLIGATION DATE		LIFE OF PROJECT COST (MILLIONS)	CUM PIPELINE AS OF 9/30/80	FY 1981		FY 1982		FY OBLIGATIONS		ITEM #					
		INITIAL	FINAL			OBL	EXP	OBL	EXP	1983 AAAPL	1984		1985	1986	1987	FUTURE YEAR	
	<u>ARDN</u>																
650-0012	Rural Development Planning	G	FY 79	2.0	2,000	-	250	-	1,000	-	-	-	-	-	-	867	
650-0018	Blue Nile Integrated Agr. Dev.	G	FY 78	12.0	5,933	2,993	3,000	-	3,000	2,505	-	-	-	-	-	866	
650-0020	W. Agricultural Research	G	FY 83*	26.0	10,030	10,568	5,920	-	5,475	2,840	-	-	-	-	-	865	
650-0021	So. Manpower Development	G	FY 81	5.9	684	2,940	3,169	-	455	-	-	-	-	-	-	864	
650-0025	Abyei Integrated Rural Dev.	G	FY 81	1.3	248	105	353	-	-	-	-	-	-	-	-	640	
650-0026	Wadi Halfa Com. Dev. (OPG)	G	FY 80	5	203	-	203	-	-	-	-	-	-	-	-	641	
650-0031	So. Rural Infrastructure, I	G	FY 80	2.7	2,728	-	500	-	2,228	-	-	-	-	-	-	863	
650-0035	Yambio Agr. Research (OPG)	G	FY 79	1.1	1,066	-	641	-	425	-	-	-	-	-	-	565	
650-0043	So. Rural Infrastructure, II	G	FY 82	25.0	-	-	-	20,000	-	5,000	-	-	-	-	-	446	
650-0046	So. Agr. Development	G	FY 83	10.0	-	1,500	-	-	-	6,867	3,133	-	-	-	-	386	
650-0047	Ag. Plan/Statistics	G	FY 83	4.9	-	-	-	2,000	1,400	-	-	-	-	-	-	-	
650-0054	Ag. Production/Marketing	G	FY 83	9.0	-	-	-	-	-	5,000	4,000	-	-	-	-	-	
	<u>ARDN TOTAL</u>																
	Grant			51.5	22,892	18,106	14,036	22,000	13,983	23,612	7,133	-	-	-	-	-	
	Loan			51.5	22,892	18,106	14,036	22,000	13,983	23,612	7,133	-	-	-	-	-	
	<u>POP</u>																
650-0030	Rural Health Support	G	FY 81*	1.9	-	1,881	-	-	560	-	-	-	-	-	-	387	
	<u>POP TOTAL</u>																
	Grant			1.9	-	1,881	-	-	560	-	-	-	-	-	-	-	
	Loan			1.9	-	1,881	-	-	560	-	-	-	-	-	-	-	
	<u>HEALTH</u>																
650-0011	No. Primary Health Care	G	FY 82	5.8	4,910	-	2,000	300	726	-	-	-	-	-	-	819	
650-0019	So. Primary Health Care (OPG)	G	FY 81	3.7	2,228	500	873	-	873	-	-	-	-	-	-	818	
650-0030	Rural Health Support	G	FY 80	16.2	3,000	3,000	-	2,700	3,000	3,800	3,682	-	-	-	-	817	
	<u>HEALTH TOTAL</u>																
	Grant			25.7	10,138	3,500	2,873	3,000	4,599	3,800	3,682	-	-	-	-	-	
	Loan			25.7	10,138	3,500	2,873	3,000	4,599	3,800	3,682	-	-	-	-	-	



NEW PROJECT NARRATIVE-

SOUTHERN REGION AGRICULTURAL DEVELOPMENT (PROJECT NO.650-0046)

Purpose

To increase the productivity and income of traditional farmers and pastoralists in the Southern Sudan and thereby increase their contribution to the agricultural production of the region and the nation by strengthening the region's agricultural research, extension and marketing systems.

Background

The Southern Region of the Sudan is known to have considerable agricultural production potential. This potential is not being realized, however, in part because the Region does not have adequate agricultural research facilities; it lacks the trained staff and extension network needed to develop and spread improved farming techniques among traditional farmers; and it suffers marketing deficiencies due to price distortions, poor market information and the lack of on-farm storage capacity.

A.I.D. is presently supporting the development of the Yambio Agriculture Research Station (650-0035) and is helping to train extension workers under the Southern Manpower Development Project (650-0021). Proposed follow-on activities for these two ongoing projects would be incorporated within the framework of the Southern Region Agriculture Development Project.

A.I.D. is also currently providing assistance to the Southern Access Road Project and the Southern Rural Infrastructure Project. A team of A.I.D.-sponsored agricultural consultants will visit the Southern Region in late FY 1981 or early FY 1982 to develop a PID for the proposed SRAD Project. A key part of the PID-development process will involve outlining the relationships between the SRAD Project and other assistance activities in the Southern Region, including both those of A.I.D. as well as those of other donors.

Project Description

The Project will include three components relating to (1) the region's research needs, (2) the establishment of a viable agricultural extension network and (3) strengthening the region's on-farm storage, marketing and market-information systems. The project will be developed in close collaboration with the Southern Region's Ministry of Agriculture.

Proposed Funding

The total LOP FX cost of the project is estimated at \$10.0 million, to be provided under the ARDN appropriation category. Approximately \$6.9 million of this amount would be obligated in FY 1983 (at the AAPL level) and the balance in FY 1984.

NEW PROJECT NARRATIVE-

AGRICULTURAL PRODUCTION AND MARKETING (PROJECT NO.650-0054)

Purpose

To increase the production and marketing of agricultural products from the Sudan's traditional rainfed farming areas by developing more extensive farmer support systems in these areas.

BACKGROUND

In the early 1960's, A.I.D. assisted the expansion of the Sudan's agricultural extension service. The success of that effort has since largely been lost through the lack of adequate recurrent financing and loss of trained personnel, with a resulting service that falls far short of national, regional and local requirements. The consequences of this deterioration in service have been particularly severe for the traditional farmers located in the country's rainfed farming areas. Coupled with an under-developed transport system and inadequate credit, storage and marketing facilities, the result has been lagging production and, in some cases, declining agricultural productivity.

Agricultural production and marketing in the Sudan's traditional rainfed areas could be increased significantly if the farmer support systems in these areas were strengthened and extended. A.I.D. is presently helping to expand the region's research capabilities through the ongoing Western Sudan Agricultural Research Project (650-0020). The proposed Agricultural Planning and Statistics Project (650-0047) would contribute improved policy and planning services. The Agricultural Production and Marketing Project (650-0054) would serve as the operative link in channelling research and market information and improved production methods to the traditional rainfed areas; the project would also help to strengthen the region's existing farm input, credit and marketing systems. To the extent that lack of transportation and storage infrastructure were identified as critical production and marketing constraints, the project might be expanded to include the financing thereof.

PROJECT DESCRIPTION

A team of A.I.D.-sponsored agricultural consultants will visit the Sudan in late FY 1981 or early FY 1982 to develop a PID for the proposed project. Tentatively, it is expected that the project will have three main components, dealing with: (1) the development of farmer cooperative organizations; (2) the establishment of a viable extension and market information service and (3) the expansion of existing credit and marketing facilities.

Development of the PID and the project itself will be coordinated closely with the Ministry of Agriculture. Other donor agencies will be consulted as appropriate to ensure coordination with their ongoing and proposed activities in this area of concern.

PROJECT FUNDING

The total LOP FX cost of the project is estimated at \$9.0 million. Of this amount, approximately \$5.0 million would be obligated in FY 1983 (at the AAPL level) and the balance of \$4.0 million in FY 1984.

NEW PROJECT NARRATIVE -

COMMODITY IMPORT PROGRAM (C.I.P), IV

(PROJECT NO. 650-K-604)

PURPOSE: To provide short-term balance of payments support by financing essential imports, including raw materials, capital equipment and spare parts, which will contribute to increased export earnings and to the maintenance and expansion of the Sudan's productive capacity, and which will help to meet other critical domestic needs.

BACKGROUND: The Sudan has been experiencing sizeable trade and current account deficits since the mid-1970's. While rapid increases in oil import prices have been the main contributing factor, lagging domestic production and declining exports have also been key determinants. In 1980/81, the Sudan recorded a trade deficit of \$1,024 million and a current account deficit of \$836 million. Deficits of this order to magnitude are expected to continue through the mid-1980's.

As a consequence of the recurring balance of payments deficits and resultant foreign debt burden, the Sudan's ability to finance essential imports from its own foreign exchange resources has been radically diminished. This, in turn, has reduced the country's productive capacity. Current estimates place idle capacity at around 70 per cent.

The GOS has been assisted by the IMF in carrying out a medium-term stabilization program which is designed to restore viability to the economy. Needed policy reforms and structural adjustments are key elements of the stabilization program. Continued commodity import assistance from the U.S. and other donors is also a key element of the recovery effort. While the Sudan continues to run large foreign deficits, there are some indications (e.g., increased non-cotton exports) that the program is beginning to take effect.

PROJECT DESCRIPTION: The \$55 million to be provided under this grant will be used to finance the following commodities:

- (1) Agricultural machinery and equipment and spare parts;
- (2) Industrial machinery and equipment and spare parts;
- (3) Industrial raw materials, such as tallow and tinplate, chemicals;
- (4) Telecommunications and transport equipment.

At least 75 per cent of the commodities imported will be allocated to private sector uses. The counterpart generated from the sale of the imported commodities will be used for high priority GOS budget items including the local currency cost of GOS development projects aimed at rehabilitating and expanding the Sudan's productive and transport facilities.

FY 1983 ANNUAL BUDGET SUBMISSION

TABLE V - FY 1983 PROPOSED PROGRAM RANKING		Country/Office 650-Sudan													
RANK	DECISION PACKAGES/PROGRAM ACTIVITY DESCRIPTION	PENDING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)		WORKFORCE (Number of Workmonths)								
					INCR	CUM	INCR	CUM	INCR	CUM	INCR	CUM			
	<u>DECISION PACKAGE MINIMUM</u>														
	<u>Pipeline Projects</u>														2/
	<u>New and Continuing Projects</u>														
1	650-K-604 Commodity Import Program IV	N	G	ESF	50,000	(66,774)	276	276	276	348	348	348	348		
2	PL 480 Titles I/III				(25,000)		-	276	276	-	-	348	348		
3	650-0047 Agr. Plan/Statistics	O	G	FN	1,400		-	276	276	-	-	348	348		
4	650-0043 So. Rural Infrastructure	O	G	FN	5,000		-	276	276	-	-	348	348		
5	PL 480 Title II				(3,251)										
6	650-0020 W. Agr. Research	O	G	FN	2,840				276						348
7	650-0046 So. Agr. Development	N	G	FN	4,367			12	288						360
8	650-0030 Rural Health Support	O	G	HE	3,800				288						360
9	650-0041 Renewable Energy	O	G	SD	2,588				288						360
10	650-0018 Blue Nile IAD	O	G	FN	2,505				288						360
11	650-0054 Agr. Production/Marketing	N	G	FN	2,500			12	300						372
12	(PL 480 Title III L/C projects; 3 \$ funded projects and 1 GOS project with \$ value of 5.0 M).				(5,000)				75,000						
13	Basic Workforce								75,000	24	24	300	300	24	372
14	Program Office Workforce Increment									36	36	336	336	24	396
	Total Minimum Package and Related Workforce				75,000			336						396	

FY 1983 ANNUAL BUDGET SUBMISSION

TABLE V - FY 1983 PROPOSED PROGRAM RANKING		Country/Office 650-Sudan									
RANK	DECISION PACKAGES/PROGRAM ACTIVITY DESCRIPTION	DISC./COLL./REV	LOAN/ GRANT	APPROX. ACCT.	PROGRAM FUNDING (\$000)		WORKFORCE (Number of Workmonths)				
					INCR	CUM	INCR	CUM	INCR	CUM	
15	<b>DECISION PACKAGE AAPL</b> 50-K-604 Commodity Import Program, IV PL 480 Title I PL 486 Title II - WFP Refugee Programs <sup>1/</sup> 650-0057 So. Agr. Development 650-0054 Agricul. Production/Marketing  Total AAPL Package & Related Workforce	N	G	ESP	5,000	80,000	-	336	-	396	
16					(5,000)	80,000					
17					( 749)						
18			N	G	FN	2,500	82,500	-	336	-	396
19			N	G	FN	2,500	85,000	-	336	-	396
					10,000		-		-		

<sup>1/</sup> Total program is \$4.0 million of which \$3.251 is included in the minimum package; the balance is included in the AAPL level. CRS program of \$2.9 million is included in the minimum level.

<sup>2/</sup> Personnel Planning Level is 590.

TABLE V NARRATIVE -- PROPOSED PROGRAM RANKING  
AND PERSONNEL REQUIREMENTS

Decision Package Minimum

With but one exception, the Table V program ranking follows closely the priorities set forth in the FY 1983 CDSS, as summarized in Table I Narrative above. Top ranking is given to the CIP and PL 480 Titles I/III programs in view of their immediate impact on the country's critical balance of payments and budgetary situations. Agricultural development and rural infrastructure projects are also ranked high in line with the priority given in the CDSS to Mission efforts to help bring about short-term increases in the Sudan's agricultural production, while laying a basis for sustained, longer-term growth. Projects aimed at strengthening the Sudan's community-based health support and renewable energy systems round out the minimum package. The one exception in the program ranking is the PL 480 Title II program. While this program is not considered an essential part of the Mission's overall assistance strategy, it is ranked high in view of the considerable benefits that the program is bringing to some of the poorer elements of the country's population.

Within the agriculture sector, the spectrum of projects included in the minimum package constitutes a broad but integrated program for helping the Sudan overcome the various policy, institutional, infrastructural and technological constraints that are currently impeding gains in production and productivity. The projects included are focused in the Southern Region and in the country's traditional rainfed farming areas. As indicated in the CDSS, A.I.D. is concentrating its assistance in these areas to help bring greater regional balance to the Sudan's agricultural development process, but also because of the high potential these areas have for generating significant increases in production with comparatively modest inputs of capital and foreign exchange.

While at least three-fourths of the commodities imported under the CIP will benefit the Sudan's private sector, the minimum package does not include a discrete project activity designed to enhance the private sector's role in development. Similarly, while the CDSS notes the Mission's intent to support GOS efforts to decentralize government administration, an activity designed to help achieve this objective is not included in the minimum package. The Mission has recruited outside consultants to explore the possibilities for A.I.D. assistance in both these areas. It is expected that these consulting efforts will lead to the identification of feasible private sector and decentralization support activities during the course of FY 1982.

The workforce requirements shown in Table V for the FY 1983 minimum package, are based upon personnel levels for FY 1982 and 1983 of 26 direct-hire U.S. personnel, 32 direct-hire foreign nationals, and 3 part-time employees. These levels represent increases over the planned levels for these years (as cited in State 114717) of 3 DH U.S., 7 DH FN and 2 part-time employees.

The 3 additional DH U.S. include: (1) an additional Assistant Agriculture Development Officer, who will be primarily responsible for managing the new Agricultural Production and Marketing Project (FY 1983); an Assistant Area Development Officer, to be assigned to the USAID field office in Juba; and a Deputy Controller/Financial Analyst, to assist in managing the Mission's expanded Controller operations.

The 7 additional DH foreign nationals include 4 accountants and a cashier/voucher examiner for the Controller's Office, a secretary for the Management Office and a secretary for the Agriculture Office.

The additional Controller staff are needed to meet an expansion of the functions of the Mission's Controller Office. Beginning in FY 1982, this office will assume responsibility for the various accounting and financial monitoring operations that are now being performed for the Mission by the EAAC in Nairobi. The office will also take on the financial management functions related to the operation of a local currency Trust Fund that is now being established and which is expected to begin operating in late FY 1981.

The 2 additional DH FN secretaries are needed to support the Mission's increased operational workload. In addition to six pipeline projects, the FY 1983 minimum program will include six ongoing DA projects, two new DA projects, and follow-on activities under the CIP, PL 480 Title I/III, and PL 480 Title II programs.

#### Decision Package AAPL

The Mission's proposed FY 1983 AAPL program would provide for additional CIP, PL 480 (non-add) and project funding, but would require no additional personnel and no new projects. As noted earlier, the assistance portfolio included under the minimum package substantially fulfills the program requirements of the CDSS, except for the private sector and decentralization support activities to be developed during FY 1982 following further consultation with the GOS. Thus, the incremental funding included under the AAPL program would add margins of economic and financial impact to the two programs (CIP and PL 480 Title I/III) that rank highest in the Mission's scheme of priorities, as well as to the two new projects (Southern Agriculture Development and Agriculture Production and Marketing) that support directly the Mission's assistance strategy vis-a-vis the Sudan's agricultural sector.

TABLE VIII  
OPERATING EXPENSE SUMMARY

	FY 1980			FY 1981			FY 1982		
	(\$000's)	Related Workyear	Unit Cost	(\$000's)	Related Workload	Unit Cost	(\$000's)	Related Workload	Unit Cost
US Direct Hire	1309.5	20.3	62.7	1557.6	22.0	70.8	1886.6	28.0	67.3
FN Direct Hire	146.1	16.3	9.0	191.3	23.0	8.3	318.3	33.0	9.6
US Contract Pers.	-	-	-	61.8	6.0	10.3	103.0	6.0	17.2
FN Contract Pers.	33.9	0.8	42.4	14.0	1.0	14.0	30.0	3.0	10.0
Housing Expense	654.2	20.9	31.3	609.2	22.0	27.7	650.2	22.0	29.6
Office Operations	1326.0	xx	xx	1506.3	xx	xx	1885.0	xx	xx
Total Budget	3469.7	xxx	xxx	3940.2	xx	xx	5673.1	xx	xx
Mission Allotment	2212.0	xxx	xxx	2331.8	xx	xx	2668.6	xx	xx
FAAS	515.6	xxx	xxx	669.8	xx	xx	791.4	xx	xx
Trust Fund	-0-	xxx	xxx	-0-	xx	xx	1130.6	xx	xx

	O/B	Ceiling	FY 82-83
USDH	14.0	21.0	24.0
JAO	2.0	2.0	2.0
US-RH-PT			2.0
FN	19.9	25.0	32.0
FN/PT	1.0	1.0	1.0
	36.9	49.0	61.0

STAFFING

TABLE VIII

MINIMUM

AAPL

	FY 1983			FY 1983			FY 1983		
	(\$000's)	Related Workyear	Unit Cost	(\$000's)	Related Workload	Unit Cost	(\$000's)	Related Workload	Unit Cost
US Direct Hire	2249.9	28	80.2				2249.9	28	80.2
FN Direct Hire	382.0	33	11.5				382.0	33	11.6
US Contract Pers.	123.6	6	20.6				123.6	6	20.6
FN Contract Pers.	36.0	3	12.0				36.0	3	12.0
Housing Expense	780.2	22	35.5				780.2	22	35.5
Office Operations	2262.0	XX	XX		XX	XX	2262.0	XX	XX
Total Budget	5833.7	XX	XX		XX	XX	5833.7	XX	XX
Mission Allotment	3202.3	XX	XX		XX	XX	3202.3	XX	XX
FAAS	949.7	XX	XX		XX	XX	949.7	XX	XX
Trust Fund	1356.7	XX	XX		XX	XX	1356.7	XX	XX

TABLE IX OVERSEAS WORKFORCE REQUIREMENTS IN WORKMONTHS

ITEM	US/ FN	FUNC TION	SKILL	POSITION NUMBER AND TITLE	LEVEL	PERS CAT	WORK SCH	FY 81	FY 82	MIN	AT CURR	AT AVTL	ABOVE PLAN - LEVEL	FY 84	FY 85
389	U	10	011	00005 Director	S	-	40	12	12	12	12	12		12	12
997	U	10	013	00010 Assistant Director	S	-	40	12	12	12	12	12		12	12
406	U	10	073	00109 Executive Assistant	E	-	40	12	12	12	12	12		12	12
	F	10	072	Administrative Assistant	N	-	40	12	12	12	12	12		12	12
	F	10	060	Senior Driver	N	-	40	12	12	12	12	12		12	12
441	U	20	023	00150 Program Officer	H	-	40	12	12	12	12	12		12	12
417	U	20	023	00017 Assistant Program Officer	H	-	40	12	12	12	12	12		12	12
430	U	20	023	00018 Assistant Program Officer	H	-	40	12	12	12	12	12		12	12
	F	20	024	Program Assistant	P	-	40	3	12	12	12	12		12	12
	F	20		Administrative Assistant	N	-	40	12	12	12	12	12		12	12
459	U	34	091	00056 Assistant General Development Officer (Refugees - Social Analysis)	H	-	40	12	12	12	12	12		12	12
	F	34		Development Assistant	P	-	40	12	12	12	12	12		12	12
	F	34		Administrative Assistant	N	-	40	12	12	12	12	12		12	12
453	U	34	103	00115 Agriculture Development Officer	H	-	40	8	12	12	12	12		12	12
514	U	34	101	00065 Agriculture Economist	H	-	40	12	12	12	12	12		12	12
463	U	34	103	00120 Assistant Agriculture Development Ofc	H	-	40	12	12	12	12	12		12	12
	U	34	103	Assistant Agriculture Development Ofc	N	-	40	12	12	12	12	12		12	12
	U	34	103	Assistant Agriculture Development Ofc	E	I	40	9	12	12	12	12	**	12	12
	F	34		Agriculture Program Assistant	P	-	40	12	12	12	12	12		12	12
	F	34		Agriculture Management Specialist	P	-	40	7	12	12	12	12		12	12
	F	34		Administrative Assistant	N	-	40	10	12	12	12	12		12	12
	F	34	050	Secretary	N	-	40	12	12	12	12	12	**	12	12

TABLE IX OVERSEAS WORKFORCE REQUIREMENTS IN MONTHS

ITEM	US/ FN	FUNC TION	SKILL	POSITION NUMBER AND TITLE	LEVEL	PEES CAT	WORK SCH	FY 81	FY 82	AT HDM	AT CURR	AT AAPT.	ABOVE PLAN LEVEL	FY 84	FY 85
449	U	34	940	00131 Capital Project Development Officer	H	-	40	12	12	12	12	12		12	12
	U	34	940	Assistant Capital Project Development Officer	E	I	40	12	12	12	12	12		12	12
528	U	34	251	00086 General Engineering Officer	H	-	40	9	12	12	12	12		12	12
	F	34		Assistant General Engineering Officer	P	-	40	12	12	12	12	12		12	12
	F	34	050	Secretary	N	-	40	8	12	12	12	12		12	12
509	U	34	501	00058 Health Officer	H	-	40	12	12	12	12	12		12	12
494	U	34	502	00060 Health/POP/Nutrition Advisor	E	I	40	5	12	12	12	12		12	12
	U	34		Human Resources Officer	M	-	32	7	12	12	12	12	"g"	12	12
	F	34	990	Professional Assistant (Trng Officer)	P	-	35	12	12	12	12	12		12	12
	F	34	050	Secretary	N	-	40	12	12	12	12	12		12	12
537	U	34	932	00040 Supply Management Officer	H	-	40	10	12	12	12	12		12	12
	F	34		Assistant Supply Management Officer	P	-	40	12	12	12	12	12		12	12
	F	34	050	Secretary	N	-	40	12	12	12	12	12		12	12
551	U	50	043	00125 Controller	S	-	40	6	12	12	12	12		12	12
	U	50	043	Deputy Controller	H	-	40	12	12	12	12	12	"g"	12	12
1814	F	50	990	Senior B&P Specialist	P	-	40	12	12	12	12	12		12	12
	F	50		Accountant	P	-	40	12	12	12	12	12		12	12
1815	F	50	050	Secretary	N	-	40	12	12	12	12	12		12	12
	F	50		Cashier/Voucher Examiner	P	-	40	12	12	12	12	12	"g"	12	12
	F	50		Accountant	P	-	40	12	12	12	12	12	"g"	12	12
	F	50		Accountant	P	-	40	12	12	12	12	12	"g"	12	12
	F	50		Accountant	P	-	40	12	12	12	12	12	"g"	12	12
	F	50		Accountant	P	-	40	12	12	12	12	12	"g"	12	12
	F	50		Secretary	N	-	32	12	12	12	12	12	"g"	12	12

TABLE IX OVERSEAS WORKFORCE REQUIREMENTS IN WORKMONTHS

ITEM	US/ FN	FUNC TION	SKILL	POSITION NUMBER AND TITLE	LEVEL	PERS CAT	WORK SCH	FY 81	FY 82	AT MIN	AT CURR	AT MAX	AT MAX	ABOVE FLTR	FY 84	FY 85
543	U	60	032	00031 Management Officer	H	-	40	9	12	12	12	12	12		12	12
1199	U	60	033	09910 Personnel Officer	M	J	40	12	12	12	12	12	12		12	12
	F	60	050	Secretary	N	-	40	12	12	12	12	12	12	"4"	12	12
1196	U	60	034	09905 General Services Officer	M	J	40	12	12	12	12	12	12		12	12
1816	F	60	990	Professional Assistant	P	-	40	12	12	12	12	12	12		12	12
	F	60		Receptionist	N	-	40	9	12	12	12	12	12		12	12
	F	60		Driver	N	-	40	12	12	12	12	12	12		12	12
	F	60		Driver	N	-	40	12	12	12	12	12	12		12	12
	F	60		Driver	N	-	40	12	12	12	12	12	12		12	12
	F	60		Driver	N	-	40	6	12	12	12	12	12		12	12
	U	34	801	Area Development Officer	H	-	40	12	12	12	12	12	12		12	12
	U	34	801	Assistant Area Development Officer	M	-	40	12	12	12	12	12	12	"4"	12	12
545	U	34	034	00140 Assistant GSO Field Support	M	-	40	12	12	12	12	12	12		12	12
	F	34		Administrative Assistant	N	-	40	12	12	12	12	12	12		12	12
	F	34		Driver	N	-	40	12	12	12	12	12	12		12	12

ABS WORKFORCE AND OPERATING EXPENSES: ITEM 7.C.

MECHANIZED ACCOUNTING MACHINE

The USAID will be establishing an arrival accounting system for the Commodity Import Program (CIP) in the very near future. It is also anticipated that controller services now being provided by EAAC/Nairobi will be assumed by USAID/Sudan in January, 1982. Since mechanized accounting has been used by EAAC, it would be more than advantageous for a similar mechanized accounting machine to be installed in Khartoum to continue the system that EAAC/Nairobi has established. We have included \$75,000 in our FY 1982 budget for an accounting machine or mini-computer.

P.L. 480 NARRATIVE: TITLES I AND III

Ongoing Programs: USAID/Sudan has had, and is seeking continuation of, P.L. 480 Programs in Titles I and III.

Title I: In FY 1980 the Sudan received two tranches of \$5 million each to help meet serious consumption shortfalls. In FY 1981, an additional \$10 million was requested, but it appears likely that the \$5 million agreement signed early in the second quarter may be all that is provided. Again, in FY 1982 and FY 1983, \$10 million programs are being requested, based upon the USAID's assessment of the country's food needs.

P.L. 480 Title I is a key instrument for helping the Sudan with its ongoing balance of payments problems, which are described in detail in the FY 1983 CDSS. It has immediate impact from a foreign exchange support perspective, as well as being a source of local currency for the support of productive activities in the agricultural and related developmental activity sectors.

Title III: In FY 1980 a Five-Year PL 480 Title III Agreement valued at \$100 million was negotiated. FY 1983 will see the fourth tranche of \$20 million of food resources introduced under the program.

The Title III program is a most important instrument of budget support as well as a financier of development activities from local currency generations. The use of counterpart is closely linked to USAID/Sudan DA-financed projects, being a key factor in the financial viability of several of them. So far at least the Title III program seems to be proceeding with satisfactory success.

Food Situation Up-Date: Various reporting cables have addressed this subject over the past few months, so no attempt will be made to summarize the situation here. Sudanese production falls far short of meeting consumption demands for wheat and wheat flour, but produces exportable surpluses of sorghum, sesame, peanuts and wheat. In early to mid-June food production prospects will be discussed in great detail with the GOS at the Ministerial level as part of a PL 480 Title III review, and the reports generated as a result will be detailed and more revealing than any data that could be generated at this time.

GOS Priority to Food Production: Over the past two years the GOS has taken a number of significant actions to eliminate policy and pricing constraints to the domestic production of food grains, including the removal of a subsidy on imported wheat and the removal of many of the crop production quotas imposed on irrigated and mechanized production schemes. Compliance with the special policy concerns and requirements of the IBRD and IMF, and the PL 480 Title III program, have been influential. The Title III program has had a particularly interesting impact on food grain production.

Although primarily a balance of payments support vehicle, USAID/Sudan has tailored the Sudan Title III program to make significant inroads into the basic problems which cause Sudan to be a food deficit country. In addition to careful programming of local currency counterpart generations, the Program Agreement calls for four food policy studies to examine the foundations of

GOS agricultural policy. In turn, these studies will provide data and suggest program directions for dealing more directly and successfully with Sudan's agricultural production and nutritional deficiency problems. In essence, the PL 480 Title III program is utilized in three ways -- as balance of payments support for critically required food commodities; as a tool to require careful analysis of food and nutrition agricultural policy; and as a source of local currency to finance important developmental activities linked either directly or indirectly to agricultural constraints, particularly in the traditional rainfed agricultural sector in which a large proportion of the rural poor are found.

The effective and cooperative assistance provided by GOS officials in implementing the program to date is strong evidence of the priority the Sudanese have assigned this activity. Further, the support for policy examination and analysis provides every indication of strong GOS motivation to overcome the institutional constraints which make the P.L. 480 Titles I and III programs necessary. Although it is too early to make predictions about the need for further assistance by the end of the current Title III program in FY 1984, the GOS is making the right moves in terms of policy assessment and the removal of the distribution and marketing constraints which have tended to deter food grain production to date.

FY 1983 ANNUAL BUDGET SUBMISSION

TABLE XI

P.L. 480 TITLE I/III REQUIREMENTS  
(Dollars in Millions, Tonnage in Thousands)

COMMODITIES	FY 1981			Estimated FY 1982 <sup>1/</sup>			Projected FY 1983 <sup>1/</sup>		
	Agreement \$	Shipments MT	Carry into FY 1982 \$	Agreement \$	Shipments MT	Carry into FY 1983 \$	Agreement \$	Shipments MT	Carry into FY 1984 \$
<u>Title I</u>									
Wheat	-	14 77.7	-	14 71.1	14 71.1	-	14 65.7	14 65.7	-
Wheat Flour	-	11 41.4	-	16 51.4	16 51.4	-	16 47.8	16 47.8	-
Total	25	25 119.1	-	30 122.5	30 122.5	-	30 113.5	30 113.5	-
Total - Wheat Equivalent <sup>3/</sup>		135.2		142.5	142.5		132.1	132.1	
<u>Of which</u>									
<u>Title III</u>									
Wheat	-	14 77.7	-	14 71.1	14 71.1	-	14 65.7	14 65.7	-
Wheat Flour	-	6 22.6	-	6 19.3	6 19.3	-	6 18.0	6 18.0	-
Total	20	20 100.3	-	20 90.4	20 90.4	-	20 83.7	20 83.7	-
Total - Wheat Equivalent <sup>3/</sup>		112.1		97.9	97.9		90.7	90.7	

COMMENT:

- <sup>1/</sup> A request for 70% wheat and 30% wheat flour is assumed for FYs 1982 and 1983.
- <sup>2/</sup> The quantities for FYs 1982 and 1983 are based upon the commodity prices shown on p. 65 of the FY 1983 ABS Guidance.
- <sup>3/</sup> Includes wheat flour converted at the ratio: 1 MT wheat flour equals 1.39 MT of wheat.

## FY 1983 ANNUAL BUDGET SUBMISSION

## TABLE XII

PL 480 TITLE I/III

Supply and Distribution  
(OOO Metric Ton)

<u>STOCK SITUATION</u>	<u>FY 1981</u>	<u>Estimated FY 1982</u>
Commodity - <u>Wheat</u>		
Beginning Stocks	100	100 <u>1/</u>
Production	234	242 <u>1/</u>
Imports		
Concessional	135	142
Non-Concessional	116	116 <u>2/</u>
Consumption	485	500 <u>2/</u>
Ending Stocks	100	100

---

Commodity - \_\_\_\_\_

Beginning Stocks

Production

Imports

    Concessional

    Non-Concessional

Consumption

Ending Stocks

---

Commodity - \_\_\_\_\_

Beginning Stocks

Production

Imports

    Concessional

    Non-Concessional

Consumption

Ending Stocks

Comment:1/ Assumes 4% increase over FY 19812/ Assumes 3% increase over FY 1981

FY 1983 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

(FY 1983)

I. Country Sudan

Sponsor's Name Catholic Relief Services (CRS)

A. Maternal and Child Health.....Total Recipients 93,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>93,000</u>	<u>SF BULGUR</u>	<u>2,232</u>	<u>754</u>
<u>93,000</u>	<u>NFDM</u>	<u>2,232</u>	<u>935</u>
<u>93,000</u>	<u>OIL</u>	<u>1,116</u>	<u>1,224</u>
<u>Total MCH</u>		<u>5,580</u>	<u>2,913</u>

B. School Feeding.....Total Recipients \_\_\_\_\_

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total School Feeding</u>		_____	_____

C. Other Child Feeding.....Total Recipients \_\_\_\_\_

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total Other Child Feeding</u>		_____	_____

D. Food for Work.....Total Recipients \_\_\_\_\_

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total Food for Work</u>		_____	_____

E. Other (Specify).....Total Recipients \_\_\_\_\_

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total Other</u>		_____	_____

II. Sponsor's Name \_\_\_\_\_

FY 1983 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

(FY 1984)

I. Country Sudan

Sponsor's Name Catholic Relief Service (CRS)

A. Maternal and Child Health.....Total Recipients 111,600

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>111,600</u>	<u>SF BULGUR</u>	<u>2678</u>	<u>905</u>
<u>111,600</u>	<u>NFDM</u>	<u>2678</u>	<u>1122</u>
<u>111,600</u>	<u>OIL</u>	<u>1339</u>	<u>1469</u>
<b>Total MCH</b>		<u>6695</u>	<u>3496</u>

B. School Feeding.....Total Recipients \_\_\_\_\_

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
<b>Total School Feeding</b>		_____	_____

C. Other Child Feeding.....Total Recipients \_\_\_\_\_

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
<b>Total Other Child Feeding</b>		_____	_____

D. Food for Work.....Total Recipients \_\_\_\_\_

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
<b>Total Food for Work</b>		_____	_____

E. Other (Specify).. MCH Refugee Program.....Total Recipients 20,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>20,000</u>	<u>SF BULGUR</u>	<u>480</u>	<u>162</u>
<u>20,000</u>	<u>NFDM</u>	<u>480</u>	<u>201</u>
<u>20,000</u>	<u>OIL</u>	<u>240</u>	<u>263</u>
<b>Total Other</b>		<u>1,200</u>	<u>626</u>

II. Sponsor's Name \_\_\_\_\_

FY 1983 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

(FY 1985)

I. Country Sudan

Sponsor's Name Catholic Relief Services (CRS)

A. Maternal and Child Health.....Total Recipients 1,39,500

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>139,500</u>	<u>SF BULGUR</u>	<u>3,348</u>	<u>1,132</u>
<u>139,500</u>	<u>NFDM</u>	<u>3,348</u>	<u>1,403</u>
<u>139,500</u>	<u>OIL</u>	<u>1,674</u>	<u>1,836</u>
<u>Total MCH</u>		<u>8,370</u>	<u>4,371</u>

B. School Feeding.....Total Recipients \_\_\_\_\_

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total School Feeding</u>		_____	_____

C. Other Child Feeding.....Total Recipients \_\_\_\_\_

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total Other Child Feeding</u>		_____	_____

D. Food for Work.....Total Recipients \_\_\_\_\_

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total Food for Work</u>		_____	_____

E. Other (Specify) MCH Refugee Program.....Total Recipients 40,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>40,000</u>	<u>SF BULGUR</u>	<u>960</u>	<u>324</u>
<u>40,000</u>	<u>NFDM</u>	<u>960</u>	<u>402</u>
<u>40,000</u>	<u>OIL</u>	<u>480</u>	<u>526</u>
<u>Total Other</u>		<u>2,400</u>	<u>1,252</u>

II. Sponsor's Name \_\_\_\_\_

PL 480 TITLE II NARRATIVE

The PL 480 Title II Food and Nutrition Program in the Sudan is administered by the Catholic Relief Services (CRS). The program is targeted on pre-school age children (under 5 years old) and their mothers enrolled in MCH clinic programs operated by GOS Ministry of Health officials in five provinces. The mothers and children enrolled in the program represent a cross-section of the population.

During the latter part of FY 1980 the program was restructured and CRS received a 3-year outreach grant to: (a) increase the numbers of recipients and MCH centers; (b) expand the program to other provinces; (c) increase the food ration and include mothers in the program; (d) eliminate bottlenecks in transportation, and (e) phase in a plan to make the program logistically self-supporting.

All of these goals have either been achieved or activities toward their achievement are being successfully implemented with the exception of the expansion to other provinces planned for years two and three of the grant. Transportation bottlenecks have been eliminated in four of the five provinces by leasing commercial trucks, and a recipient fee program is being implemented which will eventually make the program logistically self-supporting. The approved recipient level of 63,000 for FY 1981 is expected to be reached in the fourth quarter. The FY 1982 Annual Estimated Requirements (AER) has been submitted which justifies an increase to a recipient level of 78,000, as outlined in the outreach grant, rather than the 69,300 level provided in State 098766 - FY 1982 PL 480 Title II Program Guidance for CRS/Sudan.

As was pointed out in a memorandum from A. Mudge, USAID Director, to P. Sheehan, AID/W, which transmitted a copy of the FY 1982 AER, the commodity cost of the program at the 78,000 recipient level remains at \$2,318,500 - the dollar amount approved for a level of 69,300 recipients. This was made possible by substituting plain bulgur for rice in the ration package.

CRS has spent a considerable amount of their own resources in strengthening the program and its staff in Sudan. The program is functioning well and problems are being resolved as they arise. To break the momentum of building and expanding the program as planned would undercut the purpose of the USG assistance on which the GOS and CRS have come to rely. If U.S. assistance is provided as agreed to in the outreach grant, and if CRS and the GOS are able to achieve expansion as planned by end of year three, then additional expansion or restructuring of the program could be considered at that time.

In the FY 1984 and FY 1985 Statistical Tables, CRS has projected the development of an MCH Refugee Program. The Refugee Program was not included in the update of their Operational Plan since it has not yet been discussed with CRS/New York. This expansion to another program area would respond to the GOS call for assistance in relieving the burden of resettling the refugees in the Sudan. The World Food Program (WFP) is providing considerable assistance to the refugee program and the USAID expects to authorize a \$2.0 million project to the refugee support program shortly.

Adequate storage is available in the Sudan for the amount of commodities being called forward on a quarterly basis in the geographic areas where the CRS program operates. The outreach grant will help to strengthen storage capacity but this constraint is being monitored very closely. It is not expected that the program will result in a substantial disincentive to domestic production.