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INTERNATIONAL  
DEVELOPMENT**



# **ANNUAL BUDGET SUBMISSION**

**FY 82**

**SOMALIA**

BEST AVAILABLE

**JUNE 1980**

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
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FY 1982

ANNUAL BUDGET SUBMISSION

USAID/SOMALIA

June, 1980

SOMALIA

FY 1982 ANNUAL BUDGET SUBMISSION

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FY 1982 ANNUAL BUDGET SUBMISSION

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

<u>Development Assistance</u>	FY 1980 EST.	FY 1981 EST.	Decision Unit			PLANNING PERIOD			
			FY 1982 REQUEST MIN	CURR	AARL	1983	1984	1985	1986
(All Grants)									
Agriculture Rural Dev. and Nutrition	4.9	9.9	10.3	12.9	13.7	14.0	14.0	17.0	17.0
Population	-	-	-	-	-	2.0	4.0	4.0	4.0
Health	4.3	4.1	3.3	3.3	3.3	5.0	6.0	6.0	6.0
Education	-	-	-	-	0.6	5.0	7.0	9.0	9.0
Selected Dev. Activities	1.1	-	-	-	0.4	4.0	4.0	4.0	4.0
SUBTOTAL FUNCTIONAL ACCOUNTS	10.3	14.0	13.6	16.2	18.0	30.0	35.0	40.0	40.0
TOTAL DA ACCTS	10.3	14.0	13.6	16.2	18.0	30.0	35.0	40.0	40.0
<u>Economic Support Fund</u>	-	15.0	10.0	10.0	15.0	20.0	20.0	20.0	15.0
TOTAL DA AND ESF	10.3	29.0	23.6	26.2	33.0	50.0	55.0	60.0	55.0
PL 480 (non-add) Title I	14.7	-	-	-	-	-	-	-	-
(of which Title III)	-	15.0	15.0	15.0	15.0	12.0	10.0	10.0	10.0
Title II	16.5	22.0	10.0	18.0	22.0	22.0	20.0	15.0	10.0
TOTAL PERSONNEL									
USDH	18	22	21	21	23	24	25	26	27
FNDH	18	28	28	28	29	33	36	39	40

TABLE I - NARRATIVE

Part I:

The process of gradually building up USAID's staff to meet program and Mission core personnel requirements is continuing as planned. As the Mission enters its second year of project implementation, it is necessary to recruit and bring on board the technicians required to manage and monitor the execution of a variety of major projects now in our portfolio and the expanded program scheduled for future years. In order to manage the AAPL level program for FY 82, the staff indicated in Table V is compatible and in keeping with our program requirements, even though it requires a minimal increase in USDH present staff, and a slightly larger increase in FNDH personnel.

The ABS Guidance cable for personnel planning levels for FY 82 (AAPL) indicated ceilings of 21 USDH and 21 FSNs. Considering even the minimum program for FY 82, USAID finds these levels unrealistic, particularly as it applies to FSN employees. In planning the future staffing requirements all efforts have been made to reduce the number of USDH required to adequately manage the large and growing program. To do so, USAID has been required to increase the FSN staff above our current ceiling (and coincidentally, FY 82 AAPL ceiling) of 21 FSN employees. The utilization of FSN employees in lieu of USDH personnel is in full compliance with AID's policy in reducing USDH personnel wherever possible.

In an attempt to keep the staff at a level as close as possible to the personnel planning levels of 21 USDH and 21 FNDH, it is probable that USAID has underestimated the direct hire employees necessary to manage the USAID/S predicted program at any level of the FY 82 budget. The FY 81 ABS indicated an AAPL level of 24 USDH and 29 FNDH positions (in comparison to our FY 82 AAPL levels of 23 USDH and 30 FNDH) and did not consider a large Commodity Import Program, a growing program in refugee assistance and an explosive expansion of the PL 480 Title II program, in addition to an increasing Title I/III effort.

The planned increases in USDH staff are dictated by project requirements or normal Mission support. We require a minimum of one full-time General Engineering Advisor on

board (to replace our current PSC engineer at the end of his contract) to provide engineering support for the large program now underway and yet larger one anticipated in Somalia. If we are able to continue our PSC, this DH position would not need to be filled. A C&R Supervisor/Secretary is part of a normal Mission complement and badly needed by USAID/S. The remaining proposed personnel at all levels of the FY 82 ABS are project or program related technicians which will be required to provide the expertise, not now existing in the Mission, to manage specific projects or programs in the FY 81 and FY 82 proposals.

Somalia has been ranked among the countries where a special effort will be made to protect the established AAPL levels. Somalia's self-help efforts, its dedication to a development philosophy of equity and distributive justice, and its basic human needs policy paralleling AID's are likely to recommend funding allocations higher than the current AAPL levels. In part, this expectation as well as prudent management and implementation concerns have prompted USAID to press in this ABS for a completely staffed USAID to meet PPC proposed core staffing needs of USAID Missions.

In order to hold to a minimum USDH staffing, USAID/Somalia is making every effort to seek qualified FSN personnel to fill positions normally occupied by USDH. Finding qualified Somali staff even at secretarial levels is still difficult, but skilled Somalis are slowly returning from abroad and we should have less difficulty as time goes on. However, the Mission through in-service training is strengthening the caliber of its present FSN staff and plans for a small increase, an approach that clearly meets ABS guidance on "efficiency".

The Decision Package Minimum (Table V) includes the implementation of seven major development assistance projects, as well as substantial funding levels for Title II, Title III and a CIP program (totaling an estimated \$70 million), and indicates AID's current USAID DH staff to be a total of 21 and a FNDH level of 28, a carry over from the FY 81 proposed staffing level, which will add a Supply Advisor to manage the Commodity Import Program, a Secretary/C&R Supervisor and USDH Engineer to succeed the PSC Engineer now on our staff, unless his contract is continued, as well as seven FSN employees (5 professionals and 2 support).

The Decision Package Current does not increase the number of projects and the USAID staff remains at the same level as the minimum package above.

The Decision Package AAPL adds two new development projects, Educational Development and Small Enterprises. Although the Small Enterprises Project will be managed by the existing USAID staff, the Education Officer is needed for the Education Development project, as well as a Refugee Officer to support the anticipated Refugee rationalization project and to coordinate AID's assistance to the huge refugee community found in camps throughout Somalia (currently estimated at 700,000 people), one professional FSN is added to the staff.

If one compares the total DA and ESF funding to the number of USDH employees in the Mission, it will be noted that the program/USDH ratio increases from around \$470,000:1 in FY 1980 to \$1.4 million:1 in FY 82 (AAPL level), indicating a 200% increase in projected efficiency. When PL 480 Titles II and III are included, this ratio would increase to \$2,600,000:1 for FY 1982.

#### Part II:

The AAPL levels 1983-1986 are also at substantially increased levels and indicate continued confidence in both the commitment for development of the Somalia Government and the effective operation of USAID. Additional funds and projects will require modest increase in personnel, though in consideration of Agency-wide restraints on increased staffing, these increases will be kept to a minimum. Assuming the level of 23 to be reached in late 1982, we would project a four person increase over the next four years. Future program direction remains to be determined, but we foresee the possibility of one additional person in the Controller's Office and one in the Management Office along with two project implementation persons possibly in the refugee, health or agriculture sectors. The necessity of these positions will be seriously weighed, taking into consideration the implementation of certain "efficiency" steps such as sector concentration and increased use of voluntary agencies.

The Mission considers it has also utilized the most efficient approach of operations in other ways. Of the projects authorized and the one expected to be authorized during FY

80 , three involve donors other than the US and GSDR placing emphasis on larger projects which would require less USDH manpower. This has resulted in an average LOP cost of \$8.8 million per project which is considerably higher than average.

TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT  
 FY 1980 TO FY 1982  
 (\$ thousands)

Decision Unit USAID/Somalia

<u>APPROPRIATION ACCOUNT</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FISCAL YEAR 1982</u>		
			<u>MINIMUM</u>	<u>CURRENT</u>	<u>AAPL</u>
<u>OFFICIAL PROJECT NAME</u>					
<u>Agriculture, Rural Development and Nutrition</u>					
0108 Livestock Range and Management Development	2,400	3,500	3,600	3,600	3,600
0109 Animal Health Services	-	1,100	1,200	2,300	2,300
0112 Agriculture Delivery Systems	2,000	1,600	1,900	1,900	1,900
0113 Bay Region Rural Development	500	2,700	2,800	4,300	4,300
0115 Refugee Settlement	-	1,000	800	800	1,600
<u>Health</u>					
0102 Rural Health Delivery	1,900	1,900	1,000	1,000	1,000
0104 Comprehensive Groundwater Development	2,400	2,200	2,300	2,300	2,300
<u>Education</u>					
0106 Education Development	-	-	-	-	600
<u>Selected Development Activities</u>					
0103 Kurtunwaare Settlement Program	1,100	-	-	-	-
0116 Small Enterprise Program	-	-	-	-	400
TOTAL DA	10,300	14,000	13,600	16,200	18,000

Basic Skill Education Training 649-0106

Purpose: To provide nationally-relevant basic skills training for the youth which are needed for survival and participation in the development of their communities and country.

Background: The stated educational policy of the GSDR is to achieve social justice through the provision of universal, basic education. Accompanying this policy are two principal education objectives, the expansion of a post primary education, training to meet manpower needs and the provision of access to basic education by all Somalis.

The education structure consists of four years each of primary, intermediate and secondary schooling followed by university or specialized training. Compulsory primary education was introduced in 1975 when the previous total enrollment was less than 25,000 students; it is now estimated that by 1981, 100,000 students will complete primary school with increasing numbers thereafter. Less than half of these students will enter intermediate school, and after four years, a decreasing number will enter secondary school. Only a small percentage of secondary school graduates will be able to continue their education at the university or other specialized schools. A major problem will develop in future years if marketable skills are not taught to the majority of youth who drop out of the pre-secondary level or are unable to enter the secondary system. This is expected to be mainly an urban problem because the extension of education is uneven and has an urban bias.

In addition, despite the success and progress made in the expanding primary school enrollment and the earlier literacy campaigns, education is still inaccessible to the majority of the Somali rural population.

To follow a basic needs approach therefore requires a major effort to provide education to the rural sedentary and nomadic populations. The content of basic education needs also to be understood in the context of rural and nomadic life. Education directed toward these groups have to take into consideration not only the skills needed for survival and community betterment, but also of the basic concerns related to crop production, water, forage and human and animal health. Appropriate institutional delivery systems have to be developed to meet these needs.

Host Country and Other Donors: A number of donors are either currently providing assistance to the education sector or have intentions to assist, provided meaningful programs/projects can be developed. The World Bank, EEC, ODA, Italians, UN, N. Koreans and others are involved in a variety of educational projects including post secondary and technical education which not only makes coordination essential, but it is imperative that basic educational needs be reassessed and a strategy developed to provide them, particularly for those elements of the population ill served by the sector. Therefore, the proposed project envisages a multi-donor approach with USAID taking the lead in its development.

Beneficiaries: The development of a basic education needs a program which will provide essential skills for survival and greater participation in life of the society will primarily benefit the rural sedentary and nomadic groups not adequately reached by the present system.

Description of FY 81 and FY 82 program: In FY 81 a coordinated donor study will be required to develop a project that effectively contributes to the development of a formal and non-formal institutional mechanism which can implement a basic skills education strategy. The survey will review current programs in progress or planned and assess unfilled educational requirements in terms of national priorities. An important element of the survey would be to examine closely the complex question of the extension of education to nomads. It will be equally important for the survey to establish the principal components of the content of the education program which will address basic concerns of the rural population as well as provide literacy and numeracy. The FY 81 PDS funds would be used to finance AID's portion of the study. We would expect the technical assistance element of the project, following the study, to be implemented in FY 1982. In addition to AID financed technical assistance, we anticipate parallel financing from other donors for commodities, equipment and infrastructure.

Major Outputs: The precise nature of the possible outputs will be identified following the completion and analysis of the FY 81 survey. We would envision that outputs would include an established basic skills education, strategy and a program for implementation. A rural and nomadic population equipped with skills for survival and for community betterment. An educational model for reaching the nomadic and rural populations will have been developed and perfected. A more effective cadre of formal and non-formal educators will have been trained to train other cadres and deliver basic skills education nationally. These and other outputs are possible.

AID/Other Donors Financed Inputs:

	<u>FY 82</u>	<u>6 YEAR LOP</u>
Technical Assistance (AID)	600	5,000
Training (AID)	-	2,000
Commodities (Other Donor)	-	4,000
Inflation/Contingencies (AID/Other Donor)	-	3,500
	<hr/>	<hr/>
TOTAL	600	14,500*

\*Total AID and other donor contribution to LOP. AID portion is estimated at \$8.0 million.

## Animal Health Services 649-0109

**Purpose:** To develop the institutional capability within the Ministry of Livestock, Forestry and Range (MLFR) to prevent, control and treat various animal diseases that would increase the export of livestock to help meet Somalia's foreign exchange needs.

**Background:** The livestock sector of Somalia is by far the most important economic activity in the country. This sector produces 70 to 80 percent of the foreign exchange from the sales of livestock products, mainly live animals (camels, goats, sheep, and cattle). It provides employment for 75% of the population and livestock production has been the way of life of the Somali people for centuries. The animal disease situation has been identified as a major production constraint in various general and sector studies. Some of the major animal diseases are: hemorrhagic septicemia, anthrax, black leg, brucellosis, foot and mouth disease, trypanosomiasis, as well as various tick borne diseases. Rinderpest has been brought under control, but requires a regular vaccination program and there is an ever-present danger of a serious outbreak that would cause a high mortality rate.

It is conservatively estimated that animal diseases reduce the potential production of livestock and livestock products by 40 percent. The anticipated loss by disease by livestock owners has also been a major cause in the current low offtake rate thus limiting exports.

The cause and cure of these diseases is well known to animal health experts in Mogadishu. However, no organized country-wide program of action exists within the MLFR. This is partially due to the lack of trained Somali animal health officers, and paramedics to carry out the outreach program. For MLFR administrators to field and maintain animal health prevention and contract personnel is a major constraint.

**Host Country and Other Donor Agencies:** A host of diverse other donor-financed projects are taking place in the general field of animal health, and the Animal Health Service is the largest division within the MLFR. However, a comprehensive concentrated, coordinated effort is not being conducted and this proposed project would play that role working with all involved. During the development of the project paper, AID will seek other foreign collaborative donors to implement and finance the program. AID, rather than the IBRD, will provide the leadership as has been the case in other Somalia projects. AID will provide technical assistance, participant training and limited commodity components required to implement the project.

**Beneficiaries:** The livestock producers of the country, both sedentary agriculturalists, nomadic herdsman and their families would be the primary beneficiaries of the project as a result of increased incomes from the sale of livestock and livestock products. Indirectly the urban and rural poor would benefit from improved government social services as a result.

## Description of FY 81 and FY82 Program

A thorough joint donor comprehensive study of the animal health and production problem would take place in early FY 81 followed by completion of the project paper and signing of the grant agreement. Project implementation would begin in FY 1982 with the signing of the technical assistance contract,

arrival of project personnel, and ordering of commodities.

Major Outputs: Outputs will be fully described during project development, but will consist primarily of a well-trained, equipped and organized MLFR to combat livestock losses brought on by animal disease and increase livestock production through a country-wide outreach service program.

AID and Other Donor-financed Outputs:

	(\$000)	
	<u>FY 82</u>	<u>5 Year LOP</u>
Technical Assistance (AID)	1,100	8,700
Training (AID)	300	1,700
Commodities (AID and Other Donors)	800	4,200
Inflation/Contingencies (AID and Other Donors)	<u>400</u>	<u>4,500</u>
TOTAL	2,300	19,100

Of total AID and Other Donor contribution for LOP, AID portion is estimated at \$12.0 million.

Refugee Settlement 649-0115

Purpose: To assist in a multi-donor effort to develop a strategy to help ensure the self-support of refugees who will become permanent members of the Somali population.

Background: As of mid-Spring 1980 this country of 4 million people housed over 700,000 registered refugees in some 21 camps. While outside assistance has helped, the Somali Government accepts primary responsibility to feed and care for these people. This obligation has placed a tremendous strain on government resources, both human and material. Likewise the cost to foreign donors to help support the refugees is approximately \$80 million a year, and these levels of external assistance will be increasingly difficult to maintain in ensuing years.

The U.S. contribution to refugee relief has been substantial. Title II deliveries for refugees in 1980 came to 16.5 million plus approximately another \$6 million for ocean freight. An additional \$11.6 million was made available for other commodities such as medicines, blankets, and water pumps and emergency procurement of sorghum. This totals over \$34 million and will probably constitute 35 to 40 percent of overall assistance made available by foreign donors.

Most of the refugees will probably never leave Somalia and could continue to exist in the camps and thus be dependent on the Government of Somalia and foreign donors for their existence. Some farming activities have begun but these have been extremely limited to date. Also additional investigation must be conducted to determine other means of economic activity for these people who number 90 percent women and children.

Host Country and Other Donors: Because of the magnitude of external assistance required for minimal life support activities and the increasing drain on meager Somali resources, there is a great degree of interest in developing a multi-lateral financed program which would lead toward developing economic self-sufficiency for the refugees. In summer of 1980 a joint USAID/IBRD/UNHCR/EEC team is scheduled to identify a number of alternatives for GSDR consideration which could evolve with an overall refugee development strategy. It is now estimated that the USG, the EEC and European donors, the UN family and Arab donors will each contribute to such a program.

Beneficiaries: The program should have a direct effect on every refugee that will be long term or permanent residents of Somalia. By the time the project begins, it is estimated that there will be 1,200,000 refugees living in camps but there can be no firm estimate how many will benefit from the long-term program although initially 200,000 families could benefit from the program.

Description of FY 81 and FY 82 Program: The study mentioned above should be available at the beginning of FY 81. Based on it substituting for a PID, a project paper will be developed which should be approved by December 1980. The remainder of FY 1981 will see preimplementation activities take place

such as the allocation of land, water development for humans and livestock use, the ordering of commodities, the signing of a technical assistance contract, and the programming of local currency which will be a major financial component of the program. By early mid-FY 82 the project should be fully underway.

Major Outputs: The precise nature of outputs related to the USG contribution and other donors for the overall project will be identified to extent possible. The program will be designed to establish a viable life sustaining mode of existence which would include mixed farming, livestock raising, cottage manufacturing development and service type industry and other compatible activities.

AID Financed Inputs:

	(\$000)	
	<u>FY 82</u>	<u>LOP</u>
Technical Assistance	800	6,000
Training	-	-
Commodities	600	1,500
Inflation/Other Costs	<u>200</u>	<u>2,500</u>
	1,600	10,000

(This is estimated to be one quarter total cost with other donors contributing \$30 million. There will also be a large GSDR contribution utilizing Titles I/III generations.)

Small Enterprise Program 649-0116

Purpose: To establish the technical and capital resources necessary to develop small industries and service enterprises in Somalia.

Background: As Somalia moves out of its strict interpretation of socialism to a more flexible form, the government is seeking to find ways of stimulating the private sector. The macro-economic analysis done in the 1982 CDSS indicates that development of small-scale industrial and service enterprises has good potential and is needed. The program would permit local entrepreneurs to produce many items which are presently imported thereby saving scarce foreign exchange resources. It would also provide added employment opportunities as alternatives to the government employment.

The small enterprise program would focus on developing enterprises to support the agricultural and construction sectors. The program is also expected to be an integral element for refugee development strategy. Small industries to produce agricultural tools and implements and to process agricultural products are areas of interest in the agricultural sector. In the construction and building materials sector, there is scope for steel fabrication, block fabrication, window, door, furniture and other production. On the services side, transport offers a great opportunity and commercial services related to the supply of agricultural inputs appears attractive.

The key to making the program effective in Somalia is a strong technical team to assist entrepreneurs from the proposal stage right through operations to provide both technical and managerial expertise and to train both entrepreneurs and counterpart staff. The capital fund will be utilized for foreign exchange costs of materials, equipment and supplies required for the enterprises. Local cost financing would be provided through the Commercial Bank, financed in part by Title I local currency generations.

Host Country and Other Donors: The Commercial Bank and the Development Bank have provision for loans to small enterprises but up to present have lacked both the foreign exchange and the technical skills for supervision resulting in a resistance by the Banks to deal with small enterprises because of excessive defaults. Other donors, IBRD, ILO and other UN groups have provided for some vocational training, etc., but no donors are presently active in private sector finance.

Beneficiaries: The direct beneficiaries will be the entrepreneurs, the people they employ and former refugees who will attain skills and a mode of existence. Indirectly, the users of the goods and services will benefit from reduced costs. Unfortunately, at this early stage it is not possible to quantify the beneficiaries.

FY 81 and 82 Program:

FY 81 will be an analytical year during which the total credit needs and absorptive capacity of various sectors and subsectors are defined, implementing institutions will be evaluated, and managerial needs defined. The design team will develop the PP based on the above analysis defining the technical assistance and capital requirements and the lending criteria and loan procedures. In 1982 the project will begin operations and set the stage for capital flow to begin in late 1982.

Major Outputs:

All Years

Enterprises assisted	500
Revolving loan fund established	*
Management staff trained	30

AID Financed Inputs

FY 1982

LOP

Technical Assistance	400	2,000
Capital	-	<u>5,000</u>

TOTAL

400

7,000

\*There will also be a large GSDR contribution utilizing Titles I/III generations.

### Commodity Import Program

Purpose: To assist in meeting GSDR severe balance of payment difficulties, provide foreign exchange to help finance essential imports and to contribute to an international effort to support an economic stabilization program.

Background: The structure of Somalia's balance of payments has been weak and deteriorating in recent years. Until 1978 however, this underlying weakness was largely masked by substantial inflows of external assistance which allowed for an overall balance of payments surplus and an accumulation of reserves. By 1979, official inflows of payments registered a deficit of \$43 million (an amount equal to 38 percent of 1979 exports). As a result, reserves fell to a level which would cover only three months worth of imports. This has led to an import crunch so severe that essentials such as nails, aspirin, spare parts, wood and cement are either unavailable or in very short supply.

A recent IMF mission to Somalia has estimated that 1980, some \$100 million in official flows will be required in addition to the \$28 million to be provided through the IMF. Such a level of assistance will not allow for any accumulation of foreign exchange reserves, nor will it allow for any real growth in the Somali economy in per capita terms.

Somalia's economic problems, difficult in and of themselves are being compounded by the growing refugee problem. It is estimated that there are currently 650,000 refugees in camps and another 500,000-700,000 living either off the land or with relatives. This refugee influx has increased the country's population by 25 percent.

It is estimated that the Somali Government is currently spending \$100,000 to \$200,000 a day out of its own resources on these refugees. This amounts to over ten percent of their total national budget. Further, given the fact that most of the refugees will be unable to return to Ethiopia, Somalia will have to absorb not only their short-term maintenance costs, but also the longer term investment costs connected with their absorption into the Somali economy.

An ESF Program Grant to Somalia would constitute both a needed and appropriate response to the immediate balance

of payments problem and to the longer term requirements connected with the absorption of the refugees into Somalia's economy.

On the balance of payments side, the ESF Program Grant would make foreign exchange available to cover the cost of imports associated with a project which USAID/Somalia and bilateral/multilateral agencies will develop to assist with longer term refugees absorption and economic integration. It would also provide foreign exchange for the provision of inputs in support of our regular activities in the farming and livestock sectors. The precise division of the ESF Program Grant has yet to be determined though it most certainly depends upon the amount of ESF that can be made available. Among the imports that might be provided are equipment and spares, fertilizer, building materials, pumps, generators, water pipe, casing and tanks and fencing materials.

The ESF Program Grant will also generate local currency which will provide a non-inflationary source of government finance, a critical need in view of the budgetary restrictions which form a part of the proposed IMF stabilization exercise. Both public institutions and private importers will be eligible to utilize the foreign exchange made available under the grant and both will be required to deposit the local currency equivalent in a special account. (Requiring public institutions to pay for the foreign exchange from their domestic budgets inappropriate to ensuring efficient resource allocation.) This special account, while owned by the Government of Somalia, will be programmed with USAID/Somalia approval and be used to cover the domestic cost of USAID's contribution to the projected refugee normalization program and support the Somalia development effort in the rural sector. Among the costs which these local currency resources might be used to cover are those associated with land preparation, training and support of Somali technician, housing and the construction of access roads.

#### Host Country and Other Donors:

An IMF mission was in Somalia early in FY 80 to review with GSDR their balance of payment and fiscal problems. As a result of the mission's visit the GSDR agreed to study and introduce changes in fiscal policy. Some of the

recommendations included restricting central bank borrowing, adjustments in import duty rates, revision of tax structure, curtailment of government expenditure, introduction of new interest and lending rates to make credit more readily available to the productive sectors and to review, with IMF assistance, the need for an exchange rate adjustment. This GSDR/IMF preliminary understanding made Somalia eligible for first credit tranche of a stand-by arrangement. The IMF will be returning in June 1980 for a review of the program and evaluate progress.

The IBRD has under review a proposal to consider program lending to Somalia to provide similar but longer term balance of payment and development support. Arab Governments are already providing significant balance of payment assistance, particularly Saudi Arabia, Qatar, other Arab States and their financial institutions. Ideally, a multi-national consortium should be established to coordinate and harmonize the stabilization program.

Beneficiaries:

The vast majority of the people Somalia will benefit by anticipated adjustments stemming from an effective stabilization program. Small farmers and rural dwellers will have access to essential inputs improving productively and enhancing their standard of life, as well as realizing higher incomes from more rational price policies. Nomadic and sedentary livestock raisers will benefit from a rise in the minimum export price quoted in foreign exchange payments for livestock. Exports will increasingly move through official channels improving GSDR foreign exchange and reserve position. Ensuing benefits will follow for the majority of the population as a result of increased Government revenues to finance essential services and support the development program. The reduction in Central Bank financing will temper the rate of inflation, currently estimated at 30% annually, thereby increasing the purchasing power of the poor majority of the country. These and other benefits expected will evolve gradually as the proposed stabilization program will take time to be fully effective and must be considered as a multi-year effort.

Description of FY 81 and FY 82 Program:

Following consultation with IMF and IBRD officials in June, USAID will develop the macro-economic analysis necessary to

support the Commodity Program. This analysis will include discussion of implementation issues to ensure prompt and effective utilization of the resources. The list of eligible commodities will be identified and developed. GSDR will be assisted in establishing a country owned account procedures for the efficient and timely drawdown of local currency for development purposes and in support of fiscal policy adjustments associated with the stabilization program. The Commodity Program is expected to commence in FY 81 with imports arriving during the third quarter and continuing during FY 82.

Major Outputs:

A resurgence of a stagnant economy and the country development program. Essential fiscal reforms introduced for a general improvement of living standards for the poor and real growth in per capita terms.

AID/Other Donor Inputs:

	<u>FY 81</u> <u>(\$000)</u>	<u>FY 82</u> <u>(\$000)</u>
AID (Commodity Program)	10.0	20.0
IMF	20.0	15.0
Saudi Arabia	25.0	25.0
Arab States	30.0	30.0
Arab Financial Institutions	<u>15.0</u>	<u>10.0</u>
	100.0	100.0

DEVISION UNIT  
USAID/Somalia

TABLE IV PROJECT BUDGET DATA

NUMBER	PROJECT TITLE	O/L	OBLIGATION DATE		DATE OF NEXT PLANNED MAJOR ROUTINE EVAL.	CUM. PIPELINE AS OF 9/30/79	FY 1980			FY 1981			FY 1982 APT. OBLG.	FORWARD FUNDED TO (MO/YR)	FUTURE YEAR OBLIGATIONS FY 1983 BEYOND
			INITIAL	FINAL			OBLG.	EXPEND.	CUM. PIPELINE	OBLG.	EXPEND.	CUM. PIPELINE			
0101	Agriculture, Rural Development and Nutrition	G	78	79	-	5,027	3,027	2,000	-	2,000	-	9/81	-	-	
0103	Ag. Extension, Trg&Research Livestock/Range Management	G	79	84	12/82	1,000	1,904	1,496	3,500	3,200	3,600	3/83	2,000	2,500	
0109	Animal Health Services	G	81	86	6/81	-	-	-	1,100	-	2,300	9/83	1,000	4,600	
0112	Ag. Delivery Systems	G	79	83	3/83	1,500	645	2,855	1,600	1,861	1,900	9/84	3,752	-	
0113	Bay Region Rural Development	G	80	84	9/82	-	-	500	2,700	1,500	4,300	3/84	2,500	1,200	
0115	Refugee Settlement PD and S	G	81	86	9/83	-	(60)	-	1,000	400	1,600	9/83	1,000	3,400	
	Health	G	-	-	-	-	-	-	(30)	(30)	(35)	-	-	-	
0102	Rural Health	G	79	84	6/82	4,000	2,500	3,400	1,900	3,000	1,000	6/83	3,500	2,900	
0104	Groundwater Development PD and S	G	79	84	6/83	757	2,200	957	2,200	2,200	2,300	9/83	3,000	3,300	
	Education	G	-	-	-	-	-	-	-	-	(35)	-	-	-	
0106	Education Development PD and S	G	82	86	9/83	-	-	-	(30)	(30)	600	9/83	4,000	3,400	
	Related Development Activities	G	-	-	-	-	-	-	-	-	(35)	-	-	-	
0103	Kurtunware Settlement Program	G	79	80	-	958	1,240	818	-	818	-	9/81	-	-	
0116	Small Enterprise Program PD and S	G	82	87	9/84	-	-	-	(30)	(30)	400	9/82	4,000	2,600	
	TOTAL					10,300	11,516	12,026	14,000	14,979	18,000				

TABLE IV (a)  
AFRICA BUREAU REGIONAL PROJECTS  
((\$000))

<u>Activity</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>
Project Development & Support (PDS)	60	90	140
Africa Manpower Development Program	350	350	350
AMDP	200	200	250
AFGRAD			
Self-Help Development Activities	10	20	20
Women in Somali Rural Development (AIP)	500	-	-
Family Health Initiatives (POP)	200	150	150
Poultry Development (AIP)	500	-	-

TABLE V - NARRATIVE

OVERVIEW:

Somalia, relative to the overall U.S. policy in East Africa and the Indian Ocean, has become even more important over the past year. At present, the establishment of our AID program has been the only tangible evidence of our commitment to Somalia's development effort to overcome its formidable economic problems and thus help to assure its security and stability in the furthering of U.S. objectives in the area.

Somalia is a poor country with minimal natural and financial resources, at present, to sustain a viable development program without external assistance. Despite this dependence Somalia has demonstrated a determined effort to promote economic growth with equity and distributive justice with its own resources to the maximum extent possible. Despite inadequate resources the country's strength lies in its people which are composed of a single ethnic group with a common language. The basic GSDR strategy is to effectively mobilize these human resources to spearhead its overall economic development effort.

The Somalia CDSS represents a sectoral development strategy which identifies the crippling shortage of trained manpower as the principal constraint to the country's development.

Trained manpower is critically important to providing minimal essential services, creating the necessary institutional and infrastructure base, and developing the public and private financial resources structures needed for sustained development. The AID program has been designed to fully support the GSDR manpower development strategy in its broadest sense, giving primary emphasis to several critical sectors in the Somalia economy.

The FY 82 CDSS also identified multi-sector macro constraints adversely affecting development in Somalia. As this ABS is being prepared Somalia faces critical balance of payment difficulties so severe that essential food and material can not be imported to keep the economy functioning and to feed the indigenous population. Added to this problem is an inadequate revenue base which is unable to finance growing budget deficits or to provide even minimal resources in support of development. Now in addition to sector and macro constraints Somalia is being overwhelmed by a mammoth

refugee problem, over 600,000 in camps and possibly an equal number in the countryside and urban centers, which will require years to stabilize and require massive amounts of external resources to assist in providing basic life support material and in assuring long-term rationalization of the refugee impasse.

The AID program for Somalia is designed to address first the structures and systems within critical sectors which must be made capable of maintaining a development momentum and secondly the multi-sectoral macro constraints that must be addressed to allow the sectoral developments to proceed with a minimum of impediments. A third effort will be to help devise a multi-lateral strategy to assist the refugee population to become increasingly more self-supporting pending the final resolution of the factors that have spawned this human tragedy.

Our sectoral program will continue to emphasize development in the Agricultural/Livestock, and Health sectors supported by a comprehensive water development program. These programs will largely be multi-donor with AID providing, in the main, the technical assistance component. Our participation in the multi-donor programs has directly influenced our funding levels for all three decision packages. The decision packages also reflect the Mission's intention to propose new programs consistent and supportive of our overall CDSS strategy in livestock and education sectors following completion of the design phases and the availability of additional resources.

The AID program plans to address the multi-sectoral macro constraints by utilizing a combination of PL 480 resources and a commodity program. PL 480 Title I/III programs will help provide balance of payment relief, permit the import of essential agricultural commodities, and relieve the financial constraints on both the ordinary and development budgets through local currency generation. A grant funded, ESF, commodity program beginning in FY 1981 would help finance essential imported materials which are either extremely scarce or non-existent, thus seriously impeding normal functions of the economy.

The commodity program would support the proposed IMF stabilization program and other anticipated external initiatives including possible program lending by IBRD

to meet Somalia's balance of payment deficits estimated at approximately \$100 million for CY 1979. A Consortium approach for commodity programs would provide resources in amounts sufficient for GSDR to undertake the policy changes, exchange rate adjustments, price changes and other interventions necessary to establish a meaningful stabilization effort.

The GSDR has yet to reach a consensus on the refugee issue. But it is clear that many will be unable to return to their former homes or follow earlier modes of existence. Others may return but only after some years. PL 480 Title II commodity aid will have to continue at high levels proposed in the decision packages for FY 82 and FY 83 for life support purposes and will gradually be reduced as refugees become increasingly self-sufficient. Along with a multi-national effort, the AID program relying on proposed ESF financing and local currency funding will support a variety of programs designed to permit the refugees to become increasingly self-supporting and less dependent on outside assistance. The Small Enterprise project has been identified as one project which could contribute to this objective. Assistance to establish refugees as viable small farmers on unutilized cultivable lands is another program which will be given consideration. USAID proposed program in basic skills training will be important element in preparing refugees, who are eventually assimilated, to become useful and productive members of the nation's population, contributing to Somali's economic development.

DECISION PACKAGE MINIMUM:

This package includes only funding for projects underway or expected to be underway prior to FY 82. The levels indicated are minimum to keep the projects moving at a pace that would not seriously jeopardize project success. Although these projects have been "ranked" on Table IV, each project in this package is of importance to the overall development goals of Somalia, as supported in USAID/Somalia's CDSS, and ranking is more an compliance exercise than an indication of importance.

Two projects have been fully funded and expect to be completed prior to FY 82 (Kurtunwaare, 649-0103; and Agricultural Extension, 649-0101.)

Agricultural Delivery Systems (649-0112) received incremental funding of \$3.0 million through FY 80 with \$1.6 million additional scheduled for FY 81, primarily for commodities, participants and technicians. Added contractual expenses and the recurrent costs for participants and operations will require a minimum of \$1.9 million in FY 82.

Livestock/Range Management (649-0108) has received a total of \$3.4 million in FYs 79 and 80, with an additional \$3.5 million planned for FY 81. The amount of \$3.4 million indicated in Table V for FY 82 is the minimum we anticipate to need to carry on orderly implementation of the project. The FY 82 funds will be dedicated to pay the costs of technicians in Somalia, ongoing participant training in the U.S. and commodities.

The implementation of the Groundwater Development Project (649-0104) is coordinated with the schedules of the two other donors, and received initial funding of \$0.757 million in FY 79, increased by \$2.4 million in FY 80, and incremental funding of \$2.2 million in FY 81 is proposed. The minimum decision package level of \$2.3 million will be required to finance essential commodity components at the initial phase of project implementation to keep pace with the execution plans of other donors and to accommodate and support technical staff in advance of their arrival in country.

The Rural Health Project (649-0102) received \$4.0 million in FY 79, \$1.9 million in FY 80 and is budgeted at \$1.9 million for FY 81 and \$1.0 million for FY 82. Because of a late start, previously obligated funds were excess to prior year requirements, therefore the projected \$3.0 million expenditures projected for FY 82 for technical assistance, participants, construction and commodities need only to supplement by \$1.0 million during this year.

Bay Region Development (649-0113) is expected to be authorized in the third quarter of FY 80 with an initial allotment of \$500,000 to cover project startup costs. Because of early cost requirements for procurement and contracting, the project will require minimum funding of \$2.7 million in FY 81 and \$2.8 million in FY 82.

Animal Health Services (649-0109) is a proposed FY 81 project with initial funding of \$1.1 million and minimum incremental funding of \$1.2 million in FY 82. The first two years funding will be used primarily for technical assistance with lesser amounts for commodities and participant training.

The Refugee Rehabilitation Project (649-0115) is planned to be authorized and initial funding received in FY 81. The project will be a part of a multi-donor effort to address problem of economically and socially integrating the refugees who will remain in Somalia. The project description will depend on the recommendations of GSDR, USAID and other major donor, study which should be completed by late summer 1980. Although the specific direction of the project is not yet determined, \$1.0 million has been suggested to cover initial costs in FY 81 with \$0.8 million in the minimum package for FY 82.

This package also includes \$10 million ESF for a Commodity Import Program which is expected to be initiated in FY 81. As documented in both the FY 81 and 82 CDSSs, USAID feels that such a program, combined with the proposed PL 480 programs is needed to alleviate the balance of payments and monetary difficulties faced by Somalia, which has worsened during the past few years largely due to the refugee dilemma. The focus of the CIP would be on agricultural support commodities, construction materials and other essential imports which are either non-existent or in short supply and presents a serious constraint to development in Somalia. Funding levels for the initial year of this program should not be less than \$10 million to provide desired development momentum and meet the expected progress targets.

As noted in the narrative for Table I, the maximum level of USDH required to manage the ongoing program for the FY 82 (Decision Package Minimum) is only two additional personnel over the mission current (FY 80) USDH staff, and no increase over the proposed FY 81 USDH level, even though annual level of funding has increased by over 100%, including two additional projects, and a CIP and Title III program.

DECISION PACKAGE CURRENT:

This package proposes no new projects but increases the incremental funding above that proposed in the Decision Package Minimum for two high priority projects which are expected to move ahead faster than planned, subject to availability of additional funds. Animal Health Services (649-0109) incremental funding moves from \$1.2 million in the Minimum package to \$2.3 million, and Bay Region Development (649-0113) is increased by \$8.0 million. This brings refugee feeding resources to a level that will probably be required especially if other donors do not contribute their share. No additional personnel are required for the current package.

DECISION PACKAGE AAPL:

Two new projects are proposed for this level, both addressing critical problems in Somalia as identified in the CDSS. Additional incremental funding is also proposed for the Commodity Import Program (FY 81) increasing the level proposed in the minimum package by \$5.0 million. The Title II program is increased by \$4.0 million and \$0.8 million is added to the Refugee Rehabilitation project bringing the total for FY 82 to \$1.6 million.

Education Development (649-0106). This project proposes to address a problem that has been given high priority by the GSDR and was identified as a key constraint to development in the CDSS. Trained manpower, especially at the technical and middle management levels is almost non-existent in Somalia. This has severely hampered development in both the private and public sectors and has been a serious impediment to productivity. Although not yet defined, the general goals of this project would be the establishment of a basic skills education system and the training of Somali educators. To implement the program (\$600,000) would be required in FY 82 for startup costs in order to have the project in full implementation by early FY 83.

The Small Enterprises project (649-0116) will provide credit and technical assistance to small entrepreneurs principally involved in supplying goods and services in the agricultural and construction sectors of the economy. It could also serve to speed up the process of refugee rehabilitation by providing additional employment opportunities. This project would assist the Government of

Somalia is gradually moving away from the strict socialist society that has existed for the past decade into a more flexible mode towards allowing the private sector to assume an increasingly more important role in the development process. The project proposes to assist the many small private sector firms and larger public sector enterprises which are inefficiently operated. Most are either marginally profitable or, particularly the latter, operate at a loss. Some consideration is even now being given to the transfer of parastatal institutions to the private sector. An example of a recipient of managerial assistance and credit for imports the project is expected to provide would be small firms involved in the fabrication or construction of construction industry components such as window frames, doors, steel and block fabrication. Initial start-up costs of \$400,000 would be required for the first year of operation scheduled for FY 82.

The AAPL package will require the addition of two USDH technicians to undertake the management of the Education and Refugee projects, and the FSN technician, bringing the total USAID staff to 23 USDH and 29 FSDH employees.

Bureau Code: Decision Code:

TABLE V - FY 1982 PROPOSED PROGRAM RANKING									
USAID/Somalia									
RANK	DECISION PACKAGES/PROGRAM ACTIVITY	PIPELINE/ ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)		WORKFORCE (Number of Positions)		CUM
					INCR	CUM	INCR	CUM	
	<u>DECISION PACKAGE MINIMUM</u>								
1	6/19-0112 Ag Delivery Systems	0	G	FN	1,900	1,900			
2	6/19-0108 Livestock Development	0	G	FN	3,600	4,500			
3	6/19-0104 Groundwater Development	0	G	HE	2,300	6,800			
4	PL 1/80 Title III (L/C Projects: No. Projects - 18; \$ value - 15,000)			-	(15,000)				
5	6/19-0102 Rural Health Delivery	0	G	HE	1,000	7,800			
6	6/19-0113 Bay Region RD	0	G	FN	2,800	10,600			
7	6/19-0109 Animal Health Services	0	G	FN	1,200	11,800			
8	6/19-0115 Refugee Settlement	0	G	FN	800	13,600			
9	PL 1/80 Title II			-	(10,000)				
10	Commodity Support			-	(10,000)				
11	Basic Workforce Total Minimum Package & Related workforce			ESF		13,600	21	21	28
	<u>DECISION PACKAGE CURRENT</u>						21*	21	28
12	6/19-0109 Animal Health Services	N	G	FN	1,100	14,700			
13	6/19-0113 Bay Region RD	0	G	FN	1,500	16,200			
14	PL 1/80 Title II	0	G	-	(8,000)				
15	Workforce Increment Current Package Total Current Package & Related workforce				2,600	16,200		21	28
	<u>DECISION PACKAGE AAPL</u>								
16	6/19-0106 Education Development	N	G	EH	600	16,800		1	22
17	6/19-0115 Refugee Settlement	0	G	FN	800	17,600		1	23
18	Commodity Support	0	G	ESF	(5,000)				1
19	PL 1/80 Title II			-	(4,000)				29

AID 1330-9 (4-80) \* Approved Personnel Planning Level.

Bureau Code: **USAID/Somalia** Decision Code:

**DECISION UNIT**

**TABLE V - FY 1982 PROPOSED PROGRAM RANKING**

RANK	DECISION PACKAGES/PROGRAM ACTIVITY	DESCRIPTION	PIPELINE/ ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)		WORKFORCE (Number of Positions)			
						INCR	CUM	INCR	CUM	INCR	CUM
20	649-0116	Small Enterprise Program Total AAPL Package & Related Workforce	N	G	SD	400 1,800	18,000	2		1	

**TABLE VI  
PROJECT SUMMARY**

**NUMBER OF PROJECTS**

	FY 79	FY 80	FY 81	FY 82 MIN	FY 82 CURR	FY 82 AAPL
IMPLEMENTATION AT BEGINNING OF YEAR.....	1	5	7	7	7	7
MOVING FROM DESIGN TO IMPLEMENTATION DURING YEAR.....	11	2	2	-	-	2
DESIGN FOR FUTURE YEAR IMPLEMENTATION.....	1	0	2	2	2	2
<b>SUBTOTAL.....</b>	<b>6</b>	<b>7</b>	<b>11</b>	<b>9</b>	<b>9</b>	<b>11</b>
NUMBER OF NON-PROJECT ACTIVITIES...PL...Title...Title...Title...Title...Title I/III and CIP	2	2	3	3	3	3
<b>TOTAL.....</b>	<b>8</b>	<b>9</b>	<b>14</b>	<b>12</b>	<b>12</b>	<b>14</b>

IMPLEMENTATION AT BEGINNING OF YEAR.....  
MOVING FROM DESIGN TO IMPLEMENTATION DURING YEAR.....  
DESIGN FOR FUTURE YEAR IMPLEMENTATION.....

**SUBTOTAL.....**  
NUMBER OF NON-PROJECT ACTIVITIES...PL...Title...Title...Title...Title...Title I/III and CIP  
**TOTAL.....**

**NUMBER OF PROJECTS MOVING FROM DESIGN TO IMPLEMENTATION BY PROJECT SIZE**

**AID'S CONTRIBUTION TO LIFE OF PROJECT COST**

	FY 79	FY 80	FY 81	FY 82 MIN	FY 82 CURR	FY 82 AAPL
LESS THAN \$1 MILLION.....	0	0	0	0	0	0
\$1 TO \$5 MILLION.....	1	0	0	0	0	0
\$5 TO \$15 MILLION.....	3	2	2	0	0	2
\$15 TO \$25 MILLION.....	0	0	0	0	0	0
MORE THAN \$25 MILLION.....	0	0	0	0	0	0

LESS THAN \$1 MILLION.....  
\$1 TO \$5 MILLION.....  
\$5 TO \$15 MILLION.....  
\$15 TO \$25 MILLION.....  
MORE THAN \$25 MILLION.....

**TABLE VII  
OPERATING EXPENSE FUNDED PERSONNEL  
YEAR END POSITIONS**

FUNCTIONS	FY 79			FY 80			FY 81			FN CONT	US CONT	FN CONT	US CONT
	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT	USDH				
Executive Direction	2	1			3	1			3	1			
Program Planning	1	2			2	3			2	3			
Project Design	2	-			2	-	1		3	1	1		
Project Implementation	3	2			7	3			8	6	1		
Financial Management	2	2			2	4			2*	6			
Mission Support	2	7			2	7			4	11			
Non Mission Specific													
TOTAL.....	12	14			18	18	1		22	28	2		
PLUS: PASAs (OE & Program)	2				8				8				
LESS: JAO Details	1*	IDIs			1*	IDIs			1*	IDIs			
MODE Required	13	-			25	2			29	2			

\* USAID currently has one GSO detailed to State. No JAO or extensive FAAS agreement exists at the present time. This should be resolved during FY 81, with one GSO position either to a JAO or AID, but not both.

**TABLE VII**

FUNCTIONS	FY 82 MINIMUM			FY 82 CURRENT			FY 82 AAPL					
	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT
Executive Direction	3	1			3	1			3	1		
Program Planning	2	3			2	3			2	3		
Project Design	3	1	1		3	1	1		3	1	1	
Project Implementation	8	6	2		8	6	2		10	7	2	
Financial Management	2	6			2	6			2	6		
Mission Support	3	11			3	11			3	11		
Non Mission Specific												
TOTAL.....	21	28	3		21	28			23	29	3	
PLUS: PASAs (OE & Program)	8				8				8			
LESS: JAO Details	-				-				-			
MODE Required	29	1			29	1			31	1		

PLUS: PASAs (OE & Program)

LESS: JAO Details

MODE Required



TABLE VIII

	FY 1982 MINIMUM		FY 1982 CURRENT		FY 1982 A/APL		
	(\$000's)	Related Workyear	(000's)	Related Workyear	(\$000's)	Related Workyear	Unit Cost
US Direct Hire	1,232.9	21.9	1,323.6	21.9	1,370.7	23.9	55.0
FN Direct Hire	171.1	28.0	206.5	28.0	212.6	29.0	5.7
US Contract Pers.	262.1	3.2	262.1	3.2	262.1	3.2	81.9
FN Contract Pers.							
Housing Expense	370.0	20.0	382.2	20.0	393.3	22.0	17.1
Office Operations	485.0	xx	502.6	xx	595.8	xx	xx
Total Budget	2,521.1	xx	2,677.0	xx	2,834.5	xx	xx
Mission Allotment	1,663.9	xx	1,766.8	xx	1,788.1	xx	xx
FAAS	25.0	xx	25.0	xx	25.0	xx	xx
Trust Fund		xx		xx		xx	xx

COST SUMMARIES

US Direct Hire

FN Direct Hire

US Contract Pers.

FN Contract Pers.

Housing Expense

Office Operations

Total Budget

Mission Allotment

FAAS

Trust Fund

AGENCY FOR INTERNATIONAL DEVELOPMENT

MISSION USAID/SOMALIA

TABLE VIII (A)  
Page 1 of 3

OPERATING EXPENSE BUDGET DETAIL

Expense Category	Line No.	Object Class	Expenses Related To	FY 84 BUDGET		FY 82 BUDGET (APL Level)	
				Units	Amount	Units	Amount
U.S. DIRECT HIRE	01	XXX			1,383.2		1,370.7
U.S. Citizens Basic Pay	02	110	USDII Workyears	22.0	703.9	23.0	762.7
Part-Time Temp. U.S. Basic Pay	03	112	USDII Workyears	9	12.5	9	13.8
Differential Pay	04	116			154.7		169.4
Living Allowances	05	118	USDII Workyears	20.0	53.3	21.0	58.4
All Other CODE 11	06	119			33.03		35.9
Education Allowances	07	126	No. of Dependents	17.0	39.0	18.0	43.0
Retirement - U.S.	08	120			49.3		53.4
All Other CODE 12 - U.S.	09	129					
Post Assignment - Travel	10	212	No. of Assignments	9.0	52.0	1.0	16.0
Post Assignment - Freight	11	22	No. of Assignments	9.0	144.0	1.0	36.0
Home Leave - Travel	12	212	No. of Assignments	8.0	21.8	9.0	32.5
Home Leave - Freight	13	22	No. of Assignments	8.0	15.8	9.0	26.4
Education Travel	14	215	No. of Movements	4.0	6.4	5.0	10.1
R & R Travel	15	215	No. of Movements	21.0	82.5	22.0	91.5
All Other CODE 215 Travel	16	215			15.0		21.6
FOREIGN NATIONAL DIRECT HIRE	17	XXX					
Basic Pay	18	114	FNDII Workyears	<del>28.0</del>	201.5		212.6
Overtime, Holiday Pay	19	115		28.0	173.5	29.0	183.2
All Other CODE 11 - FN	20	119			24.0		23.4
All Code 12 - FN	21	129					
Benefits for Former Personnel	22	13			4.0		6.0
U.S. CONTRACT PERSONNEL	23	XXX					
PASA Technicians	24	258	Workyears		209.5		262.1
U.S. Personal Serv. Cont. - Salary & Benefits	25	113	Workyears	2.5	157.5	3.2	201.6
All Other U.S. PSC Costs	26	255			52.0		60.5
F.N. CONTRACT PERSONNEL	27	XXX					
F.N. Personal Serv. Cont. - Salary & Benefits	28	113	Workyears				
All Other F.N. PSC Costs	29	255					

OPERATING EXPENSE BUDGET DETAIL

Expense Category	Line No.	Object Class	Expenses Related To	FY 81 BUDGET		FY 82 BUDGET (ANPL Level)	
				Units	Amount	Units	Amount
HOUSING							
Rent	30	XXX			440.0		393.3
Utilities	31	235	No. of Res. Years	20.0	191.2	21.0	209.2
Renovation & Maintenance	32	235	No. of Res. Years	20.0	79.9	21.0	87.9
Quarters Allowance	33	259	No. of Res. Units	20.0	46.0	21.0	32.6
Purchases - Res. Furnishings & Equipment	34	127	No. of Allowances				
Transportation (Freight) for Code 311	35	311	No. of Sets	4.0	48.1	2.0	20.8
Mission Director	36	22			57.7		25.0
Rent	XXX	XXX					
Utilities	37	235			9.3		9.3
Renovation & Maintenance of Residence	38	235			3.2		3.8
Official Residence Allowance	39	259			.5		.6
Representation Allowance	40	254			2.1		2.1
	41	252			2.0		2.0
OFFICE OPERATIONS							
Rent	42	XXX			523.2		595.8
Utilities	43	234					
Building Maintenance & Renovations	44	234			6.6		6.9
Office Furniture & Equipment	45	259			2.0		2.5
Other Equipment	46	310			32.1		18.6
Transportation (Freight)	47	319			32.2		41.6
Communications	48	22			77.1		72.2
Security Guard Services (NON PSCs)	49	230			7.8		8.3
Printing	50	259			86.4		92.0
International - Operational Travel	51	24			6.0		7.5
Domestic - Operational Travel	52	210	No. of Trips	37.0	105.5	42.0	118.2
Charter/Contract Transportation	53	210			27.5		30.6
Vehicles	54	259					
Transportation (Freight) for CODE 312	55	312	No. of Vehicles			4.0	35.6
Supplies & Materials	56	22	No. of Vehicles			4.0	26.4
FMS	57	26			84.0		70.4
ATI other CODE 25	58	257			20.0		25.0
	59	259			36.0		40.0

OPERATING EXPENSE BUDGET DETAIL

Expense Category	Line No.	Object Class	Expenses Related To	FY 81 BUDGET		FY 82 BUDGET (MPL Level) Amount
				Unfts	Amount	
TOTAL OPERATING EXPENSE BUDGET	60				2,757.4	2834.5
RECONCILE by deducting from line 60 amounts not funded from Mission Allotment (line 65)						
Object Class 11	61	XXX			891.6	968.0
Object Class 12	62				49.3	53.4
Net FMS (from line 50)	63				20.0	25.0
Other deductions	64					
NET ALLOTMENT REQUIREMENTS	65				1,796.5	1788.1
AID/W APPROVED BUDGET INCREASE (DECREASE)	XX	XXX				
	66					
	67					
	68					
	69					
	70					
OTHER INFORMATION	XX	XXX				
636(C) Requirements	71	32				
Administrative Reservations	72	XXX				
Frust Funded PSC's included in lines 23 & 27	73	XXX	Workyears			
Program Funded PSC's	74	XXX	Workyears			
P. D. & S. Project: Obligations for Project Design	75	XXX				

1981

PROJECTED OBLIGATIONS BY MONTH - FY

	OCT 11	%	APR 9	%
	NOV 10	%	MAY 10	%
	DEC 8	%	JUN 7	%
	JAN 10	%	JUL 6	%
	FEB 9	%	AUG 6	%
	MAR 7	%	SEP 7	%

NET ALLOTMENT REQUIREMENT BY QUARTER - FY 1981:

FIRST QUARTER : 520.9  
 SECOND QUARTER: 467.0  
 THIRD QUARTER : 467.0  
 FOURTH QUARTER: 341.6

USAID/ SOMALIA  
 O/C 311 & 319  
 FY 1981 NON-EXPENDABLE PROPERTY PROCUREMENT PLAN  
 (O/C 310, 311, 312 & 319)

MOB LINE NO.	OBJECT CLASS CATEG.	DESCRIPTION	WARE-HOUSE	NUMBER OF UNITS			Units to be Purchased			ACQUISITION COST		COMMENTS
				ISSUED	ORDER	TOTAL	C	A	NR	COMMODITY	TRANSPORTATION	
35	311	household Furniture		15	2	17			4	\$33,000		
		Porch Furniture		15		15			6	10,000		
		Hot Water Heaters		15		15			6	800		
		Water Filters		-		-			21	420		
		Vacuum Cleaners		16		16			5	600		
		Hospital Kit		-		-			4	1000		
		Carpets		30		30			12	2300		
35	311	TOTAL								48,120		
36	22	TOTAL TRANSPORTATION									57,700	
47	319	AIR CONDITIONERS	20	80		100	25		50	28,125		
		Water Pumps		7		7			14	2,050		
		Transformers		40	24	64	10		44	1,980		
47	319	Total								32,155		
48	22	Transportation									38,600	

1/ PURCHASE CODE: C = Purchase Based on Condition of Item  
 A = Replacement Based on Age  
 NR = New Requirement Due to Staffing Increase

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USAID/ SOMALIA  
 FY 1987 NON-EXPENDABLE PROPERTY PROCUREMENT PLAN  
 (O/C 310, 311, 312 & 319) O/C 310

MOB LINE NO.	OBJECT CLASS CATEG.	DESCRIPTION	NUMBER OF UNITS			Units to be/ Purchased			ACQUISITION COST		COMMENTS
			WARE- HOUSE	ISSUED	ORDER	TOTAL	C	A	NR	COMMODITY	
46	310	Executive Office set		8		8				6,700	
		Calculators		6		6				1,350	
		Filing Cabinets		2		2				1,836	
		Book cases		14		14				935	
		Desks		20		20				7,400	
		Chairs		3		3				2,000	
		Chairs, Swivel		3		3				3,200	
		Storage Cabinet		2		2				500	
		Copy Machine		10		10				1,200	
		Typewriters								2,100	
		Safe								4,000	
		Duplicating machine								900	
46	310	TOTAL								<u>32,121</u>	
48	22	Transportation									38,500

1/ PURCHASE CODE: C = Purchase Based on Condition of Item  
 A = Replacement Based on Age  
 NR = New Requirement Due to Staffing Increase

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USAID/ SOMALIA  
 OFFICIAL RESIDENCE EXPENSES  
 FY 1981 ESTIMATE

A. Number & Type of Full-Time Servants:

Salaries & Related Costs for Each	\$
COOK	2,220
MAID	<u>1,400</u>
	3,620

B. Number & Type of Part-Time Servants:

Salaries & Related Costs for Each

C. Costs of Other Authorized Items:\*

<u>ITEM</u>	<u>EST COST</u>
CLEANING SUPPLIES & MATERIALS	800
OTHER SUPPLY ITEMS	150
	4,570
TOTALS	<u>2,505</u>
Less 5% of Base Salary	<u>2,065</u>
OE Requirement	<u><u>2,065</u></u>

\* Include such things as cleaning supplies, paper products, light bulbs, small tools and items of insufficient value to require maintenance of property records.

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TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING  
 POSITION REQUIREMENTS - FY 1980-1982  
 (By Function, Organizational Unit, Position Title and Professional Speciality)

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	DECISION UNIT USAID/Somalia											
	FY 1980			FY 1981			FY 1982 -			AAFL		
	Minimum			Current			AAFL			AAFL		
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH
<u>EXECUTIVE DIRECTION</u>												
Director's Office	1		1		1		1		1		1	
Assistant Director	1		1		1		1		1		1	
All Other (Non-Professional)	1	1	1	1	1	1	1	1	1	1	1	1
Subtotal Executive Direction	3	1	3	1	3	1	3	1	3	1	3	1
<u>PROGRAM PLANNING</u>												
Program Office	1		1		1		1		1		1	
Program Officer	1		1		1		1		1		1	
Program Economist												
Assistant Program Officer												
Program Asst-Training	2		2		2		2		2		2	
All Other (Non-Professional)	1	1	1	1	1	1	1	1	1	1	1	1
Subtotal Program Planning	2	3	2	3	2	3	2	3	2	3	2	3
<u>PROJECT DESIGN</u>												
Project Design Office												
Project Development Officer	1		1		1		1		1		1	
Asst Proj. Development Off.												
Engineer												
All Other (Non-Professional)	1	1	1	1	1	1	1	1	1	1	1	1
Subtotal Project Design	2	-	2	2	2	2	2	2	2	2	2	2

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING  
 POSITION REQUIREMENTS - FY 19 80- 1982  
 (By Function, Organizational Unit, Position Title and Professional Speciality)

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	DECISION UNIT USAID/SOMALIA											
	NUMBER OF POSITIONS											
	FY 1980			FY 1981			FY 1982			AAPL		
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH
<u>PROJECT IMPLEMENTATION</u>												
<u>FOOD AND NUTRITION OFFICE</u>												
Agricultural Dev. Officer	1		1									
Asst. Ag. Dev Officer	1		1									
Livestock Advisor	1		1									
Ag. Economist/Agronomist	1		1									
Assistant Project Manager		1		2								2
All Other (Non-Professional)		1		1								1
Subtotal Food And Nutrition Office	4	2	4	3	4	4	3	4	3	4	4	3
<u>FOOD FOR PEACE OFFICE</u>												
FFP Officer	1		1									
Assistant Project Manager				1								1
Subtotal Food For Peace Office	1	-	1	1	1	1	1	1	1	1	1	1
<u>CIP OFFICE</u>												
Supply Advisor				1								
Subtotal CIP Office	-	-	1	-	1	1	-	1	-	1	1	-
<u>HEALTH AND POPULATION OFFICE</u>												
Health/Family Planning Dev Officer	1		1									
Assistant Health Officer	1		1									
Assistant Project Manager				1								1
All Other (Non-Professional)		1		1								1
Subtotal Health & POP Office	2	1	2	2	2	2	2	2	2	2	2	2
<u>HUMAN RESOURCES</u>												

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING  
 POSITION REQUIREMENTS - FY 1980-1982  
 (By Function, Organizational Unit, Position Title and Professional Speciality)

DECISION UNIT  
 USAID/Somalia

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	NUMBER OF POSITIONS												
	FY 1980		FY 1981		FY 1982				AAFL				
	USDH	FNDH	USDH	FNDH	Minimum	Current	USDH	FNDH	USDH	FNDH			
Education Officer												1	
Refugee Advisor												1	
All Other (Non-Professional)													1
Subtotal Human Resources												2	
<u>FINANCIAL MANAGEMENT</u>													
Controller's Office													
Controller	1		1		1							1	
Deputy Controller (FA)													
Budget and Accounting Officer	1		1		1							1	
Accountant					4								4
Cashier					1								1
All Other (Non-Professional)					1								1
Subtotal Financial Management	2	4	2	6	2	6	2	6	2	6	2	2	6
<u>MISSION SUPPORT</u>													
Executive Office													
Executive Officer			1		1							1	
Management Officer	1		2*		1							1	
General Service Officer *	1		1		1							1	
C&R/Secretary													
Warehouse Supervisor													
Procurement Admin Assistant													
All Other (Non-Professional)													
Subtotal Executive Office	2	7	4	11	3	11	3	11	3	11	3	3	11
* One GSO assigned on reimbursable detail to U.S. Embassy													
Total Incurement	18	18	22	28	21	28	21	28	21	28	21	2	1
Cumulative Total	18	18	22	28	21	28	21	28	21	28	21	23	29

FY 1982 ANNUAL BUDGET SUBMISSION  
PROJECT BUDGETS AND OBLIGATIONS  
TO MEET SPECIAL CONCERNS  
(THOUSANDS OF DOLLARS)

DECISION UNIT: 649 SOMALIA

TABLE X

PROJECT NUMBER AND TITLE: 6490104 COMPREHENSIVE GROUNDWATER DEVELOPMENT APPROPRIATION: HEALTH

A.	BUDGET IN CP:	FY 1980 - \$	2400	BUDGET IN ABS:	FY 1980 - \$				
		FY 1981 - \$	3200		FY 1981 - \$	2200			
		FY 1982 -		MINIMUM: \$	2300	CURRENT: \$	2300	APPL: \$	2300

B. OBLIGATIONS TO MEET SPECIAL CONCERNS:

ADP	SUB-	1980 BUDGET	1981 BUDGET	1982 BUDGET
ITEM	CONCERN CODE	IN CP	IN ABS	IN CP
1425	ENVR	\$ 1680	\$ 2240	\$ 1800
				\$ 1800
				\$ 1800
				\$ 1800

PROJECT NUMBER AND TITLE: 6490106 TECH/VEGETATIONAL EDUCATION APPROPRIATION: EDUCATION AND HUMAN RESOURCES

A.	BUDGET IN CP:	FY 1980 - \$	0	BUDGET IN ABS:	FY 1980 - \$				
		FY 1981 - \$	0		FY 1981 - \$				
		FY 1982 -		MINIMUM: \$		CURRENT: \$		APPL: \$	600

B. OBLIGATIONS TO MEET SPECIAL CONCERNS:

ADP	SUB-	1980 BUDGET	1981 BUDGET	1982 BUDGET
ITEM	CONCERN CODE	IN CP	IN ABS	IN CP
693	WU	\$ 0	\$ 0	\$ 0
				\$ 0
				\$ 0
				\$ 200

FY 1982 ANNUAL BUDGET SUBMISSION  
PROJECT BUDGETS AND OBLIGATIONS  
TO MEET SPECIAL CONCERNS  
(THOUSANDS OF DOLLARS)

PROJECT NUMBER AND TITLE: 0-50108 CENTRAL HANGELANDS DEVELOPMENT APPROPRIATION: AGRICULTURE, RURAL DEV. AND NUTRITION

A.	BUDGET IN CP:	FY 1980 - \$	2400	BUDGET IN ABS:	FY 1980 - \$	
	FY 1981 - \$	3000		FY 1981 - \$	3500	
	FY 1982 -			MINIMUM: \$	3600	CURRENT: \$ 3600
						APPL: \$ 3600

B. OBLIGATIONS TO MEET SPECIAL CONCERNS:

ADP	CONCERN CODE	SUB-	1980 BUDGET	1981 BUDGET	1982 BUDGET
			IN CP	IN CP	IN ABS
1504	ENVR		\$ 450	\$ 720	\$ 720
					APPL: \$ 720

PROJECT NUMBER AND TITLE: 6-90112 AGRICULTURAL DELIVERY SYSTEMS APPROPRIATION: AGRICULTURE, RURAL DEV. AND NUTRITION

A.	BUDGET IN CP:	FY 1980 - \$	2000	BUDGET IN ABS:	FY 1980 - \$	
	FY 1981 - \$	1600		FY 1981 - \$	1600	
	FY 1982 -			MINIMUM: \$	1900	CURRENT: \$ 1900
						APPL: \$ 1900

B. OBLIGATIONS TO MEET SPECIAL CONCERNS:

ADP	CONCERN CODE	SUB-	1980 BUDGET	1981 BUDGET	1982 BUDGET
			IN CP	IN CP	IN ABS
710	ENVR		\$ 200	\$ 100	\$ 160
707	WID		\$ 200	\$ 200	\$ 200
					APPL: \$ 200
					APPL: \$ 240
					APPL: \$ 240

FY 1982 ANNUAL BUDGET SUBMISSION  
PROJECT BUDGETS AND OBLIGATIONS  
TO MEET SPECIAL CONCERNS  
(THOUSANDS OF DOLLARS)

PROJECT NUMBER AND TITLE: 6490113 BAY REGION DEVELOPMENT PROJECT APPROPRIATION: AGRICULTURE, RURAL DEV. AND NUTRITION

A. BUDGET IN CP: FY 1980 - \$ 500 BUDGET IN ABS: FY 1980 - \$ \_\_\_\_\_  
 FY 1981 - \$ 2400 FY 1981 - \$ 2700  
 FY 1982 - MINIMUM: \$ 2800 CURRENT: \$ 4300 APL: \$ 4300

B. OBLIGATIONS TO MEET SPECIAL CONCERNS:

ADP ITEM	CONCEPN CODE	SUB-	1980 BUDGET		1981 BUDGET		1982 BUDGET		APPL:
			IN CP	IN ABS	IN CP	IN ABS	MINIMUM	CURRENT	
704	ENVR	4	\$ 50	\$ _____	\$ 240	\$ 270	\$ 280	\$ 430	\$ 430
700	WLD		\$ 0	\$ _____	\$ 480	\$ 540	\$ 560	\$ 860	\$ 860

TABLE X SPECIAL CONCERNS  
ADDITIONAL PROJECTS

PROJECT NUMBER AND TITLE	APPROP	CONCERN CODE		FY 1980	FY 1981	FUNDING FOR SPECIAL CONCERN (\$000)		AAPL	
		PRIME	SUB 1/			MINIMUM	FY 1982		
							CURRENT		
649-0102 Rural Health Delivery	HE	WID		1,000	1,000	500	500	500	
649-0115 Refugee Settlement	FN	ENVR	1	-	100	80	80	160	
		ENVR	3	-	100	80	80	160	
		ENVR	5	-	100	80	80	160	
		ENVR	6	-	100	80	80	160	
		ENVR	7	-	100	80	80	160	
649-0116 Small Enterprise Development	SD	PVOU		-	100	80	80	160	
		WID		-	400	320	320	640	
		ENER		-	-	-	-	100	

1/ Use only for Environment Activities

PL 480 - NARRATIVE

The proposed Title II program is a humanitarian undertaking in an emergency effort to feed the large refugee population. The anticipated Title III program will be integrated into the overall CDSS strategy. The PL 480 programs will address humanitarian needs, balance of payment problems, ease a difficult foreign exchange situation, and encourage needed policy changes in the agricultural and other critical sectors as well as provide local currency support for mutually agreed upon development projects.

As the value and volume of Somalia's exports has leveled off the total cost of essential imports has increased. This has led to an increased problem of debt servicing and limits the amount of foreign exchange that can be relied upon for development projects. The GSDR is aware of the problem and has requested Title III assistance to help them address both balance of payment and monetary difficulties.

Traditionally, the national diet of the Somalis is based on corn and sorghum, meat and milk, and edible oil along with wheat products and rice. Rice is a recent addition to the normal diet and though there is potential for increased production it will take some time to become fully self-sufficient. Wheat flour is widely used in bread and pasta and is a legacy of colonial times. It is quite unlikely that the country can become self-sufficient in wheat in the near future, but there is considerable scope for immediate expansion of corn, sorghum and edible oils as well if proper inputs and management are brought to bear. Under normal circumstances a surplus could be predicted during the decade, but with the tremendous burden of the refugees, the full scope of which is not yet even known, this may no longer be possible.

However, the GSDR is determined to expand cereal production to meet domestic consumption requirements and possible exports. USAID projects have been designed to support GSDR production programs for corn, rice and edible oils, the PL 480 commodities proposed for FY 1982.

Title II:

The Title II program continues to be an emergency response to an ever-increasing problem of the influx of refugees

into the country. It is a humanitarian program to meet the basic feeding needs of these refugees, 90% women and children who have no means to support themselves. The GSDR has declared a state of emergency and has requested the international community to assist to the extent possible. It is clear that they have however contributed in cash, services and manpower to the extent of their limited resources adversely affecting their own population and has brought the country's development effort to a standstill. The special Mission of the United Nations estimates that the import cost of 160,000 MT of mixed commodities required to feed the 1980 average number of refugees is approximately \$160 million, though less than half that amount will be supplied. The total number of refugees has grown from 475,000 to 690,000 in the first five months of 1980 and the factors that will continue to contribute to the continuing growth will not be resolved in the near future. The U.S. inputs in 1980, 1981 and 1982 will continue to meet a substantial proportion of the refugees life support food needs. It is however clear that other donors will have to assume a greater proportion of the total requirement. Currently there are substantial inputs from the WFP, UNHCR and the EEC. The proposed budgetary levels for FY 81 and FY 82 of \$22 million should provide approximately 80,000 MT of mixed commodities with approximately 75% comprised of yellow corn, and the balance in vegoil, NFDM, and rice that will be required. It is expected that the daily ration will continue to be approximately a pound per day per refugee and the proposed volume will meet half of the daily ration of 750,000 refugees, the remaining balance to come from other sources. As and when the refugee population grows beyond that figure, the GSDR will have to secure more commodity support from the international community. It is expected that if the refugee problem persists into 1982, and there is no evidence that it will not, plans for refugee self-support will be needed in the early stages as possible. Substantial food assistance will have to continue as the assimilation program for the refugees are phased in and subsequently completed to facilitate the transition.

Given the nature of the increasing Somali problems of foreign exchange and local currency shortages, it may be necessary to propose a Title II sales program. This will be decided when the full scope of the refugee problem and its impact on the economy and development efforts becomes known.

Titles I/III:

The Titles I/III program will affect several important development efforts and constraints to development throughout the decade. The CDSS has identified Somalia's continuously deteriorating balance of payment position as a serious constraint to development. The proposed program will address the balance of payments problem, ease the difficult foreign exchange situation and encourage needed policy changes in the rural sector, as well as provide local currency financing for existing and additional development projects. All proposed USAID projects have a significant requirement for local currency and some of these funds are being budgeted for these and other projects. These projects are aimed at reducing the basic constraints to agricultural and rural development and as the goals are realized some of the problems of agricultural production and rural development should be diminished. There are two major and uncontrollable factors however that are continuously in the equation. One is the climate. With the continuing threat of drought during any growing season and the considerable difficulty in establishing and maintaining commodity reserves, the fortunes of development activity move with the changes in rainfall, and will continue to do so despite development in irrigation and groundwater resources.

The Titles I/III and the Title II program speak to the food gap within the country. The refugee population in the camps of a minimum of three quarter million without productive capacity for the foreseeable future represent a considerable drain on the total food availability; met to some extent by the importation of Title II commodities from other donors and drawing down the country's own food reserves. There are possibly a number of displaced persons, equal to that which are considered refugees because they cannot return to their homelands, that are living in the rural and urban areas of the country. This group constitute an almost immediate additional 15 to 20% demand on the food resources. Productivity has not kept pace nor could it have been expected to. The Government has attempted to keep prices reasonably stable, but with such great market dislocations, there has been high inflation and shortages which have affected the poor the most. These have also disrupted planning activities and diverted other scarce resources like transport and management.

The GSDR is giving top priority to meeting the existing nutritional gaps for all segments of the population. They are supporting agricultural, livestock, and water resources development projects to the extent that their resources allow. They are directing all local currency proceeds of Titles I/III sales to projects to increase both short-term and long-term productivity. They are attempting to develop a purchasing and pricing policy that speaks both to the efficient increase of productivity as well as equitable consumption. Timetables for self-sufficiency will be difficult to predict but this goal could be met before the end of 1980's. The scope of the current problem in terms of refugees and simple maintenance of minimal imports to maintain the existing infrastructure requires most available resources. However the development undertakings in the country will begin to yield results in the foreseeable future if other factors remain constant. Somalia has a relatively efficient marketing and distribution system for a large country. Although seasonal rains cause disruptions, the public and private sector transport system, trucks and animal drawn carts, have been able to maintain an adequate flow of agricultural commodities from the rural areas to the urban centers and from the ports to the interior when necessary.

The two principal public sector purchasing and marketing entities for agricultural products are the Entete Nationale Commerciale (ENC) and the Agricultural Development Corporation. They establish both farmgate and retail prices. They seem to be efficiently run and have established an adequate distribution and storage system. These two institutions receive and handle all PL 480 food commodities except Title II NFDM which is handled by Food Aid Office in Ministry of local government.

There are no storage or marketing constraints that impede the distribution of PL 480 commodities. Roads are being improved and this will help reduce the cost of inland transportation. Further emphasis will be given in this area in the programming of local currencies generated from sales.

There are no major changes in PL 480 program levels between FY 81 and FY 83.

Pages 49 to 56 of the Mission CDSS should be reviewed for expanded analysis of the PL 480 programs inputs and justifications.

FY 1982 ANNUAL BUDGET SUBMISSION

TABLE XI

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

COMMODITIES	FY 1980			Estimated FY 1981			Projected FY 1982			Carry into FY 1983 \$ MT
	Agreement \$ MT	Shipments \$ MT	Carry into FY 1981 \$ MT	Agreement \$ MT	Shipments \$ MT	Carry into FY 1982 \$ MT	Agreement \$ MT	Shipments \$ MT	Carry into FY 1983 \$ MT	
<u>Title I</u>										
RICE	4.3	10.0	4.3	5.85	15.0	5.85	6.0	15.0	6.0	15.0
WHEAT	2.4	10.0	2.4	3.30	20.0	3.30	3.4	20.0	3.4	20.0
OIL	1.7	2.4	1.7	5.85	8.3	5.85	5.6	7.7	5.6	7.7
CORN	6.3	39.3	6.3							
Total	14.7	61.7	14.7	15.0	43.3	15.6	15.0	42.7	15.0	42.7
Of which										
<u>Title III</u>										
RICE				5.85	15.0	5.85	6.0	15.0	6.0	15.0
WHEAT				3.30	20.0	3.30	3.4	20.0	3.4	20.0
OIL				5.85	8.3	5.85	5.6	7.7	5.6	7.7
Total				15.0	43.3	15.6	15.0	42.7	15.0	42.7

COMMENT:

The prices above are from Title I ABS guidance and are for bulk grain shipments. Currently all incoming grain commodities must be bagged but the feasibility of accepting bulk grain in future is under study.

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## FY 1982 ANNUAL BUDGET SUBMISSION

TABLE XII

COUNTRY: Somalia

PL 480 TITLE I/III

Supply and Distribution  
(OOO Metric Ton)

<u>STOCK SITUATION</u>	<u>FY 1980</u>	<u>Estimated FY 1981</u>
<u>Commodity - Wheat Flour</u>		
Beginning Stocks	16.6	16.6
Production	-	-
Imports	85.0	90.0
Concessional	(45.0)	(50.0)
Non-Concessional	(40.0)	(40.0)
Consumption	85.0	90.0
Ending Stocks	16.6	16.6
<hr/>		
<u>Commodity - Vegoil</u>		
Beginning Stocks	3.8	6.9
Production	16.1	16.5
Imports	27.0	28.0
Concessional	(12.0)	(14.0)
Non-Concessional	(15.0)	(14.0)
Consumption	40.0	43.0
Ending Stocks	6.9	8.4
<hr/>		
<u>Commodity - Rice</u>		
Beginning Stocks	23.0	4.2
Production	1.2	1.5
Imports	55.0	45.0
Concessional	(30.0)	(20)
Non-Concessional	(25.0)	(25)
Consumption	75.0	50.0
Ending Stocks	4.2	.7
<hr/>		
<u>Commodity - Maize/Sorghum</u>		
Beginning Stocks	0.4	13.6
Production	20.0	75.0
Imports	113.2	100.0
Concessional	(113.2)	100.0)
Non-Concessional	-	-
Consumption	120.0	150.0
Ending Stocks	13.6	38.6