

UNCLASSIFIED

**Annual Budget
Submission**

FY 1985

Uganda

BEST AVAILABLE



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Agency for International Development
Washington, D.C. 20523

UNCLASSIFIED

USAID/UGANDA
FY 1985 ANNUAL BUDGET SUBMISSION

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USAID/UGANDA ACTION PLAN

Unlike most AID country strategy documents, the Uganda CDSS focuses on a shorter time frame, the 1983-1985 Recovery Program period. This is consistent with the Ugandan planning perspective which acknowledges the extraordinary near term stabilization and growth problems that the country is encountering. During this time AID proposes to help Uganda adjust to the massive economic structural reforms inaugurated in the post-Amin years and get existing productive capacity underway again while developing the framework for a longer term developmental program consistent with Agency policy. The Uganda CDSS calls for the exclusive concentration of direct AID resources during FY's 1984 and 1985 on agricultural production while supplementing bilateral resource flows with central funds to assist the Ugandans in initiating broader and more intensive programs to address the country's population problem. During the 1983-1985 period our objectives in Uganda are (1) to help relieve the pressing foreign exchange constraint, (2) to contribute to the rehabilitation of productive capacity, and (3) to maintain an active role in the continuing process of policy change. This approach is entirely consistent with the Africa Bureau Strategic Plan that emphasizes the importance of the economic policy framework, the increased contribution that the private sector can make to African development, the necessity of donor coordination, institutional development, and agriculture.

During the Action Plan time frame we plan to begin to achieve our CDSS objectives by working on the following targets:

Recapitalization of Small Farmer Agriculture

The availability and use of needed farm inputs will contribute directly to improving Uganda's foreign exchange earnings. We will need to improve our performance in implementing the Food Production Support project. Procurement of needed farm implements and production supplies is behind schedule. In order to ensure that this project has the desired balance of payments impact, we will give much greater management attention to needed procurement actions. If needed we will secure additional TDY support from AID/W or supply management services on a PSC basis.

We will complete an industrial analysis of firms that can be rehabilitated quickly in order to provide needed inputs for smallholder agriculture or processing of agricultural output. This information will be provided to the Cooperative Bank so that it can take action to provide on-lending to commercial and cooperative enterprises, thereby contributing to our second CDSS objective of restoring productive capacity.

As a pipeline of farm supplies begins to develop, Uganda's farmers will need access to credit to procure larger inputs and capital equipment. We will include a small farm credit scheme as part of the Cooperative Development project to be

initiated in FY 1985. This will provide for the drawdown of Special Account funds generated through the CIP and Food Production Support Project.

We will continue our dialogue with the GOU on pricing policies in order to ensure that the country's farmers receive adequate returns to enable them to finance productive resources. We will continue to support the training of personnel in the Agriculture Secretariat and related agricultural planning units in order to ensure that personnel who are sensitive to small farmer economic conditions have a substantive input on pricing decisions.

Improve Institutional Support Services

In order to provide the foundation for greater foreign exchange earnings in the future, more diversified and improved varieties of agricultural crops will be needed. This can only come about through the restoration of the country's research and extension service. The Manpower for Agricultural Development project will begin to address this. To accelerate this effort we will endeavor to ensure that at least ten locally developed research grants are completed by the end of FY 1985 to test promising new varieties of food crops with export potential. We will work with the GOU to see that the position of Deputy Commissioner for Research is filled with a qualified person that can relate the work at research farms and within the university community to the country's extension services. We will closely monitor the work of a forthcoming FAO Team which will work on resolving basic issues of agricultural research. If this team is not successful in establishing an overall agricultural research agenda we will work with the GOU to address the two policy issues concerning agricultural research: how should research activities be organized government-wide and what should research priorities be.

Strengthen Private Enterprise

In order to improve the climate for private sector development, USAID will undertake the following actions:

- Ensure that the GOU takes action to recapitalize the Cooperative Bank and better define its role in the Recovery Program.
- Implement the Rehabilitation of Productive Enterprises project and ensure that at least ten loans are disbursed by the end of FY 1985 to private and cooperative enterprises.

- Continue to discuss with the GOU more appropriate policies to expand private sector growth and removal of administrative barriers. This will include encouraging the GOU to follow through and implement the policy of permitting private traders to compete with cooperatives, to eliminate excessive taxation on certain activities (e.g. oil seed processing) and to reduce licensing barriers to food crop marketing by private traders.
- Explore the possibility of distributing farm inputs financed from the Food Production Support project through private wholesalers and merchants rather than allocating them by government decision.
- Encourage the GOU to reduce its intervention in the cooperative sector and permit cooperatives to operate more in response to free market forces.

Develop Human Capital Resources

A large number of Ugandans will be trained under the Food Production Support project, but a number of barriers to actually carrying out in-country programs must be resolved in the near future. A means of channeling Special Account funds to the contractor will be developed. Resources to reconstruct training site physical facilities will be identified and contractors brought on board to do the work. We will have to get the GOU to budget for future training expenses in its recurrent budget.

We will implement the Manpower for Agricultural Development project which will result in the professional growth of more than 30 research scientists and administrators over the Action Plan period. In order to ensure that Makerere University's Faculty of Agriculture will be able to self-finance its training farm facilities, we will negotiate an agreement with the GOU to provide for the farm's financial autonomy from the rest of the university. We will subsequently have to work with the Faculty to ensure that the profit-making objectives of the farm do not detract from its teaching function.

The first group of AFGRAD and AMDP participants will be returning over the Action Plan period. The Mission will work closely with the GOU to ensure that they are placed in positions where they can use their new skills and provide leadership and training for their colleagues.

Strengthening Farmer Organization

The Food Production Support project is helping revive Uganda's cooperative movement and the contractor is implementing this project on time. The Mission will have to give close attention to the development of the scope of work, selection of contractors,

and performance of the evaluation of this project in late FY 1984. The evaluation should focus on further efforts needed to improve the integrity of the accounting function, the capacity of the cooperatives to channel credit to small farmers, on training needed to establish their ability to perform financial analysis of commercial investments and other areas for management improvement. The results of this evaluation should be used to design the Cooperative Development project, a more intensive effort to improve the financial knowledge of cooperative officers and the application of commercial practices in their operations. As part of the development of this activity USAID will continue its policy dialogue to secure GOU agreement on free election of all cooperative society and district union officials, an official cancellation of bad debts accumulated due to Amin's mismanagement, elimination of government restrictions on cooperative entrance into non-agricultural commercial endeavors, and freedom to supply farm inputs at competitive market clearing prices.

Implementation of Expanded Family Planning Assistance Programs

While we have assisted several in-country family planning outreach programs, most of our work in this area to date has consisted of overseas training. During the Action Plan period we will initiate a number of in-country activities that should provide the basis for significant bilateral efforts in the future. We will achieve the following between now and the end of FY 1985:

- Establish and implement an in-service family planning training program for nurses and midwives and train at least 80 health professionals.
- Revise the family planning content of the curriculum of the nurse and midwife training facilities.
- Provide better pre-service family planning information and motivation to doctors.
- Provide 60 new health clinics with family planning education, motivation and delivery services.
- Equip at least four health facilities with sterilization facilities and education and motivation services.
- Determine needs for a direct bilateral family planning project after FY 1985 to encompass the multitude of diverse, centrally funded activities now anticipated.

Determination of Future Year Activities

During the Action Plan period USAID will be focusing on project efforts that reinforce the Recovery Program. But, over this period the basis for a longer term developmental program must be established. This will be done as follows:

- A Social and Institutional Profile will be carried out to determine potential interventions to increase productivity that are consistent with current practices.
- We will closely follow the IBRD study of agricultural production costs, and supplement their data analysis as needed.
- We will provide a follow-on study of agricultural research needs, depending on the quality of the FAO report outlined above.
- The CDSS will be updated in FY 1985 under the assumption that the Recovery Program will be completed at the end of 1985 and that USAID can plan for a longer term institution building program in Uganda in the future.

FY 1985 ANNUAL BUDGET SUBMISSION
TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$000)
COUNTRY/OFFICE Uganda

		FY 1983	----FY 1984----	FY 1985	-----PLANNING PERIOD-----				
		ESTIMATE	CP ESTIMATE	AAPL	1986	1987	1988	1989	

Agriculture, Rural Development									
& Nutrition	Total	7,500	9,000	9,000	12,000	13,000	13,500	14,000	15,500
	Grants	7,500	9,000	9,000	12,000	13,000	13,500	14,000	15,500
	Loans	---	---	---	---	---	---	---	---
Population	Total	---	---	---	---	1,500	1,500	2,500	
	Grants	---	---	---	---	1,500	1,500	2,500	
	Loans	---	---	---	---	---	---	---	

DA Accounts	Total	7,500	9,000	9,000	12,000	13,000	15,000	16,500	18,000
	Grants	7,500	9,000	9,000	12,000	13,000	15,000	16,500	18,000
	Loans	---	---	---	---	---	---	---	---
		=====	=====	=====	=====	=====	=====	=====	=====
PL 480 Title I		---	---	---	---	---	---	---	---
(Title III)									
PL 480 Title II		---	---	---	---	---	---	---	---
Housing Guarantee		---	---	---	---	---	---	---	---

Total Personnel		5	7	8	10	10			
USDH Workyears		4	5	6	6	6			
FNDH Workycars		1	2	2	4	4			

FY 1985 ANNUAL BUDGET SUBMISSION

TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT
FY 1983 to FY 1985 (\$ thousands)

Country/Office Uganda

<u>APPROPRIATION ACCOUNT</u>		<u>FY 1983</u>	<u>FY 1984</u>	<u>FY 1985</u>
<u>Agriculture, Rural Development & Nutrition</u>		<u>7,500</u>	<u>9,000</u>	<u>12,000</u>
617-0103 Manpower for Agricultural Development	G	6,500	-	-
617-0104 Rehabilitation of Productive Enterprises	G	1,000	9,000	8,000
617-0105 Cooperative Development	G	-	-	2,000
617-0106 Oil Seed Production	G	-	-	2,000
 Total All DA Appropriation Accounts		 <u>7,500</u>	 <u>9,000</u>	 <u>12,000</u>

Project Title: Oil Seed Production

Project Number: 617-0106

FY 1985 Funding: \$2,000 (Grant)

Life of Project Cost: \$6,000

Appropriation Account: ARDN

Purpose: This project will provide new foreign exchange and income earning opportunities for smallholders by developing new oil seed crops that can be cultivated profitably in Uganda.

Problem and Means of Addressing It: Uganda once produced sufficient vegetable oil to meet its domestic needs for cooking oil and soap. Most of the oil was produced from cotton seeds. During the Amin years cotton production declined by 85% because of low prices, the inability of cooperatives to provide crop financing, and the deterioration in the country's ginning capacity. Many oil processing facilities were nationalized and either abandoned or run until they collapsed from lack of maintenance and spare parts. Consequently, vegetable oil and oil cake are very scarce and expensive. A liter of edible oil now costs over \$9, and virtually all oil sold commercially must be imported.

Uganda once had a strong comparative advantage in cotton production, and the government is now encouraging its cultivation. The price of cotton has been raised fivefold in the past year, the cooperatives have been given crop financing and transport, and spare parts for gins are being imported. Nonetheless, we doubt that cotton production will ever reach its former peak of 86,000 tons. Reasons for this conclusion are the higher return from alternative crops and the high cost of inputs associated with cotton cultivation.

Development of suitable oil seeds is a high priority. More than half of Uganda's protein comes from vegetable sources. Local production of suitable oil seed not only would increase the supply and lower the cost of edible oil, but also it would conserve foreign exchange now going for imports as well as providing a foreign exchange earning export. It would provide a needed input for soap, another critically needed consumer item. Finally it would contribute to the rehabilitation and development of the country's livestock industry.

There are 18 oil processing facilities in Uganda, but most of them are operating at only 5-10% of capacity because of the lack of raw materials. Most of these facilities are operated as parastatals, although the GOU is in the process of selling them to the private sector and cooperatives. Most of them are run down and in need of spare parts and replacement equipment and we plan to make funds available for this purpose from the Rehabilitation of Productive Enterprises project.

Initial experiments carried out some years ago indicate that soya beans may be a suitable crop for Uganda. They are currently grown in country, but an adequate market structure has not been established. Groundnuts are another potential crop. Other possible crops include sunflowers, rapeseed, sesame and castor beans.

This project will focus first on adaptive research and varietal selection of suitable breeder seed at Makerere University's farm at Kabanyolo and the Ministry of Agriculture's Serere Research Station. This will include the collection of land-race cultivars to identify biotypes and selection, an evaluation of varietal trials from the international research centers, and national testing and regional trials.

While seeds adaptable to Uganda are being tested and multiplied, we will continue to work on processing and marketing issues. We anticipate developing an arrangement whereby the cooperative unions would sign supply contracts with the private sector oil mills put back into operation through the Rehabilitation of Productive Enterprise project. This should provide a firm market at an attractive price as well as helping resolve potential transport problems.

Extension and promotion efforts would be carried out by the district agricultural officers and district union cooperative officials in the extension areas. Some assistance would be provided by the Young Farmers Associations and the Busoga Diocese Multisector Rural Development program, which are already active in the target area in providing guidance on improved production techniques.

Target Group: This project will focus on small farmers in the Iganga, Kamuli and Tororo districts of south central and eastern Uganda. There are approximately 500,000 farm families in this area and we anticipate that a large percentage of them would participate in the program so long as a market outlet is assured.

FY 1985 ANNUAL BUDGET SUBMISSION

TABLE V - FY 1985 PROPOSED PROGRAM RANKING					Country/Office Uganda		
RANK	PROGRAM ACTIVITY		ONGOING NEW	LOAN GRANT	APPR ACCT	PROGRAM FUNDING (\$000)	
	DESCRIPTION					INCR	CUM
1	6170105	Cooperative Development	N	G	FN	2000	2000
2	6170106	Oil Seed Production	N	G	FN	2000	4000
3	6170104	Rehabilitation of Productive Enterprises	O	G	FN	8000	12000
		Total				=====	12000

TABLE V - NARRATIVE

For FY 1985 we give highest priority to initiating the Cooperative Development project. This is consistent with one of the main components of our agricultural sector strategy (strengthening farmer institutions) upon which the CDSS is based. Initial funding of this project in FY 1985 assumes that our efforts to begin to rehabilitate Uganda's cooperative movement through the Food Production Support project will be completed as planned at the end of FY 1984. Uganda's cooperatives operate in response to free market forces and on democratic principles. They are self-financing and require no recurrent government funding. They market the majority of the country's cash crop and are a convenient channel for funneling agricultural inputs to the majority of Uganda's smallholder producers. The cooperatives are a source of capital accumulation, a mechanism for diversifying crop production, and a means of providing needed credit. Given limited access to capital resources by other agents of the private sector the cooperatives are assuming a more aggressive entrepreneurial role and investing in agro-industrial enterprises and other projects that may reward their members.

Activities under the Food Production Support project will have begun to reestablish the financial integrity of the cooperative movement's accounting system, helped restore the morale and confidence in the objectives of the movement among its officials and members, and developed the Cooperative Ministry's capacity to ensure that the system is operated in accordance with cooperator-accepted rules. But, many of the potential services of the cooperative movement to the country's producers will remain untapped unless further efforts are made outside the scope of Food Production Support. By FY 1985 Uganda's improving balance of payments situation and the contribution of other donors should ensure that a pipeline of needed agricultural inputs is flowing into the country. But, the average cooperative member will need access to credit to enable him/her to procure needed supplies. The Food Production Support project should generate some 600 million Ugandan shillings in Special Account funds that could be used to capitalize a credit program, but the infrastructure for administering these funds will need to be reactivated. Further, the ability of the societies to mobilize rural savings will need to be developed. Also, many cooperative societies and district unions will be considering branching out into related agro-industrial activities to provide goods and services needed by their members. At the moment, however, there are few trained cooperative officials that can undertake the needed technical and financial analysis to determine if these investments would be profitable. Thus, the Cooperative Development project would carry forward the achievements under Food Production Support by developing a longer term relationship with Uganda's coop-

erative movement to strengthen its savings, credit and investment functions and restore the financial viability of the movement.

The CDSS Supplement (1985) stresses the importance of crop diversification and the need to develop new domestic and foreign exchange earning opportunities for Ugandan agriculture. This task is urgent given the changed price and comparative advantage relationships that have developed over the past 10-12 years. Given Uganda's almost ideal semi-tropical and temperate growing conditions this task should not be particularly difficult. We are identifying a number of oil seed crops that offer a potentially viable alternative to the country's dependence on cotton as an edible oil source. In addition to providing a needed food source for human consumption as well as for animal feed, new sources of oil should open up greater foreign exchange earning opportunities as all of Uganda's neighbors are edible oil importing countries.

Beginning work on the Oil Seeds Production project is our second priority for FY 1985 funding. The rehabilitation of oil seed processing facilities should begin in FY 1984 under the Rehabilitation of Productive Enterprises project; the Oil Seeds project should help ensure the availability of raw material for processing. As new oil sources are extended and marketed through the cooperative movement this activity will assist our efforts to strengthen small farmer organizations and private sector development. The GOU now plans to divest itself of all oil seed processing facilities and turn them over to cooperatives or to other private sector owners. New technology will be transferred through the cooperative movement and Agriculture Ministry structure as alternative crop production techniques, seed and technical advice are offered to the country's producers.

Third priority for FY 1985 funding is for the final contribution to the Rehabilitation of Productive Enterprises activity. This would have been our first priority, but we assume the full funding required in FY 1983 (\$1 million) and FY 1984 (\$9 million) will be made available as programmed. If this turns out not to be the case we will have to review our priorities for FY 1985, as continuation of this effort to revive the productive capacity of idle or underutilized private sector agro-industrial enterprises and the ability of the Cooperative Bank to work with them is our highest priority objective. Approximately \$4.5 million will be needed by early 1984 to fund the technical assistance element of this project with the Cooperative Bank, a pre-condition to onlending of AID funds. A further \$10 million will be required shortly thereafter in order to move forward commercially viable subprojects that are ready now for funding. Unless we can secure the full \$14.5 million in FY 1983 and/or 1984 we will need to add it to this project early in FY 1985. On the other hand, if adequate FY 1983 and 1984

funding is available we might be able to lower the planned FY 1985 obligation for the Rehabilitation of Productive Enterprises project (or even defer it to later fiscal years) based upon the speed in developing the Cooperative Bank's loan analysis capacity as well as the effective demand for loans in areas of AID's and the Bank's priorities.

Our projection of FY 1985 financial requirements is realistic given current project development activities as well as the ageing of our current project portfolio. It is consistent with the CDSS and CDSS Supplement objectives as well as the Ugandan Recovery Program (1982-1985), the basic Ugandan planning guide and the Africa Bureau Strategic Plan. We should have a PID for the Cooperative Development project into AID/W by FY 1984 or early FY 1985, with the Project Paper to follow shortly thereafter. We have deferred preparing initial project documentation until as late in FY 1984 as possible in order to be able to take advantage of the evaluation and lessons learned in the Food Production Support project. Earlier efforts at project documentation would not enable us to take advantage of this information. Since we have already developed substantive data on oil seed alternatives we should have a PID into AID/W by the fall of 1983. The Project Paper for the Oil Seed Production project should be completed by late FY 1984 or early 1985. We have submitted the PID to AID/W for the Rehabilitation of Productive Enterprises project and requested field authorization of this priority activity. If AID/W permits September obligations the Project Paper should be completed in September, 1983 with obligation of funds to follow shortly thereafter this fiscal year. Our only concern regarding FY 1985 funding is the level of funds that may become available for obligation in FY's 1983 and 1984. If the full \$9 million projected for FY 1984 is available we may be able to defer part of the proposed \$8 million FY 1985 obligation for the continuation of the Rehabilitation of Productive Enterprises project. If this were the case we would increase the proposed FY 1985 obligation for the Cooperative Development project, thus enabling us to finance the initial requirements for this project beyond the 12 months currently planned.

EVALUATION PLAN ISSUES NARRATIVE

There is only one significant ongoing bilateral project in Uganda at this time. Over the course of the Evaluation Plan two new projects will be initiated, but so little implementation will have taken place that evaluation of these activities would not be necessary. Thus, only one evaluation will be performed during the time frame of this Evaluation Plan.

In August, 1984 we will initiate an end of project evaluation of the Food Production Support project. The evaluation will focus on the progress achieved through our rehabilitation efforts with the cooperative movement. It will attempt to measure the performance of private sector companies in manufacturing agriculture-related tools and implements, the adequacy of the cooperatives' performance in marketing and distributing commodities and the impact of training and technical assistance on reviving the cooperatives' ability to provide services to their members. The evaluation will develop baseline data that will be needed for the preparation of the follow-on Cooperative Development project. This will include detailed information on the number of cooperative societies that are capable of managing a credit facility, a list of minimum physical and personnel requirements for each society to participate in the credit program, and an inventory of trained personnel that can assist the cooperative unions in making investment decisions.

TABLE VII - LIST OF PLANNED EVALUATIONS
 FY 1985 ANNUAL BUDGET SUBMISSION
 COUNTRY/OFFICE Uganda

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1984		FY 1985		Reasons/Issues	Funding Source (\$000)	USAID Person Days	Collateral AID Assistance
		Start To (Qtr)	Start To (Qtr)	Start To (Qtr)	Start To (Qtr)				
617-0102 Food Production Support	9/83	4	4			PACD 09/84 End of project status evaluation. The evaluation will measure the performance of this project in rehabilitating certain services provided by the cooperative movement. It will determine areas of needed improvement that will be addressed in the follow-on Cooperative Development activity.	PDAS 10	15	RENSO/ESA 30 days

(Craig G. Buck, MEO
 S# of time)

TABLE VIII - FY 1983

ORGANIZATION USAID/Uganda

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		364.3		364.3	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	181.8		181.8	4.2
PT/TEMP U.S. BASIC PAY	U102	112	-		-	-
DIFFERENTIAL PAY	U103	116	45.4		45.4	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	-		-	XXXXX
OTHER MISSION FUNDED O.C 11	U105	119	-		-	XXXXX
EDUCATION ALLOWANCES	U106	126	40.5		40.5	3.0
RETIREMENT - U.S.	U107	120	12.7		12.7	XXXXX
LIVING ALLOWANCES	U108	128	.7		.7	XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	-		-	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	-		-	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	15.7		15.7	3.0
POST ASSIGNMENT - FREIGHT	U112	22	33.0		33.0	3.0
HOME LEAVE - TRAVEL	U113	212	12.0		12.0	3.0
HOME LEAVE - FREIGHT	U114	22	2.5		2.5	1.0
EDUCATION TRAVEL	U115	215	6.0		6.0	4.0
R AND R TRAVEL	U116	215	7.0		7.0	6.0
ALL OTHER CODE 215 TRAVEL	U117	215	7.0		7.0	6.0
<u>FOREIGN NATIONAL DH</u>	U200		2.3		2.3	XXXXX
BASIC PAY	U201	114	1.6		1.6	1.3
OVERTIME, HOLIDAY PAY	U202	115	.2		.2	.1
ALL OTHER CODE 11 - FN	U203	119	.1		.1	XXXXX
ALL OTHER CODE 12 - FN	U204	129	.4		.4	XXXXX
BENEFITS FORMER FN PERS.	U205	13	-		-	XXXXX
<u>CONTRACT PERSONNEL</u>	U300		91.7		84.9	XXXXX
PASA TECHNICIANS	U301	258	-		-	-
U.S. PSC - SALARY/BENEFITS	U302	113	42.8		42.8	1.3
ALL OTHER U.S. PSC COSTS	U303	255	-		-	XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	48.9		48.9	1.4
ALL OTHER F.N. PSC COSTS	U305	255	-		-	XXXXX
<u>HOUSING</u>	U400		301.1		301.1	XXXXX
RENT	U401	235	129.1		129.1	8.5
UTILITIES	U402	235	6.5		6.5	XXXXX
RENOVATION AND MAINT.	U403	259	102.5		102.5	XXXXX
QUARTERS ALLOWANCE	U404	127	-		-	-
PURCHASES RES. FURN/EQUIP.	U405	311	25.0		25.0	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	37.5		37.5	XXXXX
SECURITY GUARD SERVICES	U407	254	-		-	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	-		-	XXXXX
REPRESENTATION ALLOWANCE	U409	252	.5		.5	XXXXX

ORGANIZATION USAID/Uganda

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		303.9		303.9	XXXXX
RRNT	U501	234	14.8		14.8	XXXXX
UTILITIES	U502	234	1.0		1.0	XXXXX
BUILDING MAINT./REMOV.	U503	259	12.5		12.5	XXXXX
OFFICE FURN./EQUIP.	U504	310	10.0		10.0	XXXXX
VEHICLES	U505	312	40.0		40.0	XXXXX
OTHER EQUIPMENT	U506	319	50.0		50.0	XXXXX
TRANSPORTATION/FREIGHT	U507	22	37.0		37.0	XXXXX
COMMUNICATIONS	U508	230	4.0		4.0	XXXXX
SECURITY GUARD SERVICES	U509	254	-		-	XXXXX
PRINTING	U510	24	2.0		2.0	XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210	-		-	-
SITE VISITS	U512	210	5.0		5.0	25.0
INFORMATION MEETINGS	U513	210	2.0		2.0	2.0
TRAINING ATTENDANCE	U514	210	1.0		1.0	2.0
CONFERENCE ATTENDANCE	U515	210	.5		.5	1.0
OTHER OPERATIONAL TRAVEL	U516	210	45.2		45.2	14.0
SUPPLIES AND MATERIALS	U517	26	21.3		21.3	XXXXX
FAAS	U518	257	25.0		25.0	XXXXX
CONSULTING SVCS - CONT.	U519	259	20.0		20.0	XXXXX
MGT./PROP. SVCS. - CONT.	U520	259	-		-	XXXXX
SPEC. STUDIES/ANALYSES CONT.	U521	259	-		-	XXXXX
ALL OTHER CODE 25	U522	259	12.6		12.6	XXXXX
TOTAL O.E. BUDGET			1063.3		1063.3	XXXXX
RECONCILIATION (Less Expenses Paid by AID/W)			264.9		264.9	XXXXX
OPERATING ALLOWANCE REQUEST			798.4		798.4	XXXXX

OTHER INFORMATION:

Dollar requirement for local currency costs
 Exchange rate used (as of May 1, 1983)

\$ 75,600
 270 US\$ = US\$ 1

TABLE VIII - FY 1984

ORGANIZATION USAID/Uganda

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		518.4		518.4	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	270.0		270.0	6.0
PT/TEMP U.S. BASIC PAY	U102	112	-		-	-
DIFFERENTIAL PAY	U103	116	67.5		67.5	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	-		-	XXXXX
OTHER MISSION FUNDED O.C 11	U105	119	-		-	XXXXX
EDUCATION ALLOWANCES	U106	126	81.0		81.0	6.0
RETIREMENT - U.S.	U107	120	18.9		18.9	XXXXX
LIVING ALLOWANCES	U108	128	-		-	XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	-		-	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	-		-	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	10.0		10.0	1.0
POST ASSIGNMENT - FREIGHT	U112	22	12.5		12.5	1.0
HOME LEAVE - TRAVEL	U113	212	7.5		7.5	4.0
HOME LEAVE - FREIGHT	U114	22	5.0		5.0	4.0
EDUCATION TRAVEL	U115	215	14.0		14.0	14.0
R AND R TRAVEL	U116	215	14.0		14.0	8.0
ALL OTHER CODE 215 TRAVEL	U117	215	18.0		18.0	6.0
<u>FOREIGN NATIONAL DH</u>	U200		4.2		4.2	XXXXX
BASIC PAY	U201	114	3.2		3.2	2.0
OVERTIME, HOLIDAY PAY	U202	115	.4		.4	.1
ALL OTHER CODE 11 - FN	U203	119	.3		.3	XXXXX
ALL OTHER CODE 12 - FN	U204	129	.3		.3	XXXXX
BENEFITS FORMER FN PERS.	U205	13	-		-	XXXXX
<u>CONTRACT PERSONNEL</u>	U300		83.5		83.5	XXXXX
PASA TECHNICIANS	U301	258	-		-	-
U.S. PSC - SALARY/BENEFITS	U302	113	43.5		43.5	1.0
ALL OTHER U.S. PSC COSTS	U303	255	-		-	XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	40.0		40.0	1.0
ALL OTHER F.N. PSC COSTS	U305	255	-		-	XXXXX
<u>HOUSING</u>	U400		375.4		375.4	XXXXX
RENT	U401	235	170.0		170.0	10.0
UTILITIES	U402	235	11.9		11.9	XXXXX
RENOVATION AND MAINT.	U403	259	106.5		106.5	XXXXX
QUARTERS ALLOWANCE	U404	127	-		-	-
PURCHASES RES. FURN/EQUIP.	U405	311	32.0		32.0	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	48.0		48.0	XXXXX
SECURITY GUARD SERVICES	U407	254	5.0		5.0	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	1.0		1.0	XXXXX
REPRESENTATION ALLOWANCE	U409	252	1.0		1.0	XXXXX

TABLE VIII - FY 1984

ORGANIZATION USAID/Uganda

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		407.9		407.9	XXXXX
RENT	U501	234	22.8		22.8	XXXXX
UTILITIES	U502	234	1.6		1.6	XXXXX
BUILDING MAINT./REMOV.	U503	259	20.0		20.0	XXXXX
OFFICE FURN./EQUIP.	U504	310	16.0		16.0	XXXXX
VEHICLES	U505	312	50.0		50.0	XXXXX
OTHER EQUIPMENT	U506	319	25.0		25.0	XXXXX
TRANSPORTATION/FREIGHT	U507	22	69.0		69.0	XXXXX
COMMUNICATIONS	U508	230	10.0		10.0	XXXXX
SECURITY GUARD SERVICES	U509	254	4.0		4.0	XXXXX
PRINTING	U510	24	2.0		2.0	XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210	-		-	-
SITE VISITS	U512	210	15.0		15.0	33.0
INFORMATION MEETINGS	U513	210	3.0		3.0	3.0
TRAINING ATTENDANCE	U514	210	2.0		2.0	3.0
CONFERENCE ATTENDANCE	U515	210	5.0		5.0	6.0
OTHER OPERATIONAL TRAVEL	U516	210	62.5		62.5	17.0
SUPPLIES AND MATERIALS	U517	26	30.0		30.0	XXXXX
FAAS	U518	257	35.0		35.0	XXXXX
CONSULTING SVCS - CONT.	U519	259	15.0		15.0	XXXXX
MGT./PROF. SVCS. - CONT.	U520	259	-		-	XXXXX
SPEC. STUDIES/ANALYSES CONT.	U521	259	-		-	XXXXX
ALL OTHER CODE 25	U522	259	20.0		20.0	XXXXX
TOTAL O.R. BUDGET			<u>1389.4</u>		<u>1389.4</u>	<u>XXXXX</u>
RECONCILIATION (Less Expenses Paid by AID/W)			<u>391.4</u>		<u>391.4</u>	<u>XXXXX</u>
OPERATING ALLOWANCE REQUEST			<u>998.0</u>		<u>998.0</u>	<u>XXXXX</u>

OTHER INFORMATION:

Dollar requirement for local currency costs
Exchange rate used (as of May 1, 1983)

\$ 128,100
270 US\$1s = US\$ 1

Estimated Wage Increases - FY 1983 to FY 1984
Estimated Price Increases - FY 1983 to FY 1984

30%
10%

TABLE VIII - FY 1985

ORGANIZATION USAID/Uganda

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		505.9		505.9	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	270.0		270.0	6.0
PT/TEMP U.S. BASIC PAY	U102	112	-		-	-
DIFFERENTIAL PAY	U103	116	67.5		67.5	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	-		-	XXXXX
OTHER MISSION FUNDED O.C 11	U105	119	-		-	XXXXX
EDUCATION ALLOWANCES	U106	126	81.0		81.0	6.0
RETIREMENT - U.S.	U107	120	18.9		18.9	XXXXX
LIVING ALLOWANCES	U108	128	-		-	XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	-		-	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	-		-	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	-		-	-
POST ASSIGNMENT - FREIGHT	U112	22	-		-	-
HOME LEAVE - TRAVEL	U113	212	20.0		20.0	6.0
HOME LEAVE - FREIGHT	U114	22	7.5		7.5	6.0
EDUCATION TRAVEL	U115	215	12.0		12.0	12.0
R AND R TRAVEL	U116	215	4.0		4.0	2.0
ALL OTHER CODE 215 TRAVEL	U117	215	25.0		25.0	8.0
<u>FOREIGN NATIONAL DH</u>	U200		11.3		11.3	XXXXX
BASIC PAY	U201	114	8.4		8.4	4.0
OVERTIME, HOLIDAY PAY	U202	115	1.3		1.3	1
ALL OTHER CODE 11 - FN	U203	119	.8		.8	XXXXX
ALL OTHER CODE 12 - FN	U204	129	.8		.8	XXXXX
BENEFITS FORMER FN PERS.	U205	13	-		-	XXXXX
<u>CONTRACT PERSONNEL</u>	U300		175.5		175.5	XXXXX
PASA TECHNICIANS	U301	258	-		-	-
U.S. PSC - SALARY/BENEFITS	U302	113	130.5		130.5	3.0
ALL OTHER U.S. PSC COSTS	U303	255	-		-	XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	45.0		45.0	1.0
ALL OTHER F.N. PSC COSTS	U305	255	-		-	XXXXX
<u>HOUSING</u>	U400		281.2		281.2	XXXXX
RENT	U401	235	167.0		167.0	9.0
UTILITIES	U402	235	16.7		16.7	XXXXX
RENOVATION AND MAINT.	U403	259	53.0		53.0	XXXXX
QUARTERS ALLOWANCE	U404	127	-		-	-
PURCHASES RES. FURN/EQUIP.	U405	311	13.0		13.0	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	19.5		19.5	XXXXX
SECURITY GUARD SERVICES	U407	254	10.0		10.0	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	1.0		1.0	XXXXX
REPRESENTATION ALLOWANCE	U409	252	1.0		1.0	XXXXX

ORGANIZATION USAID/Uganda

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		455.9		455.9	XXXXX
RENT	U501	234	22.8		22.8	XXXXX
UTILITIES	U502	234	2.3		2.3	XXXXX
BUILDING MAINT./REMOV.	U503	259	7.0		7.0	XXXXX
OFFICE FURN./EQUIP.	U504	310	10.0		10.0	XXXXX
VEHICLES	U505	312	30.0		30.0	XXXXX
OTHER EQUIPMENT	U506	319	20.0		20.0	XXXXX
TRANSPORTATION/FREIGHT	U507	22	75.8		75.8	XXXXX
COMMUNICATIONS	U508	230	15.0		15.0	XXXXX
SECURITY GUARD SERVICES	U509	254	6.0		6.0	XXXXX
PRINTING	U510	24	3.0		3.0	XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210	-		-	-
SITE VISITS	U512	210	20.0		20.0	40.0
INFORMATION MEETINGS	U513	210	5.0		5.0	5.0
TRAINING ATTENDANCE	U514	210	3.5		3.5	5.0
CONFERENCE ATTENDANCE	U515	210	7.5		7.5	7.0
OTHER OPERATIONAL TRAVEL	U516	210	75.0		75.0	21.0
SUPPLIES AND MATERIALS	U517	26	40.5		40.5	XXXXX
FAAS	U518	257	50.0		50.0	XXXXX
CONSULTING SVCS - CONT.	U519	259	35.0		35.0	XXXXX
MGT./PROF. SVCS. - CONT.	U520	259	-		-	XXXXX
SPEC. STUDIES/ANALYSES CONT.	U521	259	-		-	XXXXX
ALL OTHER CODE 25	U522	259	27.5		27.5	XXXXX
TOTAL O.E. BUDGET			1429.8		1429.8	XXXXX
RECONCILIATION (Less Expenses Paid By AID/W)			406.4		406.4	XXXXX
OPERATING ALLOWANCE REQUEST			1023.4		1023.4	XXXXX

OTHER INFORMATION:

Dollar requirement for local currency costs
Exchange rate used (as of May 1, 1983)

\$ 189,200
270 US\$ = US\$ 1

Estimated Wage Increases - FY 1984 to FY 1985
Estimated Price Increases - FY 1984 to FY 1985

35%
10%

OPERATING EXPENSE NARRATIVE

A. Management Improvements

USAID/Uganda is a relatively new AID Mission, and we have only recently brought a Management Officer on board. Most of the administrative and support arrangements that we provide have been developed on an ad hoc basis and in response to specific requirements. Because of the urgency of focusing on program matters and because of the scarcity of staff we have had neither the time nor the expertise to concentrate on Mission management operations. With the arrival of additional staff (particularly a Management Officer) and with the growth in program size and complexity, it is appropriate to begin focusing on developing standard procedures and guidelines to be applied uniformly throughout the Mission. The purpose of these operating guidelines will be to ensure consistent treatment of common work requirements, ensure prompt action and compliance with AID regulations, improve accountability, and ensure equitable treatment for all employees. Standard operating procedures will be prepared and applied regarding housing policy, furnishings, official vehicle use, treatment of TDY visitors, and recruitment and discipline of local contractor personnel.

Property accounting is another area where significant improvements can be achieved. We have brought on board a local Supply Clerk to assist in record keeping, especially in the area of expendable supplies. This employee will be responsible for clearing a large backlog of receiving reports and posting property records. Further, we will be remodelling the AID Warehouse in order to consolidate in one location all expendable supplies and non-expendable property, which presently is located in several different areas. We will be paying greater attention to maintaining our property inventory and initiating random inventory spot checks. All of these actions should facilitate the accountability for all property, reduce theft of expendable supplies, and improve the systems for reordering and stocking supplies as we will have a better record of property on hand at any point in time.

We will be working on improving Operating Expense budget control, compliance with the Prompt Payments Act, transmission of obligation and payment documents to RFMC, and recording of individual obligations and payments in order to have a timely record of budget implementation status. Until recently we have had to rely on RFMC reports to provide a detailed record of the status of the Operating Expense budget. Because of pouch delays in transmitting financial documents to RFMC and their entry into the data processing system, OE budget information has often been outdated and of only marginal value as a management tool. Further, many entries have been improperly coded, further limiting the usefulness of the reports. We have recently employed a Ugandan accountant to handle all financial documentation, and as this individual is trained, we should acquire a detailed and current

record of all Operating Expense transactions. This will enable us to better adhere to OE object class limitations, ensure prompt payment of all vouchers, enable us to implement the OE budget more consistently with earlier projections, spot problems such as higher than expected obligations early on in order to take corrective measures, and better identify possible savings.

A related aspect of our efforts to improve Operating Expense budget accounting includes a major initiative to secure actual cost data for work orders issued or for requisitions filled. This should result in guidance on whether we should explore outside contracting of maintenance and repair facilities or alternative arrangements to JAO or USAID-supplied maintenance services. It also should provide guidance on when we should initiate investigations due to excessive use or possible theft of supplies. Currently the JAO provides us with very limited cost data for any work order completed for maintenance or renovation. Similarly, while USAID can furnish data on supplies and materials issued for vehicle and housing maintenance and repairs, it is difficult to generate labor and supervisory costs associated with the installation of the supplies. We have developed a new work order request form that will attempt to accumulate this data, and over the course of the next year the accountant, Management Officer and maintenance staff will be working with the JAO and within USAID to quantify more precise cost data which is needed for management purposes.

During FY's 1984 and 1985 we will increase staff efficiency and productivity through the installation of word and data processing equipment and training of staff in the use of these new facilities. We anticipate procuring all equipment during FY 1983, but installation and mobilization most likely will not start before 1984. This should result in substantial cost savings over the long run as we eliminate the need for outside secretarial services for the repetitious typing of reports and other program documentation. Further, the ability of our accounting staff to process Operating Expense and project accounting data on ADP equipment should facilitate our knowledge of budget status and provide more timely guidance on areas where corrective action is required.

Since the reopening of USAID/Uganda in FY 1979 we have been operating under a de facto JAO arrangement with the Embassy. While this has partially served Mission needs, often it has been an unsatisfactory arrangement to ensure expeditious service, to properly account for costs incurred, to avoid unnecessary duplication of services and equipment, and to provide a solid framework for a rapidly expanding AID direct hire and contract work force. During FY 1984 we plan to negotiate a formal JAO agreement with the Embassy. This agreement will

outline in detail the services that we can expect and those that AID will have to provide directly with its own resources. This agreement should have been concluded long ago, but we have resisted negotiating it until we have a better comprehension of the services that the JAO might provide as well as the associated costs, which will be developed through our efforts in the accounting area. This agreement could result in cost savings as a result of clarification of mutual responsibilities in the following area: (a) vehicle maintenance and repairs, (b) housing maintenance and renovations, (c) security services, (d) procurement of expendable supplies and materials, (e) provision of housing and office renovation supplies, and (f) documenting offsets as a result of AID services to JAO. The reason for these potential savings is that AID has had to procure many services directly or through contract staff that we agreed to finance under the FAAS. Given the JAO's limited capacity to provide many services and supplies in a timely manner we have resorted in many instances to securing them directly. An explicit JAO agreement should result in our not being double billed for services that the JAO cannot provide in a timely manner that AID must secure directly.

Finally, we should be able to increase the efficiency of our motor pool by the disposal of outdated and poorly repaired vehicles that we have secured from USAID/Kenya as part of their vehicle replacement program. Because of earlier problems of vehicle theft and the lack of security in Uganda we took over a number of vehicles from USAID/Kenya that had reached or passed AID's replacement guidelines. These older and uncommon vehicles in Uganda were not prone to theft in the past when law and order was difficult to maintain. But, we have incurred extraordinary maintenance and repair expenses in attempting to keep these outworn and outdated vehicles in an operating condition. Now that security conditions have improved and we have standardized on vehicles that appear to be partially immune to common theft, we plan to dispose of all the older vehicles that we have obtained from USAID/Kenya. This will increase initial procurement costs, but should result in significant cost savings over the long run for maintenance and repairs, spare parts, and extraordinary downtime.

We do not anticipate any savings in manpower for USAID/Uganda over the course of the FY 1985 ABS. This is a new and growing Mission and our personnel requirements will increase commensurately. While we may be able to reduce some contract positions as a result of the proposed formal JAO agreement with the Embassy, in general our personnel requirements and related expenses are increasing. The proposed new personnel positions are the minimum required for the efficient operation of this Mission, and no cost reductions have been identified.

B. Justification for Funding Changes

As a young and expanding Mission USAID/Uganda's Operating Expense requirements are higher now than already established Missions given the number of staff on board and the difficult living and operating conditions in Uganda. Thus, some costs are high in FY 1983 in relation to the number of on board staff (for such things as furniture, vehicles, housing renovation and maintenance), but these costs are reduced in FY's 1984 and 1985 as these start up costs are amortized.

Housing represents a very high cost for the operation of this Mission. Over the past ten years virtually no housing acceptable to western standards was constructed in Uganda. Residences that existed before Idi Amin came to power in 1971 were run down over the following decade, confiscated from their legal owners, and occupied illegally by associates of Amin's regime who had no interest in their maintenance. They lost access to public utilities (water, sewerage, electricity, trash collection, telephones, etc.) as these services ceased to operate in many parts of Kampala, and were finally looted and partially destroyed during the Liberation War. As a result of all these problems there is an extremely limited number of houses available for which clear title of ownership is available. Now that the foreign community is returning to Uganda we find that we are competing with each other for the limited housing stock. Further, even though an adequate "shell" may be leased, staggering renovation and maintenance costs must be incurred before housing is minimally acceptable to USAID personnel. In the past we have been successful in negotiating leases whereby the landlord absorbs renovations costs through reduced rental income over the course of the lease. USAID, however, must finance up front the housing renovation costs upon the initiation of a lease.

Individual dwellings (the only style available in Kampala) are now going for \$15,000-\$20,000 per year, and renovation costs often exceed \$40,000, just for one residence. Since we have been successful in negotiating 4-5 year leases with 4-5 year extension clauses, AID costs will be heaviest in 1983-1985, with substantial reductions thereafter as renovation costs are amortized.

U.S. direct hire personnel costs will increase sharply in the latter part of FY 1983 and in 1984 with the arrival of a Mission Director and Project Officer and the replacement of the Program Officer. Costs will increase not only for U.S. citizen basic pay, but also for differential pay and retirement as these costs are paid for a full year in FY 1984. Unlike the current on board staff which is either single or without dependent children, we assume that new personnel will be bringing their families to Uganda. Thus, the cost of post assignment travel, R&R, home leave and educational travel and allowances will go up markedly.

Foreign national direct hire pay will go up by almost 100% between FY 1983 and 1984. This will result from an estimated 30% increase in wages as well as from continued appreciation of the Ugandan shilling. While the rate of exchange was 300 Ugandan shillings per dollar at the beginning of FY 1983, we estimate it could appreciate by one-third by mid-1984. Both of these factors account for part of the increase in this category in FY 1985. However, we plan to add two new FSN's to the staff in FY 1985 in view of the growing program and the need for additional professional assistance to help administer the enlarged project portfolio.

Contract personnel costs will more than double in FY 1985 over FY 1984. This represents a small salary increase to our current U.S. and third country national contract staff. However, the major reason for this increase is due to our plans to bring on board two more Housing and Office Maintenance and Renovation supervisors. This is required for program reasons and is related to the severe housing shortage outlined above. In FY 1985 we plan to initiate the Cooperative Development project, and in FY 1986 the Farming Systems Research and Extension activity will get underway. Both of these projects will be personnel intensive. Further, some of the personnel implementing these projects will be located up country. Thus, the task of locating and renovating new housing will be more complicated and we will need to finance additional short term staff to meet those needs.

Housing and related costs will increase in FY 1984, but by FY 1985 should be less than the current year's budget. The reason for this bulge is that we will be making a two year payment for one lease that should have been obligated in FY 1983. However, because of problems with the Government over title to this property we are holding up lease payments until the issue is resolved in FY 1984. Also, the purchase of residential furniture and equipment and related freight costs will be higher in FY 1984 as a set of furniture is procured for the new Mission Director and as a large number of ageing household appliances which we cannot get repaired in Uganda are replaced.

The cost of office operations will continue to increase over the ABS planning period. The reasons for this are the increase in USAID staff and the need to budget for additional travel, supplies and materials, local contract support staff, and communications. We estimate that FAAS charges will go up significantly as the intensity of Embassy support services increases commensurate with new staff and as more project funded activities get underway. Motor vehicle replacement costs will be high in FY 1984 because we are replacing four vehicles which date back to 1976, 1977 and 1978 which were transferred to USAID/Uganda from USAID/Kenya.

Since we are a relatively new Mission, it will be necessary during FY 1984 to purchase basic equipment such as transformers, stabilizers, garden tools for residences, ladders, and carpentry, electrical and plumbing tools. Once basic equipment is on hand, replacement costs should be minimal.

C. Trust Funds

USAID/Uganda has no Trust Funds and the nature of our program does not lend itself to the generation of local currency to cover OE costs. All Operating Expense budget costs will need to be dollar funded.

TABLE VIII(a)
OBLIGATIONS OF ADP SYSTEMS
((\$000))

	-----Fiscal Year-----		
	1983	1984	1985
<hr/>			
A. <u>Capital Investments</u>			
1. Purchase of ADP Equipment	20	-	10
2. Purchase of Software	5	-	5
Subtotal			
B. <u>Personnel</u>			
1. Compensation, Benefits, Travel			
2. Workyears			
Subtotal			
C. <u>Equipment Rental and Other</u>			
<u>Operating Costs</u>			
1. ADP Equipment (ADPE) Rentals			
2. Supplies and Leased Software			
Subtotal			
D. <u>Commercial Services</u>			
1. ADP Service Bureau			
2. Systems Analysis and Programming			
3. ADPE Maintenance (If separate from item C.1.)			
Subtotal			
E. <u>Total Obligations (A-D)</u>	25	-	15
F. <u>Interagency Services</u>			
1. Payments			
2. Offsetting Collections			
Subtotal			
G. <u>Grand Total (E+F)</u>	25	-	15
Amount included in <u>Mission allowance</u> for existing systems			
Amount included in <u>Mission allowance</u> for new/expanded systems	25	-	15

AUTOMATIC DATA PROCESSING NARRATIVE

We have budgeted for data and word processing equipment in FY 1983, have completed and submitted the required survey forms to SER/DM and are currently attempting to determine the most appropriate equipment for USAID/Uganda needs. We anticipate placing an order for equipment in FY 1983, with installation and staff training to begin in FY 1984.

Word processing equipment is needed to help handle the growing typing workload, which consists of a large number of repetitive form letters as well as numerous drafts of PIDs, PPs, Congressional Presentation documents, CDSS, ABS and other program documentation. More importantly, we need the capacity to keep track of our Operating Expense budget and project accounting. We need a system that can continuously update function code individual entries, subtotals and budget overall totals as new obligation and expenditure entries are made. Since RFMC has recently converted all USAID/Uganda records to the MACS system, equipment procured for Uganda should be compatible with the MACS system and should tie in through telephone lines.

TABLE IX(a) - WORKFORCE REQUIREMENTS (U.S. DIRECT HIRE)

SKILL CODE	POSITION TITLE	WORKYEARS			
		FY 83	FY 84	FY 85	FY 86
011	Mission Director	.1	1.0	1.0	1.0
023	Program Officer *	1.0	1.0	1.0	1.0
071	Executive Assistant	1.0	1.0	1.0	1.0
940	Project Development Officer	-	1.0	1.0	1.0
103	Agricultural Development Officer	1.0	1.0	1.0	1.0
032	Management Officer	.7	1.0	1.0	1.0

TABLE IX(b) - WORKFORCE REQUIREMENTS (P.N. DIRECT HIRE)

<u>SKILL CODE</u>	<u>POSITION TITLE</u>	<u>WORKYEARS</u>			
		<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>
070	Administrative Asst	1.0	-	-	-
024	Program Assistant	-	1.0	1.0	1.0
021	Economist	-	1.0	1.0	1.0
041	Accountant	-	-	1.0	1.0
103	Agricultural Project Officer *	-	-	1.0	1.0

WORKFORCE NARRATIVE

The currently approved workforce level and skills combination will enable us to implement the program in Uganda outlined in the Action Plan. However, this assumes that approved positions can be filled with experienced, competent, and highly motivated AID personnel. Currently this is not the case. It has taken close to a year to bring an Agricultural Development Officer on board, more than a year for a Management Officer, and now after almost two years we still do not have a Project Development Officer at post. Unless the Project Development Officer position is filled immediately we will have severe problems in implementing already approved projects and we will not be able to accomplish the objectives outlined in the Action Plan.

During the Action Plan period personnel resources will be concentrated on (1) implementing already approved project activities, (2) developing a portfolio of activities that will help develop human resources and restore the institutional strength of the organizations that will have a longer term impact on productivity and agricultural diversification in the future, and (3) establishing the systems and procedures and training local personnel to ensure the internal self-sufficiency of Mission operations and their consistency with AID regulations. No changes from the currently approved staff level and discipline combination will be required to accomplish this.

To meet the first objective we anticipate that the guidance of the Mission Director with the technical skills of the Agricultural Development Officer and implementation knowledge of the Project Development Officer along with continued help from REDSO/ESA will enable us to implement the projects already obligated plus those that will come on stream over the next several fiscal years. We believe, however, that the implementation workload will continue to have such overriding importance that Mission management should give close attention to the need for a Program Officer position. If the Mission Director were able to handle program matters, perhaps with the assistance of periodic and carefully timed TDY's from the Office of East Africa in AID/W, consideration should be given to replacing the Program Officer position with that of a Project Officer with substantial supply advisor experience or with a Supply Advisor with knowledge of project implementation procedures. Preparation of longer term development and institution building projects over the medium term will require substantial attention from the Mission Director, and Program, Agriculture and Project Development Officers, but they should be able to prepare the project documentation and underlying strategic foundation for them if the technical resources and skills needed continue to be available from REDSO/ESA and RFMC, and to a lesser extent, from AID/W. Furthermore, greater access to and more efficient and timely allocation of PD and S funds will be required in order to develop the portfolio of activities outlined in this ABS. Finally, developing the capacity of this Mission to provide logistical support for

and administration services to the program elements of USAID can be handled by the Mission Director, Executive Assistant and Management Officer. However, their resources will need to be supplemented by better trained local staff, and medium term PSC staff. We will be working to enter into a formal JAO arrangement that will detail the services that the Embassy will provide, but we need additional experience with our existing internal arrangements before agreeing to forego AID provision of certain services. Pooling of resources should be more efficient in many areas of logistical support, but there are certain services that the GSO has not been able to provide efficiently. These include housing and office renovation, motor pool maintenance, office equipment repair, provision of guard services, procurement and personnel management. AID will continue to have to provide many of these services directly, and for this reason will continue to need two OE-funded PSC's to work on management operations. As the program grows and we anticipate a rapid expansion in program funded contractors, the management staff will need to be supplemented by at least two more PSC's for a minimum of one year each to manage these additional responsibilities.

Two FSN positions have been approved for FY 1983 and two more are projected for this Mission beginning in FY 1985. This is the absolute minimum required to manage and implement our proposed program. Furthermore we assume that there will be no restrictions on our ability to recruit and employ non-professional Ugandan personnel under PSC's or through a "body shop" arrangement. Direct hire FSN's will be recruited only for professional positions requiring the special confidence of USAID, particular professional expertise, and for which we anticipate a long term personnel requirement.

Given the very limited workforce ceiling for this Mission, a ten percent reduction in assigned personnel, both for US and FSN personnel, would result in the deletion of one person for each category. In the case of US personnel we would delete the Program Officer position. This could be accommodated by putting greater program responsibilities on the Mission Director, by greater use of AID/W TDY assistance, by acceptance of a deterioration in the quality of program documentation from the Mission, by greater use of PD and S funding for project development, and by greater REDSO/ESA and AID/W participation in the design of future program directions. While deletion of this position would work a major hardship on USAID, it would not completely prevent the implementation of our existing portfolio or the development of new program activities.

Elimination of one of the FSN positions (a 25% reduction) would cause severe problems with local staffing and greatly hamper our ability to implement the program proposed in this ABS. Given

the violent economic trauma that the Ugandan economy has suffered it is extremely difficult to secure committed, trustworthy, hardworking, honest and objective local personnel. This is most pronounced at the professional level where competition is much more severe and where the opportunities for outside employment are greater. Thus, when we identify a professional with the qualifications and personal qualities required for long term AID service we should be in a position to make a career commitment to that employee. To arbitrarily reduce the number of employees to meet AID/W-imposed personnel ceilings would severely strain our relations with all Ugandan staff and greatly reduce our ability to secure needed services through a PSC or "body shop" arrangement.

We could not accept a ten percent reduction in FSN staffing in FY 1984 since we plan to have only two direct hires during this period. Both are in positions that are critical to the efficient functioning of the Mission. In FY's 1985 and 1986 we could eliminate one position, the Agricultural Project Officer. This would be false economy, however, as it would increase the workload of the US direct hire Agricultural Development, Project and Program Officers. It would increase our reliance on PD and S funding for project development purposes, and on AID/W and REDSO/ESA assistance for project development and implementation.

Given difficulties in recruiting staff to work in Uganda we have relied heavily on REDSO/ESA resources, the administrative support assistance we have gotten from USAID/Kenya and RFMC/Nairobi. We will continue to need some of this help, particularly from RFMC for financial services and from REDSO/ESA for legal, contracting, supply management, behavioral science and engineering services. But, given the increasing complexity of our portfolio, the need for continuity and understanding of the rapidly changing economic conditions and reform program directions in Uganda, and to cut down on unnecessary "learning curve" time we can no longer rely on REDSO/ESA to provide project officer assistance on an ad hoc basis. Assignment to USAID/Uganda of a Project Development Officer is the highest priority personnel requirement.

RFMC has provided excellent service to this Mission in the past. More recently it has expanded its range of services and is no longer focusing exclusively on Operating Expense and project accounting. RFMC is helping train a Ugandan accountant on our staff and will be assisting us in making the best use of newly installed ADP equipment. It is also working on project development issues and providing guidance during Project Paper drafting as well as greater counselling on project implementation matters. We will have increased need to call on RFMC for financial consulting services during the period of this ABS. Similarly, we have relied on USAID/Kenya's Executive Office to provide us with procurement, transshipment, customs clearance and local staff training services. For example, USAID/Kenya arranges for the

clearance and forwarding of all OE and project-funded commodities transitting Kenya. In FY 1983 we estimate it will be responsible for the procurement and shipment of approximately \$100,000 in OE-funded commodities. Our need for this assistance will decline in FY's 1984 and 1985 as the Management Officer in Uganda establishes a pipeline of supplies and materials and as more goods become available in Uganda. But, we will continue to need the technical expertise and counsel that always has been available.

Non-Bilateral Funded Activities - Uganda

Project Title and Number: Improved Rural Technology, 698-0407
Date Started: FY 1982
Terminal Date: FY 1983
AID Office of Responsibility: AFR/RA
Life of Project Cost: \$ 95,000
Priority: Medium

Project Title and Number: African Manpower Development II, 698-0433
Date Started: FY 1982
Terminal Date: FY 1988
AID Office of Responsibility: AFR/RA
Life of Project Cost: \$ 672,000 (estimate)
Priority: High

Project Title and Number: African Labor Development II, 698-0442
Date Started: FY 1982
Terminal Date: FY 1984
AID Office of Responsibility: AFR/RA
Life of Project Cost: \$ 150,000 (estimate)
Priority: Low

Project Title and Number: Special Self-Help Development Activities,
698-9901
Date Started: FY 1980
Terminal Date: Continuing
AID Office of Responsibility: AFR/RA
Life of Project Cost: Continuing at \$100,000 per year (estimate)
Priority: High

Project Title and Number: Program for International Training in Health (INTRAH)
Date Started: FY 1983
Terminal Date: FY 1987
AID Office of Responsibility: S&T/POP
Life of Project Cost: \$ 200,000 (estimate)
Priority: High

Project Title and Number: Johns Hopkins Program for International Education in Gynecology and Obstetrics
Date Started: FY 1981
Terminal Date: FY 1984
AID Office of Responsibility: S&T/POP
Life of Project Cost: \$ 250,000 (estimate)
Priority: High

Project Title and Number: Population: Worldwide Training Funds
Date Started: FY 1981
Terminal Date: Continuing
AID Office of Responsibility: S&T/POP
Life of Project Cost: Continuing at approximately \$65,000 per year (estimate)
Priority: High

U.S. and Ugandan direct hire employees spend approximately 15% of their time working on non-bilateral funded activities.

Proposed Budget for PD and S Funds
(\$000)

<u>Account/Purpose</u>	<u>FY 1984</u>	<u>Priority</u>	<u>FY 1985</u>	<u>Priority</u>
<u>ARDN</u>				
PID Team for Cooperative Development Project	40	2	-	-
PP Team for Cooperative Development Project	50	3	-	-
Evaluation of Food Production Support Project	15	6	-	-
Study of Oil Seed Marketing and Economic Potential	10	1	-	-
PID Team for Oil Seed Project	40	4	-	-
PP Team for Oil Seed Project	50	5	-	-
PID Team for Farming Systems Research and Extension Project	-	-	40	1
PP Team for Farming Systems Research and Extension Project	-	-	60	2
Total	<u>205</u>		<u>100</u>	