

UNCLASSIFIED

# Annual Budget Submission

## FY 1984

### BURMA



June 1982

Agency for International Development  
Washington, D.C. 20523

UNCLASSIFIED

ANNUAL BUDGET SUBMISSION

FY 1984

BURMA

JUNE 1982

AID/BURMA  
FY 1984 ANNUAL BUDGET SUBMISSION

Table of Contents

Table I

Long-Range Plan by Appropriation Account  
Narrative

Table IV

Project Budget Data  
New Project Narrative: Oilseeds Extraction Technology

Table V

FY 1984 Proposed Project Ranking  
Narrative

Table VIII

Workforce and Operating Expenses

Note: Tables II, III, VI, and VII are either not required from the field or are optional. They are therefore not submitted in this ABS. Markups of computerized tables are submitted under separate cover per instructions.

## FY 1984 ANNUAL BUDGET SUBMISSION

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

Country/Office B u r m a

DEVELOPMENT ASSISTANCE	FY 1982 EST	FY 1983 EST	FY 1984 REQUEST	PLANNING PERIOD		
				1985	1986	1987
Agriculture, Rural De- velopment & Nutrition						
Grants	7.5	8.6	11.0	13.4	15.5	20.0
Loans	-	-	-	-	-	-
Health						
Grants	-	3.9	3.0	3.6	2.0	-
Loans	-	-	-	-	-	-
Selected Development Problems						
Grants	0.1	0.1	1.0	-	1.5	-
Loans	-	-	-	-	-	-
SUBTOTAL FUNCTIONAL ACCOUNTS						
Grants	7.6	12.6	15.0	17.0	19.0	20.0
Loans	-	-	-	-	-	-
Total DA Accounts	7.6	12.6	15.0	17.0	19.0	20.0
ESF	-	-	5.0 <sup>1/</sup>	x	x	x
TOTAL DA AND ESF	7.6	12.6	20.0	17.0	19.0	20.0
TOTAL PERSONNEL						
USDH (workyears)	5	5	6 <sup>4/</sup>	6	6	6
FNDH (workyears)	1	1 <sup>3/</sup>	1	3 <sup>5/</sup>	3	3
U.S. Part-time (workyears)	1 <sup>2/</sup>	1	1 <sup>6/</sup>	1	1	1

FOOTNOTES

- 1/ ESF funds for a narcotics-related Shan State Development Program are outside the present AAPL and are shown for illustrative purposes (See Narrative to Table I). If such use is approved in principle, readiness to obligate in FY-84 and need of any amounts in planning period are subject to discussions with the SRUB and to the development of an appropriate project.
- 2/ Resident-hire U.S. permanent part-time secretary (Ramirez).
- 3/ With only one authorized FNDH, AID/Burma will enter into personal service contracts in FY-83 for: a) Project Commodities Monitor (continuing contract); b) Program Clerk-Typist to replace FNDH Program Clerk-Typist converted to Participant Training Assistant in FY-82; and c) Program/Financial Assistant (new contract). In addition, the two AID/Burma drivers are employed under a multiple-Agency contract with the American Embassy Recreation Association.
- 4/ Adds one Agricultural Economist with project experience (probably an IDI graduate). If USDH, need increase in authorized personnel ceiling from 5 to 6. If IDI, a permanent target position in AID/Burma staffing pattern must be approved by FY-1985. See Narrative.
- 5/ Assumes two foreign national professionals on PSC can be converted to FNDH positions.
- 6/ Assumes qualified replacement for present U.S. incumbent can be obtained in FY-84 as a resident-hire U.S. spouse. If not, position may require conversion from U.S. part-time to U.S.D.H. full-time during FY-84 (See Narrative).

NARRATIVE - Table IProgram Profile

On the basis of our FY-84 Strategy Review, our FY-84 and out-year Approved Assistance Planning Levels (AAPLs) were raised slightly from the initial levels provided in December 1981, the FY-84 level being raised from \$13.5 million to \$15.0 million. We appreciate both the rarity of these increases and the difficulty with which they were obtained. We must point out, however, that the new levels are still below the amounts needed to sustain our over-all program strategy at reduced cost (shown in Table 3 of the FY-84 Strategy Review).

We have illustrated in Tables I and IV how we would, using the new AAPL levels, reformulate our program for the FY-84 to FY-87 period with the least loss in strategy attainment. We have had to balance very carefully the competing considerations of: 1) having one new-start project in the food sector each year to sustain our over-all strategy and to capitalize on development opportunities in a timely manner; 2) spacing out project starts so as to phase our workload; 3) trying to avoid excessive "mortgaging"; and 4) trying to avoid excessive pipeline. At the AAPL level, if we were to give top priority to avoiding mortgaging, we would have to have one or two years with virtually no new starts in food and nutrition, an unacceptably high price to pay in terms of over-all U.S. development assistance strategy in Burma. With the levels shown in Table 3 of the FY-84 Strategy Review, we could have completed relatively quickly the "mortgage payments" on the agricultural and health projects begun in FY-82 and FY-83, respectively. With the \$15 million level, however, the least objectionable course was to add to the mortgage overhang by stretching out funding inputs to those two projects even further so as to preserve at least one new start in the food sector in FY-84 --- in oilseeds extraction technology --- essential because of the timing requirements of that project and to sustain the momentum of our over-all political/developmental strategy. Such stretch-outs have been calculated so as to add in each year the absolute minimum in incremental funding needed to meet 12 months' worth of costs for each project. While such a hand-to-mouth funding procedure does keep the pipeline low (in that funds are not contributed until they are needed for virtually immediate sub-obligation in PIO's and contracts), it is undesirable both because of the mortgaging of future year program levels and because of the increased workload since project agreement amendments adding funds must be submitted to the SRUB Cabinet annually for each project. The stretch-out procedure also tends to perpetuate itself in that, with future year program levels mortgaged, a new project of any appreciable size --- another program objective --- must also be incrementally funded.

The second adverse consequence of the \$15 million level for FY-84 is that we have had to defer by one additional year --- from FY-85 to FY-86 --- the start of a second project capitalizing on Burma's food production potential, the heart of our program strategy (see Table IV). Although

such projects are costly, they have an extremely high rate of return in the near term at this stage of Burma's development and contribute directly to rural income and export earnings objectives which are the driving factor in Burma's economic growth. At the AAPL we would either have to find a co-financier in FY-85 or wait until FY-86 to begin a second such project.

Our one new start in the food sector in FY-84 will be oilseeds extraction technology, the essential complementary project to the oilseeds production project now under way. The justification for an oilseeds extraction technology project is provided in the Strategy Review. If the levels sought in Table 3 of the Strategy Review were to be found, we would complete contributions to Maize and Oilseeds Production and Primary Health Care II one year earlier and commence a second food production project in FY-85 instead of FY-86. Any additional FY-84 funds in the agriculture or health accounts that can be found will contribute to these objectives and reduce mortgaging (see Table V).

Table I continues the approved program concentration in the two sectors of agriculture and health, choosing the highest intra-sectoral priorities in each, food production in the agricultural sector and primary health care in the health sector. An appropriate emphasis on human resources development is retained through a Development Training Project at \$1 million in FY-84, replenished with \$1.5 million in FY-86.

We are not assuming funding in the health sector past FY-86 based upon present plans. Should the SRUB decide to undertake official programs in the family health/planning/contraception sphere within the planning period, however, that assumption will change. There may also be a need of continuing programs in nutrition, which for the time being we are including in the food and nutrition account total.

The agricultural sector is the sector of choice for program growth, as justified in our Strategy Review. For ease of management, we plan that each year would start one new project in the agriculture sector, tentatively identified as follows: FY-84, Oilseeds Extraction Technology; FY-85, Agricultural Planning, Statistics, and Research; FY-86, second project in food production (either a continuation of Maize and Oilseeds or a shift of crop to pulses, beans, or cereals). These projects and how they fit into our food sector strategy are discussed in the Strategy Review. Though the exact amounts and phasing are subject to change as the PIDs and PPs are prepared, we now envision our contribution to the Oilseeds Extraction technology project as \$2 million of grant funding in FY-84 for technical assistance, training, and other start-up costs, with \$6 million in FY-85 and a final \$2 million in FY-86. Some of the latter two years' funding could possibly be on a loan basis, and it is possible that the project may also be co-financed with ADB, IDA, an Arab fund, or a U.S. private sector investor. Even though the exact phasing and dollar amounts of specific agricultural projects planned in the FY-85 - 87 period may alter owing to refinement during the project design and approval process, the amounts shown in Table I for the food and nutrition account as a whole

reflect our development strategy and are accurate for the Agency to use for long-range planning by appropriation account.

### Economic Support Funds

As set forth in the FY-84 Strategy Review, the use of economic assistance funds in support of narcotics control objectives in Burma is a distinct possibility provided additional funding can be found. After the Strategy was written, the House Foreign Affairs Committee in its mark-up of the FY-83 foreign assistance authorization bill adopted an amendment calling for the Administration to give "priority" consideration to using Economic Support Funds for programs to reduce illicit narcotics cultivation. Although this amendment may have been directed primarily at existing ESF programs, we believe it provides the necessary authority for prospective ESF account requests to be made for narcotics cultivation control should the Administration decide to do so. Economic Support Funds in support of narcotics control efforts in Burma could provide the source of incremental funding needed to advance our discussions with the SRUB while providing to some extent the necessary assurance that such a program would not be undertaken at the expense of whatever Development Assistance funding Burma might otherwise receive (see Strategy Review). The ESF account would be an ideal source also because a project developed under it would have a discrete narcotics-related rationale, conceptually distinct from development assistance. We are not persuaded that security conditions in the Shan State necessarily preclude undertaking such a program (State 072081). Donors with projects in the Shan State are generally able to inspect them even now (UNFDAC, ADB, and our own Department of State INM program). As for the current lack of data on the area, the project formulation process, if approved, will generate such data, as will the project itself. We faced the same situation with respect to lack of existing data before we began the Primary Health Care project development process that led to our first use of Development Assistance funds. In our judgment, lack of a possible funding source is a greater constraint to project identification than lack of either security or data.

In order to provide for a continued focus on this issue during the Administration's consideration of the FY-1984 budget, we are suggesting for illustrative purposes that \$5 million of ESF funds be requested for Burma for FY-1984. If the use of ESF funds for narcotics control purposes in Burma is determined to be acceptable in principle, we would then have a sufficiently firm basis upon which to proceed with discussions with the SRUB to determine whether (or not) an appropriate project in the Shan State could be formulated (see the FY-84 Strategy Review for examples). If an ESF-funded project does eventually prove feasible from the development, security, narcotics, and political points of view, the actual starting year and amount would quite likely change during project design. But even if the amount were smaller and the starting year were later than FY-84, an Administration decision this year on ESF's acceptability in principle in Burma for such uses would provide a sufficient bureaucratic and policy basis to justify our embarking upon the lengthy process of joint consideration of the feasibility of this option with the SRUB. Such efforts are pointless if a reasonable possibility of funding is not in view. On the other hand, if such discussions were to prove fruitless or inconclusive, it should be a relatively easy matter to delete the item from the Administration's FY-84 world-wide ESF request and to defer its consideration to a future date.

### Program Level and Staff Size

The personnel requirements described in Table I and the accompanying footnotes are the absolute minimum needed to operate the A.I.D. program in Burma effectively. Five American full-time U.S.D.H. employees (one of whom is a secretary) are now administering over \$25 million worth of FY-82 obligations, calculated as follows:

Bilateral D.A. projects	\$ 7,500,000
Development Training Allotment	100,000
AID/SCI Allotment	150,000
Local Utilization of Central Program Funds	200,000
FY-82 Local Currency Grants (\$ equivalent)	17,200,000
	<hr/>
Total FY-82 program	\$ 25,150,000

The above calculations include FY-82 programming of P.L. 480-origin local currency (which consumes a very large proportion of our staff time), but exclude: The time that must be spent in FY-82 to forward-plan the anticipated \$71 million in the FY-83 - 87 D.A. program, the time spent in FY-82 to administer the \$3 million FY-80 - 81 pipeline carried into FY-82, and the time spent to administer collections on Development Loan Fund and P.L. 480-authority loans made from 1957 to 1966.

The \$25 million FY-82 figure would yield a rough dollar/staff ratio of \$5 million/person, excluding non-FY-82 obligations managed in FY-82 on the dollar side and excluding our part-time resident secretary and our one FSN on the personnel side. When one considers that our reporting and documentation requirements (CDSS/Strategy Review, ABS, Congressional Presentation, PID and PP Preparation, responses to Bureau-initiated and world-wide AID cables, comments/analysis on MDB projects, etc.) are nearly as great as those of full-sized Missions, we find that at least 50 to 60 percent of our staff time is spent on paperwork. We are able to manage as we do primarily because we made an early conscious decision to concentrate upon a very small number of projects of medium-to-large size rather than upon a large number of smaller projects.

Now in our third year of operation, with commodities starting to arrive in quantity, we are facing an increasing project design and implementation workload and an increasing need to add to our capacity for project and economic analysis, particularly in the agriculture sector. Because daily operational requirements always tend to drive out time for analysis and forward planning, in order to assure the continued high quality of our staff work we need to supplement our staff by one U.S.D.H. (IDI-graduate) in FY-83 or FY-84. For those reasons, in last year's ABS we identified the need of an IDI (probably an agricultural economist) in FY-1983. We note that we have now received A.I.D. position ceiling for that IDI in FY-84. The junior to middle-grade person we seek should be able to help with agricultural project analysis, planning, and implementation; agricultural micro-economic analysis; and macro-economic analysis. He or she should also be trained in A.I.D. procedures to be of real assistance. As (1) our

small office cannot provide the varied training environment needed for an IDI and (2) we need someone who can be of immediate assistance, we must now request an IDI "graduate" rather than a newly entered IDI trainee, and we continue to prefer that the employee arrive in FY-83 rather than in FY-84. We trust that provision for such a position in FY-83 or FY-84 can be made in the course of the FY-84 ABS review. For an explanation of why we cannot use local nationals, consulting firms, or PVOs for analysis, please refer to the FY-83 and FY-82 ABSs.

The other area for which we need to make long-term provision is in secretarial services. Because we are located within a secure area of the Embassy, our second secretary is also an American (a resident-hire spouse employed continuously on a 32 hour/week basis) rather than a local national, since the employee needs a high-level security clearance to work on the same floor with the three senior USDH employees she supports. When the incumbent's spouse is reassigned during FY-1984, we will need a qualified replacement. Should we be able to obtain another professionally qualified resident-hire spouse in FY-1984 to replace the incumbent, we will do so and will continue to utilize our one part-time American work-year to meet that need. Between now and FY-1984 we will also continue to investigate the feasibility of other space arrangements that could meet our needs without requiring a second full-time USDH secretarial position. If neither of these options proves workable, we will have to request conversion of the present part-time U.S. employee position to a full-time USDH position in FY-1984.

Local employees will continue to be hired under PSC and clerical/custodial employees under a Recreation Association contract, rather than as FSNs. We hope, however, that the local professional-level employees (the present commodities monitor and the planned financial assistant) could be considered for conversion from PSC to FSN in the future if a permanent need for their services is established.

We have carefully considered our requirement for U.S.D.H. legal and controller services, both of which are now provided from non-resident employees (our Legal Adviser resides in Colombo; our Controller, in Bangkok; and our Contract Officer, in Jakarta). Our utilization of the services of our Legal Adviser and Controller has increased markedly in the past year. We do not believe that we need to plan for a resident USDH controller within the time frame of this A.B.S. provided that the Thailand Mission controller's office does not become burdened to the extent that our requirements suffer. Thus far service to us has been superb, but increasing demands on that office for support to Burma, Hong Kong, and other USAIDs in the region have caused the workload of that office to rise appreciably. We understand that arrangements are being made to keep up with this problem. With respect to our Legal Adviser, we have been able to work out a mutually agreeable time-sharing arrangement with Colombo and perceive no difficulties at this time.

Regarding services needed frequently but not on a resident USDH basis, our needs are unique in Asia in that they are more comparable to those of an

Africa USAID, with the important difference that we have no REDSO to turn to. We find that, in Asia, regional positions are typically located in the country in which AID or MODE ceiling can be made available rather than from the standpoint of proximity to the geographic area being serviced, and often with the condition that the bulk of the incumbent's time be used to service the country which provided him MODE approval. The only way to make a more rational geographic distribution of regional officers, in our judgment, is to exempt regional legal, contractual, and controller services from MODE, as has already been done with the Regional Inspector General positions. Such a move would permit considerable management improvement as well as economies in operating expenses by permitting regional officers to be located in the most geographically logical regional center.

In summary, we are making the necessary adjustments and arrangements so as to require no currently identifiable additional USDH or FSN resident positions in FY-84 or beyond other than the IDI-graduate and the possible American secretary referred to above. As FY-85 and the out-years come closer, should the clear need of any additional positions emerge, we would justify them on a case-by-case basis under A.I.D. and M.O.D.E. position approval procedures.

TABLE IV PROJECT BUDGET DATA												Country/Office							
												BURMA							
												ESTIMATED U.S. DOLLAR COST (\$000)							
NUMBER	PROJECT TITLE	G/L	OBLIGATION DATE		LIFE OF PROJECT COST	CUR PIPELINE AS OF 9/30/81	FY 1982		FY 1983		FY OBLIGATIONS			FUTURE YEAR	ITEM #				
			INITIAL	FINAL			OBL	EXP	OBL	EXP	1984 AAPL	1985	1986			1987			
	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION																		
	<u>Food Production Strategy</u>																		
0005	Maize & Oilseeds Production	G	82	85	30	-	7,500	500	8,600	5,000	9,000	9/84	4,900	-	-				
0006	Oilseeds Extraction Technology	G/L	84	86	10.0	-	-	-	-	-	2,000 (G)	3/85	6,000 (G/L)	2,000 (G/L)	-				
0007	Later Food Production Project(s) (Maize and Oilseeds, Beans, Pulses, or Cereals)	G	86	88	50.0	-	-	-	-	-	-	-	11,000	17,500	22,500				
	<u>Agriculture Research and Institution Building</u>																		
0012	Agriculture Research Planning, and Statistics; or Biofertilizer	G	85	87	7.5	-	-	-	-	-	-	-	2,500	2,500	-				
	<u>Sub-Total, Food &amp; Nutrition</u>				30	97.5	7,500	500	8,600	5,000	11,000		13,400	15,500	20,000				

Country/Office  
BURMA

TABLE IV PROJECT BUDGET DATA

NUMBER	PROJECT TITLE	OBLIGATION DATE		LIFE OF PROJECT COST AUTH PLAN	CUM PIPELINE AS OF 9/30/81	FY 1982		FY 1983		ESTIMATED U.S. DOLLAR COST (\$000)				ITEM #	
		INITIAL	FINAL			OBL	EXP	OBL	EXP	1984 AAPL	FUNDED TO MO/YR	1985	1986		1987
	HEALTH														
	Primary Health Care														
0002	Primary Health Care	G	80	81	5	5	3,000	-	500	-	-	-	-	-	-
0004	Primary Health Care II	G	83	86	12.5	-	-	3,900	2,000	3,000	9/84	3,600	2,000	-	-
	Sub-Total, Health				5	17.5	3,000	3,900	2,500	3,000		3,600	2,000	0	0
	SELECTED DEVELOPMENT PROBLEMS														
	Training in Development Skills														
0003	Development Training	G	82	83	0.2	0.2	100	100	100	-	-	-	-	-	-
0010	Development Training	G	84	86	2.5	-	-	-	-	1,000	9/84	-	1,500	-	-
	Sub-Total, Selected Development Problems				0.2	2.7	100	100	100	1,000		-	1,500	0	0
	SUB-TOTAL FUNCTIONAL ACCOUNTS														
	TOTAL DEVELOPMENT ASSISTANCE				85.2	17.7	7,600	12,600	7,600	15,000		17,000	19,000	20,000	0
	ESF														
0014	Shan State Development	G	84	unk.	unk.	-	-	-	-	5,000	9/84	unk.	unk.	unk.	unk.
	TOTAL, DA AND ESF									20,000		17,000	19,000	20,000	22,500

Table IV - Project Narrative

Project Name: Oilseeds Extraction Technology

Life of Project Funding: \$10.0 million (G/L)

FY-1984 Funding: \$2.0 million (G/L)

Appropriation Account: Agriculture, Rural Development and Nutrition

Project Purpose: To provide U.S. support to upgrade the cooperatives oilseeds extraction and edible oils distribution and marketing system of Burma resulting in:

-- an increase in the supply of quality cooking oil available to the consumer through a network of cooperatives outlets;

-- an increase in the supply and quality of oilseed cake available for infant weaning food preparation, domestic livestock consumption and for export;

-- an improvement in the nutritional status of the average Burmese family, especially such vulnerable groups as young children and lactating mothers.

Brief Description: Burma cannot produce sufficient cooking oil to satisfy consumer demand or nutritional requirements and is forced to import \$10 - 20 million of cooking oil annually. Oilseeds extraction technology and equipment are out-moded with some inefficient expeller mills as old as 75 years still in use. Burma as yet has no oilseeds solvent extraction capability. Owing to the lack of modern extraction technology and equipment, the residual oil content left over in the oil cake after milling is as high as 20 percent. Such high residual oil content means that the cake is not suitable for livestock feed and also forces Burma to accept less than world market price for export.

This project is an essential follow-on to the Maize and Oilseeds Production project (AID grant of \$30 million over four years) which was signed with the SRUB in October 1981 and which is expected to increase dramatically the nationwide production of maize plus sesasum, ground-nuts, sunflower and soybeans. With the expected increase in oilseeds production, the need of upgraded oilseeds extraction and oilseeds technology and equipment becomes acute. The project will attempt to respond to Burma's need to upgrade oilseeds extraction technology with two major AID funding inputs:

-- a grant of \$2.0 million to fund project start-up including overseas and domestic participant training, and long-term technical assistance in cooperatives oilseeds management and solvent extraction plant operations;

-- a grant, loan or grant/loan combination of an estimated \$8.0 million to finance the construction of a centrally-located solvent extraction and edible oils processing and distribution center, as well as upgrading of selected township-level expeller oil mills.

Our estimated combined grant/loan combination of \$10 million will represent part of a package to which the SRUB Ministry of Cooperatives will be committing a significant amount of both foreign exchange and local currency costs. Additional co-financing of the capital costs will be sought from the IBRD (IDA), the ADB, the U.S. private sector, or the OPEC fund, with AID providing all technical assistance and training on a grant basis.

TABLE V - FY 1984 PROPOSED PROGRAM RANKING							Country/Office	
RANK	PROGRAM ACTIVITY DESCRIPTION	ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)		B	U r m a
					INCR	CUM		
1.	Primary Health Care II	O	G	H	3,000	3,000		
2.	Maize and Oilseeds Production	O	G	ARDN	9,000	12,000		
3.	Oilseeds Extraction Technology	N	G	ARDN	2,000	14,000		
4.	Development Training	N	G	SDP	1,000	15,000		
AAPL								
5.	Additional Development Assistance Funds for Projects #1 and #2.	O	G	ARDN, H	1,000 - 5,000	16,000 - 20,000		AAPL
6.	Shan State Development	N	G	ESF	5,000	21,000 - 25,000		

Table V Narrative - Proposed FY-1984 Project Ranking

The FY-1984 development assistance program consists of four projects: 1) Primary Health Care II, 2) Maize and Oilseeds Production, 3) Oilseeds Extraction Technology, and 4) Development Training. As explained in the Table I Narrative, Primary Health Care II and Maize and Oilseeds Production are both "mortgaged" against FY-1984 availabilities. Incremental funding of \$3.0 million and \$9.0 million, respectively, is required in 1984. These amounts have been calculated as the absolute minimum FY-84 funding required to meet 12 months of costs for each project, in order to carve out funds in FY-84 for our one new start in agriculture, Oilseeds Extraction Technology. We cannot reduce FY-84 inputs to our two on-going projects any further without throwing those projects seriously off schedule and exacerbating the "mortgaging" problem when AID funding falls due later. The Oilseeds Extraction Technology project is explained in some detail in the Table IV Project Narrative. This project is an essential part of our work in oilseeds production. It originally was included in our present Maize and Oilseeds Production Project but was separated for management convenience as it required a special feasibility study and could be begun slightly later than Maize and Oilseeds Production. The \$2 million now required in FY-84 is on a grant basis and is a portion of a total estimated AID life-of-project contribution of \$10 million. It is needed in FY-84 for up-front costs as part of the package of technology that will include the introduction of an oilseeds solvent extraction capability into Burma. The project's capital costs beyond the \$10 million AID contribution and a significant SRUB contribution may be co-financed by another donor or a U.S. private investor. Part of the \$8 million balance of the U.S. contribution in future years may be in the form of loans, depending upon the project appraisal to be performed in FY-83.

Development Training, shown at \$1 million, is the only instrument we have for meeting our approved strategy in the vital training and human resources development sector. Burma's development skills in economic planning, statistics, agriculture, health, energy, and management are in urgent need of upgrading. Even apart from their technology transfer and institution-building aspects and their cost-effectiveness, development training programs have proven long-term bilateral benefits and contribute over time to the possibility of policy change and the means to implement it. This modest project would be the first concerted program of Burmese development training in the United States in 25 years. It was originally authorized and slated for funding in FY-1981 but could not be obligated owing to internal SRUB bureaucratic problems. The project is in the U.S. as well as Burma's interest. Provision for funding it in 1984 must be made.

These four project contributions, totaling \$15 million in FY-1984, are the absolute minimum inter-related package needed to carry out our tri-sectoral development strategy (agriculture, health, and training) and to implement our over-all political and development strategy as justified in the Strategy Review, which led to the decision to raise our FY-1984 AAPL to \$15 million.

Above the minimum Approved Assistance Planning Level, we would rank first further increases needed in the FY-84 development assistance AAPL to sustain our strategy of steady, serious response to the many Burmese economic development and political opportunities described in the FY-84 Strategy Review. We would rank next the tentative provision of FY-84 funds from the ESF account in order to provide the necessary basis for investigating the feasibility of a long-range attempt to reduce narcotics cultivation in the Shan State, as explained in the Table I Narrative.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

	FY 1982						FY 1983					
	TOTAL	MISSION FUNDS	AID/W FUNDED	UNITS	TOTAL	MISSION FUNDS	AID/W FUNDED	UNITS	TOTAL	MISSION FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	365.1	69.0	296.1	5.5	371.7	58.7	313.0	5.8				
P.N. DIRECT HIRE	2.2	2.2		1.0	2.7	2.7	-	1.0				
CONTRACT PERSONNEL	8.5	8.5		XXXXX	11.0	11.0	-	XXXXX				
HOUSING EXPENSES	29.3	29.3		1.0	59.6	59.6	-	3.0				
OFFICE OPERATIONS	96.9	89.4	7.5	XXXXX	111.3	103.0	8.3	XXXXX				
TOTAL	502.0	198.4	303.6	XXXXX	556.3	236.0	321.3	XXXXX				
RECONCILIATION				XXXXX				XXXXX				
MISSION ALLOWANCE				XXXXX				XXXXX				

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

	FY 1984 MINIMUM				FY 1984 CURRENT			
	TOTAL	MISSION FUNDS	AID/W FUNDED	UNITS	TOTAL	MISSION FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	411.9	101.6	310.3	6.5	424.4	101.6	322.8 *	6.5
F.N. DIRECT HIRE	3.0	3.0	-	1.0	3.0	3.0	-	1.0
CONTRACT PERSONNEL	12.1	12.1	-	XXXXX	12.1	12.1	-	XXXXX
HOUSING EXPENSES	54.6	54.6	-	-	72.9	72.9	-	-
OFFICE OPERATIONS	54.4	45.3	9.1	XXXXX	103.8	94.7	9.1	XXXXX
TOTAL	542.6	216.6	319.4	XXXXX	516.2	284.3	331.9	XXXXX
RECONCILIATION				XXXXX				XXXXX
MISSION ALLOWANCE				XXXXX				XXXXX

\* IDI included in work force units but salary and related fringe benefits not included in funding since IDI salary costs are funded thru special budget plan in AID/W.

## FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

1/FY 1984 PROPOSED				
	TOTAL	MISSION FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	424.4	101.6	322.8	6.5
F.N. DIRECT HIRE	3.0	3.0	-	1.0
CONTRACT PERSONNEL	12.1	12.1	-	XXXXX
HOUSING EXPENSES	72.9	72.9	-	
OFFICE OPERATIONS	103.8	94./	9.1	XXXXX
TOTAL	616.2	284.3	331.9	XXXXX
RECONCILIATION		XXXXX	XXXXX	XXXXX
MISSION ALLOWANCE		XXXXX	XXXXX	XXXXX

1/ AID/Burma current and proposed OE requirements for FY-1984 are exactly the same, given the authorized USDH and FNDH ceilings from AID/W.

## Comparison of Operating Expense Budgets

## AID/Burma

Description	FY 82	FY 83	Difference	FY 84	Difference
U.S. Direct Hire	365.1	371.7	6.6	424.4	52.7 <u>C/</u>
F.N. Direct Hire	2.2	2.7	.5	3.0	.3
Contract Personnel	8.5	11.0	2.0	12.1	1.1
Housing	29.3	59.6	30.3 <u>A/</u>	72.9	13.3 <u>D/</u>
Office Operations	96.9	111.3	14.4 <u>B/</u>	103.8	7.5
<b>Total</b>	<b>502.0</b>	<b>556.3</b>	<b>55.3</b>	<b>616.2</b>	<b>59.9</b>

A/ Three of the present AID USDH staff are due for transfer or rotation in FY-83/84 and occupy FBO quarters. Increase would allow for the replacement of one of these three employees to move into AID leased housing, permitting return to State of one of the three FBO quarters. Increase also reflects need to obligate a lease for Agriculture Development Officer. Lease was signed and obligated in FY 81 but premises were not occupied until FY 1982 (November 1981).

B/ Increase reflects inflation factor of 10% for goods and services and an increase in communications costs.

C/ Increase reflects travel and freight costs for the assignment to post of an IDI and his family and the return to the U.S. of a senior foreign service employee upon his retirement. Increase also includes lump sum settlement for retiring foreign service employee.

D/ Housing and utilities cost for IDI and family.

NOTE: AID/Burma considers as "significant changes" in OE items \$10,000 or more and 10% more than previous year.