

Annual Budget Submission

FY 1984

OMAN



June 1982

Agency for International Development
Washington, D.C. 20523

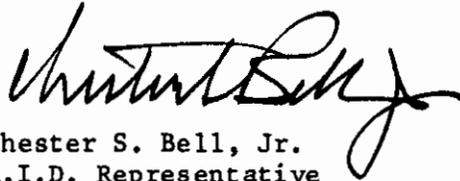
OMANI-AMERICAN JOINT COMMISSION
FOR
ECONOMIC AND TECHNICAL COOPERATION
ANNUAL BUDGET SUBMISSION
FY 1984

Muscat
Sultanate of Oman
June 1, 1982

Forwarding Statement by A I.D. Representative

The role of the Omani-American Joint Commission is gradually evolving. A clear course for the program cannot yet be confidently laid out. What is presented in this Submission represents our best judgements at the present time as to projects we will be able to assist in Fiscal Years 1983, 1984 and beyond.

What is clear, however, is that as projects are designed and approved the workload of the Commission's staff will expand and more people will be needed. A specially prepared table, Program Workload Analysis, illustrates how work will grow as projects are added, whether or not AID lending continues beyond FY 1983.



Chester S. Bell, Jr.
A.I.D. Representative

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I. TABLE I

LONG RANGE PLAN

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$ Thousands)
 Oman/Omani-American
 Country/Office Joint Commission

DEVELOPMENT ASSISTANCE	FY 1982 EST	FY 1983 EST	FY 1984 REQUEST	PLANNING PERIOD		
				1985	1986	1987
<u>Economic Support Fund</u>						
Grants	5	5	5	5	5	5
Loans	7.5	12.5	10	10	10	10
Total ESF	12.5	17.5	15	15	15	15
Total Personnel						
USDH	3	4	5	5	6	6
PSCS	0	0	1	1	1	1

NOTE: Joint Commission staff employed on PSC contract basis.

II. NARRATIVE

OMANI-AMERICAN JOINT COMMISSION

1984 ANNUAL BUDGET SUBMISSION

A. Background

The Oman and U. S. Governments established the Omani-American Joint Commission for Economic and Technical Cooperation (JC) in order to place the stronger political and military relationship existing between the two countries against a background of an overall balanced U.S.-Oman partnership. For this purpose the JC is to promote a closer economic relationship and to make that relationship evident to the Oman public.

The Commission officially opened its offices in May 1981. The period prior to the official opening was devoted to establishing the Commission offices, meeting government officials and examining the development status of various sectors to begin the process of project identification for a program level of \$15 million annually, \$10 million loan and \$5 million grant.

The year following this start-up period has been devoted to the design and approval of a Fisheries Development Project (\$17 million) and an Aquifer Recharge Project (\$16 million). A training project has also been under discussion with the Government and, when finalized, a \$20 million Development Training Project will be submitted for approval. Other major activities were sending six Omanis to short-term agricultural training courses in the U.S. and assessing the government's efforts in vocational training. Discussions with the Government on vocational training issues

have, subsequently, resulted in a Joint Commission decision to shelve plans for a project in this area for the time being.

B. FY 1983 Program

In FY 83 the Oman program will consist of two ongoing projects, Fisheries Development and Wadi al-Khawd Aquifer Recharge, and two new projects, Development Training and a capital loan project, a \$92 million holding dam - Wadi Dayqah. Also in FY 1983, feasibility design work for the 1984-85 Seeb Airport Development loans will begin. Preliminary plans for this project are to finance two project components with \$10 million loans in FY 84 and 85.

The proposed loan for the Wadi Dayqah Project is \$12.5 million. This loan component includes \$2.5 million not utilized in the FY 82 loan for the Aquifer Recharge Project. Because of the Commission's small staff and the lack of sufficient time to identify and obligate prior to the end of the fiscal year, the remaining \$2.5 million could not be programmed in 1982. Therefore, to honor the commitment to provide \$10 million in loans for each of FY 82 and FY 83, a \$12.5 loan is proposed for FY 83 to raise the cumulative loan level to \$20 million.

C. Proposed FY 84 Program

The proposed program level for FY 84 is \$15 million, \$5 million grant and \$10 million loan. At this level the number of ongoing projects in FY 84 will increase to five with the signing of the First Phase Seeb Airport Development Loan. Program value for these five projects (excluding Oman

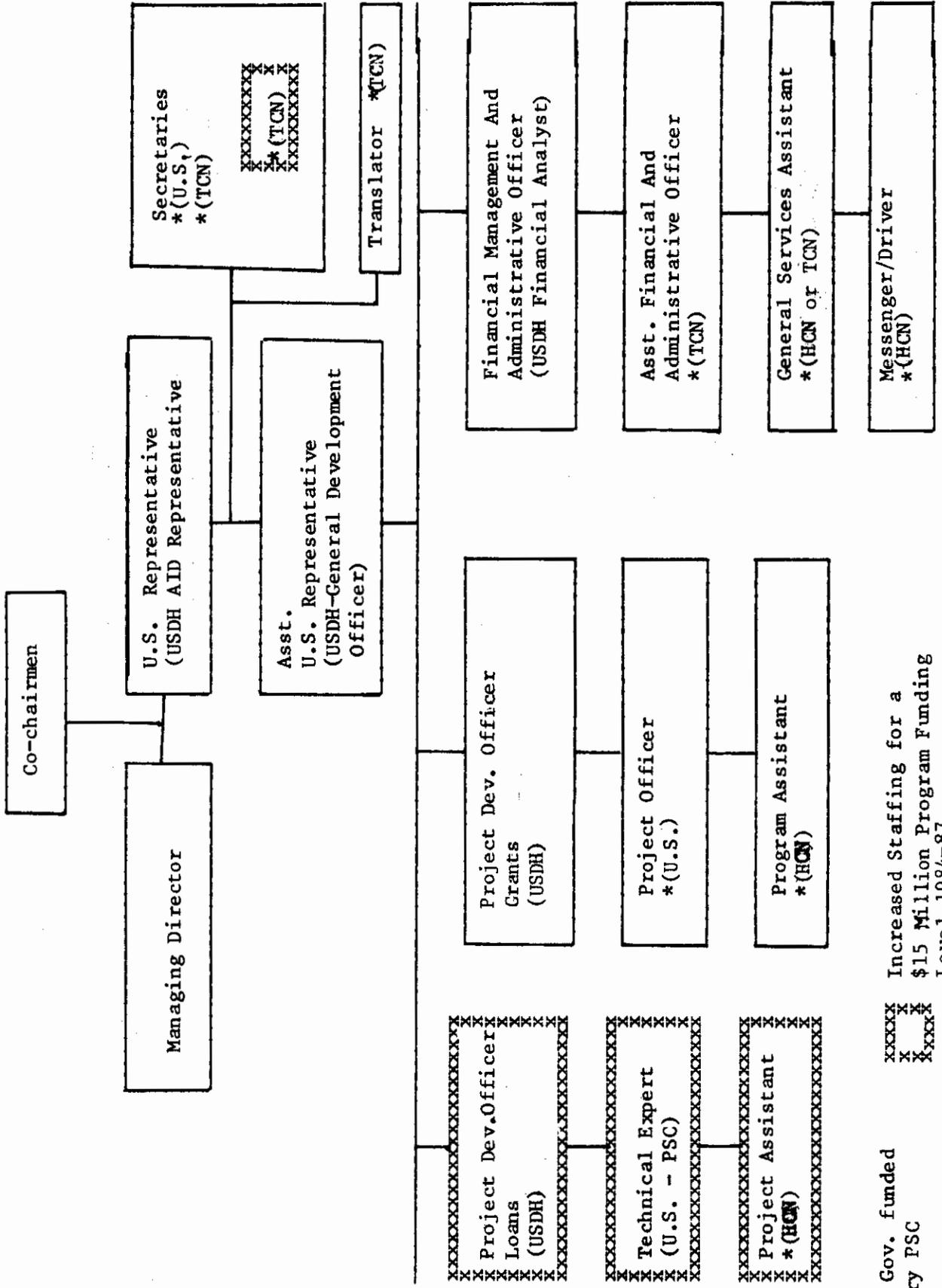
Government in-kind contributions) will total \$187 million. Cumulative U.S. obligations through FY 84 are anticipated to be \$17.4 million in grants and \$30 million in loans. The program mortgage at the end of FY 84 is projected to be \$3.2 million. This mortgage amount consists of future obligations required to fully fund the Development Training Project.

D. Staffing Considerations

The established FTE workyear level is four U.S. Direct Hire personnel for the period FY 84-87. This staffing level would provide for the implementation of two capital loan projects (Wadi al Khawd Recharge and Wadi Dayqah Dam) and two grant-funded projects (Fisheries Development and Development Training) plus the capability to identify and develop future projects for grant funding from the annual \$5 million grants. However, at the proposed funding level of \$15 million, \$5 million grant and \$10 million loan, for FY 1984-87 the FTE workyear level required would be five U.S. Direct Hire. This increase would provide for a USDH loan project officer to handle the identification/design/authorization workload that would result from a program portfolio increasing by one loan project each year. A PSC to provide technical expertise is also needed to assist in development and design of the loan/grant projects (See Program Workload Analysis). A PSC would provide the flexibility of obtaining different types of technical expertise as the need varies from year to year. Because of the extreme shortage of trained Omanis, the Commission expects to have only two professional level Omani staff members by FY 1984. In both instances the Omanis will probably be new graduates with U.S. bachelor degrees assigned by the Government to work with the Commission. Two other Commission positions will also be filled by Omanis, a Driver and a General Services Assistant.

I. OMANI-AMERICAN JOINT COMMISSION

ORGANIZATION CHART



*Grant/Oman Gov. funded
Host Country PSC

Increased Staffing for a
\$15 Million Program Funding
Level 1984-87

2. OMANI-AMERICAN JOINT COMMISSION
STAFFING PATTERN

Position	FY 1982				FY 1983				FY 1984				FY 1985				FY 1986				Remarks Code		
	US		TCN		US		TCN		US		TCN		US		TCN		US		TCN				
	DH	PSC	LH/PSC	PSC																			
1.U.S.Rep. (AID Rep.)	X	-			X				X				X				X				A, B, C, D		
2.Ass.U.S.Rep. (GDO)	X				X				X				X				X				B, C, D		
3.Fin.Mgt.& Adm. Off.(Acct. Fin.Analyst)		3			X				X				X				X				E		
4.Asst.Fin.& Adm.Officer				X					X				X				X				E		
5.Proj.Dev. Off.(Loans)				6					X				X				X				C, D		
6.Proj.Dev. Off.(Grants)									X				X				X				C, D		
7.Tech.Expert							X						X								C		
8.Project Off.			X						X				X								D		
9.Project Asst.			X						X				X								D		
0.Exec.Sec.			X						X				X								D		
1.Sec./Typ.			3				7		X				X										
2.Sec./Typ.							X		X				X										
3.Gen.Src.Asst.							6		X				X										
4.Translator			6				X		X				X										
5.Mess./Driver			X				X		X				X										
Summary:																							
Total No. Position	3	2	3	1	4	2	4	3	5	1	2	4	3	5	1	1	4	3	5	1	1	4	3
Total Workyear	2.25	2	1.75	1	3.5	2	3.6	2.5	3.5	1	2	4	3	5	1	1	4	3	5	1	1	4	3

USLH/PSC - U.S. Citizen Local Hire PSC
HCN/PSC - Host Country National PSC

3. Program Workload Analysis

(In U.S. \$000)

Project Title	Total Project Cost	Loan or Grant Amount	Design Approval	Obligation	Design/Approval (D/A)-Implementation (I)				
					FY 82	FY 83	FY 84	FY 85	FY 86
Fisheries Development	17,000	(G)6,600	FY 81/82	FY 82 (D/A)	I	I	I	I	
Wadi Al Khawd Aquifer Recharge Construction	16,000	(L)7,500	FY 81/82	FY 82 (D/A)	I	I			
TA Training		(G)1,000					I	I	
Development Training	20,000	(G)13,000	FY 82	FY 83	D/A	I	I	I	
Wadi Dayqah Feasibility & Design/Supervision	92,000	(L)12,500	FY 83	FY 83	--	D/A	I	I	
Seeb Airport Dev.	42,000	(L)10,000	FY 83	FY 84		D/A	I	I	
		(L)10,000	FY 83	FY 85		D/A	I	I	
Grant Project for FY 85	(?)	(G) ?	FY 84	FY 85		D/A	I	I	
FY 86 Loan	(?)	(L)10,000	FY 85	FY 86			D/A	I	
FY 87 Loan	(?)	(L)10,000	FY 86	FY 87				D/A	
Total Projects in Implementation Stage					2	3	5	7	8
Total Projects In Design/Approval Stage					1	3	1	1	1

E. Operating Expenses

The Joint Commission operating costs are divided into two categories, USDH personnel and general operating expenses. The USDH personnel costs, including travel funds for AID/W TDY technical support, are paid through A.I.D.'s Operating Expense (AID/OE) Budget. The Commission's general operating expenses are funded from the annual \$5 million grant and Oman Government contributions. This contribution is negotiated each year as part of the budget approval process for the Commission's general operating expenses.

Category I: Joint Commission General Operating Expense Budget

The Oman Government's first year contribution was \$41,441 (or 18%) to the Commission's general operating expenses of \$229,751 for the period 1/1/81-12/31/81. This contribution was agreed to during the initial negotiation for establishment of the Commission. The Government's contribution to the second year, 1/1/82-12/31/82, Commission's operating expense budget of \$286,087 was negotiated to be a larger proportion, \$120,290 (or 42%). In FY 1984 the Government's contribution is expected to be 50-60% of the General Operating Expense Budget.

Category II: AID/OE (FY 83)

The FY 1983 approved mission-funded budget level for Oman is \$340,000. This level is only sufficient to fund an FTE workyear level of 3 USDHs. The approved FTE workyear level is 4 USDHs. The Table VII FY 83 Budget has been revised to reflect the Joint Commission's funding requirements for 4 USDHs.

Category II: AID/OE (FY 84)

The proposed FY 1984 mission funded budget level to support a program level of \$15 million is \$725,150. This budget would provide for an FTE workyear level of 5 USDHs and one PSC contractor as discussed under staffing considerations above.

III. TABLE IV

PROJECT BUDGET DATA

FY 1984 ANNUAL BUDGET SUBMISSION

Country/Office
Oman/Omani-American Joint
Commission

TABLE IV PROJECT BUDGET DATA

NUMBER	PROJECT TITLE	OBLIGATION DATE		LIFE OF PROJECT (MONTHS)	COM. 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	FUTURE YEAR
272-0101	Omani-American Joint Commission (PC) ¹	FY 80	C	5	4,690	5,000	412	5,000	2,762	5,000	5,000	5,000	5,000	5,000	20,000	
272-0102	Wadi al-Khawd Aquifer Recharge	FY 82	FY 82	7.5	-	7,500	-	-	5,000	-	-	-	-	-	-	
272-0103	Wadi Dayqah Dam	FY 83	FY 83	12.5	-	-	-	12,500	-	-	-	-	-	-	-	
272-0104	Seeb Airport Development	FY 84	FY 85	20	-	-	-	-	-	10,000	-	-	10,000	-	-	

¹ (PC) Fisheries Development Project Funded from the Joint Commission Grant will provide an opportunity for the possible use of about 10-12 PCV in a Fisheries Extension Program.

² All sub-activities fully funded except the Development Training Project which is forward funded for 36 months.

³ Life of Project funding.

SUB-ACTIVITY BUDGET DATA JOINT COMMISSION PROJECT 272-0101
(\$000 OF U.S. DOLLARS)

Obligation Date	Initial Final	LOP Cost	FY 80		FY 81		FY 82		FY 83		FY 84		Future Years Obligations
			OBL	Sub	OBL	Sub	OBL	Sub	OBL	Sub	OBL	Sub	
272-0101	Omani-American Joint Commission		5,000		5,000		5,000		5,000		5,000		30,000
	Fisheries Consultant	15		15									
	Fisheries Sector Assessment	6		6									
	Short-Term Trng. Ag.	33		33									
	Wadi al Khawd Feasibility/Design	299		299									
	Vocation.Trng.Consultant	11		11									
	JC Operating Exp.			188		166	166	144	144	144	160	160	160
	Oman Chamber of Com. U.S. Delegation	50								50	50		
	Short-Term Trng. Manpower Planning	4				4	4						
	Wadi Dayqah Feasibility/Design	500								500	200	300	300
	Seeb Airport Dev.Feasibility/Design	500								500	200	300	300
	Feas. /Design 1986 Loan	500									500	100	100
	272-0101.1 Fisheries Dev.	6,600				6,600	100					1,300	1,300
	272-0101.3 Development Trng.	13,000										4,340	1,515
	272-0101.2 Wadi al Khawd TA/Trng.	1,000											
		22,518	5,000	552	5,000	9,448	412	5,000	2,762	5,000	5,000	3,675	3,176

Summary: Total LOP Costs 22,518
 Plus: JC Operating Exp. thru FY 84 658
 23,176
 Less: Cumulative Obligations/ Sub-obligations thru FY 84 20,000
 Future Mortgage 3,176

IV. TABLE V

FY 1984 PROPOSED PROGRAM RANKING

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE V - FY 1984 PROPOSED PROGRAM RANKING		Country/Office Oman/Omani-American Joint Commission				
RANK	PROGRAM ACTIVITY	ONGOING/ REV	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)	
	DESCRIPTION				INCR	CUM
1	Omani-American Joint Commission	0	G	ESF	5,000	20,000
2	Seeb Airport Development	N	L	ESF	10,000	10,000

PROJECT NARRATIVES

PROJECT NARRATIVE

Economic Support Funds

Project Number: 272-0101.3

Title: Development Training

Life of Project Funding: Total Project Cost \$20 million

Initial Year of Obligation: FY 1983

Loan/Grant: GRANT - \$12.7 million

Project Purpose: To develop more highly trained manpower in priority fields of national development.

Education in Oman has principally been a phenomenon of the last 12 years. Before 1970, there were only 3 non-Quranic schools with 909 students in the country. The acute shortage of trained Omanis is one of the most serious constraints to development. The rapid economic progress that has been made in the last 10 years has relied largely upon expatriate managers and workers. According to projections, the requirement for large numbers of expatriates will continue to increase for at least the next fifteen years. The only means of replacing expatriates is through the education of Omanis.

The Government has made education a development priority and has achieved commendable results with 363 schools and 95,000 students in 1980. The almost total illiteracy previous to 1980, however, means that decades are required to build a base of educated citizenry. The general education system is continuing to expand, an effort to which the government appears to be committed. The Joint Commission is developing a training project

to assist with education and promote the Government's program of "Omanization". This project, "Development Training", is being formulated to provide training for Omanis working in priority development fields.

The project will consist of the following four components:

1. Graduate Degree Fellowships - Fellowships will be granted for Master's Degree training in the U. S. to approximately 100 Omanis from the public and private sectors.
2. Non-Degree U.S. Training - Participation of approximately 200 Omanis in short-term non-degree training courses in the U.S. will be sponsored.
3. In-country Training Courses - Short in-country training courses will be organized for approximately 500 Omanis.
4. Technical Assistance - Technical assistance to key public and private sector institutions will be provided to coordinate with training programs, totalling up to 36 person-months.

The Government presently has no program offering graduate degree scholarships, although a few are sporadically given. The project will address a need for personnel with advanced specialized educations, a need presently being met mainly with expatriate advisors. Non-degree U.S. training will be offered particularly for those persons in responsible government and private sector positions who would benefit from job-specific training but cannot be out-of-station for long periods of time. In-country training courses will be organized when a group of personnel is identified with a

similar training need. This training will center directly on the functions these persons perform. Technical assistance will be offered to help formulate training plans in some ministries and organizations and to assist certain offices with specific problems related to staff training inadequacies.

Although no training program can hope to eliminate the vast shortfall of educated nationals for manpower requirements, the project can have an impact on certain development fields on which it will focus. At the same time, it will broaden Oman's access and exposure to U. S. colleges, universities, and technical training institutes.

The Graduate Degree element of the project is being planned for implementation using cost reimbursement. Other elements of the project would be administered by a contractor working with the Directorate of Scholarships in the Ministry of Education.

PROJECT NARRATIVE

Economic Support Funds

Project Number: 272-0103

Title: Wadi Dayqah Dam and Distribution Network

Life of Project Funding: Total Project Cost \$93 million

Initial Year of Obligation: FY 1983

Loan/Grant: LOAN- \$12.5 million

Project Purpose: Development of a major new source of water for the Capital Area to provide for continued economic and social development.

The Capital Area water demand is now about 30,000 cubic meters per day; the supply is about 40,000 cubic meters per day. However, by 1985, with increased population and industrial activity, the demand is expected to be about 65,000 cubic meters per day. Desalination capacity is being increased by 25,000 cubic meters per day, but at the same time ground-water supplies, despite the addition of a new well field, will diminish by 10,000 cubic meters per day because two fields will have to be closed to allow them time for natural recharge. The resultant available water supply will then be 60,000 cubic meters per day, a shortfall of about 10%. A major new source of water will thus be needed by 1985. Construction of a water retention dam in Wadi Dayqah is considered a promising possibility. The chosen site of the dam will back up water in a naturally enclosed basin with suitable soil and geological characteristics. The estimated supply of water from the reservoir is 15 million cubic meters per year, an average of 35,000 - 45,000 cubic meters per day.

A pre-feasibility study has been in process since 1979 and should be completed within 4-5 months. However, final feasibility work remains. The final feasibility study will be the first phase of the Joint Commission's project. If the results are positive, the Commission will continue support for the project by financing the design and engineering supervision contracts for the dam construction, reservoir development, pipeline to the Capital Area, pumping station, and water treatment works.

The project, which will be carried out by the Ministry of Electricity and Water, shall be beneficial to both the citizens of the Capital Area and to private enterprise in supplying the water necessary to expand industrial activities. In dealing with such an essential element as water in an arid country, the project addresses a basic development need. The design and engineering supervision of the project make possible the demonstration of U.S. hydrological engineering capacities in a very prestigious project.

PROJECT NARRATIVE

Economic Support Funds

Project Number: 272-0104

Title: Seeb Airport Development

Life of Project Funding: Total Project Cost \$42 Million

Initial Year of Obligation: FY 1984

Loan/Grant: FY 84 Loan - \$10 Million, Grant - \$500,000

FY 85 Loan - \$10 Million

Project Purpose: To expand and modernize Oman's International Airport to meet the country's increasing commercial needs.

Seeb International Airport, the only international airport in Oman, was opened in 1972 for commercial operations. The next year a small passenger terminal of 1,890 m² was completed. Since that time, only minor works have been carried out despite the rapid growth in commercial air traffic. An expected 7% annual growth in international terminal passengers will increase the present traffic level of about 700,000 passengers per year to about 1.5 million in 1990. Cargo is increasing at a rate of about 12% per year. Continuing at this rate, it will grow from the current level of 10,000 tons to about 30,000 tons by 1990. The present facilities are inadequate for the anticipated increase in passenger and cargo traffic.

A preliminary assessment of required improvements was sponsored by the Government. The recommendations of this study can be grouped into

two classes as follows:

- A. Expansion of Physical Facilities
 - 1. Extension of Seeb Airport Buildings
 - 2. Cargo Building
 - 3. Expansion of Parking Area for Aircraft
 - 4. Apron for Small Aircraft
 - 5. Expansion of Maintenance Facilities
 - 6. Expansion of Car-Park
- B. Modernization of Back-up and Safety Systems
 - 1. Modernization of Navigation Systems
 - 2. Lighting Improvement in Aircraft Parking Area
 - 3. Emergency Power Station
 - 4. Water Supply and Sewerage
 - 5. Garbage Disposal
 - 6. Replacement of Fire-brigade Vehicles
 - 7. Meteorological Center
 - 8. Minor Improvements

A comprehensive study of improvements and additional facilities needed to meet the anticipated demand will be conducted as part of the Joint Commission's consideration of this project. The feasibility/design study will be financed by grant funds. It is anticipated that the project implementation will be done in two phases and that a \$10 million loan will be provided as a U.S. input to each phase. The Ministry of Communications is the responsible agency; the project will thus bring American engineers and contractors into contact with the ministry in charge of all road, harbor, and airport construction.

The beneficiaries will include the commercial sector in general and travellers, employees, and those living in the vicinity of the airport, all of whom will benefit from improvements in sanitary facilities and air safety, reduction of environmental pollution, and facilitation of travel and cargo shipments.

V. TABLE VIII

FY 1984 ANNUAL BUDGET SUBMISSION

OMAN
(Omani-American Joint Commission)
FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

	FY 1982				FY 1983			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	245,362		151,889	2.25	386,757 ¹		233,994	4
F.N. DIRECT HIRE	-		-					
CONTRACT PERSONNEL	-		-	XXXXX				XXXXX
HOUSING EXPENSES	160,798			3	220,760 ²			4
OFFICE OPERATIONS	75,729		10,000	XXXXX	67,500 ²		10,000	XXXXX
TOTAL	481,889		161,889	XXXXX	675,017		243,994	XXXXX
RECONCILIATION	161,889			XXXXX	243,994			XXXXX
MISSION ALLOWANCE	320,000			XXXXX	431,023			XXXXX

1] Assumes 6 months FTE workyears for fourth person

2] Includes \$50,000 for Int'l. Travel and \$1,500 Representation Allowance

3] Includes \$6,000 for Official Residence Expenses

OMAN

(Omani-American Joint Commission)

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

	FY 1984 MINIMUM				FY 1984 CURRENT			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	439,867		257,217	4	439,867		257,217	4
F.N. DIRECT HIRE	-		-		-		-	
CONTRACT PERSONNEL	92,000			XXXXX	165,000			XXXXX
HOUSING EXPENSES	264,000			4	264,000			4
OFFICE OPERATIONS	128,500		15,000	XXXXX	128,500		15,000	XXXXX
TOTAL	924,367		272,217	XXXXX	997,367		272,217	XXXXX
RECONCILIATION	272,217			XXXXX	272,217			XXXXX
MISSION ALLOWANCE	652,150			XXXXX	725,150			XXXXX

OMAN

(Omani-American Joint Commission)

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

FY 1984 PROPOSED				
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	541,867		318,217	5
F.N. DIRECT HIRE				
CONTRACT PERSONNEL	165,000			XXXXX
HOUSING EXPENSES	326,000			5
OFFICE OPERATIONS	128,500		15,000	XXXXX
TOTAL	1,161,367		333,217	XXXXX
RECONCILIATION	333,217	XXXXX	XXXXX	XXXXX
MISSION ALLOWANCE	828,150	XXXXX	XXXXX	XXXXX