Annual Budget Submission

FY 1987

Bangladesh

May 1985

Agency for International Development
Washington, D.C. 20523

BEST AVAILABLE

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FY 1987 Annual Budget Submission
Bangladesh

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FY 1987 ANNUAL BUDGET SUBMISSION
TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT ($000)
Country Bangladesh

Development Assistance	FY 1984 ACTUAL	FY 1985 ESTIMATE	--FY 1986-- CP	--FY 1986-- ESTIMATE	FY 1987 AAPL	PLANNING PERIOD 1988	1989	1990	1991
Agriculture, Rural Dev. & Nutrition									
Total	51000	47700	41550	42550	44500	44000	48650	52000	55000
Grants	38000	47700	41550	42550	44500	44000	48650	52000	55000
Loans	13000	-	-	-	-	-	-	-	-
Population									
Total	26000	32000	32000	32000	33000	33000	34000	35000	35000
Grants	26000	32000	32000	32000	33000	33000	34000	35000	35000
Loans	-	-	-	-	-	-	-	-	-
(Centrally Procured Commodities)	-	(10539)	-	(11750)	(12000)				
Health									
Total	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Child Survival Fund									
Total	-	5000	-	-	-	-	-	-	-
Grants	-	5000	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Education									
Total	-	300	1300	1300	2500	2500	2000	1000	1000
Grants	-	300	1300	1300	2500	2500	2000	1000	1000
Loans	-	-	-	-	-	-	-	-	-
Selected Development Activities									
Total	-	-	3150	2150	2000	5500	5350	4000	4000
Grants	-	-	3150	2150	2000	5500	5350	4000	4000
Loans	-	-	-	-	-	-	-	-	-
Total D.A. Accounts	77000	85000	78000	78000	82000	85000	90000	92000	95000
Grants	64000	85000	78000	78000	82000	85000	90000	92000	95000
Loans	13000	-	-	-	-	-	-	-	-
PL 480 (Non-Add)									
Title I	68000	92000	70000	70000	75000	75000	75000	80000	80000
of which									
Title III	(68000)	(92000)	(70000)	(70000)	(75000)	(75000)	(75000)	(80000)	(80000)
Title II	17408	18300	18968	18968	19200	19440	20000	20500	21000

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TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ($000)
Country Bangladesh

APPROPRIATION ACCOUNT / PROJECT NO.	TITLE	L/G	FY 85 ESTIMATE	FY 86 ESTIMATE	FY 87 AAPL
Agriculture, Rural Dev. And Nutrition					
388-0027	Technical Resources	G	1200	1500	1500
388-0037	Rural Finance	G	25000	-	-
388-0042	Rural Industries	G	580*	1000	-
388-0045	PVO Co-Financing II	G	255	-	-
388-0046	Agro-Climatic Environ. Monitoring	G	-	1500	-
388-0051	Agricultural Research II	G	5000	6000	5000
388-0052	Food For Work II	G	520	-	-
388-0054	Rural Electrification II	G	11287	-	-
388-0056	Zilla Roads Maint. & Improvement	G	-	5000	6000
388-0060	Fertilizer Dist. Improvement II	G	-	15000	15000
		L	-	-	-
388-0061	Food For Work III	G	1045	1500	2200
388-0062	Homestead Agro-Forestry Research and Extension	G	1313	3000	3000
388-0067	Enterprise Policy Reform	G	1500	1300	-
388-0070	Rural Electrification III	G	-	6750	11800
	Appropriation Totals		47700	42550	44500
	Grants		47700	42550	44500
	Loans		-	-	-
Population Planning					
388-0050	Family Planning Services	G	32000	32000	-
388-0071	Family Planning Services	G	-	-	33000
388-0069	Female Education/Scholarship (Shelf Non-Add)	G	-	(1000)	(1000)
	Appropriation Totals		32000	32000	33000
	Grants		32000	32000	33000
	Loans		-	-	-
Child Survival Fund					
388-0050	Family Planning Services	G	5000	-	-
	Appropriation Totals		5000	-	-
	Grants		5000	-	-
	Loans		-	-	-
Education/Human Resources					
388-0027	Technical Resources	G	300	300	-
388-0068	Development & Management Training	G	-	1000	2500
	Appropriation Totals		300	1300	2500
	Grants		300	1300	2500
	Loans		-	-	-
Selected Development Activities					
388-0066	Small Scale Enterprises	G	-	2150	2000
	Appropriation Totals		-	2150	2000
	Grants		-	2150	2000
	Loans		-	-	-
	Development Assistance Totals		85000	78000	82000
	Grants		85000	78000	82000
	Loans		-	-	-

* Excludes $ 70,000 to be made available through Deob.-Reob. process.

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FY 1987 Annual Budget Submission
Table IV - Project Budget Data

Country: Bangladesh

Project Number & Title	G/L	Obligation Date Initial	Obligation Date Final	Total Cost Authorized	Total Cost Planned	Estimated U.S. Dollar Cost ($000) Obligation Thru FY 84	FY 84 Pipeline	FY 1985 Obligations	FY 1985 Expenditures	FY 1986 Obligations	FY 1986 Expenditures	FY 1987 AAPL	Peace Corps	Item No.
Agriculture, Rural Dev. & Nutrition														
388-0017 Food For Work (OPG)	G	76	80	2373	2335	2365	42	-	-	-	-	-		
388-0021 Rural Electrification	G	78	80	35300	35225	35300	357	-	482	-	-	-		
	L	78	80	34000	34000	34000	1610	-	1610	-	-	-		
388-0024 Fertilizer Dist. Improvement	G	78	83	203000	193210	193210	37242	-	30000	-	7242	-		
	L	78	83	32000	32000	32000	1604	-	1604	-	-	-		
388-0027 Technical Resources	G	79	87	9650	10350	6150	3563	1200	800	1500	1500	1500		
388-0037 Rural Finance	G	83	85	75000	75000	50000	1972	25000	24500	-	1500	-		
388-0042 Rural Industries	G	81	86 1/	5000	4400	2750	1272	580*	800	1000	1522	-		
388-0045 PVO Co-Financing II (PVO)	G	80	85	3179	2372	2117	95**	255	250	-	100	-		
388-0046 Agro-Climatic Environ. Monitoring	G	81	86 2/	7400	7400	5900	524	-	400	1500	1000	-		
388-0051 Agricultural Research II	G	81	90 1/	27000	53000	17600	7284	5000	6000	6000	5000	5000		
388-0052 Food For Work II (OPG)	G	81	85 3/	3175	3169	2649	758	520	1200	-	78	-		
388-0054 Rural Electrification II	G	81	85	50000	50000	38713	31929**	11287	20000	-	15000	-		
388-0056 Zilla Roads Maint. & Improvement	G	81	87 4/	9200	20200	9200	6172	-	3000	5000	3000	6000		
388-0060 Fertilizer Dist. Improvement II	G	84	88	52000	52000	1000	1000	-	500	15000	12500	15000		
	L	84	88	13000	13000	13000	13000	-	10000	-	3000	-		
388-0061 Food For Work III (OPG)	G	85	89	9400	9400	-	-	1045	400	1500	1200	2200		
388-0062 Homestead Agro-Forestry Research & Extension	G	85	90 5/	-	18000	-	-	1313	300	3000	2000	3000		
388-0067 Enterprise Policy Reform	G	85	86	-	2800	-	-	1500	300	1300	1000	-		
388-0070 Rural Electrification III	G	86	90	-	50000	-	-	-	-	6750	1000	11800		
Appropriation Total				570677	667861	445954	108624	47700	102146	42350	56742	44500		
Grant				491677	588861	366954	92410	47700	89387	42550	53742	44500		
Loan				79000	79000	79000	16214	-	12759	-	3000	-		
Population														
388-0050 Family Planning Services (59% PVO)	G	81	86	153336	147784	83784	30386	32000	30500	32000	32500	-		
388-0071 Family Planning Services II (60% PVO)	G	87	91	-	170000	-	-	-	-	-	-	33000		
Appropriation Total				153336	317784	83784	30386	32000	30500	32000	32500	33000		
Grant				153336	317784	83784	30386	32000	30500	32000	32500	33000		
Loan				-	-	-	-	-	-	-	-	-		

* Excludes $ 70,000 to be made available thru Deob-Reob process.

Country: Bangladesh

Project Number & Title	G/L	Obligation Date Initial	Obligation Date Final	Total Cost Authorized	Total Cost Planned	Estimated U.S. Dollar Cost ($000) Obligation Thru FY 84	FY 84 Pipeline	FY 1985 Obligations	FY 1985 Expenditures	FY 1986 Obligations	FY 1986 Expenditures	FY 1987 AAPL	Peace Corps	Item No.
Health														
388-0045 PVO Co-Financing II (PVO)	G	80	85	950	499	499	186**	-	150	-	36	-		
388-0050 Family Planning Services	G	81	86	1530	1530	1530	1090**	-	1090	-	-	-		
Appropriation Total				2480	2029	2029	1276	-	1240	-	36	-		
Grant				2480	2029	2029	1276	-	1240	-	36	-		
Loan				-	-	-	-	-	-	-	-	-		
Child Survival Fund														
388-0050 Family Planning Services (PVO)	G	81	86	5000	5000	-	-	5000	1500	-	2000	-		
Appropriation Total				5000	5000	-	-	5000	1500	-	2000	-		
Grant				5000	5000	-	-	5000	1500	-	2000	-		
Loan				-	-	-	-	-	-	-	-	-		
Education/Human Resources														
388-0027 Technical Resources	G	79	87	1350	1350	750	326	300	250	300	400	-		
388-0068 Development & Management Training	G	86	89	-	8000	-	-	-	-	1000	500	2500		
Appropriation Total				1350	9350	750	326	300	250	1300	900	2500		
Grant				1350	9350	750	326	300	250	1300	900	2500		
Loan				-	-	-	-	-	-	-	-	-		
Selected Development Activities														
388-0018 Karnaphuli Third Unit	G	76	81	700	700	700	198	-	28	-	170	-		
388-0045 PVO Co-Financing II (PVO)	G	80	85	871	871	871	28**	-	28	-	-	-		
388-0066 Small Scale Enterprises	G	86	89	-	8000	-	-	-	-	2150	1000	2000		
Appropriation Total				1571	9571	1571	226	-	56	2150	1170	2000		
Grant				1571	9571	1571	226	-	56	2150	1170	2000		
Loan				-	-	-	-	-	-	-	-	-		
Country Total				734414	1011595	534088	140838	85000	135692	78000	93348	82000		
Grant				655414	932595	455088	124624	85000	122933	78000	90348	82000		
Loan				79000	79000	79000	16214	-	12759	-	3000	-		

1/ Final year of obligation changed due to proposed project extension.
2/ Additional funding in FY 86 necessary to complete the project purpose.
3/ Project was fully funded with FY 85 obligation.
4/ FY of final obligation changed due to project extension.
5/ FY of final obligation changed due to extended life of the project.

** Pipeline figures changed due to reestimation of accruals.

Family Planning Services II (388-0071)

Project Funding: FY 87 $33,000,000 (grant)
LOP: $170,000,000 (5 years)

Appropriation Account: Population

The proposed Family Planning Services II Project will be essentially a follow-on project of the current Family Planning Services Project (388-0050). The goal of the project, consistent with the Mission's CDSS and FY 86-87 Work Plan, is to decrease fertility. The purpose is to increase the prevalence of contraceptive use of eligible couples to 38 percent by the end of CY 1991 through a variety of family planning service delivery systems, e.g., through the Ministry of Health and Population Control (MOHPC) in the public sector, non-governmental organizations (NGO's), and social marketing through commercial retail outlets.

The new project is proposed to meet the unmet demand for family planning services estimated to be between 34 and 40 percent of all eligible couples. The 1983 contraceptive prevalence survey (CPS) showed the prevalence rate to be 22% in late 1983 and end of 1984 prevalence is estimated from service statistics and other evaluative data to be about 26%. Project activities will seek to raise the CP rate to 38 percent by FY 1991. At this rate, the program will be serving approximately 8.4 million couples. (Currently it is estimated that 5.1 million Bangladesh couples are practicing family planning).

Current research indicates that the USAID project strategy for providing family planning services is basically a sound one. The current Family Planning Services project has demonstrated that services must be domicilliary based, have adequate numbers of female workers, and provide a wide choice of contraceptive methods. The proposed project, therefore, would continue the present project's strategy, although some alteration of the strategy may evolve as a result of findings from evaluations planned for the current Family Planning Services Project in CY 86.

Family Planning Services II Project will continue to reimburse selected costs of sterilization and IUD insertions delivered by the MOHPC. The project will also provide condoms, catgut, and copper T's for the MOHPC delivery system. Support will continue to Non-Governmental Organizations, both international and local, to provide a full range of family planning services through community and clinic based services primarily in urban areas. For the social marketing component of the project, support will continue for marketing condoms, pills, foaming tablets and safe birth delivery kits through some 120,000 retail outlets nationwide. Support levels for individual NGO's and the SMP will be based on evaluative studies already conducted or to be conducted in FY 85 and FY 86 and the ability of the Mission to reduce its condom budget requirement or to locate another donor.

In the new project, USAID plans to continue funding research regarding the cost-effectiveness of various segments of the BDG population program as well as the use-effectiveness of various contraceptive methods, especially condoms and

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Note: the CPS rates include modern and traditional methods.

orals. If these studies support preliminary findings, support for condom and pill distribution activities may be reduced or altered in the new project. A wide choice of contraceptives, however, will continue to be offered.

Limited operational research will continue to receive project support, especially that which examines the MOHPC delivery systems and means to improve them. Evaluative research, such as the biennial Contraceptive Prevalence Survey (CPS), will continue to be supported.

Also, during the course of implementing the project, we will be seeking opportunities to conduct pilot sub-project in some of the more promising, yet feasible, demand creation activities.

Continuation of the current project through a follow-on project is justified because 1) it is congruent with BDG priorities and is included in their 5-year plan; 2) the research and evaluation findings support this strategy; and 3) project activities have been coordinated with the plans of other donors through 1990. The Bangladesh Government (BDG), World Bank, United Nations Fund for Population Activities (UNFPA), United States Agency for International Development (USAID), Asian Development Bank (ADB), and other donors have coordinated closely over the past several years to ensure complementarity in project design and to avoid duplication.

Special Concerns: PVO $102,000,000
(approximately 60% LOP funding)

LOCAL CURRENCY USE PLAN

Local currency proceeds from sales of Title III commodities are used to increase agricultural productivity, a major program goal of USAID in Bangladesh. Within this purview, proceeds support two objectives identified in the USAID/Bangladesh FY 1985-86 Work Plan:

(1) increasing crop yields and land use intensity (through investment of proceeds in irrigation), and

(2) improving food policies (by using proceeds to increase foodgrain storage capacity, and thereby improve government procurement efforts and foodgrain stock management).

Beginning in USFY 1987, proceeds will support a third objective:

(3) improving farm-to-market infrastructure (by investing proceeds in feeder roads built under the Food for Work program).

During BDG FY 1984 (July 1-June 30), $43.9 million worth of taka were invested in agricultural development projects.* Of this total, 97.4 percent or $42.8 million of local currency went toward water control and irrigation projects. The remainder, about $1.1 million worth of taka, supported construction of foodgrain warehouses.

The large percentage of Title III sales proceeds devoted to irrigation projects makes the USG a major donor in the irrigation subsector. Investment in irrigation supports the USAID objective of increasing crop yields and land use intensity, which assumes that growth in the use of high-yielding varieties will depend largely on the spread of irrigation and accompanying increases in fertilizer use. Since 1981, when Title lII local currency proceeds started being utilized, surface irrigation projects have received about $90 million in local currency proceeds out of total proceeds valued at about $212.8 million. These projects have increased by 175 percent the number of shallow tubewells in operation since 1981 -- from 40,000 units to more than 110,000 units in 1984. The projects have also resulted in a 50 percent increase in deep tubewells -- from approximately 10,000 units in 1981 to over 15,000 units in 1984.

*NOTE: The difference between the Title III program level in a given year (eg., $68 million in USFY 1984) and the dollar equivalent of local currencies disbursed in that year ($43.9 million in USFY 1984) is due primarily to built-in lags in the program. Lags exist: (1) between the time commodities are programmed and the time they are shipped, (2) between the arrival in-country of commodities and when they are sold, (3) between the time of sale and deposit of sales proceeds into a special account, and (4) between the time sales proceeds are deposited and funds are disbursed to a project. Thus, when a Title III program officially ends in Bangladesh, local currency generations and disbursement will likely continue for several years afterward.

In BDG FY 1985, local currency proceeds equivalent to about $35 million are supporting eight agricultural development projects -- six irrigation projects and two foodgrain warehouse construction projects. Lead supporters of the projects range from the BDG to the World Bank, Australia, Canada, Great Britain, and Kuwait. Title III funding of these projects to date, compared to total project costs, ranges from less than 2 percent to about 30 percent.

The lower level of local currency programming in BDG FY 1985 ($35 million compared to nearly $44 million in BDG FY 1984) is due primarily to recent difficulty in identifying new projects for funding because of staffing changes in BDG ministries. A surplus of Title III proceeds available in BDG FY 1985, roughly estimated at $12 million to $15 million worth of taka, will be programmed in BDG FY 1986. Total local currency funding for BDG FY 1986 should increase to $45 million as Title III proceeds are committed to new projects agreed on by the BDG and USG.

In BDG FY 1987, $50 million worth of taka are proposed to fund agricultural development projects. Contained in this total is $5 million to support bridge and culvert construction on feeder roads built under the USAID-assisted Food for Work program. This new commitment will support the USAID objective of developing key rural infrastructure necessary for increased agricultural productivity.

The eight projects currently receiving local currency proceeds were among 17 projects identified in the 1982 Title III Agreement. The remainder of the projects originally identified have either been completed or terminated. A new Title III Agreement, expected to be signed in USFY 1986, would require identification of new projects for funding. While previously, projects funded by Title III local currency proceeds have generally been restricted to those identified in the BDG Medium-Term Foodgrain Production Plan, in the future projects not contained in the plan may also be considered. The emphasis will remain, however, on promoting agricultural and rural development.

An FSN employee continues to work full-time monitoring projects supported by Title III sales proceeds and visiting project sites. His recommendations and observations, based on these site visits, are: (1) forwarded to the appropriate donor agencies and BDG officials for follow-up action, and (2) used for deciding on future allocation of Title III local currency proceeds.

Table VI: Expenditures of Local Currency Generations
(all in the U.S. dollar equivalents, and in $ millions)

Source/Purpose	1984 ACTUAL	1985 ESTIMATE	1986 PLANNED	1987 PROPOSED
I. ECONOMIC SUPPORT FUND				
A. Public Development Activities				
1. e.g. Agriculture Research (also indicate the amount of this counterpart which is in direct support of AID projects)				
2.				
B. Private Sector Programs				
1.				
2.				
C. Public Sector Recurrent Budget				
1.				
2.				
D. AID Operating Expenses (Trust Funds)				
II. DEVELOPMENT ASSISTANCE				
A. Public Development Activities				
1.				
2.				
B. Private Sector Programs (also include type of organization, e.g. PVO, Coop, Business, Other)				
1. e.g. PVO, Small Enterprise Development				
2. e.g. Coop, Housing				
C. Public Sector Recurrent Budget				
1.				
2.				
D. AID Operating Expenses (Trust Funds)				
SUBTOTAL ESF & DA				

FY 1987 ANNUAL BUDGET SUBMISSION
Table VI: Expenditures of Local Currency Generations
(all in the U.S. dollar equivalents, and in $ millions)

Source/Purpose	1984 ACTUAL	1985 ESTIMATE	1986 PLANNED	1987 PROPOSED
III. PL 480				
A. Public Development Activities				
1. Agriculture Sector	43.9	35.0	45.0	50.0
2. Rural Development	0	0	0	5.0
(Bridge & Culvert Construction on FFW Roads)				
B. Private Sector Programs				
1.				
2.				
C. Public Sector Recurrent Budget				
1. e.g. Family Planning Delivery Personnel (also indicate the amount of this counterpart which is in direct support of AID projects)				
2. Agriculture or other subsidies				
D. AID Operating Expenses (Trust Funds)				
TOTALS	43.9	35.0	45.0	55.0

LIST OF PLANNED EVALUATIONS
FY 1986 - FY 1987
USAID/BANGLADESH

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1986 Start (Qtr)	FY 1986 To AID/W (Qtr)	FY 1987 Start (Qtr)	FY 1987 To AID/W (Qtr)	Reasons/Issues	Funding Source	Funding ($000)	USAID Person Days	Collateral Assistance
POPULATION/FAMILY PLANNING										
388-0050 Family Planning Services										
(a) Family Planning Services Project Evaluation		II	IV			Comprehensive evaluation of the Family Planning Project. Each of three project components (NGO, SMP, BDG) will be individually evaluated.	Project	100	30	Contractor
(b) Quarterly Surveillance of VS Program	9/84	I-IV	I-IV	I-IV	I-IV	Monitor VS Program to verify number of operations performed, ensure adequacy of services and compliance to USAID regulations.	Project	200	40	
(c) Annual Evaluation of IUD Program	12/84	II	IV	II	IV	Monitor IUD program to verify number of IUD's inserted and ensure adequacy of services.	Project	80	20	
(d) Bi-annual Contraceptive Prevalence Survey		IV(85)	II			FY 86 - Evaluation of achievement of the Family Planning Services Project purpose.	Project	125	35	
				IV	II(88)	FY 87 - Same	Project	140	35	

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1986 Start (Qtr)	FY 1986 To AID/W (Qtr)	FY 1987 Start (Qtr)	FY 1987 To AID/W (Qtr)	Reasons/Issues	Funding Source	Funding ($000)	USAID Person Days	Collateral Assistance
AGRICULTURE, RURAL DEVELOPMENT AND EMPLOYMENT EXPANSION										
388-0051 Agricultural Research II						PACD:6/4/87--FY 86 Internal evaluation to assess				
(a) Overall Project	5/85	III	IV			progress towards project targets and objectives	Project	10	15	
				III	IV	FY 87 - External evaluation if PP Supplement to the project is approved.	Project	60	30	
(b) BRRI	11/84	I	I			External evaluation to learn if sub-project objectives have been met.	Project	15	12	
388-0060 Fertilizer Distribution Improvement Project				II	III	Internal Evaluation to assess project progress.	Project	25	20	
PL-480 Title III	8/84	IV	IV	IV	IV	FY 86 - FY 87--Annual review of BDG's implementation of foodgrain production and consumption policies and programs set forth in the Title III Agreement.	PD&S/OE	FY 86 40 FY 87 40	45 45	FY 86 - 2 AID/W TDY for 3 weeks, 1 USDA TDY for 3 weeks. FY 87 - 2 AID/W TDY for 3 weeks; 1 USDA TDY for 3 weeks

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1986 Start (Qtr)	FY 1986 To AID/W (Qtr)	FY 1987 Start (Qtr)	FY 1987 To AID/W (Qtr)	Reasons/Issues	Funding Source	Funding ($000)	USAID Person Days	Collateral Assistance
388-0061 Food for Work III				III	I	FY 86 - Assess the social and economic impact of roads, bridges, and culverts constructed under the project.		FY 86 50	FY 86 60	FVA Eval. Officer - 10 working days.
						FY 87 - Assess socio-economic impact of roads, bridges and and culverts constructed under the construction component.	Project	FY 86 60	FY 87 100	
388-0027 Technical Resources	2/84	II	II			PACD: 2/6/89. Assess effectiveness of this project design in carrying out special studies and supporting "non-project" training activities.	Project	25	10	1 AID/W TDY for 1 Month
388-0042 Rural Industries (MIDAS)	84	I	II			PACD: 8/17/86. Assess impact of project on SSE & employment.	Project	30	20	
388-0046 Agro-Climatic/Environmental Monitoring	11/84	II	II			PACD:11/30/87. FY 86 - Examine effectiveness of SPARRSO in providing services to government and non-government organizations.	Project	30	25	IQC
				IV	IV	FY 87 - End of Project Impact Evaluation	Project	30	25	IQC

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1986 Start (Qtr)	FY 1986 To AID/W (Qtr)	FY 1987 Start (Qtr)	FY 1987 To AID/W (Qtr)	Reasons/Issues	Funding Source	Funding ($000)	USAID Person Days	Collateral Assistance
388-0054 Rural Electrification II	5/84	IV	I(87)	IV	I(88)	Annual internal evaluation by project contractors.	Project		20	
388-0021 & 0054 Rural Electrification		II	IV			PACD: 12/31/87 - FY 86 Carry out to external evaluation to assess financial viability and management effectiveness of rural electric cooperatives.	PD&S	150	40	None
				IV	IV	FY 87 - Impact evaluation to measure effect of project on small enterprise development, agriculture and rural employment.	PD&S	150	60	S&T or ASIA Bureau representative
388-0056 Zilla Roads Maintenance and Improvement				III	IV	PACD: 6/30/88 (Amended). Impact evaluation and assessment of project effectiveness.	PD&S	90	30	
388-0037 Rural Finance		I	II			PACD: 6/30/88. FY 86 - Internal project evaluation and financial sector review.	Project	10	20	
						FY 87 - External Evaluation including financial sector review.	PD&S	80	30	

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII - FY 1985

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
U.S. DIRECT HIRE	U100		2,853.6	0.0	2,853.6	
U.S. CITIZENS BASIC PAY	U101	110	1,617.0	0.0	1,617.0	37
PT/TEMP U.S. BASIC PAY	U102	112	60.0	0.0	60.0	1
DIFFERENTIAL PAY	U103	116	144.0	0.0	144.0	XXXXXXX
OTHER AID/W FUNDED CODE 11	U104	119	12.0	0.0	12.0	XXXXXXX
OTHER MISSION FUNDED CODE 11	U105	119				XXXXXXX
EDUCATION ALLOWANCES	U106	126	128.0	0.0	128.0	
RETIREMENT - U.S. DIRECT HIRE	U107	120	146.9	0.0	146.9	XXXXXXX
LIVING ALLOWANCES	U108	128				XXXXXXX
OTHER AID/W FUNDED CODE 12	U109	129	18.0	0.0	18.0	XXXXXXX
OTHER MISSION FUNDED CODE 12	U110	129	43.9	0.0	43.9	XXXXXXX
POST ASSIGNMENT - TRAVEL	U111	212	107.1	0.0	107.1	22
POST ASSIGNMENT - FREIGHT	U112	22	278.0	0.0	278.0	22
HOME LEAVE - TRAVEL	U113	212	89.1	0.0	89.1	16
HOME LEAVE - FREIGHT	U114	22	76.0	0.0	76.0	16
EDUCATION TRAVEL	U115	215	24.0	0.0	24.0	12
R AND R TRAVEL	U116	215	64.6	0.0	64.6	17
OTHER CODE 215 TRAVEL	U117	215	45.0	0.0	45.0	35
FOREIGN NATIONAL DIRECT HIRE	U200		220.0	25.2	245.2	
BASIC PAY	U201	114	165.9	24.1	190.0	62
OVERTIME, HOLIDAY PAY	U202	115	4.9	1.1	6.0	2
ALL OTHER CODE 11 - FN	U203	119	2.0	0.0	2.0	XXXXXXX
ALL OTHER CODE 12 - FN	U20·	129	42.2	0.0	42.2	XXXXXXX
BENEFITS FORMER FN PERSONNEL	U205	13	5.0	0.0	5.0	XXXXXXX
CONTRACT PERSONNEL	U300		41.5	10.0	51.5	
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	15.0	0.0	15.0	.5
ALL OTHER U.S. PSC COSTS	U303	255				XXXXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	25.3	5.2	30.5	16
ALL OTHER F.N. PSC COSTS	U305	255	1.2	4.8	6.0	XXXXXXX
MANPOWER CONTRACTS	U306	259				
JCC COSTS PAID BY AID/W	U307	113				
HOUSING	U400		704.1	150.7	854.8	
RESIDENTIAL RENT	U401	235	243.3	150.7	394.0	40
RESIDENTIAL UTILITIES	U402	235	157.3	0.0	157.3	XXXXXXX
MAINTENANCE AND RENOVATION	U403	259	10.0	0.0	10.0	XXXXXXX
QUARTERS ALLOWANCES	U404	127				
RESIDENTIAL FURNITURE/EQUIP	U405	311	195.0	0.0	195.0	XXXXXXX
TRANS./FREIGHT - CODE 311	U406	22	25.0	0.0	25.0	XXXXXXX
SECURITY GUARD SERVICES	U407	254	72.0	0.0	72.0	XXXXXXX
OFFICIAL RESIDENCE ALLOWANCES	U408	254				XXXXXXX
REPRESENTATION ALLOWANCES	U409	252	1.5	0.0	1.5	XXXXXXX

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FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII - FY 1985
(continued)

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
OFFICE OPERATIONS	U500		1,183.7	47.1	1,230.8	
OFFICE RENT	U501	234	155.0	0.0	155.0	XXXXXXX
OFFICE UTILITIES	U502	234	33.0	0.0	33.0	XXXXXXX
BUILDING MAINT./RENOVATION	U503	259	10.8	0.0	10.8	XXXXXXX
OFFICE FURNITURE/EQUIPMENT	U504	310	0.8	0.0	0.8	XXXXXXX
VEHICLES	U505	312	62.5	0.0	62.5	XXXXXXX
OTHER EQUIPMENT	U506	319	31.2	0.0	31.2	XXXXXXX
TRANSPORTATION/FREIGHT	U507	22	1.3	0.0	1.3	XXXXXXX
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	0.2	0.0	0.2	XXXXXXX
COMMUNICATIONS	U509	230	24.0	0.0	24.0	XXXXXXX
SECURITY GUARD SERVICES	U510	254	10.0	0.0	10.0	XXXXXXX
PRINTING	U511	24	3.0	0.0	3.0	XXXXXXX
RIG/II OPERATIONAL TRAVEL	U512	210				
SITE VISITS-MISSION PERSONNEL	U513	210	0.9	45.1	46.0	500
SITE VISITS-AID/W PERSONNEL	U514	210	5.5	0.5	6.0	4
INFORMATION MEETINGS	U515	210				
TRAINING ATTENDANCE	U516	210	27.0	0.0	27.0	10
CONFERENCE ATTENDANCE	U517	210	37.0	0.0	37.0	25
OTHER OPERATIONAL TRAVEL	U518	210	18.0	0.0	18.0	12
SUPPLIES AND MATERIALS	U519	26	23.5	1.5	25.0	XXXXXXX
FAAS	U520	257	700.0	0.0	700.0	XXXXXXX
CONSULTING SVCS. - CONTRACTS	U521	259				XXXXXXX
MGT./PROF. SVCS. - CONTRACTS	U522	259				XXXXXXX
SPEC. STUDIES/ANALYSES CONT.	U523	259				XXXXXXX
ALL OTHER CODE 25	U524	259	40.0	0.0	40.0	XXXXXXX
TOTAL O.E. BUDGET			5,002.9	233.0	5,235.9	XXXXXXX
RECONCILIATION			2,697.9	233.0	2,930.9	XXXXXXX
OPERATING BUDGET REQUIREMENTS			2,305.0	0.0	2,305.0	XXXXXXX
636C REQUIREMENTS	U600	32				XXXXXXX
TOTAL ALLOWANCE REQUIREMENTS	U000		2,305.0		2,305.0	XXXXXXX

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES	1,245.1
EXCHANGE RATE USED (MARCH 31, 1985)	26.4387

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII - FY 1986

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
U.S. DIRECT HIRE	U100		2,597.0	0.0	2,597.0	
U.S. CITIZENS BASIC PAY	U101	110	1,517.0	0.0	1,517.0	34
PT/TEMP U.S. BASIC PAY	U102	112	60.0	0.0	60.0	1
DIFFERENTIAL PAY	U103	116	144.0	0.0	144.0	XXXXXXX
OTHER AID/W FUNDED CODE 11	U104	119	12.0	0.0	12.0	XXXXXXX
OTHER MISSION FUNDED CODE 11	U105	119				XXXXXXX
EDUCATION ALLOWANCES	U106	126	128.0	0.0	128.0	24
RETIREMENT - U.S. DIRECT HIRE	U107	120	147.0	0.0	147.0	XXXXXXX
LIVING ALLOWANCES	U108	128				XXXXXXX
OTHER AID/W FUNDED CODE 12	U109	129	18.0	0.0	18.0	XXXXXXX
OTHER MISSION FUNDED CODE 12	U110	129	44.0	0.0	44.0	XXXXXXX
POST ASSIGNMENT - TRAVEL	U111	212	55.0	0.0	55.0	11
POST ASSIGNMENT - FREIGHT	U112	22	118.0	0.0	118.0	11
HOME LEAVE - TRAVEL	U113	212	102.0	0.0	102.0	28
HOME LEAVE - FREIGHT	U114	22	110.0	0.0	110.0	28
EDUCATION TRAVEL	U115	215	24.0	0.0	24.0	12
R AND R TRAVEL	U116	215	73.0	0.0	73.0	15
OTHER CODE 215 TRAVEL	U117	215	45.0	0.0	45.0	35
FOREIGN NATIONAL DIRECT HIRE	U200		273.0	0.0	273.0	
BASIC PAY	U201	114	218.0	0.0	218.0	58
OVERTIME, HOLIDAY PAY	U202	115	6.0	0.0	6.0	2
ALL OTHER CODE 11 - FN	U203	119	2.0	0.0	2.0	XXXXXXX
ALL OTHER CODE 12 - FN	U204	129	42.0	0.0	42.0	XXXXXXX
BENEFITS FORMER FN PERSONNEL	U205	13	5.0	0.0	5.0	XXXXXXX
CONTRACT PERSONNEL	U300		65.0	0.0	65.0	
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	20.0	0.0	20.0	1
ALL OTHER U.S. PSC COSTS	U303	255	5.0	0.0	5.0	XXXXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	35.0	0.0	35.0	16
ALL OTHER F.N. PSC COSTS	U305	255	5.0	0.0	5.0	XXXXXXX
MANPOWER CONTRACTS	U306	259				
JCC COSTS PAID BY AID/W	U307	113				
HOUSING	U400		632.0	170.0	802.0	
RESIDENTIAL RENT	U401	235	199.0	170.0	369.0	40
RESIDENTIAL UTILITIES	U402	235	160.0	0.0	160.0	XXXXXXX
MAINTENANCE AND RENOVATION	U403	259	10.0	0.0	10.0	XXXXXXX
QUARTERS ALLOWANCES	U404	127				
RESIDENTIAL FURNITURE/EQUIP	U405	311	112.0	0.0	112.0	XXXXXXX
TRANS./FREIGHT - CODE 311	U406	22	25.0	0.0	25.0	XXXXXXX
SECURITY GUARD SERVICES	U407	254	124.0	0.0	124.0	XXXXXXX
OFFICIAL RESIDENCE ALLOWANCES	U408	254				XXXXXXX
REPRESENTATION ALLOWANCES	U409	252	2.0	0.0	2.0	XXXXXXX

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII - FY 1986
(continued)

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
OFFICE OPERATIONS	U500		1,341.0	50.0	1,391.0	
OFFICE RENT	U501	234	290.0	0.0	290.0	XXXXXXX
OFFICE UTILITIES	U502	234	46.0	0.0	46.0	XXXXXXX
BUILDING MAINT./RENOVATION	U503	259	12.0	0.0	12.0	XXXXXXX
OFFICE FURNITURE/EQUIPMENT	U504	310				XXXXXXX
VEHICLES	U505	312	60.0	0.0	60.0	XXXXXXX
OTHER EQUIPMENT	U506	319	30.0	0.0	30.0	XXXXXXX
TRANSPORTATION/FREIGHT	U507	22	2.0	0.0	2.0	XXXXXXX
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	2.0	0.0	2.0	XXXXXXX
COMMUNICATIONS	U509	230	30.0	0.0	30.0	XXXXXXX
SECURITY GUARD SERVICES	U510	254	11.0	0.0	11.0	XXXXXXX
PRINTING	U511	24	3.0	0.0	3.0	XXXXXXX
RIG/II OPERATIONAL TRAVEL	U512	210				
SITE VISITS-MISSION PERSONNEL	U513	210		50.0	50.0	500
SITE VISITS-AID/W PERSONNEL	U514	210	2.0	0.0	2.0	4
INFORMATION MEETINGS	U515	210				
TRAINING ATTENDANCE	U516	210	27.0	0.0	27.0	10
CONFERENCE ATTENDANCE	U517	210	37.0	0.0	37.0	25
OTHER OPERATIONAL TRAVEL	U518	210	19.0	0.0	19.0	10
SUPPLIES AND MATERIALS	U519	26	25.0	0.0	25.0	XXXXXXX
FAAS	U520	257	700.0	0.0	700.0	XXXXXXX
CONSULTING SVCS. - CONTRACTS	U521	259				XXXXXXX
MGT./PROF. SVCS. - CONTRACTS	U522	259				XXXXXXX
SPEC. STUDIES/ANALYSES CONT.	U523	259				XXXXXXX
ALL OTHER CODE 25	U524	259	45.0	0.0	45.0	XXXXXXX
TOTAL O.E. BUDGET			4,908.0	220.0	5,128.0	XXXXXXX
RECONCILIATION			2,598.0	220.0	2,818.0	XXXXXXX
OPERATING BUDGET REQUIREMENTS			2,310.0	0.0	2,310.0	XXXXXXX
636C REQUIREMENTS	U600	32				XXXXXXX
TOTAL ALLOWANCE REQUIREMENTS	U000		2,310.0		2,310.0	XXXXXXX

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES	1,400.0
EXCHANGE RATE USED (MARCH 31, 1985)	26.4387
Estimated Wage Increase - FY 1985 to FY 1986	13.92
Estimated Price Increase - FY 1985 to FY 1986	(0.32)

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII - FY 1987

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
U.S. DIRECT HIRE	U100		2,872.0	0.0	2,872.0	
U.S. CITIZENS BASIC PAY	U101	110	1,517.0	0.0	1,517.0	34.0
PT/TEMP U.S. BASIC PAY	U102	112	60.0	0.0	60.0	1.0
DIFFERENTIAL PAY	U103	116	144.0	0.0	144.0	XXXXXXX
OTHER AID/W FUNDED CODE 11	U104	119	12.0	0.0	12.0	XXXXXXX
OTHER MISSION FUNDED CODE 11	U105	119				XXXXXXX
EDUCATION ALLOWANCES	U106	126	140.0	0.0	140.0	26.0
RETIREMENT - U.S. DIRECT HIRE	U107	120	147.0	0.0	147.0	XXXXXXX
LIVING ALLOWANCES	U108	128				XXXXXXX
OTHER AID/W FUNDED CODE 12	U109	129	18.0	0.0	18.0	XXXXXXX
OTHER MISSION FUNDED CODE 12	U110	129	48.0	0.0	48.0	XXXXXXX
POST ASSIGNMENT - TRAVEL	U111	212	116.0	0.0	116.0	19.0
POST ASSIGNMENT - FREIGHT	U112	22	310.0	0.0	310.0	19.0
HOME LEAVE - TRAVEL	U113	212	109.0	0.0	109.0	23.0
HOME LEAVE - FREIGHT	U114	22	113.0	0.0	113.0	23.0
EDUCATION TRAVEL	U115	215	26.0	0.0	26.0	12.0
R AND R TRAVEL	U116	215	54.0	0.0	54.0	10.0
OTHER CODE 215 TRAVEL	U117	215	58.0	0.0	58.0	60.0
FOREIGN NATIONAL DIRECT HIRE	U200		312.0	0.0	312.0	
BASIC PAY	U201	114	250.0	0.0	250.0	58.0
OVERTIME, HOLIDAY PAY	U202	115	8.0	0.0	8.0	2.0
ALL OTHER CODE 11 - FN	U203	119	2.0	0.0	2.0	XXXXXXX
ALL OTHER CODE 12 - FN	U204	129	46.0	0.0	46.0	XXXXXXX
BENEFITS FORMER FN PERSONNEL	U205	13	6.0	0.0	6.0	XXXXXXX
CONTRACT PERSONNEL	U300		70.0	0.0	70.0	
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	20.0	0.0	20.0	.7
ALL OTHER U.S. PSC COSTS	U303	255	5.0	0.0	5.0	XXXXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	40.0	0.0	40.0	16.0
ALL OTHER F.N. PSC COSTS	U305	255	5.0	0.0	5.0	XXXXXXX
MANPOWER CONTRACTS	U306	259				
JCC COSTS PAID BY AID/W	U307	113				
HOUSING	U400		812.0	170.0	982.0	
RESIDENTIAL RENT	U401	235	236.0	170.0	406.0	38.0
RESIDENTIAL UTILITIES	U402	235	176.0	0.0	176.0	XXXXXXX
MAINTENANCE AND RENOVATION	U403	259	20.0	0.0	20.0	XXXXXXX
QUARTERS ALLOWANCES	U404	127				
RESIDENTIAL FURNITURE/EQUIP.	U405	311	192.0	0.0	192.0	XXXXXXX
TRANS./FREIGHT - CODE 311	U406	22	50.0	0.0	50.0	XXXXXXX
SECURITY GUARD SERVICES	U407	254	136.0	0.0	136.0	XXXXXXX
OFFICIAL RESIDENCE ALLOWANCES	U408	254				XXXXXXX
REPRESENTATION ALLOWANCES	U409	252	2.0	0.0	2.0	XXXXXXX

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII - FY 1987
(continued)

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
OFFICE OPERATIONS	U500		1,853.0	50.0	1,903.0	
OFFICE RENT	U501	234	290.0	0.0	290.0	XXXXXXX
OFFICE UTILITIES	U502	234	50.0	0.0	50.0	XXXXXXX
BUILDING MAINT./RENOVATION	U503	259	20.0	0.0	20.0	XXXXXXX
OFFICE FURNITURE/EQUIPMENT	U504	310	75.0	0.0	75.0	XXXXXXX
VEHICLES	U505	312	60.0	0.0	60.0	XXXXXXX
OTHER EQUIPMENT	U506	319	300.0	0.0	300.0	XXXXXXX
TRANSPORTATION/FREIGHT	U507	22	40.0	0.0	40.0	XXXXXXX
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	2.0	0.0	2.0	XXXXXXX
COMMUNICATIONS	U509	230	33.0	0.0	33.0	XXXXXXX
SECURITY GUARD SERVICES	U510	254	14.0	0.0	14.0	XXXXXXX
PRINTING	U511	24	3.0	0.0	3.0	XXXXXXX
RIG/II OPERATIONAL TRAVEL	U512	210				
SITE VISITS-MISSION PERSONNEL	U513	210		50.0	50.0	600
SITE VISITS-AID/W PERSONNEL	U514	210	1.0	0.0	1.0	4
INFORMATION MEETINGS	U515	210	3.0	0.0	3.0	5
TRAINING ATTENDANCE	U516	210	27.0	0.0	27.0	10
CONFERENCE ATTENDANCE	U517	210	40.0	0.0	40.0	20
OTHER OPERATIONAL TRAVEL	U518	210	20.0	0.0	20.0	10
SUPPLIES AND MATERIALS	U5[illegible]	26	25.0	0.0	25.0	XXXXXXX
FAAS	U520	257	800.0	0.0	800.0	XXXXXXX
CONSULTING SVCS. - CONTRACTS	U521	259				XXXXXXX
MGT./PROF. SVCS. - CONTRACTS	U522	259				XXXXXXX
SPEC. STUDIES/ANALYSES CONT.	U523	259				XXXXXXX
ALL OTHER CODE 25	U524	259	50.0	0.0	50.0	XXXXXXX
TOTAL O.E. BUDGET			5,919.0	220.0	6,139.0	XXXXXXX
RECONCILIATION			2,698.0	220.0	2,918.0	XXXXXXX
OPERATING BUDGET REQUIREMENTS			3,221.0	0.0	3,221.0	XXXXXXX
636C REQUIREMENTS	U600	32				XXXXXXX
TOTAL ALLOWANCE REQUIREMENTS	U000		3,221.0	0.0	3,221.0	XXXXXXX

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES	1,413.0
EXCHANGE RATE USED (MARCH 31, 1985)	26.4387
Estimated Wage Increase - FY 1986 to FY 1987	15%
Estimated Price Increase - FY 1986 to FY 1987	8-10%

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII(a) - Information on U.S. PSC Costs

Job Title/Position Description	FY 1985	FY 1986	FY 1987
Computer Training Instructor	$3800.- (10/85-12/85)		
English Language Instructor	$5000.- (6/85-9/85)	$7500.- (3/86-10/86)	$7500.- (3/87-10/87)
Legal Advisor	$11200.- (6/85-10/85)	$17500.- (1/86-6/86)	$12500.- (10/86-5/87)

Information Technology Narrative

USAID Dhaka currently has six Apple IIe microcomputers and three Compaq plus microcomputers on line. In addition, an IBM - PC microcomputer has been installed recently. Each of the Apple microcomputers has two floppy disk drives and CP/M and 80 column capability, while the Compaqs use the MS - DOS system, and are equipped with a hard disk. Two more Apples will be installed in FY 85. As is shown in Table 2 below, the ratio of workstations to Mission's potential users of workstations is far less than optimal at present. By the end of FY 85 a total of only 12 microcomputers will be available for a mission complement of about 85 potential users. With planned procurements through FY 87, we will reduce the ratio of users to workstations from 1:7 in FY 85 to 1:3 in FY 87.

Section A - Uses of Automation Equipment:

USAID is making extensive use of the Apples for word processing in all the divisions. The microcomputers are also being used for spreadsheet calculation (Lotus, Supercalc and Multiplan), Statistical Analysis (Microstat), and, occasionally, Graphics (Apple Business Graphics), in the areas of Economics, Demography, Family Planning Service Statistics, and Agriculture. The micros are increasingly being put to use for Project management and monitoring, and, especially in the Economics Office, for economic analysis and for maintaining an economic and social database for use throughout the Mission. Even with a temporary cessation of training of personnel, these functions are keeping the computers heavily utilized; indeed users have to wait for computer time.

Section B - Information Management Plan:

Once every division has its own workstation, it is planned for the word processing function to expand considerably. All mission program documents, such as the evaluation plan, Annual Budget Submission tables, CDSS tables, etc. will be put on formatted word processing files. Eventually, all AID financial reporting, cable traffic, correspondence of any length, and formatted contracts and grant agreements will be processed on computers.

The mission plans to promote a data base management program (DBase II and DBase III) for organising and retrieving many types of information. We plan to use the Data Base system for Logistics Management (including tracking of Family Planning, Agricultural and Rural Electrification commodities and programs) and for personnel management, scheduling and post property control.

Increasing exposure to microcomputer technology by program officers, project development officers, engineers, and economists continues to occur both in Washington and in the field. Both new, more sophisticated software programs and hardware with greater capacity for storage and analysis of large data bases, as well as networking capability, are being developed. The potential of this technology for productivity gains in program and project analysis and development has only just begun to be tapped. As a result, we expect a substantial increase in microcomputer use by the Mission's professional staff. The new, integrated packages for statistical, financial, and econometric analysis will be valuable, for instance, in the analysis of demographic survey results, economic projections, agricultural input and output studies, and considering alternative project development strategies.

BEST AVAILABLE

It is therefore apparent that a substantial number of additional microcomputers will be needed if the Mission's current automation functions are to be expanded and new ones are to be introduced. Much of the new software is being written for the IBM and IBM-compatible PCS. The IBM and Wang PCS offer faster processing of larger amounts of data than the Apple IIe. There are many advantages in having equipment compatible with that of AID/W. The USAID will be moving into new quarters when the new Chancery is built in FY 1987. This would be an opportune time to make the change over to this much more desirable and compatible equipment. The increase in our budget request in FY 86 reflects the need to begin procurement of this new equipment next year, in anticipation of an early FY 87 move. For these reasons it appears that the Mission's future needs would best be met by acquiring more powerful micros than the Apple IIe such as Wang PCs.

The Mission at the same time recognizes the considerable advantage of computerizing its accounting function by utilizing the Mission accounting control system (MACS). This system, to be run on a Wang VS 45 mini-computer, would benefit greatly the financial management and budget process, would allow the Mission to standardize its records and report submissions to AID/W, and would provide project officers with more detailed project financial information. Presently, there is no Mission with a program the size of AID/Bangladesh that is not already using this system, and the controller and program offices in particular see an immediate need for its introduction. Accordingly, in FY 86, the Mission would like to budget for the purchase of a Wang VS 45, peripherals, software and the required redundant equipment in order to use the MACS system. Thereafter, in each of the succeeding fiscal years, we plan to continue purchasing additional micros whose long-run usefulness to the various divisions within the Mission has been underscored above. As is evident from the table, expenditures on spare parts, software and supplies are projected to rise in the next few years with an increase in the stock of computers within the Mission.

The Mission already has a functioning Computer Committee with a representative from each of the Divisions. The Computer Committee, together with the Management Office, are jointly responsible for the overall operation and management of the automation equipment and systems. Several training courses have been conducted to initiate potential users into the art and science of effective computer use. Further training is envisaged during the year, especially in the spreadsheet software. The effectiveness of our automation program will ultimately be judged by the improved quality, timeliness and efficiency in producing mission documents. This would be a contributing factor in better Mission management of the overall AID program in Bangladesh.

Section C - Acquisition Plan:

As stated above, the following table 1 provides a more detailed acquisition plan for equipment, software and services for the next four years. The table also shows actual expenditures for FY 85. We note that budget stringency for the following year and beyond would entail substantial modifications in our plans. The exact nature of the changes would be apparent when firm budget figures are received from AID/Washington and Mission allocations are made based on those figures.

Table 1
Mission's Planned Purchases

FY 85 (actual)	$ current	$ current
5 PCs with printers		28397
Software and Supplies		2775
Shipping		1250
Training		3715
Total		$ 36137
FY 86		
1 Wang VS 45	$ 40000	
2 DP Workstations	4000	
3 PC Workstations (basic units)	12000	
2 Matrix Printers	8000	
3 PC Workstations (with options)	30000	
6 Daisy Printers	19500	
2 Twin Sheet Feeders	2600	
Redundancy:		
VS 45	$ 40000	
DP WK	2000	
PC WK	4000	
Matrix	4000	
Daisy	3250	
TS Feeder	1300	
		$ current
Total Hardware		$ 176050
Spare Parts		33000
Supplies		8000
Shipping		17350
Maintenance		30000
Training		20000
Total		$ 279000
FY 87		
5 PCs with printers		$ 31308
Spare Parts		34650
Software and Supplies		8400
Shipping		4624
Maintenance		31500
Training		21000
Total		$ 131482

FY 88

PCs with printers	$ 32873
Spare Parts	36383
Software and Supplies	8820
Shipping	4855
Maintenance	33075
Training	22050
Total	$ 138056

FY 89

5 PCs with printers	$ 34517
Spare Parts	38202
Software and Supplies	9261
Shipping	5098
Maintenance	34729
Training	23153
Total	$ 144960

Table 2 below provides information on the projected supply and demand of workstations in the Mission:

Table 2

FY	# Workstations	# Potential Users	Ratio # Users per # Workstations
85	12	85	7.1
86	20	85	4.3
87	25	85	3.4
88	30	85	2.8
89	35	85	2.4

FY 1987 ANNUAL BUDGET SUBMISSION

TABLE VIII(c)

OBLIGATIONS FOR ACQUISITION, OPERATION AND USE OF INFORMATION TECHNOLOGY SYSTEMS

Item and Explanation	Fiscal Years 1985	1986	1987
1. Capital Investment			
A. Purchase of Hardware Purchase of automation equipment by the Mission; such as WANG VS mini-computer, WANG OIS System, WANG WP equipment and micro-computers (including portables) and their associated workstations/terminals, printers, and telecommunication modems and multiplexers.	$ 29,647	221,000	70,582
B. Purchase of Software or Other Equipment Purchase of software by the Mission to operate on existing or new automation equipment (hard-ware) -- CP/M, Multiplan, DBASE II and III, Microstat, LOTUS 1-2-3, etc. Other equipment includes special purpose furniture.	$ 2,775	8,000	8,400
C. Site and Facility Cost of proposed site construction to prepare for setting up a WANG VS or WANG OIS automation system, such as raised floors, walls, air conditioning, power line conditioners, and uninterruptible power supplies.			
SUBTOTAL	$ 32,422	229,000*	78,982

TABLE VIII(c) (continued)

Item and Explanation	Fiscal Years 1985	1986	1987
2. Personnel Mission will provide requirements below for the number of personnel involved in supporting the information technology functions according to the following categories: Number of Personnel engaged in Systems Management: Systems Operation: Programming and Systems Development: Clerical Support: (Personnel that use systems will not be included)			
A. Total Compensation, Benefits and Travel	$3,715	20,000*	21,000
B. Total Workyears	(0.1)	(0.5)	(0.5)
3. Equipment Rental, Space and Other Operating Costs			
A. Lease of Equipment Obligations for lease and maintenance of non-government owned equipment (rented equipment) and software furnished as a part of the rental contract.			
B. Space Obligations for lease of space or government furnished space to house automation equipment as well as office space for personnel (direct-hire and contractor) involved in the information technology function (see 2A & 2B) including basic utilities and house keeping services.			

Item and Explanation	Fiscal Years 1985	1986	1987
C. Supplies and Other Obligations for supplies and software rental (not included in a rental contract for equipment)			
D. Non-Commercial Training Obligations for planning and conducting government operated training to prepare users to make effective use of automation resources.			
SUBTOTAL	0.0	0.0	0.0

4. Commercial Services
This includes obligation for services where payments are made to private industry.

A. Computer Time
Obligations to fund contract with a private firm to provide computer time to the Mission.

B. Leased Telecommunications Services
Obligations for leased telephone lines and other telecommunication services to obtain data from other computers or to transmit data. For Missions, where applicable include, but identify separately, the lease of local telephone lines, modems, and other equipment to reach the American Embassy's Office of Communications for the purpose of the transmission of data to and from AID/W.

Item and Explanation	Fiscal Years 1985	1986	1987
C. Operations and Maintenance			
(1) Operations Include funds to be obligated for contractor services to operate a WANG VS computer or an OIS System (system administrator and staff, not workstation operators).			
(2) Maintenance Include obligations for contracts to maintain government-owned equipment (hardware) and software that is currently in place and that is to be acquired in 1A and 1B above.	$ 0-0	30,000	31,500
D. Systems Analysis and Programming Obligations for contractor services to design and program new ADP or OIS application systems and to maintain existing application systems.			
E. System Design and Engineering (Do not complete - OMB requirement not applicable to AID.)			
F. Studies and Other Obligations for management and feasibility studies, requirement definitions, and commercial training.			
SUBTOTAL	$ 0-0	30,000*	31,500
5. TOTALS Total Obligations	$ 36,137	279,000*	131,482
Workyears (From item 2A)	(--)	(0.0)	(0.5)

* We note that budget stringency for the following year and beyond would entail substantial modifications in our plans. The exact nature of the changes would be apparent when firm budget figures are received from AID/Washington and Mission allocations are made based on those figures.

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII(c) (continued)

Item and Explanation	Fiscal Years 1985	1986	1987
6. Special Breakout			
A. Amounts included in Mission allowances for existing systems. (Includes 2A, 3, and 4) (Services for equipment in place only.)			
B. Amounts included in Mission allowances for new or expanded systems. (Includes 1, 2A, 3 and 4.) (Equipment and services for new efforts beginning during the fiscal year.)			

USAID/Dhaka has taken several steps to improve management of the Mission and minimize operating expense requirments:

1. Residential Furniture - The USAID has purchased eighteen sets of furniture from Indonesia at a cost of $ 282,000 including freight. This price compares to the cost of a set of Ethan Allen furniture of $ 20,000.00 per set which excludes freight (estimated total cost $28,000.00). Thus, the USAID saved $222,000 in FY 84 alone. The vendor has indicated he will sell us additional sets at the same price. Estimated savings in FY 85-FY 87 are $200,000.00.

2. Overtime - FSN overtime requests are being scruntinized carefully and only essential overtime is being approved. Estimated annual savings is $ 5000 annually.

3. Local Travel: Local travel per diem for USDH is paid on the basis of 50% of the SGTR plus actual cost of lodging versus a flat rate as lodging costs are minimal in the field. This has resulted in savings of $ 15,000 annually. FSNs traveling are paid a flat rate per day plus the cost of lodging. This has resulted in additinal savings of $15,000 per year.

4. TCNs - USAID in the past has funded salary and benefit costs of two TCNs from operating expense monies or the Trust Fund. Recently, we obtained approval from the BDG to fund these PSCs from project funds. Estimated operating expense savings are 65,000 annually.

5. Computers - USAID has procured several Apple Computers through the USAID procurement agent in Singapore as the quoted sales price is about 10% lower than quotes from the U.S. The orders also have been pouched in versus being airfreighted from the States. Estimated savings $10,000.

6. FSN TCN and US PSC Payrolls - Payrolls are currently processed by RAMC/Bangkok based on cabled time and attendance information. The quarterly tax reports, W-2's, etc. are all prepared by RAMC and forwarded to IRS. In addition, the PSC receives by-weekly a statement of earnings and leave and his pay date is fixed. Transfer of this function has reduced the staff necessary to process payrolls by one.

7. Upgrade of leases has reduced maintenance costs - The USAID has upgraded the housing pool which has thereby reduced the FAAS funded maintenance costs.

8. Utilities - The USAID is carefully monitoring residential utility costs and notifying employees quarterly regarding usage at their residences. Estimated annual savings $20,000.

Following is a recap of the expected changes by function code that will affect our FY 86 operating expense budget. Please note that the amounts shown in FY 86 do not agree with the Table VIII-FY 86 amounts. Our budget request is for $ 2,664,000 in O.E. funds, but USAID received dols. 2,310,000 as a budget allowance. The ABS instructions require use of the actual O.E. budget allowance received and not the total requested Mission operating costs.

Changes in Operating Expense Needs by Function Code

A. F.C. 106 Education Allowance

FY 85 Revised Budget	$128,000
FY 86 ABS Estimate	128,000
Estimated Increase Required	-0-

The international school has not increased its tuition rates during the past three years. The school board is now projecting an increase of $300 per student for school year 1985-86. However, the Mission is projecting a decrease of two students for the school year which will eliminate the need for a budget increase. The USAID has also projected a slight increase ($800) in the school way from post allowance.

B. F.C. 110 All Other Mission Allowances

FY 85 Revised Budget	$43,900
FY 86 ABS Estimate	44,000
Estimated Increase Required	100

C. F.C. 111 Post Assignment Travel

FY 85 Revised Budget	$107,100
FY 86 ABS Estimate	55,000
Estimated Decrease	52,100

The Mission anticipates only 7 post assignments in FY 86 versus 19 in FY 85.

D. F.C. 112 Post Assignment - Freight

FY 85 Revised Budget	$278,000
FY 86 ABS Estimate	118,000
Estimated Decrease	160,000

The decrease is a result of the lower number (7) of post assignments in FY 86.

E. F.C. 113 Home Leave - Travel

FY 85 Revised Budget	$ 89,100
FY 86 ABS Estimate	102,000
Estimated Increase Required	12,900

The Mission expects an increase in airfares of approximately 10% in FY 86. In addition, there are more employees and dependents departing on home leave/return to post orders in FY 86 than there were in FY 85.

F. F.C. 114 - Home Leave - Freight

FY 85 Revised Budget	$ 76,000
FY 86 ABS Estimate	110,000
Estimated Increase Required	34,000

Most of the home leave travel in FY 86 is Home Leave/Return to Post. As such, USAID will be responsible for funding both legs of travel and airfreight to/from U.S.

G. F.C. 115 Education Travel

FY 85 Revised Budget	$ 24,000
FY 86 ABS Estimate	24,000
Estimated Increase	-0-

Mission expects the same number of college age children in FY 85and FY 86 (8) In addition, students are not utilizing all of their UAB allowances for their travel which has reduced anticipated costs.

H. F.C. 116 R&R Travel

FY 85 Revised Budget	$ 64,600
FY 86 ABS Estimate	73,000
Estimated Increase Required	8,400

R & R travel is budgeted for 15 families at the excursion fare rate.

I. F.C. 117 All Other Travel

FY 85 Revised Budget	$ 45,000
FY 86 ABS Estimate	45,000
Estimated Increase	-0-

USAID is estimating 35 units of travel in FY 85 - 15 trips to Bangkok for medical purposes, 2 trips to U.S. for emergency travel, and separated parents travel.

J. F.C. 201 - Basic Pay

FY 85 Revised Budget	$ 190,000
FY 86 ABS Estimate	218,000
Estimated Increase Required	28,000

The U.S. Mission expects to implement a Provident Fund for all employees which will cost approximately 12% of basic pay. In addition, the cost of living increase for FSNs in FY 85 and FY 86 is expected to be approximately 15%.

K. F.C. 202 - Overtime

FY 85 Revised Budget	$ 6,000
FY 86 ABS Estimate	6,000
Estimated Increase Required	-0-

USAID Management has instituted improved controls on the approval and use of overtime which has reduced overtime costs USAID expects a minimum increase in overtime costs as a result of salary increases which will be offset by the improved controls on overtime.

L. F.C. 203 - Terminal Leave Pay

FY 85 Revised Budget	$ 2,000
FY 86 ABS Estimate	2,000
Estimated Increase Required	-0-

The Mission is experiencing a reduced level of turnover within the local staff due to a tightening in the local job market. This trend is expected to continue in FY 85 and FY 86.

M. F.C. 204 - Civil Service Retirement and Bonus

FY 85 Revised Budget	$ 42,200
FY 86 ABS Estimate	42,000
Estimated Decrease	200

Local employees receive a bonus of 2.5 months basic pay annnually. As base salaries are expected to increase by 15% in FY 85 and FY 86 the cost of the bonus will also be effected but the number of employees on CSR has decreased by 4. Therefore no increase in this account is anticipated.

N. F.C. 205 - Benefits Former FSN Personnel

FY 85 Revised Budget	$ 5,000
FY 86 ABS Estimate	5,000
Estimated Increase Required	-0-

As noted in L, the Mission is experiencing a reduced level of employee turnover and fewer retirements. As a result, the expenses associated with the turnover have been minimized.

O. F.C. 302 & 303 - U.S. PSC - Salary/ Benefits

FY 85 Revised Budget	$ 15,000
FY 86 ABS Estimate	25,000
Estimated Increase Required	10,000

P. F.C. 304 and 305 - FN PSC - Salary/ Benefits

FY 85 Revised Budget	$ 36,500
FY 86 ABS Estimate	40,000
Estimated Increase Required	3,500

In FY 85 and FY 86, the Mission is reducing its direct hire staff. These cuts are being absorbed through increased use of FSN PSCs.

R. F.C. 401 Residential Rent

FY 85 Revised Budget	$394,000
FY 86 ABS Estimate	369,000
Estimated Decrease	25,000

USAID has four leases expiring in FY 85 which will not be re-negotiated due to sub-standard quality and increased costs of maintenance. JAO has estimated costs of replacing these four leases at dols. 120,000. This represents rent of $15,000 per year plus an advance payment of two years rent. Recent changes in the housing market have also attributed to the increased residential rent costs. Landlords are requiring higher rents (dols. 1000-1250 per month vs. previous rental rates of dols. 500-600) and are requiring lease payments two years in advance (previously, USAID only had to advance pay for six months to one year). In addition to the four new leases, USAID has an additional ten leases which are expiring and must be renegotiated. Based on the current housing market, the USAID estimates that the rental increase will approximate 60% for each lease. In FY 86, a similar situation is anticipated however, only three new leases will be added. Therefore, there is a slight decrease in the funding requirements.

S. F.C. 402 Residential Utilities

FY 85 Revised Budget	$157,300
FY 86 ABS Estimate	160,000
Estimated Increase Required	2,700

The BDG has indicated that the subsidy for residential electricity rates will be reduced in FY 86. USAID has conservatively estimated that electricity rates will increase by 15% as a result of the decreased subsidy. However, through increased management and closer supervision of utilities utilized by employees, the USAID believes only a modest increase in this account is needed.

T. F.C. 403 Renovation and Maintenance

FY 85 Revised Budget	$ 10,000
FY 86 ABS Estimate	10,000
Estimated Increase	-0-

U. F.C. 405 Residential Furniture and Equipment

FY 85 Revised Budget	$195,000
FY 86 ABS Estimate	112,000
Estimated Decrease	83,000

The USAID received the monies requested in FY 84 for the purchase of 18 sets of residential furniture. As such, USAID is now budgeting for 10 sets in FY 85 as well as 7 sets in FY 86. The USAID had not purchased any new residential furniture or

replacements since FY 81 because of restricted O.E. budgets. As a result, our furniture situation is becoming serious. Prior purchases of furniture have been made locally, but the life of this furniture has been much shorter than expected. Mission is now utilizing other regional sources for furniture (India, Indonesia, Thailand, etc.). The above budget also includes the minimum level of replacement stocks for stoves, airconditioners, washers, dryers, etc.

V. F.C. 406 Transportation/Freight

FY 85 Revised Budget- March	$ 25,000
FY 86 ABS Estimate	25,000
Estimated Increase Required	-0-

This is projected freight costs for 10 sets of furniture as well as other residential equipment. See explanation at U also.

W. F.C. 407 Security Guard Service

FY 85 Revised Budget	$ 72,000
FY 86 ABS Estimate	124,000
Estimated Increase Required	52,000

The RSO has recommended that all residences have 24 hour guard services. The above increase budgets for the increased security cost as well as an estimated 15% increase in guard salary and benefits.

X. F.C. 409 Representation Allowance

FY 85 Revised Budget	$ 1,500
FY 86 ABS Estimate	2,000
Estimated Increase Required	500

A number of USAID employees currently have representational duties. This modest increase would reduce their out-of-pocket costs.

Y. F.C. 501 - Office Rent

FY 85 Revised Budget	$ 155,000
FY 86 ABS Estimate	290,000
Estimated Increase Required	135,000

The office lease is denominated in local currency. Devaluation of the taka has lowered the dollar equivalent of the lease through FY 1985. However, the lease expires in October, 1985 and must be renegotiated. The current cost per square foot of leased space in this building is almost double our existing rate.

Z. F.C. 502 - Office Utilities

FY 85 Revised Budget	$ 33,000
FY 86 ABS Estimate	46,000
Estimated Increase Required	13,000

BDG is projecting a 30-35% increase in commercial utility rates in FY 86 due to a decreased government subsidy.

A.A. F.C. 503 - Building Maintenance

FY 85 Revised Budget	$ 10,800
FY 86 ABS Estimate	12,000
Estimated Increase Required	1,200

Increased cost of Janitorial Services in FY 86.

B.B. F.C. 504 Office Furniture

FY 85 Revised Budget	$ 800
FY 86 ABS Estimate	-0-
Estimated Decrease	800
FY 86 Desired Funding Level	75,000

USAID did not receive sufficient funds to purchase/replace needed office furniture in FY 84 or FY 85 due to the limited operating expense allowance provided by AID/W. As a result, USAID should purchase required furniture and equipment in FY 86. But given the existing budget constraint as a result of increased lease costs, utilities, residential security, etc. it appears that the USAID will again be required to postpone equipping our offices. The estimated funds required are dollars 75-100,000. USAID would like to purchase desks chairs for employees, large bookcases (locally made), xerox machine, typewriters, calculators, office furniture, desk etc. Please note that most of our offices are furnished with excess property received from USAID/Bangkok over eight years ago.

C.C. F.C. 505 - Vehicles

FY 85 Revised Budget	$ 62,500
FY 86 ABS Estimate	60,000
Estimated Decrease	2,500

USAID has requested replacement of two station wagons and the truck used to transport HHE materials and supplies from the port to Dhaka in FY 86. However, due to limited O.E. funds allotted to Mission, USAID will not be able to replace any field vehicles (estimated at three additional vehicles).

D.D. F.C. 506 Other Equipment

FY 85 Revised Budget	$ 31,200
FY 86 ABS Estimate	30,000
Estimated Decrease	1,200
FY 86 Desired Funding Level	279,000

AID/W has advised the Mission that the MACS accounting system has been developed for use on a Wang micro computer and FM has notified the Controller that the Mission is scheduled to bring up the computerized system in FY 86. As a result, the Mission would like to budget $ 279,000 to purchase the Wang. Our program levels are such that computerization would be a definite asset in controlling obligations, expenditures, and pipeline. However, the current FY 86 OE ceiling precludes a purchase of this magnitude. As such, the Mission has budgeted funds for the purchase of additional Apple Computers and software. The Apples and 3 Compaq computers units now in place are fully utilized and considerable demand for access to the machines cannot be met.

E.E. F.C. 507 Transportation/Freight

FY 85 Revised Budget	$ 1,300
FY 86 ABS Estimate	2,000
Estimated Increase Required	700

Increased freight costs. In FY 85, the USAID has tried to ship most of our equipment purchased by the pouch.

F.F. F.C. 508 Furn/Equip/Vehicles Repair Maintenance

FY 85 Revised Budget	$ 200
FY 86 ABS Estimate	2,000
Estimated Increase Required	1,800

As we have been unable to replace needed equipment, repair costs have increased.

G.G. F.C. 509 Communications

FY 85 Revised Budget	$ 24,000
FY 86 ABS Estimate	30,000
Estimated Increase Required	6,000

H.H. F.C. 510 Security Guard Service

FY 85 Revised Budget	$ 10,000
FY ABS Budget	11,000
Estimated Increase Required	1,000

USAID anticipates a 10-15% increase in guard salaries in FY 86..

I.I. F.C. 511 Printing

FY 85 Revised Budget	$ 3,000
FY 86 ABS Estimate	3,000
Estimated Increase Required	-0-

The Mission does not anticipate any changes in this line item.

J.J. F.C. 512 and 514 - Site Visits - In-Country

FY 85 Revised Budget	$ 52,000
FY 86 ABS Estimate	52,000
Estimated Increase Required	-0-

The Mission anticipates no changes in this line item

K.K. F.C. 516 Training Attendance

FY 85 Revised Budget	$ 27,000
FY 86 ABS Estimate	27,000
Estimated Increase Required	-0-

The Mission does not anticipate any changes in this line item.

L.L. F.C. 517 - Conference Attendance

FY 85 Revised Budget	$ 37,000
FY 86 ABS Budget	37,000
Estimated Increase Required	-0-

The estimated budget will allow USDH to attend conferences for their backstops, i.e. Agriculture and Rural Development Officers Conference, RLA Conference, Controller Conference, etc.

M.M. F.C. 518 - Other Operational Travel

FY 85 Revised Budget	$ 18,000
FY 86 ABS Estimate	19,000
Estimated Increase Required	1,000

The Mission anticipates making limited TDY requests for AID/W assistance due to increased turnover of Mission staff.

N.N. F.C. 519 - Supplies and Materials

FY 85 Revised Budget	$ 25,000
FY 86 ABS Estimate	25,000
Estimated Increase Required	-0-

The Mission does not anticipate any changes in this line item.

O.O. F.C. 520 - All Other Code 25

FY 85 Revised Budget	$ 40,000
FY 86 ABS Estimate	45,000
Estimated Increase Required	5,000

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USAID requested an operating expense allowance of $2,664,000 in FY 86 in addition to the Trust Fund budget of $220,000. Therefore, the total Mission O.E. budget was $2,884,000. Funds budgeted for allotment to the USAID total only $2,310,000 or a shortfall of $354,000.The above analysis reflects the USAID's request for an O.E. budget allowance of $2,664,000 as well as the budgeted O.E. allowance of $2,310,000. The anticipated shortfall in FY 86 funds has been rebudgeted in FY 87.

FY 86 Revised ABS Estimate	$ 2,854,000
Less: Trust Fund	220,000
USAID FY 86 O.E. Allowance Required	$ 2,634,000
Actual FY 86 O.E. Allowance	$ 2,310,000
Shortfall	$ 324,000

Section C - Trust Funds

The USAID currently receives a Trust Fund of approximately dols.220,000 annually, or about 10% of our operating cost. USAID is currently negotiating with the Bangladesh Government (BDG) to increase the contribution. Because of serious BDG budgetary problems, we are doubtful that any increase in Trust Fund levels will be obtained in FY 1986. The Mission is hopeful that the USAID will receive an increase in FY 87.

Section B - Justification for Funding Changes- 1987

Following is a recap of the expected changes by function code that will affect our FY 87 operating expense budget.

Changes in Operating Expense Needs by Function Code

A. F.C. 106 Education Allowance

FY 86 ABS Budget	$128,000
FY 87 ABS Estimate	140,000
Estimated Increase Required	12,000

The international school has not increased its tuition rates during the past three years. The school board is now projecting an increase of $300 per student for school year 1986-87 and a similar increase in FY 87. In addition, the Mission is projecting 2 new students for the school year, 1 of which will require a capital levy certificate at an estimated cost of $ 3,000. The USAID has also projected a slight increase ($800) in the school away from post allowance.

B. F.C. 110 All Other Mission Allowances

FY 86 ABS Budget	$44,000
FY 87 ABS Estimate	48,000
Estimated Increase Required	4,000

The projected change results from an increased number of post assignments in FY 87 and the increased amount of foreign transfer allowance payable to employees.

C. F.C. 111 Post Assignment Travel

FY 86 ABS Budget	$ 55,000
FY 87 ABS Estimate	116,000
Estimated Increase Required	61,000

The Mission anticipates 21 post assignments in FY 87. In FY 86, the Mission budgeted for 7 post assignments. Many of our current employees are completing their tours and, as such, will be eligible for transfer.

D. F.C. 112 Post Assignment - Freight

FY 86 ABS Budget	$118,000
FY 87 ABS Estimate	310,000
Estimated Increase Required	192,000

The increase is a result of the higher number (21) of post assignments (most personnel assigned have families) in FY 87. This trend is expected to continue. In addition, the sea freight allowances have been increased significantly.

E. F.C. 113 Home Leave - Travel

FY 86 ABS Budget	$102,000
FY 87 ABS Estimate	109,000
Estimated Increase Required	7,000

The Mission expects an increase in airfares of approximately 5% in FY 87. In addition, there are more employees and dependents departing on home leave/return to post and home leave/transfer orders in FY 87 than there were in FY 86.

F. F.C. 114 - Home Leave - Freight

FY 86 ABS Budget	$110,000
FY 87 ABS Estimate	113,000
Estimated Increase Required	3,000

The Mission expects only minimal change in this line item.

G. F.C. 115 Education Travel

FY 86 ABS Budget	$ 24,000
FY 87 ABS Estimate	26,000
Estimated Increase Required	2,000

The Mission expects only minimal change in this line item.

H. F.C. 116 R&R Travel

FY 86 ABS Budget	$ 73,000
FY 87 ABS Estimate	54,000
Estimated Decrease	19,000

As noted earlier, most travel budgeted in FY 87 is for home leave. As such, R&R travel will be limited.

I. F.C. 117 All Other Travel

FY 86 ABS Budget	$ 45,000
FY 87 ABS Estimate	58,000
Estimated Increase Required	13,000

USAID is estimating more units of travel in FY 87 - 20 trips to Bangkok for medical purposes and 2 trips to U.S. for emergency travel and three no separated parents travel.

J. F.C. 201 - Basic Pay

FY 86 ABS Budget	$ 218,000
FY 87 ABS Estimate	250,000
Estimated Increase Required	32,000

U.S. Mission expects to implement a Provident Fund for all employees which will cost approximately 12% of basic pay. In addition, the cost of living increase for FSNs in FY 87 is expected to be about 15%.

K. F.C. 202 - Overtime

FY 86 ABS Budget	$ 6,000
FY 87 ABS Estimate	8,000
Estimated Increase Required	2,000

USAID Management has instituted improved controls on approval and use of overtime. USAID expects a minimal increase in overtime costs as a result.

L. F.C. 203 - Terminal Leave Pay

FY 86 ABS Budget	$ 2,000
FY 87 ABS Estimate	2,000
Estimated Increase Required	-0-

The Mission is experiencing a reduced level of turnover within the local staff due to a tightening in the local job market. This trend is expected to continue in FY 87.

M. F.C. 204 - Civil Service Retirement and Bonus

FY 86 ABS Budget	$ 42,000
FY 87 ABS Estimate	46,000
Estimated Increase Required	4,000

Local employees receive a bonus of 2.5 months basic pay annnually. As base salaries are expected to increase by 15% in FY 87, the cost of the bonus will also be effected.

N. F.C. 205 - Benefits Former FSN Personnel

FY 86 ABS Budget	$ 5,000
FY 87 ABS Estimate	6,000
Estimated Increase Required	1,000

As noted in L, the Mission is experiencing a reduced level of employee turnover and fewer retirements. As a result, the expenses associated with the turnover have been reduced.However, the employees who are leaving have accumulated the maximum amount of service time thus increasing this line item cost.

O. F.C. 302 and 303 - U.S. PSC - Salary Benefits

FY 86 ABS Budget	$ 25,000
FY 87 ABS Estimate	25,000
Estimated Increase Required	-0-

The Mission does not anticipates any changes in this line item.

P. F.C. 304 and 305 - FN PSC - Salary Benefits

FY 86 ABS Budget	$ 40,000
FY 87 ABS Estimate	45,000
Estimated Increase Required	5,000

Due to a reduced FNDH ceiling, the Mission is hiring more PSCs to meet support requirements.

R. F.C. 401 Residential/ Rent

FY 86 ABS Budget	$369,000
FY 87 ABS Estimate	406,000
Estimated Increase Required	37,000

USAID has several leases expiring in FY 87 which will not be re-negotiated due to sub-standard quality and increased costs of maintenance. JAO has estimated costs of replacing these leases at dols. 72,000. This represents rent of $18,000 per year plus an advance payment of two years rent. Recent changes in the housing market have also attributed to the increased residential rent costs. Landlords are requiring higher rents (dols. 1400-2000 per month vs. previous rental rates of dols. 500-600) and are requiring lease payments two years in advance (previously, USAID only had to advance pay for six months to one year). In addition to the new leases, USAID has additional leases which are expiring and must be renegotiated. Based on current housing market, USAID estimates that rental increase will approximate 50% for each lease.

S. F.C. 402 Residential Utilities

FY 86 ABS Budget	$160,000
FY 87 ABS Estimate	176,000
Estimated Increase Required	16,000

The EDG has indicated that the subsidy for residential electricity rates will be reduced in FY 86/87. USAID has conservatively estimated that electricity rates will increase by 10% as a result of the decreased subsidy.

T. F.C. 403 Renovation and Maintenance

FY 86 ABS Budget	$ 10,000
FY 87 ABS Estimate	20,000
Estimated Increase Required	10,000

Increased Costs of Renovation due to older leases.

U. F.C. 405 Residential Furniture and Equipment

FY 86 ABS Budget	$112,000
FY 87 ABS Estimate	192,000
Estimated Increase Required	80,000

This amount includes funds to purchase 10 sets of furniture, lamps, replacement stocks for mattresses, stoves, washers, dryers, airconditioners, dehumidifiers, etc. as well as upholstry and drapery material.

V. F.C. 406 Transportation/Freight

FY 86 ABS Budget	$ 25,000
FY 87 ABS Estimate	50,000
Estimated Increase Required	25,000

This is projected freight costs for 7 sets of furniture from Indonesia and cost of freight from U.S. for stoves, refregerators, air conditioners, washers, dryers, drapery materials etc.

W. F.C. 407 Security Guard Service

FY 86 ABS Budget	$124,000
FY 87 ABS Estimate	136,000
Estimated Increase Required	12,000

JAO is projecting a 10% cost increase in the commissary managed contract for residential guard services in FY 87.

X. F.C. 409 Representation Allowance

FY 86 ABS Budget	$ 2,000
FY 87 ABS Estimate	2,000
Estimated Increase Required	-0-

The Mission does not anticipate any change in this line item.

Y. F.C. 501 - Office Rent

FY 86 ABS Budget	$ 290,000
FY 87 ABS Estimate	290,000
Estimated Increase Required	-0-

The office lease is denominated in local currency and was renegotiated in FY 86. If the new Chancery is completed in early FY 87,this line item will be overstated by some amount.

Z. F.C. 502 - Office Utilities

FY 86 ABS Budget	$ 46,000

FY 87 ABS Estimate	50,000
Estimated Increase Required	4,000

BDG is projecting a 10% increase in commercial utility rates in FY 87 due to decreased government subsidy.

A.A. F.C. 503 - Building Maintenance

FY 86 ABS Budget	$12,000
FY 87 ABS Estimate	20,000
Estimated Increase Required	8,000

Increased cost of Janitorial Services in FY 87 as well as renovation required to the leased office quarters when USAID moves to the Chancery.

B.B. F.C. 504 Office Furniture

FY 86 ABS Budget	$ -0-
FY 87 ABS Estimate	75,000
Estimated Increase Required	75,000

USAID did not receive sufficient funds to purchase/replace needed office furniture in FY 84-86 due to the limited operating expense allowance provided by AID/W. As a result, USAID must purchase required furniture in FY 87. USAID anticipates purchasing desk chairs for employees, several large bookcases (locally made), xerox machine, typewriters, calculators, desks, reproduction equipment, and the office furniture required by USAID's move to the new Chancery.

C.C. F.C. 505 - Vehicles

FY 86 ABS Budget	$ 60,000
FY 87 ABS Estimate	60,000
Estimated Increase Required	-0-

The Mission does not anticipate any change in this line item.

D.D. F.C. 506 Other Equipment

FY 86 ABS Budget	$ 30,000
FY 87 ABS Estimate	300,000

Estimated Increase Required	270,000

AID/W has advised the Mission that the MACS accounting system has been developed for use on a Wang microcomputer and FM has notified the Controller that the Mission is scheduled to bring up the computerized system in FY 86-87. As a result,the Mission has budgeted $279,000 to purchase the Wang. Our program levels are such that computerization would be a definite asset in controlling obligations, expenditures, and pipeline. In addition, the Mission has budgeted funds for the purchase of additional Apple Computers and software. See the additional justification in VIIIC.

E.E. F.C. 507 Transportation/Freight

FY 86 ABS Budget	$ 2,000
FY 87 ABS Estimate	40,000
Estimated Increase Required	38,000

Shipping Costs for Wang.

F.F. F.C. 508 Furn/Equip/Vehicle Repair/Maint.

FY 86 ABS Budget	$ 2,000
FY 87 ABS Estimate	2,000
Estimated Increase Required	-0-

The Mission anticipate no changes in this line item.

G.G. F.C. 509 - Communications

FY 86 ABS Budget	$ 30,000
FY 87 ABS Estimate	33,000
Estimated Increase Required	3,000

The Mission anticipates an increase of 10% in this line item.

H.H. F.C. 510 Security Guard Service

FY 86 ABS Budget	$11,000
FY 87 ABS Estimate	14,000

Estimated Increase Required	3,000

USAID anticipates a 15% increase in guard salaries in FY 87 as well as increased guard needs while the USAID is moving between the leased quarters & the new Chancery.

I.I. F.C. 511 Printing

FY 86 ABS Budget	$ 3,000
FY 87 ABS Estimate	3,000
Estimated Increase Required	-0-

The Mission does not anticipate any changes in this line item.

J.J. F.C. 513 & 514 - Site Visits - In-Country

FY 86 ABS Budget	$ 51,000
FY 87 ABS Estimate	51,000
Estimated Increase Required	-0-

The Mission does not anticipate any changes in this line item.

K.K. F.C. 515-Information Meetings

FY 86 ABS Budget	$ -0-
FY 87 ABS Estimate	3,000
Estimated Increase Required	3,000

L.L. F.C. 516 Training Attendance

FY 86 ABS Budget	$ 27,000
FY 87 ABS Estimate	27,000
Estimated Increase Required	-0-

M.M. F.C. 517 Conference Attendance

FY 86 ABS Budget	$ 37,000
FY 87 ABS Budget	40,000
Estimated Increase Required	3,000

The estimated increase will allow USDH to attend conferences for their backstops, i.e. Agriculture and Rural Development Officers Conference, RLA Conference, Controller Conference, etc. and meet anticipated increases in per diem and airfare.

N.N. F.C. 518 Other Operational Travel

FY 86 ABS Budget	$ 20,000
FY 87 ABS Estimate	20,000
Estimated Increase Required	-0-

The Mission does not anticipate any changes in this line item.

O.O. F.C. 519 -Supplies and Materials

FY 86 ABS Budget	$ 25,000
FY 87 ABS Estimate	25,000
Estimated Increase Require	-0-

The Mission doe not anticipate any changes in this line item.

P.P. F.C. 524- All Other Code 25

FY 86 ABS Budget	$ 45,000
FY 87 ABS Estimate	50,000
Estimated Increase Required	5,000

FY 87 ABS Estimate	$3,441,000
FY 86 ABS Budget	2,530,000
Total Increase Required	$ 911,000

FY 87 ABS Estimate	$ 3,441,000
Less: Trust Fund	220,000
Total O.E. Allowance Required	$ 3,221,000

Section C - Trust Funds

The USAID currently receives a Trust Fund of approximately Dols. 220,000 annually, or about 10% of our operating cost. USAID is currently negotiating with the Bangladesh Government (BDG) to increase the contribution to Because of serious BDG budgetary problems, we are doubtful that any increase in Trust Fund levels will be obtained in FY 1986. The Mission is hopeful that the USAID will receive an increase in FY 87.

Country/Office BANGLADESH

FY 1987 ANNUAL BUDGET SUBMISSION

TABLE XI

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

	Actual FY 1985		Estimated FY 1986		Projected FY 1987	
	$	MT	$	MT	$	MT
COMMODITIES						
Title I						
Wheat	52.0	373.4	50.0	336.0	50.0	316.0
Rice	20.0	75.2	0	0	0	0
Vegetable Oil (CDSO)	10.0	14.4	10.0	15.0	10.0	16.0
Cotton	10.0	33.2 (Bales)	10.0	31.0 (Bales)	10.0	29.0 (Bales)
Maize/Sorghum	0	0	0	0	5.0	41.0
Total	92.0		70.0		75.0	
of which Title III						
Wheat	52.0	373.4	50.0	336.0	50.0	316.0
Rice	20.0	75.2	0	0	0	0
Vegetable Oil (CDSO)	10.0	14.4	10.0	15.0	10.0	16.0
Cotton	10.0	33.2 (Bales)	10.0	31.0 (Bales)	10.0	29.0 (Bales)
Maize/Sorghum	0	0	0	0	5.0	41.0
Total	92.0		70.0		75.0	

COMMENT: Wheat and rice shipments for FY 1985 were completed in April 1985. Nearly one-third -- or 121,000 MT -- of the total wheat shipped in FY 1985 was provided under a $17 million supplemental Title III program to meet the shortfall caused by severe damage to food crops from repeated flooding between May and September 1984. Vegetable Oil (CDSO) shipments were completed in February 1985. Shipment of the first tranche of cotton (14,000 bales) started arriving in April and is expected to be completed by June 1985. The remainder of the cotton (19,200 bales) is expected in-country between July and August 1985. Actual value and tonnage level of shipments may vary slightly upon receipt of all the shipping documents.

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE XIII
PL 480 TITLE II

1. Country [illegible]

Sponsor's Name CARE

A. Maternal and Child Health.....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
Total MCH			

B. School Feeding.....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
Total School Feeding			

C. Other Child Feeding .....Total Recipients_____

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
Total Other Child Feeding			

D. Food for Work.....Total Recipients 5,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
5,000	Wheat	120,000	19,200
Total Food for Work		120,000	19,200

E. Other (Specify).....Total Recipients_____

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
Total Other			

II. Sponsor's Name_____

USAID POLICY DIALOGUE PLAN

Overview. The USAID/Bangladesh program has long been considered the prototype of a successful AID development program which fully integrates an effective multi-faceted policy dialogue. The portfolio reflects our policy dialogue in that a substantial portion of our OYB has been devoted to non-project and commodity assistance in support of policy reform. The policy agenda reflects both the broad policy constraints to development, as well as the best use of finite AID resources in a country as poor and as densely populated as Bangladesh.

The success of the policy dialogue has been the result of a number of converging factors. The level of AID assistance is significant. Bangladesh is heavily dependent on donor aid. The program has been consistent; USAID has long been working in the same policy areas and has established credibility with the BDG in those areas. An atmosphere of mutual confidence has permitted the USAID to advise and consult, as well as exchange views in an open manner. The BDG has been willing to adopt often politically sensitive policy recommendations, and has, on many occasions, provided more effective alternatives.

Over the past years, the USAID has been able to commit successfully a large portion of its portfolio--both DA and PL 480--as well as provide quality technical assistance to programs that have increased the scope of private sector participation in the economy and specifically, have encouraged policy and administrative reforms in key areas--fertilizer marketing, banking and finance, and food grain pricing and marketing. We will begin to collaborate with the BDG to identify policies that inhibit expansion of small enterprises. Our policy dialogue will similarly be broadened to include intensification of rural power distribution as well as rationalization of power rates to ensure the viability of the rural electrification system.

While the strong policy thrust of our program will continue, we now propose to direct our efforts at consolidating our policy reform initiatives. USAID has been able to carry on a policy dialogue with a host government that has, until recently, generally been immune from public criticism. With the trend towards democratization, which we fully support, and the emergence of a more politicized environment, the BDG's policy actions are receiving closer public scrutiny and the government has become more sensitive to public criticism. This suggests that, to the extent that the returns from our policy dialogue somewhat diminish, we will increasingly focus our efforts on sustaining the reforms the BDG has clearly established, with emphasis on refinement and institutionalization of reforms to assure their permanence. Our policy reform agenda need not only consist of broad new initiatives, but also of specific, incremental gains towards mutually acceptable goals. Specific benchmarks and quantified objectives for each policy initiative have been incorporated in the USAID FY 85-86 Work Plan.

Food Grain Pricing and Marketing. The USAID PL 480 Title III program has played a critical role in improving the BDG's grain pricing and marketing policies. The next multi-year agreement beginning in FY 86 will further refine and institutionalize these policy reforms to ensure the progress made under the previous agreements, as well as introduce new initiatives, including agricultural policy changes to improve Bangladesh's self reliance in food grains. We have tentatively directed our efforts on the following policy areas:

-- Redirection of the Bangladesh Public Food Distribution System (PFDS) to further reduce consumption subsidies, especially the elimination of the rice quota in the Statutory Rationing (SR) system, and improve the targetting of remaining subsidies to the poor;

-- Improved management of PFDS, both normal and emergency relief activities, by establishing an effective management information system, and by improving control and management of food grain reserves;

-- Better government grain procurement practices to increase the share of locally produced food grains in the total PFDS stocks and flows;

-- Increased emphasis on agricultural policies that will improve agricultural productivity e.g., operation and maintenance of irrigation systems and improved coordination of agricultural research, that strengthen the agricultural sector;

-- Rationalization of edible oil prices, to reduce the subsidies and eliminate price controls.

Privatization of Fertilizer Distribution. The ultimate objective of AID's commodity, capital and technical assistance is to move all fertilizer marketing to the private sector and institute market pricing. Fertilizer Distribution Improvement I, which is now ending, established a New Marketing System (NMS) which successfuly promoted private sector fertilizer marketing at the retail level. The next step in the evolution of the fertilizer marketing system, to be achieved in FDI-II, is the development of a large-scale private wholesale network with a potential for nationwide distribution and sales of fertilizers. Under FDI-II, the BDG will reduce substantially its number of fertilizer sales outlets and will eventually allow private wholesalers to purchase fertilizers at the factories and ports at competitive prices, thus effectively ending the Government's monopoly in this area.

Our efforts in fertilizer marketing are aimed at increasing agricultural production through increased fertilizer consumption, as well as reducing the resource burden the BDG presently incurs through fertilizer distribution.

The fertilizer projects are an example of an incremental policy approach. Although our ultimate objective is to move all fertilizer marketing to the private sector and free market pricing, we have acknowledged that a change of that magnitude would be too radical for the BDG to accept immediately. Initially, FDI-I focused on pricing and marketing changes at the retail level. FDI-II defines a five year policy program encouraging private sector wholesale distribution. Disbursements are tied to progress but are sufficiently flexible to permit adjustments.

The FDI-II agreement was signed last August and the initial C.P.--permitting private wholesalers to lift large quantities of fertilizer from depots at a discount--has not yet been met. Discussions have been held with the BDG to establish alternate conditions that will achieve AID's objectives, which are more important than the specific conditions imposed to achieve them.

In order to disburse the first tranche of funds, we are reaching agreement with the BDG on the following conditions:

-- All sub-district sales centers will close down immediately;

-- The number of depots (PDPs) will be immediately reduced to 75, and further reduction will be considered no later than the formal joint evaluation scheduled 20 months after project initiation;

-- Minimum lifting at all PDPs will be no lower than 10 tons, while minimum lifting at high-volume off-take points may be greater than 10 tons;

-- At approximately five high volume, easily available wholesale fertilizer depots, BADC will take steps to encourage fertilizer purchases greater than that experienced in other areas, at the same nationwide wholesale price;

-- The BADC will develop a mechanism and procedures for fertilizer sales at ports and factories based on a nationwide wholesale price, to be implemented as early as possible.

Rural Finance. The objective of this large, primarily non-project assistance program is to improve the viability of Bangladesh's financial system and thereby make savings and credit more accessible to small users. The Rural Finance project, initiated in FY 83, emphasizes policy reforms aimed at savings mobilization, changes in the agricultural interest rate structure, loan administration reform including a more effective system to encourage prompt repayment of loans, and institutional strengthening of participating banks. Technical assistance has been provided to the government to formulate specific policy and administrative changes, and assist in implementing those changes. A great deal has been accomplished. For example, the BDG has created a high level Interest Rate Advisory Committee to periodically review interest, deposit and refinance rates. Increases in the refinance rate for agricultural credit has further discouraged banks from excessive reliance on the central bank rediscount window and has created incentives to mobilize savings. While FY 85 will be the final year for obligation of funds, technical assistance will continue until the June 30, 1988 PACD.

We are currently negotiating with the BDG the following conditions that will be taken in conjunction with the third and final tranche of funds:

-- Greater autonomy from government control for the Nationalized Commercial Banks (NCBs) and the Bangladesh Krishi Bank (BKB) in (a) personnel matters, e.g., to approve and dismiss staff, compensation, etc.; and (b) in operational and lending matters, including reforms in accounting systems;

-- Establishment of an improved Management Information System to better monitor bank performance and evaluate general financial trends;

-- Additional steps to improve loan recovery performance; and

-- Further steps to encourage rural savings mobilization, particularly expansion of the deposit insurance program to cover BKB deposits.

Although conditions for the final tranche have not yet been approved by the BDG, and further refinements may be required, these are illustrative of the nature of the policy agenda. Beyond the specific policy changes USAID has leveraged, the program's continued importance lies in the fact that it has served, and will continue to serve, as an important vehicle for the BDG to focus its attention, and that of other donors, on the critical need to reform the country's financial system.

Employment/Small Scale Enterprises. The USAID effort during the next three years will be focused on refining an employment generation strategy. We will study the policy and institutional setting in which small-scale enterprises typically operate. Small scale enterprises have been identified by the USAID as dynamic and as offering the greatest potential in generating productive job opportunities. Our objective is to create the kind of policy environment in which these enterprises can flourish.

While we recognize that policies in Bangladesh are typically distorted against small enterprises, we need to identify precisely those policies that most limit their expansion. USAID will provide the technical assistance to the BDG to generate data and conduct studies that will assist in the formulation of employment and small enterprise policies. USAID will support collection of data, through a national economic/enterprise census and a series of surveys to be conducted by the Bangladesh Bureau of Statistics (BBS). USAID also will collaborate with the Planning Commission to conduct studies and to make specific policy recommendations that will facilitate the expansion of small enterprises. The policy dialogue that is informed by our close collaboration on policy studies should ensure that the BDG will recognize the need for change and will agree on specific policy measures. The next logical step would be a policy-oriented intervention, that would provide technical assistance, training and general revenue support to elicit the policy changes that have a positive impact on small enterprises.

Rural Electrification. In our Rural Electrification I and II projects, USAID has provided $119.3 million in commodity and technical assistance to establish the Rural Electrification Board and seventeen rural electrical cooperatives (PBSs). A sustained supply of electric energy to the rural areas depends ultimately on the ability of the cooperatives to achieve financial viability and management capability in part by increasing density of service and by rationalizing pricing policies. This viability also depends on the PBSs' management ability to, inter alia, collect bills and provide optimal service to their clients. Rural Electrification III, to begin in FY 1986, will provide approximately $50 million in commodities and technical assistance and will propose the following policy agenda:

-- Encourage a government environment which is supportive of economic pricing of power bought and sold by the PBSs. We will encourage the further rationalization of tariffs to ensure that sufficient net revenue is generated to cover operating maintenance and new investment costs.

-- Encourage intensification of existing PBSs to meet current demand and help ensure that the cooperatives become economically and financially viable, thus modifying the current BDG emphasis on geographic expansion with lower density of service.

-- To improve the management of PBSs, and encourage a sanctioned professional service for REB with salaries, allowances and professional opportunities sufficiently favorable to attract and retain capable personnel.

Conclusion

While a policy dialogue has and will continue to infuse our program, the USAID recognizes the need to adopt an appropriate balance between strictly policy interventions and more traditional AID activities that have less critical policy components. Non-project assistance in support of policy reforms should have an implicit sanction -- withholding an obligation of funds if the BDG proves reluctant to pursue negotiated policy changes. We must ensure, therefore, that our portfolio includes a number of non-policy specific projects that can potentially absorb funds withheld in our policy projects.