

Annual Budget Submission

FY 1986

Somalia

BEST AVAILABLE



MAY 1984

Agency for International Development
Washington, D.C. 20523

FY 1986 ANNUAL BUDGET SUBMISSION
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FY 1983 FY 1984 --FY 1985-- FY 1986 ---PLANNING PERIOD---
ACTUAL ESTIMATE CP ESTIMATE AAFL 1987 1988 1989 1990

ECONOMIC SUPPORT FUND

TOTAL	21000	35000	35000	38000	40000	40000	40000	40000
GRANTS	21000	35000	35000	38000	40000	40000	40000	40000
LOANS	---	---	---	---	---	---	---	---

DA AND ESF TOTAL

TOTAL	35901	52000	55000	60000	64200	66600	69300	72200
GRANTS	35901	52000	55000	60000	64200	66600	69300	72200
LOANS	---	---	---	---	---	---	---	---

P.L. 480

TITLE I	15000	16000	20000	20000	22000	22000	22000	22000
TITLE III	---	---	20000	20000	22000	22000	22000	22000
TITLE II	---	4152	---	---	---	---	---	---

HOUSING GUARANTIES --- --- ---

TOTAL PERSONNEL

USDH WORKYEARS	27.0	29.9
FNDH WORKYEARS	10.0	10.0

FY 1986 ANNUAL BUDGET SUBMISSION
 TABLE III - PROJECT OBLIGATION BY APPROPRIATION
 (\$000)

APPROPRIATION ACCOUNT PROJECT NO. AND TITLE		FY 84 L/G ESTIMATE	FY 85 ESTIMATE	FY 86 AAPL
AGRICULTURE, RURAL DEV. AND NUTRITION				
649-0104 Comprehensive Groundwater Dev.	G	5,800	---	---
649-0109 Livestock Marketing and Health	G	2,000	4,000	4,000
649-0119 Education and Human Resources	G	---	1,500	1,000
649-0126 Prod. Systems Plng. & Research	G	---	4,300	4,000
649-0127 Groundwater Development II	G	---	---	3,700
649-0134 Juba Dev. Analytical Studies	G	5,200	2,750	---
649-XPVD PVD Basket Project	G	---	1,400	1,000
649-0510 Project Design & Support (PDS)	G	---	300	300
	APPROPRIATION TOTALS	13,000	14,250	14,000
	GRANTS	13,000	14,250	14,000
	LOANS	---	---	---
POPULATION PLANNING				
649-0131 Family Health Services	G	4,000	2,550	2,838
	APPROPRIATION TOTALS	4,000	2,250	2,838
	GRANTS	4,000	2,250	2,838
	LOANS	---	---	---
HEALTH				
649-0102 Rural Health Delivery	G	---	---	3,162
	APPROPRIATION TOTALS	---	---	3,162
	GRANTS	---	---	3,162
	LOANS	---	---	---
EDUCATION AND HUMAN RESOURCES				
649-0119 Education and Human Resources	G	---	2,200	2,000
	APPROPRIATION TOTALS	---	2,200	2,000
	GRANTS	---	2,200	2,000
	LOANS	---	---	---

FY 1986 ANNUAL BUDGET SUBMISSION
 TABLE III - PROJECT OBLIGATION BY APPROPRIATION
 (\$000)

APPROPRIATION ACCOUNT PROJECT NO. TITLE		FY 84 L/G ESTIMATE	FY 85 ESTIMATE	FY 86 AAPL
SELECTED DEVELOPMENT ACTIVITIES				
649-XPVO PVO Basket Project	G	---	1,000	---
	APPROPRIATION TOTALS	---	1,000	---
	GRANTS	---	1,000	---
	LOANS	---	---	---
TOTAL DA APPROPRIATION ACCOUNTS		17,000	20,000	22,000
ECONOMIC SUPPORT FUND				
649-0125 Commodity Import Program III	G	---	35,000	---
649-0129 Irrigation Dev./Rehabilitation	G	---	---	5,850
649-0130 Commodity Import Program IV	G	---	---	30,000
649-0132 Policy Initiatives & Priv.	G	---	---	2,000
649-0133 Kismayo Port Rehabilitation	G	35,000	---	---
649-0510 Project Design & Support (PDS)	G	---	---	150
	APPROPRIATION TOTALS	35,000	35,000	38,000
	GRANTS	35,000	35,000	38,000
	LOANS	---	---	---
TOTAL DA AND ESF		52,000	55,000	60,000

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

PROJECT NUMBER AND TITLE	ESTIMATED U.S. DOLLAR COST (\$000)										
	OBLIG THRU PLAN FY 83	PIPE LINE FY 83	OBLIG- EXPEND- ITURES	FY 1984	OBLIG- EXPEND- ITURES	FY 1985	FUNDED THRU	FUNDED THRU	PEACE CORPS VY84	VY85 VY85	ITEM NO
AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION											
649-0101	AGRICULTURAL EXTENSION TRAINING AND RESEARCH										
G 78 79	5050 5050	1295	1295	1295	9/84	9/84	9/84	--	--	11848	
649-0104	COMPREHENSIVE GROUNDWATER DEVELOPMENT										
G 79 84	6444 12244	6444	4110	5800	6/86	6/86	6/86	--	--	11850	
649-0108	CENTRAL RANGELANDS DEVELOPMENT										
G 79 83	14944 14944	14944	11392	2300	9/86	9/86	9/86	--	--	11851	
649-0109	LIVESTOCK MARKETING AND HEALTH										
G 84 87	11000	2000	500	4000	6/87	6/87	4000	6/88	--	8455	
649-0112	AGRICULTURAL DELIVERY SYSTEMS										
G 79 83	8635 8635	5174	2350	9/86	9/86	9/86	9/86	--	--	11852	
649-0113	BAY REGION DEVELOPMENT										
G 80 83	11171 11171	8681	2800	9/87	9/87	9/87	9/87	--	--	11853	
649-0119	EDUCATION AND HUMAN RESOURCES										
G 85 91	5000	1500	500	6/86	6/86	1000	6/87	--	--	8448	
649-0126	PRODUCTION SYSTEMS PLANNING AND RESEARCH										
G 85 88	30000	4300	1000	9/86	9/86	4000	9/87	--	--	8447	

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

PROJECT NUMBER AND TITLE	ESTIMATED U.S. DOLLAR COST (\$000)									
	OBLIG THRU FY 83	PIPE LINE FY 83	OBLIG- ATIONS	EXPEND- ITURES	OBLIG- ATIONS	EXPEND- ITURES	FUNDED THRU	FUNDED THRU	FY 86	PEACE CORPS FY84 FY85 NO
649-0127 GROUNDWATER DEVELOPMENT II										
G 86 88	15000						N/A	3700	9/87	8451
649-0134 JUBA DEVELOPMENT ANALYTICAL STUDIES										
G 83 85	8000	50	5200	2500	2750	3000	12/86		12/86	11858
649-XPVO PVO BASKET PROJECT										
G 85 86	2400				1400	400	N/A	1000	9/89	
649-0510 PROJECT DESIGN AND SUPPORT										
G 85 86	600				300	300	N/A	300		61
APPROPRIATION TOTAL (ALL GRANTS)	51494	139044	46294	30702	13000	14745	14250	18800	14000	
POPULATION										
649-0131 FAMILY HEALTH SERVICES										
G 84 87	10000		4000		2550	2000	9/86	2838	9/87	8452
APPROPRIATION TOTAL (ALL GRANTS)	10000		4000		2550	2000		2838		

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

PROJECT NUMBER AND TITLE	ESTIMATED U.S. DOLLAR COST (\$000)										
	OBLIG THRU FY 83	PIPE LINE FY 83	OBLIG- ATIONS	EXPEND- ITURES	OBLIG- ATIONS	EXPEND- ITURES	FUNDED THRU	FUNDED THRU	FY 86 AAPL	PEACE CORPS VY84 VY85	ITEM NO
HEALTH											
649-0102 RURAL HEALTH DELIVERY	SUBCAT: HEDH % PVO 10%										
G 79 86 15200 15200 12038 6821	----	----	3000	3000	6/86	6/86	9/87	3162	9/87	---	11849
649-0104 COMPREHENSIVE GROUNDWATER DEVELOPMENT	SUBCAT: HEWS % PVO 0-										
G 79 83 6556 6556 6556 1288	----	----	1288	1288	6/86	6/86	6/86	----	6/86	---	6502
APPROPRIATION TOTAL (ALL GRANTS)	21756	21756	18594	8109	4288	3000	3162				
EDUCATION AND HUMAN RESOURCES											
649-0119 EDUCATION AND HUMAN RESOURCES	SUBCAT: EHMA % PVO 0-										
G 85 91	----	13475	----	2200	6/86	6/86	6/87	2000	6/87	---	8448
APPROPRIATION TOTAL (ALL GRANTS)	----	13475	----	2200	1500	2000	2000				
SELECTED DEVELOPMENT ACTIVITIES											
649-XPVO PVO BASKET PROJECT	SUBCAT: EHMA % PVO 0-										
G 85 86	----	1000	----	1000	9/88	200	9/88	----	9/88	---	
APPROPRIATION TOTAL (ALL GRANTS)	----	1000	----	1000	200	200	----				
TOTAL DA	73250	185275	64888	38811	17000	19033	20000	25500	22000		

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

PROJECT NUMBER AND TITLE	G --DATE-- L INIT FIN	AUTH	TOTAL COST- PLAN	FY 83	OBLIG THRU FY 83	PIPE- LINE	ESTIMATED U.S. DOLLAR COST (\$000)		FY 86	FY 86	PEACE CORPS ITEM
							OBLIG- ITURES	EXPEND- ITURES			
ECONOMIC SUPPORT FUND											
649-0114	KISMAYO PORT REHABILITATION										
G 82 83	4000	4000	4000	2887	4000	2887	1687	1200	3/85	3/85	-- 8646
SUBCAT: SDRT							% PVO -0-				
649-0118	COMMODITY IMPORT PROGRAM										
G 82 82	20000	18500	18500	9812	18500	9812	9812	9/84	9/84	--	-- 6509
SUBCAT: ESCI							% PVO -0-				
649-0120	COMMODITY IMPORT PROGRAM II										
G 83 83	16000	16000	16000	16000	16000	16000	16000	9/87	9/87	--	-- 11854
SUBCAT: ESCI							% PVO -0-				
649-0129	COMMODITY IMPORT PROGRAM III										
G 85 85	35000	35000	35000	35000	35000	35000	35000	20000	9/88	9/88	-- 11857
SUBCAT: ESCI							% PVO -0-				
649-0129	IRRIGATION DEVELOPMENT AND REHABILITATION										
G 86 87	30000	30000	30000	30000	30000	30000	30000	N/A	5850	9/91	--
SUBCAT: ESLE							% PVO -0-				
649-0130	COMMODITY IMPORT PROGRAM IV										
G 86 86	30000	30000	30000	30000	30000	30000	30000	N/A	30000	9/88	-- 8445
SUBCAT: ESLE							% PVO -0-				
649-0132	POLICY INITIATIVES AND PRIVATIZATION										
G 83 86	2500	4500	2500	2500	2500	2500	1500	1000	9/85	9/87	-- 10940
SUBCAT: SDPE							% PVO -0-				
649-0133	KISMAYO PORT REHABILITATION II										
G 84 84	35000	35000	35000	35000	35000	35000	3000	20000	9/87	9/87	--
SUBCAT: SDRT							% PVO -0-				
649-0510	PROJECT DESIGN AND SUPPORT										
G 86 86	150	150	150	150	150	150	150	150	9/86	9/86	--
SUBCAT: SDRT							% PVO -0-				
APPROPRIATION TOTAL		42500	173150	41000	31199	35000	31999	35000	42200	38000	

Commodity Import Program, 649-0125

Grant: ESF
FY 1985: \$35,000
LOP: \$35,000

Purpose: To provide balance of payments support through a Commodity Import Program, emphasizing procurement of those commodities which are critical to the support of the agricultural sector (as producer of exports and food for domestic consumption) and to a revitalized private sector.

This activity is consistent with AID policy on approaches to policy dialogue and the use of ESF (which is to "provide short-term stabilization as well as longer-term developmental results"). It is also consistent with AID policy to foster the development of the private sector (since "private enterprise is the engine that makes growth occur most quickly").

Problems addressed and means of dealing with them: The Somali economy has been experiencing a severe economic crisis over the past several years. The economic crisis was caused by adverse climatic factors and inappropriate public policies. As a result, food production has declined in recent years. In 1983 Somalia suffered several economic setbacks.

The single most serious economic setback in 1983 was the Saudi Arabian import embargo on shipments of live animals from Somalia. The Saudis stopped all cattle imports in June 1983 and all shipments of goats in October 1983 because of concern over rinderpest in African cattle. The livestock ban reduced official foreign exchange earnings by about 31 million dollars in 1983. To date, Somalia has resumed the shipment of sheep, goats, and camels to Saudi Arabia while some cattle are being exported to Yemen. In addition, for the past two years Somalia received an oil grant from Saudi Arabia. This grant, which covered almost half of the Somali oil bill, expired in 1983 and has not been renewed.

Foreign exchange earnings from banana exports were projected to increase from \$10 million in 1982 to \$15 million in 1983. However, official foreign exchange receipts from banana exports fell to \$8.0 million in 1983. On the bright side, following the importation of vegetable seeds under the first CIP, Somalia initiated exports of watermelons to Saudi Arabia and Italy. Earnings from this new export crop are estimated at \$9.0 million. The watermelon market is not expected to grow beyond the current level.

The economic policy event of 1983 was the unification of the

dual exchange rate system (established under the IMF Standby Agreement of July 1981) and the change to a managed float with the Somali Shilling pegged to the SDR. In an effort to attract offshore foreign exchange holdings into the banking system, a 5 So. Sh. per dollar premium was introduced in January 1983. Holders of foreign exchange accounts also were accorded priority in acquiring import licenses. So far the measures have not been as successful in attracting foreign exchange deposits as the "franco valuta" system.

The efforts to attract a greater proportion of exporters' and overseas workers' foreign exchange holdings in 1983 were only partially successful. Imports financed by overseas balances (external accounts) were estimated to be \$24 million in 1983 compared to \$60 million remitted in 1981. The move to a flexible rate (although not freely flexible) in July 1983 was one of the most significant changes in the effort to overhaul the foreign exchange regime to generate export growth. The Somali Shilling, however, remained substantially overvalued after the 1983 devaluation. Since import licenses were required, holders of external accounts were discouraged from using their balances and exporters were encouraged to underreport earnings.

In October 1983, the GSDR participated in a Consultative Group meeting. The Consultative Group meeting provided a forum to focus attention on additional policy reforms required to stabilize the Somali economy. In addition, the Consultative Group meeting reviewed the GSDR Public Investment Program and established ceilings for Government expenditures for 1984-1986.

In January 1984, the GSDR announced the temporary lifting of restrictions governing the importation of foodstuffs and water-related commodities. This measure was adopted to attract private sector capital outside Somalia, because of the critical shortage of foreign exchange caused by the Saudi ban on livestock imports.

In early 1984 the government began to slip backward on the trade policies, failing to adjust the exchange rate as required and creating obstacles to private-sector activities. The IMF Extended Fund Facility Agreement was scheduled to be signed in the spring of 1984 for a three-year program. However, after signing the Letter of Intent, the GSDR decided not to sign the Agreement. The critical sticking points were floating the exchange rate and eliminating import/export licensing. As a result of the uncertainty regarding government policy, coupled with the loss of foreign exchange from livestock marketing, inflation has soared and confidence has waned.

In the face of this situation, the Mission has continued to pursue the policy reforms included in previous CIPs and our policy dialogue agenda. The following policy reform measures

will be included in this CIP:

- begin implementation of the recommendations contained in the Civil Service Study funded by AID;
- reorient industrial investment policy to assist and promote private sector enterprises. An advisor has been funded under project 649-0132;
- evaluate the potential effects of changes in the exchange rate system; and
- review current domestic capital market and interest rates.

As with previous CIPs, the CIP III will provide foreign exchange to promote both increased agricultural exports and domestic food production. The program will finance not only raw materials, spare parts, and capital equipment required directly by the agricultural sector, but also inputs for other elements of the economy vital to the support of agriculture, such as transport, water delivery systems, and light industry units. Approximately 85 percent of the resources provided under the CIP III will be made available to private sector importers and entrepreneurs.

The CIP grant also will generate local currency which will provide a non-inflationary source of Government financing. Both public institutions and private importers will be required to deposit local currency payable into a special bank account. This account, while owned by the GSDR, will be programmed with USAID/Somalia approval and utilized for development activities related to (1) increased food production and marketing; (2) improvements in the human resource base; (3) agricultural research and extension; and (4) infrastructure and technical support related to increased investment by the private sector.

Target Group: Much of Somalia's population will benefit, either directly or indirectly, from the economic reforms which will be stimulated by the CIP grant. Small farmers and rural dwellers will gain access to inputs essential to increased productivity and realize higher incomes as a result of more rational pricing policies. Nomadic livestock producers and growers of export crops will receive increased prices for their output. Additional opportunities should open for Somali entrepreneurs. For example, under the CIP I Somali entrepreneurs have established dealerships of agricultural equipment which provide service and spare parts. As the economy begins to expand, increased Government revenues will become available for development activities.

Production Systems Planning and Research, 649-0126

Grant: ARDN
FY 1985: \$4.3 million
FY 1986: \$4.0 million
LOP: \$30.0 million

Purpose: To establish and operate a permanent research system geared to the optimal development of the agricultural sector in Somalia. The system is intended to be comprehensive and thus will address physical, biological, and socio-economic problems affecting agriculture.

This project is consistent with AID's food and agricultural development policy (to "support the identification, transfer, and adaptation of existing appropriate technologies, as well as the carrying out of food and agricultural research and application of U.S. international, regional and national institutions").

Problems addressed and means of dealing with them: Historically, nomadic livestock herding has been the way of life of the population of largely-arid and food-deficit Somalia. It still occupies 60-70 percent of the people directly or indirectly and constitutes the mainstay of the economy, with livestock exports accounting for 80 percent of the country's foreign exchange earnings. Crop production is predominantly rainfed, and is characterized by inadequate technology and management and low productivity. Little reliable information is available on the sector and, except for occasional investigations that may be undertaken in relation to specific project preparation and implementation, no systematic research, either technical, scientific, or socio-economic, is being conducted. As a result, agricultural programs and projects are often based on incorrect assumptions or extrapolated information of dubious validity. So, in general, are public policies affecting the sector.

USAID's first step toward overcoming the severe lack of research capability in Somalia has been the development of a national agricultural research strategy. This undertaking is funded under the Agricultural Delivery Systems Project (649-0112), and is being carried out by ISNAR. To date, a comprehensive report has been prepared and approved by the GSDR. It covers the fundamental questions of organization and institutional linkages, manpower development, level of funding and management. Currently, a second report is in preparation that will propose detailed, specific priority research programs and the requirements for their implementation. USAID intends to continue to take the lead in this program, but it is expected that several donors will be participating in the development of

Somalia's agricultural research system.

This project will be concerned primarily with crop, soil, and economic research. Its objective will be to strengthen the existing Agricultural Research Institute so that it can:

(1) develop, in loose cooperation with the Extension Service, technological packages that farmers can profitably use to increase their productivity and the national production of the major food and industrial crops grown in Somalia;

(2) develop reliable data on the structure of the crop sub-sector, analyze its operations, and elaborate alternative policies that decision-makers can consider in allocating resources and setting priorities for development of the country's political economy.

In order to achieve these objectives, the following inputs will be provided through a grant:

(1) technical assistance, both short-term and long-term, including services needed for special studies.

(2) training of Somali agricultural research scientists, economists, managers, and technicians, both abroad and in-country.

(3) laboratory and field equipment and supplies required for the effective operation of the Research Institute.

In the development of production technology, special emphasis will be placed on (1) water management under both rainfed and irrigated conditions on cropping systems, involving the production of and utilization of forage crops and crop residues; and, (2) the testing and development of agricultural machinery and equipment adapted to Somali conditions. Whenever feasible and to the extent possible, close liaison and cooperation will be established between the Agricultural Research Institute and appropriate international centers (ICRISAT, IITA, and CIMMYT in particular) and other agencies in the region.

Target Group: The nation as a whole will eventually benefit indirectly from increased food production and the savings of foreign exchange resulting therefrom, which will result from an effective planning and research system. Small farmers will benefit directly from improved nutrition and higher family income.

Groundwater Development II, 649-0127

Grant: ARDN

FY: 1986: \$3.7 million

LOF: \$15.0 million

Purpose: To assist the private sector and concerned GSDR agencies develop and implement an on-going, national, potable and livestock water program.

This project is consistent with AID policy objectives for water and sanitation. ("The availability of a minimum of 20-40 liters of relatively safe water per person per day is essential to achieve sustained health improvements in developing countries.") The Mission proposes this follow-on activity to Project 649-0104.

Problems addressed and means of dealing with them: In arid Somalia the provision of adequate, good-quality water to the population is one of the highest priorities. The population of 4.5 million is spread over 637,000 square kilometers. The 80% of the population who are rural inhabitants are widely dispersed, resulting in low population densities.

The temperature is fairly uniform throughout the year, varying from 25-30 degrees centigrade. In this country of mostly low, erratic precipitation and high evapo-transpiration, water supply is critical. There are only two relatively small rivers, the Juba and the Shebelle, crossing the southern portion of the country, with the rest of the country practically deprived of perennial surface water. Thus, groundwater is the most dependable water source in most of the country; surface water seasonal catchments are also important.

This project will build on the base established in the Comprehensive Groundwater Project (649-0104), refining the data collection and analysis system, spreading the production program, further strengthening the institutions to perform a regulatory and support role, and continuing the emphasis on private sector drillers. The project will provide operational advisors for the drilling of 90 deep bore holes. Of these, 70 percent should provide dependable sources of water, at an acceptable distance from users, within accepted water quality standards. The wells will be managed through agreements between the local water committees and WDA. The project will explore the alternative solution of large-diameter dug wells and surface water systems in those areas where groundwater is not available or is chemically unsuitable for consumption.

A system of data collection updating and utilization will have been established by project 649-0104. This project will continue

the technical and socio-economic data collection with views of incorporating other GSDR and private agencies into the network, completing its national scope, standardizing reporting formats and instituting use of its reports as planning tools of the National Water Committee.

Project advisors will continue the training of WDA field and headquarters personnel begun under project 649-0104. Specific plans and responsibilities for routine/preventive maintenance performed by surveillance and repair crews (as established under that project) will be implemented. Specialized, in-country courses will be arranged for both Government and private sector technicians and managers.

In addition, the water resources planning function initiated under project 649-0104 will be further promoted within the WDA and its parent ministry. The WDA Planning Department will be assisted to expand its operations to national planning for rural water resource development in sociological, economic, and technical/hydrogeologic areas. The Planning Department also will be encouraged to act as the WDA's change agent in matters of water sector development and control policy, including fee structures, community control, and opening of additional opportunities to private sector interests as designed in project 649-0104.

Assistance will continue to be provided to the Ministry of Minerals and Water Resources through a cooperation agreement with the UNDP/FAO in the formulation of national water legislation. This follows on the project 649-0104-funded National Water Data Center at the Ministry.

Work in developing an approach to increased private sector activity in this sphere will be continued. A plan of action developed under project 649-0104 will be supplemented under this project. Private contractor drilling will be promoted as Somalia's shift to greater reliance on the private sector for reaching exploitation targets (as set out in its Development Plan) is encouraged.

Target Group: The principal beneficiaries of the project will be the agro-nomadic population of Somalia. The project will make water available in the areas of the greatest need where, frequently, people and their livestock have to travel for many miles to find a water source. The project also will improve water used for human consumption. Finally, the project will reduce women's workload because approximately 70 percent of women's daily labor is spent on solving water-related problems. The project will not have a region-specific base either in its analysis or exploitation components, but will be designed to help the WDA and its parent ministry identify priorities correctly and employ resources according to the hierarchy of needs which have

been defined.

NOTE: 1) no research activities

2) special concerns

- private sector gets 50 percent of
funding for new business expansion.

- PVOs or Peace Corps should be used
for field work in community
participation/local area improvement
activities.

Irrigation Development and Rehabilitation, 649-0129

Grant: ESF

FY 1986: \$5.850 million

LDP: \$30.0 million

Purpose: To identify the land areas most suitable for irrigation in the Shebelle river valley, to inventory the existing irrigation infrastructure, and develop specific plans for the rehabilitation and construction of irrigation schemes.

The project will be followed with a rehabilitation/construction phase (Phase II) aimed to (1) increase the land area that is annually cultivated with controlled irrigation; and, (2) increase the efficiency of the existing irrigation systems, thereby increasing production.

This project is consistent with AID's food and agricultural policy objectives ("to increase food availability, through increased agricultural production, with emphasis on increasing and sustaining the productivity, incomes and market participation of small farmers, with special attention to food production").

Problems addressed and means of dealing with them: Somalia's agriculture is mainly rainfed and subject to crop failures in two out of five years, due to the semi-arid to arid climatic conditions. A population growth rate estimated at 2.7 percent annually makes it imperative that whatever potential exists for economically-feasible, irrigated food crop production be developed. Presently, less than one percent of the arable land is cultivated and only seven percent of the cultivated area is under irrigation.

In the Shebelle river valley, where much of the land is suitable for irrigation, existing irrigation infrastructure has been developed in a haphazard fashion and is presently in a state of disrepair. Water management also is quite inefficient. The Juba River, with an annual flow of some 6,000 million cubic meters, represents (if harnessed) an immense potential for irrigation. A preliminary soil survey, conducted by the U.S. Bureau of Reclamation, identified substantial areas suitable for rice and other crop production through irrigation.

The proposed project will be established in the Department of Land and Water Use of the Ministry of Agriculture. It will provide for (1) a comprehensive soil survey and classification survey to ascertain more accurately the land areas most suitable for irrigation in the Shebelle river valley (project 649-0134 is addressing the Juba river valley; (2) an inventory of the existing irrigation infrastructure in the Shebelle river valley

and an appraisal of the need and priorities for rehabilitation of that infrastructure; and, (3) the reorganization of the Project Implementing Agency and the development of its technical and managerial capability to operate and maintain irrigation systems and ensure that on-farm irrigation water is efficiently used. Under Phase II -- planned for FY 1987 -- the project will finance the importation of equipment and other commodities needed for rehabilitation, construction, and maintenance of the irrigation schemes. It is estimated that about 20 Somali technicians and managers would receive long-term, specialized training abroad during the life of the project at an approximate cost of \$1,000,000.

Target Group: The nation as a whole will benefit indirectly from the increased food production and the savings of foreign exchange resulting therefrom. Small farmers in the Juba and Shebelle valleys will benefit directly from increased availability of irrigated land and higher family incomes.

Commodity Import Program, 649-0130

Grant: ESF
FY 1986: \$30,000
LDP: \$30,000

Purpose: To provide balance of payments support through a Commodity Import Program, emphasizing procurement of those commodities which are critical to the support of the agricultural sector (as producer of exports and food for domestic consumption) and to a revitalized private sector.

This activity is consistent with AID policy on approaches to policy dialogue and the use of ESF (which is to "provide short-term stabilization as well as longer-term developmental results"). It is also consistent with AID policy to foster the development of the private sector (since "private enterprise is the engine that makes growth occur most quickly").

Problems addressed and means of dealing with them: The Somali economy has been experiencing a severe economic crisis over the past several years. The economic crisis was caused by adverse climatic factors and inappropriate public policies. As a result, food production has declined in recent years. In 1983 Somalia suffered several economic setbacks.

The single most serious economic setback in 1983 was the Saudi Arabian import embargo on shipments of live animals from Somalia. The Saudis stopped all cattle imports in June 1983 and all shipments of goats in October 1983 because of concern over rinderpest in African cattle. The livestock ban reduced official foreign exchange earnings by about 31 million dollars in 1983. To date, Somalia has resumed the shipment of sheep, goats, and camels to Saudi Arabia while some cattle are being exported to Yemen. In addition, for the past two years Somalia received an oil grant from Saudi Arabia. This grant, which covered almost half of the Somali oil bill, expired in 1983 and has not been renewed.

Foreign exchange earnings from banana exports were projected to increase from \$10 million in 1982 to \$15 million in 1983. However, official foreign exchange receipts from banana exports fell to \$8.0 million in 1983. On the bright side, following the importation of vegetable seeds under the first CIP, Somalia initiated exports of watermelons to Saudi Arabia and Italy. Earnings from this new export crop are estimated at \$9.0 million. The watermelon market is not expected to grow beyond the current level.

The economic policy event of 1983 was the unification of the

dual exchange rate system (established under the IMF Standby Agreement of July 1981) and the change to a managed float with the Somali Shilling pegged to the SDR. In an effort to attract offshore foreign exchange holdings into the banking system, a 5 So. Sh. per dollar premium was introduced in January 1983. Holders of foreign exchange accounts also were accorded priority in acquiring import licenses. So far the measures have not been as successful in attracting foreign exchange deposits as the "franco valuta" system.

The efforts to attract a greater proportion of exporters' and overseas workers foreign exchange holdings in 1983 were only partially successful. Imports financed by overseas balances (external accounts) were estimated to be \$24 million in 1983 compared to \$60 million remitted in 1981. The move to a flexible rate (although not freely flexible) in July 1983 was one of the most significant changes in the effort to overhaul the foreign exchange regime to generate export growth. The Somali Shilling, however, remained substantially overvalued after the 1983 devaluation. Since import licenses were required, holders of external accounts were discouraged from using their balances and exporters were encouraged to underreport earnings.

In October 1983, the GSDR participated in a Consultative Group meeting. The Consultative Group meeting provided a forum to focus attention on additional policy reforms required to stabilize the Somali economy. In addition, the Consultative Group meeting reviewed the GSDR Public Investment Program and established ceilings for Government expenditures for 1984-1986.

In January 1984, The GSDR announced the temporary lifting of restrictions governing the importation of foodstuffs and water-related commodities. This measure was adopted to attract private sector capital outside Somalia because of the critical shortage of foreign exchange caused by the Saudi ban on livestock imports.

In early 1984 the government began to slip backward on the trade policies, failing to adjust the exchange rate as required and creating obstacles to private-sector activities. The IMF Extended Fund Facility Agreement was scheduled to be signed in the spring of 1984 for a three-year program. However, after signing the Letter of Intent, the GSDR decided not to sign the Agreement. The critical sticking points were floating the exchange rate and eliminating import/export licensing. As a result of the uncertainty regarding government policy, coupled with the loss of foreign exchange from livestock marketing, inflation has soared and confidence has waned.

In the face of this situation, the Mission has continued to pursue the policy reforms included in previous CIPs and our policy dialogue agenda. The following policy reform measures

will be included in this CIP:

- continue implementation of the recommendations contained in the Civil Service Study funded by AID;
- complete divestiture of parastatals identified by the Intra-Government Commission Study;
- begin implementation of the recommendations contained in the exchange rate study; and
- begin implementation of a program to adjust current domestic capital market and interest rates.

As with previous CIPs, the CIP IV will provide foreign exchange to promote both increased agricultural exports and domestic food production. The program will finance not only raw materials, spare parts, and capital equipment required directly by the agricultural sector, but also inputs for other elements of the economy vital to the support of agriculture, such as transport, water delivery systems, and light industry units. Approximately 85 percent of the resources provided under the CIP IV will be made available to private sector importers and entrepreneurs.

The CIP grant also will generate local currency which will provide a non-inflationary source of Government financing. Both public institutions and private importers will be required to deposit local currency payable into a special bank account. This account, while owned by the GSDR, will be programmed with USAID/Somalia approval and utilized for development activities related to (1) increased food production and marketing; (2) improvements in the human resource base; (3) agricultural research and extension; and (4) infrastructure and technical support related to increased investment by the private sector.

Target Group: Much of Somalia's population will benefit, either directly or indirectly, from the economic reforms which will be stimulated by the CIP grant. Small farmers and rural dwellers will gain access to inputs essential to increased productivity and realize higher incomes as a result of more rational pricing policies. Nomadic livestock producers and growers of export crops will receive increased prices for their output. Additional opportunities should open for Somali entrepreneurs. For example, under the CIP I Somali entrepreneurs have established dealerships of agricultural equipment which provide service and spare parts. As the economy begins to expand, increased Government revenues will become available for development activities.

PROJECT DESIGN & SUPPORT, 649-0510 - NARRATIVE

USAID/Somalia requests \$300,000 from the the PD&S project in FY 1985 and \$450,000 in FY 1986. These funds will be used in support of project design and special studies.

In FY 1985, \$150,000 from the ARDN Account will be used to finance the preparation of the Production Systems Planning and Research, 649-0126, Project Paper (PP). It is anticipated that seven/person months will be necessary to prepare the required PP analysis. The following specialties will be required:

Description	P/M
Production Agronomist - Cereals	.5
Production Agronomist - Oil seeds	.5
Horticulturalist	1.0
Water Management Specialist	.5
Soils Management Specialist	.5
Agricultural Machinery Engineer	1.0
Agricultural Economist	1.0
Farm Management Economist	.5
Public Administration & Management Specialist	1.0
Social Anthropologist	.5
Environmental Officer (REDSO)	---
Project Officer (REDSO)	---

The Production Systems Planning & Research project is planned to start in mid-FY 1985. The PD&S funds for PP preparation will be needed not later than December 1984.

Special studies regarding Mission's policy agenda, not covered under the PIP (649-0132), will be conducted. It is anticipated that \$150,000 will be needed for these studies.

Description	P/M
Participation in the IBRD Ag. Sector	2.0
Agricultural Export Market Potential	8.0

In FY 1986, \$300,000 from the ARDN Account and \$150,000 from the ESF Account will be needed to complete the preparation of two Project Papers (Groundwater Development II, 649-0127, and Irrigation Development and Rehabilitation, 649-0129) and additional special studies.

It is anticipated that seven person/months of contract services

will be needed for the completion of the Groundwater Development PP. The following specialties will be required:

Description	F/M
Hydrogeologist	1.0
Private Sector Advisor	2.0
Water Resource Planner	2.0
Civil Engineer	1.0
Financial Analyst	1.0

The Irrigation Development and Rehabilitation project, 649-0129, will require \$150,000 (from the ESF Account) of PDS to finance five person/months of contract services to prepare both the PID and the PP. The following specialties will be required.

Description	F/M
Production Agronomist	1.0
Irrigation Specialist (Engineer)	1.0
On-farm Water Management Specialist	1.0
Agricultural Economist	1.0
Social Anthropologist	1.0
Environmental Officer (REDSO)	---
Project Officer	---

In addition to the two projects, \$150,000 from the ARDN account will be used to continue the preparation of special studies in support of our Policy Agenda. The special study planned for FY 1986 is a Domestic Resource Cost Analysis on Agricultural Production. Ten person/months are required for the study.

**AID PROGRAM IN FY 1986
ANNUAL BUDGET SUBMISSION**

TABLE V - PROPOSED PROGRAM RANKING

DECISION UNIT: 649 SOMALIA

RANK	PROJECT	TITLE	NEW/ CONT	LOAN/ GRANT	APPROP	PROGRAM FUNDING (\$000)	
						INCR	CUM
1	0119	EDUCATION AND HUMAN RESOURCES	O	G	EH	2,000	2,000
2	0109	LIVESTOCK MARKETING & HEALTH	O	G	FN	2,000	4,000
3	XPV0	PVO BASKET PROJECT	O	G	FN	1,000	5,000
4	0130	COMMODITY IMPORT PROGRAM	N	G	ES	30,000	35,000
5	PL01	P.L. 480 TITLE I - SOMALIA			P1	(22,000)	(22,000)
6	PL03	P.L. 480 TITLE III - SOMALIA			P3	(22,000)	(22,000)
7	0132	POLICY INITIATIVES & PRIV.	O	G	ES	2,000	37,000
8	0510	PROJECT DESIGN & SUPPORT	N	G	ES	150	37,150
9	0129	IRRIGATION DEV. & REHAB.	N	G	ES	5,850	43,000
10	0119	EDUCATION AND HUMAN RESOURCES	O	G	FN	1,000	44,000
11	0126	PROD. SYSTEMS PLNG. & RESEARCH	O	G	FN	4,000	48,000
12	0510	PROJECT DESIGN & SUPPORT	N	G	FN	300	48,300
13	0127	GROUNDWATER DEVELOPMENT II	N	G	FN	3,700	52,000
14	0131	FAMILY HEALTH SERVICES	O	G	PN	2,838	54,838
15	0132	RURAL HEALTH DELIVERY	O	G	HE	3,162	58,000
TOTAL						58,000	

NOTE: Rank order of activities was made based on funding requirements.

TABLE VIII - FY 1984

ORGANIZATION USAID/Mogadishu
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		<u>2,163.8</u>		<u>2,163.8</u>	<u>XXXXX</u>
U.S. CITIZENS BASIC PAY	U101	110	<u>1,023.4</u>		<u>1,023.4</u>	<u>24.2 Wk/Yrs</u>
PT/TEMP U.S. BASIC PAY	U102	112				
DIFFERENTIAL PAY	U103	116	<u>206.5</u>		<u>206.5</u>	<u>XXXXX</u>
OTHER AID/W FUNDED O.C. 11	U104	119	<u>41.3</u>		<u>41.3</u>	<u>XXXXX</u>
OTHER MISSION FUNDED O.C 11	U105	119				<u>XXXXX</u>
EDUCATION ALLOWANCES	U106	126	<u>130.4</u>		<u>130.4</u>	<u>18 DEPS</u>
RETIREMENT - U.S.	U107	120	<u>88.0</u>		<u>88.0</u>	<u>XXXXX</u>
LIVING ALLOWANCES	U108	128	<u>7.3</u>		<u>7.3</u>	<u>XXXXX</u>
OTHER AID/W FUNDED O.C. 12	U109	129	<u>42.8</u>		<u>42.8</u>	<u>XXXXX</u>
OTHER MISSION FUNDED O.C.12	U110	129	<u>20.2</u>		<u>20.2</u>	<u>XXXXX</u>
POST ASSIGNMENT - TRAVEL	U111	212	<u>40.5</u>		<u>40.5</u>	<u>9 ASSMTS</u>
POST ASSIGNMENT - FREIGHT	U112	22	<u>285.5</u>		<u>285.5</u>	<u>9 ASSMTS</u>
HOME LEAVE - TRAVEL	U113	212	<u>56.0</u>		<u>56.0</u>	<u>11 ASSMTS</u>
HOME LEAVE - FREIGHT	U114	22	<u>133.5</u>		<u>133.5</u>	<u>11 ASSMTS</u>
EDUCATION TRAVEL	U115	215	<u>14.0</u>		<u>14.0</u>	<u>8</u>
R AND R TRAVEL	U116	215	<u>49.4</u>		<u>49.4</u>	<u>26 ASSMTS</u>
ALL OTHER CODE 215 TRAVEL	U117	215	<u>25.0</u>		<u>25.0</u>	<u>21 ASSMTS</u>
<u>FOREIGN NATIONAL DH</u>	U200		<u>74.9</u>		<u>74.9</u>	<u>XXXXX</u>
BASIC PAY	U201	114	<u>56.8</u>		<u>56.8</u>	<u>13 Wk/Yrs</u>
OVERTIME, HOLIDAY PAY	U202	115	<u>6.7</u>		<u>6.7</u>	<u>1.3 Wk/Yrs</u>
ALL OTHER CODE 11 - FN	U203	119	<u>2.9</u>		<u>2.9</u>	<u>XXXXX</u>
ALL OTHER CODE 12 - FN	U204	129	<u>3.9</u>		<u>3.9</u>	<u>XXXXX</u>
BENEFITS FORMER FN PERS.	U205	13	<u>4.6</u>		<u>4.6</u>	<u>XXXXX</u>
<u>CONTRACT PERSONNEL</u>	U300		<u>211.9</u>		<u>211.9</u>	<u>XXXXX</u>
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	<u>149.5</u>		<u>149.5</u>	<u>4.4 Wk/Yrs</u>
ALL OTHER U.S. PSC COSTS	U303	255	<u>17.4</u>		<u>17.4</u>	<u>XXXXX</u>
F.N. PSC - SALARY/BENEFITS	U304	113	<u>41.0</u>		<u>41.0</u>	<u>2 Wk/Yrs</u>
ALL OTHER F.N. PSC COSTS	U305	255	<u>4.0</u>		<u>4.0</u>	<u>XXXXX</u>
JCC COSTS PAID BY AID/W	U306	113				
<u>HOUSING</u>	U400		<u>484.3</u>	<u>484.3</u>	<u>968.6</u>	<u>XXXXX</u>
RENT	U401	235	<u>40.7</u>	<u>318.7</u>	<u>359.4</u>	<u>31 Res/Yrs</u>
UTILITIES	U402	235	<u>30.9</u>	<u>165.6</u>	<u>196.5</u>	<u>XXXXX</u>
RENOVATION AND MAINT.	U403	259	<u>45.0</u>		<u>45.0</u>	<u>XXXXX</u>
QUARTERS ALLOWANCE	U404	127				
PURCHASES RES. FURN/EQUIP.	U405	311	<u>40.0</u>		<u>40.0</u>	<u>XXXXX</u>
TRANS./FREIGHT - CODE 311	U406	22	<u>100.0</u>		<u>100.0</u>	<u>XXXXX</u>
SECURITY GUARD SERVICES	U407	254	<u>225.2</u>		<u>225.2</u>	<u>XXXXX</u>
OFFICIAL RESIDENCE ALLOW.	U408	254	<u>1.0</u>		<u>1.0</u>	<u>XXXXX</u>
REPRESENTATION ALLOWANCE	U409	252	<u>1.5</u>		<u>1.5</u>	<u>XXXXX</u>

TABLE VIII - FY 1984

ORGANIZATION USAID/MOGADISHU
 (Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		1,943.9	340.7	2,284.6	XXXXX
RENT	U501	234	42.0	82.9	124.9	XXXXX
UTILITIES	U502	234		61.1	61.1	XXXXX
BUILDING MAINT./RENOV.	U503	259	25.0		25.0	XXXXX
OFFICE FURN./EQUIP.	U504	310	85.0		85.0	XXXXX
VEHICLES	U505	312	46.4		46.4	XXXXX
OTHER EQUIPMENT	U506	319	50.0		50.0	XXXXX
TRANSPORTATION/FREIGHT	U507	22	125.7		125.7	XXXXX
COMMUNICATIONS	U508	230	35.6		35.6	XXXXX
SECURITY GUARD SERVICES	U509	254	46.3		46.3	XXXXX
PRINTING	U510	24	1.0		1.0	XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210				
SITE VISITS - IN COUNTRY	U512	210	31.5		31.5	87 TRIPS
SITE VISITS - OTHER	U513	210	76.5		76.5	19 TRIPS
INFORMATION MEETINGS	U514	210	8.3		8.3	5 TRIPS
TRAINING ATTENDANCE	U515	210	30.0		30.0	10 TRIPS
CONFERENCE ATTENDANCE	U516	210	15.0		15.0	8 TRIPS
OTHER OPERATIONAL TRAVEL	U517	210	55.2	2.5	57.7	90 TRIPS
SUPPLIES AND MATERIALS	U518	26	130.0	23.5	153.5	XXXXX
FAAS	U519	257	676.8	125	801.8	XXXXX
CONSULTING SVCS - CONT.	U520	259				XXXXX
MGT./PROF. SVCS. - CONT.	U521	259				XXXXX
SPEC. STUDIES/ANALYSES CONT.	U522	259	10.0		10.0	XXXXX
ALL OTHER CODE 25	U523	259	453.6	45.7	499.3	XXXXX
TOTAL O.E. BUDGET			4,878.8	825.0	5,703.8	XXXXX
RECONCILIATION			2,078.8		2,078.8	XXXXX
OPERATING ALLOWANCE REQUEST			2,800.0	825.0	3,625.0	XXXXX
OTHER INFORMATION:						
Dollar requirement for local currency costs				920.0		
Exchange rate used (as of May 1, 1984)				17.38		

TABLE VIII(a) - Information on U.S. PSC Costs
 (Function Codes U302 and U303)

ORGANIZATION USAID/MOGADISH

<u>Job Title/Position Description</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
Librarian	\$8.7 (1/84-5/84)	\$24.0 (10/84-9/85)	\$40.0 (10/85-9/86)
Management Assistant	\$31.4 (1/84-12/84)	\$40.0 (1/85-12/85)	\$40.0 (1/86-12/86)
Program Assistant	\$30.7 (2/84-01/85)	\$15.0 (10/84-12/84)	\$54.0 (10/85-09/86)
Program/CIPL Assistant	\$41.0 (12/83-02/85)	\$15.0 (01/85-03/85)	\$54.0 (10/85-09/86)
Accountant	\$30.1 (08/84-01/85)		
TOTAL	\$141.9	\$94.0	\$188.0

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TABLE VIII(b) - All Other Code 25 Detail
(Function Code U523)

ORGANIZATION USAID/MOGADISHU

<u>Description of Service</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
Personnel Services	\$392.2 (10/83-9/84)	\$461.1 (10/84-9/85)	\$572.7 (10/85-9/86)
Other Service	\$107.1 (10/83-9/84)	\$91.9 (10/84-9/85)	\$119.3 (10/85-9/86)
TOTAL	\$499.3	\$553.0	\$692.0

FY 1984 OPERATING EXPENSE NARRATIVE
USAID/MOGADISHU

SECTION A - MANAGEMENT IMPROVEMENTS. It is our interest here to dwell upon internal and financial control in the broadest sense rather than pinpoint discrete instances of management improvement relating to operating expenses and workforce. In the broader sense we have and are continuing our efforts in establishing, evaluating and improving controls related to active program and administrative activities. Our new programs will incorporate effective systems of internal control in order to achieve our goal of detecting weaknesses and reducing vulnerability. Also, in the broader sense, the system insures that obligations and expenditures are in compliance with legislative and administrative constraints; that funds and property are safeguarded against loss or unauthorized use and that transactions are properly recorded to permit preparation of reliable financial and statistical reports.

SECTION B - JUSTIFICATION FOR FUNDING CHANGE. Not applicable

SECTION C - TRUST FUNDS. The operating expense portion of the trust fund derives from local currencies generated by the Commercial Import Program and is limited to a percentage of currencies thus generated. For this fiscal year we are assured of benefit of the maximum amount allowed by the limitation.

TABLE VIII - FY 1985

ORGANIZATION USAID/Mogadishu
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		2,553.9		2,553.9	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1,175.4		1,175.4	26 Wk/Yrs
PT/TEMP U.S. BASIC PAY	U102	112	51.0		51.0	2 Wk/Yrs
DIFFERENTIAL PAY	U103	116	231.8		231.8	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	46.4		46.4	XXXXX
OTHER MISSION FUNDED O.C 11	U105	119				XXXXX
EDUCATION ALLOWANCES	U106	126	157.4		157.4	22 DEPS
RETIREMENT - U.S.	U107	120	101.1		101.1	XXXXX
LIVING ALLOWANCES	U108	128	21.3		21.3	XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	38.0		38.0	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	40.2		40.2	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	56.5		56.5	8 ASSMPS
POST ASSIGNMENT - FREIGHT	U112	22	307.0		307.0	8 ASSMPS
HOME LEAVE - TRAVEL	U113	212	58.9		58.9	16 MVMPS
HOME LEAVE - FREIGHT	U114	22	141.0		141.0	16 MVMPS
EDUCATION TRAVEL	U115	215	16.0		16.0	8 MVMPS
R AND R TRAVEL	U116	215	81.9		81.9	28 MVMPS
ALL OTHER CODE 215 TRAVEL	U117	215	30.0		30.0	28 MVMPS
<u>FOREIGN NATIONAL DH</u>	U200		96.9		96.9	XXXXX
BASIC PAY	U201	114	78.9		78.9	10 Wk/Yrs
OVERTIME, HOLIDAY PAY	U202	115	7.9		7.9	1 Wk/Yr
ALL OTHER CODE 11 - FN	U203	119	2.7		2.7	XXXXX
ALL OTHER CODE 12 - FN	U204	129	4.4		4.4	XXXXX
BENEFITS FORMER FN PERS.	U205	13	3.0		3.0	XXXXX
<u>CONTRACT PERSONNEL</u>	U300		255.8	55.2	311.0	XXXXX
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	169.0		169.0	3 Wk/Yrs
ALL OTHER U.S. PSC COSTS	U303	255	25.0		25.0	XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113		49.2	49.2	2 Wk/Yrs
ALL OTHER F.N. PSC COSTS	U305	255		6.0	6.0	XXXXX
JCC COSTS PAID BY AID/W	U306	113	61.8		61.8	1 Wk/Yr
<u>HOUSING</u>	U400		428.7	532.5	961.2	XXXXX
RENT	U401	235	48.8	339.7	388.5	31 Res/Yrs
UTILITIES	U402	235	36.3	192.8	229.1	XXXXX
RENOVATION AND MAINT.	U403	259	30.0		30.0	XXXXX
QUARTERS ALLOWANCE	U404	127				
PURCHASES RES. FURN/EQUIP.	U405	311	32.0		32.0	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	16.0		16.0	XXXXX
SECURITY GUARD SERVICES	U407	254	262.6		262.6	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	1.0		1.0	XXXXX
REPRESENTATION ALLOWANCE	U409	252	2.0		2.0	XXXXX

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TABLE VIII - FY 1985

ORGANIZATION USAID/Mogadishu
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		<u>2,350.2</u>	<u>212.3</u>	<u>2,562.5</u>	<u>XXXXX</u>
RENT	U501	234	<u>84.0</u>	<u>44.5</u>	<u>128.5</u>	<u>XXXXX</u>
UTILITIES	U502	234	<u> </u>	<u>67.8</u>	<u>67.8</u>	<u>XXXXX</u>
BUILDING MAINT./RENOV.	U503	259	<u>30.0</u>	<u> </u>	<u>30.0</u>	<u>XXXXX</u>
OFFICE FURN./EQUIP.	U504	310	<u>76.0</u>	<u> </u>	<u>76.0</u>	<u>XXXXX</u>
VEHICLES	U505	312	<u>51.0</u>	<u> </u>	<u>51.0</u>	<u>XXXXX</u>
OTHER EQUIPMENT	U506	319	<u>25.0</u>	<u> </u>	<u>25.0</u>	<u>XXXXX</u>
TRANSPORTATION/FREIGHT	U507	22	<u>63.5</u>	<u> </u>	<u>63.5</u>	<u>XXXXX</u>
COMMUNICATIONS	U508	230	<u>40.0</u>	<u> </u>	<u>40.0</u>	<u>XXXXX</u>
SECURITY GUARD SERVICES	U509	254	<u>53.5</u>	<u> </u>	<u>53.5</u>	<u>XXXXX</u>
PRINTING	U510	24	<u>1.0</u>	<u> </u>	<u>1.0</u>	<u>XXXXX</u>
RIG/II OPERATIONAL TRAVEL	U511	210	<u> </u>	<u> </u>	<u> </u>	
SITE VISITS - IN COUNTRY	U512	210	<u>50.2</u>	<u> </u>	<u>50.2</u>	216 TRIPS
SITE VISITS - OTHER	U513	210	<u>85.8</u>	<u> </u>	<u>85.8</u>	27 TRIPS
INFORMATION MEETINGS	U514	210	<u>12.6</u>	<u> </u>	<u>12.6</u>	10 TRIPS
TRAINING ATTENDANCE	U515	210	<u>65.7</u>	<u> </u>	<u>65.7</u>	17 TRIPS
CONFERENCE ATTENDANCE	U516	210	<u>46.3</u>	<u> </u>	<u>46.3</u>	18 TRIPS
OTHER OPERATIONAL TRAVEL	U517	210	<u>72.2</u>	<u> </u>	<u>72.2</u>	250 TRIPS
SUPPLIES AND MATERIALS	U518	26	<u>140.0</u>	<u> </u>	<u>140.0</u>	<u>XXXXX</u>
FAAS	U519	257	<u>900.0</u>	<u>100.0</u>	<u>1,000.0</u>	<u>XXXXX</u>
CONSULTING SVCS - CONT.	U520	259	<u> </u>	<u> </u>	<u> </u>	<u>XXXXX</u>
MGT./PROF. SVCS. - CONT.	U521	259	<u> </u>	<u> </u>	<u> </u>	<u>XXXXX</u>
SPEC. STUDIES/ANALYSES CONT.	U522	259	<u> </u>	<u> </u>	<u> </u>	<u>XXXXX</u>
ALL OTHER CODE 25	U523	259	<u>553.4</u>	<u> </u>	<u>553.4</u>	<u>XXXXX</u>
TOTAL O.E. BUDGET			<u>5,685.5</u>	<u>800.0</u>	<u>6,485.5</u>	<u>XXXXX</u>
RECONCILIATION			<u>2,605.5</u>	<u> </u>	<u>2,605.5</u>	<u>XXXXX</u>
OPERATING ALLOWANCE REQUEST			<u>3,080.0</u>	<u>800.0</u>	<u>3,880.0</u>	<u>XXXXX</u>

OTHER INFORMATION:

Dollar requirement for local currency costs	<u>1,030.3</u>
Exchange rate used (as of May 1, 1984)	<u>17.38</u>
Estimated Wage Increases - FY 1984 to FY 1985	<u>50%</u>
Estimated Price Increases - FY 1984 to FY 1985	<u>25%</u>

TABLE VIII(a) - Information on U.S. PSC Costs
(Function Codes U302 and U303)

ORGANIZATION USAID/Mogadishu

<u>Job Title/Position Description</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
Librarian	\$8.7 (1/84-5/84)	\$24.0 (10/84-9/85)	\$40.0 (10/85-9/86)
Management Assistant	\$31.4 (1/84-12/84)	\$40.0 (1/85-12/85)	\$40.0 (1/86-12/86)
Program Assistant	\$30.7 (2/84-01/85)	\$15.0 (10/84-12/84)	\$54.0 (10/85-09/86)
Program/CIPL Assistant	\$41.0 (12/83-02/85)	\$15.0 (01/85-03/85)	\$54.0 (10/85-09/86)
Accountant	\$30.1 (08/84-01/85)		
ADP Specialist	\$25.0 (07/84-09/84)	\$100.0 (10/84-09/85)	\$100.0 (10/85-09/86)
TOTAL	\$166.9	\$194.0	\$288.0

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TABLE VIII(b) - All Other Code 25 Detail
(Function Code U523)

ORGANIZATION USAID/MOGADISHU

<u>Description of Service</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
Personnel Services	\$392.2 (10/83-9/84)	\$461.1 (10/84-9/85)	\$572.7 (10/85-9/86)
Other Service	\$107.1 (10/83-9/84)	\$91.9 (10/84-9/85)	\$119.3 (10/85-9/86)
<u>TOTAL</u>	<u>\$499.3</u>	<u>\$553.0</u>	<u>\$692.0</u>

FY 1985 OPERATING EXPENSE NARRATIVE
USAID/MOGADISHU

SECTION A - MANAGEMENT IMPROVEMENTS. It is our interest here to dwell upon internal and financial control in the broadest sense rather than pinpoint discrete instances of management improvement relating to operating expenses and workforce. In the broader sense we have and are continuing our efforts in establishing, evaluating and improving controls related to active program and administrative activities. Our new programs will incorporate effective systems of internal control in order to achieve our goal of detecting weaknesses and reducing vulnerability. Also, in the broader sense, the system insures that obligations and expenditures are in compliance with legislative and administrative constraints; that funds and property are safeguarded against loss or unauthorized use and that transactions are properly recorded to permit preparation of reliable financial and statistical reports.

SECTION B - JUSTIFICATION FOR FUNDING CHANGE. Not applicable

SECTION C - TRUST FUNDS. The operating expense portion of the trust fund for this fiscal year will be slightly less than that for the previous year. This is because, as previously stated, the amount available is a percentage of local currencies generated by the Commercial Import Program and because of an approximate 3% decrease in the program generations were a bit depressed, thus lowering the contribution to the trust fund. The probability of success in obtaining the smaller amount is high.

TABLE VIII - FY 1985 "ADJUSTED"

ORGANIZATION USAID/Mogadishu
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		<u>2,898.1</u>		<u>2,898.1</u>	<u>XXXXX</u>
U.S. CITIZENS BASIC PAY	U101	110	<u>1,266.0</u>		<u>1,266.0</u>	<u>29</u> Wk/Yrs
PT/TEMP U.S. BASIC PAY	U102	112	<u>51.0</u>		<u>51.0</u>	<u>2</u>
DIFFERENTIAL PAY	U103	116	<u>254.5</u>		<u>254.5</u>	<u>XXXXX</u>
OTHER AID/W FUNDED O.C. 11	U104	119	<u>50.9</u>		<u>50.9</u>	<u>XXXXX</u>
OTHER MISSION FUNDED O.C 11	U105	119				<u>XXXXX</u>
EDUCATION ALLOWANCES	U106	126	<u>223.6</u>		<u>223.6</u>	<u>27</u> DEPS
RETIREMENT - U.S.	U107	120	<u>109.7</u>		<u>109.7</u>	<u>XXXXX</u>
LIVING ALLOWANCES	U108	128	<u>22.8</u>		<u>22.8</u>	<u>XXXXX</u>
OTHER AID/W FUNDED O.C. 12	U109	129	<u>46.2</u>		<u>46.2</u>	<u>XXXXX</u>
OTHER MISSION FUNDED O.C.12	U110	129	<u>42.3</u>		<u>42.3</u>	<u>XXXXX</u>
POST ASSIGNMENT - TRAVEL	U111	212	<u>59.5</u>		<u>59.5</u>	<u>11</u> ASSMTS
POST ASSIGNMENT - FREIGHT	U112	22	<u>355.0</u>		<u>355.0</u>	<u>11</u> ASSMTS
HOME LEAVE - TRAVEL	U113	212	<u>64.4</u>		<u>64.4</u>	<u>18</u> MVMTS
HOME LEAVE - FREIGHT	U114	22	<u>188.5</u>		<u>188.5</u>	<u>18</u> MVMTS
EDUCATION TRAVEL	U115	215	<u>30.0</u>		<u>30.0</u>	<u>10</u> MVMTS
R AND R TRAVEL	U116	215	<u>98.7</u>		<u>98.7</u>	<u>36</u> MVMTS
ALL OTHER CODE 215 TRAVEL	U117	215	<u>35.0</u>		<u>35.0</u>	<u>31</u> MVMTS
<u>FOREIGN NATIONAL DH</u>	U200		<u>96.9</u>		<u>96.9</u>	<u>XXXXX</u>
BASIC PAY	U201	114	<u>78.9</u>		<u>78.9</u>	<u>10</u> Wk/Yrs
OVERTIME, HOLIDAY PAY	U202	115	<u>7.9</u>		<u>7.9</u>	<u>1</u>
ALL OTHER CODE 11 - FN	U203	119	<u>2.7</u>		<u>2.7</u>	<u>XXXXX</u>
ALL OTHER CODE 12 - FN	U204	129	<u>4.4</u>		<u>4.4</u>	<u>XXXXX</u>
BENEFITS FORMER FN PERS.	U205	13	<u>3.0</u>		<u>3.0</u>	<u>XXXXX</u>
<u>CONTRACT PERSONNEL</u>	U300		<u>255.8</u>	<u>55.2</u>	<u>311.0</u>	<u>XXXXX</u>
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	<u>169.0</u>		<u>169.0</u>	<u>3</u> Wk/Yrs
ALL OTHER U.S. PSC COSTS	U303	255	<u>25.0</u>		<u>25.0</u>	<u>XXXXX</u>
F.N. PSC - SALARY/BENEFITS	U304	113		<u>49.2</u>	<u>49.2</u>	<u>2</u> Wk/Yrs
ALL OTHER F.N. PSC COSTS	U305	255		<u>6.0</u>	<u>6.0</u>	<u>XXXXX</u>
JCC COSTS PAID BY AID/W	U306	113	<u>61.8</u>		<u>61.8</u>	<u>1</u> Wk/Yr
<u>HOUSING</u>	U400		<u>525.7</u>	<u>519.7</u>	<u>1,045.4</u>	<u>XXXXX</u>
RENT	U401	235	<u>48.8</u>	<u>376.3</u>	<u>425.1</u>	<u>34</u> Res/Yrs
UTILITIES	U402	235	<u>107.8</u>	<u>143.4</u>	<u>251.2</u>	<u>XXXXX</u>
RENOVATION AND MAINT.	U403	259	<u>30.0</u>		<u>30.0</u>	<u>XXXXX</u>
QUARTERS ALLOWANCE	U404	127				
PURCHASES RES. FURN/EQUIP.	U405	311	<u>32.0</u>		<u>32.0</u>	<u>XXXXX</u>
TRANS./FREIGHT - CODE 311	U406	22	<u>16.0</u>		<u>16.0</u>	<u>XXXXX</u>
SECURITY GUARD SERVICES	U407	254	<u>288.1</u>		<u>288.1</u>	<u>XXXXX</u>
OFFICIAL RESIDENCE ALLOW.	U408	254	<u>1.0</u>		<u>1.0</u>	<u>XXXXX</u>
REPRESENTATION ALLOWANCE	U409	252	<u>2.0</u>		<u>2.0</u>	<u>XXXXX</u>

TABLE VIII - FY 1985 "ADJUSTED"

ORGANIZATION USAID/Mogadishu
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		<u>2,334.4</u>	<u>225.1</u>	<u>2,559.5</u>	<u>XXXXX</u>
RENT	U501	234	<u>84.0</u>	<u>44.5</u>	<u>128.5</u>	<u>XXXXX</u>
UTILITIES	U502	234		<u>67.8</u>	<u>67.8</u>	<u>XXXXX</u>
BUILDING MAINT./RENOV.	U503	259	<u>30.0</u>		<u>30.0</u>	<u>XXXXX</u>
OFFICE FURN./EQUIP.	U504	310	<u>76.0</u>		<u>76.0</u>	<u>XXXXX</u>
VEHICLES	U505	312	<u>51.0</u>		<u>51.0</u>	<u>XXXXX</u>
OTHER EQUIPMENT	U506	319	<u>25.0</u>		<u>25.0</u>	<u>XXXXX</u>
TRANSPORTATION/FREIGHT	U507	22	<u>63.5</u>		<u>63.5</u>	<u>XXXXX</u>
COMMUNICATIONS	U508	230	<u>40.0</u>		<u>40.0</u>	<u>XXXXX</u>
SECURITY GUARD SERVICES	U509	254	<u>53.5</u>		<u>53.5</u>	<u>XXXXX</u>
PRINTING	U510	24	<u>1.0</u>		<u>1.0</u>	<u>XXXXX</u>
RIG/II OPERATIONAL TRAVEL	U511	210				
SITE VISITS - IN COUNTRY	U512	210	<u>50.2</u>		<u>50.2</u>	<u>216 TRIPS</u>
SITE VISITS - OTHER	U513	210	<u>85.8</u>		<u>85.8</u>	<u>27 TRIPS</u>
INFORMATION MEETINGS	U514	210	<u>9.6</u>		<u>9.6</u>	<u>10 TRIPS</u>
TRAINING ATTENDANCE	U515	210	<u>65.7</u>		<u>65.7</u>	<u>17 TRIPS</u>
CONFERENCE ATTENDANCE	U516	210	<u>46.3</u>		<u>46.3</u>	<u>18 TRIPS</u>
OTHER OPERATIONAL TRAVEL	U517	210	<u>72.2</u>		<u>72.2</u>	<u>250 TRIPS</u>
SUPPLIES AND MATERIALS	U518	26	<u>140.0</u>		<u>140.0</u>	<u>XXXXX</u>
FAAS	U519	257	<u>887.2</u>	<u>112.8</u>	<u>1,000.0</u>	<u>XXXXX</u>
CONSULTING SVCS - CONT.	U520	259				<u>XXXXX</u>
MGT./PROF. SVCS. - CONT.	U521	259				<u>XXXXX</u>
SPEC. STUDIES/ANALYSES CONT.	U522	259				<u>XXXXX</u>
ALL OTHER CODE 25	U523	259	<u>553.4</u>		<u>553.4</u>	<u>XXXXX</u>
TOTAL O.E. BUDGET			<u>6,110.9</u>	<u>800.0</u>	<u>6,910.9</u>	<u>XXXXX</u>
RECONCILIATION			<u>2,727.3</u>		<u>2,727.3</u>	<u>XXXXX</u>
OPERATING ALLOWANCE REQUEST			<u>3,383.6</u>	<u>800.0</u>	<u>4,183.6</u>	<u>XXXXX</u>
OTHER INFORMATION:						
Dollar requirement for local currency costs				<u>1,121.6</u>		
Exchange rate used (as of May 1, 1984)				<u>17.38</u>		
Estimated Wage Increases - FY 1984 to FY 1985				<u>50%</u>		
Estimated Price Increases - FY 1984 to FY 1985				<u>25%</u>		

**TABLE VIII(a) - Information on U.S. PSC Costs
(Function Codes U302 and U303)**

ORGANIZATION USAID/Mogadishu

<u>Job Title/Position Description</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
Librarian	\$8.7 (1/84-5/84)	\$24.0 (10/84-9/85)	\$40.0 (1-/85-9/86)
Management Assistant	\$31.4 (1/84-12/84)	\$40.0 (1/85-12/85)	\$40.0 (1/86-12/86)
Program Assistant	\$30.7 (2/84-01/85)	\$15.0 (10/84-12/84)	\$54.0 (10/85-09/86)
Program/CIPL Assistant	\$41.0 (12/83-02/85)	\$15.0 (01/85-03/85)	\$54.0 (10/85-09/86)
Accountant	\$30.1 (08/84-01/85)		
ADP Specialist	\$25.0 (07/84-09/84)	\$100.0 (10/84-09/85)	\$100.0 (10/85-09/86)
TOTAL	\$166.9	\$194.0	\$288.0

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TABLE VIII(b) - All Other Code 25 Detail
(Function Code U523)

ORGANIZATION USAID/MOGADISHU

<u>Description of Service</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
Personnel Services	\$392.2 (10/83-9/84)	\$461.1 (10/84-9/85)	\$572.7 (10/85-9/86)
Other Service	\$107.1 (10/83-9/84)	\$91.9 (10/84-9/85)	\$119.3 (10/85-9/86)
TOTAL	\$499.3	\$553.0	\$692.0

FY 1985 ADJUSTED OPERATING EXPENSE BUDGET NARRATIVE
USAID/MOGADISHU

SECTION A - MANAGEMENT IMPROVEMENTS. It is our interest here to dwell upon internal and financial control in the broadest sense rather than pinpoint discrete instances of management improvement relating to operating expenses and workforce. In the broader sense we have and are continuing our efforts in establishing, evaluative and improving controls related to active program and administrative activities. Our new programs will incorporate effective systems of internal control in order to achieve our goal of detecting weaknesses and reducing vulnerability. Also, in the broader sense, the system insures that obligations and expenditures are in compliance with legislative and administrative constraints; that funds and property are safeguarded against loss or unauthorized use and that transactions are properly recorded to permit preparation of reliable financial and statistical reports.

SECTION B - JUSTIFICATION FOR FUNDING CHANGE. The adjusted Table VIII, of which this statement is a part, is submitted because the Mission strongly feels that the approved workyear levels are entirely inadequate and we wish to identify funding changes required to obtain minimum required adjustments in the workyear level. We are convinced that the Mission has suffered more from AID/W failure to give priority to establishing and filling critical positions than from any other staffing problems. Better backstop support would reduce our management problems. The combination of few positions, the size of our program and a high vacancy rate forces us to seek other more expensive resources including PASA, personal service, direct and host country contractor and PVO personnel. We are finding it extremely difficult to operate a major AID Program with inadequate financial and workforce resources.

SECTION C - TRUST FUNDS. The operating expense portion of the trust fund for this fiscal year will be slightly less than that for the previous year. This is because, as previously stated, the amount available is a percentage of local currencies generated by the Commercial Import Program and because of an approximate 3% decrease in the program generations were a bit depressed, thus lowering the contribution to the trust fund. The probability of success in obtaining the smaller amount is high.

TABLE VIII - FY 1986

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USAID/MOGADISHU
ORGANIZATION
 (Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		2,643.5		2,643.5	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1,218.5		1,218.5	26.7 Wk/Yrs
PT/TEMP U.S. BASIC PAY	U102	112	51.0		51.0	2 Wk/Yrs
DIFFERENTIAL PAY	U103	116	241.4		241.4	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	48.3		48.3	XXXXX
OTHER MISSION FUNDED O.C 11	U105	119				XXXXX
EDUCATION ALLOWANCES	U106	126	290.6		290.6	33 DEPS
RETIREMENT - U.S.	U107	120	105.7		105.7	XXXXX
LIVING ALLOWANCES	U108	128	22.0		22.0	XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	42.5		42.5	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	25.2		25.2	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	33.0		33.0	6 ASSMIS
POST ASSIGNMENT - FREIGHT	U112	22	217.8		217.8	6 ASSMIS
HOME LEAVE - TRAVEL	U113	212	62.4		62.4	14 MVMIS
HOME LEAVE - FREIGHT	U114	22	181.1		181.1	14 MVMIS
EDUCATION TRAVEL	U115	215	8.8		8.8	4 MVMIS
R AND R TRAVEL	U116	215	64.4		64.4	24 MVMIS
ALL OTHER CODE 215 TRAVEL	U117	215	30.8		30.8	28 MVMIS
<u>FOREIGN NATIONAL DH</u>	U200		120.0		120.0	XXXXX
BASIC PAY	U201	114	98.6		98.6	10 W/k/Yrs
OVERTIME, HOLIDAY PAY	U202	115	9.9		9.9	1 Wk/Yrs
ALL OTHER CODE 11 - FN	U203	119	3.4		3.4	XXXXX
ALL OTHER CODE 12 - FN	U204	129	4.4		4.4	XXXXX
BENEFITS FORMER FN PERS.	U205	13	3.7		3.7	XXXXX
<u>CONTRACT PERSONNEL</u>	U300		349.8	67.7	417.5	XXXXX
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	238.0		238.0	5 Wk/Yrs
ALL OTHER U.S. PSC COSTS	U303	255	50.0		50.0	XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113		61.5	61.5	2 Wk/Yrs
ALL OTHER F.N. PSC COSTS	U305	255		6.2	6.2	XXXXX
JCC COSTS PAID BY AID/W	U306	113	61.8		61.8	1 Wk/Yrs
<u>HOUSING</u>	U400		510.1	742.2	1,252.3	XXXXX
RENT	U401	235	62.6	454.2	516.8	33 Res/Yrs
UTILITIES	U402	235	37.0	268.0	305.0	XXXXX
RENOVATION AND MAINT.	U403	259	10.0	20.0	30.0	XXXXX
QUARTERS ALLOWANCE	U404	127				
PURCHASES RES. FURN/EQUIP.	U405	311	32.0		32.0	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	16.0		16.0	XXXXX
SECURITY GUARD SERVICES	U407	254	349.5		349.5	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	1.0		1.0	XXXXX
REPRESENTATION ALLOWANCE	U409	252	2.0		2.0	XXXXX

TABLE VIII - FY 1986

ORGANIZATION USAID/Mogadishu
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		<u>1,984.2</u>	<u>940.1</u>	<u>2,924.3</u>	<u>XXXXX</u>
RENT	U501	234	<u>84.0</u>	<u>50.7</u>	<u>134.7</u>	<u>XXXXX</u>
UTILITIES	U502	234	<u>5.0</u>	<u>84.8</u>	<u>84.8</u>	<u>XXXXX</u>
BUILDING MAINT./RENOV.	U503	259	<u>76.0</u>	<u>10.0</u>	<u>15.0</u>	<u>XXXXX</u>
OFFICE FURN./EQUIP.	U504	310	<u>36.0</u>		<u>76.0</u>	<u>XXXXX</u>
VEHICLES	U505	312	<u>35.0</u>		<u>36.0</u>	<u>XXXXX</u>
OTHER EQUIPMENT	U506	319	<u>63.5</u>		<u>35.0</u>	<u>XXXXX</u>
TRANSPORTATION/FREIGHT	U507	22			<u>63.5</u>	<u>XXXXX</u>
COMMUNICATIONS	U508	230		<u>40.0</u>	<u>40.0</u>	<u>XXXXX</u>
SECURITY GUARD SERVICES	U509	254	<u>1.5</u>		<u>66.9</u>	<u>XXXXX</u>
PRINTING	U510	24			<u>1.5</u>	<u>XXXXX</u>
RIG/II OPERATIONAL TRAVEL	U511	210				
SITE VISITS - IN COUNTRY	U512	210	<u>53.0</u>		<u>53.0</u>	<u>140 TRIPS</u>
SITE VISITS - OTHER	U513	210	<u>97.0</u>		<u>97.0</u>	<u>30 TRIPS</u>
INFORMATION MEETINGS	U514	210	<u>11.5</u>		<u>11.5</u>	<u>12 TRIPS</u>
TRAINING ATTENDANCE	U515	210	<u>49.6</u>		<u>49.6</u>	<u>18 TRIPS</u>
CONFERENCE ATTENDANCE	U516	210	<u>25.2</u>		<u>25.2</u>	<u>22 TRIPS</u>
OTHER OPERATIONAL TRAVEL	U517	210	<u>70.0</u>	<u>12.6</u>	<u>82.6</u>	<u>180 TRIPS</u>
SUPPLIES AND MATERIALS	U518	26	<u>50.0</u>	<u>100.0</u>	<u>150.0</u>	<u>XXXXX</u>
FAAS	U519	257	<u>650.0</u>	<u>600.0</u>	<u>1,250.0</u>	<u>XXXXX</u>
CONSULTING SVCS - CONT.	U520	259				<u>XXXXX</u>
MGT./PROF. SVCS. - CONT.	U521	259				<u>XXXXX</u>
SPEC. STUDIES/ANALYSES CONT.	U522	259				<u>XXXXX</u>
ALL OTHER CODE 25	U523	259	<u>610.0</u>	<u>42.0</u>	<u>652.0</u>	<u>XXXXX</u>
TOTAL O.E. BUDGET			<u>5,607.6</u>	<u>1,750.0</u>	<u>7,357.6</u>	<u>XXXXX</u>
RECONCILIATION			<u>2,419.2</u>		<u>2,419.2</u>	<u>XXXXX</u>
OPERATING ALLOWANCE REQUEST			<u>3,188.4</u>	<u>1,750.0</u>	<u>4,938.4</u>	<u>XXXXX</u>
OTHER INFORMATION:						
Dollar requirement for local currency costs				<u>1,137.5</u>		
Exchange rate used (as of May 1, 1984)				<u>17.38</u>		
Estimated Wage Increases - FY 1985 to FY 1986				<u>25%</u>		
Estimated Price Increases - FY 1985 to FY 1986				<u>25%</u>		

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TABLE VIII(a) - Information on U.S. PSC Costs
(Function Codes U302 and U303)

ORGANIZATION USAID/Mogadishu

<u>Job Title/Position Description</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
Librarian	\$8.7 (1/84-5/84)	\$24.0 (10/84-9/85)	\$40.0 (10/85-9/86)
Management Assistant	\$31.4 (1/84-12/84)	\$40.0 (1/85-12/85)	\$40.0 (1/86-12/86)
Program Assistant	\$30.7 (2/84-01/85)	\$15.0 (10/84-12/84)	\$54.0 (10/85-09/86)
Program/CIPL Assistant	\$41.0 (12/83-02/85)	\$15.0 (01/85-03/85)	\$54.0 (10/85-09/86)
Accountant	\$30.1 (08/84-01/85)		
ADP Specialist	\$25.0 (07/84-09/84)	\$100.0 (10/84-09/85)	\$100.0 (10/85-09/86)
TOTAL	\$166.9	\$194.0	\$288.0

TABLE VIII(b) - All Other Code 25 Detail
(Function Code U523)

ORGANIZATION USAID/MOGADISHU

<u>Description of Service</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
Personnel Services	\$392.2 (10/83-9/84)	\$461.1 (10/84-9/85)	\$572.7 (10/85-9/86)
Other Service	\$107.1 (10/83-9/84)	\$91.9 (10/84-9/85)	\$119.3 (10/85-9/86)
TOTAL	\$499.3	\$553.0	\$692.0

FY 1986 OPERATING EXPENSE BUDGET NARRATIVE
USAID/MOGADISHU

SECTION A - MANAGEMENT IMPROVEMENTS. It is our interest here to dwell upon internal and financial control in the broadest sense rather than pinpoint discrete instances of management improvement relating to operating expenses and workforce. In the broader sense we have and are continuing our efforts in establishing, evaluating and improving controls related to active program and administrative activities. Our new programs will incorporate effective systems of internal control in order to achieve our goal of detecting weaknesses and reducing vulnerability. Also, in the broader sense, the system insures that obligations and expenditures are in compliance with legislative and administrative constraints; that funds and property are safeguarded against loss or unauthorized use and that transactions are properly recorded to permit preparation of reliable financial and statistical reports.

SECTION B - JUSTIFICATION FOR FUNDING CHANGE. Not applicable.

SECTION C. - TRUST FUNDS. As previously stated, the operating expense portion of the trust fund derives from local currencies generated by the Commercial Import Program and is limited to a percentage of currencies thus generated. For this fiscal year we anticipate a larger trust fund contribution from the host government because of an expected major increase in the Commodity Import Program, thus enlarging the local currency generations to which a fixed percentage is applied. The probability of success in obtaining this larger amount is good.

TABLE VIII - FY 1986 - Adjusted

ORGANIZATION USAID/Mogadishu
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		2,965.0		2,965.0	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1,315.6		1,315.6	29.9 Wk/Yrs
PT/TEMP U.S. BASIC PAY	U102	112	51.0		51.0	2
DIFFERENTIAL PAY	U103	116	264.0		264.0	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	52.8		52.8	XXXXX
OTHER MISSION FUNDED O.C 11	U105	119				XXXXX
EDUCATION ALLOWANCES	U106	126	323.8		323.8	36 Deps
RETIREMENT - U.S.	U107	120	114.0		114.0	XXXXX
LIVING ALLOWANCES	U108	128	23.7		23.7	XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	47.5		47.5	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	30.6		30.6	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	42.5		42.5	8 ASSMTS
POST ASSIGNMENT - FREIGHT	U112	22	283.8		283.8	8 ASSMTS
HOME LEAVE - TRAVEL	U113	212	71.2		71.2	16 MMMS
HOME LEAVE - FREIGHT	U114	22	221.3		221.3	16 MMMS
EDUCATION TRAVEL	U115	215	13.2		13.2	6 MMMS
R AND R TRAVEL	U116	215	75.9		75.9	28 MMMS
ALL OTHER CODE 215 TRAVEL	U117	215	34.1		34.1	31 MMMS
<u>FOREIGN NATIONAL DH</u>	U200		120.0		120.0	XXXXX
BASIC PAY	U201	114	98.6		98.6	10 Wk/Yrs
OVERTIME, HOLIDAY PAY	U202	115	9.9		9.9	1 Wk/Yrs
ALL OTHER CODE 11 - FN	U203	119	3.4		3.4	XXXXX
ALL OTHER CODE 12 - FN	U204	129	4.4		4.4	XXXXX
BENEFITS FORMER FN PERS.	U205	13	3.7		3.7	XXXXX
<u>CONTRACT PERSONNEL</u>	U300		349.8	67.7	417.5	XXXXX
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	238.0		238.0	5 Wk/Yrs
ALL OTHER U.S. PSC COSTS	U303	255	50.0		50.0	XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113		61.5	61.5	2 Wk/Yrs
ALL OTHER F.N. PSC COSTS	U305	255		6.2	6.2	XXXXX
JCC COSTS PAID BY AID/W	U306	113	61.8		61.8	1 Wk/Yrs
<u>HOUSING</u>	U400		650.6	747.0	1,397.6	XXXXX
RENT	U401	235	94.0	469.8	563.8	36 Res/Yrs
UTILITIES	U402	235	55.4	277.2	332.6	XXXXX
RENOVATION AND MAINT.	U403	259	45.0		45.0	XXXXX
QUARTERS ALLOWANCE	U404	127				
PURCHASES RES. FURN/EQUIP.	U405	311	48.0		48.0	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	24.0		24.0	XXXXX
SECURITY GUARD SERVICES	U407	254	381.2		381.2	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	1.0		1.0	XXXXX
REPRESENTATION ALLOWANCE	U409	252	2.0		2.0	XXXXX

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TABLE VIII - FY 1986 - Adjusted

ORGANIZATION USAID/Mogadishu
(Including RIG Costs if Applicable)

<u>EXPENSE CATEGORY</u>	<u>F.C.</u>	<u>O.C.</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		<u>1,989.0</u>	<u>935.3</u>	<u>2,924.3</u>	<u>XXXXX</u>
RENT	U501	234	<u>84.0</u>	<u>50.7</u>	<u>134.7</u>	<u>XXXXX</u>
UTILITIES	U502	234		<u>84.8</u>	<u>84.8</u>	<u>XXXXX</u>
BUILDING MAINT./RENOV.	U503	259	<u>5.0</u>	<u>10.0</u>	<u>15.0</u>	<u>XXXXX</u>
OFFICE FURN./EQUIP.	U504	310	<u>76.0</u>		<u>76.0</u>	<u>XXXXX</u>
VEHICLES	U505	312	<u>36.0</u>		<u>36.0</u>	<u>XXXXX</u>
OTHER EQUIPMENT	U506	319	<u>35.0</u>		<u>35.0</u>	<u>XXXXX</u>
TRANSPORTATION/FREIGHT	U507	22	<u>63.5</u>		<u>63.5</u>	<u>XXXXX</u>
COMMUNICATIONS	U508	230		<u>40.0</u>	<u>40.0</u>	<u>XXXXX</u>
SECURITY GUARD SERVICES	U509	254	<u>66.9</u>		<u>66.9</u>	<u>XXXXX</u>
PRINTING	U510	24	<u>1.5</u>		<u>1.5</u>	<u>XXXXX</u>
RIG/II OPERATIONAL TRAVEL	U511	210				
SITE VISITS - IN COUNTRY	U512	210	<u>53.0</u>		<u>53.0</u>	<u>140 TRIPS</u>
SITE VISITS - OTHER	U513	210	<u>97.0</u>		<u>97.0</u>	<u>30 TRIPS</u>
INFORMATION MEETINGS	U514	210	<u>11.5</u>		<u>11.5</u>	<u>12 TRIPS</u>
TRAINING ATTENDANCE	U515	210	<u>49.6</u>		<u>49.6</u>	<u>18 TRIPS</u>
CONFERENCE ATTENDANCE	U516	210	<u>25.2</u>		<u>25.2</u>	<u>22 TRIPS</u>
OTHER OPERATIONAL TRAVEL	U517	210	<u>74.8</u>	<u>7.8</u>	<u>82.6</u>	<u>180 TRIPS</u>
SUPPLIES AND MATERIALS	U518	26	<u>50.0</u>	<u>100.0</u>	<u>150.0</u>	<u>XXXXX</u>
FAAS	U519	257	<u>650.0</u>	<u>600.0</u>	<u>1,250.0</u>	<u>XXXXX</u>
CONSULTING SVCS - CONT.	U520	259				<u>XXXXX</u>
MGT./PROF. SVCS. - CONT.	U521	259				<u>XXXXX</u>
SPEC. STUDIES/ANALYSES CONT.	U522	259				<u>XXXXX</u>
ALL OTHER CODE 25	U523	259	<u>610.0</u>	<u>42.0</u>	<u>652.0</u>	<u>XXXXX</u>
TOTAL O.E. BUDGET			<u>6,074.4</u>	<u>1,750.0</u>	<u>7,824.4</u>	<u>XXXXX</u>
RECONCILIATION			<u>2,556.7</u>		<u>2,556.7</u>	<u>XXXXX</u>
OPERATING ALLOWANCE REQUEST			<u>3,517.7</u>	<u>1,750.0</u>	<u>5,267.7</u>	<u>XXXXX</u>
OTHER INFORMATION:						
Dollar requirement for local currency costs				<u>1,249.0</u>		
Exchange rate used (as of May 1, 1984)				<u>17.38</u>		
Estimated Wage Increases - FY 1985 to FY 1986				<u>25%</u>		
Estimated Price Increases - FY 1985 to FY 1986				<u>25%</u>		

**TABLE VIII(a) - Information on U.S. PSC Costs
(Function Codes U302 and U303)**

ORGANIZATION USAID/Mogadishu

<u>Job Title/Position Description</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
Librarian	\$8.7 (1/84-5/84)	\$24.0 (10/84-9/85)	\$40.0 (10/85-9/86)
Management Assistant	\$31.4 (1/84-12/84)	\$40.0 (1/85-12/85)	\$40.0 (1/86-12/86)
Program Assistant	\$30.7 (2/84-01/85)	\$15.0 (10/84-12/84)	\$54.0 (10/85-09/86)
Program/CIPL Assistant	\$41.0 (12/83-02/85)	\$15.0 (01/85-03/85)	\$54.0 (10/85-09/86)
Accountant	\$30.1 (08/84-01/85)		
ADP Specialist	\$25.0 (07/84-09/84)	\$100.0 (10/84-09/85)	\$100.0 (10/85-09/86)
TOTAL	\$166.9	\$194.0	\$288.0

TABLE VIII(b) - All Other Code 25 Detail
(Function Code U523)

ORGANIZATION USAID/MOGADISHU

<u>Description of Service</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
Personnel Services	\$392.2 (10/83-9/84)	\$461.1 (10/84-9/85)	\$572.7 (10/85-9/86)
Other Service	\$107.1 (10/83-9/84)	\$91.9 (10/84-9/85)	\$119.3 (10/85-9/86)
<u>TOTAL</u>	<u>\$499.3</u>	<u>\$553.0</u>	<u>\$692.0</u>

FY 1986 ADJUSTED OPERATING EXPENSE NARATIVE
USAID/MOGADISHU

SECTION A - MANAGEMENT IMPROVEMENT. It is our interest here to dwell upon internal and financial control in the broadest sense rather than pinpoint discrete instances of management improvement relating to operating expenses and workforce. In the broader sense we have and are continuing our efforts in establishing, evaluating and improving controls related to active program and administrative activities. Our new programs will incorporate effective systems of internal control in order to achieve our goal of detecting weaknesses and reducing vulnerability. Also, in the broader sense, the system insures that obligations and expenditures are in compliance with legislative and administrative constraints; that funds and property are safeguarded against loss or unauthorized use and that transactions are properly recorded to permit preparation of reliable financial and statistical reports.

SECTION B - JUSTIFICATION FOR FUNDING CHANGE. The increased costs reflected in this budget as compared to the FY 1985 ADJUSTED Operating Expense Budget is attributable to two principal factors; inflation and an increase in the estimated number of dependents of employees.

SECTION C - TRUST FUND. As previously stated, the operating expense portion of the trust fund derives from local currencies generated by the Commercial Import Program and is limited to a percentage of currencies thus generated. For this fiscal year we anticipate a larger trust fund contribution from the host government because of an expected major increase in the Commodity Import Program, thus enlarging the local currency generations to which a fixed percentage is applied. The probability of success in obtaining this larger amount is good.

USAID/Mogadishu

TABLE VIII(C)

ADP INFORMATION TECHNOLOGY

1. The Mission now has installed one ADP unit, a personally owned portable computer, for which the Mission has issued a purchase order for use on a temporary basis. A Wang OIS 140 with three work stations was delivered in late 1983 and the UPS was installed in April 1984 but we are still awaiting arrival of the Wang PCs with printers which are to be shipped in mid-June 1984.
2. The Mission plans to utilize this equipment for a broad range of functions. Word processing is clearly a primary core use. Our experience over the past year with a single private portable indicates that demand for this function is exceptionally high. We have also begun to explore various data base applications which will be established for the Wang PCs or through list processing in the OIS. These include, inter alia, library and bibliography use, management and tracking of participant trainees, programming of local currency and local currency project records and management of CIP applications and deliveries. On the projects side, we intend to utilize spread sheet analysis methods for budget preparation and economic analysis of projects as well as for macro-economic data collation and analysis. We also intend to install an automated project tracking system which will assist in project implementation planning and monitoring.
3. We plan to review early experience with the OIS and PCs in late CY 1984 and anticipate that the review will show the need for additional workstations and PCs. We have planned to procure four additional units (workstations or PCs) in both FY 85 and FY 86. We foresee the need to purchase additional software packages for project management and possibly accounting in FY 85 and FY 86. In connection with each of these, there may be a need for some customizing of purchased packages to suit our specific purposes.

TABLE VIII(c)
OBLIGATIONS FOR ACQUISITION, OPERATION
AND USE OF INFORMATION TECHNOLOGY SYSTEMS

<u>Item and Explanation</u>	<u>Fiscal Years (\$000)</u>		
	<u>1984</u>	<u>1985</u>	<u>1986</u>
1. <u>Capital Investment</u>	42.5	57.0	50.0
A. <u>Purchase of Hardware</u>			
Purchase of automation equipment by the Mission; such as WANG VS mini-computer, WANG OIS System, WANG WP equipment and micro-computers and their associated workstations/terminals, printers and telecommunications modems.			
B. <u>Purchase of Software</u>	1.6	7.0	3.0
Purchase of software by the Mission to operate an existing or new automation equipment (hardware) such as CP/M, Multiplan, DBASE II and Microstat, LOTUS 1-2-3, etc.			
C. <u>Site and Facility</u>	38.1	7.0	5.0
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 and uninterruptible power sources.			
SUBTOTAL	<u>82.2</u>	<u>71.0</u>	<u>58.0</u>

TABLE VIII(c) (continued)

<u>Item and Explanation</u>	<u>Fiscal Years (\$000)</u>		
	<u>1984</u>	<u>1985</u>	<u>1986</u>
2. <u>Personnel</u> Mission will provide requirements below for personnel involved in the information technology functions, such as systems development and operation, and the percentage of management and secretarial personnel also involved. Personnel that use systems will not be included.			
A. <u>Compensation, Benefits and Travel</u>	65.0	65.0	65.0
B. <u>Workyears</u>	(1.0)	(1.0)	(1.0)
<hr/>			
3. <u>Equipment Rental, Space and Other Operating Costs</u>			
A. <u>Lease of Equipment</u> Obligations for lease and maintenance of non-government owned equipment (rented equipment)			
B. <u>Space</u> Obligations for lease of space to house automation equipment, office space for personnel (direct-hire and contractor) involved in the information technology function (See 2A&B) including basic utilities and house keeping services.			

TABLE VIII(c) (continued)

<u>Item and Explanation</u>	<u>Fiscal Years (\$000)</u>		
	<u>1984</u>	<u>1985</u>	<u>1986</u>
C. <u>Supplies and Other</u> Obligations for supplies and software rental (not included in a rental contract for equipment)	1.1	25.0	25.0
D. <u>Non-Commercial Training</u> Obligations for planning and conducting government operated training to prepare users to make effective use of automation resources.	1.1	15.0	10.0
SUBTOTAL	<u>2.2</u>	<u>40.0</u>	<u>35.0</u>

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 and modems to reach the American Embassy's, Office of Communications for the purpose of the transmission of data to and from AID/W.

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).

TABLE VIII(c) (continued)

<u>Item and Explanation</u>	<u>Fiscal Years (\$000)</u>		
	<u>1984</u>	<u>1985</u>	<u>1986</u>
C. (2) <u>Maintenance</u> 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.	7.3	10.0	15.0
D. <u>Systems Analysis and Programming</u> Obligations for contractor services to design and program new ADP or OIS application systems and to maintain existing systems.	25.0	100.0	100.0
E. <u>System Design and Engineering</u> (Do not complete - OMB requirement not applicable to AID.)	XXXX	XXXX	XXXX
F. <u>Studies and Other</u> Obligations for management and feasibility studies, requirement definitions, and commercial training.		5.0	5.0
SUBTOTAL	<u>32.3</u>	<u>115.0</u>	<u>120.0</u>
<hr/>			
5. TOTALS	116.7	226.0	213.0
Total Obligations	<u>65.0</u>	<u>65.0</u>	<u>65.0</u>
Workyears (From item 2A)	(<u>1.0</u>)	(<u>1.0</u>)	(<u>1.0</u>)
<hr/>			
6. <u>Special Breakout</u>	99.5	220.0	220.0
A. <u>Amounts included in Mission allowances for existing systems.</u> (Includes 2A, 3, and 4) (Services for equipment in place only.)			
B. <u>Amounts included in Mission allowances for new or expanded systems.</u> (Includes 1, 2A, 3 and 4.) (Equipment and services for new efforts beginning during the fiscal year.)	181.7	291.0	278.0

FY 1984 VIII - TRAINING SUPPLEMENT
USAID/MOGADISHU

1. PROJECT IMPLEMENTATION TRAINING

UNITS - 3

FUNDING - \$8.5

2. DEVELOPMENT STUDIES PROGRAM

None

3. LANGUAGE TRAINING

None

4. TECHNICAL TRAINING

Not applicable

5. MANAGEMENT SKILLS

Not applicable

FY 1985 TABLE VIII - TRAINING SUPPLEMENT
USAID/MOGADISHU

1. PROJECT IMPLEMENTATION TRAINING

UNITS - 9

FUNDING - \$23.7

2. DEVELOPMENT STUDIES PROGRAM

DSP A - None

DSP B - 2 trainees

3. LANGUAGE TRAINING

None

4. TECHNICAL TRAINING

RD/AG - 1 trainee

H/POP - None

PE - None

5. MANAGEMENT SKILLS

FS-2 - 1 trainee

SES - None

FY 1985 TABLE VIII ADJUSTED - TRAINING SUPPLEMENT
USAID/MOGADISHU

1. PROJECT IMPLEMENTATION TRAINING

UNITS - 9

FUNDING - \$23.7

2. DEVELOPMENT STUDIES PROGRAM

DSP A - None

DSP B - 2 trainees

3. LANGUAGE TRAINING

None

4. TECHNICAL TRAINING

RD/AG - 1 trainee

H/POP - None

PE - None

5. MANAGEMENT SKILLS

FS-2 - 1 trainee

SES - None

FY 1986 TABLE VIII - TRAINING SUPPLEMENT
USAID/MOGADISHU

1. PROJECT IMPLEMENTATION TRAINING

UNITS - 6

FUNDING - \$15.8

2. DEVELOPMENT STUDIES PROGRAM

DSP A - 1 trainee

DSP B - None

3. LANGUAGE TRAINING

None

4. TECHNICAL TRAINING

RD/AG - 1 trainee

H/POP - 1 trainee

PE - None

5. MANAGEMENT SKILLS

None

Country: Somalia

FY 1986 ANNUAL BUDGET SUBMISSION

TABLE XI

P.L. 480 TITLE I/III REQUIREMENTS

(Dollars in Millions, Tonnage in Thousands)

	Actual FY 1984		Estimated FY 1985		Projected FY 1986	
	\$	MT	\$	MT	\$	MT
COMMODITIES						
TITLE I						
Wheat	3.8	15.0	4.5	17.5	5.0	19.5
Wheat Flour	1.2	8.0	1.5	10.0	2.0	13.3
Rice	5.5	18.0	7.0	22.5	7.0	22.5
Vegetable Oil	5.5	6.3	7.0	8.1	8.0	9.2
TOTAL	16.0	47.3	20.0	58.1	22.0	64.5

of which						
TITLE III						
Wheat	---	---	4.5	17.5	5.0	19.5
Wheat Flour	---	---	1.5	10.0	2.0	13.3
Rice	---	---	7.0	22.5	7.0	22.5
Vegetable Oil	---	---	7.0	8.1	8.0	9.2
TOTAL	---	---	20.0	58.1	22.0	64.5

COMMENT:

FY 1986 TABLE VIII ADJUSTED - TRAINING SUPPLEMENT
USAID/MOGADISHU

1. PROJECT IMPLEMENTATION TRAINING

UNITS - 8

FUNDING - \$21.1

2. DEVELOPMENT STUDIES PROGRAM

DSP A - 1 trainee

DSP B - None

3. LANGUAGE TRAINING

None

4. TECHNICAL TRAINING

RD/AG - 1 trainee

H/POP - 1 trainee

PE - None

5. MANAGEMENT SKILLS

None

F.L. 480 - Narrative

I- Somalia's Food Balance Situation:

The food situation in Somalia is a complex inter-relationship of production, donor aid, and commercial imports on the supply side and refugee and non-refugee requirements on the demand side.

As with much of the available data in Somalia, estimates of total food production are considered mere indicators of trends. Current data obtained from the Ministry of Agriculture estimates a five-year average of food grain production as follows:

Sorghum	179,000 MT per year
Maize	147,000 MT per year
Rice	12,600 MT per year

In addition to grain, sesame seed is considered very important in the diet of the population. The average production of sesame seed is estimated at 44,000 MT per year. Beans also are an important food crop, with average production estimated at 9,000 MT per year.

The rains in the late 1983 rainy season were generally poor. Consequently, production for the last half of 1983 has suffered. This has led to serious food problems during the first six months of 1984 with a projected deficit of 100,000 MT (or more) of cereals. An emergency Title II program was approved in April 1984. The emergency program consists of 10,000 MT of wheat and 1,500 MT of vegetable oil.

Food importing ability is influenced by the level of Somalia's foreign exchange receipts, net foreign exchange reserves, debt servicing capability, and by the competing demands for foreign exchange.

The principal sources of foreign exchange are exports of goods (e.g. livestock and bananas) and remittances from workers overseas. In 1983 the Saudi ban on Somali cattle imports drastically reduced the foreign exchange availability. Somalia's foreign exchange reserves are modest relative to concessional food import levels and therefore are not a significant factor. Somalia is already constrained by a debt rescheduling regimen. Therefore, additional borrowing is not feasible. In sum, at this time Somalia can not pay for its food bill.

II- Somalia's Policies and Activities in the Food Sector:

Perhaps the most important policy change affecting food

production in recent years has been the reduction of the Agricultural Development Corporation's (ADC) role as a grain purchasing monopoly. In 1982 and 1983 ADC purchased from farmers less than four percent of the sorghum and maize produced. The remainder was consumed, marketed through private channels, or stored in bakkars (underground storage bins). For the first time an official announcement eliminating ADC's monopoly was made in January 1984.

Policy changes over the past two years have encouraged increased activity of private traders in cereals. There always has been a black market in domestic grains. However, in January 1984, the Government announced a liberalization of all regulations concerning the importation of food. This action has increased private sector participation in the importation of food.

III- Major Elements of the Proposed Program:

A major evaluation of USAID/Somalia's P.L. 480 Title I program was completed in May 1984. The evaluation recommends, inter alia, that the Mission move to a Title III program in FY 1985. USAID Somalia will request a Title III program for FY 1985.

In FY 1985, the proposed P.L. 480 TITLE III program will be used in direct support of the following policy concerns:

- increasing private sector participation in the importation and distribution of food;
- the establishment of a true market equilibrium in pricing; and,
- the adoption and implementation of the recommendations contained in the civil service study now underway.

The counterpart funds generated from the sales of P.L. 480 Title I commodities are an important element of USAID's strategy since they provide support for the Government's development projects in a period of fiscal restraint. Without these funds there will be little money available for development projects because nearly all the funds would be committed to the recurrent administrative budget of the Government. Therefore, USAID will encourage the funding of specific on-going projects in the Public Investment Program which will support the agriculture, rural development and health sectors. The Mission has established a mechanism to govern the allocation of counterpart funds to development projects. This mechanism also provides the Mission additional leverage in support of our policy dialogue agenda.

APPENDIX A

Local Currency Use Plan

USAID/Somalia has developed a system to monitor the generation, allocation and use of the P.L. 480-- and CIP-generated local currency. The system, which started in December 1982, allows the Mission to control the programming, allocation and transfer of local currency.

The local currency programming cycle starts in September, when projects scheduled to receive USG-generated local currency submit a budget proposal to the Ministry of Finance's CIPL Unit. The budget proposals are reviewed by the CIPL Unit and included in the National Budget, which is subsequently approved by the Somali Parliament.

At the beginning of each calendar year, the USAID Director and the Minister of Finance sign a Memorandum of Understanding (see copy attached) which establishes the parameters for the use of the local currency and identifies the specific projects and activities to which the local currency is to be allocated. The Memorandum of Understanding may be amended during the year to allow for reprogramming of local currencies as necessary.

Prior to the allocation of funds, the financial manager for each project and the CIPL Unit staff agree on a detailed budget breakdown within the total included in the Memorandum of Understanding for that project. The detailed budgets then are reviewed by the Generated Shillings Proceeds (GSP) Committee, which is composed of two members each from the Ministry of Finance and the USAID Mission. Following the review, the GSP Committee submits an action memorandum -- with its recommendations -- to the Minister of Finance and the USAID Director for final authorization. After the Minister of Finance and USAID Director's approve the action memorandum the funds are transferred to the project's special bank account.

Throughout the fiscal year, each project submits to the CIPL Unit monthly bank reconciliations and quarterly expenditure reports. The expenditure reports are reviewed by the CIPL Unit staff. Irregularities are either discussed directly with the project financial manager or brought up for discussion at the next GSP Committee meeting. Although bi-annual GSP Committee meetings are the goal, monthly meetings are the reality.

Both the P.L. 480 and CIP-generated local currencies are deposited into special bank accounts. The P.L. 480 special account is at the Central Bank and the CIP special account is at the Somali Commercial and Savings Bank. Disbursements from the

P.L. 480 special account are made after the Director General of the Ministry of Finance writes a transfer order. The CIP special account requires two signatures-- those of the the Minister of Finance and the USAID Director, Deputy Director, or Program Officer--to transfer block amounts to the Central Bank where funds are handled in the same manner as P.L. 480 funds.

The USAID Mission receives monthly bank statements to monitor disbursements from the special accounts. To date, one unauthorized transfer was made. The unauthorized transfer was discovered immediately by the Mission and funds were replenished within ten days.

The USAID Program Officer is the principal resource person in the Mission for the management of the USG-generated local currency. One Program Assistant works with the CIPL Unit on a full time basis as a liaison/technical advisor.

In FYs 1985 and 1986 the P.L. 480 Title I- and CIP-generated local currency will be allocated in support of (1) Missio on-going projects and activities; (2) the FY 1986 CDSS (now being prepared); and (3) the Public Investment Program agreed upon at the Consultative Group Meeting.

Amendment Number One
to the
Memorandum of Understanding
between
The Ministry of Finance
and
The U. S. Agency for International Development
for the
Programming of Generated Proceeds
under the CIP and P.L. 480 Title I Programs
dated July 10, 1983

The purpose of this amendment is to revise certain procedures related to the programming of CIP and P.L. 480 Title I-generated proceeds; and to establish the program funding parameters for 1984. The provisions of this amendment replace those provisions included in the original memorandum of understanding.

I. Purpose:

The purpose of these procedures is to provide guidance to all concerned parties regarding the mechanisms and responsibilities for the use of the local currency generated under the Commodity Import Program (CIP) and the P.L. 480 Title I Program. Guidance regarding the types of programs which can be financed is found in the various CIP and P.L. 480 Title I agreements.

II. Policy:

The funds derived from the issuance of Letters of Credit under the CIP program and the sale of food commodities under the P.L. 480 Title I program will be used to finance activities which contribute to Somalia's development. The determination as to which specific activities qualify for financing under these provisions will be a joint GSDR-USAID determination based on the provisions of the specific CIP and P.L.480 Title I agreements.

The GSDR and USAID agree to implement specific procedures for programming, releasing, and controlling the generated proceeds,

and for monitoring and evaluating the implementation of specific activities.

The bulk of the generated local currency proceeds will be used to finance activities designed to increase agricultural, health, manpower and private sector developmental objectives. Local currency proceeds also will be used in support of other development activities within the program parameters spelled out in the GSDR's Public Investment Program (PIP) and the specific CIP and P.L. 480 Title I agreements.

III. Procedures and Responsibilities:

A. Collection of Proceeds: For the CIP program, the CIP Special Committee of the Ministry of Finance will be responsible for insuring that the required local currency amounts are deposited in the special Generated Shillings Proceeds account by private and public sector agents prior to the issuance of letters of credit in connection with the importing of CIP-financed commodities. For the P.L. 480 Title I program, the Director General's office of the Ministry of Finance will be responsible for insuring that the required local currency amounts are deposited in the special Generated Shillings Proceeds account, in a timely fashion, by those entities (public or private) entrusted by the GSDR with the local sales of P.L. 480 Title I food commodities.

B. Programming of Proceeds: The Ministry of Finance and USAID will jointly program the allocation of CIP and P.L. 480 Title I proceeds. The 1984 programming scheduled is attached and forms part of this Memorandum of Understanding. The Ministry of Finance will obtain USAID's concurrence prior to any disbursement of CIP or P.L. 480 Title I proceeds for activities not included in the Annual Budget Plan for 1984.

Two special entities have been established to insure that the generated proceeds are managed in conformity with the policy stated in Article II above. The first, the Generated Shilling Proceeds (GSP) Committee, will provide general oversight direction and guidance in the enactment of the policy guidelines. The second, the CIPL Unit, will function as the day-to-day guarantor that policy objectives are being met.

IV. The GSP Committee:

The GSP Committee serves as the reviewing authority for use of proceeds generated under the Commodity Import and the P.L. 480 Title I programs. The Committee consists of two officials of the Ministry of Finance and two officials from the USAID Mission. The Committee will prepare its recommendations for the joint approval

of the Minister of Finance and the USAID Director. Normally the Committee will meet twice a year: once at the beginning of the program year to review the Annual Program Budget Plan; and once at mid-year to review the special adjusted schedule to reflect previous approvals which should be deobligated and new urgent requirements which should be considered. The Committee also will meet on an *ad hoc* basis as required.

For the final review of the Minister of Finance and the USAID Director, The Committee will assure that the detailed plans for the projects in the Annual Program Budget Plan will:

- directly contribute to the development of Somalia;
- support GSDR and USAID development priorities as spelled out in the Government's Public Investment Program and USAID's CDSS strategy;
- be programmed in accord with stipulations laid out in the governing P.L. 480 and CIP agreements; and
- not duplicate requests already budgeted for under other agreements.

V. The CIPL Unit:

The CIPL Unit is the special office in the Ministry of Finance which serves as the staff arm of the GSP Committee. The CIPL Coordinator is responsible to the Director General of the Ministry of Finance. The CIPL Unit will have a six person staff.

The CIPL Unit has the following principal functions:

- to insure that the release of CIP and P.L. 480 Title I proceeds is effected in accordance with the Annual Budget Plan;
- to review the budgets and allocations to insure that CIP and P.L. 480 Title I proceeds are used for the intended authorized purpose consistent with Article II (Policy) above.
- to monitor the expenditure of generated CIP and P.L. 480 Title I proceeds by conducting, on a selective basis, field inspections and audits of activities funded; and
- to perform formative and terminal evaluations of the activities funded to determine what impact they have had and what lessons should be drawn for use in preparing the subsequent Annual Budget Plan.

VI. CIP and P.L. 480 Title I proceeds and the GSDR Development Budget:

In consonance with GSDR policy, the allocation of CIP and P.L. 480 Title I proceeds will be reflected in the GSDR Development Budget. However, the U.S. Government requires that the use of CIP and P.L. 480 title I proceeds be carefully accounted for and programmed for specific development activities. To meet these requirements, the Ministry of Finance and USAID agree to the following minimum criteria:

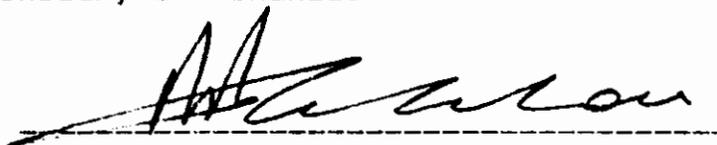
- for those activities included in the Annual Budget Plan to receive CIP or P.L. 480 Title I proceeds, the responsible Ministry or Agency will prepare and submit to the Ministry of Finance (CIPL Unit) a breakdown by line item of the 1984 budget prior to the disbursement of funds;
- the responsible Ministry or Agency will submit to the Ministry of Finance (CIPL Unit) monthly account returns and quarterly expenditure reports (following the same line item format as the request) regarding the use of CIP or P.L. 480 Title I proceeds;
- the sponsoring Ministry or Agency will maintain one separate bank account for CIP or P.L. 480 Title I funded activities titled in the name of all projects so funded; and institute accounting procedures acceptable to the Ministry of Finance (CIPL Unit); and
- the sponsoring Ministry or Agency will make all financial records regarding the use of CIP or P.L. 480 Title I proceeds available to the Ministry of Finance (CIPL Unit) upon request.

Once the above criteria has been met and reviewed by the GSP Committee, the Minister of Finance and the Director of USAID will approve immediate release of CIP or P.L. 480 Title I proceeds to the project. The release of funds will be made on a quarterly basis unless the Minister of Finance and the Director of USAID approve a different disbursement schedule.

VII. Audits:

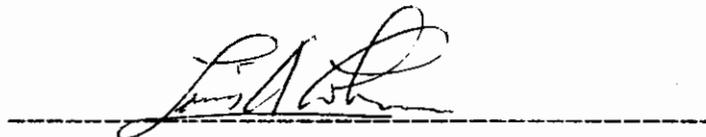
Periodic audits of all CIPL Units's functions will be carried out by an independent audit firm selected by the Minister of Finance and the Director of USAID. The audits will not be limited to fiscal and budget entries, but cover all functions of the CIPL Unit including field activity monitoring and evaluation. The audit will be prepared in four copies and circulated to the Minister of finance, the Director of USAID, the GSP Committee and the CIPL Unit.

For the Ministry of Finance:

A handwritten signature in black ink, appearing to read 'A. A. M. A.', written over a horizontal dashed line.

Minister of Finance

For the U. S. Agency for International Development:

A handwritten signature in black ink, appearing to read 'L. A. S.', written over a horizontal dashed line.

Director, USAID/Somalia

Date: JAN - 9 1984

Annual Program Budget Plan for 1984 - Summary

	<u>P.L. 480</u>	<u>CIP</u>	<u>Total</u>
I. USAID Projects/Activities:			
Reflected in GSDR Budget	88,754,000	29,000,000	117,754,000
Not Reflected in GSDR Budget	50,000,000	39,000,000	89,000,000
II. Public Investment Program:			
Reflected in GSDR Budget	<u>69,200,000</u>	<u>316,100,000</u>	<u>385,300,000</u>
TOTAL I and II	207,954,000	384,100,000	592,054,000

Annual Program Budget Plan for 1984

I. USAID Projects and Activities

A. Funding to be reflected in the GSDR Budget (Source: PL 480 Title Proceeds):

<u>Livestock</u>	<u>Number</u>	<u>So. Sh.</u>	<u>So. Sh.</u>
Artificial Insemination	698-0410.20	6,254,000	
Central Rangelands Development	649-0108	15,000,000	
Poultry Development	698-0410.36	1,000,000	
Livestock Marketing	649-0109	2,000,000	
<u>Agriculture</u>			
Juba Development Analytical Studies	649-0134	5,000,000	
Production Systems Planning & Research	649-0126	3,000,000	
Agricultural Delivery System	649-0112 (ID 02)	13,000,000	
Bay Region Development	649-0113 (AD 02)	13,000,000	
<u>Education</u>			
Rural Development Management	649-0119	2,000,000	
<u>Energy</u>			
Energy Advisor Support	0424.02	500,000	
<u>Health</u>			
Rural Health Delivery	649-0102	6,000,000	
Family Health Initiatives	698-0662.03	3,000,000	
Expanded Program for Immunization	698-0410.23	4,000,000	
Family Health Services	649-0131	1,000,000	
<u>Water Resources</u>			
Comprehensive Groundwater Development	649-0104	14,000,000	
SUB-TOTAL (A)			88,754,000

B. Funding to be reflected in the GSDR Budget (Source: CIP-generated proceeds):

<u>Forestry</u>	<u>Number</u>	<u>So.Sh.</u>	<u>So.Sh.</u>
CDA-Forestry	649-0122	10,000,000	
<u>Rural Development</u>			
Refugee Self-Reliance	649-0123	10,000,000	
<u>Other</u>			
Policy Initiatives/Privatization	649-0132	1,500,000	
Baidoa Electrification		2,000,000	
Private Sector Advisor Support		500,000	
Burao Health Training Facilities		5,000,000	
SUB-TOTAL (B)			29,000,000

C. Other Proposed Allocations NOT Reflected in GSDR Budget:

1. From PL 480 proceeds:		
- USAID Trust Fund:		20,000,000
Contractor Support (19,000,000)		
Project Design/Evaluation (1,000,000)		
- Self-Help Activities		5,000,000
- Reserve for USAID Projects		25,000,000
2. From CIP proceeds:		
USAID OE		14,000,000
Reserve for USAID Projects		25,000,000

SUB-TOTAL (C) 89,000,000

TOTAL A, B and C 206,754,000

II. Public Investment Program Support

A. Funding to be reflected in the GSDR Budget (Source: PL 480 Title I proceeds):

<u>Agriculture</u>	<u>Number</u>	<u>So.Sh.</u>	<u>So.Sh.</u>
Mogambo Irrigation	JB 05	8,000,000	
Janale-Buro Mareerta-Qoryoley	IR 02	14,000,000	
Afgoi-Mordinle Project	IR 04	6,800,000	
Extension and Farm Management	ID 02 (649-0112)	5,700,000	
Northwest Agricultural Project	(XXXX)	10,000,000	
<u>Health</u>			
Nutrition Programme	HS 10	1,700,000	
<u>Livestock</u>			
Northern Rangelands Dev. Tse Tse Survey and Control	RD 01 AH 07	6,000,000 17,000,000	
SUB-TOTAL (A)			69,200,000

B. Funding to be reflected in the GSDR Budget (Source: CIP-generated proceeds):

<u>Education</u>		
Technical Education	TV 01-02	45,900,000
<u>Energy</u>		
Jesira Power Station	EP 01-04	17,000,000
<u>Regional & Rural Development</u>		
Self Help	MP 01	10,000,000
<u>Transport & Communication</u>		
Duduble (Jowhar)	(XXXX)*	57,000,000

<u>Project</u>	<u>Number</u>	<u>So. Sh.</u>	<u>So. Sh.</u>
<u>Transport & Communication (Cont'd)</u>			
Road Hargeisa-Borama	09 RO	1,500,000	
Road Afgoi-Baidoa	RO 10	16,000,000	
Road Burdhubo	(XXXX)*	32,000,000	
Road Afgoi-Audegle	(XXXX)*	3,000,000	
Road Afgoi-Balad	(XXXX)*	--	
Inter Arab Telecommunications	TL 08	3,500,000	
<u>Water Resources</u>			
Mogadishu Water Supply	UW 01	35,000,000	
Urban Water	UW 03	5,200,000	
<u>Other Allocations</u>			
Somali Development Bank (loan)		50,000,000	
Somali Commercial and Savings Bank (loan)		40,000,000	
SUB-TOTAL (B)			<u>316,100,000</u>
TOTAL A, B			<u>385,300,000</u>
TOTAL I and II			<u>592,054,000</u>