

Annual Budget Submission

FY 1986

Nepal



May 1984

Agency for International Development
Washington, D.C. 20523

BEST AVAILABLE

AID/NEPAL

FY 1986 ANNUAL BUDGET SUBMISSION

Table of Contents

	<u>Page</u>
I. Work Plan	
A. Achievements and Forward Plan	1
B. Rural Development and Productivity	1
1. General	1
2. Rural Area Development - Rapti	3
3. Integrated Cereals/Seed Production and Input Storage	4
4. Agriculture Resource Inventory	5
5. Institute of Agriculture and Animal Science	5
6. Resource Conservation and Utilization	5
7. PVO Co-Financing	6
C. Population Planning and Health	6
1. Population Policy Development	6
2. Integrated Rural Health/Family Planning Services	7
3. Private Voluntary Organization (International Human Assistance Program)	8
D. Human Resources Development	8
1. Radio Education Teacher Training I and II	8
2. Female Education	8
3. Participant Training	8
4. India Training Program	8
5. PVO Co-Financing	9

	<u>Page</u>
E. Funding and Implementation Issues	10
1. Budget Resource Management	10
2. Project Implementation	10
3. Increasing Direct Benefits to the People	11
4. Deobligation/Reobligation Plans	11
F. Water Resources Management and Development: Comment	12
G. Schedule of PID Submissions and Required AID/W Support	16
1. Development Training and Support	16
H. New Project Narratives	
1. Development Training and Support	17
II. Table I - Long Range Plan by Appropriation Account: FY 1983-90	19
III. Table III - Project Obligations by Appropriation Account: FY 1984-86	20
IV. Table IV - Project Budget Data	21
V. Table VIII - Operating Expense Summary	
A. Table VIII: FY 1984	24
B. Table VIII: FY 1985	26
C. Table VIII: FY 1986	28
D. Training Plan - FY 1984-86	30
VI. Table VIII Narrative	32
A. Management Improvements	32
B. Justification for Funding Changes	32
C. Trust Funds	33
D. Contingency Requirement	33

	<u>Page</u>
VII. Table VIII (a) - U.S. PSC Costs	34
VIII. Table VIII (b) - All Other Code 25 Detail	35
IX. Table VIII (c) - Narrative	36
X. Table VIII (c) - Obligations for Acquisition, Operation and Use of Information Technology Systems	37

I. WORK PLAN

A. ACHIEVEMENTS AND FORWARD PLAN

This section highlights, on a project-by-project basis and in reference to our FY 1985 ABS, major achievements made during FY 1983 and the first half of FY 1984. For a more detailed picture of project achievements, this summary should be reviewed with the current AID/Nepal Project Implementation Reports (PIRs). Forward plans for FY 1985 and 1986 are also provided.

B. RURAL DEVELOPMENT AND PRODUCTIVITY

Operational Objectives

1. General

- Food policy assessment

- PIO/T drafted to assess the role and impact of food aid in the overall food production and distribution policy context in Nepal.

Benchmarks Achieved

- Assessment addresses key policy and strategy issues of food assistance, including cost relative to impact, incentive or disincentive effects, absorptive capacity, food security needs and consistency with GON and USAID development objectives (FY 85). Determine changes, if any, in role and type of food assistance (FY 85-86).

Forward Plan

- Complete a study of pricing & marketing conditions in the RAD & RCU project areas

- Findings of the draft final study include:

- land tenure patterns in Hills have limited influence in marketing decisions

- existence of marketing relationships with neighbors, even in food deficit areas

- We will examine the study in future weeks to reach a judgment as to its soundness and implications for rural development policy and Mission's strategy. Where appropriate, study findings will be used to identify opportunities to be encouraged through existing projects (FY 85-86).

Operational Objectives

Benchmarks Achieved

- degree of crop, horticulture or livestock specialization apparently not influenced by market access
- market prices do influence household production
- household income is significantly boosted by factors related to market access
- market access shows no correlation with higher producer prices or price stability
- use of technology inputs is highly correlated with market access
- increased agricultural production highly correlated with access to/adoption of modern technology
- high correlation between farmer literacy and access to market facilities

Forward Plan

- Complete a Private Sector study examining the constraints and opportunities for small-to-medium entrepreneurs
- Findings of the draft final study include:
 - See comments above for Pricing and Marketing Study
 - frequent policy changes have been a major discouragement to entrepreneurs
 - skilled labor, raw materials and energy supply/distribution problems exist in every sub-sector
 - regional inaccessibility suggests high priority for decentralization of production capacity
 - need training facility/opportunities for dissemination of basic entrepreneurial skills
 - production diversification opportunities appear greatest in consumer goods sectors
 - utilization rates for existing productive capacities are low

Operational Objectives

Benchmarks Achieved

- lack of basic infrastructure is thwarting GON policy of balance in regional development
- private sector policy impact should be pilot tested/analyzed prior to implementation
- GON trade policy adversely impacts on domestic production
- GON should consider public sector bulk procurement of raw materials to facilitate small entrepreneurial development
- use of marketing techniques is very limited

Forward Plan

- Expand efforts seeking improved GON supply and distribution of agricultural inputs
 - Fertilizer issues paper completed; conducted seminar with Agriculture Input Corporation on fertilizer/seeds issues; raised policy issues in Second Crop Intensification Project with ADB
 - RCU study of Nepalese attitudes completed; RCU WID budget supervision transferred to Women's Division of Ministry of Panchayat and Local Development; females enrolled at IAAS; ICP study of reaching women farmers through extension system completed
 - Continue to support FAO/GON discussions on food security issues (FY 85); implement RAD experiment in fertilizer pricing/supply (FY 85); act on recommendations of SPIS - funded seed marketing study (FY 85 and 86).
 - Implement recommendations of RCU/GON seminar (FY 85); promote RCU WID training in resource management (FY 85 and 86); implement findings of ICP study of GON extension system (FY 85).
2. Rural Area Development - Rapti (367-0129)
- Respond to evaluation recommendations
 - See PIR and the Follow-up Status Report of May 2, 1984, a copy of which was submitted to AID/W

Operational Objectives

Benchmarks Achieved

Forward Plan

- Transfer of appropriate technologies to the private sector
 - The Appropriate Technology Unit (ATU) tested technologies, primarily in 1 of 5 project districts, and promoted construction of 80 biogas plants, 16 water turbines, 272 improved wood stoves, and food dryers
 - 27 small rural works projects (small irrigation, drinking water, bridges and trail improvement) and scope of work for roads assessment completed
 - Household production study complete; TA contracted
- Strengthen physical infrastructure in Rapti
 - Complete roads assessment and 48 additional small rural works projects (FY 85).
- Increase productive elements of project through expanded private sector role at farm level
 - Implement six agro-based pilot efforts (FY 85 and 86); new Agriculture Research and Production Project (ARP, 367-0149) to expand linkages between private seed producers and SPIS seed plants (FY 85 and 86).
- Motivate Rapti farmers to invest in income generating activities
 - Establish 9 new SFDP sites and add women group motivators to all new and existing sites (FY 85 and 86).
- 3. Integrated Cereals (367-0114) and Seed Production and Input Storage (367-0118)
 - Expand cropping systems and production programs using improved technologies to increase yields
 - Prepare follow-on ARP PP and work-plan (FY 85); incorporate into ARP project an effective hill research and extension strategy and strategy to increase private sector involvement in hill seed production activities (FY 85 and 86)
 - Target area rice and wheat yields are approximately double the normal national average; one seed plant being run on private basis; 17 officers added to Cropping Systems Unit; research results condensed for easy use by extension workers; hill cropping system site selected and budgeted for

Forward Plan

Benchmarks Achieved

Operational Objectives

4. Agriculture Resource Inventory (367-0134)

- Establish the capacity to widely apply remote sensing technology in natural resource and agriculture sectors
- Preliminary Marsyangdi catchment and Bagmati watershed surveys completed
- Increase outreach to potential users; undertake Karnali survey (FY 85 and 86).

5. Institute of Agriculture and Animal Science (367-0102)

- Develop an institution capable of supplying needed agriculture personnel
- Course outlines for B.Sc. program completed; phase one construction nearing completion; agreement reached with World Bank to co-finance follow-on project
- Approve PP and begin implementation of new project with increased emphasis on practical pre-service training for Ministry of Agriculture personnel and greater participation of women and students from remote areas (FY 85 and 86); complete campus master plan (FY 85).

6. Resource Conservation and Utilization (367-0132)

- Test and apply management practices and technologies
- Gaun Sallah (village dialogue) methodology adopted; 50 small rural works projects (trail improvement, erosion control, drinking water and a small irrigation scheme) completed and 100 more underway; contracting for 3 administrative centers and 33 sub-centers completed; training for 12 women development officers and 45 extension workers provided; GON agreed to proceed on development of a National Conservation Strategy
- Focus IRNR* curriculum more on watershed management (FY 85); increase enrollment of women at IRNR (FY 85 and 86); complete construction of rural works projects and district center and sub-center offices/quarters (FY 85 and 86); expand community forestry activities (FY 85 and 86); assist the GON to implement a National Conservation Strategy (FY 86).

*Institute for Renewable Natural Resources (Pokhara)

Operational Objectives

Benchmarks Achieved

Forward Plan

7. PVO Co-Financing (367-0144)

Agricultural Development Council, Inc. (ADC)

- Provide policy guidance to Ministry of Agriculture
- MOA Policy Planning Unit formed; initiated 5 studies which will provide basis for policy formulation and program development; policy issues papers completed on fertilizer pricing/distribution, GON policy formulation capacity; West Germany and Australia provided assistance to ADC
- Complete issues papers on decentralization, resource management links to agriculture production (FY 85); Discuss co-financing arrangements with Government of Canada (FY 85); complete 5 ongoing studies and undertake several more (FY 85 and 86).

Save the Children Foundation (SCF)

- Design and implement integrated rural development activities
- Health clinic built and 30 health workers trained; 19 adult literacy centers and 6 day care centers opened; 2 water systems completed; income generating projects started; evaluation undertaken; project expanded to 2 additional panchayats
- Provide additional funds to SCF (FY 86); expand project to 1 additional panchayat (FY 85); further develop income generating and agriculture extension activities (FY 85 and 86); expand health and education services (FY 85 and 86).

C. POPULATION PLANNING AND HEALTH

1. Population Policy Development (367-0130)

- Support development of national population policy and implementation strategy
- National Population Strategy and Action Plan developed and endorsed at Nepal Aid Group meeting
- Complete 21 ongoing studies and assist National Commission on Population to further refine strategy (FY 85); explore with GON and other donors possibility of future assistance in implementing action plan (FY 85 and 86).

Operational Objectives

Benchmarks Achieved

Forward Plan

2. Integrated Rural Health/Family Planning (367-0135)

- | | | |
|--|--|--|
| - Establish self-sustaining basic health care and family planning service delivery systems | - Essential drug list revised and plans for procurement being developed; 600 mt of malathion provided for malaria program; construction of 3 regional warehouses, 2 health centers, and 7 health posts underway; 5 VSC centers completed | - In context of project evaluation, examine and reach agreement with GON on best alternative for cost-effective delivery of rural health services (FY 85); procure \$300,000 worth of drugs for health posts |
| - Support establishment and growth of private sector distribution of contraceptives | - Contraceptive Retail Sales was incorporated and realized a 32 percent increase in sales in 1983 | - Continue to support CRS, Inc. to help enable company to achieve minimum 15% increase in sales each year (FY 85 and 86) |
| - Increase Voluntary Surgical Contraception (VSC) acceptor rates | - Current Nepali fiscal year goal of 65,000 already exceeded, up from 45,000 last FY | - Provide for improved and expanded follow-up of VSC clients (FY 85-86); reach target of 70,000 VSC acceptors in FY 85 and 75,000 in FY 86 |
| - Expand immunization program | - Vaccine (200,000 doses) and technical support provided to meningitis campaign; 300,000 individuals vaccinated | - Carry out goiter prevention campaign in Rapti Zone (FY 85 and 86) |
| - Increase role of women in delivery of health services | - Hiring procedures revised to encourage increased numbers of female health workers | - Complete review of other potential means of increasing female participation (FY 85); increase percentage of female health workers from 15% to 40% by end of FY 86. |
| - Expand use of ORT | - CRS, Inc. agreement to deliver ORS through its network; 1200 health workers given ORT training | - Train additional 900 health workers in ORT (FY 85); assess impact of program (FY 86). |

Operational Objectives

Benchmarks Achieved

Forward Plan

3. Private Voluntary Organization (International Human Assistance Program)

- Develop a community-based health system sustainable in the absence of outside resources
- 621 health workers (50% female) trained; basic sanitation works installed; project extended
- A model for self-sustaining health delivery systems based on IHAP experience (FY 85).

D. HUMAN RESOURCES DEVELOPMENT

1. Radio Education Teacher Training I and II (367-0123 and 367-0146)

- Improve primary school instruction through application of radio-based technology
- Of 2,777 RETT I participants, 1,103 passed final examination; phase I program ongoing for 1,500 new and repeat enrollees; completed TA and evaluation of RETT I; PP for phase II approved
- Begin implementation of RETT II (FY 85); start regular RETT II broadcasts with initial enrollment of approximately 1,500 (FY 86).

2. Female Education (367-0151)

- Trial interventions to improve female enrollment and retention rates
- PID prepared
- Develop PP and begin implementation (FY 85).

3. Participant Training

- Expand training for public and private sector Nepalese working in priority development areas
- Approximately 250 participants sent in FY 83 of which 3.5% were female; same level likely in FY 84 but with female participation up to 5.2%
- Prepare PP for new Development Training and Support Project (367-0152) which will train at least 525 individuals, 25% of whom will be women (FY 85); begin implementation of project (FY 86).

4. India Training Program

- Provide India-based technical and professional training to
- 126 participants returned during FY 83 and so far in
- Improve the administrative and support arrangements of

<u>Operational Objectives</u>	<u>Benchmarks Achieved</u>	<u>Forward Plan</u>
Nepalese in support of high priority development programs	FY 84; 42 participants departed to date in FY 84, 100 more in process	the program (FY 85); seek additional Special Currency Fund Account (SCFA) funds for support of program through FY 89; increase number of female participants (FY 85 and 86); send 290 participants for training, 10% of whom will be women (FY 85 and 86). Note: Female participants are more difficult to identify for this project, hence the target is lower than for the Development Training and Support project.
5. PVO Co-Financing (367-0144) World Education, Inc. (WEI)		
- Strengthen adult education capability within Ministry of Education and Culture	- 11,000 villagers enrolled in literacy classes during CY 83-84 (48% female); adult literacy materials developed and used in other development projects; project evaluated	- Provide additional funds to WEI (FY 86); further institutionalize adult education capability within the MOEC and increase the number of female adult literacy teachers (FY 85 and 86).

E. Funding and Implementation Issues

1. Budget Resource Management

AID/Nepal's objective is to manage budgeted OYB levels to make the most efficient use of available funds. Thus we obligate for those projects which most need additional funding and in amounts which can be put to use quickly. This approach shapes the budget plan for FY 1985 and 86 and outyear requirements in the ABS submission. In a program of this size, any serious and major development effort will involve a budgetary mortgage. However, in such a program, large forward funding increments tend to become standing resources which simply add to growing pipeline. Such increments are not, in these circumstances, the best use of AID money. Consequently we have kept advance funding for individual projects at minimum prudent levels, but levels which do not constrain expenditures. Projected obligation levels are based on prior year actual disbursements and our most considered estimate of future requirements.

This budget management approach is also reflected in the Mission's steadily diminishing pipeline. AID/Nepal's pipeline was \$36.3 million at the end of FY 1981, is presently \$26.6 million, and, we expect, will fall to \$21.7 million by the end of FY 1984, and in FY 1986 to \$12.8 million or 77% of our AAPL figure for that year. This is well within the Agency's accepted levels for pipeline management.

2. Project Implementation

Disbursements for AID-funded project inputs such as TA, training and commodities are generally proceeding on schedule. However, the field activities themselves require considerable lead time and implementation support. In some instances, such as the RCU and Rapti projects, the slower progress of work in the field has resulted in a consequent imbalance between funding for TA, for example, and accomplishment of project targets. The preparatory work - field office organization, staffing, procedural elements - for these projects has now been completed and the overall disbursement picture will continue to improve. It is noteworthy, in this regard, that the GON Ministry of Finance with assistance of the World Bank is instituting a new project monitoring system to identify implementation problems earlier and help assure that development objectives are reached on schedule.

Furthermore, the Mission is reviewing the budgets of its three largest projects (RCU, Rapti and IRH/FP) to ascertain better the specific implications of expenditure patterns over the last three years and make adjustments where necessary and possible. In the process it has become evident that we will have to find ways to stretch out our contributions for TA. It will also be necessary to extend the PACDs for all three projects.

3. Increasing Direct Benefits to the People

A parallel purpose in these budget and implementation reviews is to improve the percentage of AID funding which directly benefits the target population. This argues for greater economy in project budgets for such items as technical assistance, operating costs and construction of administrative infrastructure. In looking, for example, at the RCU, Rapti and IRH/FP budgets as presently structured, 40 percent of LOP funding directly benefits the rural populace. Our ability to make major budget changes at this stage of implementation to increase this percentage is limited. However, as part of the budget review process we will propose funding changes to the GON so that the proportion of AID resources of direct benefit can show marked improvement.

4. Deobligation/Reobligation Plans

AID/Nepal has submitted CNs to deobligate \$315,656 from Trail Suspension Bridges (367-0119) and \$101,647 from Rural Area Development/Resource Conservation and Utilization Design (367-0133). \$268,000 will be re-obligated for Integrated Cereals (367-0114) and \$149,303 for the services of an urban/regional planning specialist. The Integrated Cereals Project is being extended to May 31, 1985. Reobligation of funds will give substance to that extension and provide interim technical assistance to the GON to plan and implement agriculture research and extension programs until implementation of the Agricultural Research and Production Project (367-0149) begins. Funding for an urban/regional planning specialist will permit AID/Nepal to assist the Ministry of Panchayat and Local Development formulate and enact regional strategies in the Rapti Zone emphasizing rural-urban linkages and marketing infrastructure. The results may be replicable in GON integrated rural development projects elsewhere. This individual will also work with the National Planning Commission in its role in development of urban and regional strategies.

F. Water Resources Management and Development: Comment

The GON has expressed renewed and strong interest in bilateral US participation in the development of Nepal's water resources for agricultural purposes. Two principal technical questions have been raised with respect to the question of an enlarged AID role in water resources development: first, GON absorptive capacity and second, the need for new versus rehabilitation of existing systems. These were recently addressed by cable (Kathmandu 2790). The information provided therein, including supportive data, is restated here as a basis for placing this question in context.

1. On the absorptive capacity question, the October 1983 World Bank "Recent Developments" report indicates that while the total aid commitment pipeline is significant (\$616 million as of July 1983), the GON has shown increasing ability to use that aid. For the 1976-82 period total aid disbursements increased an average of 30 percent per year. Disbursements in fact have been particularly strong in the irrigation and power sectors, reaching an estimated 73 percent of total commitments for 1978-83. The GON's own data record an increase in the total foreign aid disbursement rate from 41 percent in 1978-79 to 60 percent in 1981-82. Similarly, Asian Development Bank (ADB) figures show the GON moving from a low of 16 percent in 1976 to 66 percent in 1982 for disbursements as a percent of annual ADB loan commitments. Nepal in fact increased its ADB loan disbursements at a rate averaging 23 percent per year during the period 1978-82. Also, in comparison to eight other ADB developing member countries (Bangladesh, Burma, Indonesia, Malaysia, Pakistan, Philippines, Sri Lanka, Thailand), the GON rate of disbursement (31 percent) is close to the 1976-82 average for the group (36 percent). On overall performance of the GON development budget, from 1976 through 1983 the average annual rate of growth in expenditures was 23 percent, including 18 percent for aid grants and 33 percent for loans:

GON Development Budget
(\$ Millions - Annual Expenditures)

	<u>1975/76</u>	<u>1982/83</u>
Total	103.1	346.9
Foreign Grants	(29.9)	(100.6)
Foreign Loans	(12.1)	(78.7)

2. On the second question, new versus rehabilitation of existing systems, the ADB Agriculture Sector Strategy Study recorded only 16 percent of Nepal's cultivated area as presently irrigated, with approximately 80 percent of existing facilities being small-scale systems constructed and operated by local farmers. The 20 percent of existing facilities constructed under GON and donor aegis constitute

approximately 100,000 hectares of irrigated land, situated in command areas with the potential for expansion to coverage of 239,000 hectares.

Nepal Land Use
(1980 Data)

Total Area	14.2 million hectares
Cultivated Area	3.1 million hectares
Irrigated Area	500.0 thousand hectares
Hills	(160.0) thousand hectares
Terai	(340.0) thousand hectares

- (a) Both the ADB Study and the World Bank emphasize a priority for rehabilitation and expansion of existing systems as the most cost-effective immediate approach to increased agricultural production. Accordingly, the GON has accepted the priority for rehabilitation and expansion of existing systems and is carrying this program out, both with its own resources (\$17 million in 1982/83) and with support from the World Bank and ADB, as well as from other donors. A list of rehabilitation/expansion projects includes, inter alia, the following:

Rehabilitation/Expansion Irrigation Projects
(1981 Data)

<u>Project</u>	(000) <u>Hectares</u>	<u>Donor</u>
Sunsari-Morang	33.0	World Bank
Chandra Canal	8.8	India
Kamala	12.0	(GON)
Narayani I, II, III	13.7	World Bank
Gandak West Canal	12.4	India
Marchuwar I, II	5.8	UNDP
Banganga	3.5	ADB
Mahakali I	5.0	World Bank
Hill Projects	4.2	ADB, UNDP, ILO

ADB estimates indicate about 130,000 - 140,000 hectares of the existing systems are in need of rehabilitation, with potential expansion to cover an equally large area.

- (b) In addition, the World Bank, ADB and other donors are undertaking projects to construct new facilities,

including inter alia:

New Irrigation Construction
(1981 Data)

<u>Project</u>	(000) <u>Hectares</u>	<u>Donor</u>
Rajbiraj Pump Canal	11.2	India
Kosi West Canal	10.2	India
Narayani Lift	4.7	ADB
Lothar	1.9	ADB
Bhairawa-Lumbini	10.5	World Bank
Mohana	3.5	No. Korea
Hill Projects	1.8	World Bank, China
Kankai II	3.0	ADB
Sagarmatha	8.0	ADB
Babai	8.0	World Bank
Khutiya	4.0	UNCDF
Eastern Terai	8.1	ADB
Pokhara	0.8	China

- (c) Given the relatively limited area covered by existing systems, even including expansion, there is no question of the need for new irrigation construction as well. (The ADB Sector Study notes 1.9 million hectares are potentially irrigable in contrast to the 500,000 existing hectares.) The question is really one of balance between development of new irrigation schemes and attention to the rehabilitation and expansion of existing systems. A parallel requirement which applies to all systems, new and existing, is the need to integrate irrigation with the agricultural delivery systems. On these questions, the GON is addressing the priorities for irrigation as well as working on agricultural inputs delivery. Budget expenditures have increased significantly from one Plan period to the next.

GON Development Budget
(\$ Millions - Actual Expenditures)

	<u>Total</u> <u>Develop-</u> <u>ment</u>	<u>Agriculture</u> <u>Including</u> <u>Irrigation</u>	<u>Agriculture</u> <u>Percentage</u> <u>Share</u>
1965-70	177.9	31.2	17.5
1970-75	315.8	68.6	21.7
1975-80	741.6	188.6	25.4
1980-83	833.9	235.6	28.3
(1980-85 estimated)	(1,609.9)	(488.5)	(30.3)

There is much to be done, and these questions regarding balance and integration will continue to be issues requiring emphasis for the foreseeable future. In fact, it is the general view of the donors that more effort needs to be directed to the existing schemes and a better balance is needed between these existing schemes and new construction. This the GON has undertaken to address (see above). At the same time, it is equally clear the GON sees an overriding need to get on with new major projects, projects which Nepal obviously needs and which even in the best of conditions will take years to design, fund and build. Essentially, the GON view is that attention to existing systems and development of new projects are not mutually exclusive. (The Mahaweli project in Sri Lanka is a case in point where new systems development is proceeding concurrently with rehabilitation and water management for existing systems.)

As the discussion (1 & 2 above) indicates, the technical issues are not dispositive of the larger U.S. policy question regarding increased bilateral economic assistance. GON performance under the absorptive capacity heading is not by itself a factor that would preclude implementation of major new irrigation works. In fact, the record is positive and encouraging. Similarly, on the question of new versus existing systems, it is certainly clear there is need and scope for both, a fact recognized in both the World Bank and ADB portfolios.

3. Alternatives to Water Resource Development. While we are aware of the importance of irrigation to improved agriculture performance and of the GON interest in an enlarged U.S. bilateral contribution specifically for large-scale water resource development, there may also be other alternatives for such additional AID resources. Some of these options may be consistent with Agency mandates and could be accommodated in AID/Nepal's country strategy or complement related programs of other donors. The U.S. technical survey team in June will shed further light on water use for agriculture, and will assess the potential to enhance returns from this very substantial Nepalese resource. If a decision is subsequently made to augment assistance to Nepal, a specific assessment of irrigation and the alternatives will then be in order.

4. Funding Considerations. In the final analysis the decision on support for U.S. participation in water resource development, or some alternative new funding initiative, depends upon a political determination, as discussed in Kathmandu 2839.

Most important, if the decision is positive AID/Nepal must be assured of funding above the annual \$15 million floor level. The ABS approved planning levels through FY 1990, if reflected in our OYBs, would furnish a total additional increment of \$43.5 million and would provide for a new aid initiative beginning in FY 1986. A subsidiary question is the form such funding would assume. Our entire program is grant assistance. This is consistent with the nature of the AID portfolio and the least developed country status of Nepal. The GON would obviously prefer that grant funding to continue. However, as is evident from the figures above, the government presently relies extensively on loan funding for water resource development. It would probably welcome U.S. assistance of this nature for water-related or other capital infrastructure. In view of the difficult loan floor issues confronting the Asia Bureau, some loan financing for such an undertaking warrants consideration.

G. Schedule of PID Submissions and Required AID/W Support

1. Development Training and Support (367-0152)

PID submission second quarter FY 85; requires one person month assistance from S&T/IT for PP preparation late FY 85.

H. New Project Narrative

Project Number : 367-0152

Project Title : Development Training and Support

Proposed Obligations:

	<u>FY 1985</u>	<u>FY 1986</u>	<u>Life of Project</u>
Grant	-	674,000	5,000,000
Loan	-	-	-

Appropriation Account: Education and Human Resources Development

Purpose

To provide management and technical training to Nepalese who plan and implement public and private sector development programs, and respond expeditiously to special development support needs.

Problem

As the pace of development in Nepal has increased, there is a need for additional trained manpower to organize and coordinate the array of social and economic development activities to which the government and private sectors are committed. AID/Nepal now addresses many training needs through projects in specific development sectors. However, such projects cannot provide for other training needs which, if met, would be of important benefit. Moreover, sectoral projects are often not in place when training is most needed.

A related problem is the limitation on AID/Nepal's ability to react as quickly and effectively as we would like to pre-project preparation and post-project follow-up needs. Consequently opportunities are lost to accelerate program development and implementation or support limited initiatives in areas which complement our projects and promise high impact.

Proposed Project Response

The project will: (1) provide management and technical training for junior and middle level officers responsible for planning, design and implementation of development projects; (2) strengthen in-country management training capabilities with support to GON training units; (3) assist the GON to develop a systems approach to manpower, planning, training and employment; and (4) allow AID to support limited, self-contained activities which accelerate, complement or enhance our program impact.

Relation to CDSS and Asia Strategic Plan

The project directly addresses the institution-building objectives of the Agency and the CDSS objective of establishing a flexible mechanism for AID/Nepal to respond to needs in areas not adequately covered by current projects.

Host Country and Other Donors

A number of countries and multilateral organizations provide some specialized training. Like our own, however, it tends to be sector or project-specific, and a number of critical needs remain unmet. AID/Nepal will carefully review other donor activities to ensure complementarity. The GON is training some officials, primarily at the Administrative Staff College, and the possibility of helping expand such efforts will also be explored during project development. The development support element of the project will give us the flexibility to combine our funds with the public and private sector, and other donor, resources in selected instances.

Target Group

Short and long-term training will be provided in the United States and third countries to public and private sector individuals involved in Nepal's priority development programs. A substantial number of these trainees will be from sectors not now adequately covered by AID or other donor projects, e.g., energy, tourism, urban, mineral and water resources, telecommunications, transportation, and commercial/industrial sectors. Some funds will also be available through this project to supplement training in sectors of AID/Nepal program concentration such as agriculture, natural resource management and health/family planning. We intend to negotiate a female training target with the GON with the aim of agreeing that 25% of the individuals trained will be women. Most trainees will be GON officials. However, training opportunities will also be available to the private sector, with the proportion to be agreed upon with the GON during project development.

<u>Congressional Special Concerns</u>	<u>FY 1985</u>	<u>FY 1986</u>
		(\$000)
Energy	-	200
Environment	-	124
Immunization	-	-
ORT	-	-
Private Sector	-	150
PVOs	-	-
WID	-	200

Participant Training

Tentative plans call for providing long-term training to 100 individuals and short-term training for 75 individuals at a cost of \$3.4 million. This does not include in-country training which is expected to total another 350 persons.

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$000)

367 - NEPAL

	FY 1983	FY 1984	--FY 1985--		FY 1986	-----PLANNING PERIOD-----			
	ACTUAL	ESTIMATE	CP	ESTIMATE	AAPL	1987	1988	1989	1990
AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION									
TOTAL	8,500	8,200	9,957	9,957	10,300	16,355	18,900	18,174	21,000
GRANTS	8,500	8,200	9,957	9,957	10,300	16,355	18,900	18,174	21,000
LOANS	---	---	---	---	---	---	---	---	---
POPULATION PLANNING									
TOTAL	2,400	2,400	2,200	2,200	2,200	1,446	1,600	2,500	3,000
GRANTS	2,400	2,400	2,200	2,200	2,200	1,446	1,600	2,500	3,000
LOANS	---	---	---	---	---	---	---	---	---
(CENT PROC COMMOD)				(698)	(1,020)				
HEALTH									
TOTAL	2,500	1,950	1,600	1,600	1,900	1,699	2,000	2,000	3,000
GRANTS	2,500	1,950	1,600	1,600	1,900	1,699	2,000	2,000	3,000
LOANS	---	---	---	---	---	---	---	---	---
EDUCATION									
TOTAL	100	950	1,243	1,243	2,100	1,500	1,500	4,326	3,000
GRANTS	100	950	1,243	1,243	2,100	1,500	1,500	4,326	3,000
LOANS	---	---	---	---	---	---	---	---	---
SELECTED DEVELOPMENT ACTIVITIES									
TOTAL	280	---	---	---	---	---	---	---	---
GRANTS	280	---	---	---	---	---	---	---	---
LOANS	---	---	---	---	---	---	---	---	---
SUBTOTAL FUNCTIONAL ACCOUNTS									
TOTAL	13,780	13,500	15,000	15,000	16,500	21,000	24,000	27,000	30,000
GRANTS	13,780	13,500	15,000	15,000	16,500	21,000	24,000	27,000	30,000
LOANS	---	---	---	---	---	---	---	---	---
TOTAL DA ACCOUNT									
TOTAL	13,780	13,500	15,000	15,000	16,500	21,000	24,000	27,000	30,000
GRANTS	13,780	13,500	15,000	15,000	16,500	21,000	24,000	27,000	30,000
LOANS	---	---	---	---	---	---	---	---	---

TOTAL PERSONNEL

USDH WORKYEARS*	23.7**	24.0
FNDH WORKYEARS	45.0	41.0

*Includes FTE/part-time and IDIs.

**This exceeds the Table VIII figure (FY 1985) by 0.7 workyears. The increment accommodates an additional IDI assignment not identified at the time the initial FY 1985 budget was submitted.

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

367 - NEPAL

APPROPRIATION ACCOUNT			FY 84	FY 85	FY 86
PROJECT NO.	TITLE	L/G	ESTIMATE	ESTIMATE	AAPL
AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION					
367-0129	RURAL AREA DEVELOPMENT - RAPTI ZONE	G	4,000	3,000	2,500
367-0132	RESOURCE CONSERVATION AND UTILIZATION	G	4,200	4,200	3,000
367-0144	PVO CO-FINANCING	G	---	547	---
367-0148	INSTITUTE OF AG & ANIMAL SCIENCES II	G	---	1,010	1,000
367-0149	AGRICULTURAL RESEARCH AND PRODUCTION	G	---	1,200	2,300
367-0153	WATER RESOURCES MANAGEMENT AND DEVELOPMENT	G	---	---	1,500
APPROPRIATION TOTALS			8,200	9,957	10,300
GRANTS			8,200	9,957	10,300
LOANS			---	---	---
POPULATION PLANNING					
367-0135	INTEGRATED RURAL HEALTH/FP SERVICES	G	2,300	2,200	2,100
367-0144	PVO CO-FINANCING	G	100	---	100
APPROPRIATION TOTALS			2,400	2,200	2,200
GRANTS			2,400	2,200	2,200
LOANS			---	---	---
HEALTH					
367-0135	INTEGRATED RURAL HEALTH/FP SERVICES	G	1,750	1,600	1,650
367-0144	PVO CO-FINANCING	G	200	---	250
APPROPRIATION TOTALS			1,950	1,600	1,900
GRANTS			1,950	1,600	1,900
LOANS			---	---	---
EDUCATION					
367-0146	RADIO EDUCATION TEACHER TRAINING II	G	950	669	---
367-0151	FEMALE EDUCATION	G	---	574	1,426
367-0152	DEVELOPMENT TRAINING AND SUPPORT	G	---	---	674
APPROPRIATION TOTALS			950	1,243	2,100
GRANTS			950	1,243	2,100
LOANS			---	---	---
DA ACCOUNT TOTALS			13,500	15,000	16,500
GRANTS			13,500	15,000	16,500
LOANS			---	---	---

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

PROJECT NUMBER AND TITLE	OBLIG DATE	INIT FIN	TOTAL COST AUTH	TOTAL COST PLAN	ESTIMATED U.S. DOLLAR COST (\$000)		FY 1985		FY 1986		PEACE CORPS VY 84 VY 85	ITEM NO	
					OBLIG THRU FY 83	PIPE LINE	OBLIG- ATIONS	EXPEND- ITURES	OBLIG- ATIONS	EXPEND- ITURES			FUNDED THRU
<u>POPULATION</u>													
0130 Population Policy Development	G 79	79	2,000	2,000	2,000	938	-	611	-	327	9/85	-	-
0135 Integrated Rural Health/FP Services (PC)***	G 80	87	16,200	16,200	8,154	3,936	2,300	3,800	2,200	3,126	4/86	2,100	6/87
0144 PVO Co-Financing (OPG)	G 81	88	600	799	499	278	100	183	-	120	-	100	2/88
APPROPRIATION TOTAL:			18,800	18,999	10,653	5,152	2,400	4,594	2,200	3,573	-	2,200	-
GRANTS:			18,800	18,999	10,653	5,152	2,400	4,594	2,200	3,573	-	2,200	-
LOANS:			-	-	-	-	-	-	-	-	-	-	-
<u>HEALTH</u>													
0135 Integrated Rural Health/FP Services (PC)	G 80	87	18,000	18,000	11,301	6,538	1,750	3,005	1,600	2,846	6/86	1,650	5/85
0144 PVO Co-Financing (OPG)	G 81	86	600	793	343	140	200	110	-	125	-	250	4/88
APPROPRIATION TOTAL:			18,600	18,793	11,644	6,678	1,950	3,115	1,600	2,971	-	1,900	-
GRANTS:			18,600	18,793	11,644	6,678	1,950	3,115	1,600	2,971	-	1,900	-
LOANS:			-	-	-	-	-	-	-	-	-	-	-
<u>EDUCATION</u>													
0123 Radio Education Teacher Training	G 77	83	3,635	3,635	3,635	158	(6)**	152	-	-	-	-	-
0146 Radio Education Teacher Training II (PC)	G 84	85	-	1,619	-	-	950	100	669	533	9/89	-	-

FY 1986 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

PROJECT NUMBER AND TITLE	OBLIG DATE	TOTAL COST AUTH	OBLIG THRU FY 83	PIPE- LINE	ESTIMATED U. S. DOLLAR COST (\$000)		FY 1985		FY 1986		ITEM NO
					OBLIG- ATIONS	EXPEND- ITURES	OBLIG- ATIONS	EXPEND- ITURES	FUNDED THRU	AAFPL THRU	
0151 Female Education (PC)	G 85 86	- 2,000	-	-	-	574	300	10/86	1,426	7/90	PEACE CORPS VY 84 VY 85
0152 Development Training & Support	G 86 89	- 5,000	-	-	-	-	-	-	674	4/87	-
APPROPRIATION TOTAL:		3,635	12,254	3,635	158	950	252	1,243	833	2,100	4
GRANTS:		3,635	12,254	3,635	158	950	252	1,243	833	2,100	4
LOANS:		-	-	-	-	-	-	-	-	-	-
<u>SELECTED DEVELOPMENT ACTIVITIES</u>											
0150 Strengthening the Legal System of Nepal	G 83 83	280	280	280	280	-	115	-	165	7/85	-
APPROPRIATION TOTAL:		280	280	280	280	-	115	-	165	-	-
GRANTS:		280	280	280	280	-	115	-	165	-	-
LOANS:		-	-	-	-	-	-	-	-	-	-
COUNTRY TOTALS:		122,615	188,582	79,843	31,052	13,500	22,901	15,000	20,934	16,500	37 39.3
GRANTS:		122,615	188,582	79,843	31,052	13,500	22,901	15,000	20,934	16,500	37 39.3
LOANS:		-	-	-	-	-	-	-	-	-	-

*Reobligation of deobligated funds.
**Deobligations.
***Includes centrally procured contraceptives.

TABLE VIII - FY 1984

ORGANIZATION AID/NEPAL
(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		1689.5	0	1689.5	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1038.4	0	1038.4	22.0
PT/TEMP U.S. BASIC PAY	U102	112	21.2	0	21.2	1.0
DIFFERENTIAL PAY	U103	116	192.2	0	192.2	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	0.4	0	0.4	XXXXX
OTHER MISSION FUNDED O.C 11	U105	119	0	0	0	XXXXX
EDUCATION ALLOWANCES	U106	126	41.0	0	41.0	22.0
RETIREMENT - U.S.	U107	120	74.0	0	74.0	XXXXX
LIVING ALLOWANCES	U108	128				XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	43.1	0	43.1	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	4.2	0	4.2	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	38.0	0	38.0	8.0
POST ASSIGNMENT - FREIGHT	U112	22	98.0	0	98.0	
HOME LEAVE - TRAVEL	U113	212	22.0	0	22.0	3.0
HOME LEAVE - FREIGHT	U114	22	15.0	0	15.0	
EDUCATION TRAVEL	U115	215	19.0	0	19.0	7.0
R AND R TRAVEL	U116	215	58.0	0	58.0	12.0
ALL OTHER CODE 215 TRAVEL	U117	215	25.0	0	25.0	
<u>FOREIGN NATIONAL DH</u>	U200		131.0	0	131.0	XXXXX
BASIC PAY	U201	114	86.7	0	86.7	50.0
OVERTIME, HOLIDAY PAY	U202	115	6.5	0	6.5	
ALL OTHER CODE 11 - FN	U203	119	3.0	0	3.0	XXXXX
ALL OTHER CODE 12 - FN	U204	129	29.8	0	29.8	XXXXX
BENEFITS FORMER FN PERS.	U205	13	5.0	0	5.0	XXXXX
<u>CONTRACT PERSONNEL</u>	U300		156.2	0	156.2	XXXXX
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	69.0	0	69.0	5.0
ALL OTHER U.S. PSC COSTS	U303	255				XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	87.2	0	87.2	51.0
ALL OTHER F.N. PSC COSTS	U305	255				XXXXX
JCC COSTS PAID BY AID/W	U306	113				
<u>HOUSING</u>	U400		288.7	0	288.7	XXXXX
RENT	U401	235	96.0	0	96.0	23.0
UTILITIES	U402	235	28.0	0	28.0	XXXXX
RENOVATION AND MAINT.	U403	259	36.0	0	36.0	XXXXX
QUARTERS ALLOWANCE	U404	127				
PURCHASES RES. FURN/EQUIP.	U405	311	20.0	0	20.0	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	12.0	0	12.0	XXXXX
SECURITY GUARD SERVICES	U407	254	95.3	0	95.3	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254				XXXXX
REPRESENTATION ALLOWANCE	U409	252	1.4	0	1.4	XXXXX

TABLE VIII - FY 1984

ORGANIZATION AID/NEPAL
(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>803.9</u>	<u>70.5</u>	<u>874.4</u>	<u>XXXXX</u>
RENT	U501	234	<u>0.8</u>	<u>0</u>	<u>0.8</u>	<u>XXXXX</u>
UTILITIES	U502	234	<u>18.0</u>	<u>0</u>	<u>18.0</u>	<u>XXXXX</u>
BUILDING MAINT./RENOV.	U503	259	<u>24.0</u>	<u>0</u>	<u>24.0</u>	<u>XXXXX</u>
OFFICE FURN./EQUIP.	U504	310	<u>33.0</u>	<u>0</u>	<u>33.0</u>	<u>XXXXX</u>
VEHICLES	U505	312	<u>48.5</u>	<u>0</u>	<u>48.5</u>	<u>XXXXX</u>
OTHER EQUIPMENT	U506	319	<u>3.0</u>	<u>0</u>	<u>3.0</u>	<u>XXXXX</u>
TRANSPORTATION/FREIGHT	U507	22	<u>44.9</u>	<u>0</u>	<u>44.9</u>	<u>XXXXX</u>
COMMUNICATIONS	U508	230				<u>XXXXX</u>
SECURITY GUARD SERVICES	U509	254	<u>63.4</u>	<u>0</u>	<u>63.4</u>	<u>XXXXX</u>
PRINTING	U510	24	<u>6.0</u>	<u>0</u>	<u>6.0</u>	<u>XXXXX</u>
RIG/II OPERATIONAL TRAVEL	U511	210				
SITE VISITS - IN COUNTRY	U512	210	<u>60.5</u>	<u>0</u>	<u>60.5</u>	<u>250.0</u>
SITE VISITS - OTHER	U513	210				
INFORMATION MEETINGS	U514	210	<u>44.0</u>	<u>0</u>	<u>44.0</u>	<u>5.0</u>
TRAINING ATTENDANCE	U515	210	<u>19.0</u>	<u>0</u>	<u>19.0</u>	<u>8.0</u>
CONFERENCE ATTENDANCE	U516	210	<u>0</u>	<u>17.3</u>	<u>17.3</u>	<u>6.0</u>
OTHER OPERATIONAL TRAVEL	U517	210				
SUPPLIES AND MATERIALS	U518	26	<u>259.8</u>	<u>53.2</u>	<u>313.0</u>	<u>XXXXX</u>
FAAS	U519	257				<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>179.0</u>	<u>0</u>	<u>179.0</u>	<u>XXXXX</u>
TOTAL O.E. BUDGET			<u>3069.3</u>	<u>70.5</u>	<u>3139.8</u>	<u>XXXXX</u>
RECONCILIATION			<u>1369.3</u>	<u>0</u>	<u>1369.3</u>	<u>XXXXX</u>
OPERATING ALLOWANCE REQUEST			<u>1700.0</u>	<u>70.5</u>	<u>1770.5</u>	<u>XXXXX</u>
OTHER INFORMATION:						
Dollar requirement for local currency costs					<u>\$ 1,020.0</u>	
Exchange rate used (as of May 1, 1984)					<u>NRS.15.65=\$1.00</u>	

Note: The Training Plan for FY 1984 immediately follows Table VIII.

TABLE VIII - FY 1985

ORGANIZATION AID/NEPAL
(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		1818.2	0	1818.2	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1074.7	0	1074.7	22.0
PT/TEMP U.S. BASIC PAY	U102	112	17.1	0	17.1	1.0
DIFFERENTIAL PAY	U103	116	200.1	0	200.1	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119				XXXXX
OTHER MISSION FUNDED O.C 11	U105	119				XXXXX
EDUCATION ALLOWANCES	U106	126	46.0	0	46.0	22.0
RETIREMENT - U.S.	U107	120	75.2	0	75.2	XXXXX
LIVING ALLOWANCES	U108	128				XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	47.1	0	47.1	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	1.0	0	1.0	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	25.0	0	25.0	4.0
POST ASSIGNMENT - FREIGHT	U112	22	50.0	0	50.0	
HOME LEAVE - TRAVEL	U113	212	100.0	0	100.0	16.0
HOME LEAVE - FREIGHT	U114	22	85.0	0	85.0	16.0
EDUCATION TRAVEL	U115	215	12.0	0	12.0	6.0
R AND R TRAVEL	U116	215	50.0	0	50.0	12.0
ALL OTHER CODE 215 TRAVEL	U117	215	35.0	0	35.0	
<u>FOREIGN NATIONAL DH</u>	U200		125.8	0	125.8	XXXXX
BASIC PAY	U201	114	83.0	0	83.0	45.0
OVERTIME, HOLIDAY PAY	U202	115	6.0	0	6.0	
ALL OTHER CODE 11 - FN	U203	119	3.0	0	3.0	XXXXX
ALL OTHER CODE 12 - FN	U204	129	28.8	0	28.8	XXXXX
BENEFITS FORMER FN PERS.	U205	13	5.0	0	5.0	XXXXX
<u>CONTRACT PERSONNEL</u>	U300		167.0	0	167.0	XXXXX
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	97.0	0	97.0	
ALL OTHER U.S. PSC COSTS	U303	255				XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	70.0	0	70.0	56.0
ALL OTHER F.N. PSC COSTS	U305	255				XXXXX
JCC COSTS PAID BY AID/W	U306	113				
<u>HOUSING</u>	U400		387.6	0	387.6	XXXXX
RENT	U401	235	105.0	0	105.0	24.0
UTILITIES	U402	235	40.0	0	40.0	XXXXX
RENOVATION AND MAINT.	U403	259	40.0	0	40.0	XXXXX
QUARTERS ALLOWANCE	U404	127				
PURCHASES RES. FURN/EQUIP.	U405	311	60.0	0	60.0	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	16.0	0	16.0	XXXXX
SECURITY GUARD SERVICES	U407	254	125.0	0	125.0	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254				XXXXX
REPRESENTATION ALLOWANCE	U409	252	1.6	0	1.6	XXXXX

TABLE VIII - FY 1985

ORGANIZATION AID/NEPAL
(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>965.6</u>	<u>75.0</u>	<u>1040.6</u>	<u>XXXXX</u>
RENT	U501	234	<u>1.0</u>	<u>0</u>	<u>1.0</u>	<u>XXXXX</u>
UTILITIES	U502	234	<u>20.0</u>	<u>0</u>	<u>20.0</u>	<u>XXXXX</u>
BUILDING MAINT./RENOV.	U503	259	<u>100.0</u>	<u>0</u>	<u>100.0</u>	<u>XXXXX</u>
OFFICE FURN./EQUIP.	U504	310	<u>25.0</u>	<u>0</u>	<u>25.0</u>	<u>XXXXX</u>
VEHICLES	U505	312	<u>64.0</u>	<u>0</u>	<u>64.0</u>	<u>XXXXX</u>
OTHER EQUIPMENT	U506	319	<u>25.0</u>	<u>0</u>	<u>25.0</u>	<u>XXXXX</u>
TRANSPORTATION/FREIGHT	U507	22	<u>58.6</u>	<u>0</u>	<u>58.6</u>	<u>XXXXX</u>
COMMUNICATIONS	U508	230	<u>12.0</u>	<u>0</u>	<u>12.0</u>	<u>XXXXX</u>
SECURITY GUARD SERVICES	U509	254	<u>45.0</u>	<u>0</u>	<u>45.0</u>	<u>XXXXX</u>
PRINTING	U510	24	<u>5.0</u>	<u>0</u>	<u>5.0</u>	<u>XXXXX</u>
RIG/II OPERATIONAL TRAVEL	U511	210				
SITE VISITS - IN COUNTRY	U512	210	<u>60.0</u>	<u>0</u>	<u>60.0</u>	<u>250.0</u>
SITE VISITS - OTHER	U513	210				
INFORMATION MEETINGS	U514	210	<u>30.0</u>	<u>0</u>	<u>30.0</u>	<u>8.0</u>
TRAINING ATTENDANCE	U515	210	<u>35.0</u>	<u>0</u>	<u>35.0</u>	<u>20.0</u>
CONFERENCE ATTENDANCE	U516	210	<u>0</u>	<u>25.0</u>	<u>25.0</u>	<u>8.0</u>
OTHER OPERATIONAL TRAVEL	U517	210	<u>10.0</u>	<u>0</u>	<u>10.0</u>	<u>5.0</u>
SUPPLIES AND MATERIALS	U518	26	<u>280.0</u>	<u>50.0</u>	<u>330.0</u>	<u>XXXXX</u>
FAAS	U519	257				<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>195.0</u>	<u>0</u>	<u>195.0</u>	<u>XXXXX</u>
TOTAL O.E. BUDGET			<u>3464.2</u>	<u>75.0</u>	<u>3539.2</u>	<u>XXXXX</u>
RECONCILIATION			<u>1414.2</u>	<u>0</u>	<u>1414.2</u>	<u>XXXXX</u>
OPERATING ALLOWANCE REQUEST			<u>2050.0</u>	<u>75.0</u>	<u>2125.0</u>	<u>XXXXX</u>

OTHER INFORMATION:

Dollar requirement for local currency costs
 Exchange rate used (as of May 1, 1984)

\$ 1,100.0
 NRs 15.65=\$1.00

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

15%
10%

Note: The Training Plan for FY 1985 immediately follows Table VIII.

TABLE VIII - FY 1986

ORGANIZATION AID/NEPAL
(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		1724.9	0	1724.9	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1040.1	0	1040.1	23.0
PT/TEMP U.S. BASIC PAY	U102	112	16.5	0	16.5	1.0
DIFFERENTIAL PAY	U103	116	194.6	0	194.6	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119				XXXXX
OTHER MISSION FUNDED O.C 11	U105	119				XXXXX
EDUCATION ALLOWANCES	U106	126	56.0	0	56.0	19.0
RETIREMENT - U.S.	U107	120	72.8	0	72.8	XXXXX
LIVING ALLOWANCES	U108	128				XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	47.2	0	47.2	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129				XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	22.5	0	22.5	5.0
POST ASSIGNMENT - FREIGHT	U112	22	87.5	0	87.5	5.0
HOME LEAVE - TRAVEL	U113	212	35.5	0	35.5	8.0
HOME LEAVE - FREIGHT	U114	22	32.2	0	32.2	8.0
EDUCATION TRAVEL	U115	215	14.0	0	14.0	4.0
R AND R TRAVEL	U116	215	66.0	0	66.0	24.0
ALL OTHER CODE 215 TRAVEL	U117	215	40.0	0	40.0	
<u>FOREIGN NATIONAL DH</u>	U200		128.0	0	128.0	XXXXX
BASIC PAY	U201	114	86.5	0	86.5	41.0
OVERTIME, HOLIDAY PAY	U202	115	10.0	0	10.0	
ALL OTHER CODE 11 - FN	U203	119	2.0	0	2.0	XXXXX
ALL OTHER CODE 12 - FN	U204	129	29.5	0	29.5	XXXXX
BENEFITS FORMER FN PERS.	U205	13				XXXXX
<u>CONTRACT PERSONNEL</u>	U300		307.4	0	307.4	XXXXX
PASA TECHNICIANS	U301	258				
U.S. PSC - SALARY/BENEFITS	U302	113	168.0	0	168.0	4.0
ALL OTHER U.S. PSC COSTS	U303	255				XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	139.4	0	139.4	59.0
ALL OTHER F.N. PSC COSTS	U305	255				XXXXX
JCC COSTS PAID BY AID/W	U306	113				
<u>HOUSING</u>	U400		392.7	0	392.7	XXXXX
RENT	U401	235	129.5	0	129.5	23.0
UTILITIES	U402	235	35.0	0	35.0	XXXXX
RENOVATION AND MAINT.	U403	259	45.0	0	45.0	XXXXX
QUARTERS ALLOWANCE	U404	127				
PURCHASES RES. FURN/EQUIP.	U405	311	29.0	0	29.0	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	17.5	0	17.5	XXXXX
SECURITY GUARD SERVICES	U407	254	135.0	0	135.0	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254				XXXXX
REPRESENTATION ALLOWANCE	U409	252	1.7	0	1.7	XXXXX

TABLE VIII - FY 1986

ORGANIZATION AID/NEPAL
(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>1177.5</u>	<u>67.0</u>	<u>1244.5</u>	<u>XXXXX</u>
RENT	U501	234	<u>1.0</u>	<u>0</u>	<u>1.0</u>	<u>XXXXX</u>
UTILITIES	U502	234	<u>23.5</u>	<u>0</u>	<u>23.5</u>	<u>XXXXX</u>
BUILDING MAINT./RENOV.	U503	259	<u>110.0</u>	<u>0</u>	<u>110.0</u>	<u>XXXXX</u>
OFFICE FURN./EQUIP.	U504	310	<u>131.0</u>	<u>0</u>	<u>131.0</u>	<u>XXXXX</u>
VEHICLES	U505	312	<u>55.0</u>	<u>0</u>	<u>55.0</u>	<u>XXXXX</u>
OTHER EQUIPMENT	U506	319	<u>24.0</u>	<u>0</u>	<u>24.0</u>	<u>XXXXX</u>
TRANSPORTATION/FREIGHT	U507	22	<u>52.0</u>	<u>0</u>	<u>52.0</u>	<u>XXXXX</u>
COMMUNICATIONS	U508	230	<u>13.0</u>	<u>0</u>	<u>13.0</u>	<u>XXXXX</u>
SECURITY GUARD SERVICES	U509	254	<u>50.0</u>	<u>0</u>	<u>50.0</u>	<u>XXXXX</u>
PRINTING	U510	24	<u>6.0</u>	<u>0</u>	<u>6.0</u>	<u>XXXXX</u>
RIG/II OPERATIONAL TRAVEL	U511	210				
SITE VISITS - IN COUNTRY	U512	210	<u>28.0</u>	<u>17.0</u>	<u>45.0</u>	<u>210.0</u>
SITE VISITS - OTHER	U513	210	<u>25.0</u>	<u>0</u>	<u>25.0</u>	<u>50.0</u>
INFORMATION MEETINGS	U514	210	<u>25.0</u>	<u>0</u>	<u>25.0</u>	<u>5.0</u>
TRAINING ATTENDANCE	U515	210	<u>35.0</u>	<u>0</u>	<u>35.0</u>	<u>20.0</u>
CONFERENCE ATTENDANCE	U516	210	<u>30.0</u>	<u>0</u>	<u>30.0</u>	<u>8.0</u>
OTHER OPERATIONAL TRAVEL	U517	210	<u>10.0</u>	<u>0</u>	<u>10.0</u>	<u>35.0</u>
SUPPLIES AND MATERIALS	U518	26	<u>356.0</u>	<u>0</u>	<u>356.0</u>	<u>XXXXX</u>
FAAS	U519	257				<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>203.0</u>	<u>50.0</u>	<u>253.0</u>	<u>XXXXX</u>
TOTAL O.E. BUDGET			<u>3730.5</u>	<u>67.0</u>	<u>3797.5</u>	<u>XXXXX</u>
RECONCILIATION			<u>1371.2</u>	<u>0</u>	<u>1371.2</u>	<u>XXXXX</u>
OPERATING ALLOWANCE REQUEST			<u>2359.3</u>	<u>67.0</u>	<u>2426.3</u>	<u>XXXXX</u>

OTHER INFORMATION:

Dollar requirement for local currency costs

\$ 1,200.0

Exchange rate used (as of May 1, 1984)

NRS.15.65=\$1.00

Estimated Wage Increases - FY 1985 to FY 1986

15%

Estimated Price Increases - FY 1985 to FY 1986

10%

Note: The Training Plan for FY 1986 immediately follows Table VIII.

Training Plan

<u>Fiscal Year</u>	<u>Dollar Funded*</u>	<u>Units</u>
A. <u>P. I. Training</u>		
1984	7.7	5
1985	12.0	5
1986	5.0	2

Anticipated Training Plan

- One USDH, and funds permitting, one FNDH
Jakarta, October 14 - 26, 1984
- One USDH, and funds permitting, one FNDH
Manila, March 10 - 22, 1985
- One USDH: Cairo, May 12 - 24, 1985
- Two USDH: regional site, first quarter, 1986

B. DSP-A and B

1984	2.3	1
1985	7.4	2
1986	7.4	2

In the above category only per diem costs for Washington, D.C. are budgeted for USDH. Round trip travel and per diem is budgeted for one FNDH in both FY 1985 and 1986.

C. Language

None of the positions at post is language designated. There are no individuals at post requiring language for tenuring.

* No local currency is available for training.

<u>Fiscal Year</u>	<u>Dollar Funded</u>	<u>Units</u>
<u>D. Technical Training</u>		
1985	5.1	3
1986	5.1	3

In the above category only per diem costs for Washington, D.C. are budgeted.

<u>E. Management Skills</u>		
1985	5.4	2
1986	5.4	2

Mission will send two participants in FY 1985 and 1986 to regional courses.

<u>F. ADP Training</u>		
1985	2.8	7
1986	2.8	7

We have budgeted two units for training courses in the Asia region in both FY 1985 and 1986. Training in AID/W is budgeted as per diem cost only.

<u>TOTAL</u> - FY 1984	\$ 10.0	6
<u>TOTAL</u> - FY 1985	\$ 32.7	19
<u>TOTAL</u> - FY 1986	\$ 25.7	16

* No local currency is available for training.

TABLE VIII NARRATIVE

Section A. Management Improvements

Ongoing organizational changes, reassignments and restructuring of personnel are continuing in an effort to utilize FNDH staff more effectively within prescribed workforce limitations. The AID/Nepal FNDH FTE staff level has already been cut from 57 in FY 1983 to 51 in FY 1984, an 11 percent reduction. Further cuts of 12 percent in FY 1985 to 45 FTE, and 8 percent in FY 1986 to 41 FTE have been mandated. This will result in an overall FNDH workforce reduction of 28 percent over four years despite the fact that program levels have increased approximately 15 percent over the same period. Furthermore, AAPL projections through FY 1990 indicate a substantial increase in program levels. AID/Nepal is attempting to cope with the forced loss of trained and talented FNDH technicians through reassignment of duties, redistribution of workloads and increased utilization of PSC's. However, these measures are not sufficient to compensate for the continued loss of highly trained FNDH personnel. Continued reduction in FNDH staff will be counter-productive to overall program efficiency.

Over the medium term, planned access to automated data processing (ADP) equipment beginning in FY 1985 is expected to be the primary source of management improvement with respect to increasing efficiency of the workforce.

The 1985 ABS identified measures planned to improve procurement management. These actions are already resulting in a moderate reduction in manpower needs and in financial savings. The system for the procurement of both expendable and non-expendable items should further improve with automation of Mission systems in FY 1985 and 1986.

The gradual standardization of the vehicle fleet, begun in FY 1983, continues to be reflected in reduced procurement of diverse brands of spare parts and in less repair and maintenance time.

Section B. Justification for Funding Changes

The Mission OE budget for FY 1984, exclusive of funds provided for the lease/purchase of the USAID compound, was approved at the same level as FY 1983.

This has resulted in significant changes and deferrals in approved procurement plans. Moreover, the planned purchase of ADP equipment in FY 1984 at a level higher than originally budgeted has contributed to further deferrals in the approved procurement plan for office equipment, household furnishings and vehicles pending receipt of supplemental end of FY 1984-85 funding if available.

FY 1985 and FY 1986 budgets reflect increases approximating 20 percent annually primarily due to 1) the inclusion of the purchase of substantial ADP equipment in both fiscal years recommended by a recent AID/W ADP team, 2) procurement of equipment, furnishings and vehicles deferred in FY 1984 due to lack of budget resources, 3) annual compensation increases approximating 15 percent for FNDH and PSC employees, 4) inflation in local and offshore procurement of goods and services approximating 10 percent annually, 5) provision for operating and maintenance costs for ADP equipment not previously required and 6) housing rental increases in excess of 23 percent.

Section C. Trust Funds

The GON annually contributes to a small trust fund that generates approximately \$17,000.00 a year. There are no other programs expected to generate any local currency. In addition, AID/Nepal has a residual excess Indian Rupee currency account which was generated by PL 480 sales. At the planned rate of use this account will be depleted by FY 1989, and will not be replenished.

Section D. Contingency Requirement

The figures in Table VIII do not include funding for the 1986 portion of the AID/Nepal mission compound lease/purchase, approved by AID/W. The lease/purchase agreement, which has not been concluded as of this report, has been funded for FY 1984 and will pose a supplementary requirement of \$300,000 annually through FY 1988. In addition, a final supplementary payment of \$150,000 in FY 1988 will be made from the excess Indian Rupee account.

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

ORGANIZATION AID/NEPAL

<u>Job Title/Position Description</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
WID Coordinator	24.0 (10/83- 9/84)	28.0 (10/84- 9/85)	30.0 (10/85- 9/86)
Computer Technician		20.0 (1/85- 9/85)	30.0 (10/85- 9/86)
Project Support Officer			45.0 (10/85- 9/86)
Information Specialist	5.3 (10/83- 4/84)	9.0 (1/85- 9/85)	18.0 (1/86- 9/86)
C&R Consultant	2.2 (1/84- 2/84)		
Special Projects Officer	35.0 (10/83- 9/84)	40.0 (10/84- 9/85)	45.0 (10/85- 9/86)
Executive Assistant	2.5 (11/83- 12/83)		
	69.0	97.0	168.0

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

ORGANIZATION AID/NEPAL

<u>Description of Service</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
Driver/Mechanics Contract	98.0 (10/83- 9/84)	115.0 (10/84- 9/85)	125.0 (10/85- 9/86)
Computer Maintenance			35.8 (10/85- 9/86)
Total of all other Contracts	81.0	80.0	92.0
	<hr/>	<hr/>	<hr/>
TOTAL	179.0	195.0	252.8
ROUNDED	179.0	195.0	253.0

TABLE VIII(c) NARRATIVE

Obligation for Information Technology System

AID/Nepal proposes to procure it's first mini-computer automated data processing (ADP) system for improved information management.

The acquisition of an ADP system is absolutely essential. The growing complexity and volume of project information, the need for accurate and rapid response, combined with mandated staff reductions and loss of institutional memory, require that new approaches to efficient information management be implemented. The planned system will be phased in over a three year period to minimize disruption and best serve mission operations. Procurement has been phased to tie training requirements with acquisition. AID/Nepal personnel will be able to utilize the system more effectively as more sophisticated components and applications are gradually introduced over three fiscal years.

AID/Nepal proposes to procure a Wang VS 45 with two work stations and two printers in FY 1985. The most important immediate use will be implementation of the Mission Accounting Central System (MACS). This will provide a vital new asset for Mission management and accountability and will track expenditure rates and accruals, project and program budgets, and provide mission-wide and individual project economic and financial analysis.

During FY 1985 AID/Nepal has budgeted for five microcomputers to either stand alone or be connected to the VS 45 in the first phase of our automation plan. Along with the PCs, the Mission proposes to procure two printers which will provide full capacity for word processing as well as handle cables. In FY 1985, the mission will also begin to implement automated packages for participant training, personnel, control and flow of administrative expendable and non-expendable items, and project implementation tracking.

The procurement of a second VS 45, enhanced with fifteen micro-computers and four printers, is projected for FY 1986. This would fully automate the Mission to meet its requirements at that time.

With regard to staff and training implications, in FY 1985 AID/Nepal plans to establish a computer management staff consisting of a system manager and programmer/operator. They will be responsible for computer operation, development and implementation of applications, and training in equipment use. Initial training in the use of the ADP equipment will begin in either FY 1984 or early FY 1985. USDH staff will attend courses in AID/W where feasible. FNDH personnel will receive ADP training regionally when available, and locally.

TABLE VIII(c) (continued)

<u>Item and Explanation</u>	Fiscal Years (\$000)		
	<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>	-0-	30.0	40.0
B. <u>Workyears</u>	(-0-)	(2.5)	(3.0)
<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)	-0-	-0-	-0-
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.	-0-	-0-	-0-

TABLE VIII(c) (continued)

<u>Item and Explanation</u>	<u>Fiscal Years (\$000)</u>		
	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>C. Supplies and Other</u>			
Obligations for supplies and software rental (not included in a rental contract for equipment)		10.0	5.0
<u>D. Non-Commercial Training</u>			
Obligations for planning and conducting government operated training to prepare users to make effective use of automation resources.	-0-	-0-	-0-
SUBTOTAL		<u>10.0</u>	<u>5.0</u>
<hr/>			
<u>4. Commercial Services</u>			
This includes obligation for services where payments are made to private industry.			
<u>A. Computer Time</u>			
Obligations to fund contract with a private firm to provide computer time to the Mission.	-0-	-0-	-0-
<u>B. Leased Telecommunications Services</u>			
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.	-0-	1.0	1.5
<u>C. Operations and Maintenance</u>			
<u>(1) Operations</u>			
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).	-0-	-0-	-0-

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.	-0-	14.0	35.8
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.	-0-	-0-	-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.	-0-	-0-	-0-
SUBTOTAL		<u>15.0</u>	<u>37.3</u>
<hr/>			
5. TOTALS			
Total Obligations	<u>57.5</u>	<u>142.0</u>	<u>262.3</u>
Workyears (From item 2A)	()	(2.5)	(3.0)
<hr/>			
6. <u>Special Breakout</u>			
A. Amounts included in Mission allowances <u>for existing systems.</u> (Includes 2A, 3, and 4) (Services for equipment in place only.)	-0-	-0-	-0-
B. Amounts included in Mission allowances <u>for new or expanded systems.</u> (Includes 1, 2A, 3 and 4.) (Equipment and services for new efforts beginning during the fiscal year.)	57.5	142.0	262.3