PD-AAS-937

Annual Budget Submission

FY 1987

SUDAN

BEST AVAILABLE

JULY 1985

Agency for International Development
Washington, D.C. 20523

THIS BUDGET SUBMISSION HAS BEEN PREPARED BY THE A.I.D. FIELD MISSION.

IT IS PREPARED ANNUALLY AND USED FOR PLANNING PURPOSES IN THE FIELD AND IN WASHINGTON.

IT DOES NOT REPRESENT OFFICIAL AGENCY POLICY.

SUDAN

FY 1987 ANNUAL BUDGET SUBMISSION

Table of Contents

		Page
1.	Action Plan	i
2.	Table I - Long Range Plan by Appropriation Account	1
3.	Table III - Project Obligations by Appropriation Account	2
4.	Table IV - Project Budget Data	4
5.	Table V - Proposed Program Ranking	8
6.	Table VI - Expenditures of Local Currency Generations	9
7.	New Project Narratives	
	-Agricultural Research and Production (650-0075)	11
	-Commodity Import Program (650-K-609) (FY 1986)	16
	-Commodity Import Program (650-K-610) (FY 1987)	18
8.	Table VII - Planned Evaluations	20
9.	Overseas Workforce and Operating Expenses	
	-Table VIII*- Operating Expenses Summary	
	-FY 1985	25
	-FY 1986	27
	-FY 1987	29
	-Table VIII Narrative	31
	-Table VIII (a) - US PSC Costs	34
	-Table VIII (b) - Other Code 25	35
	-Table VIII (c) - Information Technology Systems	36
	-Table VIII (c) - Narrative	41
	-Table VIII (d) - USDH Staffing (Khartoum 7987)	43
	-Table VIII (e) - IDI Staffing (Khartoum 7987)	43
	-Table VIII (f) - Foreign and Third Country Staffing	44
	-Table VIII (g) - Part-Time Staffing (Khartoum 7987)	43
10.	PL 480	
	-Table XI - Title I/III (Khartoum 7746)	48
	-Table XII (Khartoum 7746)	48
	-Table XIII -Title II	50
	-PL 480 Narrative	54
11.	Pipeline/Mortgage Estimates	55-a
12.	Non-Bilaterally Funded Activities	56

*An adjusted Table VIII will be submitted at a later date.

PAGE 01 OF 02 KHARTO 08059 00 OF 03 021449Z 0355 055466 AID2398
ACTION AID-00

ACTION OFFICE AFDP-06
INFO AFEA-03 PPPB-02 PPDC-01 STAG-02 AGRI-01 RELO-01 MAST-01
/017 A2 1003

INFO LOG-00 COPY-01 AF-00 CIAE-00 EB-03 DODE-00 RP-10
SR-06 /025 W
----------116307 021451Z /41 38

R 021430Z JUN 85
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC 0874

UNCLAS KHARTOUM 08059

AIDAC

FOR JGOVAN, AFR/DP

E.O. 12356:N/A
SUBJECT: FY87 ABS - ACTION PLAN

PLEASE ADD THE FOLLOWING TO OUR FY87 ABS PACKAGE. SECTION C. (FORWARD PLAN AND POLICY DIALOGUE) FOLLOWS VIA CLASSIFIED SEPTEL.

- ACTION PLAN

A. STRATEGY RECAP

THE MISSION'S PRIMARY GOAL IS TO STRENGTHEN NATIONAL PRODUCTIVE CAPACITY, THE DECLINE OF WHICH IS THE PRIMARY COURSE OF SUDAN'S ECONOMIC CRISIS. TO ACHIEVE THIS GOAL THE MISSION IS ENCOURAGING THE ADOPTION OF THE KINDS OF ECONOMIC POLICY REFORMS THAT WILL STIMULATE AGRICULTURAL EXPORTS, REDUCE GOVERNMENT INEFFECTENCIES AND ELIMINATE GOVERNMENT SUBSIDIES. SIMULTANEOUSLY, THE MISSION IS LAYING THE INFRASTRUCTURAL FOUNDATION FOR THE DEVELOPMENT OF THE RAIN-FED AGRICULTURE SUBSECTOR, THE COUNTRY'S BEST HOPE FOR ECONOMIC RECOVERY. OVERSHADOWING THESE OBJECTIVES IN THE SHORT-RANGE, HOWEVER, IS THE EMERGENCY EFFORT REQUIRED TO PROVIDE FOOD FOR THE HUNGRY AND STARVING SUDANESE IN THE WEST, AS WELL AS THE REFUGEES IN THE EAST.

B. BENCHMARK SELF-APPRAISAL FY85-FY86
1. ECONOMIC POLICY REFORM
SEE SECTION C

2. AGRICULTURE
- DURING FY1985, USAID WILL SELECT AN A AND E FIRM AND COMPLETE THE DESIGN WORK FOR THE WESTERN AGRICULTURE MARKETING ROAD PROJECT (650-0069). COMMENT: THE A AND E FIRM WAS SELECTED, BUT THE COMPLETION OF THE DESIGN WILL SLIP TO EARLY FY86.

- CONSTRUCTION OF THE ROAD WILL BEGIN IN FY1986. COMMENT: THE CONSTRUCTION CONTRACT WILL BE SIGNED IN FY86, BUT ACTUAL CONSTRUCTION WILL LIKELY NOT GET UNDERWAY UNTIL EARLY FY87.

- THE MISSION WILL COMPLETE THE PROJECT PAPER FOR THE PROPOSED KORDOFAN RAIN-FED AGRICULTURE PROJECT (650-0054) IN EARLY FY85 AND EXPECTS TO HAVE SELECTED AN A AND E FIRM BEFORE THE END OF THE YEAR FOR THE DESIGN WORK UNDER THE PROJECT'S FEEDER ROAD AND STORAGE COMPONENTS. COMMENT: THE PP WAS COMPLETED AND THE PROJECT AUTHORIZED. HOWEVER, THERE HAVE BEEN DELAYS IN GETTING THE PROJECT SIGNED BECAUSE OF THE RECENT CHANGE IN GOVERNMENT.
THE A AND E FIRM SELECTION WILL NOT NOW TAKE PLACE UNTIL THE END OF CY85.

- IN FY86, WORK WILL GET UNDERWAY ON THE FEEDER ROADS AND IT IS EXPECTED THAT TWO OF THE PROJECT'S SIX STORAGE FACILITIES WILL HAVE BEEN COMPLETED BEFORE THE END OF THE YEAR. COMMENT: CONSTRUCTION WORK IS NOT EXPECTED TO BEGIN UNTIL FY1987. COMPLETION OF THE TWO FACILITIES IS ANTICIPATED IN TIME FOR THE 1987 HARVEST.

- THE DISTRIBUTION AND SALE OF 350 MT OF (HYBRID SORGHUM) SEED BY MAY 1985, SUFFICIENT FOR A PLANTING OF 90,000 ACRES. THIS IS EXPECTED IN THE 1986 PLANTING SEASON TO EXPAND TO APPROXIMATELY 250,000 ACRES. COMMENT: THE MISSION OVERESTIMATED THE CAPABILITY OF THE NATIONAL SEED ADMINISTRATION (NSA) TO MULTIPLY THE SEEDS. IN FACT, ONLY ABOUT 200 TONS OF HYBRID (KD-1) WAS PRODUCED, SUFFICIENT FOR A PLANTING OF 63,000 ACRES. HOWEVER, THE MISSION IS PROCURING 130 TONS OF A U.S. HYBRID (W 823 A) FOR THE PLANTING OF AN ADDITIONAL 44,000 ACRES IN 1985. TWO PRIVATE INDIGENOUS ORGANIZATIONS HAVE DEVELOPED PROPOSALS FOR THE PRODUCTION OF 600 TONS OF KD-1 FOR PLANTING IN 1986. THIS AMOUNT, COMBINED WITH THE 400 TONS EXPECTED FROM THE NSA SHOULD BE SUFFICIENT TO ACHIEVE THE TARGET PLANTING IN 1986 OF 250,000 ACRES.

- RE MULTIPLICATION OF IMPROVED GROUNDNUT AND MILLET VARIETIES: (1) RELATIVELY LARGE-SCALE FIELD TESTING WILL BE INITIATED BY NSA IN KORDOFAN THROUGH THE MISSION'S CONTINUED LOCAL CURRENCY SUPPORT DURING THE 1985 PLANTING SEASON: COMMENT: THIS WAS NOT DONE BECAUSE OF THE DROUGHT CONDITIONS IN THE AREA. (2) TESTING WILL BE EXPANDED IN 1986, WHICH IN THE CASE OF THE GROUNDNUTS WILL REACH A LEVEL OF 20,000 ACRES. COMMENT: BECAUSE OF THE FAILURE OF THE INITIAL PLANTING, THE EXPANSION CANNOT TAKE PLACE. HOWEVER, THE MISSION WILL BE IMPORTING SUFFICIENT FOUNDATION SEEDS THIS YEAR TO ESTABLISH A TEST OF 1500 ACRES IN 1986.

- EXAMINE POSSIBLE PROGRAMS TO AMELIORATE THE EFFECTS OF THE DROUGHT, SUCH AS WATER RETENTION/CONSERVATION TECHNIQUES AND THE ACCELARTED INTRODUCTION OF DROUGHT RESISTANT AND EARLY-MATURING MILLET VARIETIES. COMMENT: INITIAL INVESTIGATIONS HAVE BEEN MADE WITH RESPECT TO WATER CONSERVATION TECHNIQUES. WORK WILL CONTINUE IN THIS AREA WITH LOCAL CURRENCY SUPPORT. THE DROUGHT ADVERSELY AFFECTED EXPERIMENTS WITH IMPROVED MILLET VARIETIES, BUT WORK IS CONTINUING.

- INITIATE A FORESTRY SECTOR ASSESSMENT AND A PILOT CREDIT PROGRAM. COMMENT: THE FORESTRY SECTOR ASSESSMENT HAS BEEN COMPLETED. A PROPOSAL FOR THE PILOT CREDIT PROGRAM WAS JOINTLY DEVELOPED WITH THE GOS, HOWEVER THE CHANGE IN GOVERNMENT HAS HELD UP FURTHER PROGRESS.

3. ENERGY
IMPROVE THE NATIONAL ELECTRICITY CORPORATION'S COMPUTER CENTER. COMMENT: THROUGH TECHNICAL ASSISTANCE AND TRAINING, THE COMPUTER CENTER'S CAPACITY HAS BEEN TRIPLED. FUTURE FOCUS WILL BE ON THE VERIFICATION OF COMPUTER INPUT ACCURACY AND THE USE OF COMPUTER INFO FOR BETTER FINANCIAL AND MANAGEMENT DECISION-MAKING.

- IMPROVE THE GOS' POWER EQUIPMENT MAINTENANCE OPERATION. COMMENT: DELAYS IN CONTRACTUAL ARRANGEMENTS HAS SET-BACK THE TIMING ON THIS EFFORT, THOUGH IT IS NOW UNDERWAY WITH THE FOCUS ON HANDS-ON IMPROVEMENT OF SHOP OPERATIONS.

- DEVELOP AND TEST DISSEMENATION STRATEGIES FOR THE TECHNICAL COMPONENTS OF THE RURAL RENEWABLE ENERGY PROJECT (650-0041). COMMENT: USE OF PEACE CORPS VOLUNTEERS HAS BOLSTERED DISSEMENATION OF INFORMATION ON THE MANUFACTURE

AND UTILIZATION OF IMPROVED CHARCOAL STOVES AS WELL AS THE PLANTING AND CARE OF TREES.

- DEVELOP TECHNOLOGY FOR THE EFFICIENT USE OF CHARCOAL IN KHARTOUM AND ITS ENVIRONS. COMMENT: A SURVEY OF INDUSTRIES USING CHARCOAL AND WOOD HAS BEEN COMPLETED. ALSO, A MEANS HAS BEEN DEVELOPED FOR THE USE OF WOOD PREVIOUSLY WASTED BY MECHANIZED FARMS FOR CHARCOAL PREPARATION BY ERITREAN REFUGEES.

4. HEALTH

- INTRODUCTION OF AN ORAL REHYDRATION PROGRAM IN KORDOFAN BY THE END OF FY85 AND IN EQUATORIA BY THE END OF FY86, TO INCLUDE THE REGULAR USE OF ORAL REHYDRATION AT FIFTY PERCENT OF THE SERVICE DELIVERY SITES WITH RETRAINED HEALTH WORKERS. THE PROGRAM IS EXPECTED TO REACH 350,000 VILLAGERS. COMMENT: WILL BE INITIATED IN KORDOFAN BY END OF FY85 WITH GOAL REACHED BY END OF FY86. ACTIVITIES IN EQUATORIA CURTAILED AT PRESENT FOR SECURITY REASONS.

- THE INTRODUCTION AND APPLICATION OF HEALTH EDUCATION MATERIALS IN KORDOFAN AND EQUATORIA FOR USE BY HEALTH WORKERS TEACHING ILLITERATE PERSONS ABOUT ORAL REHYDRATION, DIARRHEA, BREAST FEEDING, GROWTH MONITORING, CHILD SPACING AND ORAL CONTRACEPTIVES. EXPECTED TO GET UNDERWAY DURING THE SECOND QUARTER OF FY85 AND BE COMPLETED BY THE END OF THE THIRD QUARTER OF FY86. COMMENT: ON TRACK FOR KORDOFAN. ACTIVITIES IN EQUATORIA CURTAILED AT PRESENT FOR SECURITY REASONS.

- IN KORDOFAN AND EQUATORIA, COMPLETION OF A HELATH MANPOWER DEVELOPMENT PLAN AND COMPLETION OF A COST-EFFECTIVENESS STUDY ON THE PRESENT SYSTEM OF TRAINING FOR COMMUNITY HEALTH WORKERS. THE EQUATORIA PORTION IS EXPECTED TO BE FINISHED BY THE END OF FY85 AND THAT OF KORDOFAN BY THE END OF THE THIRD QUARTER OF FY86. COMMENT: THIS IS ON TRACK.

5. POPULATION

- THE COMPLETION OF A DEMOGRAPHIC ANALYSIS BY MID-FY85 OF THE 1983 CENSUS, INCLUDING THE FORMULATION OF ITS DATA INTO A FORMAT USEFUL FOR PLANNERS. COMMENT: DELAYED TO MID-FY86 DUE TO DELAY IN CENSUS RESULTS RELEASE.

- BY THE END OF FY1985, COMPLETION OF VARIOUS ANALYSIS ON PRINCIPAL POPULATION ISSUES IMPORTANT TO SUDAN. COMMENT: DELAYED TO END OF FY86 DUE TO DELAY IN CENSUS RESULTS RELEASE.

- BY THE END OF FY85, COMPLETION OF A TRAINING PROGRAM FOR PLANNERS FROM THE MINISTRY OF FINANCE AND ECONOMIC PLANNING ON THE VALUE AND USE OF CENSUS DATA IN PLANNING AND POLICY DEVELOPMENT. COMMENT: DELAYED TO END OF FY86 DUE TO DELAY IN CENSUS RESULTS RELEASE.

- BY THE END OF FY86, DISSEMINATION IN HANDBOOK FORM OF DEMOGRAPHIC DATA AVAILABLE IN SUDAN. COMMENT: ON TRACK.

- BY THE END OF FY86, RECOGNITION OF THE NATIONAL POPULATION COMMITTEE AS THE COORDINATING BODY FOR PUBLIC POPULATION ACTIVITIES IN SUDAN. COMMENT: ON TRACK.

- INITIATION OF MCH/FP SERVICES IN THREE SITES IN EQUATORIA (BY 2ND QUARTER FY85); IN TWO SITES IN KORDOFAN (BY 4TH QUARTER FY85); AND IN TWO SITES IN DARFUR (BY 1ST QUARTER FY86). COMMENT: ONLY 1 SITE IN EQUATORIA OPENED DUE TO SECURITY REASONS. KORDOFAN ON TRACK; DARFUR DELAYED 2 QUARTERS DUE TO DELAY IN START OF ACTIVITIES.

- INITIATION OF MCH/FP SERVICES IN KHARTOUM MODEL CLINIC

(1ST QUARTER FY86). COMMENT: WILL OPEN 2ND QUARTER 1986.

- INITIATION IN FY85 OF A PILOT PREGNANCY OUTCOME SURVEILLANCE SYSTEM IN KADUGLI DISTRICT, KORDOFAN. COMMENT: WILL BE CANCELLED ON RECOMMENDATION OF EVALUATION TEAM.

- UNDER THE CENTRALLY-FUNDED, COMMUNITY BASED FAMILY PLANNING PROJECT (932-0532), INSTALLATION OF A SERVICE DELIVERY SYSTEM, CENTERED ON VILLAGE MIDWIVES, FOR ORAL REHYDRATION, FAMILY PLANNING, CHILD GROWTH MONITORING, AND IMMUNIZATION EDUCATION IN 50 VILLAGES ALONG THE NILE RIVER FROM THE BORDER OF NILE/KHARTOUM PROVINCES TO THE CITY OF SHENDI WORK WILL BE COMPLETED BY THE END OF FY85. COMMENT: ON TRACK.

- BY THE END OF FY86, ESTABLISHMENT OF A NATIONAL COMMODITIES DISTRIBUTION SYSTEM TO IMPROVE THE AVAILABILITY OF CONTRACEPTIVES THROUGHOUT THE COUNTRY (UNDER THE CENTRALLY-FUNDED NATIONAL COMMODITIES DISTRIBUTION PROJECT: (932-0955). COMMENT: ON TRACK.

THE MISSION ANTICIPATES COMPLETION OF THE PID ON THE PROPOSED COMMERCIAL RETAIL SALES PROJECT (650-0072) BY THE END OF THE FIRST QUARTER OF FY85. COMMENT: DELAYED TO 1ST QUARTER OF FY86 DUE TO NEED FOR FURTHER ASSESSMENT.

C. FORWARD PLAN AND POLICY DIALOGUE

THE MISSION HAS CHOSEN TO COMBINE THESE TWO SECTIONS AS OUR EFFORT IN ECONOMIC POLICY REFORM IS THE FULCRUM TO EVERY OTHER COMPONENT OF OUR DEVELOPMENT PROGRAM. MOREOVER, THE RESPONSIVENESS OF THE NEW GOVERNMENT TO PENDING REFORM AGREEMENTS REACHED WITH ITS PREDECESSOR AS WELL AS TO OUR INITIAL PROPOSALS FOR FUTURE REFORMS WILL SET THE STAGE FOR OUR WHOLE ECONOMIC DEVELOPMENT APPROACH. IN THE COURSE OF PREPARING THIS SECTION, WE HAVE ALSO COMMENTED ON THE PROGRESS OF THE ECONOMIC POLICY REFORM COMPONENT (SECTION B.1. ABOVE) OF OUR PREVIOUS ACTION PLAN. MORAN

Department of State

INCOMING TELEGRAM

PAGE 01 KHARTO 08156 01 OF 09 040914Z 7267 056066 AID3732
ACTION AID-00

ACTION OFFICE AFDP-06
INFO AAAI-02 AFEA-01 FPA-02 AFDR-06 FVA-01 PPPB-02 GC-01
GCAF-01 GCFL-01 STDA-01 PPDC-01 C-02 CAL1-02 CPS-02
STAG-02 SaST-01 FFP-05 AFDA-01 FVPP-01 ES-01 AGRI-01
COM-02 4ELO-01 TELE-01 MAST-01 /054 A1 384

INFO LOG-00 AF-00 CIAE-00 EB-08 DODE-00 L-03 /011 W
----------205754 040915Z /38

O 040901Z JUN 85
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC IMMEDIATE 0933

UNCLAS SECTION 01 OF 09 KHARTOUM 08156

AIDAC

FOR J. GOVAN, AFR/DP

E.O. 12356: N/A
SUBJECT: SUDAN-(C.) FORWARD PLAN AND POLICY DIALOGUE
FY 87 ABS

REFS: (A) STATE 88820, (B) KHARTOUM 8059,
(C) 84 KHARTOUM 16322,

1. THIS IS A FOLLOW ON TO REFTEL B (ACTION PLAN FY 87 ABS).

2. SUMMARY: OVER THE PAST 2-3 YEARS USAID/SUDAN HAS ACCOMPLISHED SEVERAL SIGNIFICANT REFORMS AS A RESULT OF OUR ECONOMIC ANALYSIS AND POLICY DIALOGUE WITH SENIOR GOVERNMENT OFFICIALS. HOWEVER, AS THIS MESSAGE SPECIFIES, MUCH REMAINS TO BE DONE ON THE ECONOMIC REFORM FRONT IF SUDAN IS TO OVERCOME CURRENT STRUCTURAL IMBALANCES AND ECONOMIC DISTORTIONS. THE RECENT CHANGE IN GOVERNMENT AND THE TRANSITIONAL NATURE OF THE GOVERNMENT LEAVES US UNCERTAIN ABOUT OUR LATITUDE OR POSSIBLE SUCCESS. THIS CABLE DOES, HOWEVER, DESCRIBE THE REALM OF POSSIBILITIES FOR OUR ONGOING POLICY DIALOGUE. BUT IT MUST BE STRESSED THAT ACTUAL DONOR ENCOURAGED REFORMS WILL DEPEND ON OUR CONTINUING LEVERAGE AS NEW, AND POTENTIALLY LARGE DONORS SUCH AS LIBYA JOIN THE RANKS OF SUDAN'S MAJOR DONORS.

3. BACKGROUND: OVER THE PAST THREE YEARS POLICY DIALOGUE, THROUGH COLLABORATIVE ANALYSIS AND NEGOTIATION HAS BEEN THE CENTERPIECE OF OUR ECONOMIC STRATEGY. THE LEVEL OF US ASSISTANCE HAS ALLOWED US TO ENTER THE DIALOGUE PROCESS WITH LEVERAGE. USAID, WITH ITS DOLS 220 MILLION ANNUAL PROGRAM, IS THE LARGEST DONOR IN SUDAN AND ANNUALLY DISBURSES MORE FUNDS THAN ANY SINGLE MULTILATERAL OR BILATERAL DONOR. THE SHEER VOLUME OF FUNDS COMBINED WITH SUDAN'S STRUCTURAL IMBALANCES (E.G. IMPORTS FAR EXCEED EXPORT EARNINGS) AND MAJOR ECONOMIC DISTORTIONS (E.G., OVERVALUED EXCHANGE RATES, SUBSIDIES) HAVE FORCED US TO CONSIDER IF AND UNDER WHICH CONDITIONS SUDAN CAN EFFECTIVELY ABSORB OUR ECONOMIC ASSISTANCE, AND WHETHER OR NOT SUCH LEVELS OF ASSISTANCE CONTRIBUTE TO ECONOMIC RECOVERY AND GROWTH. IN SHORT, WE DECIDED THAT WE HAVE AN OBLIGATION TO PROMOTE ECONOMIC REFORM TO ASSURE THAT US FUNDS ARE USED RESPONSIBLY.

- TO ACHIEVE THIS END, WE HAVE ALLOCATED STAFF RESOURCES TO ECONOMIC ANALYSIS. A PROCESS OF POLICY DIALOGUE WAS BEGUN WITH SENIOR GOVERNMENT OFFICIALS WHEREBY WE JOINTLY EXAMINE ISSUES, AND IDENTIFY OPTIONS AND ECONOMIC TRADE-OFFS; AND JOINTLY CONSIDER APPROPRIATE GOS POLICY ACTIONS (REFORMS).

KHARTO 08156 01 OF 09 040914Z 7267 056066 AID3732

- BECAUSE OF OUR LARGE DOLS 50 MILLION PL 480 PROGRAM, OUR INITIAL FOCUS WAS BREAD PRICING. NUMEROUS SYMPTOMS INDICATED THAT STRUCTURAL CHANGES WERE NECESSARY: DEMAND FOR BREAD WAS RISING RAPIDLY, DOMESTIC WHEAT PRODUCTION WAS STAGNANT, URBAN CONSUMPTION HAD SHIFTED AWAY FROM THE TRADITIONAL AND LOCALLY PRODUCED STAPLE (GRAIN SORGHUM), AND ADMINISTERED BREAD PRICES ENTAILED SUBSIDIES THAT INCREASINGLY BURDENED THE NATIONAL BUDGET. OUR ANALYSIS CONFIRMED THAT THE GOS ANNUALLY SUBSIDIZED BREAD CONSUMPTION BY NOT LESS THAN DOLS 40 MILLION. THROUGH OUR POLICY DIALOGUE WE CONVINCED THE GOVERNMENT TO SUFFICIENTLY INCREASE THE PRICE OF BREAD IN JULY 1983 TO ELIMINATE THE EXPLICIT BUDGET SUBSIDY. THEN, IN JULY 1984 WE CONVINCED THE GOS ON THE BASIS OF OUR ANALYSIS TO INCREASE THE PRICE OF BREAD AGAIN TO ELIMINATE A 30 PERCENT IMPLICIT FOREIGN EXCHANGE RATE SUBSIDY. CONCURRENTLY WE CONVINCED THE AUTHORITIES TO ASSIST PRODUCERS BY ADOPTING EXPORT PARITY PRICING FOR DOMESTICALLY PRODUCED WHEAT, GUM ARABIC, SESAME AND GROUNDNUTS. THE FLOOR PRICES OF THESE COMMODITIES WERE ACCORDINGLY INCREASED, AS PART OF SELF-HELP MEASURES UNDER OUR PL 480 PROGRAM. ALSO THROUGH PL 480 WE STUDIED THE ECONOMIC FEASIBILITY OF USING COMPOSITE SORGHUM/WHEAT FLOUR IN BREAD MAKING. THIS STUDY LED TO A COMMERCIAL TRIAL OF COMPOSITE FLOUR, WHICH IS CURRENTLY UNDERWAY.

- MORE RECENTLY OUR POLICY DISCUSSIONS WITH THE GOS HAVE LED TO INCREASING INVOLVEMENT OF THE PRIVATE SECTOR IN THE INTERNATIONAL PROCUREMENT OF PL 480 AND IN THE INTERNAL DISTRIBUTION AND ALLOCATION OF WHEAT AND WHEAT FLOUR.

- THROUGHOUT THIS PERIOD, IT BECAME CLEAR THAT THE SUDANESE POUND WAS INCREASINGLY OVERVALUED, EXPORT INCENTIVES WERE ERODING, AND REMITTANCES DWINDLING. SINCE ECONOMIC ANALYSIS ON THESE ISSUES WAS ESSENTIAL, USAID DECIDED THAT IN RELATION TO OUR CIP

Department of State

INCOMING TELEGRAM

PAGE 01 KHARTO 08156 02 OF 09 040916Z 7293 056067 AID3739
ACTION AID-00

ACTION OFFICE AFDP-06
INFO AAAF-02 AFEA-01 FPA-02 AFDR-06 FVA-01 PPPB-02 GC-01
GCAF-01 GCFL-01 STDA-01 PPDC-01 C-02 CALI-02 CPS-02
STAG-02 SAST-01 FFP-09 AFDA-01 FVPP-01 ES-01 AGRI-01
COM-02 RELO-01 TELE-01 MAST-01 /054 A1 304

INFO LOG-00 COPY-01 AF-00 CIAE-00 EB-08 DODE-00 L-03
/012 W

----------206036 040920Z /16 38

O 040901Z JUN 85
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC IMMEDIATE 8934

UNCLAS SECTION 02 OF 09 KHARTOUM 08156

AIDAC

FOR J. GOVAN, AFR/DP

E.O. 12356: N/A
SUBJECT: SUDAN-(C.) FORWARD PLAN AND POLICY DIALOGUE

WE, AS A MAJOR DONOR, HAD THE RESPONSIBILITY TO ENGAGE SENIOR ECONOMIC POLICY-MAKERS IN A DIALOGUE ON EXCHANGE RATE ISSUES. THIS APPROACH WAS FIRST SET FORTH IN THE CDSS IN MARCH 1984. OUR EXCHANGES LED TO THE "OCTOBER 1984 REFORMS" WHICH INCLUDED A 16 PERCENT DEPRECIATION OF THE COMMERCIAL BANK FOREIGN EXCHANGE RATE, A 47 PERCENT INCREASE IN THE EXPORT RATE AND AN IMPROVED ALLOCATION OF FOREIGN EXCHANGE EARNINGS BETWEEN THE CENTRAL BANK AND THE COMMERCIAL BANKING SYSTEM. THESE POLICY ADJUSTMENTS WERE NOT ONLY DESIGNED TO ADDRESS THE OVERVALUED EXCHANGE RATE BUT TO SUPPORT THE DEVELOPMENT AND GROWTH OF THE PRIVATE SECTOR.

- THE OTHER MAJOR POLICY REFORM WE HAVE BEEN INTIMATELY INVOLVED IN OVER THE PAST YEAR HAS BEEN SUDAN'S PETROLEUM IMPORT INITIATIVE. THE PRINCIPLE OBJECTIVES OF THE INITIATIVE ARE TO ASSURE THAT SUDAN'S PETROLEUM WAS PURCHASED AT WORLD PRICES RATHER THAN 20 PERCENT ABOVE THEM; RESERVE ADEQUATE FOREIGN EXCHANGE TO PROCURE PETROLEUM COMPETITIVELY AND RELIABLY; INCREASE SUPPLIES PARTICULARLY IN RURAL AREAS AND THEREBY REDUCE DEPENDENCE ON THE BLACK MARKET; AND IMPLEMENT IMPORT PARITY PRICING AND ORDERLY PRICE INCREASES AS DOMESTIC AND INTERNATIONAL CIRCUMSTANCES WARRANT. THE INITIATIVE'S FINANCING FACILITY WAS CONCLUDED IN JUNE 1984 AND IMPLEMENTED IN MARCH 1985 ALONG WITH USAID NEGOTIATED PRICE INCREASES WHICH REFLECT IMPORT PARITY AND FULL COST RECOVERY FOR AGGREGATE PETROLEUM IMPORTS.

4. PRESENT CIRCUMSTANCES: DURING OUR POLICY DIALOGUE WE DEVELOPED CLOSE PROFESSIONAL RELATIONSHIPS WITH GOS POLICY-MAKERS. OUR ANALYSIS, CONSISTENT CONTACT AND RECORD OF SUCCESSFUL REFORM IN PART CREATED OUR CREDIBILITY. OF COURSE THE MAGNITUDE OF OUR ECONOMIC ASSISTANCE PROGRAM HELPED. BUT GOS OFFICIALS WERE ALSO IMPRESSED WITH OUR ABILITY TO BEGIN TO UNDERSTAND SUDAN AND TO FOCUS UPON REAL, TIMELY ECONOMIC ISSUES AND INSTITUTIONAL PROBLEMS.

- HOWEVER, WITH THE RECENT CHANGE IN GOVERNMENT THE SENIOR POLICY-MAKERS WE FORMERLY DEALT WITH HAVE ALL LEFT GOVERNMENT. WE HAVE NO STANDING TIES OR LINKS WITH THEIR SUCCESSORS AND MUST START ANEW TO REBUILD OUR CREDIBILITY. THIS REBUILDING COULD TAKE SOMETIME AND POSSIBLY COULD NOT MATERIALIZE AT ALL SINCE THE PRESENT GOVERNMENT IS TRANSITIONAL AND WILL GIVE WAY TO ELECTED OFFICIALS IN APRIL 1986. IF WE HOPE TO FIND ANY SUCCESS,

KHARTO 08156 02 OF 09 040916Z 7293 056067 AID3739

WE MUST BEGIN WITH DISCRETE ISSUES AND FOCUS ON ONES WHICH PRESENT MINISTERS WISH TO DEAL WITH, AND REVIEW WITH US. INEVITABLY THE ACHIEVEMENTS WILL BE LESS AND THE PROCESS SLOWER THAN OVER THE PAST YEAR.

- NONETHELESS THE POTENTIAL POLICY DIALOGUE AGENDA IS NO LESS THAN IT HAS BEEN OVER THE PAST TWO YEARS. SUDAN'S ECONOMY HAS WORSENED PARTLY DUE TO DROUGHT. MANY REFORMS MADE LAST YEAR WERE DISCRETE CHANGES IN PRICES THAT MUST BE REVIEWED, REVISED AND, EVENTUALLY INSTITUTIONALIZED. OUR AGENDA ILLUSTRATES THE MOST NEEDED AREAS FOR DIALOGUE. FROM THIS AGENDA WE WILL PRIORITIZE THE ISSUES WHICH USAID CAN TACKLE OVER THE NEXT YEAR. DESPITE ALL THAT NEEDS TO BE DONE, WE MUST BE PREPARED TO DO WHAT WE CAN. OUR SENSITIVITY TO IMMEDIATE POLICY NEEDS WILL HELP ESTABLISH OUR RECORD AND THUS OUR CREDIBILITY TO CONTINUE PARTICIPATING IN THE PROCESS OF POLICY DIALOGUE AND REFORM WITH THE NEW GOVERNMENT.

- GIVEN RECENT POLITICAL DISTURBANCES, BOTH THE TRANSITIONAL MILITARY COUNCIL AND THE TRANSITIONAL CABINET CAN BE EXPECTED TO TAKE A CAUTIOUS STAND ON POLICY REFORM. THE DESIRE FOR STABILITY MAY WELL WORK IN FAVOR OF PERMITTING SOME RECENT REFORMS, SUCH AS "FLOATING" COMMERCIAL BANK RATES AND IMPORT PARITY PRICING ON PETROLEUM TO PROCEED UNHINDERED. SUCH PROGRESS MAY REMAIN INTACT IN THOSE AREAS WHERE A FLEXIBLE MECHANISM FOR CHANGE HAS BEEN INSTITUTIONALIZED. HOWEVER, THIS IS NOT GENERALLY THE CASE AND PINPOINTS A WEAKNESS OF MUCH OF THE INCREMENTAL REFORM THAT HAS TAKEN PLACE IN RECENT YEARS. ANOTHER SHORT-COMING AT THE MOMENT IS OUR LACK OF KNOWLEDGE ABOUT THE ECONOMIC ORIENTATION OF INDIVIDUAL MINISTERS AND OTHER SENIOR LEVEL MEMBERS OF THE NEW GOVERNMENT. FOR EXAMPLE, IT IS NOT CLEAR HOW MANY HAVE A PUBLIC VS. PRIVATE SECTOR BENT EVEN IF THEY HAVE COME DIRECTLY FROM THE PRIVATE SECTOR. OUR HOPE IS THAT THEY WILL WANT TO AVERT FURTHER ECONOMIC FAILURE, REVIEW WITH US OUR ECONOMIC ANALYSIS AND THEIR ECONOMIC ISSUES AS WELL AS DISCUSS

Department of State

INCOMING TELEGRAM

PAGE 01 KHARTO 08156 03 OF 09 040918Z 7305 056069 AID3741
ACTION AID-00

ACTION OFFICE AFDP-06
INFO AAAF-02 AFEA-01 FPA-02 AFDR-06 FVA-01 PPPB-02 GC-01
GCAF-01 GCFL-01 STDA-01 PPDC-01 C-02 CAL1-02 CPS-02
STAG-02 SAST-01 FFP-09 AFDA-01 FVPP-01 ES-01 AGRI-01
COM-02 BELO-01 TELE-01 MAST-01 /054 A1 304

INFO LOG-00 COPY-01 AF-00 CIAE-00 EB-08 DODE-00 L-03
/012 W
----------206133 040922Z /17

O 040901Z JUN 85
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC IMMEDIATE 0935

UNCLAS SECTION 03 OF 09 KHARTOUM 08156

AIDAC

FOR J. GOVAN, AFR/DP

E.O. 12356: N/A
SUBJECT: SUDAN-(C.) FORWARD PLAN AND POLICY DIALOGUE

WITH US KEY ECONOMIC ISSUES. WE CAN ASSUME THEY WILL BE RECEPTIVE TO REFORMS WHICH WILL HAVE LIMITED NEGATIVE IMPACTS ON ANY ONE GROUP AND WHICH HAVE POSSIBILITIES OF BROAD TANGIBLE BENEFITS TO THE ECONOMY. WE MUST SEIZE OPPORTUNITIES AS WE IDENTIFY THEM. FOR EXAMPLE, ONE ISSUE MIGHT BE HOW WE CAN TAP THE STRONG AND WIDESPREAD ANTI-CORRUPTION MOOD OF THE PRESENT GOVERNMENT TO INCULCATE ACCOUNTABILITY INTO THE BUDGETARY PROCESS.

- IT MUST BE NOTED THAT THE CHANGE IN GOVERNMENT HAS ATTRACTED NEW DONORS AND INCREASED ASSISTANCE FROM OTHER DONORS WHICH MAY MITIGATE OUR RELATIVE LEVERAGE AND REDUCE THE SUDANESE SENSE OF URGENCY FOR REFORM. THE SAUDIS HAVE STEPPED UP PETROLEUM ASSISTANCE. THE LIBYANS ARE OFFERING CRUDE OIL, WHEAT, MEDICAL SUPPLIES, TRUCKS AND PLANES FOR RELIEF EFFORTS, AND PLANES TO SPRAY NEXT SEASON'S COTTON CROP. VOLUNTARY ORGANIZATIONS, PARTICULARLY AMONG SUDANESE WORKING ABROAD, HAVE SPRUNG-UP TO CONTRIBUTE TO THE FUND FOR NATIONAL SALVATION. AS MORE ASSISTANCE COMES FORTH AND FOREIGN GOVERNMENTS JOCKEY FOR INFLUENCE, USAID'S ROLE AND INFLUENCE WILL LIKELY DIMINISH. WE WILL INCREASINGLY HAVE TO LOOK TO COLLABORATIVE STANCES ON SPECIFIC REFORMS BETWEEN AID AND OTHER DONORS TO ACHIEVE OUR OBJECTIVES.

5. PROCESS OF DIALOGUE: TO DATE OUR POLICY DIALOGUE HAS BEEN BASED UPON OUR ASSESSMENT OF ECONOMIC CONDITIONS AND IDENTIFICATION OF MAJOR DISTORTIONS OF RIGIDITIES IN THE ECONOMY.

- THE MISSION IS OF THE OPINION THAT THREE CHARACTERISTICS OF ITS POLICY DIALOGUE PROCESS ARE THE BASIS FOR ITS SUCCESS AS AN ADVOCATE OF REFORM. FIRST, IS THE INVOLVEMENT OF SENIOR POLICY-MAKERS (OFTEN AT THE MINISTERIAL LEVEL) AT AN EARLY STAGE IN THE ANALYTICAL WORK. BY MOVING TOGETHER IN THE ANALYTICAL PHASE, OFTEN ADDING SPECIFIC ANALYTIC TASKS TO ADDRESS THE ISSUES OF SENIOR GOVERNMENT POLICY-MAKERS, THE GAP BETWEEN ANALYSIS AND NEGOTIATION IS BRIDGED BY MUTUALLY ARRIVING AT THE PARAMETERS FOR NEGOTIATION AND THEREBY REDUCING THE OFTEN FRUSTRATING PRE-NEGOTIATION DEBATES ON REFORM "AGENDA". IN THE END, THE ECONOMIC ANALYSIS AND DIALOGUE INVARIABLY BECOME MORE PRODUCTIVE AND MUTUALLY USEFUL PARTS OF THE DIALOGUE PROCESS, LEADING TO SPECIFIC REFORMS. THIS APPROACH ALLOWS US TO AVOID THE QUOTE COMPREHENSIVE PACKAGE OF REFORMS UNQUOTE FROM WHICH MINISTERS TYPICALLY

KHARTO 08156 03 OF 09 040918Z 7305 056069 AID3741
RECOIL AND ABOUT WHICH THEY PROCRASTINATE WHILE THE ECONOMIC AND POLITICAL COSTS OF REFORM ESCALATE.

- THE SECOND CHARACTERISTIC OF SUCCESSFUL POLICY DIALOGUE IS OUR FLEXIBILITY IN TIMING THE QUID PRO QUO. WE HAVE AVOIDED IMPOSING UP-FRONT MOVEMENT BEFORE WE DISBURSE ECONOMIC ASSISTANCE. (THE ONE MAJOR EXCEPTION WAS FY 84 AND FY 85 C.I.P. FUNDS WHICH WERE TIED TO THE GOS ACHIEVING A STANDBY WITH THE IMF. THE FY 84 FUNDS WERE LATER RELEASED AFTER THE GOS ADJUSTED THE EXCHANGE RATE AND INCREASED PETROLEUM AND BREAD PRICES. HOWEVER, THE FY 85 FUNDS ARE STILL BEING HELD-UP PENDING A STANDBY AGREEMENT.) THE RECORD UNDER THE PL 480 PROGRAM IN THIS REGARD HAS JUSTIFIED THIS APPROACH. WE HAVE ACCEPTED DOWNSTREAM ADJUSTMENTS IN BREAD PRICES UP TO 3-5 MONTHS AND THE GOS HAS ON EACH OCCASION KEPT THEIR COMMITMENT. WE HAVE USED THIS BECAUSE SOME REFORMS ARE BETTER TIMED AND THEREFORE MORE POSSIBLE IF TIED TO CERTAIN SEASONAL FACTORS INHERENT IN SPECIFIC ECONOMIC FEATURES OF THE ECONOMY. A PROVEN EXAMPLE IS THAT BREAD PRICE INCREASES CAN ONLY OCCUR IN JUNE WHEN SCHOOLS AND UNIVERSITIES ARE OUT OF SESSION AND WHEN KHARTOUM DOES NOT HAVE A CAPTIVE AUDIENCE TO DEMONSTRATE ON THE STREETS AGAINST BREAD PRICE INCREASES.

- THE THIRD CHARACTERISTIC IS AN IN-HOUSE ANALYTICAL ABILITY WHICH ALLOWS US TO RESPOND QUICKLY TO CHANGES IN ECONOMIC CONDITIONS WHICH MAY AFFECT ONGOING ANALYSIS OR NEGOTIATIONS. WE RELY ON IN-HOUSE EXPERTISE NOT ONLY TO IDENTIFY PROBLEMS AND UNDERTAKE ANALYSIS BUT ALSO TO COMBINE PROBLEM IDENTIFICATION, ANALYSIS DIALOGUE AND REFORM INTO AN ONGOING PROCESS. WE OFTEN CANNOT WAIT FOR THE ARRIVAL, AND DELAYED ANALYSIS AND REPORTING, OF OUTSIDE CONSULTANTS WHO MAY HAVE INADEQUATE KNOWLEDGE OF SUDAN'S POLITICAL ECONOMY, AND LACK THE INSIGHTS THAT MISSION MANAGEMENT, RESIDENT ECONOMISTS AND PROJECT OFFICERS HAVE GAINED BY FUNCTIONING IN THE SUDAN. SUCH AN APPROACH NOT ONLY GIVES US THE NECESSARY FAMILIARITY WITH RELEVANT ISSUES BUT BUILDS THE CREDIBILITY NECESSARY

Department of State

INCOMING TELEGRAM

PAGE 01 KHARTO 08156 04 OF 09 040920Z 7302 056071 AID3740
ACTION AID-00

ACTION OFFICE AFDP-06
INFO AAAF-02 AFEA-03 FPA-02 AFDR-06 FVA-01 PPPB-02 GC-01
GCAF-01 GCFL-01 STDA-01 PPDC-01 C-02 CALI-02 CPS-02
STAG-02 SAST-01 FFP-09 AFDA-01 FVPP-01 ES-01 AGRI-01
CON-02 RELO-01 TELE-01 MAST-01 /054 A1 304

INFO LOG-00 COPY-01 AF-09 CIAE-00 EB-08 DODE-00 L-03
/012 W
----------206162 040921Z /16 38

O 040901Z JUN 85
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC IMMEDIATE 0936

UNCLAS SECTION 04 OF 09 KHARTOUM 08156

AIDAC

FOR J. GOVAN, AFR/DP

E.O. 12356: N/A
SUBJECT: SUDAN-(C.) FORWARD PLAN AND POLICY DIALOGUE

TO DISCUSS SUBSTANTIVE ECONOMIC POLICY ISSUES WITH SENIOR GOS POLICY-MAKERS.

6. POLICY DIALOGUE AGENDA: THE BASIC CATEGORIES IN WHICH WE STILL BELIEVE POLICY REFORM IS REQUIRED HAS NOT CHANGED SINCE OUR 1984 MESSAGE (REFTEL C) AND OUR LAST CDSS CONCEPTS PAPER DATED MARCH 1984. TO REPEAT THEY ARE THE FOLLOWING TEN (10) CATEGORIES:

- REDUCING THE BUDGET DEFICIT TO A MANAGEABLE LEVEL;

- ASSURING EXPORT PRICES THAT CONTINUE TO GIVE AGRI-
- CULTURAL PRODUCERS INCENTIVE;

- A FOREIGN EXCHANGE REGIME THAT ASSURES THE SAME RATE
- FOR IMPORTS AND EXPORTS FOR BOTH THE PUBLIC AND PRI-
- VATE SECTORS;

- PRICES THAT REFLECT IMPORT PARITY AT A REALISTIC
- EXCHANGE RATE;

- TAKING STEPS TOWARD MOVING PETROLEUM OUT OF THE
- ACCOUNTS OF THE BANK OF SUDAN;

- A REVIEW AND MODIFICATION OF IMPORT LICENSING
- PRACTICES;

- NEW COTTON MARKETING POLICIES;

- MOVES THAT WILL BOLSTER BUSINESS CONFIDENCE;

- A BEGINNING ON DIVESTITURE OF PUBLIC ENTERPRISE; AND

- A SYSTEMATIC APPROACH TO DEBT SERVICING THAT TAKES
- SUDAN'S RESOURCES AND ECONOMIC CONDITIONS INTO
- ACCOUNT.

- WHAT FOLLOWS IS NOT A FIRM PLAN, FOR REASONS DESCRIBED UNDER "PRESENT CIRCUMSTANCES". IT IS MORE APPROPRIATELY A POTENTIAL AGENDA WHICH PROVIDES AID/W WITH THE RANGE OF TOPICS TO BE SOUNDED OUT ON THE NEW OFFICIALS TO IDENTIFY SPECIFIC AREAS WHERE MEANINGFUL POLICY DIALOGUE WITH THE GOS CAN TAKE PLACE. THUS, IT LACKS FOCUS FOR INTENDED ACTIVITY ON OUR PART; MEANS ARE ALSO NOT DISCUSSED AS THIS SUBJECT HAS BEEN ADDRESSED UNDER THE HEADING "PROCESS" ABOVE. WE DO ATTEMPT, HOWEVER, TO DESCRIBE

KHARTO 08156 04 OF 09 040920Z 7302 056071 AID3740
UNDER EACH AGENDA ITEM THE BASIC ISSUE, THE DIRECTION OF CHANGE REQUIRED AND IN EACH CASE THE ULTIMATE OBJECTIVE WHICH OUR DIALOGUE WOULD ATTEMPT TO ACHIEVE IF WE IN FACT ARE ABLE TO EMBARK UPON THE NEEDED DISCUSSION.

A. ENCOURAGING PRIVATE SECTOR GROWTH: THE MISSION HAS SEVERAL GENERAL POLICY GOALS WHICH ARISE OUT OF THE HEAVY PUBLIC SECTOR ORIENTATION OF THE ECONOMY, AND THE FAILURE OF THAT APPROACH TO GENERATE REAL GROWTH. MOST OF THESE CUT ACROSS MANY ECONOMIC SECTORS, AFFECTING THEIR PRODUCTIVITY IN FUNDAMENTAL WAYS AND HOW THE PUBLIC SECTOR DOES BUSINESS. WE MAY ATTEMPT TO AFFECT REFORM IN THESE AREAS:

- - TO REDUCE, ELIMINATE, OR PREVENT REEMERGENCE OF
- SUBSIDIES FOR CONSUMER ITEMS, IMPORTED INPUTS AND
- GOVERNMENT PRODUCING AGENCIES, ESPECIALLY THOSE
- WHO COMPETE WITH THE PRIVATE SECTOR.

- - INCREASE PRIVATE SECTOR PRODUCTION WHERE POSSIBLE
- BY IDENTIFYING AND REDUCING UNDULY RESTRICTIVE
- REGULATORY BARRIERS TO INVESTMENT AND ECONOMIC
- ACTIVITY.

- - ELIMINATE FOOD SUBSIDIES WHICH PENALIZE AGRICULTURAL
- PRODUCERS AND DRAW RESOURCES FROM THE GOVERNMENT
- BUDGET.

- - STRIVE TO CUT BACK IMPLICIT FX RATE SUBSIDIES AND
- EXPLICIT EXPORT TAXES, A METHOD THE GOVERNMENT
- USES TO OBTAIN "CHEAP" FX FOR OFFICIAL USE BUT
- WHICH REDUCES INCENTIVES FOR BOTH PRODUCTION AND
- EXPORT.

- - HELP DEEPEN COMMERCIAL FINANCIAL MARKETS BY MOVING
- COMMODITY FINANCE OUT OF THE CENTRAL BANK AND INTO
- THE COMMERCIAL BANKING SYSTEM: AT THE SAME TIME
- ENCOURAGE THE AUTHORITIES TO PERMIT COMMERCIAL BANKS

Department of State

INCOMING TELEGRAM

PAGE 01 KHARTO 08156 05 OF 09 040922Z 7318 056073 AID3744
ACTION AID-00

ACTION OFFICE AFDP-06
INFO AAAF-02 AFEA-03 FPA-02 AFDR-06 FVA-01 PPPB-02 GC-01
GCAF-01 GCFL-01 STDA-01 PPDC-01 C-02 CAL1-02 CPS-02
STAN-02 SAST-01 FFP-09 AFDA-01 FVPP-01 ES-01 AGRI-01
COM-02 RELO-01 TELE-01 MAST-01 /054 A1 304

INFO LOG-00 COPY-01 AF-00 CIAE-00 EB-08 DODE-00 L-03
AMAD-01 /013 W
----------286243 040926Z /62-38

O 040901Z JUN 85
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC IMMEDIATE 0937

UNCLAS SECTION 05 OF 09 KHARTOUM 08156

AIDAC

FOR J. GOVAN, AFR/DP

E.O. 12356: N/A
SUBJECT: SUDAN-(C.) FORWARD PLAN AND POLICY DIALOGUE

- TO RETAIN A REALISTIC SHARE OF FOREIGN EXCHANGE
- FROM EXPORTS THEY FINANCE.

- - COUPLE LIBERALIZATION OF COMMERCIAL BANK FINANCING
- WITH MORE IMPROVED ADMINISTRATION OF IMPORT
- LICENSING DURING THE EXPECTED PERIOD OF FX
- SCARCITY.

- B. MACRO ECONOMIC TARGETS: MACRO-ECONOMIC REFORMS HAVE BEEN THE MOST DIFFICULT TO ACHIEVE IN THE SUDAN. DESPITE THIS FACT THERE ARE SEVERAL GENERAL ISSUES OR QUESTIONS. FOR EXAMPLE, TO WHAT EXTENT WILL USAID PARTICIPATE AND CONTRIBUTE TO MACRO REFORM. IN FACT WE HAVE MUCH TO CONTRIBUTE IN THE MACRO AREA. WE ARE CAPABLE OF IMPACT ANALYSIS WHICH LINKS MACRO PRICES TO PRIVATE SECTOR INCENTIVES; DESCRIPTION OF BACKWARD AND FORWARD ECONOMIC LINKAGES WHICH PENETRATE THE FABRIC OF THE ECONOMY; IDENTIFICATION OF RIGIDITIES WHICH PREVENT THESE LINKAGES FROM DEVELOPING THEREBY FORGOING INCENTIVES FOR INVESTMENT AND INCREASED PRODUCTIVITY; AND, AT LEAST, PROVISION OF TECHNICAL ASSISTANCE IN THE AREAS OF POLICY ANALYSIS, INSTITUTIONAL MANAGEMENT, ACCOUNTING AND TRAINING WITHIN PUBLIC AND PRIVATE FINANCIAL INSTITUTIONS.

- POTENTIAL AREAS OF POLICY DIALOGUE WITHIN THE MACRO SPHERE COULD INCLUDE:

- - ESTABLISHING A MORE MARKET ORIENTED FLOATING
- COMMERCIAL BANK.

- - UNIFICATION OF OFFICIAL AND COMMERCIAL FOREIGN
- EXCHANGE RATES INTO A RATE THAT REFLECTS FOREIGN
- EXCHANGE SUPPLY AND DEMAND.

- - IMPROVED MANAGEMENT OF PUBLIC AND PRIVATE SECTOR
- FOREIGN EXCHANGE EARNINGS AND OFFICIAL FOREIGN
- DEBT; IMPROVING THE ALLOCATION OF FOREIGN EX-
- CHANGE BETWEEN THE CENTRAL BANK AND THE COMMER-
- CIAL BANKING SYSTEM IN ORDER TO PROMOTE GREATER
- PRIVATE SECTOR INVESTMENT AND PRODUCTIVITY.

- - IMPROVED SYSTEM OF IMPORT ALLOCATION AND ADMINI-
- STRATION WITH THE AIM TO INCREASE THE ROLE OF
- THE PRIVATE SECTOR AND TO REDUCE THE PREFERENTIAL
- TREATMENT OF INEFFICIENT PUBLIC SECTOR ENTITIES;
- REDUCE BUREAUCRATIC RIGIDITIES AND DELAYS IN

KHARTO 08156 05 OF 09 040922Z 7318 056073 AID3744

- LICENSING AND FINANCING PROCEDURES; AND CONTAIN
- IMPORTATION AND CONSUMPTION OF MARGINAL GOODS.

- - IDENTIFY POLICIES AND MECHANISMS WHICH CAN
- INCREASE THE HARD CURRENCY REMITTANCES OF
- SUDANESE WORKING ABROAD AND REDUCE THE INFORMAL
- EXCHANGE OF DOMESTIC ASSETS AND CURRENCIES FOR
- FOREIGN DOLLAR ACCOUNTS THEREBY DIRECTING MORE
- HARD CURRENCY INTO THE SUDANESE BANKING SYSTEM.

- - EVALUATE FISCAL POLICIES WITH THE VIEW TO
- IMPROVE TAX REVENUES AND REDUCE ADMINISTRATIVE
- COST; ASSIST THE MINISTRY OF FINANCE TO IMPROVE
- ITS BUDGETING PROCEDURES AND METHODS OF ACCOUNT-
- ING AND REPORTING WITH THE ULTIMATE AIM TO
- REDUCE THE BUDGET DEFICIT, REDUCE INFLATION AND
- INCREASE PUBLIC SECTOR PRODUCTIVITY AND THE PRO-
- VISION OF LEGITIMATE "PUBLIC GOODS".

- C. PRICING ISSUES: ASIDE FROM MACRO PRICES (EXCHANGE RATE, INTEREST RATE, LAND RENT, AND WAGE RATE) THERE REMAIN OTHER PRICING ISSUES WHICH WILL CONTINUE TO REQUIRE OUR ATTENTION IF PROPER LINKAGES ARE TO BE ESTABLISHED OR MAINTAINED BETWEEN MACRO AND MICRO ECONOMIC POLICY IN THE SUDAN. THESE HAVE IMPORTANT IMPLICATIONS FOR PRIVATE SECTOR INCENTIVES, DOMESTIC CAPITAL FORMATION, REQUIREMENTS FOR SUBSIDIES AND UNFAIR COMPETITION FROM, OR PREFERENTIAL TREATMENT OF THE PUBLIC SECTOR. BUT GIVEN THE IMPORTANCE OF PRICES (BOTH MACRO AND MICRO) ON DEMAND MANAGEMENT, SUPPLY RESPONSE, THE ALLOCATION OF SCARCE RESOURCES, AND WAGES AND INCOMES, PRICING POLICY IS LIKELY TO REMAIN BOTH A FRAMEWORK AND FOCUS OF OUR POLICY DIALOGUE. GOALS WE WILL STRIVE TO ACHIEVE WITHIN THE REALM OF PRICING POLICY INCLUDE:

- - MAINTAINING OR ACHIEVING INTERNATIONAL PARITY
- PRICING FOR SPECIFIC IMPORTS AND EXPORTS.

Department of State

INCOMING TELEGRAM

PAGE 01 KHARTO 08156 06 OF 09 0409242 7320 056077 AID3745
ACTION AID-00

ACTION OFFICE AFDP-06
INFO AAAF-02 AFEA-03 FPA-02 AFDR-06 FVA-01 PPPB-02 GC-01
GCAF-01 GCFL-01 STDA-01 PPDC-01 C-02 CALI-02 CPS-02
STAG-02 SAST-01 FFP-09 AFDA-01 FVPP-01 ES-01 AGRI-01
COM-02 RELO-01 TELE-01 MAST-01 /054 A1 384

INFO LOG-00 COPY-01 AF-00 CIAE-00 EB-08 DODE-00 L-03
AMAD-01 /013 W
----------206323 0409262 /62-04

O 0409012 JUN 85
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC IMMEDIATE 0938

UNCLAS SECTION 06 OF 09 KHARTOUM 08156

AIDAC

FOR J. GOVAN, AFR/DP

E.O. 12356: N/A
SUBJECT: SUDAN-(C.) FORWARD PLAN AND POLICY DIALOGUE

- IMPROVING EXPORT MARKETING OPERATIONS AND REDUC-
- ING OTHER MARKET INEFFICIENCIES TO INCREASE
- THE PRODUCER'S SHARE OF BORDER PRICES.

- REDUCING THE PREVASIVE USE OF ADMINISTERED PRICES
- IN ORDER TO PROVIDE INCENTIVES FOR SUPPLY
- RESPONSES, IMPROVE RESOURCE ALLOCATION, REDUCE
- IMPLICIT AND EXPLICIT SUBSIDIES IN THE ECONOMY,
- PROVIDE THE NECESSARY STIMULUS FOR PRIVATE
- SECTOR GROWTH AND THEREBY INCREASE THE ROLE
- OF MARKET MECHANISMS IN DIRECTING THE SUDANESE
- ECONOMY.

- D. SECTORAL REFORMS: ASIDE FROM THE MORE ORTHODOX AREAS OF POLICY DIALOGUE USAID/KHARTOUM HAS SEVERAL POTENTIAL OPPORTUNITIES FOR SPECIFIC REFORMS IN SELECTED SECTORS BECAUSE OF OUR PROJECT PORTFOLIO AND THE LONG-TERM TECHNICAL ASSISTANCE WE ARE PROVIDING TO THE AGRICULTURAL, ENERGY, HEALTH, TRANSPORT AND WATER SECTORS.

- 1. ELECTRICITY: FOR EXAMPLE IN THE ELECTRICITY SECTOR WE EXPECT, THROUGH OUR ENERGY PLANNING AND MANAGEMENT PROJECT IN THE NATIONAL ELECTRICAL ADMINISTRATION (NEA), TO HELP CREATE A BILLING AND COLLECTION SYSTEM THAT REDUCES BY 25 PERCENT MAJOR REVENUE LOSSES BETWEEN GENERATION AND SALES. MUCH NEEDED INCREASES IN RATE STRUCTURE TO REFLECT ECONOMIC COSTS ARE ALSO AN OBJECTIVE OF THE PROJECT. THE EXPECTED REMOVAL OF THE ENORMOUS FUEL OIL SUBSIDY TO THE POWER SECTOR IS EXPECTED TO INCREASE ECONOMIC EFFICIENCY SUBSTANTIALLY. THESE BUILD UPON OUR IMPORTANT INVOLVEMENT IN THIS SECTOR THROUGH C.I.P. RELATED IMPORTS WHICH ARE NOW IMPROVING THE OVERALL EFFICIENCY OF ELECTRICAL POWER TRANSMISSION. A DEBRIS AND SILTATION CLEARING PROJECT AT ROSEIRES DAM THAT SUBSTANTIALLY INCREASED ELECTRICITY GENERATING CAPACITY LAST YEAR AND HAS NOW EASED THE POWER CRISIS SUFFICIENTLY TO PERMIT THE PROJECT TO FOCUS ATTENTION ON MANAGEMENT ISSUES FACED BY THE NEA. IN THIS REGARD THE ADVISORS ARE NOW STUDYING UPPER-LEVEL MANAGEMENT ISSUES SUCH AS STAFFING POSITIONS AND LEVELS, SKILL CERTIFICATION, AND EMPLOYEE COMPENSATION PACKAGES. OVERALL THESE VARIOUS SECTORAL CHANGES WILL HELP MUCH TO REDUCE REAL PER UNIT ELECTRICITY COSTS IN SUDAN, HELP ACHIEVE COST RECOVERY AND INCREASE THE RELIABILITY OF ELECTRICAL SUPPLY TO PRODUCTIVE SECTORS.

- 2. PETROLEUM: SUDAN'S PETROLEUM INITIATIVE

KHARTO 08156 06 OF 09 0409242 7320 056077 AID3745
HAS FROM THE BEGINNING BEEN VIEWED AS A DEVICE TO ACHIEVE BASIC INSTITUTIONAL REFORMS IN ADDITION TO RELIABLE SUPPLIES AND MORE REALISTIC PRICING POLICIES. OUR SUCCESS TO DATE WAS A RESULT OF THE DESPERATE NEED FOR FUEL IN SUDAN, CONTINUOUS HIGH LEVEL DISCUSSIONS BACKED BY CAREFUL ANALYSIS, THE AVAILABILITY OF FUNDS THROUGH THE C.I, TO GUARANTEE INITIAL PETROLEUM PURCHASES AND LATER SUPPLIES, AND THE SUPPORT OF THE APPROACH BY OTHER DONORS BOTH FINANCIALLY AND PHILOSOPHICALLY. WE HAVE, INTER ALIA, ACHIEVED A PROCESS FOR COMPETITIVE PROCUREMENT, RETURN OF THE PRIVATE COMPANIES IN THE IMPORTATION AND DISTRIBUTION ACTIVITIES AND DECISIONS, ENCOURAGED FUEL PRICE INCREASES WHICH ELIMINATED A GREAT DEAL OF USER SUBSIDIES AND HELPED DEVELOP A PLAN FOR FOREIGN EXCHANGE ALLOCATION. THE SYSTEM EMERGING ALLOWS FUEL PRICES AND RETURNS TO FUEL USE TO PLAY THEIR ROLE IN GETTING MORE SUPPLY TO REMOTE REGIONS FOR THEIR DEVELOPMENT. AS THIS IS A NEW SYSTEM, PART OF OUR POLICY DIALOGUE WILL BE TO MONITOR THE FULL IMPLEMENTATION AND EVALUATE THE IMPACTS OF THE PETROLEUM INITIATIVE ON THE ECONOMY.

- THERE ARE SEVERAL AREAS OF REFORM THAT WE WILL TRY TO MOVE FORWARD ON THIS YEAR, PROVIDED THAT RECENT ADDITIONAL SUPPLY COMMITMENTS BY THE SAUDI'S AND LIBYANS DO NOT CAUSE SUDAN TO ABANDON THE APPROACH, AND WE TO LOSE OUR LEVERAGE IN THIS KEY SECTOR. WE WILL BE "JAWBONING" TO POINT OUT THE LONG-TERM ECONOMIC BENEFIT OF COMPETITIVE PROCUREMENT, MARKET PRICING, PRIVATIZATION, AND FOREIGN EXCHANGE ALLOCATION MECHANISMS. SPECIFICALLY, WE WILL TIE OUR CONTINUED PETROLEUM COMMODITY ASSISTANCE TO SYSTEMATIC REMOVAL OF REMAINING FUEL SUBSIDIES AND INSTITUTIONALIZATION OF AN IMPORT PARITY AND FULL COST RECOVERY PRICING SYSTEM. WE WILL SEEK, IN CONJUNCTION WITH REFORMS IN THE BANKING SECTOR, TO HAVE THE FINANCING OF PETROLEUM PRODUCTS PHASED OUT OF THE CENTRAL BANK OF SUDAN AND INTO THE COMMERCIAL BANKING SYSTEM. WE WILL CONTINUE TO WORK WITH THE GOS TO FIND AN APPROPRIATE INSTITUTIONAL ROLE FOR THE GENERAL PETROLEUM CORPORATION AS PETROLEUM SECTOR ACTIVI-

Department of State

INCOMING TELEGRAM

PAGE 01 KHARTO 06156 07 OF 09 040926Z 7331 056081 A103746
ACTION AID-00

ACTION OFFICE AFDP-06
INFO AAAF-02 AFEA-03 FPA-02 AFDR-06 FVA-01 PPPB-02 GC-01
OCAF-01 OCFL-01 STDA-01 PPDC-01 C-02 CALI-02 CPS-02
STAG-02 SAST-01 FFP-09 AFDA-01 FVPP-01 ES-01 AGRI-01
COM-02 RELO-01 TELE-01 MAST-01 /054 A1 384

INFO LOG-00 COPY-01 AF-00 CIAE-00 EB-08 DODE-00 L-03
/012 W
----------286423 040929Z /16 38

O 040901Z JUN 85
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC IMMEDIATE 0030

UNCLAS SECTION 07 OF 09 KHARTOUM 06156

AIDAC

FOR J. GOVAN, AFR/DP

E.O. 12356: N/A
SUBJECT: SUDAN-(C.) FORWARD PLAN AND POLICY DIALOGUE

TIES BECOME INCREASINGLY PRIVATIZED. THE FINAL PETROLEUM ISSUE WHICH WE WILL PURSUE IS THE EXTENT TO WHICH GOVERNMENT AGENCIES AND PARASTATALS ARE FULLY CHARGED FOR THEIR FUEL RELATIVE TO THE PRIVATE SECTOR. WE MAINTAIN THAT THEY MUST DO SO AS A DEFICIT-REDUCING MEASURE, WITH THE ADDED VIRTUE OF ENCOURAGING PRIVATE PRODUCTION OVER PUBLIC, WHERE MORE EFFICIENT. IT WOULD BE VERY WORTHWHILE AT THIS POINT TO INCREASE COMMUNICATIONS WITH THE SAUDIS TO REAFFIRM THEIR SUPPORT OF THE LONG-RUN BENEFITS OF THE REFORM ELEMENTS OF THE PETROLEUM INITIATIVE. THEY ARE IN A GOOD POSITION TO DISCUSS AND CONFIRM THE POSITIVE ASPECTS TO THE SUDANESE, AND PERHAPS TO OTHER ARAB DONORS.

3. HEALTH: THE HEALTH CARE SYSTEM IS SEVERELY CONSTRAINED. OUR AIM IS TO REFOCUS THE LIMITED NATIONAL AND REGIONAL HEALTH RESOURCES IN A MORE COST-EFFECTIVE MANNER SO AS TO ACHIEVE BETTER COVERAGE OF UNDER-SERVED RURAL POPULATIONS. OUR PRIMARY FOCUS WILL BE ON EXPANDING THE GOS CAPABILITY TO DELIVER PRIMARY HEALTH CARE, ESPECIALLY MATERNAL AND CHILD HEALTH (MCH) SERVICES. MANY IMPORTANT POLICY CHANGES NEEDED IN THIS AREA ARE INSTITUTIONAL. WE HAVE SUPPORTED THE ESTABLISHMENT OF A SEPARATE DEPARTMENT FOR MCH IN THE CENTRAL MINISTRY OF HEALTH. THIS HAS VERY RECENTLY COME TO PASS. AN ORAL REHYDRATION THERAPY DEPARTMENT NEEDS ESTABLISHING UNDER THIS NEW DEPARTMENT TO HELP ACHIEVE THE EXPANSION OF THIS CRITICAL HEALTH TECHNOLOGY. ALSO AT THE CENTRAL LEVEL WE SUPPORT INCLUSION OF A NATIONAL HEALTH DEVELOPMENT DEPARTMENT UNDER THE DIRECTOR GENERAL OF HEALTH PLANNING AND FINANCE, CHARGED WITH HEALTH TRAINING, PROGRAM AND PROJECT DEVELOPMENT, AND EVALUATION OF THESE ACTIVITIES.

- REGARDING SPECIFIC HEALTH DELIVERY PERSONNEL, WE SEEK IMPROVEMENTS IN THE PROFESSIONAL TRACK AND TRAINING OF THOSE WHO WORK AT THE COMMUNITY LEVEL. COMMUNITY HEALTH WORKERS MUST BE FULLY INTEGRATED INTO THE OFFICIAL HEALTH SYSTEM SO AS TO ALLOW THEIR PROMOTION AND PROFESSIONAL DEVELOPMENT. TRAINING FOR ENHANCEMENT OF THE SKILLS OF TRADITIONAL BIRTH ATTENDANTS REQUIRES INSTITUTIONALIZATION. TO DO SO ASSUMES THAT THEIR VALID ROLE IN HEALTH CARE WILL BE RECOGNIZED OFFICIALLY. TO EXPAND DELIVERY OF MCH SERVICES IN RURAL AREAS, USAID SUPPORTS THE FURTHER DEVELOPMENT NATIONWIDE OF THE ASSISTANT HEALTH VISITOR POSITION.

AT THE REGIONAL MINISTRY LEVEL, WE WILL

KHARTO 06156 07 OF 09 040926Z 7331 056081 A103746
WORK TO ELIMINATE ADMINISTRATIVE DIVISION BETWEEN PREVENTATIVE AND CURATIVE SERVICES. THESE DIVISIONS ARE AN OBSTACLE TO THE DELIVERY AND MANAGEMENT OF INTEGRATED HEALTH CARE SERVICES IN RURAL AREAS.

AND FINALLY, WE WILL CONTINUE OUR POLICY DIALOGUE IN THE AREA OF HEALTH CARE FINANCING AND COST-RECOVERY. WE WILL WORK TO REDUCE GOS RESISTANCE TO HAVING HEALTH CONSUMERS SHOULDER MORE OF THE COST FOR THEIR HEALTH CARE DIRECTLY. OUR FIRST APPROACH IS TO BEGIN TO CHARGE FOR DRUGS THROUGH COMMUNITY PHARMACIES, ESPECIALLY IN RURAL AREAS WHERE "FREE" PUBLIC SUPPLIES ARE LIMITED. TO FACILITATE THIS ENDEAVOR TO INCREASE NEEDED PHARMACEUTICAL SUPPLIES AND RATIONALIZE THEIR DISTRIBUTION, THERE IS AN URGENT NEED TO FORMALLY DEVISE AN ESSENTIAL DRUG LIST FOR PRIMARY HEALTH CARE FACILITIES, AND TO ABANDON THE REQUIREMENT TO HAVE A PHARMACIST AT EVERY OUTLET SELLING DRUGS.

- 4. AGRICULTURAL: IN ADDITION TO CONTINUING TO ARGUE FOR NON-ADMINISTERED OR NON-SUBSIDIZED CONSUMER AND PRODUCER PRICES WHICH CREATE SUPPLY INCENTIVES OTHER LESS PUBLICLY VISIBLE REFORM OPPORTUNITIES ARE POSSIBLE. IN ADDITION TO PRICING POLICIES, OUR STRATEGY WILL LINK UP WITH INFRASTRUCTURAL INVESTMENTS AND IMPROVEMENTS. EXAMPLES INCLUDE OUR CO-FINANCING OF THE KOSTI-EL OBEID ROAD WHICH WILL LOWER MARKETING COSTS, REDUCE TRANSPORT TIME AND OPERATING COSTS, AND INCREASE WESTERN FARMERS' ACCESS TO MAJOR DOMESTIC AND INTERNATIONAL MARKETS. THESE TOGETHER WILL INCREASE FARMGATE PRICES AND PRODUCER INCOMES THEREBY PROVIDING INCENTIVES FOR INCREASED SUPPLY RESPONSES AND EARNINGS IN THE VAST RAINFED SECTOR. UNDER OUR NEWLY DESIGNED KORDOFAN AGRICULTURAL PROJECT (KORAG) WE AIM TO INSTITUTIONALIZE THE USE OF PRIVATE SUDANESE CONTRACTORS FOR FEEDER ROAD CONSTRUCTION AND MAINTENANCE. THROUGH OUR KORAG CREDIT ACTIVITIES, COMBINED WITH PL 480 SELF-HELP MEASURES, WE HOPE TO UNDERTAKE THE NECESSARY ANALYSIS TO PURSUE A POLICY DIALOGUE TO INCREASE THE LOANABLE FUNDS TO RAINFED PRODUCERS AND ELIMINATE NEGATIVE

Department of State

INCOMING TELEGRAM

PAGE 01 KHARTO 08156 08 OF 09 040928Z 7345 056084 AID3749
ACTION AID-00

ACTION OFFICE AFDP-06
INFO AAAF-02 AFEA-01 FPA-02 AFDR-06 FVA-01 PPPB-02 GC-01
GCAF-01 GCFL-01 STDA-01 PPDC-01 C-02 CALI-02 CPS-02
STAG-02 SAST-01 FFP-09 AFDA-01 FVPP-01 ES-01 AGRI-01
COM-02 RELO-01 TELE-01 MAST-01 /054 A1 304

INFO LOG-00 COPY-01 AF-00 CIAE-00 EB-08 DODE-00 L-03
AMAD-01 /013 W
----------206478 040932Z /62-38

O 040901Z JUN 85
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC IMMEDIATE 0940

UNCLAS SECTION 08 OF 09 KHARTOUM 08156

AIDAC

FOR J. GOVAN, AFR/DP

E.O. 12356: N/A
SUBJECT: SUDAN-(C.) FORWARD PLAN AND POLICY DIALOGUE

REAL INTEREST RATES WHICH ARE CURRENTLY DECAPITALIZING THE AGRICULTURAL BANK OF SUDAN. SUCH A REFORM WILL HELP THE BANK MAINTAIN ITS LOANABLE FUNDS BY CUSHIONING IT FROM FULLY ABSORBING PERIODIC DROUGHT RELATED DEFAULTS; IT WILL ALSO ATTRACT OR RAISE CAPITAL AND IMPROVE THE ALLOCATION OF CREDIT AND OTHER SCARCE RESOURCES WITHIN THE AGRICULTURAL SECTOR. KORAG'S STORAGE COMPONENT WILL PROVIDE WAREHOUSING FACILITIES SO THAT FARMERS CAN REALIZE SEASONAL PRICE ADVANTAGES.

- OUT DATED LAND TENURE LAWS WHICH DISCOURAGE EFFICIENT LAND USE PRACTICES AND FARM MANAGEMENT IN THE MECHANIZED RAINFED SECTOR WILL BE EXAMINED WITH THE VIEW TO ALTER THE PRESENT SYSTEM OF INCENTIVES WHICH FAVOR EXTENSIVE, LOW YIELDING AND SHIFTING CULTIVATION TAKING PLACE IN THIS SECTOR.

- BUT CLEARLY OUR AGRICULTURAL STRATEGY AND POLICY ORIENTED DISCUSSIONS WITH THE GOS MUST IN THE SHORT-RUN FOCUS ON HOW AID AND OTHER DONORS CAN RESPOND TO THE LONG-TERM EFFECTS OF THE DROUGHT. IT WILL PROBABLY TAKE SUDAN THREE YEARS TO FULLY RECOVER FROM THE DROUGHT'S DIRECT EFFECTS. WE MUST CONTINUE OUR MASSIVE EFFORTS ON FOOD RELIEF TO ASSIST STARVING PEOPLE, BUT WE MUST ALSO DETERMINE WHAT OUR RESPONSE SHOULD AND CAN BE TO REHABILITATE WESTERN SUDAN'S LAND BASE, WATER SUPPLIES, AND SEED STOCKS IN ORDER TO RESTORE THE RAINFED SECTOR'S PRODUCTIVE BASE. IN ORDER TO ENCOURAGE REHABILITATION EFFORTS AND RESTORE THE PRODUCTIVE POTENTIAL WE WILL IDENTIFY AND DISCUSS WITH THE GOS BOTH PHYSICAL REQUIREMENTS AND NECESSARY PRICING REFORMS TO CREATE AN ADEQUATE SUPPLY RESPONSE AND PRODUCTION BASE SO THAT RAINFED SECTOR PRODUCTION CAN BE RESTORED TO PREVIOUS LEVELS AND THEN INCREASE TO SATISFY GROWING DOMESTIC CONSUMPTION REQUIREMENTS AND INCREASED EXPORT EARNINGS.

- IN ADDITION WE WILL BEGIN TO REEVALUATE OUR FOCUS ON THE RAINFED SECTOR AT THE EXCLUSION OF CONCERNS AND POLICY TRADEOFFS THAT EXIST BETWEEN THE RAINFED AND IRRIGATED SECTORS. FOR EXAMPLE, THE ROLE OF RELATIVE PRICES IN SCHEME AND TENANT MANAGEMENT SYSTEMS AND PRESENT MARKETING PRACTICES BEING FOLLOWED IN THE LARGE IRRIGATED SCHEMES NEED TO BE EVALUATED. THE POTENTIAL ROLE OF RICE IN THE CROPPING SYSTEM OF THE IRRIGATED SCHEMES AND AS A POTENTIAL SUBSTITUTE FOR BREAD IN THE SUDANESE DIET, OR AS A POTENTIAL EXPORT SHOULD ALL BE EVALUATED OVER THE

KHARTO 08156 08 OF 09 040928Z 7345 056084 AID3749
COMING YEAR.

- 5. GOVERNMENT DECENTRALIZATION: WE STILL BELIEVE THAT DECENTRALIZATION AND THE DEVOLUTION OF AUTHORITY ARE CRITICAL IF DEVELOPMENT IS TO OCCUR. THE DYNAMIC THAT GIVES IMPETUS TO DECENTRALIZATION IS SUDAN'S SHEER SIZE, DIVERSITY AND A PHYSICAL ENVIRONMENT TOO SEVERE TO ALLOW FOR EFFECTIVE CENTRAL CONTROL. THE UNDERLYING RATIONALE FOR SUPPORTING REGIONALIZATION/DECENTRALIZATION REMAINS AS PREVIOUSLY STATED IN OUR CDSS, BUT SOME OF THE ACTIVITIES WHICH WERE PLANNED HAVE BEEN OVERTAKEN BY EVENTS. LOCAL CURRENCY EARMARKED FOR THE REGIONAL DEVELOPMENT SUPPORT FUND HAS BEEN LARGELY EXPENDED AND WILL CONTINUE TO BE EXPENDED ON THE MISSION'S EXTRAORDINARY DROUGHT RELIEF EFFORT. WHAT WE HAD INTENDED TO DO WITH IT MUST NOW BE DONE WITH OUR TITLE III PROGRAM AND KORAG, AS DISCUSSED ABOVE.

- THE RECENT CHANGE OF GOVERNMENT HAS SWEPT AWAY MUCH OF THE EXPENSIVE "OVERBURDEN" OF REGIONAL GOVERNMENT. POLITICALLY APPOINTED GOVERNORS, PROVINCIAL COMMISSIONERS AND REGIONAL MINISTERS HAVE BEEN REMOVED FROM OFFICE. LIKE THEIR NATIONAL COUNTERPARTS, THE REGIONAL SSU'S (THE SOLE POLITICAL PARTY), AND REGIONAL PARLIAMENTS WERE ABOLISHED AND NO LONGER MUST BE PAID. THE RESULT IS A LEANER, POSSIBLY MORE EFFECTIVE REGIONAL ADMINISTRATION IN THE HANDS OF MILITARY OFFICERS AND MORE TECHNICALLY QUALIFIED CIVIL SERVANTS. THIS APPLIES TO THE WEST, ONE OF THE TWO MAJOR REGIONAL FOCI OF OUR DEVLOPMENT STRATEGY. IN THE OTHER REGION, THE SOUTH, THE SECURITY SITUATION AND HENCE THE DEVELOPMENT ENVIRONMENT REMAINS TOUCH-AND-GO. THE MISSION IS HOWEVER, PREPARED TO UNDERTAKE RENEWED EFFORTS IN TRANSPORT, INFRASTRUCTURE, SERVICES AND TRAINING WHEN CONDITIONS PERMIT.

- DESPITE RECENT CHANGES WE INTEND TO CONTINUE TO FOCUS ON SUPPORTING AREA COUNCILS TO FURTHER RURAL DEVELOPMENT. THEY EXIST THROUGHOUT THE SUDAN AND ARE

Department of State

INCOMING TELEGRAM

PAGE 01 KHARTO 08156 09 OF 09 040929Z 7345 056085 AID3750
ACTION AID-00

ACTION OFFICE AFDP-06
INFO AAAF-02 AFEA-03 FPA-02 AFDR-06 FVA-01 PPPB-02 GC-01
GCAF-01 GCFL-01 STDA-01 PPDC-01 C-02 CALI-02 CPS-02
STAG-02 SAST-01 FFP-09 AFDA-01 FVPP-01 ES-01 AGRI-01
COM-02 RELO-01 TELE-01 MAST-01 /054 A1 304

INFO LOG-00 COPY-01 AF-00 CIAE-00 EB-08 DODE-00 L-03
/012 W
----------206524 040932Z /16 38

O 040901Z JUN 85
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC IMMEDIATE 0941

UNCLAS SECTION 09 OF 09 KHARTOUM 08156

AIDAC

FOR J. GOVAN, AFR/DP

E.O. 12356: N/A
SUBJECT: SUDAN- (C.) FORWARD PLAN AND POLICY DIALOGUE

MANAGEABLE UNITS. THEY PROVIDE A MECHANISM FOR UNDERTAKING DEVELOPMENT AT THE LOCAL LEVEL. IN MANY AREAS THE IDEA OF "SELF-RELIANT" TEMPORARY LEVIES TO SUPPORT LOCAL DEVELOPMENT ACTIVITIES HAS TAKEN HOLD. THUS THE TECHNIQUE FOR FINANCING LOCAL PROJECTS IS PRESENT. THE REGIONAL AND THE LOCAL COUNCILS HAVE RECENTLY BEEN GIVEN BROAD DISCRETION TO PROVIDE LOCAL SERVICES, AND ARE STRUGGLING TO FINANCE THE IMPLEMENTATION OF THESE RESPONSIBILITIES. THUS, A MODEST MOMENTUM EXISTS FOR OUR INITIATIVES AT THE AREA COUNCIL AND RURAL COUNCIL LEVELS. WITH OUR LOCAL CURRENCY GENERATIONS UNDER OUR NEWLY DESIGNED THREE YEAR PL 480, TITLE III PROGRAM AND OUR NEWLY AUTHORIZED KORAG PROJECT WE HAVE THE MEANS FOR INTERVENTION IN LOCAL GOVERNMENT FINANCED ACTIVITIES. THE POLICY DIALOGUE ISSUES IN BOTH THE WEST AND SOUTH STILL INVOLVE, HOWEVER, THE RESOLUTION OF TAX AUTHORITIES, FUNDING SOURCES, AND SERVICE PROVISION RESPONSIBILITIES AMONG THE NATIONAL, REGIONAL AND LOCAL ADMINISTRATIONS. OUR IMMEDIATE TASK WILL BE TO ACQUIRE ACCEPTANCE OF AND THEN INITIATE THE PRIVATE SECTOR INVOLVEMENT IN DEVELOPMENT, AND TO INCREASE LOCAL BENEFICIARY PARTICIPATION IN BOTH REHABILITATION AND DEVELOPMENT EFFORTS (WATER SUPPLY, REFORESTATION, SMALL VILLAGE BASED AGRICULTURAL PROJECTS). THIS YEAR, FOR EXAMPLE, OUR TITLE III WILL PROVIDE LEVERAGE AND LOCAL CURRENCY TO REFORM, MAINTAIN AND REHABILITATE THE CRITICALLY INADEQUATE WATER SUPPLIES IN MAJOR POPULATION CENTERS OF WESTERN SUDAN. WE WILL ENCOURAGE THE USE OF PRIVATE CONTRACTORS AND COMMUNITY SELF-HELP EFFORTS IN
IMPROVING WATER SUPPLIES AND WILL PROVIDE THE MEANS TO DECENTRALIZE CONTROL FROM THE NATIONAL WATER CORPORATION. WITH REGARDS TO THE SOUTH, THE MISSION IS CURRENTLY FORMULATING A SECTOR-BASED DEVELOPMENT STRATEGY, THE "SOUTHERN INITIATIVE". FROM THIS FOUNDATION WE ARE READY TO FULLY DESIGN SPECIFIC INTERVENTIONS WHICH MAY BE IMPLEMENTED WHEN CONDITIONS PERMIT AND FUNDING CAN BE ASSURED. HORAN

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

	FY 1984 ACTUAL	FY 1985 ESTIMATE	--FY 1986-- CP	FY 1986 ESTIMATE	FY 1987 AAPL	-----PLANNING PERIOD-------- 1988	1989	1990	1991
AGRIC. RURAL DEV. AND NUTRITION									
TOTAL	15,681	21,413	25,797	25,200	23,005	25,000	23,000	21,000	21,000
GRANTS	15,681	21,413	25,797	25,200	23,005	25,000	23,000	21,000	21,000
POPULATION PLANNING									
TOTAL	700	540	-	1,050	2,250	-	1,000	2,000	2,000
GRANTS	700	540	-	1,050	2,250	-	1,000	2,000	2,000
HEALTH									
TOTAL	2,100	1,140	50	50	50	-	1,000	2,000	2,000
GRANTS	2,100	1,140	50	50	50	-	1,000	2,000	2,000
SEL. DEV. ACT.									
TOTAL	2,300	3,007	2,153	1,700	2,695	3,000	3,000	3,000	3,000
GRANTS	2,300	3,007	2,153	1,700	2,695	3,000	3,000	3,000	3,000
FUNCTIONAL									
SUBTOTAL	20,781	26,100	28,000	28,000	28,000	28,000	28,000	28,000	28,000
GRANTS	20,781	26,100	28,000	28,000	28,000	28,000	28,000	28,000	28,000
MRA									
TOTAL	5,500	-	-	3,000	-	-	-	-	-
GRANTS	5,500	-	-	3,000	-	-	-	-	-
DA ACCTS									
+ MRA TOTAL	26,281	26,100	28,000	31,000	28,000	28,000	28,000	28,000	28,000
ESF	120,000	114,000	115,000	115,000	120,000	125,000	130,000	135,000	140,000
DA, ESF + MRA	146,281	140,100	143,000	146,000	148,000	153,000	158,000	163,000	168,000
PL 480									
TITLE I	50,000	86,000	50,000	50,000	60,000	60,000	60,000	60,000	60,000
TITLE III	(20,000)	-	-	(50,000)	(50,000)	(50,000)	-	-	-
TITLE II	-	287	739	2,272	2,833	761	750	750	750
Total Personnel									
USDH W.Years:	32	34	34	34	34	34	34	34	34
FNDH W.Years:	17	21	-	21	21	21	21	21	21

Previous Page Blank

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ($000)
Country Sudan

APPROPRIATION ACCOUNT PROJECT NO.	TITLE	L/G	FY 85 ESTIMATE	FY 86 ESTIMATE	FY 87 AAPL
AGRICULTURE, RURAL DEV AND NUTRITION					
650-0054	Kordofan Rainfed Ag.	G	2,000	4,000	7,400
650-0060	River Trans. Ag. Marketing	G	-	2,000	6,000
650-0069	W. Sudan Ag. Market. Road	G	18,963	19,000	6,356
650-0075	Ag. Research & Production	G	-	-	3,000
650-0510	Program Dev. & Support	G	450	200	249
ARDN Sub Total			21,413	25,200	23,005
POPULATION PLANNING					
650-0063	Model Family Planning	G	500	-	-
650-0072	Commercial Retail Sales	G	-	1,000	2,200
650-0510	Prog. Dev. & Support	G	40	50	50
POP Sub-Total			540	1,050	2,250
HEALTH					
650-0030	Rural Health Support		1,082	-	-
650-0510	Prog. Dev. & Support		58	50	50
HEALTH Sub-Total			1,140	50	50
SELECTED DEVELOPMENT ACTIVITIES					
650-0012	Regional Finance/Planning	G	700	-	-
650-0041	Rural Renewable Energy	G	1,000	500	600
650-0059	Energy Planning/Management	G	1,100	1,000	1,995
650-0510	Prog. Dev. & Support	G	207	200	100
SDA Sub-Total			3,007	1,700	2,695
DA ACCT. TOTAL			26,100	28,000	28,000
MIGRATION/REFUGEE ASSISTANCE					
650-0064	Eastern Reforestation	G	-	3,000	-
MRA Sub-Total			0	3,000	0

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ($000)
Country Sudan

APPROPRIATION ACCOUNT PROJECT NO.	TITLE	L/G	FY 85 ESTIMATE	FY 86 ESTIMATE	FY 87 AAPL
ECONOMIC SUPPORT FUND					
650-K-608	Commodity Import Prog.	G	111,000	-	-
650-K-609	Commodity Import Prog.	G	-	115,000	-
650-K-610	Commodity Import Prog.	G	-		120,000
650-0071	Policy Analysis & Implementation	G	3,000	-	-
ESF Sub-Total			114,000	115,000	120,000
DA + ESF TOTAL			140,100	143,000	148,000
DA + MRA + ESF TOTAL			140,100	146,000	148,000

Country Sudan

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

PROJECT NUMBER AND TITLE	G L	OBLIG DATE INIT	OBLIG DATE FIN	-TOTAL COST- AUTH	-TOTAL COST- PLAN	OBLIG THRU FY 84	FY 84 PIPE-LINE	ESTIMATED U.S. DOLLAR COST ($000) ----FY 1985--- OBLIG-ATIONS	----FY 1985--- EXPEND-ITURES	----FY 1986--- OBLIG-ATIONS	----FY 1986--- EXPEND-ITURES	FY 87 AAPL	PEACE CORPS	ITEM NO
AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION														
650-0012 Regional Finance/Planning	G	79	79	2,000	2,000	2,000	696	-	200	-	496	-		11216
650-0018 BLUE NILE INTEGRATED AG. DEVELOPMENT	G	78	83	12,032	12,032	12,032	1,408	-	800	-	-	-		11218
650-0020 WESTERN AGRICULTURE RESEARCH	G	78	82	26,000	26,000	26,000	13,576	-	6,000	-	3,500	-		9380
650-0021 SOUTHERN MANPOWER DEVELOPMENT	G	79	82	6,640	6,640	6,640	532	-	532	-	-	-		11219
650-0031 SOUTHERN RURAL INFRASTRUCTURE PHASE I	G	80	82	3,628	3,547	3,547	503	-	503	-	-	-		12723
650-0043 SOUTHERN REGION ROAD MAINT. & REHAB.	G	83	88	19,700	19,700	18,238	18,136	-	1,000	-	2,000	-		9382
650-0046 SOTHERN AG. DEV. PHASE I	G	82	82	10,100	9,820	9,820	9,224	-	150	-	500	-		11222
650-0047 AGRICULTURAL PLANNING & STATISTICS	G	81	83	7,300	7,300	7,300	5,380	-	1,000	-	1,300	-		11223
650-0054 KORDOFAN RAINFED AGRICULTURE									% PVO 10					
	G	85	88	-	18,100	-	-	2,000	100	4,000	700	7,400		11224
650-0060 RIVER TRANSPORT AGR, MARKETING	G	86	88	-	10,200	-	-	-	-	2,000	200	6,000		-

Country Sudan

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

PROJECT NUMBER AND TITLE	G L	OBLIG DATE INIT	OBLIG DATE FIN	TOTAL COST AUTH	TOTAL COST PLAN	OBLIG THRU FY 84	FY 84 PIPE-LINE	FY 1985 OBLIG-ATIONS	FY 1985 EXPEND-ITURES	FY 1986 OBLIG-ATIONS	FY 1986 EXPEND-ITURES	FY 87 AAPL	PEACE CORPS	ITEM NO
				ESTIMATED U.S. DOLLAR COST ($000)										
650-0069 W. SUDAN AG. MARKETING ROAD	G	84	87	60,000	60,000	15,681	15,681	18,963	100	19,000	700	6,356	-	9381
650-0075 AG. RESEARCH & PRODUCTION								% PVO 10						
	G	87	90	-	15,000	-	-	-	-	-	-	3,000	-	-
650-0510 PROGRAM DEV. & SUPPORT														
	G	85	CONT	-	-	-	-	450	200	200	200	249	-	12725
ARDN SUB-TOTAL:				147,400	190,339	101,258	65,136	21,413	10,585	25,200	9,596	23,005	-	
POPULATION PLANNING														
650-0030 RURAL HEALTH SUPPORT														
	G	80	81	1,881	1,881	1,881	1,361	-	300	-	500	-	-	11220
650-0063 MODEL FAMILY PLANNING														
	G	82	85	1,796	1,796	1,296	1,185	500	300	-	500	-	-	10303
650-0072 COMMERCIAL RETAIL SALES														
	G	86	87	-	3,200	-	-	-	-	1,000	100	2,200	-	12727
650-00510 PROGRAM DEV, & SUPPORT														
	G	85	CONT	-	-	-	-	40	20	50	50	50	-	12726
POP SUB-TOTAL:				3,677	6,877	3,177	2,546	540	620	1.050	1,150	2,250	-	
HEALTH														
650-0073 HEALTH CONSTRAINTS TO RURAL PROD	G	81	82	2,122	2,122	2,122	1,313	500	-	500	-	-	-	-
650-0019 SOUTHERN PRIMARY HEALTH CARE														
	G	78	81	3,686	3,686	3,686	950	-	950	-	-	-	-	12728
650-0030 RURAL HEALTH SUPPORT								% PVO 50						
	G	80	85	16,182	16,182	15,100	12,223	1,082	1,000	-	1,500	-	-	9385
650-00510 PROGRAM DEV, & SUPPORT														
	G	85	CONT	-	-	-	-	58	35	50	50	50	-	12729
HEALTH SUB-TOTAL:				21,990	21,990	20,908	14,486	1,140	2,985	50	2,050	50	-	

Country Sudan

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

PROJECT NUMBER AND TITLE	G L	OBLIG DATE INIT	OBLIG DATE FIN	TOTAL COST AUTH	TOTAL COST PLAN	OBLIG THRU FY 84	FY 84 PIPE-LINE	FY 1985 OBLIG-ATIONS	FY 1985 EXPEND-ITURES	FY 1986 OBLIG-ATIONS	FY 1986 EXPEND-ITURES	FY 87 AAPL	PEACE CORPS	ITEM NO
				ESTIMATED U.S. DOLLAR COST ($000)										
SELECTED DEVELOPMENT ACTIVITIES														
650-0012 REGIONAL FINANCE/PLANNING	G	79	85	1,200	1,200	500	464	700	300	-	300	-	-	11217
650-0036 SOUTHERN ACCESS ROAD	G	80	80	10,000	10,000	10,000	1,344	-	900	-	444	-	-	11221
650-0041 RURAL RENEWABLE ENERGY	G	81	87	4,600	4,600	2,500	1,437	1,000	500	500	500	600	-	9384
650-0059 ENERGY PLANNING/MANAGEMENT	G	82	87	8,450	8,450	4,355	2,412	1,100	700	1,000	700	1,995	PC	9383
650-0510 PROGRAM DEV, AND SUPPORT	G	85	CONT	-	-	-	-	207	100	200	200	100	-	12731
SDA SUB-TOTAL				24,250	24,250	17,355	5,657	3,007	2,500	1,700	2,144	2,695	-	-
TOTAL DA ACCT				197,317	243,456	142,678	87,825	26,100	16,190	28,000	14,940	28,000	-	-
MIGRATION/REFUGEE ASSISTANCE														
650-0050 PORT SUDAN WATER SUPPLY	G	81	83	2,000	2,000	2,000	317	-	317	-	-	-	-	-
650-0064 EASTERN REFORESTATION								% PVO 100						
	G	83	86	4,550	7,550	4,550	4,420	-	1,800	3,000	1,500	-	-	-
650-0065 GEDAREF WATER SUPPLY	G	83	84	13,000	13,000	13,000	12,494	-	3,500	-	3,000	-	-	-
MRA TOTAL:				19,550	22,550	19,550	17,231	-	5,617	3,000	4,500	-	-	-

Country Sudan

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE IV - PROJECT BUDGET DATA

PROJECT NUMBER AND TITLE	G L	OBLIG DATE INIT	OBLIG DATE FIN	TOTAL COST AUTH	TOTAL COST PLAN	OBLIG THRU FY 84	FY 84 PIPE-LINE	FY 1985 OBLIG-ATIONS	FY 1985 EXPEND-ITURES	FY 1986 OBLIG-ATIONS	FY 1986 EXPEND-ITURES	FY 87 AAPL	PEACE CORPS	ITEM NO
ECONOMIC SUPPORT FUND														
650-K-601 COMMODITY IMPORT PROGRAM I	G	80	80	40,000	40,000	39,856	-	-	-	-	-	-	-	-
650-K-602 COMMODITY IMPORT PROGRAM II	G	81	81	50,000	50,000	50,000	567	-	567	-	-	-	-	12717
650-K-603 COMMODITY IMPORT PROGRAM III	G	82	82	100,000	100,000	100,000	4,974	-	4,000	-	974	-	-	12718
650-K-604 COMMODITY IMPORT PROGRAM IV	G	83	83	60,250	60,250	60,250	18,830	-	16,000	-	2,830	-	-	12719
650-K-606 COMMODITY IMPORT PROGRAM V	G	84	84	102,000	102,000	102,000	102,000	-	80,000	-	22,000	-	-	11214
650-K-607 SUDAN PROGRAM GRANT	G	84	84	18,000	18,000	18,000	-	-	-	-	-	-	-	9378
650-K-608 COMMODITY IMPORT PROGRAM VI	G	85	85	-	111,000	-	-	111,000	40,000	-	40,000	-	-	11634
650-K-609 COMMODITY IMPORT PROGRAM VII	G	86	86	-	115,000	-	-	-	-	115,000	40,000	-	-	12721
650-0071 POLICY ANALYSIS AND IMPLEMENTATION	G	83	85	5,000	5,000	2,000	1,806	3,000	600	-	500	-	-	11213
650-K-610 COMMODITY IMPORT PROGRAM	G	87	87	-	120,000	-	-	-	-	-	-	120,000	-	-
ESF SUB-TOTAL				375,250	721,250	372,106	128,177	114,000	141,167	115,000	106,304	120,000		
DA+ESF SUB-TOTAL:				572,567	964,706	514,784	216,002	140,100	157,357	143,000	121,244	148,000		
DA,ESF,MRA TOTAL:				592,117	987,256	534,334	233,233	140,100	162,974	146,000	125,744	148,000		

AID PROGRAM IN FY 1987
ANNUAL BUDGET SUBMISSION
TABLE V - PROPOSED PROGRAM RANKING

DECISION UNIT

RANK	PROJECT	TITLE	NEW/ CONT	LOAN/ GRANT	PROGRAM FUNDING ($000) APPROP	INCR	CUM
1.	650-K-610	Commodity Import Program	C	G	ESF	120,000	120,000
2.	P.L 480	Title I/III	C	L	P 1/2	(60,000)	(60,000)
3.	650-0069	W. Sudan Ag. Marketing Road	C	G	ARDN	6,356	126,356
4.	650-0054	Kordofan Rainfed Ag.	C	G	"	7,400	133,756
5.	650-0075	Ag. Research and Production	N	G	"	3,000	136,756
6.	650-0060	River Trans. Ag. Marketing	C	G	"	6,000	142,756
7.	650-0059	Energy/Planning & Management	C	G	SDA	1,995	144,751
8.	650-0041	Rural Renewable Energy	C	G	"	600	145,351
9.	650-0072	Commercial Retail Sales	C	G	POP	2,200	147,551
10.	650-0510	Project Dev. & Statistics	C	G	-	449	148,000
11.	P.L 480	Title II	C	G	P2	(750)	148.000

FY 1987 ANNUAL BUDGET SUBMISSION

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

Source/Purpose	1984 Actual	1985 Estimate	1986 Planned	1987 Proposed
I. Economic Support Fund				
A. Public Development Activities				
1. Seed Production and Distribution	.33	.29	.23	0.00
2. Agricultural Production	.03	.75	.46	.45
3. Forestry	.03	.17	.30	.21
4. Water and Sanitation	1.52	1.06	.64	.38
5. Irrigation and Water Management	.07	.13	0.00	0.00
6. Health Infrastructure	.11	.13	.15	.16
7. Population	.01	.03	0.00	0.00
8. Rural Road Systems	0.00	1.86	6.21	8.63
9. Energy	3.16	.33	.02	0.00
10. Education	.03	.63	.63	0.00
11. Policy Development	.01	.43	.08	.03
12. Drought Relief	.25	14.13	4.71	0.00
13. Agricultural Marketing	0.00	.06	.17	.26
B. Private Sector Programs				
1. Rural Development	.36	.36	0.00	0.00
C. Public Sector Recurrent Budget				
1. Regional Government Support	0.00	0.00	11.43	11.43
2. Administrative Support	.07	.09	0.00	0.00
D. AID Operating Expenses (Trust Funds)	4.97	21.10	8.86	7.57
Subtotal ESF	10.95	41.55	33.89	29.12
II. PL 480				
A. Public Development Activities				
1. Agricultural Research	1.63	1.50	1.90	1.62
2. Agricultural Marketing Systems	0.00	2.86	7.56	7.14
3. Policy Development	.67	.78	.95	0.00
4. Renewable Energy	.07	.19	.19	.11
5. Health	.07	.60	.97	.75
6. Drought Relief	0.00	41.14	28.57	0.00
7. Agricultural Credit	0.00	0.00	8.57	8.57
B. Public Sector Recurrent Budget				
1. Railroad Overhead	1.13	0.00	0.00	0.00
C. AID Operating Expenses (Trust Funds)	1.09	1.59	0.00	0.00
Subtotal Pl 480	4.66	48.66	48.71	18.19
Totals	15.61	90.21	82.60	47.31

Note...Sudanese pounds converted to U.S. dollars at the commercial bank foreign exchange rate of LS 3.50 per $1.00. Due to recent devaluations in the Sudanese pound, the dollar expenditures are under-stated.

LOCAL CURRENCY GENERATIONS

Local currency proceeds generated from Sudan's ESF and PL 480 programs have been and will continue to be utilized for development projects supportive of our CDSS objectives. Local currencies have been generated from the FY 1981, FY 1982, FY 1983 and FY 1984 ESF programs as well as the FY 1980 - 84 $100 million PL 480 Title III Agreement and the FY 1984 and FY 1985 PL 480 Title I Agreements. The great majority of these generations have been allocated, with the Government of Sudan concurrence, to our Development Assistance projects in the agricultural, transportation, energy, refugee, and health/education sectors. Such an integration of DA and local currencies concentrates resources on common development objectives, assures GOS local currency contributions to meet USAID's project portfolio requirements, and also assists with the Mission's management/monitoring of the uses of these local currencies. In addition, local currencies will continue to be programmed within the Regional Development Support Fund and within the GOS's development budget in accordance with the Three Year Public and Private Investment Programs. Nevertheless, first priority for local currency allocations will remain with complementing USAID's development project portfolio.

New Project Narrative

AGRICULTURE RESEARCH AND PRODUCTION (650-0075)

Project Funding ($000)

Life of Project	$ 15,000
FY 1987	$ 3,000
Appropriation Account	ARDN

Purpose

The proposed project will: (1) develop and test new technology for increasing agricultural production in the extensive dryland farming areas of Sudan, (2) strengthen professional exchanges and interaction between the International Agricultural Research Centers (IARCs) and the Sudanese Agricultural Research Corporation (ARC), (3) expand propagation of improved seeds through the private sector, and (4) identify and develop measures to draw the private sector (merchants, lenders, etc.) into the dissemination of new technologies which offer increased profits for all.

Background

The proposed project coincides with the Mission's long-term commitment to developing and supporting agricultural research in Sudan and building on the investments already made in this sector. The improvement of agricultural marketing and related feeder roads (KORAG) and the western agricultural marketing road in the Mission's other projects will provide the infrastructure to move technology in and production out. The credit (KORAG) and commodity import program private sector set-asides will further support and finance the implementation of "technological packages" developed by ARC. Further complementarities exist with the Mission's ongoing agro-forestry and water resource development explorations in the west. We expect long-term agricultural commitments to emanate from these as well. Our Title III program will build on this foundation in the coming years through village self-help activities. Furthermore, the Mission gives constant attention to monitoring the policy environment to be sure that policies do not inadvertently impose disincentives to production or constraints to the dissemination of new technology.

The project proposed is fully consistent with and responsive to the Agency's Food and Agricultural Development Policy Paper issued in May 1985. We are addressing policy issues through the Agricultural Planning and Statistics Project and the negotiations for C.I.P. and P.L. 480 agreements. Project inputs are directly related to developing human resources and institutional capabilities to generate, adapt and apply improved science and technology for food and agricultural development. Furthermore, our commitment to identifying means to draw the private sector into the role of disseminating new technology serves the dual objectives of expanding the role of the private sector and integrating other assistance instruments (C.I.P.) to serve broader program objectives.

Problems Identified and Solutions Proposed

The 1984 Gotsch/Wright report entitled, Agricultural Research in the Sudan with Special Emphasis on the Western Sudan Project stressed the importance of the Mission's continuing commitment to agricultural research. The report identified technology development as one of three critical components of our Western Sudan development strategy of which infrastructure and price policy incentives are the other two elements.

Agricultural research is a cumulative process. And Sudan really only began agricultural research under dryland farming conditions 3-4 seasons ago.* A foundation has now been established and the findings from all previous research are being consolidated, but further assistance is required to introduce greater discipline (by commodity) to the research program.

This project will be designed to assist the GOS in building on the base of knowledge established (through the provision of technical assistance and additional training for the ARC scientists and support for greater exchange and interaction between the ARC and the IARCs and to open the private sector's eyes to the potential profits available through the multiplication, production, importation and distribution of new inputs such as seed and other proven agricultural technologies.

Mission will contract for a major study to be undertaken late this summer/early fall to assist the Mission and the Sudanese Agricultural Research Corporation (ARC) with specification of a dryland research and production strategy for Sudan. This report

---

* There was very limited work prior to this on rainfed cotton production in the Nuba Mountains.

will provide guidance to the Mission, and other donors who wish to support dryland farming, on the appropriate commodity focus and will attempt to quantify costs and benefits (and consequently returns) which might realistically accrue to each activity. The timing of the study will allow USAID to build on the World Bank-financed Sudanese study on dryland agriculture which is currently under preparation. The principal components of the WB Study are: Economics, Institutions, Technology and Land Tenure.

Specifically, regarding training, our present outline calls for 9 M.S.'s, 6 Ph.D's (assumes candidates have previously completed M.S.'s), 4 short-term courses to be offered in Sudan and limited international training/conference participation for Sudanese. The budget for the above is roughly estimated at $ 1.84 million. The remaining budget ($13.16 million) will be for technical assistance and commodities.

Target Group

The rainfed agricultural zone employs two-thirds of Sudan's rural population and has a comparative advantage in producing Sudan's basic food and cash crops. Rainfed agriculture is the dominant cultivation system in Western Sudan and is the heart of its economy. These rugged entrepreneurs are our intended beneficiaries.

UNCLASSIFIED

Department of State

INCOMING TELEGRAM

PAGE 01 OF 02 KHARTO 07978 00 OF 03 302033Z 9109 053364 AID0065
ACTION AID-00

ACTION OFFICE AFDP-06
INFO AFCO-02 AFEA-03 FPA-02 AFDR-06 FVA-01 PPPB-02 STDA-01
STAG-02 STHE-01 SAST-01 POP-04 PVC-02 AFDA-01 AGRI-01
STFA-01 RELO-01 STHP-01 MAST-01 AFMG-03 /042 A1 X38

INFO LOG-00 COPY-01 AF-00 CIAE-00 EB-08 DODE-00 /009 W
----------367268 302036Z /70/38

P 301752Z MAY 85
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC PRIORITY 0825

UNCLAS KHARTOUM 07978

AIDAC

E.O. 12356:N/A
SUBJECT: AGRICULTURAL RESEARCH FOR ABS REVIEW

REF: STATE 112878

1. SUMMARY: THE MISSION IS PLANNING AN AGRICULTURAL RESEARCH AND PRODUCTION PROJECT FOR FY 87 FOR A TOTAL FUNDING OF $15 MILLION. THIS NEW PROJECT WILL BUILD UPON THE WESTERN SUDAN AGRICULTURAL RESEARCH PROJECT AND IDENTIFY MEANS OF EXPLOITING NEWLY DEVELOPED TECHNOLOGIES. IN THIS NEW PROJECT, RESEARCH WILL BE MORE CLEARLY FOCUSED ON THE PRIMARY COMMODITIES AND THE TARGET AUDIENCE WILL INCLUDE MECHANIZED AS WELL AS TRADITIONAL FARMERS. THE INTENT IS TO ASSURE THAT RESEARCH HAS AN IMPACT. THIS WILL BE ACCOMPLISHED BY IDENTIFYING MEANS OF STRENGTHENING LINKAGES BETWEEN RESEARCH AND PRODUCTION. THIS EFFORT WILL BE FACILITATED BY THE MISSION'S OTHER INVESTMENTS IN THE AREA, PARTICULARLY THOSE TO DEVELOP BASIC INFRASTRUCTURE, CREDIT AND MARKET OPPORTUNITIES. END SUMMARY.

2. CURRENT RESEARCH WORK: USAID'S WESTERN SUDAN AGRICULTURAL RESEARCH PROJECT (WSARP) PROGRAMMED $26 MILLION TO SUPPLEMENT A $15 MILLION IDA CREDIT WHICH WAS USED PRIMARILY TO CONSTRUCT 4 RESEARCH STATIONS IN DRYLAND FARMING AREAS IN WESTERN SUDAN. A.I.D. FUNDS FINANCED THE A&S, CONSTRUCTION MANAGEMENT AND A PORTION OF THE CONSTRUCTION ITSELF, BUT PRIMARILY HAVE BEEN SPENT ON TRAINING SUDANESE SCIENTISTS, PROVIDING U.S. SCIENTISTS TO INITIATE RESEARCH PROGRAMS IN NEW DISCIPLINES AND IN EQUIPPING THE FACILITIES TO SUPPORT THE WORK OF THE NEWLY TRAINED CADRE OF SUDANESE PROFESSIONALS. PART OF THE PRESENT T.A. CONTRACT IS BEING EXTENDED FOR FIVE MONTHS, AND PLANS CALL FOR CONTRACTING FOR FOLLOW-ON T.A. FOR THE '86 AND '87 AGRICULTURAL SEASONS. FUNDING FOR T.A. APPEARS ADEQUATE FOR THE KADUGLI AND EL OBEID STATIONS THROUGH THE PRESENT PACD OF 12/87. USAID WILL CONTINUE TO PROVIDE SUPPORT TO THESE STATIONS AT APPROXIMATELY THE LEVEL PREVIOUSLY ANTICIPATED. BEFORE WE CONSIDER THE SAME LEVEL OF SUPPORT TO THE NEW STATIONS UNDER CONSTRUCTION IN DARFUR, THE GOS MUST DEMONSTRATE ITS WILL AND CAPACITY TO STAFF AND OPERATE THEM. IT MUST ALSO SHOW THAT SOMETHING CAN BE ACHIEVED AT EL FASHER AND GHAZALA GAWAZAT THAT CANNOT BE DONE AT KADUGLI AND EL OBEID. WE MUST BEGIN NOW, HOWEVER, TO DESIGN A NEW PROJECT TO CONTINUE STRENGTHENING DRYLAND AND RAINFED FARMING RESEARCH. THE MANDATE WILL INCLUDE MECHANIZED AS WELL AS TRADITIONAL FARMERS. EMPHASIS WILL BE PLACED ON THE IDENTIFICATION AND IMPLEMENTATION OF MEASURES TO EXPLOIT TECHNOLOGIES ALREADY DEVELOPED AND PROVEN.

DURING THE COMING TWO YEARS WE WILL CONCENTRATE ON: (A) ASSESSING THE RESULTS OF PAST RESEARCH AND (B) IDENTIFYING FURTHER OPPORTUNITIES FOR MAKING A SIGNIFICANT IMPACT ON YIELDS AND PRODUCTIVITY. OUTSIDE OF RESEARCH THE MISSION WILL ALSO PROCEED WITH ITS ON-GOING EFFORTS TO IDENTIFY AND DEVELOP CREATIVE CHANNELS FOR THE DISSEMINATION OF THE NEW TECHNOLOGY EMANATING FROM RESEARCH WORK.

KHARTO 07978 02 OF 03 302033Z 9109 053364 A1D0065

3. AGRICULTURAL RESEARCH AND PRODUCTION PROJECT:
(A) DRAWING FROM THE MISSION'S EXPERIENCE GAINED FROM WSARP, WE ARE READY TO BUILD ON ITS STRENGTHS AND ACHIEVEMENTS AS WE PLAN FUTURE AGRICULTURAL PROJECTS FOR SUDAN. MISSION WILL CONTRACT FOR A STUDY TO BE UNDERTAKEN LATE THIS SUMMER/EARLY FALL TO ASSIST THE SUDANESE AGRICULTURAL RESEARCH CORPORATION (ARC) IN SPECIFYING A DRYLAND FARMING STRATEGY FOR SUDAN. (IN LINE WITH THIS OBJECTIVE, MISSION PLANS TO NOMINATE NEW DIRECTOR GENERAL, DG, - DESIGNATE OF ARC TO VISIT USDA'S ARS DRYLAND EXPERIMENT STATIONS IN THE GREAT PLAINS IN AUGUST, PER STATE 137477. THIS PROGRAM WILL EXPOSE THE DG TO THE POTENTIAL OF DRYLAND AND RAINFED AGRICULTURE). THIS REPORT WILL PROVIDE GUIDANCE TO THE MISSION, AND OTHER DONORS WHO WISH TO SUPPORT DRYLAND FARMING, ON THE APPROPRIATE COMMODITY FOCUS AND WILL ATTEMPT TO QUANTIFY COSTS AND BENEFITS (AND CONSEQUENTLY RETURNS) WHICH MIGHT REALISTICALLY ACCRUE TO EACH ACTIVITY. THE TIMING OF THE STUDY WILL ALLOW USAID TO BUILD ON THE WORLD BANK-FINANCED SUDANESE STUDY ON DRYLAND AGRICULTURE. THE WORLD BANK WILL LOOK TO THE FUTURE IN TERMS OF SUDAN'S INSTITUTIONAL AND ECONOMIC PROBLEMS AND ITS LAND TENURE SYSTEM AS WELL AS FROM THE NARROWER OBJECTIVE OF TECHNOLOGICAL TRANSFER.

IN SPECIFYING THE PROPOSED RESEARCH AGENDA, THE PP WILL INDICATE THE NATURE OF THE INDIVIDUAL COMMODITY FOCUS, THE PROBLEMS TO BE ADDRESSED, HOW LONG THE RESEARCH IS EXPECTED TO TAKE, ANTICIPATED MAGNITUDE/NATURE OF THE COSTS INVOLVED AND CONSEQUENTLY ROUGH ESTIMATES OF THE EXPECTED RATES OF RETURN FOR SELECTED RESEARCH. TRADE-OFFS AMONG SELECTED RESEARCH PROBLEMS WILL BE SPECIFIED IN ORDER TO DETERMINE THE ORDER AND TIMING OF RESEARCH PRIORITIES AND, CONSEQUENTLY, THE DEFINITION OF THE RESEARCH AGENDA TO BE TACKLED BY THE AID COMMITMENT TO AGRICULTURAL RESEARCH UNDER THE PROPOSED PROJECT.

(C) THIS NEW EIGHT YEAR PROJECT WILL INCLUDE FUNDS FOR:

- (1) T.A. AND LONG-TERM TRAINING FOR THE ARC IN THE COMMODITY AREAS TO BE SPECIFIED.

- (2) T.A. FOR PRIVATE INVESTORS AND GOS REGULATORY AUTHORITIES TO PROMOTE IMPROVED SEED PROPAGATION AND CERTIFICATION, RESPECTIVELY.

- (3) THE MAINTENANCE OF FACILITIES AND REPLACEMENT OF EQUIPMENT.

- (4) THE SUPPORT FOR GREATER EXCHANGE AND INTERACTION BETWEEN ARC AND THE INTERNATIONAL AGRICULTURAL RESEARCH CENTERS (IARCS).

WE WILL SEEK TO PROGRAM OUR LOCAL CURRENCY IN SUCH A WAY TO LEVERAGE INCREASING GOS BUDGETARY SUPPORT TO THE COMMODITIES IDENTIFIED, SPECIFICALLY, AND AGRICULTURAL RESEARCH GENERALLY.
(D) THE LINKAGES BETWEEN FARMERS AND RESEARCHERS, MERCHANTS, AND EXTENSION AND CREDIT PERSONNEL WILL BE A TOPIC OF MAJOR CONCERN. THUS, THE PROJECT GOES BEYOND THE TRADITIONAL SCOPE OF RESEARCH. OPPORTUNITIES WILL BE SOUGHT TO EXPLOIT THE PRIVATE SECTOR (IN ITS SEARCH FOR PROFITS) AS AN AGENT FOR DISSEMINATING THE NEW TECHNOLOGIES DEVELOPED BY RESEARCHERS. AT THE END OF THE

UNCLASSIFIED

RESEARCH SEASON SCIENTISTS WILL NOT ONLY WRITE UP THEIR OWN INDIVIDUAL FINDINGS, BUT WILL COME TOGETHER IN COMMODITY GROUPS TO SPECIFY THE "TECHNOLOGICAL PACKAGE" WHICH MERCHANTS CAN MARKET, LENDERS CAN FINANCE AND FARMERS CAN ADOPT WITH FAIR CERTAINTY OF INCREASING PRODUCTIVITY UNDER NORMAL SEASONAL CONDITIONS.

4. THE PROPOSED PROJECT COINCIDES WITH THE MISSION'S LONG-TERM COMMITMENT TO DEVELOPING AND SUPPORTING AGRICULTURAL RESEARCH IN SUDAN AND BUILDING ON THE INVESTMENTS ALREADY MADE IN THIS SECTOR. THE IMPROVEMENT OF AGRICULTURAL MARKETING AND RELATED FEEDER ROADS UNDER BOTH THE KORAG PROJECT AND THE WESTERN AGRICULTURAL MARKETING ROAD PROJECT WILL PROVIDE THE INFRASTRUCTURE TO MOVE TECHNOLOGY IN AND PRODUCTION OUT. THE CREDIT (KORAG) AND COMMODITY IMPORT PROGRAM PRIVATE SECTOR REGIONAL DEVELOPMENT FUND WILL FURTHER SUPPORT AND FINANCE THE IMPLEMENTATION OF "TECHNOLOGICAL PACKAGES" DEVELOPED BY ARC. FURTHER COMPLEMENTARITIES EXIST WITH THE MISSION'S ONGOING AND AGRO-FORESTRY AND WATER RESOURCE DEVELOPMENT EXPLORATIONS IN THE WEST. WE EXPECT LONG-TERM AGRICULTURAL COMMITMENTS TO EMANATE FROM THESE AS WELL. OUR TITLE III PROGRAM WILL BUILD ON THIS FOUNDATION IN THE COMING YEARS THROUGH VILLAGE SELF-HELP ACTIVITIES. FURTHERMORE, THIS MISSION GIVES CONSTANT ATTENTION TO MONITORING THE POLICY ENVIRONMENT TO BE SURE THAT POLICIES DO NOT INADVERTENTLY IMPOSE DISINCENTIVES TO PRODUCTION OR CONSTRAINTS TO THE DISSEMINATION OF NEW TECHNOLOGY.

5. WE HAVE CONCLUDED THAT IN AN AGRICULTURAL ENVIRONMENT AS SEVERE AS SUDAN'S, RESEARCH CANNOT BE THE SOLE FOCUS OF AN AID AGRICULTURAL PROGRAM. FIELD TRIALS ON FARMERS' PLOTS ARE AN ESSENTIAL, BUT NOT SUFFICIENT, MEASURE FOR ASSURING DISSEMINATION OF TECHNOLOGY AND INCREASING PRODUCTION. ALL NEW TECHNOLOGY NEED NOT BE FUNNELLED THROUGH RESEARCH FACILITIES, INSOFAR AS SOME TECHNOLOGY DOES NOT REQUIRE MUCH ADAPTATION. SUCH TECHNOLOGIES WILL BE ADAPTED IN WAYS OTHER THAN THROUGH STANDARD AGRICULTURAL RESEARCH PROGRAMS.
MOREOVER, ALL AGRICULTURAL INVESTIGATIONS SPONSORED BY AID NEITHER CAN NOR SHOULD BE CONFINED TO A SINGLE RESEARCH PROJECT. ALL GOOD PROJECTS (WHETHER RESEARCH OR NOT) HAVE AN INVESTIGATIVE COMPONENT. JUST AS THE RECENT AID/W PAPER STATED THAT FARMING SYSTEMS RESEARCH MUST BE THE HANDMAIDEN OF COMMODITY DEVELOPMENT, SO MUST AGRICULTURAL RESEARCH, AS SUCH, BE THE HANDMAIDEN OF OTHER AGRICULTURAL DEVELOPMENT ACTIVITIES. WHAT THIS PERCEPTION SUGGESTS IS A MUCH CLOSER RELATIONSHIP BETWEEN OUR AGRICULTURAL RESEARCH EFFORT AND OTHER AGRICULTURAL ACTIVITIES SPONSORED BY AID--AND INDEED BY OTHER DONORS.
6. AS A MEANS OF ASSURING THAT THE IMPACT OF OUR AGRICULTURAL PROGRAM IS STRENGTHENED AND HAS FOCUS, IT MAY BE APPROPRIATE FROM TIME TO TIME TO INTRODUCE MODIFICATIONS IN ALL OR CERTAIN SELECT ON-GOING RESEARCH ACTIVITIES. THIS CAN BE ACHIEVED AT THE END OF SEASON ASSESSMENT DESCRIBED IN PARA 3 (D). IN MAKING THIS OBSERVATION WE RECOGNIZE WE MUST AVOID SHOOTING AT EVERY UNEVALUATED TARGET OF OPPORTUNITY THAT HAPPENS BY. BUT MORE THAN ANY OTHER TYPE OF AGRICULTURAL PROJECT, PERHAPS RESEARCH REQUIRES CLOSER MONITORING AND MORE EVALUATION WITH A VIEW TO INTRODUCING INTERIM CORRECTIONS IN DIRECTION. YET, A SINGLE PROJECT CANNOT DO EVERYTHING. THUS NEW DIRECTION SHOULD USUALLY BE CONFINED TO REVISIONS IN EMPHASIS AND SHOULD FALL WITHIN THE FOCUS SET FOR THE PROJECT IN TERMS OF COMMODITIES, TARGET AREAS AND INSTITUTIONS, ETC.

7. MISSION IS PLANNING TO PREPARE THE PID FOR SUBMISSION TO AID/W BY EARLY DECEMBER. AFTER RECEIVING APPROVAL OF THE PID, MISSION WILL THEN PROCEED TO PREPARE THE PP BY

LATE FY 1986 FOR FIRST QUARTER FY 87 OBLIGATION. THE BUDGET TABLES IN THE FY 87 ABS WILL REFLECT THIS SCHEDULE.
HORAN

New Project Narrative

COMMODITY IMPORT PROGRAM (CIP) 650-K-609

Program Funding ($000)

Life of Program	$115,000
Appropriation Account	ESF

Purpose

The purpose of the CIP Program is to provide short-term balance of payments support by financing essential imports, including raw materials, capital equipment, and spare parts, which contribute to export earnings, maintenance and expansion of productive capacity, and production of urgently needed consumer goods.

Background

The chronic shortage of foreign exchange which has prevailed since the mid-1970's continues.
With prospects for reversing the economic downturn and the staggering debt grim, Sudan's worst drought in memory could not have come at a worse time. Agricultural production for 1984/85 has fallen to less than half its normal levels. Resulting grain deficit estimates range from 1.3 to 1.9 million MT. Relief agencies estimate more than 3 million people will be seriously affected, meaning loss of property, dislocation, and starvation. While agriculture exports are expected to fall about 13 per cent from the previous year's already poor drought-affected performance, imports will fall further in light of foreign exchange scarcities and the general economic downswing. There will be little foreign exchange to mitigate the drought damage through commercial grain purchases. Over the past year, it had become the donor concensus that Sudan's hopes for recovery would depend on a considered economic restructuring and reform and major changes in the approach of public officials to managing their economy. Even with a solid commitment to immediate reform, recovery-and economic development-Sudan faces an uncertain future during this catastrophic year.

Project Discription

In FY 1986, A.I.D. proposes to provide $75 million for CIP balance of payments support, out of $115 million of ESF funding, for high-priority imported commodities. The remaining $40 million, will be used in support of the petroleum initiative. Primary emphasis will be given to import of commodities, such as agricultural inputs, including seeds and spare parts, which have a significant net foreign exchange impact.

Major categories of eligible CIP imports include:

1. Agricultural inputs and industrial machinery, equipment and spare parts;

2. Power generation, transmission and distribution equipment and spare parts;

3. Industrial raw materials, such as tallow, tinplate, and chemicals; and

4. Transport equipment.

Target Group

End users of imported commodities will be largely private, agricultural producers of exportable crops and manufacturers of import substitutes. The private industrial sector will also benefit from rehabilitation of the electrical transmission and distribution system which continues to impose severe production losses on output because of power failure. The counterpart currency generated from the sale of all imported commodities will be used for expenses of administering the U.S. economic assistance program and the local currency costs of the Government of Sudan development projects to rehabilitate and expand productive and infrastructure facilities. Procurement under the program will be restricted to commodities of Code 941 origin and in accord with a specific list to be agreed upon by the Government of Sudan and A.I.D.

New Project Narrative

COMMODITY IMPORT PROGRAM (CIP) 650-K-610

Program Funding ($000)

Life of Program	$120,000
Appropriation Account	ESF

Purpose

The purpose of the CIP Program is to provide short-term balance of payments support by financing essential imports, including raw materials, capital equipment, and spare parts, which contribute to export earnings, maintenance and expansion of productive capacity, and production of urgently needed consumer goods.

Background

The chronic shortage of foreign exchange which has prevailed since the mid-1970's continues.
With prospects for reversing the economic downturn and the staggering debt grim, Sudan's worst drought in memory could not have come at a worse time. Agricultural production for 1984/85 has fallen to less than half its normal levels. Resulting grain deficit estimates range from 1.3 to 1.9 million MT. Relief agencies estimate more than 3 million people will be seriously affected, meaning loss of property, dislocation, and starvation. While agricultural exports are expected to fall about 13 per cent from the previous year's already poor drought-affected performance, imports will fall further in light of foreign exchange scarcities and the general economic downswing. There will be little foreign exchange to mitigate the drought damage through commercial grain purchases. Over the past year, it had become the donor concensus that Sudan's hopes for recovery would depend on a considered economic restructuring and reform and major changes in the approach of public officials to managing their economy. Even with a solid commitment to immediate reform, recovery-and economic development-Sudan faces an uncertain future during this catastrophic year.

Project Description

In FY 1987, A.I.D. proposes to provide $80 million for CIP balance of payments support, out of $120 million of ESF funding, for high-priority imported commodities. The remaining $40 million, will be used in support of the petroleum initiative. Primary emphasis will be given to import of commodities which will have the greatest impact on improving the GOS balance of payments situation. It is likely that agricultural inputs will once again top the list. More specific information concerning those commodities to be imported under the FY87 CIP will be provided at the design stage and will fully support the agency's policies for CIP uses.

Target Group

End users of imported commodities will be largely private, agricultural producers of exportable crops and manufacturers of import substitutes. The counterpart currency generated from the sale of all imported commodities will be used for expenses of administering the U.S. economic assistance program and the local currency costs of the Government of Sudan development projects to rehabilitate and expand productive and infrastructure facilities. Procurement under the program will be restricted to commodities of Code 941 origin and in accord with a specific list to be agreed upon by the Government of Sudan and A.I.D.

TABLE VII

FY 1987 ANNUAL BUDGET SUBMISSION

COUNTRY/OFFICE USAID/Sudan

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1986 Start (Qtr)	FY 1986 To AID/W (Qtr)	FY 1987 Start (Qtr)	FY 1987 To AID/W (Qtr)	Reasons/Issues	Funding Source	($000)	USAID Person Days	Collateral Assistance
Agriculture, Rural Development and Nutrition										
650-0020 Western Sudan Agricultural Research Project	6/83	I*	III			PACD 9/87 Outside evaluation delayed following intensive Mission internal review, probable change of contractor and restructuring for more sustainable post-project GOS support. Evaluation will deal with previous contractor performance but more importantly will help re-focus continuing project activities in light of Sudan's drought, and continuing financial crisis. Research under this project is crucial to agricultural rehabilitation of Western Sudan's rainfed agriculture and livestock production. Linkages with other AID/Donor/GOS supported research efforts will be strengthened in the context of an umbrella national research program. (See also 650-0018, 650-0046.)	Project Budget	60	30	ICRISAT or IQC Team Leader and 3 person team with specialties in rainfed production of sorghum, millet, groundnuts, sesame, melon, gum arabic, livestock.
650-0018 Blue Nile Integrated Agricultural Development	12/82	II	III			PACD 9/85 Terminal evaluation (PES and PACR) of contractor performance, incorporating elements of lessons learned and Generic Evaluations (Farming Systems and Applied Research). Issues of wider interest include replicability, cost per beneficiary, cost effectiveness of given project outputs, and comparative analysis	Project	30	20	IQC Agronomist, Ag. Economist, Seed Farm Specialist.

Thomas H. Eighmy
Program Economist/MEO
25% of Time

7(ABS) r 4/85

TABLE VII
LIST OF PLANNED EVALUATIONS
FY 1987 ANNUAL BUDGET SUBMISSION
COUNTRY/OFFICE USAID/Sudan

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1986 Start (Qtr)	FY 1986 To AID/W (Qtr)	FY 1987 Start (Qtr)	FY 1987 To AID/W (Qtr)	Reasons/Issues	Funding Source	($000)	USAID Person Days	Collateral Assistance
2. (Cont.)										
						of economic and environmental characteristics of traditional farming/herding and mechanized farming approaches to a fragile dryland environment. Project continuation under local currency mode with possible conversion to a seed farm will be studied. Future activities should be placed in context of an umbrella national agricultural research program. (See also 650-0020, 650-0046)				
Selected Development Activities										
650-0059 Energy Planning and Management	N/A	III	IV			PACD 4/88 The project has two distinct components both within the GOS central Ministry of Energy and Mining. As such it is the second of two planned evaluations dealing with that Ministry. (See 650-0065 Gedaref Water Supply). The evaluation supports major USAID investments in the energy field, funded principally by ESF/CIP including the Petroleum Initiative and Blue Nile Grid Rehabilitation. (See previous CIP Evaluation.) The two project components are: (A) The National Energy Authority (NEA) as the planning unit in the Energy sector. (See previous evaluation of 650-0047 Agricultural Planning and Statistics for related	Project Budget	50	20	Energy Planner Public Utility Business Manager

TABLE VII - LIST OF PLANNED EVALUATIONS
FY 1987 ANNUAL BUDGET SUBMISSION
COUNTRY/OFFICE USAID/Sudan

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1986 Start (Qtr)	FY 1986 To AID/W (Qtr)	FY 1987 Start (Qtr)	FY 1987 To AID/W (Qtr)	Reasons/Issues	Funding Source	Funding ($000)	USAID Person Days	Collateral Assistance
3. (Cont.)						evaluation of the planning unit of Agricultural sector), and (B) Assistance to the National Electricity Corp. (NEC) as the principal producer, distributor and rate collecting agency for electricity distribution in the major Ag. schemes and Urban/Industrial areas. Evaluation of component A (NEA) will assess contractor and GOS performance with regard to studies, national and regional energy plans, investment decisions, and to assess the sustainability of the institution. Evaluation of component B (NEC) will assess contractor and GOS performance and quantifiable indicators of project impact including reduction in transmission losses, improvements in collection and investment decisions.				
Migration and Refugee Assistance										
650-0065 Gedaref Water Supply	N/A			I	III	PACD 1/87 The first of our refugee assistance projects to undergo external evaluation. The purposes are three (1) Estimate impact on refugee community which is now taking on a semi-permanent character (2) Consider major institutional and cost recovery issues with implaications beyond the project in the field of financially responsible devolution/	Project Budget Local Currency PD&S	15 LS 30	30	REDSO or IQC or AID/W Water Engineer, Public Utilities Economist. OFDA Refugee Specialist. Local currency contract.

TABLE VII
FY 1987 ANNUAL BUDGET SUBMISSION
COUNTRY/OFFICE USAID/Sudan

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1986 Start (Qtr)	FY 1986 To AID/W (Qtr)	FY 1987 Start (Qtr)	FY 1987 To AID/W (Qtr)	Reasons/Issues	Funding Source	Funding ($000)	USAID Person Days	Collateral Assistance
4. (Cont.)						decentralization of government services. (3) Assessment of engineering aspects. Per the Grant Agreement, the Institute of Environmental Studies under local currency contract will be primarily responsible for items (1) and (2) with participation of Mission staff. Mission staff and local engineer will be supplemented by AID/W or IQC engineering/evaluation team member. This is one of two planned evaluations dealing with the GOS Ministry of Energy and Mining. (See 650-0059 Energy Planning and Management) but deals with the semi-autonomous National Water Corp.				
Agriculture, Rural Development and Nutrition										
650-0046 Southern Region Agricultural Development	N/A			II*	III	PACD 9/87 Security permitting, revalidation of Southern agricultural strategy (see also 650-0045) including Yambio Research Station in light of national agricultural research program (see 650-0020, 650-0018) is needed. Original project was re-focused from five elements to three: feeder roads, credit and training. Consideration will be given to planning future local currency and dollar efforts in Equatoria and the two other subregions.	Project Budget	55	30	IQC Team Leader Tropical Agronomist, Institutional Finance Specialist.

7(ABS) - 4/85

TABLE VII - LIST OF PLANNED EVALUATIONS
FY 1987 ANNUAL BUDGET SUBMISSION
COUNTRY/OFFICE USAID/Sudan

Project List (Project No. & Title)	Last Eval Completed (Mo./Yr.)	FY 1986 Start (Qtr)	FY 1986 To AID/W (Qtr)	FY 1987 Start (Qtr)	FY 1987 To AID/W (Qtr)	Reasons/Issues	Funding Source	Funding ($000)	USAID Person Days	Collateral Assistance
5. (Cont.)										
650-0043 Southern Road Maintenance and Rehabilitation	N/A			III	IV	PACD 9/89 Poor access, high marketing costs, crop spoilage, and lack of petroleum products are consistently held to be major constraints to development in the South and Suduan as a unit. Institutional weaknesses in the old Southern Region and the redivided three successor regions (now on the verge of reunification) led to poor maintenance standards on the few roads which did exist. SORMAR, as originally conceived picked up two previous AID road projects. SORMAR, in conjunction with other donor projects, and AID's River Transport Project and Petroleum Initiative would relieve these constraints and literally open the South up to agricultural growth and development. Security considerations required a drastic curtailment of project operations to Juba equipment maintenance and maintenance on the Juba-Torit portion of the Kenya Access Road and the Uganda Access Road. Security conditions permitting, this evaluation is needed to assess project progress in both the engineering and institutional sense and to revalidate our Southern Transport program.	Project Budget	40	40	REDSO, AID/W or IQG Road Maintenance Engineer, Public Works Institutional Specialist.

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII - FY 1985

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
U.S. DIRECT HIRE	U100		3932.1	156.9	4089.0	xxxxxxx
U.S. CITIZENS BASIC PAY	U101	110	1890.9		1890.9	37
PT/TEMP U.S. BASIC PAY	U102	112	35.3		35.3	2
DIFFERENTIAL PAY	U103	116	327.6		327.6	xxxxxxx
OTHER AID/W FUNDED CODE 11	U104	119	54.9		54.9	xxxxxxx
OTHER MISSION FUNDED CODE 11	U105	119	0		0	xxxxxxx
EDUCATION ALLOWANCES	U106	126	146.8		146.8	25
RETIREMENT - U.S. DIRECT HIRE	U107	120	134.6		134.6	xxxxxxx
LIVING ALLOWANCES	U108	128	43.1		43.1	xxxxxxx
OTHER AID/W FUNDED CODE 12	U109	129	93.8		93.8	xxxxxxx
OTHER MISSION FUNDED CODE 12	U110	129	116.4	106.9	223.3	xxxxxxx
POST ASSIGNMENT - TRAVEL	U111	212	103.4		103.4	19
POST ASSIGNMENT - FREIGHT	U112	22	666.2		666.2	19
HOME LEAVE - TRAVEL	U113	212	61.3		61.3	10
HOME LEAVE - FREIGHT	U114	22	23.6		23.6	10
EDUCATION TRAVEL	U115	215	48.0		48.0	24
R AND R TRAVEL	U116	215	111.2		111.2	21
OTHER CODE 215 TRAVEL	U117	215	75.0	50.0	125.0	15
FOREIGN NATIONAL DIRECT HIRE	U200		261.4	136.4	397.8	xxxxxxx
BASIC PAY	U201	114	153.0	52.1	205.1	21
OVERTIME, HOLIDAY PAY	U202	115	2.0	9.3	11.3	1
ALL OTHER CODE 11 - FN	U203	119	38.2	4.9	43.1	xxxxxxx
ALL OTHER CODE 12 - FN	U204	129	66.2	67.1	133.3	xxxxxxx
BENEFITS FORMER FN PERSONNEL	U205	13	2.0	3.0	5.0	xxxxxxx
CONTRACT PERSONNEL	U300		285.1	2422.5	2707.6	xxxxxxx
PASA TECHNICIANS	U301	258	0		0	xxxxxxx
U.S. PSC - SALARY/BENEFITS	U302	113	237.3	351.6	588.9	17
ALL OTHER U.S. PSC COSTS	U303	255	47.8		47.8	xxxxxxx
F.N. PSC - SALARY/BENEFITS	U304	113		2051.8	2051.8	140
ALL OTHER F.N. PSC COSTS	U305	255	0		0	xxxxxxx
MANPOWER CONTRACTS	U306	259		19.1	19.1	17
JCC COSTS PAID BY AID/W	U307	113	0		0	xxxxxx
HOUSING	U400		537.7	1132.4	1670.1	xxxxxxx
RESIDENTIAL RENT	U401	235	210.5	247.5	458.0	27.3
RESIDENTIAL UTILITIES	U402	235		344.8	344.8	xxxxxxx
MAINTENANCE AND RENOVATION	U403	259	2.0	200.0	202.0	xxxxxxx
QUARTERS ALLOWANCES	U404	127	0		0	xxxxxx
RESIDENTIAL FURNITURE/EQUIP.	U405	311	178.1	5.0	183.1	xxxxxxx
TRANS./FREIGHT - CODE 311	U406	22	142.0	2.5	144.5	xxxxxxx
SECURITY GUARD SERVICES	U407	254		332.6	332.6	xxxxxxx
OFFICIAL RESIDENCE ALLOWANCES	U408	254	3.6		3.6	xxxxxxx
REPRESENTATION ALLOWANCES	U409	252	1.5		1.5	xxxxxxx

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

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
OFFICE OPERATIONS	U500		1320.8	3818.9	5139.7	xxxxxxx
OFFICE RENT	U501	234		376.7	376.7	xxxxxxx
OFFICE UTILITIES	U502	234		163.4	163.4	xxxxxxx
BUILDING MAINT./RENOVATION	U503	259	50.0	507.0	557.0	xxxxxxx
OFFICE FURNITURE/EQUIPMENT	U504	310	102.5	10.0	112.5	xxxxxxx
VEHICLES	U505	312		115.7	115.7	xxxxxxx
OTHER EQUIPMENT	U506	319	365.3	40.4	405.7	xxxxxxx
TRANSPORTATION/FREIGHT	U507	22	238.0	32.3	270.3	xxxxxxx
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	52.5	48.9	101.4	xxxxxxx
COMMUNICATIONS	U509	230	5.0	52.0	57.0	xxxxxxx
SECURITY GUARD SERVICES	U510	254		38.6	38.6	xxxxxxx
PRINTING	U511	24	0.2	5.3	5.5	xxxxxxx
RIG/II OPERATIONAL TRAVEL	U512	210	0		0	xxxxxxx
SITE VISITS-MISSION PERSONNEL	U513	210	45.6	53.1	98.7	588
SITE VISITS-AID/W PERSONNEL	U514	210	40.2		40.2	4
INFORMATION MEETINGS	U515	210	17.4		17.4	5
TRAINING ATTENDANCE	U516	210	49.4		49.4	16
CONFERENCE ATTENDANCE	U517	210	25.2		25.2	10
OTHER OPERATIONAL TRAVEL	U518	210	29.1		29.1	7
SUPPLIES AND MATERIALS	U519	26	200.0	267.2	467.2	xxxxxxx
FAAS	U520	257	0	935.0	935.0	xxxxxxx
CONSULTING SVCS. - CONTRACTS	U521	259	0		0	xxxxxxx
MGT./PROF. SVCS. - CONTRACTS	U522	259		4.8	4.8	xxxxxxx
SPEC. STUDIES/ANALYSES CONT.	U523	259	0		0	xxxxxxx
ALL OTHER CODE 25	U524	259	100.4	1168.5	1268.9	xxxxxxx
	U600	32				
TOTAL O.E. BUDGET			6337.1	7667.1	14004.2	xxxxxxx
RECONCILIATION			2537.1		2537.1	xxxxxxx
OPERATING BUDGET REQUIREMENTS			3800.0	7667.1	11467.1	xxxxxxx
636C REQUIREMENTS	U600	32	0	8350.0	8350.0	xxxxxxx
TOTAL ALLOWANCE REQUIREMENTS	U000		3800.0	16017.1	19817.0	xxxxxxx

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES 55.7
EXCHANGE RATE USED (MARCH 31, 1985) $1.00=LS.2.450

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII - FY 1986

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
U.S. DIRECT HIRE	U100		4148.3	218.7	4367.0	xxxxxxx
U.S. CITIZENS BASIC PAY	U101	110	1924.9		1924.9	37
PT/TEMP U.S. BASIC PAY	U102	112	37.8		37.8	2
DIFFERENTIAL PAY	U103	116	317.3		317.3	xxxxxxx
OTHER AID/W FUNDED CODE 11	U104	119	57.6		57.6	xxxxxxx
OTHER MISSION FUNDED CODE 11	U105	119	0		0	xxxxxxx
EDUCATION ALLOWANCES	U106	126	183.6		183.6	28
RETIREMENT - U.S. DIRECT HIRE	U107	120	135.2		135.2	xxxxxxx
LIVING ALLOWANCES	U108	128	84.1		84.1	xxxxxxx
OTHER AID/W FUNDED CODE 12	U109	129	92.7		92.7	xxxxxxx
OTHER MISSION FUNDED CODE 12	U110	129	105.2	193.7	298.9	xxxxxxx
POST ASSIGNMENT - TRAVEL	U111	212	95.2		95.2	21
POST ASSIGNMENT - FREIGHT	U112	22	727.7		727.7	21
HOME LEAVE - TRAVEL	U113	212	79.5		79.5	15
HOME LEAVE - FREIGHT	U114	22	31.0		31.0	15
EDUCATION TRAVEL	U115	215	66.0		66.0	22
R AND R TRAVEL	U116	215	160.5		160.5	18
OTHER CODE 215 TRAVEL	U117	215	50.0	25.0	75.0	10
FOREIGN NATIONAL DIRECT HIRE	U200		331.7	206.1	537.8	xxxxxxx
BASIC PAY	U201	114	206.0	72.5	278.5	21
OVERTIME, HOLIDAY PAY	U202	115	3.0	14.5	17.5	1
ALL OTHER CODE 11 - FN	U203	119	51.5	10.0	61.5	xxxxxxx
ALL OTHER CODE 12 - FN	U204	129	68.7	105.6	174.3	xxxxxxx
BENEFITS FORMER FN PERSONNEL	U205	13	2.5	3.5	6.0	xxxxxxx
CONTRACT PERSONNEL	U300		62.1	3285.7	3347.8	xxxxxxx
PASA TECHNICIANS	U301	258	0		0	xxxxxxx
U.S. PSC - SALARY/BENEFITS	U302	113	34.8	514.4	549.2	13
ALL OTHER U.S. PSC COSTS	U303	255	27.3		27.3	xxxxxxx
F.N. PSC - SALARY/BENEFITS	U304	113	0	2747.8	2747.8	153
ALL OTHER F.N. PSC COSTS	U305	255	0		0	xxxxxxx
MANPOWER CONTRACTS	U306	259	0	23.5	23.5	17
JCC COSTS PAID BY AID/W	U307	113	0		0	xxxxxxx
HOUSING	U400		551.8	1448.2	2000.0	xxxxxxx
RESIDENTIAL RENT	U401	235	141.5	340.9	482.4	29
RESIDENTIAL UTILITIES	U402	235		478.6	478.6	xxxxxxx
MAINTENANCE AND RENOVATION	U403	259	5.0	208.5	213.5	xxxxxxx
QUARTERS ALLOWANCES	U404	127	0		0	xxxxxxx
RESIDENTIAL FURNITURE/EQUIP.	U405	311	221.2	10.5	231.7	xxxxxxx
TRANS./FREIGHT - CODE 311	U406	22	178.0	5.0	183.0	xxxxxxx
SECURITY GUARD SERVICES	U407	254	0	404.7	404.7	xxxxxxx
OFFICIAL RESIDENCE ALLOWANCES	U408	254	3.6		3.6	xxxxxxx
REPRESENTATION ALLOWANCES	U409	252	2.5		2.5	xxxxxxx

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

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
OFFICE OPERATIONS	U500		1971.6	3230.2	5201.8	xxxxxxxx
OFFICE RENT	U501	234	0		0	xxxxxxx
OFFICE UTILITIES	U502	234		414.5	414.5	xxxxxxx
BUILDING MAINT./RENOVATION	U503	259	67.5	65.3	132.8	xxxxxxx
OFFICE FURNITURE/EQUIPMENT	U504	310	87.6	12.6	100.2	xxxxxxx
VEHICLES	U505	312	0	61.4	61.4	xxxxxxx
OTHER EQUIPMENT	U506	319	360.9	36.5	397.4	xxxxxxx
TRANSPORTATION/FREIGHT	U507	22	295.2	29.2	324.4	xxxxxxx
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	100.0	57.9	157.9	xxxxxxx
COMMUNICATIONS	U509	230	5.0	67.6	72.6	xxxxxxx
SECURITY GUARD SERVICES	U510	254	0	94.0	94.0	xxxxxxx
PRINTING	U511	24	0.2	6.9	7.1	xxxxxxx
RIG/II OPERATIONAL TRAVEL	U512	210	0		0	xxxxxxx
SITE VISITS-MISSION PERSONNEL	U513	210	70.0	84.0	154.0	341
SITE VISITS-AID/W PERSONNEL	U514	210	44.5		44.5	12
INFORMATION MEETINGS	U515	210	25.5		25.5	10
TRAINING ATTENDANCE	U516	210	67.6		67.6	6
CONFERENCE ATTENDANCE	U517	210	41.0		41.0	16
OTHER OPERATIONAL TRAVEL	U518	210	10.0		10.0	10
SUPPLIES AND MATERIALS	U519	26	596.6	347.4	944.0	xxxxxxx
FAAS	U520	257	0	600.0	600.0	xxxxxxx
CONSULTING SVCS. - CONTRACTS	U521	259	0		0	xxxxxxx
MGT./PROF. SVCS. - CONTRACTS	U522	259	25.0	4.8	29.8	xxxxxxx
SPEC. STUDIES/ANALYSES CONT.	U523	259	0		0	xxxxxxx
ALL OTHER CODE 25	U524	259	175.0	1348.1	1523.1	xxxxxxx
TOTAL O.E. BUDGET			7065.5	8388.9	15454.4	xxxxxxx
RECONCILIATION			2565.5		2565.5	xxxxxxx
OPERATING BUDGET REQUIREMENTS			4500.0	8388.9	12888.9	xxxxxxx
636C REQUIREMENTS	U600	32	0	1750.0	1750.0	xxxxxxx
TOTAL ALLOWANCE REQUIREMENTS	U000		4500.0	10138.9	14638.9	xxxxxxx

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES	65.0
EXCHANGE RATE USED (MARCH 31, 1985)	$1.00=LS.2.450
Estimated Wage Increase - FY 1985 to FY 1986	30-50%
Estimated Price Increase - FY 1985 to FY 1986	30%

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII - FY 1987

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
U.S. DIRECT HIRE	U100		4426.9	274.1	4701.0	xxxxxxx
U.S. CITIZENS BASIC PAY	U101	110	1975.4		1975.4	37
PT/TEMP U.S. BASIC PAY	U102	112	38.9		38.9	2
DIFFERENTIAL PAY	U103	116	313.6		313.6	xxxxxxx
OTHER AID/W FUNDED CODE 11	U104	119	62.3		62.3	xxxxxxx
OTHER MISSION FUNDED CODE 11	U105	119	0		0	xxxxxxx
EDUCATION ALLOWANCES	U106	126	201.0		201.0	26
RETIREMENT - U.S. DIRECT HIRE	U107	120	140.8		140.8	xxxxxxx
LIVING ALLOWANCES	U108	128	85.5		85.5	xxxxxxx
OTHER AID/W FUNDED CODE 12	U109	129	93.9		93.9	xxxxxxx
OTHER MISSION FUNDED CODE 12	U110	129	134.0	274.1	408.1	xxxxxxx
POST ASSIGNMENT - TRAVEL	U111	212	133.0		133.0	19
POST ASSIGNMENT - FREIGHT	U112	22	816.0		816.0	19
HOME LEAVE - TRAVEL	U113	212	148.5		148.5	17
HOME LEAVE - FREIGHT	U114	22	49.5		49.5	17
EDUCATION TRAVEL	U115	215	48.0		48.0	16
R AND R TRAVEL	U116	215	136.5		136.5	19
OTHER CODE 215 TRAVEL	U117	215	50.0		50.0	10
FOREIGN NATIONAL DIRECT HIRE	U200		420.7	295.5	716.2	xxxxxxx
BASIC PAY	U201	114	236.8	108.7	345.5	21
OVERTIME, HOLIDAY PAY	U202	115	5.0	21.7	26.7	1
ALL OTHER CODE 11 - FN	U203	119	59.2	14.9	74.1	xxxxxxx
ALL OTHER CODE 12 - FN	U204	129	116.7	145.2	261.9	xxxxxxx
BENEFITS FORMER FN PERSONNEL	U205	13	3.0	5.0	8.0	xxxxxxx
CONTRACT PERSONNEL	U300		0	4150.3	4150.3	xxxxxxx
PASA TECHNICIANS	U301	258	0		0	xxxxxxx
U.S. PSC - SALARY/BENEFITS	U302	113		543.0	543.0	12
ALL OTHER U.S. PSC COSTS	U303	255	0		0	xxxxxxx
F.N. PSC - SALARY/BENEFITS	U304	113		3572.1	3572.1	153
ALL OTHER F.N. PSC COSTS	U305	255	0		0	xxxxxxx
MANPOWER CONTRACTS	U306	259	0	35.2	35.2	17
JCC COSTS PAID BY AID/W	U307	113	0		0	xxxxxxx
HOUSING	U400		587.4	1669.5	2256.9	xxxxxxx
RESIDENTIAL RENT	U401	235	176.0	671.5	847.5	45
RESIDENTIAL UTILITIES	U402	235	0	189.4	189.4	xxxxxxx
MAINTENANCE AND RENOVATION	U403	259	10.0	271.1	281.1	xxxxxxx
QUARTERS ALLOWANCES	U404	127	0		0	xxxxxxx
RESIDENTIAL FURNITURE/EQUIP.	U405	311	225.2	8.3	233.5	xxxxxxx
TRANS./FREIGHT - CODE 311	U406	22	170.1	3.1	173.2	xxxxxxx
SECURITY GUARD SERVICES	U407	254	0	526.1	526.1	xxxxxxx
OFFICIAL RESIDENCE ALLOWANCES	U408	254	3.6		3.6	xxxxxxx
REPRESENTATION ALLOWANCES	U409	252	2.5		2.5	xxxxxxx

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

EXPENSE CATEGORY	FUNC. CODE	OBJECT CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS
OFFICE OPERATIONS	U500		2047.3	3527.6	5574.9	xxxxxxx
OFFICE RENT	U501	234	0	108.6	108.6	XXXXXXX
OFFICE UTILITIES	U502	234	0	23.9	23.9	XXXXXXX
BUILDING MAINT./RENOVATION	U503	259	10.0	71.4	81.4	XXXXXXX
OFFICE FURNITURE/EQUIPMENT	U504	310	70.9	11.3	82.2	XXXXXXX
VEHICLES	U505	312	0	76.3	76.3	XXXXXXX
OTHER EQUIPMENT	U506	319	265.7	12.4	278.1	XXXXXXX
TRANSPORTATION/FREIGHT	U507	22	273.9	29.5	303.4	XXXXXXX
FURN/EQUIP/VEHICLE REPAIR/MAINT.	U508	259	120.0	84.5	204.5	XXXXXXX
COMMUNICATIONS	U509	230	5.0	87.9	92.9	XXXXXXX
SECURITY GUARD SERVICES	U510	254	0	122.2	122.2	XXXXXXX
PRINTING	U511	24	0.2	9.0	9.2	XXXXXXX
RIG/II OPERATIONAL TRAVEL	U512	210	0		0	xxxxxxx
SITE VISITS-MISSION PERSONNEL	U513	210	76.3	95.1	171.4	321
SITE VISITS-AID/W PERSONNEL	U514	210	48.5		48.5	12
INFORMATION MEETINGS	U515	210	26.6		26.6	10
TRAINING ATTENDANCE	U516	210	71.6		71.6	25
CONFERENCE ATTENDANCE	U517	210	42.6		42.6	15
OTHER OPERATIONAL TRAVEL	U518	210	11.0		11.0	10
SUPPLIES AND MATERIALS	U519	26	700.0	600.0	1300.0	XXXXXXX
FAAS	U520	257	0	475.0	475.0	XXXXXXX
CONSULTING SVCS. - CONTRACTS	U521	259	0		0	XXXXXXX
MGT./PROF. SVCS. - CONTRACTS	U522	259	25.0	10.0	35.0	XXXXXXX
SPEC. STUDIES/ANALYSES CONT.	U523	259	0		0	XXXXXXX
ALL OTHER CODE 25	U524	259	300.0	1710.5	2010.5	XXXXXXX
TOTAL O.E. BUDGET			7482.3	9917.0	17399.3	XXXXXXX
RECONCILIATION			2624.8		2624.8	XXXXXXX
OPERATING BUDGET REQUIREMENTS			4857.5	9917.0	14774.5	XXXXXXX
636C REQUIREMENTS	U600	32	0	1750.0	1750.0	XXXXXXX
TOTAL ALLOWANCE REQUIREMENTS	U000		4857.5	11667.0	16524.5	XXXXXXX

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES	75.0
EXCHANGE RATE USED (MARCH 31, 1985)	$1.00=LS.2.450
Estimated Wage Increase - FY 1986 to FY 1987	30-50%
Estimated Price Increase - FY 1986 to FY 1987	30%

OPERATION EXPENSE NARRATIVE

Section A - Management Improvements

The objectives for the Management Office for FY 87 for operational improvements are as follows:

1. To computerize files on vehicles, real and personal property, leasing and maintenance costs in order to improve reporting accuracy and timeliness.

2. To purchase, or secure as a government grant, land to construct an office building, warehouse and residential housing.

3. To upgrade housing for both direct hire and contract staff as better houses become available.

4. To continue to improve (increase) the reserve storage facilities for fuel and water at residences and office buildings in order to ensure an adequate supply in emergencies.

5. To improve communications with Juba by installing a Radio-Telex link.

6. To improve the Warehouse and Maintenance Complex.

Accomplishments for FY 86 were:

1. The contractor's housing maintenance support group was formed and became operational. It was found to be so cost effective and the quality of work was so good that it was used initially to supplement the work done by the JAO for direct hire personnel. It is now being used to do all maintenance, makeready, and renovation work for the direct hire staff as well as contract staff, thus ultimately allowing withdrawal from the FAAS Agreement for these services with an estimated decrease in FAAS costs for FY 87 of approximately $525,000.

2. The other operational improvements discussed in the FY 86 Budget Submission will be on a continuing basis.

Section B - Justification for Funding Changes

U.S. Direct Hire

The FY 85 U110 is based on actual and estimated costs through the end of the fiscal year. The increases in FY 86 and FY 87 are due to staff turnover, larger families assigned to post, and an estimated increase in the Temporary Lodging Allowance.

Foreign National Direct Hire

Increases in projected salaries for FNDHs and TCNs are projected to be 50% and 15% respectively in both FY 86 and FY 87. In FY 86 a TCN will be added and his salary and allowances are reflected in FY 86 and FY 87. The contracts of 4 TCNs will expire in FY 87 and the costs of their repatriation and replacement are included in that year's budget.

Contract Personnel

The FY 86 and FY 87 dollar funded budgets reflect the transferring of PSCs from Operating Expense to project funding. The increase in trust funded PSC costs from FY 85 through FY 87 reflects both a 30% wage increase and, in FY 86, an increase in workyears. The Mission will add secretaries and clerk/interpreters to assist the drought relief personnel who will be assigned to Sudan. In addition to the professional, administrative and clerical staff, the Mission has assembled a housing maintenance support group which now does the maintenance work for the USDH staff. As a result, the FAAS costs have been reduced in FY 85 from a mid-year estimate of $1,490 to $935 with further reductions projected in FY 86 and FY 87.

Housing

The Mission fully funds all pound leases as they are renewed. The estimated increase in rental cost is 30% each year. FY 86 includes this 30% as well as an increase in number of units. Additional houses will be rented for the drought relief personnel. The costs of their houses, as well as the utilities and guard service, are included in the FY 86 and FY 87 budgets. In FY 84 the Mission rented sufficient houses for the increased USDH staff. These leases are up for renewal in FY 87. They will be fully funded for the terms of their leases at an estimated 30% increase in rent.

Office Operations

The increase in the dollar funded budget is due to the cost of the VS100 maintenance contract and projected travel for training, both formally and through the exchange of information at conferences. Sudan's uncertain economic and political situation, necessitates travel of Mission personnel to AID/W and to the Paris Club meetings. The increase in Supplies and Materials reflects a delay in purchasing from FY 85 to FY 86. The decrease in the Trust Funded budget in FY 86 is chiefly due to the completion of the renovation of the new building and warehouse and the decrease in FAAS costs.

Section C - Trust Fund

The USAID/Sudan trust fund is provided from the local currency generations of the Commodity Import Program. The Mission's operating expense budget is included in the joint programming of the generations, thus insuring the Mission's requirements are met.

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

Job Title/Position Description	FY 1985	FY 1986	FY 1987
A/Supervisory Accountant	$ 39.1 (1/85-12/85)	$ 50.8 (1/86-12/86)	$ 55.0 (1/87-12/87)
Technical Info Specialist	$ 47.5 (5/85-4/86)	$ 61.8 (5/86-4/87)	$ 45.0 (5/87-4/88)
Guesthouse Manager	$ 23.3 (3/85-2/86)	$ 30.3 (3/86-2/87)	$ 35.0 (3/87-2/88)
Accountant	$ 22.2 (8/85-7/86)	$ 31.3 (8/86-7/87)	$ 35.0 (8/87-7/88)
Engineer	$ 75.0 (10/84-3/86)	$ 65.0 (4/86-3/87)	$ 70.0 (4/87-3/88)
Economic Analyst	$ 9.0 (12/85-9/85)	$ 50.0 (10/85-9/86)	$ 55.0 (10/86-9/87)
Accountant	$ 24.1 (10/84-9/85)	$ 31.3 (10/85-9/86)	$ 35.0 (10/86-9/87)
Management Officer	$ 36.4 (10/84-9/85)	$ 47.3 (10/85-9/86)	$ 50.0 (10/86-9/87)
Purchasing Agent	$ 23.6 (12/84-11/85)	$ 30.7 (12/85-11/86)	$ 34.0 (12/86-11/87)
Secretary	$ 23.6 (1/85-12/85)	$ 30.7 (1/86-12/86)	$ 34.0 (1/87-12/87)
Secretary	$ 27.8 (10/84-9/85)	$ 35.2 (10/85-9/86)	$ 40.0 (10/86-9/87)
Asst. Project Development Officer	$ 115.6 (11/84-11/86)	$ 0	$ 0
Asst. Project Development Officer	$ 70.3 (1/85-12/85)	$ 0	$ 0
International Development Economist	$ 47.1 (11/84-11/85)	$ 0	$ 0
Secretary	$ 52.1 (6/85-5/86)	$ 62.1 (6/86-5/87)	$ 0
Accountant	$ 0	$ 50.0 (10/85-9/86)	$ 55.0 (10/86-9/87)
Total	$ 636.7	$ 576.5	$ 543.0

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII(b) - All Other Code 25 Detail

Description of Service	FY 1985	FY 1986	FY 1987
Aircraft Charter	$ 517.5 (10/84-9/85)	$ 672.7 (10/85-9/86)	$ 874.6 (10/86-9/87)
All other	$ 751.4	$ 850.4	$ 1135.9
Total	$ 1268.9	$ 1523.1	$ 2010.5

FY 1987 ANNUAL BUDGET SUBMISSION

TABLE VIII(c)

OBLIGATIONS FOR ACQUISITION, OPERATION AND USE OF INFORMATION TECHNOLOGY SYSTEMS

Item and Explanation	Fiscal Years ($000) 1985	1986	1987
1. Capital Investment			
A. Purchase of Hardware Purchase of automation equipment by the Mission; such as WANG VS mini-computer, WANG OIS System, WANG WP equipment and micro-computers (including portables) and their associated workstations/terminals, printers, and telecommunication modems and multiplexers.	50.1	96.3	83.7
B. Purchase of Software or Other Equipment Purchase of software by the Mission to operate on existing or new automation equipment (hardware) -- CP/M, Multiplan, DBASE II and III, Microstat, LOTUS 1-2-3, etc. Other equipment includes special purpose furniture.	2.5	18.0	18.0
C. Site and Facility Cost of proposed site construction to prepare for setting up a WANG VS or WANG OIS automation system, such as raised floors, walls, air conditioning, power line conditioners, and uninterruptible power supplies.	15.0	2.0	2.5
SUBTOTAL	67.6	116.3	104.2

FY 1987 ANNUAL BUDGET SUBMISSION

TABLE VIII(c) (continued)

Item and Explanation	Fiscal Years ($000) 1985	1986	1987
2. Personnel Mission will provide requirements below for the number of personnel involved in supporting the information technology functions according to the following categories: Number of Personnel engaged in Systems Management: Systems Operation: Programming and Systems Development: Clerical Support: (Personnel that use systems will not be included)	34.0	164.0	174.0
A. Total Compensation, Benefits and Travel			
B. Total Workyears	(.25)	(/)	(/)
3. Equipment Rental, Space and Other Operating Costs			
A. Lease of Equipment Obligations for lease and maintenance of non-government owned equipment (rented equipment) and software furnished as a part of the rental contract.	0	0	0
B. Space Obligations for lease of space or government furnished space to house automation equipment as well as office space for personnel (direct-hire and contractor) involved in the information technology function (see 2A & 2B) including basic utilities and house keeping services.	0	0	0

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

Item and Explanation	Fiscal Years ($000) 1985	1986	1987
C. Supplies and Other Obligations for supplies and software rental (not included in a rental contract for equipment)	27.6	20.2	28.2
D. Non-Commercial Training Obligations for planning and conducting government operated training to prepare users to make effective use of automation resources.	0	0	0
SUBTOTAL	27.6	20.2	28.2
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.	0	0	0
B. Leased Telecommunications Services Obligations for leased telephone lines and other telecommunication services to obtain data from other computers or to transmit data. For Missions, where applicable include, but identify separately, the lease of local telephone lines, modems, and other equipment to reach the American Embassy's Office of Communications for the purpose of the transmission of data to and from AID/W.	0	5.0	6.0

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

Item and Explanation	Fiscal Years ($000) 1985	1986	1987
C. Operations and Maintenance			
(1) Operations Include funds to be obligated for contractor services to operate a WANG VS computer or an OIS System (system administrator and staff, not workstation operators).	8.5	20.3	20.8
(2) Maintenance Include obligations for contracts to maintain government-owned equipment (hardware) and software that is currently in place and that is to be acquired in 1A and 1B above.	10.0	75.0	85.0
D. Systems Analysis and Programming Obligations for contractor services to design and program new ADP or OIS application systems and to maintain existing application systems.	0	10.0	7.5
E. System Design and Engineering (Do not complete - OMB requirement not applicable to AID.)	XXXX	XXXX	XXXX
F. Studies and Other Obligations for management and feasibility studies, requirement definitions, and commercial training.	0	3.5	5.5
SUBTOTAL	18.5	108.8	124.8
5. TOTALS			
Total Obligations	147.7	409.3	431.2
Workyears (From item 2A)	(.25)	(1)	(1)

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

Item and Explanation	Fiscal Years ($000) 1985	1986	1987
6. Special Breakout			
A. Amounts included in Mission allowances for existing systems. (Includes 2A, 3, and 4) (Services for equipment in place only.)	3.0	2.0	2.0
B. Amounts included in Mission allowances for new or expanded systems. (Includes 1, 2A, 3 and 4.) (Equipment and services for new efforts beginning during the fiscal year.)	144.7	407.3	429.2

INFORMATION TECHNOLOGY NARRATIVE
TABLE VIII (C)

1. The USAId will complete installation and performance testing of its Wang VS-100 minicomputer by July 1985. The USAID currently has installed three WP-5 systems, four Apple IIe systems, and six Wang PC systems. The primary reason for installing the Wang VS system is to enable the Mission to automate its accounting systems through the utilization of the Agency's Mission Accounting and Control System (MACS). In addition to this application the Mission will make extensive use of the Wang VS word processing capabilities and various data processing applications systems.

2. Automated Systems: Among the applications anticipated to improve the Missions management of its economic development efforts in the Sudan are the following in order of importance:

- -- Mission Accounting & Control System
- -- Commodity Management Program
- -- Project Management
- -- Economic Analyses and Planning
- -- Participant Training System
- -- Trust Fund Management

Administrative systems designed to improve Mission management and productivity will be installed, including:

- -- Nonexpendable Property Management
- -- Personnel Management
- -- American and FSN Payroll Systems
- -- DATEL
- -- Payment Tracking System

Numerous proprietary software packages have been installed or are slated for installation on the Mission's computer systems:

- -- VS System
  - ** Spelling Verifier
  - ** Charter and VS Graphics

- -- Microcomputer Systems
  - ** Lotus 1-2-3
  - ** dBase II
  - ** TK! Solver
  - ** Multiplan
  - ** Graphics
  - ** Wang Word Processing
  - ** MSDOS and CP/M
  - ** VisiCalc
  - ** Wordstar

3. Information Management Plan: The Mission has adopted a strategy of achieving its objectives through the effective application of automation tools. Advances in information technology will continually be acquired and utilized as needed.

A. Presently the Mission's highest priority information processing needs are:

-- The conversion and installation of the Mission Accounting & Control Systems
-- Improving the efficiency of document preparation.
-- Improving the management control over the implementation of economic development projects
-- Develop effective support and training systems for Mission staff.

B. The USAID Controllers Offices is responsible for the operation and management of the Missions automation equipment and systems.

C. The Mission will obtain training services from the local Wang distributor and regional RFMC training staff based in Nairobi.

D. The Mission has undertaken initiatives in linking the information processing capabilities inherent in its VS system through the planned installation of applications listed in paragraph 2 above.

E. The Mission will conduct semi-annual reviews of the utilization of its computer based systems through observations, utilization studies, site inspections, and management evaluations.

4. The Mission's current and budget year acquisition plan is detailed in Table VIII (c) of the ABS submission.

Department of State

INCOMING TELEGRAM

PAGE 01 KHARTO 07987 301711Z 8760 053330 AID0007

ACTION AID-00

ACTION OFFICE AFDP 06

INFO AFLA-01 EPA-02 AFDR-06 RELO 01 MAST-01 /019 A1 X10

INFO LOG-00 AF-00 CIAE-00 /000 W

----------364053 301712Z /38

P 301810Z MAY 85

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC PRIORITY 0334

UNCLAS KHARTOUM 07987

AIDAC

FOR J. GOVAN, AF/DP

E.O. 12356: N/A

SUBJECT: FY 87 ABS

PLEASE ADD THE FOLLOWING TO MISSION'S ABS SUBMISSION:

- ANNEX J

TABLE VIII(D)

POS NO	POSITION TITLE	PROGRAM MANAGEMENT RESPONSIBILITY	FY 85	FY 86	FY 87
1005	MISSION DIRECTOR	NONE	1	1	1
1010	DEPUTY MISSION DIR	NONE	1	1	1
1015	SECRETARY	NONE	1	1	1
2005	CONTROLLER	NONE	1	1	1
2010	DEPUTY CONTROLLER	NONE	1	1	1
NEW	COMPUTER SYSTEMS ANALYST	NONE	1	1	1
3005	MANAGEMENT OFFICER	NONE	1	1	1
3010	ASST MGT OFF	NONE	1	1	1
3015	CONTRACT OFF	NONE	1	1	1
3020	ASSISTANT GSO	NONE	1	1	1
4005	CMDTY MGT OFF	NONE	1	1	1
4010	ASST CMDTY MGT OFF	CMDTY IMPORT PROG	1	1	1
5008	ASSOC DIR ECON POL AND PROG	NONE	1	1	1
5010	PROGRAM OFFICER	NONE	1	1	1
5015	ASST PROGRAM ECON	REG FIN AND PLAN	1	1	1
5020	PROGRAM ECONOMIST	NONE	1	1	1
5025	ASST PROG ECON	PROG ANAL AND IMPL	1	1	1
6005	PROJ DEV OFF	PETROL INITIATIVE	1	1	1
6105	PROJECT MANAGER	NONE	1	1	1
6207	ASST PROJ DVL OFF	NONE	1	1	1
6210	ASST PROJ DVL OFF	NONE	1	1	1
6215	ASST PROJ DVL OFF	NONE	1	1	1
6305	GEN ENG OFF	ENGRG - ROADS	1	1	1
6310	ASST GEN ENG OFF	ENGRG - WATER	1	1	1
NEW	ENERGY ADVISOR	ENERGY POL PLAN AND ELECTRICITY	1	1	1
7005	AGRL DVL OFF	NONE	1	1	1
NEW	AGRL ECON	NONE	-	1	1
7007	ASST AGRL DVL OFF	(2) AGRL DVL PROJS	1	1	1
7010	PROJ MGR AGR	(6) AGRL DVL PROJS	1	1	1
7015	ASST AGRL DVL OFF	PL 480, TITLE III EMERGENCY	1	1	1
8005	HLTH/POP DVL OFF PHSN	NONE	1	1	1
8010	ASST POP DVL OFF	(18) HLT/POP PROJS	1	1	1
9005	GEN DVL OFF	NONE	1	1	1
9010	PROJ MGR	NONE	1	1	1

TABLE VIII(E)

BS CODE	POSITION TITLE	FY 85	FY 86	FY 87
95	AGRL DVL (COMPLETE TRAINING 4/85)	.5	0	0
95	PROJ DVL (COMPLETE TRAINING 3/85)	[illegible]	0	0
95	PROJ DVL (NEW)	0	1	1
95	ECONOMICS (COMPLETE TRAINING 11/85)	1	.2	0
95	ECONOMICS (NEW)	0	.8	1
95	HLT/POP/NUTRN (COMPLETE TRNG 4/86)	1	.8	0
95	HLT/POP/NUTRN (NEW)	0	.2	1

TABLE VIII(G)

POS NO	POSITION TITLE	PROGRAM MANAGEMENT RESPONSIBILITY	FY 85	FY 86	FY 87
1020	SECRETARY	NONE	.9	.9	9
4015	SECRETARY	NONE	.9	.9	9
NEW	SECRETARY	NONE	.1	.1	.1

HORAN

ANNEX J

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VIII(f) - Information on Foreign & Third Country National Staffing

FSN/TCN	Descriptive Job Title	FY 1985	FY 1986	FY 1987
FSNPSC	ASSISTANT PROJECT OFFICER	1	1	1
FSNPSC	ADMINISTRATIVE ASST. MANAGER	1	1	1
FSNPSC	LANGUAGE INSTRUCTOR	1	1	1
FSNPSC	ASSISTANT TO MANAGEMENT	1	1	1
FSNPSC	SPECIAL ADMINISTRATIVE ASST.	1	1	1
FSNPSC	SECRETARY	1	1	1
FSNPSC	SECRETARY	1	1	1
FSNPSC	CLERK	1	1	1
FSNPSC	PROGRAM ASSISTANT	1	1	1
FSNPSC	ADMINISTRATIVE ASSISTANT	1	1	1
FSNPSC	ENGINEER WORKS	1	1	1
FSNPSC	CLERK	1	1	1
FSNPSC	SENIOR AGRONOMIST	1	1	1
FSNPSC	ASST. PROJ.DEVELOPMENT OFFICER	1	1	1
FSNPSC	SECRETARY	1	1	1
FSNPSC	MECHANIC	1	1	1
FSNPSC	COMPUTER PROGRAMMER	1	1	1
FSNPSC	ACCOUNTING ASSISTANT	1	1	1
FSNPSC	CLERK	1	1	1
FSNPSC	ADMINISTRATIVE ASSISTANT	1	1	1
FSNPSC	CIVIL ENGINEER	1	1	1
FSNPSC	CLERK	1	1	1
FSNPSC	SECRETARY	1	1	1
FSNPSC	CARPENTER	1	1	1
FSNPSC	VOUCHER EXAMINER/PAY	1	1	1
FSNPSC	ACCOUNTANT	1	1	1
FSNPSC	VOUCHER EXAMINER	1	1	1
FSNPSC	ASSISTANT STOREKEEPER	1	1	1
FSNPSC	ELECTRICIAN	1	1	1
FSNPSC	MECHANIC	1	1	1
FSNPSC	MECHANIC	1	1	1
FSNPSC	STOREKEEPER	1	1	1
FSNPSC	CLERK	1	1	1
FSNPSC	MECHANIC	1	1	1
FSNPSC	PLUMBER	1	1	1
FSNPSC	ADMINISTRATIVE ASSISTANT	1	1	1
FSNPSC	SECRETARY	1	1	1
FSNPSC	MAIL CLERK	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	CLEANER	1	1	1

FSN/TCN	Descriptive Job Title	FY 1985	FY 1986	FY 1987
FSNPSC	ELECTRICIAN	1	1	1
FSNPSC	ELECTRICIAN	1	1	1
FSNPSC	A/C REPAIRMAN	1	1	1
FSNPSC	TECHNICIAN	1	1	1
FSNPSC	PAINTER	1	1	1
FSNPSC	DRIVER	1	1	1
FSNPSC	DRIVER	1	1	1
FSNPSC	DRIVER	1	1	1
FSNPSC	DRIVER	1	1	1
FSNPSC	ASSISTANT DISPATCHER	1	1	1
FSNPSC	DRIVER	1	1	1
FSNPSC	DRIVER	1	1	1
FSNPSC	DRIVER	1	1	1
FSNPSC	DRIVER	1	1	1
FSNPSC	DRIVER	1	1	1
FSNPSC	GENERAL REPAIRMAN	1	1	1
FSNPSC	HEAD CLEANER	1	1	1
FSNPSC	ADMINISTRATIVE ASSISTANT	1	1	1
FSNPSC	CARPENTER	1	1	1
FSNPSC	TIME KEEPER	1	1	1
FSNPSC	GENERATOR MECHANIC	1	1	1
FSNPSC	A/C MECHANIC	1	1	1
FSNPSC	DRIVER	1	1	1
FSNPSC	PAINTER	1	1	1
FSNPSC	DRIVER	1	1	1
FSNPSC	SECRETARY	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	SECRETARY	1	1	1
FSNPSC	ECONOMIST STATISTICIAN	1	1	1
FSNPSC	CARPENTER	1	1	1
FSNPSC	WELDER	1	1	1
FSNPSC	ACCOUNTANT	1	1	1
FSNPSC	LABOURER	1	1	1
FSNPSC	LABOURER	1	1	1
FSNPSC	SECRETARY	1	1	1
FSNPSC	SECRETARY	1	1	1
FSNPSC	SECRETARY	1	1	1
FSNPSC	SECRETARY	1	1	1
FSNPSC	HEAVY EQUIP & MAINT TECHNICIAN	1	1	1
FSNPSC	HEAVY EQUIP & MAINT TECHNICIAN	1	1	1
FSNPSC	HEAVY EQUIP & MAINT TECHNICIAN	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	EXECUTIVE SECRETARY	1	1	1
FSNPSC	MECHANIC	1	1	1
FSNPSC	CARPENTER	1	1	1
FSNPSC	ASSISTANT ELECTRICIAN	1	1	1
FSNPSC	MECHANIC	1	1	1
FSNPSC	MECHANIC	1	1	1
FSNPSC	ASSISTANT ELECTRICIAN	1	1	1
FSNPSC	SURVEYOR	1	1	1

FSN/TCN	Descriptive Job Title	FY 1985	FY 1986	FY 1987
FSNPSC	CIVIL ENGINEER	1	1	1
FSNPSC	TYPIST SECRETARY	1	1	1
FSNPSC	ASSISTANT ELECTRICIAN	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	MECHANIC	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	TRUCK DRIVER	1	1	1
FSNPSC	ELECTRICIAN	1	1	1
FSNPSC	PAINTER	1	1	1
FSNPSC	PLUMBER	1	1	1
FSNPSC	MAILROOM ASSISTANT	1	1	1
FSNPSC	FORKLIFT DRIVER	1	1	1
FSNPSC	ASSISTANT PLUMBER	1	1	1
FSNPSC	DRIVER	1	1	1
FSNPSC	DRIVER	1	1	1
FSNPSC	RESEARCH ASSISTANT	1	1	1
FSNPSC	WAREHOUSE SUPERVISOR	1	1	1
FSNPSC	MECHANIC	1	1	1
FSNPSC	A/C TECHNICIAN	1	1	1
FSNPSC	DROUGHT COORDINATOR	1	1	1
FSNPSC	PLASTERER/TILER	1	1	1
FSNPSC	ASSISTANT MASON	1	1	1
FSNPSC	DRIVER	1	1	1
FSNPSC	ASSISTANT PAINTER	1	1	1
FSNPSC	ACCOUNTANT	.5	1	1
FSNPSC	HEALTH CARE ADVISOR	.5	1	1
FSNPSC	CARPENTER	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	CLEANER	1	1	1
FSNPSC	SECRETARY	1	1	1
FSNPSC	ADMINISTRATIVE ASSISTANT	1	1	1
FSNPSC	SECRETARY	1	1	1
FSNPSC	SECRETARY	1	1	1
FSNPSC	LABOURER	1	1	1
FSNPSC	LABOURER	1	1	1
FSNPSC	LABOURER	1	1	1
FSNPSC	DRIVER	1	1	1
FSNPSC	DRIVER	1	1	1
FSNPSC	DRIVER	1	1	1
FSNPSC	TRAINING ASSISTANT	1	1	1
FSNDH	SECRETARY	.5	1	1

FSN/TCN	Descriptive Job Title	FY 1985	FY 1986	FY 1987
FSNDH	ASSISTANT HEALTH OFFICER	1	1	1
FSNDH	TRAINING SPECIALIST	1	1	1
FSNDH	AGRICULTURE PROGRAM ASSISTANT	1	1	1
FSNDH	DRIVER	1	1	1
FSNDH	ECONOMIC ASSISTANT	1	1	1
FSNDH	SENIOR DRIVER	1	1	1
FSNDH	DRIVER	1	1	1
FSNDH	ADMINISTRATIVE FINANCIAL ASST.	1	1	1
FSNDH	SECRETARY	1	1	1
FSNDH	PROGRAM ASSISTANT	1	1	1
FSNDH	ACCOUNTANT	1	1	1
FSNDH	DRIVER	1	1	1
FSNDH	SECRETARY	.75	0	0
FSNDH	SECRETARY	.75	0	0
TCNPSC	ELECTRONIC TECHNICIAN	1	1	1
TCNPSC	GENERAL SERVICES	1	1	1
TCNPSC	ASSISTANT HEALTH ADVISOR	1	1	1
TCNPSC	ACCOUNTANT/PROJECT	1	1	1
TCNPSC	ACCOUNTANT CIP-PL480	1	1	1
TCNPSC	ACCOUNTANT	1	1	1
TCNPSC	FINANCIAL ANALYST/TRUST FUND	.5	1	1
TCNPSC	FINANCIAL ANALYST	0	1	1
FSNPSC	SYSTEMS OPERATOR	.5	1	1
FSNPSC	UPHOLSTERER	0	1	1
FSNPSC	MASTER MECHANIC	0	1	1
FSNPSC	CLEANING SUPERVISOR	0	1	1
FSNPSC	ACCOUNTANT	0	1	1
FSNPSC	SECRETARY	0	1	1
FSNPSC	SECRETARY	0	1	1
FSNPSC	SECRETARY	0	1	1
FSNPSC	CLERK/INTERPRETER	0	1	1
FSNPSC	CLERK/INTERPRETER	0	1	1
FSNPSC	A/BUILDING MAINT. SUPERVISOR	0	1	1
FSNPSC	CLERK/INTERPRETER	0	1	1

Department of State

INCOMING TELEGRAM

PAGE 01 OF 02 KHARTO 07746 00 OF 03 281218Z 5686 051035 AID9746
ACTION AID-00

ACTION OFFICE AFDP-06
INFO AFEA-03 FPA-02 AFDR-06 FVA-01 C-02 CALI-02 CPS-02 FFP-09
AFDA-01 FVPP-01 AGRI-01 COM-02 RELO-01 MAST-01
/040 A1 328

INFO LOG-00 COPY-01 AF-00 CIAE-00 EB-08 DODE-00 L-03
AGRE-01 /013 W
----------213331 281220Z /55/38

P 280747Z MAY 85
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC PRIORITY 0676

UNCLAS KHARTOUM 07746

AIDAC

FOR JGOVAN, AFR/DP

E.O. 12356:N/A
SUBJECT: FY87 ABS

PLEASE ADD THE FOLLOWING TO THE MISSION'S ABS SUBMISSION

- TABLE XI
- P.L. 480 TITLE I/III REQUIREMENTS
- (DOLLARS IN MILLIONS, TONNAGE IN THOUSANDS)

	ACTUAL FY 1985		ESTIMATED FY 1986 1/		PROJECTED FY 1987 1/	
	$	MT	$	MT	$	MT
COMMODITIES						
TITLE I						
WHEAT	35.5	233	35.0	221	42.0	266
WHEAT FLOUR	14.5	59.7	15.0	66	18.0	80
OCEAN TRANS-PORTATION	10.7					
TOTAL 2/	60.7	315	50.0	313	60.0	377
OF WHICH TITLE III						
WHEAT			35.0	221	35.0	221
WHEAT FLOUR			15.0	66	15.0	66
TOTAL 2/			50.0	313	50.0	313

COMMENT:

1/ BASED ON COMMODITY PRICES PROVIDED IN STATE 143244.

2/ WHEAT FLOUR WAS CONVERTED TO WHEAT GRAIN EQUIVALENTS AT RATIO 1 MT WHEAT FLOUR EQUALS 1.39 MT WHEAT GRAIN.

- TABLE XII
- P.L. 480TITLE I/III
- SUPPLY AND DISTRIBUTION
- (000 METRIC TON)

STOCK SITUATION	FY 1986	ESTIMATED FY 1987
COMMODITY - WHEAT		
BEGINNING STOCK	25	-
PRODUCTION	160	220
IMPORTS	550	580
CONCESSIONAL	350	350
NON-CONCESSIONAL	200	200
CONSUMPTION	735 1/	760 2/
ENDING STOCKS	-	-

KHARTO 07746 00 OF 03 281218Z 5686 051035 AID9746

COMMENTS:

1/ ASSUMES CONSUMPTION INCREASING AT RATE OF 10 PERCENT AND COMPOSITE FLOUR WITH SORGHUM REPLACING WHEAT AT 10 PERCENT

2/ ASSUMES CONSUMPTION INCREASING AT RATE OF 10 PERCENT AND COMPOSITE FLOUR WITH SORGHUM REPLACING WHEAT AT 15 PERCENT.

3/ WHEAT IS THE ONLY COMMODITY BEING ORDERED.

- P.L. 480 NARRATIVE: TITLES I
- AND III

ON GOING PROGRAM: USAID/SUDAN CURRENTLY HAS A PL 480 TITLE I PROGRAM. (A 5 YEAR TITLE III PROGRAM WAS CONCLUDED IN FY 1984). THE PL 480 PROGRAM IN SUDAN IS UTILIZED IN THREE WAYS:

- AS BALANCE OF PAYMENT SUPPORT FOR CRITICALLY NEEDED FOODSTUFFS;
- FOR POLICY ANALYSIS AND REFORM IN THE AGRICULTURE SECTOR; AND;
- AS A SOURCE OF LOCAL CURRENCY TO FINANCE IMPORTANT AGRICULTURAL AND RURAL DEVELOPMENT PROJECTS TIED TO USAID/SUDAN'S CDSS AND DA PROGRAM, AND THE GOS THREE YEAR PUBLIC INVESTMENT PLAN (TYPIP).

PL 480 TITLE I IS A SIGNIFICANT INSTRUMENT FOR HELPING THE SUDAN WITH ITS MACRO-ECONOMIC PROBLEMS. FINANCING WHEAT, AN ESSENTIAL IMPORT, HAS DIRECT AND IMMEDIATE BENEFICIAL IMPACT ON THE BALANCE OF PAYMENTS AND IS ALSO A SOURCE OF LOCAL CURRENCY FOR THE SUPPORT OF PRODUCTIVE ACTIVITIES IN THE AGRICULTURAL AND RELATED RURAL DEVELOPMENT SECTORS. ASIDE FROM THIS DIRECT BENEFIT, TITLE I IS USED TO PROMOTE NEEDED POLICY REFORMS OF PARTICULAR IMPORTANCE TO INCREASING AGRICULTURAL PRODUCTION.

LOCAL CURRENCY GENERATIONS UNDER TITLE I HAVE BEEN PROGRAMMED TO FINANCE SPECIFIC DEVELOPMENT PROJECTS IN THE GOS THREE YEAR PUBLIC INVESTMENT PLAN IN THE AREAS OF AGRICULTURAL DEVELOPMENT, RURAL DEVELOPMENT, HEALTH AND EDUCATION. IN FY 1985, GENERATIONS HAVE ALSO BEEN PROGRAMMED TO COVER THE COSTS ASSOCIATED WITH THE INLAND TRANSPORTATION AND DISTRIBUTION OF PL 480 TITLE II EMERGENCY FOOD AND WITH DROUGHT REHABILITATION. IN FYS 1986 AND 1987 LOCAL CURRENCIES WILL BE TARGETED FOR AGRICULTURE AND RURAL DEVELOPMENT ACTIVITIES WHICH AID REHABILITATION IN DROUGHT-STRICKEN AREAS.

FOOD SITUATION UP-DATE
TOTAL REQUIREMENT FOR WHEAT IN SUDAN WAS ESTIMATED AT 873,300 MT IN FY 1985; IT HAS BEEN INCREASING AT A RATE OF APPROXIMATELY 15 PERCENT ANNUALLY. DOMESTIC PRODUCTION IN FY 1985 ESTIMATED AT ONLY 52,000 MT, A SHARP DECREASE OVER PREVIOUS YEARS DUE TO THE CURRENT DROUGHT. THE SHORTFALL BETWEEN PRODUCTION AND CONSUMPTION IS BEING MET BY A COMBINATION OF CONCESSIONAL AND COMMERCIAL IMPORTS. DOMESTIC WHEAT PRODUCTION IS EXPECTED TO INCREASE TO PRE-DROUGHT LEVELS IF RAINFALL IS ADEQUATE THIS YEAR, DUE TO A REHABILITATION PROGRAM IN THE GEZIRA AND AN INCREASE IN PRODUCER PRICES TO IMPORT PARITY LEVELS.

THE TITLE I PROGRAM HAS BEEN USED TO INITIATE THE USE OF COMPOSITE FLOUR (WHEAT/SORGHUM) IN BREAD MAKING. BASED UPON TECHNICAL RESEARCH UNDERTAKEN AT THE SUDANESE FOOD RESEARCH INSTITUTE AND THE RESULTS FROM THE COMMERICAL TRIAL OF COMPOSITE FLOUR WHICH WILL BE CONCLUDED IN JUNE OF 1985, THE RATE OF SUBSTITUTION OF DOMESTIC SORGHUM FLOUR

FOR WHEAT FLOUR SHOULD BE IN THE RANGE OF 10 TO 20 PERCENT, THEREBY HOLDING A POTENTIAL FOR SIGNIFICANTLY REDUCING WHEAT IMPORT REQUIREMENTS IN FUTURE YEARS.

OVER THE PAST SEVERAL YEARS THE GOS HAS UNDERTAKEN A NUMBER OF ACTIONS TO REDUCE POLICY AND PRICING CONSTRAINTS ON DOMESTIC AGRICULTURAL PRODUCTION. EXPORT TAXES WERE REDUCED OR ELIMINATED; COMMODITY PRICES FOR BOTH RAINFED AND IRRIGATED CROPS WERE INCREASED TO IMPORT PARITY LEVELS; AND THE PRICE RELATIONSHIPS ON THE IRRIGATED SCHEMES WERE IMPOOVED. HOWEVER, THE MOVE TO REDUCE GOVERNMENT INVOLVEMENT IN A NUMBER OF DIRECT AGRICULTURAL PRODUCTION AND MARKETING ACTIVITIES HAS RECEIVED LITTLE IMPETUS.

MAJOR ELEMENTS OF PROPOSED PL 480 TITLE I AND III PROGRAMS:

USAID REQUESTS A CONTINUATION OF THE CURRENT PL 480 LEVEL FOR FISCAL YEAR 1986 AND AN INC MILLION FOR FISCAL YEAR 1987. THERE ARE NO INDICAIOS THAT THE SUDANESE BALANCE OF PAYMENTS AND WHEAT REQUIREMENTS, DESPITE THE REDUCTION IN WHEAT REQUIR EXPECTED FROM THE COMPOSITE FLOUR EXPERIMENT, ARE L TO DECREASE SIGNIFICANTLY IN THIS TIME FRAME.

THE PROPOSED PL 480 PROGRAM TO BE NEGOTIATED IN FY 1986 WOULD CONSIST OF A $50 MILLION TITLE III FOOD FOR DEVELOPMENT PROGRAM, THE FIRST YEAR OF A THREE YEAR $150 MILLION PROGRAM. WHILE PROVIDING THE NEEDED BUDGETARY AND RESOURCE SUPPORT, TITLE I HAS NOT PROVEN AS EFFECTIVE UP TO NOW IN FOSTERING POLICY DIALOGUE AS TITLE III. DESPITE THE DELAYS AND DIFFICULTIES ENCOUNTERED FFD PROGRAM, THE DEVELOPMENT IMPACT OF THE 1979-84 TITLE III PROGRAM IN SUDAN WAS CONFIRMED IN ANNUAL EVALUATIONS. THAT IS WHY USAID PROPOSE A RETURN TO THIS MODE OF ASSISTNACE.

THE PROPOSED TITLE III PROGRAM WILL FOCUS ON THE RAINFED AGRICULTURAL SECTOR, PARTICULARLY IN WESTERN SUDAN. IT WILL ADDRESS POLICY CONSTRAINTS SIMULTANEOUSLY PROVIDE RESOURCES IN THE FORM OF LOCAL CURRENCY SALES GENERATIONS FOR KEY PROJECTS IN WATER, AGRICULTURAL CREDIT, TRANSPORT

IN MAJOR PRODUCING AREAS, AND DROUGHT REHABILITATION EFFORTS IN WESTERN SUDAN. THE EMPHASIS OF THE PROGRAM WILL BE ON IMPROVING THE EFFICIENCY OF RESOURCE ALLOCATION AND USE THROUGH THE REMOVAL OF DISINCENTIVES TO PRIVATE SECTOR PARTICIPATION IN RAINFED AGRICULTURAL PRODUCTION AND MARKETING.

THE PL 480 PROGRAM IN SUDAN WILL ALSO CONTINUE TO FOCUS ON NEEDED POLICY REFORMS IN WHEAT FLOUR PRICING, IMPORTATION, ALLOCATION AND DISTRIBUTION. THESE POLICY REFORMS WILL BE THE CENTERPIECE OF THE $10 MILLION TITLE I PROGRAM IN FY 1987. HORAN

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE XIII
PL 480 TITLE II

I. Country Sudan

Sponsor's Name Adventist Development and Relief Agency - FY 1986

A. Maternal and Child Health.....Total Recipients 51,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars*
51,000	Non-Fat Dried Milk	1278.1	140.6
51,000	Vegoil	639.1	559.2
51,000	Lentils	1278.1	587.9
Total MCH		3195.3	1287.7

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

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

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

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

D. Food for Work.....Total Recipients_____

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
Total Food for Work			

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

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

II. Sponsor's Name_____

* Based on commodity prices contained in State 143244 for FY 1987 since FY 1986 commodity prices were not received by the Mission.

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE XIII
PL 480 TITLE II

I. Country Sudan

Sponsor's Name CARE - FY 1986

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

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

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

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

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

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

D. Food for Work.....Total Recipients 32,260

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars *
32,260	Sorghum	8065.0	983.9
Total Food for Work		8065.0	983.9

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

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

II. Sponsor's Name_____

* Based on commodity prices contained in State 143244 for FY 1987 since FY 1986 commodity prices were not received by the Mission.

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE XIII
PL 480 TITLE II

I. Country Sudan

Sponsor's Name Adventist Development and Relief Agency - FY 1987

A. Maternal and Child Health.....Total Recipients 75,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
75,000	Non-Fat Dried Milk	1879.6	206.8
75,000	Vegoil	939.9	822.4
75,000	Lentils	1879.6	864.6
Total MCH			

B. School Feeding.....Total Recipients

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

C. Other Child Feeding .....Total Recipients

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

D. Food for Work.....Total Recipients

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
Total Food for Work			

E. Other (Specify).....Total Recipients

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

II. Sponsor's Name

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE XIII
PL 480 TITLE II

I. Country Sudan

Sponsor's Name CARE - FY 1987

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

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

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

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

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

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

D. Food for Work.....Total Recipients 64,520

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
64,520	Sorghum	16,130.0	1967.8
Total Food for Work		16,130.0	1967.8

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

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

II. Sponsor's Name_____

PL 480 Title II Narrative

The Mission is proposing a PL 480 Title II program comprised of two parts in FY 1986 and FY 1987. The first is a MCH/nutrition education activity under the administration of the Seventh Day Adventists World Service (SAWS) Organization which focusses initially on the Khartoum metropolitan area preparatory to further expansion into western and southern Sudan. The second is a CARE-administered, food-for-work effort aimed at combatting desertification in Western Sudan.

The SAWS project was initiated in FY 1985, at a funding level of 287,000. It currently is concentrated on the large areas of urban poor that are clustered around the periphery of Khartoum. The poor in these areas have little or no access to health services. The SAWS project provides food supplements and nutrition education to these communities, concentrating on pregnant women, lactating women during the first year of breast feeding, infants between six and twenty-four months of age, and children between two and five diagnosed as having second or third degree malnutrition.

The project distributes a commodity mix of edible oil, lentils and non-fat milk to the mothers enrolled in the program. The distributions are linked closely to education aimed at specific behavioral changes leading to adequate nutrition without foreign donation. Some 15,000 beneficiaries participated in the first year of the project. This figure is expected to rise to 60,000 by the project's fifth and final year. The project will expand to the Kordofan and Darfur regions in year four, and to the Equatoria region, around Juba when conditions permit.

Unlike CARE, SAWS has not had much experience working in Sudan, apart from a small clinic it operates in Juba. In view of the severe logistical difficulties encountered in Sudan, the Mission thought it essential that SAWS begin in the Khartoum area before moving to the outlying regions. Although no formal evaluation of the first year of the project has been conducted, initial indications are that the activity is proceeding satisfactorily and will be expanded as planned.

The Mission's current health activities, primarily the Rural Health Support Project, focus on the southern and western regions of Sudan and concentrate on improving the health of those poor who have little access to health services, particularly mothers and children. The SAWS project, both in its geographic and target group focus, enhances the Mission's health strategy.

The CARE Food for Work project which was expected to begin in late FY 1985 is now scheduled to begin in the second quarter of FY 1986. The project proposal has undergone considerable revision, and the project has been greatly expanded. The activity was conceived during Mission investigations of drought-affected areas in the west, and is now urgently needed if rehabilitation and recovery from the drought is to occur. Geographic focus initially would be in the area of El Obeid, the capital of Kordofan Region. Activities being considered include: the establishment of green belts, community forests, fenced grazing belts and acacia tree nursery sites. CARE and the GOS are currently developing a list of activity priorities and

specific geographic targets based on consideration of need, the regional government's budget, infrastructure requirements, and the availability of indigenous inputs (seeds, hand implements, fencing materials, etc) and labor. CARE anticipates employing up to 64,520 laborers in the program, for an estimated number of beneficiaries of 387,120 (6 persons per family). Planning figures for the first year are 32,260 workers or 193,560 beneficiaries.

The CARE proposal relates directly to the Mission's CDSS inasmuch as it adds to our strategic focus on the rainfed agriculture subsector, i.e. Kordofan.

CARE is well-established in Sudan. It maintains an office in Khartoum and has a representative in El Obeid. Moreover, it is currently involved in a number of AID-funded activities which include: the North Kordofan Water Project, the Eastern Reforestation Project, and the fuel efficient woodstove component of the Rural Renewable Energy Project. It is also heavily involved in monitoring the distribution of foodstuffs to drought-affected Sudanese in the Eastern Region and in Kordofan Region with USAID funding, and to Ethiopian refugees with funding from UNHCR. It also has had considerable experience in administering food-for-work programs around the world. There is little doubt that it is capable of effectively carrying out the proposal.

Department of State

INCOMING TELEGRAM

PAGE 01 OF 02 KHARTO 00000 00 OF 03 031430Z 2617 056186 AID2759
ACTION AID-00

ACTION OFFICE AFDP-06
INFO AAAF-02 AFCO-02 AFEA-03 AFDR-06 PPPB-02 STAG-02 STEY-01
STHE-01 SAST-01 ENGR-01 POP-04 AFDA-01 CTFA-01 RELO-01
STNP-01 MAST-01 /036 A4 84 .

INFO LOG-00 COPY-01 AF-00 CIAE-00 EB-08 DODE-00 /009 W
----------141725 031431Z /52/38

R 030839Z JUN 85
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC 0884

UNCLAS KHARTOUM 00000

AIDAC

FOR J. GOVAN, AFR/CP

E.O. 12356 N/A
SUBJECT: FY 87 ABS

PLEASE ADD THE FOLLOWING TO THE ABS PACKAGE HANDCARRIED
TO THE U.S. ON MAY 22.

- PIPELINES MORTGAGE ESTIMATES
- FY 1984 - 1991

TABLE A

-	PROP			PIPELINE (FY)		
PROJECT-PACD LOP	LOP	84	85	86	87	88
ARDN						
0012-12/31/85						
REGIONAL FIN/PLAN						
- 2,000	2,000	696	496	0	-	-
0018-9/30/85						
BLUE NILE INT. AG.						
- 12,032	12,032	1,408	608	0	-	-
0020-8/19/87						
WEST. AG. RESEARCH						
26,000	26,000	13,576	7,576	4,076	0	-
0021-COMPLETED SOUTH. MANPOWER						
- 6,640	6,640	552	0	-	-	-
0031-4/30/84						
SOUTH. RURAL INFRA.						
- 3,547	3,547	503	0	-	-	-
0043-9/30/89						
S. REGION ROAD						
- 19,700	19,700	18,136	17,136	15,136	3,000	3,000
0046-9/30/87						
S. AGRI. DEV.						
- 9,820	9,820	9,224	9,074	7,000	4,000	0
0047-4/30/87						
AG. PLAN/STAT.						
- 7,300	7,300	5,300	4,300	3,000	0	-
0054-6/30/92						
KORAG						
- 18,100	18,100	-	1,900	5,200	10,000	14,700
0060-N/A						
RIV. TRANS/MARK						
- 10,200	10,200	-	-	1,000	7,300	7,200

KHARTO 00000 00 OF 03 031430Z 2617 056186 AID2759

0069-12/31/91
W. AG. MARK. RD.
- 160,000 60,000 15,681 34,544 52,844 53,200 43,000

0075-N/A
AG. RES/PROD.
- 15,000 15,000 - - - 2,300 11,500

ARDN TOTAL
- 190,339 190339 65,136 75,714 89,136 85,400 79,200

POPULATION

0030-8/26/87
RURAL HEALTH
- 1,881 1,881 1,361 1,061 561 0 -

0063-6/30/87
MOD. FAM. PLAN.
- 1,796 1,796 1,185 1,335 825 300 -
0072-N/A
COM. RET. SAL.
- 3,200 3,200 - - 900 2,700 2,000

POP TOTAL
- 6,877 6,877 2,546 2,446 2,345 3,000 2,000

HEALTH

0073-3/30/87
HEALTH CONSTRAINTS
- 2,122 2,122 1,313 813 313 - -

0019-COMPLETED S. PRIMARY HEALTH

- 3,686 3,686 950 0 - - -

0030-4/23/87
RURAL HEALTH
- 16,182 16,182 12,223 12,305 10,805 6,000 1,000

HEALTH TOTAL
- 21,990 21,990 14,486 13,118 11,118 6,000 1,000

SDA
0012-12/31/85
REG. FIN/PLAN
- 1,200 1,200 464 864 564 0 -

0036-8/30/85
S. ACCESS RD.
- 10,00 10,000 1,344 444 0 - -

0041-1/19/87
RURAL REN. ENERGY
- 4,600 4,600 1,437 1,937 1,937 900 0

0059-4/30/88
ENERGY PLAN MANAGEMENT
- 8,450 8,450 2,412 2,812 3,112 4,000 0

SDA TOTAL
- 24,250 24,250 5,657 6,057 5,613 4,900 0

DA TOTAL
- 243,456 243456 87,825 97,335 108213 99,300 80,400
MRA
0050-6/30/85
P. SUDAN WATER

Department of State

INCOMING TELEGRAM

	2,000	2,000	317	0	-	-	-

0064-3/30/88
EAST REFORREST

-	4,550	7,550	4,420	2,620	4,120	2,500	0

0065-1/30/87
GEDAREF WATER

-	13,000	13,000	12,494	8,994	5,954	0	-

MRA TOTAL

-	15,550	22,550	17,231	11,614	10,114	2,500	0

ESF - TDD
K602-N/A
CIP

-	50,000	50,000	567	0	-	-	-

K603-12/31/85

CIP	100,000	100000	4,974	974	0	-	-

K604-2/28/86

CIP	60,250	60,250	18,830	2,830	0	-	-

K605-N/A

CIP	102,00	102000	102,000	22,000	0	-	-

K608-N/A

CIP	111,000	111000	-	71,000	31,000	15,000	5,000

K609-N/A

CIP	115,000	115000	-	-	75,000	30,000	10,000

0071-3/31/86

PAIP	5,000	5,000	1,[illegible]	4,206	[illegible]	[illegible]	0

K610-N/A

CIP	120,000	120000	-	-	-	80,000	40,000

ESF TOTAL

-	663,250	663250	128,177	101010	109706	127000	55,000

NOTE: THE FOLLOWING PROJECTS ARE CANDIDATES FOR PACD EXTENSION 0018, 0046, 0073, 0030, 0012, 5041, AND 0063. THE ABOVE FIGURES ASSUME AN EXTENSION FOR EACH, THOUGH THIS MAY NOT NECESSARILY OCCUR IN EVERY CASE. MISSION WILL ADVISE AT A LATER DATE.

TABLE 8

MORTGAGE AS PERCENT OF OYBS
(DOLS 000)

FY 85	OYB	MORT PERCENT. OF OYB
DA	26,100	373
ESF	114,000	86
FY 86		
DA	28,000	386
ESF	115,000	95
FY 87		
DA	28,000	355
ESF	120,000	105

NORAN

NON-BILATERAL ACTIVITIES

PROJECT TITLE & No		FUNDING UNIT	FUNDING TERM	SUDAN LOP EST	AID/W OFFICE	RANK	MANAGE TIME EST	COMMENT
Emergency program								
Famine Relief -		FY84	FY86	$250-275 (Million)	OFDA FFP	High	24 PM	Management time figure represents cumulative over the past year, however, management requirements are increasing dramatically with one USDH now spending 100% of his time and five others devoting 25%-75%. Top management is spending a third of its time. Figure does not include current and anticipated TDY assistance.
EHR								
African Man-Power Dev. Program and AFGRAD	698-0433	FY77	FY87	500,000	ST/IT	MED	12 PM	Management figure includes portion of time of one FNDH, one PSC one USDH.
ARDN								
Sorghum/Millet CRSP	Title XII	FY84	FY89	350,000	S&T/AG	MED	3 PW	
Peanut CRSP	Title XII	FY83	FY87	200,000	S&T/AG	MED	3 PW	
SDA								
ETMA	698-0427	FY80	FY85	489,000	AFR/RA	MED	2 PW	
Conventional energy training	936-9977	FY81	FY86		ST/IT	LOW	3 PW	

POPULATION

Community-Based Family Health (Columbia U)	932-0632	FY80	FY87	755,000	ST/POP/R	High	4 PW*
Continuing Medical Education JHPIEGO)	932-0604	FY79	FY85	191,090	ST/POP/IT	Low	4 PW
SFCA Care Support							
- IPAUS	932-0968	FY77	FY85	253,761	ST/POP/FPSD	High	2 PW
- FHI	932-0537	FY83	FY93	NA	ST/POP/R	High	2 PW
Resources for the Awareness of Population Impacts on Development (RAPID)	932-0637	FY85	NA	NA	ST/POP/PDD	Medium	6 PW
Demographic Data for Development (DDD)	932-3000	FY84	FY86	NA	ST/POP/PDD	High	2 PW
Hag Yousf Project (FPIA)	932-0955	FY82	FY87	NA	ST/POP/FPSD	High	1 PW
National Commodities Distribution Project (FPIA)	932-0955	FY84	FY89	NA	ST/POP/FPSD	High	6 PW
Khartoum North Hospital(IPAUS)	932-0968	FY80	FY86	NA	ST/POP/FPSD	Low	1 PW
El Rahad Community Health (FPIA)	932-0955	FY84	FY89	NA	ST/POP/FPSD	Medium	2 PW

* PW - person weeks

Family Planning Materials for Illiterates (PIACT/PCS)	936-3004	FY85	FY87	NA	ST/POP/IT	Medium	2 PW
UNFPA - Sudan Program (7 on-going projects)	932-0662	FY79	NA	NA	ST/POP/OCS	High	6 PW
Sudan Family Planning Association (Pathfinder)	932-0807	FY70	NA	NA	ST/POP/FPSD	Medium	2 PW