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Zambia

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FY 1987 ANNUAL BUDGET SUBMISSION

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ACTION PLAN

Introduction: The FY 86 Action Plan was completed November 1984; The strategy to be followed in FY 85 and FY 86 to achieve AID/Zambia's goals had been developed. Planning was well under way to strengthen policy dialogue through a new program to be developed (now called Zambia Multi-Channel Agricultural Marketing Program - ZAMCAM). Therefore, the bulk of the statements remain valid. The following are restatements of the previous Action Plan, with the Self Appraisal updated to the period July, 1984 to May, 1985.

A. STRATEGY RECAP and POLICY DIALOGUE PLAN

Strategy Recap

AID/Zambia's twin goals of increased food production and increased small farmer income were set down in the FY-85 CDSS as well as previous strategy statements. These goals and AID/Zambia's emphasis on the agricultural sector were revalidated during an intensive analytical exercise in May and June of 1983. (Evaluation of AID's strategy for Zambia, June 1983). The CDSS emphasis on the agriculture sector was similarly supported by the analysis and conclusions contained in the IBRD and the GRZ documents presented at the Paris Consultative Group Meetings in May 1984. The modalities through which these goals have been pursued are: (1) policy dialogue and (2) institution and human resource development, particularly in planning and policy analysis and information gathering, analysis and dissemination, agricultural research and extension and training. AID/Zambia will endeavor to hasten the achievements of its agricultural oriented goals through investigation and possible new activities in the rural informal sector and in maternal child health and family planning (MCH/FP). The extent of future involvement in these areas is unclear. Additional studies are presently being conducted into the rural informal sector. At present, the emphasis in these two areas remains on increasing the data base and information available for planning and policy making purposes.

AID/Zambia intends to maintain its dual focus on increased food production and increased small farmer income with emphasis placed on policy reform. The vehicle used by AID will continue to be quick disbursing balance of payment (BOP) support (CIP and PL-480 programs) strengthened by the addition of the proposed $25 million ZAMCAM program; project aid in planning and policy analysis; research and extension, and human and institutional resource development. AID's

influence at the policy table has been heightened by the budget support provided through the local currency attributions from loans and by more direct aid given to projects and other activities from the local currency generated by grant activities and past PL 480 Title II programs.

B. SELF APPRAISAL OF BENCHMARK ACHIEVEMENTS DURING THE LAST HALF OF FY 84 AND THE FIRST HALF OF FY 85.

The principal policy issues previously identified were producer price incentives, insufficient GRZ funds spent on policy and economic analysis and on research and extension, subsidies, and the resulting economic distortions caused by the subsidies. The FY 84 Action Plan specified eight operational objectives:

1. Improve producer incentives to increase food production; (price and non-price incentives) and increase small farmer incomes;

2. Encourage efficient resource allocations by eliminating producer and consumer subsidies;

3. Encourage efficient resource allocations by eliminating subsidies to cooperatives and agricultural parastatals and allowing economic pricing;

4. Increase the capacity and capabilities of the GRZ to conduct policy analysis and planning;

5. Increase the ability of the Research Branch of MAWD to conduct agricultural research applicable to small scale farmers;

6. Increase the ability of the Extension Branch of MAWD to deliver approved technological packages to small scale farmers;

7. Encourage a more open marketing system.

The management steps to be followed in the pursuit of the above numbered operational objectives were:

1. (A) Sign the FY-85 CIP and FY-84 PL 480 agreement in early 1985;

   (B) Continue to press the GRZ to set producer prices using border price concept as the main determinant;

(C) Continue to press the GRZ regarding regional prices for agricultural commodities that will cover all costs in the marketing process.

2. (A) Allocate local currency (L/C) for lending to private agencies engaged in the marketing process in order to increase market access for small farmers;

(B) Provide L/C to subsidize the costs of purchasing improved seeds by small scale farmers.;

(C) Provide L/C for incentives for early fertilizer purchases by small farmers.

3. (A) Provide fertilizer raw materials through the CIP program (BOP support to encourage policy reform);

(B) Provide agricultural equipment and spare parts through the CIP program BOP support to encourage policy reform).

4. (A) Allocate L/C to the credit institutions for a revolving fund to be loaned at positive real interest rates to cooperatives and selected agricultural parastatals;

(B) Provide training in management for selected individuals in the cooperatives.

5. (A) Continue to provide long term and short term advisors;

(B) Continue to provide training for staff of the Planning Division in MAWD in analytical techniques (17 to return in 1985);

(C) Send selected Planning Division staff for training abroad;

(D) Supply two long and short term advisors to the Central Statistical Office of the National Commission for Development Planning (NCDP);

(E) Supply the CSO with micro computers;

(F) Allocate L/C from the CIP program over and above GRZ budget levels to expand Planning Division and CSO activities.

6. & 7. (A) Provide long and short term assistance to the Research Branch and the Extension Branch of MAWD in the form of technical assistance (TA) (8 long term and short term as needed);

(B) Provide commodity aid to the research and extension branches (L/C for local research supplies);

(C) Provide training opportunities for members of the research and extension branches in research and extension techniques (19 to return in 1985);

(D) Provide TA to perform support for on-going activities while domestic staff are receiving training.

8. Allocate L/C for lending to private traders and to transportation firms. Also see para four above.

In general, the GRZ has reacted positively and increased producer price incentives as evidenced by the up to 50% price increases on agricultural commodities. Specifically millet, cassava and sorghum prices, three long neglected commodities, were increased significantly. The effect of the large price increase on the commodities is more political than economic as the bulk of these commodities are traded in the open market at prices higher than the official prices. The increase in these prices does seem to indicate that the GRZ recognizes the fact that commodity prices were incorrectly aligned. While some prices, notably cotton, are below border price equivalents at more realistic exchange rates, producers are nevertheless responding with increased production. Cotton, groundnut, and oilseeds production have been increasing recently; maize production for 1984/85 production season may be at record levels. With the producer price increases and increased production, gross farm income will increase. Marketed surplus of maize from traditional farmers increased in 1984, indicating that they are responding to the increased price incentives and to the increased availability of goods in the rural areas.

Producer and consumer subsidies have been reduced in some areas and, in general, only the fertilizer and maize remains subsidized as commodities. (Wheat was totally decontrolled in November 1984). These subsidies have not been reduced in total as the GRZ budget calls for approximately K135 million to Namboard. This is an increase of approximately K50 million over the subsidies given to the

PCU's and Namboard in 1984. Fertilizer subsidies to farmers have been reduced simply by the fact that fertilizer sales decreased for the second year to approximately 140,000 MT in 1984/85 from 165,000 MT in 1983/84 and 220,000 MT in 1982/83. Three reasons have been advanced for the increased subsidy levels: 1) maize production is projected to be a record crop, and on the margin, transportation and storage will be more costly; 2) total transportation costs have increased due in large part to increased fuel costs, exacerbated by the continued kwacha float; and 3) new purchasing arrangements will undoubtedly call for increased financial liquidity in the market. Subsidies to the cooperatives were eliminated, however.

The more open market system has been pursued via the FY 85 CIP and Pl 480 Title I support measures and through the proposed ZAMCAM program. The support measures of the CIP and PL 480 Title I programs are very similar to the IBRD Agricultural Rehabilitation Project (Ag. Rehab.) policy changes and the proposed ZAMCAM program intends to directly support those policy changes called for in the Ag. Rehab project. The more open market system will be the primary thrust of AID/Zambia in the policy dialogue area. (See: Policy Dialogue section).

The management steps outlined in the FY 86 Action Plan have not been completed as neither the CIP nor the PL 480 agreements have been signed; however, the signing of the PL 480 agreement appears close. AID/Zambia continues to press for a price methodology that uses border price as the major determinant in the setting of producer prices and in the establishment of regional prices for producers. A limited regional price is in effect for mealie meal as retailers are allowed to charge for transportation costs beyond 25 km. plus a 5% mark-up on transportation. All agricultural commodities except maize are traded on an open market basis.

The generation of the local currency (L/C) from the CIP program has been slow, due to administrative problems in the issuance of the letters of commitment (L/Comm) to the farm machinery importers. Also the fertilizer component of the FY 84 CIP will not generate L/C until the fertilizer is sold in late 1985. Agreement as to the use of the L/C was reached in Sept. 1984 and the L/C will be disbursed as it is generated.

All fertilizer raw materials have been landed in Dar-es-Salaam and the bulk have been delivered to NCZ at Kafue. The L/Comms for the agricultural spare parts have

been issued and the bulk of the spares have been ordered and some have been shipped. The situation is much improved over 1984.

AID/Zambia continues to provide technical assistance to the Planning Division of MAWD through the ZATPID project (611-0075). Short term consultants have been supplied to the Central Statistical Office (CSO), the micro computers have been ordered (ETA in July 1985)and the long term advisor has been identified and recruitment is in progress. Neither the Planning Unit nor CSO has received the L/C allocated to them; however, the necessary documentation is being prepared by each agency. Once the L/C is generated, the time lapse for disbursement should be relatively short.

Management objectives 6 and 7 are being met through the ZAMARE project (611-0201)and progress in satisfactory. Both the Research and the Extension Branches are experiencing delay on the L/C disbursement as mentioned above.

The allocation of L/C for lending to private traders and transporters will follow the successful negotiation of the ZAMCAM project and the importation of the first group of commodities.

The 1984 CIP and PL 480 Title I agreements called for the GRZ to develop an Implementation Plan which was submitted to AID/Zambia on November 15, 1984 (see Annex D of the FY 85 CIP PAAD for the Implementation Plan).

C. FORWARD PLAN

AID/Zambia's goals of increased food production and increased small farmer income will remain the focus of the program as previously mentioned. These goals will be pursued primarily through policy dialogue and policy reform; however, support will also be provided through institutional and human resource development and technology generation and dissemination.

Operational Objectives:

The operational objectives for FY 85 remain virtually the same as for the FY 84 Action Plan; however, increased emphasis will be placed on objectives 4 and 9.

1. Improve producer incentives to increase food production; (price and non price incentives) and increase small farmer incomes;

2. Encourage efficient resource allocations by eliminating producer and consumers subsidies;

3. Encourage efficient resource allocations by eliminating subsidies to cooperatives and agricultural parastatals and allowing economic pricing;

4. Increase the capacity and capabilities of the GRZ to conduct policy analysis and planning;

5. Increase the ability of the research branch of MAWD to conduct agricultural research applicable to small scale farmers;

6. Increase the ability of the extension branch to MAWD to deliver approved technological packages to small scale farmers;

7. Encourage a more open marketing system.

8. Reduce the time between L/C generation and disbursement.

9. Encourage employment generation in the informal sector.

The management steps to be followed in the pursuit of the above numbered operational objectives were:

1. (A) Sign the FY-85 CIP and FY-85 PL 480 agreement in early 1985;

   (B) Continue to press the GRZ to set producer prices using border price concept as the main determinant;

   (C) Continue to press the GRZ regarding regional prices for agricultural commodities that will cover all costs in the marketing process.

2. (A) Allocate local currency (L/C) for lending to private agencies engaged in the marketing process in order to increase market access for small farmers;

   (B) Provide L/C to subsidize the costs of purchasing improved seeds by the small scale farmer;

   (C) Provide L/C for incentives for early fertilizer purchases by small farmers.

3. (A) Provide fertilizer raw materials through the CIP program (BOP support to encourage policy reform);

   (B) Provide agricultural equipment and spare parts through the CIP program (BOP support to encourage policy reform).

4. (A) Allocate L/C to the credit institutions for a revolving fund to be loaned at positive real interest rates to cooperatives and selected agricultural parastatals;

   (B) Provide training in management for selected individuals in the cooperatives.

5. (A) Continue to provide long term and short term advisors;

   (B) Continue to provide training for staff of the Planning Division in MAWD in analytical techniques (17 to return in 1985);

   (C) Send selected Planning Division staff for training abroad;

   (D) Supply two long and short term advisors to the Central Statistical Office of the National Commission for Development Planning (NCDP);

   (E) Supply the CSO with micro computers;

   (F) Allocate L/C from the CIP program over and above GRZ budget levels to expand Planning Division and CSO activities.

6. & 7. (A) Provide long and short term assistance to the Research Branch and the Extension Branch of MAWD in the form of technical assistance (TA) (8 long term and short term as needed);

   (B) Provide commodity aid to the research and extension branches (L/C for local research supplies);

   (C) Provide training opportunities for members of the research and extension branches in reasearch and extension techniques (19 to return in 1985);

   (D) Provide TA to perform support for on-going activities while domestic staff are receiving training.

8. Allocate L/C for lending to private traders and to transportation firms. Also see para four above.

9. (A) Clarify GRZ procedures needed to obligate the L/C funds with Ministry of Finance, AID/Zambia and the GRZ agency involved.

   (B) Inform the GRZ Agency involved that L/C funds have been programmed for their use.

   (C) Coordinate in the GRZ agency to insure all documentation is ready for submission.

   (D) Coordinate with the Ministry of Finance on the timely release of funds.

   (E) Coordinate with the Ministry of Finance that all procedures have been followed.

   (F) Establish revised procedures for reporting on the progress of L/C utilization.

10. (A) Complete study underway

    (B) Maintain dialogue with agencies involved with the informal sector.

Progress toward objectives (1) and (2) can be measured directly through production adjusted for exogenous forces. Progress toward objective (3) and (4) can be measured by changes in the line items in the GRZ budget and by the GRZ Expenditure Reports.

Progress on objective 9 can be measured in the length of time involved from generation to disbursement of the L/C.

Progress toward the other objectives will be measured by, but not limited to:

(1) Increased number of reports and documents submitted for publication or internal use within the GRZ,

(2) An increase in the percentage of the staff with advanced tranining (degree and non-degree),

(3) An increase in the number of in-service training opportunities.

(4) An increase in the number of professional staff.

(5) A reduction in the length of time from the end of a given survey to the issuance of the report of that survey

(6) an increase in the quality of the reports,

(7) more technological packages released to the small farmer.

(8) a procedure established for the licensing of private traders, and

(9) licenses issued to private traders.

While the June 1983 Evaluation of the AID/Zambia strategy (noted earlier) revalidated the AID/Zambia focus on agriculture, it also highlighted the importance of giving increased attention to the marketing side of the agriculture equation while maintaining the pressure on policy reform and price incentives. Expanded attention to agricultural marketing (which includes both output and input marketing) flows from the need to increase incentives for agricultural production through improved market access and through more efficient pricing by reducing marketing costs. AID/Zambia intends to maintain the bulk of its support to Zambia in the form of CIP and PL-480 programs, augmented by the ZAMCAM Program, more or less along present lines since this is the kind of quick disbursing and concessional assistance highlighted at the May 1984 Paris Consultative Group meeting as vital to Zambia's recovery. It is AID/Zambia's intent to reinforce and encourage GRZ resolve through the ZAMCAM Program to restructure the marketing system to more open competition and to encourage increased private enterprise activity.

There were numerous requirements identified at the 1984 CG in Paris which are consistent with the present AID program, especially with respect to marketing. In some instances these activities would be amenable to parallel with other donors which would encourage further donor coordination supported so strongly by the USG in Paris. (AID/Zambia support to the IBRD Agr. Rehab. Project and the Railway Rehabilitation Project are examples). Also, this would allow AID/Zambia to more easily use existing analysis by, for example, the World Bank, EEC, and others thus reducing the workload while keeping the dollar to people ratio for the AID/Zambia portfolio fairly high. (This principle was followed in the development of the ZAMCAM project proposal).

To conclude, AID/Zambia will retain a focus on agriculture with increasing emphasis on the marketing sub-sector as a complement to the present stress on production incentives. In order to be supportive of the expenditure program (EP) presented by the GRZ at the recent Consultative Group in Paris, AID/Zambia will pursue a carefully integrated program of largely grant non-project and project aid. AID/Zambia will continue its investigations of the informal sector as well as MCH/FP. Support to MCH/FP is being considered, and is likely, by the provision of PL 480 Title II commodities, through the World Food Program (WFP). In the overall process AID/Zambia will continue to use a combination of BOP support and project assistance and will maintain a flexible but focused approach to L/C usage. Our activities will be designed to support Zambia's 1984 Expenditure Program (EP) and the donor coordination for which there was such a strong call in Paris.

D. POLICY DIALOGUE

The main focus of AID/Zambia's program has been on policy dialogue. This will be maintained. The initial efforts were directed primarily toward increasing producer price incentives, reduction of subsidies to maize and fertilizer, strengthening the GRZ's capacity to plan and conduct economic policy analyses and improving the capacity of the Research and Extension Divisions of MAWD to generate and disseminate improved technology. While much remains to be done in the forementioned areas, a more than adequate start has been made; hence, in 1984 AID/Zambia widened its focus to include the marketing sector, specifically, non-price incentives and subsidy elimination to agricultural parastatals.

The AID/Zambia program is a tightly focused program with both CIP and PL-480 balance of payment (BOP) support directed toward the same policy support measures. The local currency (L/C) generations and attributions are jointly programmed in direct support of the policy changes. The projects are also policy orientated with the Zambia Agricultural Training, Planning and Institutional Development Project (ZATPID; 611-0075) providing support to the GRZ in the strengthening of the planning and economic analysis capabilities within MAWD and the Zambia Agricultural Research and Extension Project (ZAMARE; 611-0201) providing support in the generation and dissemination of improved technology. The new project. Human and Institutional Resource Development Project (HIRD; 611-0206) is directed toward supporting the development of human resources in non-agriculture GRZ agencies that are required to encourage a more systematic development of Zambian agriculture.

Our policy dialogue with the GRZ has been supportive of the IMF standby agreement's policy changes sought. Also, our policy dialogue has previously been parallel with the IBRD policy thrust but is now in open consort with the IBRD. Specifically, the support measures of the FY-85 CIP and PL-480 programs are virtually identical to the policy changes required of the GRZ in the IBRD Agricultural Rehabilitation Project (Agr. Rehab.) and the disbursement of the ZAMCAM funds is directly tied to the policy changes of the Agr. Rehab. project. Further, AID/Zambia and the IBRD are mutually supportive as both have identified the planning and policy analysis and the research and extension as major constraints to agricultural development.

Specifically, the support measures for the policy dialogue under the various programs are given below.

The support measures for the FY 85 CIP and PL 480 programs are as follows:

The Government of the Republic of Zambia will:

1. Encourage efficiency in marketing by allowing (within one year of signing the Agreement) Cooperative Unions to sell across provincial borders and allowing millers/processors to buy from their preferred source.

2. Encourage efficiency in transportation by eliminating (within three years of signing the Agreement) subsidies to hauling parastatals and requiring that they charge full cost pricing.

3. Allow licensed private trading in all agricultural commodities (within one year of signing the Agreement).

4. Implement the support measures contained in Annex 1 of the FY 84 CIP Grant Agreement (611-K-601) by following the Implementation Plan as submitted to and agreed to by AID.

The support measures for the ZAMCAM program are as follows:

1. The establishment of a multi-channel marketing system for maize and fertilizer, allowing any producer, trader or processor at any point in the food production chain to sell to any buyer.

2. Permitting maize and fertilizer prices to vary enough to cover the different transport, storage and handling costs incurred in different parts of the country and at different times of the year, while still providing a sufficient margin of profit to make the trade worthwhile.

3. The elimination of all subsidies to all governmental and quasi-governmental organizations involved in the food production and distribution system.

In FY 85 these support measures (or policy changes) will be encouraged through the BOP support provided by the CIP ($10 million), PL-480 ($10 million) and ZAMCAM ($25 million) programs and will be supported further by the three focused projects. The commodities to be imported through the CIP and ZAMCAM will be directed toward constraints in the agricultural sector, i.e., agricultural inputs for the production subsector (fertilizer, new machinery and spares), transportation equipment (trucks, spares, tires, lubricants) and agricultural processing equipment and machinery for the marketing subsector.

E. PLANNED EVALUATION AND DEVELOPMENT INFORMATION

AID/Zambia has two evaluations scheduled; the first in Agriculture Development: Research and Extension (ZAMARE) (611-0201), and the second, Human and Institutional Resources Development project (HIRD) (611-0206). Both projects address key areas identified as constraints in the development of a rational agricultural development program.

The ZAMARE project directly relates to operational objectives 6 and 7 and the project is in support of the goals, increased food production and small farmer income. The key issue involved in the ZAMARE project is the development of technology for the small scale farmer (identified as a major constraint by the IBRD) and the dissemination of that technology. The evaluation will be used to identify strengths and weaknesses in the project thereby assisting in project management and provide useful information for follow-on project design.

Recognizing that the lack of properly trained human resources is perhaps the most serious constraint on Zambia's development, including agriculture, the HIRD project is aimed at increasing the capability of the GRZ to effectively and efficiently manage its economy. The project complements the other AID-sponsored programs in Zambia by helping the country meet its overall development objectives by filling critical human resources development gaps that impinge directly on joint AID/GRZ objectives in agriculture. The project is new and the evaluation will be used to identify possible design deficiencies, oversights and unanticipated changes so that remedial action can be accomplished in the early stages of the project.

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

	FY 1984 ACTUAL	FY 1985 ESTIMATE	--FY 1986-- CP	ESTIMATE	FY 1987 AAPL	------PLANNING PERIOD------- 1988	1989	1990	1991
DEVELOPMENT ASSISTANCE ACCOUNT	--	--	--	--	--	--	--	--	--
ECONOMIC SUPPORT FUND									
TOTALS	20000	15000	25000	25000	25000	28000	30000	32000	32000
GRANTS	20000	15000	25000	25000	25000	28000	30000	32000	32000
LOANS	--	--	--	--	--	--	--	--	--
PL 480 TITLE I	(10000)	(10000)	(10000)	(10000)	(11000)	(11500)	--	--	--
HOUSING GUARANTIES	--	--	--	--	--	--	--	--	--

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

Appropriation Account Project No. and Title		L/G	FY 85 Estimate	FY 86 Estimate	FY 87 Estimate
Total All DA Appropriation Accounts			--	--	--
Economic Support Fund					
611-0070	Commodity Import Program	G	10000	18030	15000
611-0075	Agricultural Training, Planning and Institutional Development	G	2000	2970	4000
611-0201	Agricultural Development Research and Extension	G	--	--	4000
611-0206	Human and Institutional Resources Development	G	3000	4000	2000
	Total DA and ESF		15000	25000	25000

Country 611-ZAMBIA

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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 FY84	FY 84 PIPE-LINE	---FY 1985--- OBLIG-ATIONS	---FY 1985--- EXPEND-ITURES	---FY 1986--- OBLIG-ATION	---FY 1986--- EXPEND-ITURES	----FY 87---- FUNDED THRU	----FY 87---- AAPL	----FY 87---- FUNDED THRU	PEACE CORPS	ITEM NO.
ECONOMIC SUPPORT FUND																
6110070 COMMODITY IMPORT PROGRAM — SUBCAT: ESCI %PVO ___																
	G	84	89	15000	100000	15000	15000	10000	15000	18030	10000	1287	15000	1288	---	10339
	L	77	83	134975	134975	134975	2171	---	2171	---	---	---	---	---		8372
6110075 AG TRAINING/PLANNING/INSTITUTION DEV — SUBCAT: EHMA %PVO ___																
	G	80	92	4785	22000	4785	2406	2000	2000	2970	3000	0687	4000	1289	---	8917
6110201 AGRICULTURE DEV RESEARCH AND EXTENSION — SUBCAT: FNEX %PVO ___																
	G	80	90	12515	28000	12515	8163	---	4000	---	4000	1286	4000	0688	---	11101
6110204 CHAMA AREA DEVELOPMENT (PVO) — SUBCAT: SDHU %PVO 100																
	G	81	82	1167	1167	1167	272	---	200	---	72	---	---	---	---	11102
6110205 WESTERN PROVINCE SMALL FARMER PROD. (PVO SUBCAT:ES2Z) %PVO 100																
	G	83	83	564	483	483	246	---	206	---	40	---	---	---	---	11103
6110206 HUMAN AND INSTITUTIONAL RESOURCES DEV. — SUBCAT: EHSP %PVO ___																
	G	84	89	13028	13028	2390	2390	3000	1000	4000	2000	0988	2000	1289	---	9527
APPROPRIATION																
TOTAL				182034	299734	171315	30648	15000	24577	25000	19112		25000			
GRANT				47059	164759	36340	28477	15000	22406	25000	19112		25000			
LOAN				134975	134975	134975	2171	---	2171	---	---		---			

PMR requirements will amount to $60,000 in FY 86 ($50,000 for second phase of Rural Informal Sector; $10,000 evaluations. FY 87 requirements will be $80,000 ($60,000 for additional studies in subsectors and $20,000 evaluations).

AID PROGRAM IN FY87
ANNUAL BUDGET SUBMISSION
TABLE V - PROPOSED PROGRAM RANKING

DECISION UNIT 611 ZAMBIA

RANK	PROJECT	TITLE	NEW/ CONT	LOAN/ GRANT	APPROP	PROGRAM FUNDING ($000) INCR	CUM
1	0070	COMMODITY IMPORT PROGRAM	0	G	ES	15000	15000
2	0075	AGRICULTURAL TRAINING, PLANNING AND INSTITUTIONAL DEVELOPMENT	0	G	ES	4000	19000
3	0201	AGRICULTURAL DEVELOPMENT: RESEARCH AND EXTENSION	0	G	ES	4000	23000
4	PL01	PL 480 TITLE I - ZAMBIA	--	L	PL	(11000)	23000
5	0206	HUMAN AND INSTITUTIONAL RESOURCES DEVELOPMENT	0	G	ES	2000	25000
		TOTAL				25000	

A. Local Currency Use Plan

Local currency is generated in Zambia through the sales of commodities provided under both the PL 480 and ESF (CIP) componants of the AID portfolio. These two non-project activities provide a stable yet flexible source of funds which are used in direct support of the twin goals of increased food production and increased small farmer income, as detailed in the action plan.

In the past, local currency generated through the sales of PL 480 Title II commodities has been placed in special accounts. Title I local currency has not, but rather has been attributed to the appropriate GRZ budget line items; prior to 1984, local currency generated under the CIP loan programs was likewise attributed. The situation, and the procedures used, have recently changed to some extent: no PL 480 Title II commodities for monetization were provided in 1985, and as such there were no generations under this Title, and the CIP program was converted to a grant activity (in 1984), and accordingly, local currency is to be placed in a special account. For the period 1986--1988 (and most likely into the 1990's), PL 480 Title I assistance (loan) and ESF (CIP) grant assistance (including ZAMCAM) will continue to be provided as balance of payments support; the amounts of local currency generated will vary with the US dollar assistance levels, and with the exchange rate. Local currency generated under Title I of PL 480 will continue to be attributed to the GRZ budget in agriculture and agriculture related support activities. This will assist the GRZ to maintain or increase resource allocations to the agriculture and rural development sectors in a centralized and integrated manner. A stable, flexible, and badly needed supply of local currency to support the GRZ sector programs in these areas, which AID/Zambia also supports with dollar funds, will be thereby assured. CIP local currency generations will be placed in special accounts and disbursed in direct support of and to fund activities to further the attainment of the twin goals of the action plan. AID/Zambia has, at present, no plans for future PL 480 Title II monetization programs in Zambia (which would result in local currency generations); however, such programs will be considered on the basis of need, and appropriate response, and are not to be excluded categorically.

For the period 1985--1991, AID/Zambia will be managing three distinct local currency portfolios: counterpart funds generated under past PL 480 Title II programs will be amalgamated, and utilized for (a) drought relief and rehabilitation activities, and increasingly (b) development

activities in the agricultural sector; all counterpart funds generated under the various ESF (CIP) activities will be likewise consolidated centrally in one account, and programmed and expended in direct support of increased food production and increased small farmer income income generation; PL 480 Title I local currency will continue to be attributed to the GRZ budget in the appropriate sectors to ensure continuity of support to GRZ efforts in those sectors. Under the terms of the 1984 CIP agreement, 1% of the local currency generations was allocated to an AID/Zambia Trust Fund Account for general operating expenses. This procedure will likewise be in use in FY 85-87 with increased L/C inputs into that Trust Fund Account.

PL 480 Title II local currency totalling Kwacha 14.5 million (75 % of which was generated under the 1984 Title II monetization program) remains to be spent. Approximately two-thirds of this amount will be spent for agricultural development activites, and one-third for various disaster relief and rehabilitation activities, including an early maize delivery bonus. The CIP program in 1984 will generate in excess of K 30 million in local currency, the ZAMCAM program is expected to generate in excess of K 60 million, and future years' CIP programs will generate counterpart funds as a function of the amounts of dollar assistance provided, and the prevailing exchange rate(s). Finally, PL 480 Title I local currency will continue to be attributed to the GRZ budget in Kwacha amounts equivalent to the dollar loan financing, as a function of the US dollar/Zambian Kwacha exchange rate(s).

FY 1987 ANNUAL BUDGET SUBMISSION

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

Source/Purpose	1984 Actual	1985 Estimate	1986 Planned	1987 Proposed
I. ECONOMIC SUPPORT FUND	*			
A. Public Development Activities				
1. Improved Seeds			435	500
2. Early Fertilizer Purchase Bonus			1,300	1,500
3. Renovated Housing for Contract Personnel		425		
B. Private Sector Programs				
1. Loan to Cooperatives		1,800		4,000
2. Small Scale Credit		800	1,000	1,250
3. Loans to Private Traders			5,000	4,000
4. Loans to Private Truckers			5,000	4,000
5. Loans to Informal Business Sector				250
C. Public Sector Recurrent Budget				
1. Research and Extension		435	600	750
2. Central Statistical Office		520	600	650
3. Planning Unit		435	500	650
4. Agricultural Training		435	500	500
5. University of Zambia			250	250
6. Road Maintenance			5,000	4,000
D. AID Operating Expenses (Trust Funds)		150	300	500
* All funds were loans; no L/C was generated				
II. DEVELOPMENT ASSISTANCE				
AID/Zambia has no Development Assistance funding				
Total ESF and DA		5,000	20,485	22,800

FY 1987 ANNUAL BUDGET SUBMISSION
TABLE VI: Expenditures of Local Currency Generations
(in US Dollar equivalents--Dollars in Thousands)

Source/Purpose	1984 ACTUAL	1985 ESTIMATE	1986 PLANNED	1987 PROPOSED
III. PL 480				
A. Public Development Activities				
1. Ag marketing Storage Facilities	1,100	--	400	--
2. Ag Training Institutions	--	--	300	--
B. Private Sector Programs				
1. Storage Facilities for Cooperatives	400	200	--	--
2. Agricultural Credit	--	400	1,000	--
3. Early Delivery Maize Bonus	2,600	1,300	--	--
C. Public Sector Recurrent Budget				
1. Agricultural Research	300	200	200	--
2. Agricultural Planning	--	300	300	--
3. Agricultural Extension	--	300	--	--
4. Agricultural Development	300	200	300	--
D. AID Operating Expenses (Trust Funds)	--	--	--	--
E. Emergency Famine Relief	600	500	200	--
Totals	5,300	3,400	2,700	--
Grand Total	5,300	8,400	23,185	22,800

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

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
Selected Development Problems										
Agriculture Development (Research and Extension) (611-0201)	3/85	2	3			PACD: 12/86 The project is designed to strengthen the Agricultural research capacity of the Ministry of Agriculture and Water Development and to increase the effectiveness of the extension service in transferring relevant agricultural technology with special emphasis on small farmers. The evaluation will assess types and progress of research activity to date, provide a final assessment of the project and its results, and provide information which will help AID/Zambia determine future project direction, i.e., extended project life and/or complementary follow-on project.	Project FSSP*	75	10	105 person days FSSP, REDSO/ESA

*AID/W centrally funded Farming Systems Support Project 936-4099

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

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
Human and Institutional Resources Development (611-0206)	0	3	4			PACD 12/89 Project aim to assist GRZ in developing its technical, administrative and managerial human and institutional resources in critical shortage skill areas through the provision of training, technical assistance and equipment. The internal evaluation will examine progress toward achieving project goals; determine modifications which may be required to keep project on track and to clarify project goals and objectives in light light of unanticipated changes which may have occurred over the evaluation period. Will also include the performance of the U.S. contractor, AID/Zambia and the GRZ in meeting project commitments, as well as the performance of long-term advisors, the selection process and the coordination of project activities.	PM&R	9	30	AID/W TDY or outside; AID/Z GRZ; Contractor; Technical Assistance - 15 person days

(Project Officers serve as Evaluation Officers: GDO and ADO both 15 percent of the time).

OPERATING EXPENSES NARRATIVE

A. MANAGEMENT IMPROVEMENTS

During 1984 and 1985 AID Zambia has been consolidating previous steps taken at management improvement and cost savings. The actual cost to AID for "in-house" support as opposed to the previous FAAS/JAO support arrangement has slightly exceeded original projections but has not approached the levels we believe the FAAS costs would have been. Service has improved and AID Zambia now provides U.S.D.H. and contract personnel with the full range of functions normally provided by a General Services Officer. Personal service contractors, an Administrative Specialist, an Administrative Clerk and Maintenance Supervisor, working with local services contracts provide these services at a much lower cost than would be the case if an American GSO were assigned. AID Zambia believes this is a major improvement in both cost savings and quality of service.

There has been little progress in improvement of financial controls. It was found that employment of a retired AID FSN Chief Accountant as previously planned would be almost as expensive as a U.S.D.H. Controller. It has therefore been decided to recruit an accountant locally and, working with RFMC in Nairobi, train him or her to handle the informal accounting records necessary. It may be necessary at some point in the future to also employ a voucher examiner to further improve the financial controls while still relying on RFMC as the official accounting station.

With the arrival of the initial Wang Professional Computers in October 1984 there is now the beginning of a capability to improve record keeping in all Executive/General Service functions and cost accounting, speed up word processing, track participants and perform statistical analysis. In 1985 additional Professional Computers have been ordered. These, when received, should even further expand capabilities. Uses are more fully discussed in the Informational Technologies Narative.

Table VIII for 1986 and 1987 shows an increase of U.S.D.H. from seven to nine. One of these increases has been projected to be a Controller but circumstances may not warrant this position. Employment of local accountants and continued reliance on RFMC should be sufficient to meet financial control needs. This could save the total costs of assigning and maintaining an additional American employee.

B. JUSTIFICATION FOR FUNDING CHANGES

There are a number of areas where funding changes by more than 10 per cent. In the U.S. Direct Hire function levels there is a substantial increase between 1985 and 1986 and again between 1986 and 1987. These are directly related to the increase in U.S.D.H. work year levels. These increases are for a Supply Management Officer to replace the General Engineering Officer who left post mid FY 1985, and assignment of a Deputy Director and a Controller. The first increase (1985-1986) covers initial assignment costs and part year funding while the second increase (1986-1987) covers full year funding for these three positions.

In Contract Personnel function levels there is an increase between 1985 and 1986. This is due solely to the fact that manpower contracts, previously a number of small contracts under $25,000 and included in U524, O.C. 259, will be consolidated in 1986 under one manpower contract. Services under this contract are listed in table VIII (b). Instructions for completing that table seems to be in conflict with the Controllers Guidebook. The latter requires these costs to be included in U306, O.C. 259 and this is what has been done. Between 1986 and 1987 there is a decrease in contract costs. This is due to the expiration of the U.S. PSC at the end of calendar year 1986. See table VIII (a).

The only other area of a major change in costs is in office operations between 1985 and 1986. This again is directly related to the increase in personnel levels and shows up primarily in travel costs for trips these additional personnel can be expected to make.

C. TRUST FUNDS

More than half way through FY 1985 AID Zambia received one per cent of the local currency generations under the $1,500,000 1984 CIP Grant Agreement. Although the exact amount of this trust fund is not yet known it is estimated it will be sufficient to cover most of the costs budgeted for trust fund expenditures in the balance of FY 1985. Every effort will be made to obtain additional trust funds to cover local costs budgeted for FY 1986 and FY 1987.

INFORMATION TECHNOLOGY NARRATIVE

AID Zambia, with the procurement of four Wang Professional Computers from 1984 funds, has had automation capability for only a few months and the applications which will be of most importance can not as yet be firmly determined. It is estimated however, that for the first year or so, word processing will be the most important applications, followed by mission accounting, property accounting, budgeting, participant tracking, maintenance of economic and social data and economic analyses. Throughout all of these, spreadsheets will be utilized to a large extent.

Word processing takes first priority because it is the first application that personnel are learning. In line with the management improvement objective of increasing financial controls, applications such as mission accounting, property accounting and budgeting, of necessity, take a high priority. The other applications are, at the moment, only in the initial or planning stages.

The responsibility for the operation and management of systems lies with the Executive Office. As stated above four Wang PC were procured in 1984. An additional six are on order from 1985 funds and this may be sufficient for the next few years. Training programs organized by the Executive Office have provided initial orientation and some operational experience but additional training will be required. As more personnel become more familiar with more uses for the hardware and software it may be necessary to acquire additional hardware and software and for that reason funds have been budgeted in FY 1987.

The current ratio of users to workstations for actual "hands on" AID Zambia staff is three to one, however, if an average of four person years of TDY visitors and the support function of "hands on" users to senior professional staff are included that ratio increases to five to one. With receipt of six additional P.C. early in FY 1986 this ratio will drop back to the more reasonable, two users to one work station. With the projected increase in U.S.D.H. personnel however, with, it must be assumed, a concomitant increase in locally employed personnel the ratio will return to three to one. Decisions on future acquisition are therefore contingent upon over all staffing decisions which have been discussed elsewhere in the operating expense narrative.

OFFICE OF THE AID REPRESENTATIVE
LUSAKA, ZAMBIA
FY1987 ANNUAL BUDGET SUBMISSION

TABLE VIII 1985

EXPENSE CATEGORY	F.C.	O.C.	DOLLARS	TRUST FUND	TOTAL	UNITS
U.S. DIRECT HIRE	U100		653.4	12.0	665.4	
U.S.CITIZEN BASIC PAY	U101	110	383.2		383.2	6.4
DIFFERENTIAL PAY	U103	116	40.2		40.2	
MISSION FUNDED CODE 11 (SMA)	U105	119			0.0	
EDUCATION ALLOWANCE	U106	126	95.2		95.2	12
RETIREMENT-U.S. DIRECT HIRE	U107	120	26.9		26.9	
LIVING ALLOWANCES	U108	128			0.0	
POST ASSIGNMENT TRAVEL	U111	212	11.0		11.0	3
POST ASSIGNMENT FREIGHT	U112	22	43.0		43.0	3
HOME LEAVE TRAVEL	U113	212	23.5		23.5	4
HOME LEAVE FREIGHT	U114	22		12.0	12.0	4
EDUCATION TRAVEL	U115	215	2.7		2.7	2
R AND R TRAVEL	U116	215	19.6		19.6	4
OTHER CODE 215 TRAVEL	U117	215	8.1		8.1	6
FOREIGN NATIONAL DIRECT HIRE	U200		20.6	19.1	39.7	
BASIC PAY	U201	114	19.5	15.1	34.6	5
OVERTIME, HOLIDAY PAY	U202	115		3.5	3.5	1
ALL OTHER CODE 11 - FN	U203	119		0.5	0.5	
ALL OTHER CODE 12 - FN	U204	129	1.1		1.1	
BENEFITS TO FORMER PERS.	U205	13			0.0	
CONTRACT PERSONNEL	U300		109.6	35.9	145.5	
U.S. PSC - SALARY/BENEFITS	U302	113	64.9		64.9	0.7
ALL OTHER U.S. PSC COSTS	U303	255	32.7		32.7	0.7
F.N. PSC - SALARY/BENEFITS	U304	113	12.0	35.9	47.9	5
ALL OTHER F.N. PSC COSTS	U305	255			0.0	
MANPOWER CONTRACTS	U306	259			0.0	
HOUSING	U400		147.8	60.0	207.8	
RESIDENTIAL RENTS	U401	235	93.6	24.0	117.6	4
RESIDENTIAL UTILITIES	U402	235		10.5	10.5	
MAINTENANCE AND RENOVATION	U403	259	4.0	10.0	14.0	
RESIDENTIAL FURNITURE/EQUIP.	U405	311	22.4		22.4	
TRANSPORT/FREIGHT CODE 311	U406	22	25.8		25.8	
SECURITY GUARD SERVICES	U407	254		15.5	15.5	
OFFICIAL RESIDENCE EXPENSE	U408	254	0.5		0.5	
REPRESENTATIONAL ALLOWANCE	U409	252	1.5		1.5	

FY1987 ANNUAL BUDGET SUBMISSION
TABLE VIII
CONTINUED 1985

OFFICE OPERATIONS	U500		318.9	78.9	397.8	
OFFICE/WAREHOUSE RENT	U501	234		10.6	10.6	
OFFICE/WAREHOUSE UTILITIES	U502	234		2.6	2.6	
BUILDING MAINT./RENOVATIONS	U503	259		3.6	3.6	
OFFICE FURNITURE/EQUIPMENT	U504	310	79.2		79.2	
VEHICLES	U505	312	15.2		15.2	
OTHER EQUIPMENT	U506	319	3.6		3.6	
TRANSPORT/FREIGHT	U507	22	11.0	5.0	16.0	
FURN/EQUIP/VEHICLE REPAIR	U508	259			0.0	
COMMUNICATIONS	U509	230		27.6	27.6	
SECURITY GUARD SERVICES	U510	254		4.4	4.4	
PRINTING	U511	24		1.2	1.2	
SITE VISITS-MISSION PERS.	U513	210		8.4	8.4	14
SITE VISIT-AID/W PERSONNEL	U514	210	38.7		38.7	16
INFORMATION MEETINGS	U515	210	1.8	2.1	3.9	3
TRAINING ATTENDANCE	U516	210	24.5		24.5	7
CONFERENCE ATTENDANCE	U517	210	4.5		4.5	3
OTHER OPERATIONAL TRAVEL	U518	210			0.0	
SUPPLIES AND MATERIALS	U519	26	69.2	2.1	71.3	
FAAS	U520	257			0.0	
ALL OTHER CODE 25	U524	259	71.2	11.3	82.5	
TOTAL OE BUDGET			1250.3	205.9	1456.2	
RECONCILLIATION			450.3		450.3	
OPERATING BUDGET REQUIREMENT			800.0	205.9	1005.9	
TOTAL OPERATIONAL TRAVEL					80.0	

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES $76000.00
EXCHANGE RATE USED (MARCH 31, 1985) $1.00 = ZMK 2.24

OFFICE OF THE AID REPRESENTATIVE
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TABLE VIII 1986

EXPENSE CATEGORY	F.C.	O.C.	DOLLARS	TRUST FUND	TOTAL	UNITS
U.S. DIRECT HIRE	U100		737.1	17.0	754.1	
U.S.CITIZEN BASIC PAY	U101	110	419.6		419.6	7.5
DIFFERENTIAL PAY	U103	116	62.9		62.9	
MISSION FUNDED CODE 11 (SMA)	U105	119			0.0	
EDUCATION ALLOWANCE	U106	126	84.4		84.4	12
RETIREMENT-U.S. DIRECT HIRE	U107	120	29.4		29.4	
LIVING ALLOWANCES	U108	128			0.0	
POST ASSIGNMENT TRAVEL	U111	212	18.0		18.0	3
POST ASSIGNMENT FREIGHT	U112	22	66.0		66.0	3
HOME LEAVE TRAVEL	U113	212	29.5		29.5	6
HOME LEAVE FREIGHT	U114	22	6.0	5.0	11.0	6
EDUCATION TRAVEL	U115	215	2.2		2.2	2
R AND R TRAVEL	U116	215	5.6	12.0	17.6	3
OTHER CODE 215 TRAVEL	U117	215	13.5		13.5	10
FOREIGN NATIONAL DIRECT HIRE	U200		9.6	31.5	41.1	
BASIC PAY	U201	114	8.4	27.5	35.9	6
OVERTIME, HOLIDAY PAY	U202	115		3.5	3.5	1
ALL OTHER CODE 11 - FN	U203	119		0.5	0.5	
ALL OTHER CODE 12 - FN	U204	129	1.2		1.2	
BENEFITS TO FORMER PERS.	U205	13			0.0	
CONTRACT PERSONNEL	U300		136.4	29.2	165.6	
U.S. PSC - SALARY/BENEFITS	U302	113	46.7		46.7	1
ALL OTHER U.S. PSC COSTS	U303	255	28.1		28.1	1
F.N. PSC - SALARY/BENEFITS	U304	113	28.8	29.2	58.0	6
ALL OTHER F.N. PSC COSTS	U305	255			0.0	
MANPOWER CONTRACTS	U306	259	32.8		32.8	18
HOUSING	U400		125.0	93.3	218.3	
RESIDENTIAL RENTS	U401	235	58.0	42.0	100.0	
RESIDENTIAL UTILITIES	U402	235		13.5	13.5	
MAINTENANCE AND RENOVATION	U403	259		18.0	18.0	
RESIDENTIAL FURNITURE/EQUIP.	U405	311	28.5		28.5	
TRANSPORT/FREIGHT CODE 311	U406	22	36.0		36.0	
SECURITY GUARD SERVICES	U407	254		19.8	19.8	
OFFICIAL RESIDENCE EXPENSE	U408	254	0.5		0.5	
REPRESENTATIONAL ALLOWANCE	U409	252	2.0		2.0	

FY1987 ANNUAL BUDGET SUBMISSION
TABLE VIII
CONTINUED 1986

OFFICE OPERATIONS	U500		353.8	119.9	473.7	
OFFICE/WAREHOUSE RENT	U501	234		10.0	10.0	
OFFICE/WAREHOUSE UTILITIES	U502	234		2.8	2.8	
BUILDING MAINT./RENOVATIONS	U503	259		4.0	4.0	
OFFICE FURNITURE/EQUIPMENT	U504	310	88.0		88.0	
VEHICLES	U505	312	16.0		16.0	
OTHER EQUIPMENT	U506	319	25.0		25.0	
TRANSPORT/FREIGHT	U507	22	12.0	5.0	17.0	
FURN/EQUIP/VEHICLE REPAIR	U508	259		6.0	6.0	
COMMUNICATIONS	U509	230		28.0	28.0	
SECURITY GUARD SERVICES	U510	254		4.5	4.5	
PRINTING	U511	24		1.5	1.5	
SITE VISITS-MISSION PERS.	U513	210	36.2	33.6	69.8	39
SITE VISIT-AID/W PERSONNEL	U514	210	19.2		19.2	4
INFORMATION MEETINGS	U515	210	0.9	2.0	2.9	3
TRAINING ATTENDANCE	U516	210	11.6	4.8	16.4	5
CONFERENCE ATTENDANCE	U517	210	2.2	3.2	5.4	4
OTHER OPERATIONAL TRAVEL	U518	210			0.0	
SUPPLIES AND MATERIALS	U519	26	70.0	2.5	72.5	
FAAS	U520	257			0.0	
ALL OTHER CODE 25	U524	259	72.7	12.0	84.7	
TOTAL OE BUDGET			1361.9	290.9	1652.8	
RECONCILLIATION			511.9		511.9	
OPERATING BUDGET REQUIREMENT			850.0	290.9	1140.9	
TOTAL OPERATIONAL TRAVEL					113.7	

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES NONE
EXCHANGE RATE USED (MARCH 31, 1985) $ 1.00 = ZMK2.24

OFFICE OF THE AID REPRESENTATIVE
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FY1987 ANNUAL BUDGET SUBMISSION

TABLE VIII 1987

EXPENSE CATEGORY	F.C.	O.C.	DOLLARS	TRUST FUND	TOTAL	UNITS
U.S. DIRECT HIRE	U100		823.2	17.0	840.2	
U.S.CITIZEN BASIC PAY	U101	110	503.8		503.8	9
DIFFERENTIAL PAY	U103	116	75.6		75.6	
MISSION FUNDED CODE 11 (SMA)	U105	119			0.0	
EDUCATION ALLOWANCE	U106	126	86.2		86.2	13
RETIREMENT-U.S. DIRECT HIRE	U107	120	53.3		53.3	
LIVING ALLOWANCES	U108	128			0.0	
POST ASSIGNMENT TRAVEL	U111	212	6.0		6.0	1
POST ASSIGNMENT FREIGHT	U112	22	22.0		22.0	1
HOME LEAVE TRAVEL	U113	212	15.6		15.6	8
HOME LEAVE FREIGHT	U114	22	3.0	5.0	8.0	8
EDUCATION TRAVEL	U115	215	2.2		2.2	2
R AND R TRAVEL	U116	215	42.0	12.0	54.0	6
OTHER CODE 215 TRAVEL	U117	215	13.5		13.5	10
FOREIGN NATIONAL DIRECT HIRE	U200		11.0	32.7	43.7	
BASIC PAY	U201	114	9.6	28.3	37.9	6
OVERTIME, HOLIDAY PAY	U202	115		3.8	3.8	1
ALL OTHER CODE 11 - FN	U203	119		0.6	0.6	
ALL OTHER CODE 12 - FN	U204	129	1.4		1.4	
BENEFITS TO FORMER PERS.	U205	13			0.0	
CONTRACT PERSONNEL	U300		116.5	30.2	146.7	
U.S. PSC - SALARY/BENEFITS	U302	113	25.9		25.9	0.3
ALL OTHER U.S. PSC COSTS	U303	255	22.8		22.8	0.3
F.N. PSC - SALARY/BENEFITS	U304	113	29.8	30.2	60.0	6
ALL OTHER F.N. PSC COSTS	U305	255			0.0	
MANPOWER CONTRACTS	U306	259	38.0		38.0	18
HOUSING	U400		108.5	94.2	202.7	
RESIDENTIAL RENTS	U401	235	58.0	42.0	100.0	5
RESIDENTIAL UTILITIES	U402	235		13.5	13.5	
MAINTENANCE AND RENOVATION	U403	259		18.0	18.0	
RESIDENTIAL FURNITURE/EQUIP.	U405	311	21.0		21.0	
TRANSPORT/FREIGHT CODE 311	U406	22	27.0		27.0	
SECURITY GUARD SERVICES	U407	254		20.7	20.7	
OFFICIAL RESIDENCE EXPENSE	U408	254	0.5		0.5	
REPRESENTATIONAL ALLOWANCE	U409	252	2.0		2.0	

FY1987 ANNUAL BUDGET SUBMISSION
TABLE VIII
CONTINUED 1987

OFFICE OPERATIONS	U500		385.5	119.7	505.2	
OFFICE/WAREHOUSE RENT	U501	234		12.0	12.0	
OFFICE/WAREHOUSE UTILITIES	U502	234		3.0	3.0	
BUILDING MAINT./RENOVATIONS	U503	259		5.0	5.0	
OFFICE FURNITURE/EQUIPMENT	U504	310	57.0		57.0	
VEHICLES	U505	312	14.0		14.0	
OTHER EQUIPMENT	U506	319	62.0		62.0	
TRANSPORT/FREIGHT	U507	22	38.0	4.0	42.0	
FURN/EQUIP/VEHICLE REPAIR	U508	259		8.0	8.0	
COMMUNICATIONS	U509	230		30.0	30.0	
SECURITY GUARD SERVICES	U510	254		4.8	4.8	
PRINTING	U511	24		2.0	2.0	
SITE VISITS-MISSION PERS.	U513	210	48.8	22.7	71.5	37
SITE VISIT-AID/W PERSONNEL	U514	210	16.4		16.4	3
INFORMATION MEETINGS	U515	210	2.8	2.8	5.6	5
TRAINING ATTENDANCE	U516	210	6.4	3.4	9.8	5
CONFERENCE ATTENDANCE	U517	210	6.1	4.0	10.1	7
OTHER OPERATIONAL TRAVEL	U518	210			0.0	
SUPPLIES AND MATERIALS	U519	26	65.0	3.0	68.0	
FAAS	U520	257			0.0	
ALL OTHER CODE 25	U524	259	69.0	15.0	84.0	
TOTAL OE BUDGET			1444.7	293.8	1738.5	
RECONCILLIATION			632.7		632.7	
OPERATING BUDGET REQUIREMENT			812.0	293.8	1105.8	
TOTAL OPERATIONAL TRAVEL					113.4	

DOLLARS REQUIRED FOR LOCAL CURRENCY EXPENSES NONE
EXCHANGE RATE USED (MARCH 31, 1985) $ 1.00 = ZMK 2.24

FY1987 ANNUAL BUDGET SUBMISSION
TABLE VIII(A) - INFORMATION ON U.S. PSC COSTS

TITLE/POSITION DESCRIPTION	1985	1986	1987
HUMAN RESOURCES DEVELOPMENT OFFICER	$97600.00 12/84-9/85	$74800.00 10/85-9/86	$48700.00 10/86-1/87

FY1987 ANNUAL BUDGET SUBMISSION
TABLE VIII(B) - ALL OTHER CODE 25 DETAIL

DESCRIPTION OF SERVICES

		1985	1986	1987
HOUSEHOLD & OFFICE MTE.	(10)		$32800.00	$38000.00
SECRETARIAL SUPPORT	(2)		10/85-9/86	10/86-9/87
CHAUFFEUR SERVICES	(3)			
JANITORIAL SERVICES	(3)			

numbers of personnel are in ( )

FY1987 ANNUAL BUDGET SUBMISSION
TABLE VIII(C)
OBLIGATIONS FOR ACQUISITION, OPERATION
AND USE OF INFORMATION TECHNOLOGY SYSTEMS

	1985	1986	1987
1. CAPITAL INVESTMENT			
A. PURCHASE OF HARDWARE 6 WANG P.C. 1985 4 WANG P.C. 1987	$34000.00		$25000.00
B. PURCHASE OTHER EQUIP. SPECIAL PURPOSE FURNITURE		$18000.00	$12000.00
C. SITE AND FACILITY ELECTRICAL WIRING	$4000.00	$4000.00	
2. PERSONNEL			
NONE			
3. OTHER OPERATING COSTS			
D. NON COMMERCIAL TRAINING	$3500.00	$3500.00	$3500.00
4. COMMERCIAL SERVICES			
NONE			
5. TOTALS	$41500.00	$25500.00	$40500.00

FY1987 ANNUAL BUDGET SUBMISSION
TABLE VIII(D) - INFORMATION ON U.S. DIRECT HIRE STAFFING

			FY85	FY86	FY87
1012	AID REPRESENTATIVE	ALL	1		
NEW	DIRECTOR	ALL		1	1
NEW	DEPUTY DIRECTOR	NONE		0.5	1
1017	GENERAL DVL.OFF	AGR. TRAINING & PLANNING 611-0075, HUMAN & INST. RES. DVL. 611-0206	1	1	1
1042	AGRICULTURAL DVL. OFF.	AGR. RESEARCH & EXTENSION 611-0201 and PVO	1	1	1
1052	EXECUTIVE OFFICER	NONE	1	1	1
1062	GEN. ENGR. OFFICER	KAFUE- CHIRUNDU ROAD	0.4		
1075	REG. FFP. OFFICER	PL-480	1	1	1
1080	AGRICULTURAL ECONOMIST	CIP/NONE	1	1	1
NEW	SUP. MGT. OFFICER	CIP		0.7	1
NEW	CONTROLLER	NONE		0.3	1
		TOTALS	6.4	7.5	9

FY1987 ANNUAL BUDGET SUBMISSION
TABLE VIII(E) - INFORMATION ON IDI STAFFING

NONE

FY1987 ANNUAL BUDGET SUBMISSION
TABLE VIII(F) - INFORMATION ON FN & TCN STAFFING

	1985	1986	1987
FSN-DH TRAINING SPECIALIST	1	1	1
FSN-DH AGRICULTURE ASSISTANT(PL480)	1	1	1
FSN-DH AGRICULTURE ASSISTANT	1	1	1
FSN-DH ACCOUNTANT		1	1
FSN-DH SECRETARY	1	1	1
FSN-DH DRIVER	1	1	1
TOTAL	5	6	6
FNPSC ADMINISTRATIVE SPEC. (O.E.)	1	1	1
FNPSC MAINTENANCE SUPERVISOR	1	1	1
FNPSC ADMINISTRATIVE CLERK	0.3	1	1
FNPSC SECRETARY	1	1	1
FNPSC SECRETARY	1	1	1
FNPSC SECRETARY	0.7	1	1
TOTAL	5	6	6

FY1987 ANNUAL BUDGET SUBMISSION
TABLE VIII(G) - INFORMATION ON PART TIME STAFFING

NONE

A. PL 480 Multi-Year Strategy

PL 480 Title I assistance to Zambia is projected to increase slowly over the 1987--1991 period. Over the short term (1986--1988) approximately 50% of the funding is expected to be used for the importation of wheat, and 50% for vegetable oils. The percentage of funding for vegetable oils, however, is expected to decline after 1987, because local production has been steadily increasing, and as new oilseed processing capacity is planned. Under PL 480 Title II, AID/Zambia expects to continue support to WFP activities in Zambia (WFP 2710--Infant Feeding and Prevention of Malnutrition.)

The implementation of AID/Zambia supported policy changes involving the elimination of food subsidies and market decontrol are expected to have an initial deleterious effect on poor urban dwellers' purchasing power. Additionally, the over-urbanization of Zambia's population results in significant levels of urban unemployment and under-employment. To assist in the reversal of the latter trend is a secondary component of AID/Zambia's strategy: by increasing rural incomes, and eliminating de-facto farmer taxation, to create an environment wherein agricultural production activities can create the new jobs necessary, and ensure a sufficiently enhanced rural quality of life to draw people away from urban agglomerations. It may, however, become desirable and necessary to provide an initial cushion in the form of a targeted program for poor, underemployed or unemployed elements of Zambia's urban society to assist these in the transition to a subsidy-free market in foodstuffs. AID/Zambia will consider the desirability of mounting urban employment generation activities of a limited duration, which could involve FFW supported from PL 480 Title II resources.

Country/Office: AID/Zambia

FY 1987 ANNUAL BUDGET SUBMISSION

B. TABLE XI

PL 480 TITLE I/III REQUIREMENTS

(Dollars in millions, tonnages in thousands)

	Actual FY 85		Estimated FY 86		Projected FY 87	
	$	MT	$	MT	$	MT
COMMODITIES						
Title I						
Wheat	5.0	35.0	5.0	31.6	6.0	38.0
Vegoil	5.0	7.3	5.0	7.5	5.0	8.2
Total	10.0	42.3	10.0	39.1	11.0	46.2

Of Which Title III: n/a

TABLE A

Country: 611-Zambia

PIPELINE/MORTGAGE ESTIMATES
FY 1984 - 1991
($000s)

Project No. & Title	Current Auth. LOP	Proposed a/ Amended LOP	FY 84 Pipeline	FY 85 Pipeline	FY 86 Pipeline	FY 87 Pipeline	Mortgage-Remaining LOP Obligas. FY 88-beyond	PACD b/
Total All DA Appropriation Accounts	--	--	--	--	--	--	--	--
Economic Support Fund								
611-0070 Commodity Import Program	100,000	100,000	15,000	10,000	18,030	15,000	41,970	0989
611-0075 Ag Training Planning and Institutional Development	9,755	22,000	2,406	2,400	2,400	3,900	8,245	0986
611-0201 Ag Dev Research and Extension	12,515	28,000	8,163	5,163	2,163	4,000	24,000	1286
611-0204 Chama Area Development	1,166	--	359	180	179	--	--	0986
611-0205 Western Province Small Farmer Production	483	--	370	185	185	--	--	0986
611-0206 Human and Institutional Resources Development	13,028	13,028	2,390	4,390	6,390	5,390	1,638	1289

(1) 611-0075 follow-on project to begin in FY 87; PID submission to AID/W 8/1/85
(2) 611-0201 follow-on project to begin in FY 87.

a/ Indicate by footnote fiscal year in which amendment will be proposed.
b/ Indicate current PACD and any planned extension.

TABLE B

Overall Budget Analysis - Mortgage by FY as Percent of OYBs

	OYB Level a/	Mortgage as Percent of OYB b/
FY 85		
(DA)	(0)	N/A
(ESF)	(15000)	755%
FY 86		
(DA)	(0)	N/A
(ESF)	(25000)	352%
FY87		
(DA)	(0)	N/A
(ESF)	(25000)	252%

a/ By DA and ESF
b/ Mortgage as percent of OYB: total LOP costs remaining at end of each FY (i.e. FY 85, FY 86, FY 87) divided by the planning levels for each of those fiscal years.